

# **Dongxu Optoelectronic Technology Co., Ltd.**

## **The Semi-annual Report 2016**

**August 2016**

## **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.

All the directors attended the board meeting for reviewing the semi-annual Report.

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Mr.Li Zhaoting, The Company leader, Mr. Zhou Bo, 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 semi-annual report.

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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
Dongxu Group	Refers to	Dong Xu Group Co., Ltd.
Baoshi Group	Refers to	Shijiazhuang Baoshi Electronics Group Co., Ltd
Dongxu Optoelectronic , Company, The Company	Refers to	Dongxu Optoelectronic Technology Co., Ltd.
Zhengzhou Xufei	Refers to	Zhengzhou Xufei Optoelectronic Technology Co., Ltd.
Dongxu (Yingkou) Optoelectronic	Refers to	Dongxu (Yingkou) Optoelectronic Display Co., Ltd.
Sichuan Xuhong Optoelectronic	Refers to	Sichuan Xuhong Optoelectronic Technology Co., Ltd.
Shijiazhuang Xuxin	Refers to	Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.
Wuhu Optoelectronic	Refers to	Wuhu Dongxu 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 Dongxu Optoelectronic Equipment Technology Co., Ltd.
Shijiazhuang Equipment	Refers to	Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.
Dongxu (Kunshan )	Refers to	Dongxu (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".
Shanghai Tanyuan Huigu	Refers to	Shanghai Tanyuan Huigu New Material Technology Co., Ltd.
Beijing Xutan	Refers to	Beijing Xutan New Material Technology Co., Ltd.
Shenzhen Xuhui	Refers to	Shenzhen Xuhui Investment Holdings Co., Ltd.
Beijing Dongxu Huaqing	Refers to	Beijing Dongxu Huaqing Investment Co., Ltd.
Fuzhou Dongxu	Refers to	Fuzhou Dongxu Optoelectronic Technology Co., Ltd., In 2016, was the implementation unit of the non-public item to raise money for and invest in "Project of Production Line for the 8.5th-generation Glass glass substrate for TFT-LCD".
BOE	Refers to	BOE Technology Group Co., Ltd.
IVO	Refers to	Infovision Optoelectronics Co., Ltd.

CPT	Refers to	Chunchwa Picture Tubes Co., Ltd.
CRT	Refers to	Cathode Ray Tube
TFT-LCD	Refers to	Thin Film Transistor Liquid Crystal Display
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.
G8.5glass substrate	Refers to	The size of the 8.5 <sup>th</sup> -generation glass substrate is 2200mm×2500mm
CF	Refers to	Critical original materials of LCD panel for realizing colorization display
Polaroid	Refers to	A two-dimensional carbon material composed of carbon atoms closely and cyclically packed by benzene ring structures (ie, hexagonal honeycomb structures)
Single-layer grapheme	Refers to	A two-dimensional carbon material composed of carbon atoms closely and cyclically packed by benzene ring structures (ie, hexagonal honeycomb structures)
Grapheme materials	Refers to	Refers to two-dimensional carbon materials related to grapheme, with a layer less than 10 carbon atoms

## II. Basic Information of the Company

### 1. Company Information

Stock abbreviation	Dongxu Optoelectronic, Dongxu B	Stock code:	000413、200413
Stock abbreviation after change (if any)	Dongxu Optoelectronic, Dongxu 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)	Dongxu Optoelectronic Technology Co., Ltd.		
English abbreviation (If any)	Dongxu Optoelectronic		
Legal Representative	Li Zhaoting		

### 2. 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	baoshixzb@126.com

### 3. Other

#### (1). Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

☐ Applicable ☒ Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found none details in annual report 2015.

#### (2). Information inquiry

Whether information disclosure and preparation place changed in reporting period or not

☐ Applicable ☒ Not applicable

None of the official presses, website, and place of enquiry has been changed in the semi report period. For details

please find the Annual Report 2015.

### (3). Change of business registration

Whether the registration has changed during the report period

Applicable

√ Applicable □ Not applicable

	Registration date	Registration place	Business license No.	Tax registration No.	Organization Code
Registration at the beginning of the period	January 7, 2016	Shijiazhuang Administration for industry & Commerce	911301001043959 836	130111104395983	10439598-3
Registration at the end of the period	April 28, 2016	Shijiazhuang Administration for industry & Commerce	911301001043959 836	130111104395983	10439598-3
The date of the announcement of the designated website for the interim announcement (If any)	February 17, 2016				
Internet website designated by CSRC for the interim announcement of the Company (If any)	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>				

### III. Summary of Accounting data and Financial index

#### 1. Major accounting data and /Financial indexes

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors.

☐ Yes ☒ No

	Reporting period	Same period of last year	Increase/decrease over the same period of last year (%)
Operating income (RMB)	2,882,059,154.41	1,524,242,723.90	89.08%
Net profit attributable to the shareholders of the listed company (RMB)	545,963,710.72	400,081,730.63	36.46%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	459,894,653.13	182,980,317.37	151.34%
Cash flow generated by business operation, net (RMB)	1,281,108,942.94	54,777,798.87	2,238.74%
Basic earning per share(RMB/Share)	0.14	0.15	-6.67%
Diluted gains per share(RMB/Share)(RMB/Share)	0.14	0.15	-6.67%
Weighted average income/asset ratio (%)	3.79%	5.14%	-1.35%
	As at the end of the reporting period	As at the end of last year	Changed (%) over end of prev. year
Gross assets (RMB)	33,483,031,894.59	28,798,623,253.33	16.27%
Shareholders' equity attributable to shareholders of the listed company (RMB)	14,568,550,417.60	14,319,481,941.28	1.74%

#### II. The differences between domestic and international accounting standards

1. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard

Not applicable

2. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard

Not applicable

#### III. Items and amount of non-current gains and losses

☒ Applicable ☐ Not applicable

In RMB



Items	Amount	Notes
Gains/Losses on the disposal of non-current assets	-4,430.74	Fixed assets disposal of profits and losses
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	103,218,866.64	Government grants
Gain/loss on loans obtained by entrusting others	1,500,000.00	Entrusted income
Other non-operating income and expenditure beside for the above items	282,354.44	
Less: Influenced amount of income tax	14,800,733.73	
Amount of influence of minority interests	4,126,999.02	
Total	86,069,057.59	--

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.

## IV. Report of the Board of Directors

### I. General

2016 is an important year for the implementation of Dongxu Optoelectronic strategy, the Company in the first half of 2016 mainly focuses on the construction of advanced generation substrate production lines, deepens the market layout of the existing products, and vigorously promotes the lateral extension of the new material filed and steadily promotes its production and business activities. In the first half of 2016, led by the Board of Directors and the management, as well as with the tireless efforts of all staff, the Company's leading position in the liquid crystal glass substrate filed has been reinforced, with the smooth layout of the optoelectronic display materials and graphene business, forming good industrial collaboration and clustering effects. During the reporting period, the Company achieves an operating income of RMB 2.882 billion, an increase of 89.08 percent over the same period in 2015 of RMB 1.524 billion; the net profit attributable to the parent Company of RMB 546 million, an increase of 36.46 percent over the same period in 2015 of RMB 400 million.

The Company's business in the first half of 2016 focuses on the following five aspects:

#### **(1). Strengthen its leading position in the liquid crystal glass substrate, and fill in the localization vacancy of generation 8.5**

As of the reporting period, the Company has respectively ignited six G6 and seven G5 liquid crystal glass substrate production lines, and five production lines of each are mass production. In the first half, the liquid crystal glass substrate market is stabilized and good, the Company achieving sales income of RMB 537 million, an increase of 22.25 percent, compared with the same period in 2015. With the pre-construction and the accumulation of the operating experience, the yields of the Company's G5 and G6 liquid crystal glass substrate production lines continue to rise, up to over 90%. In the first quarter of 2016, Taiwan earthquake affected some panel makers' process, but because the Company has comprehensively covered the of mainstream customers in mainland China and Taiwan, and it has higher industrial safety and stability, the earthquake didn't affect the sales of the glass substrates, and the market in Taiwan went back to normal in the second quarter. In addition, in response to the upgrade pressure from the future display technology, the Company's LTPS (low temperature poly-silicon) glass substrate product development achieves substantive results.

Through years of technical reserves as well as ongoing research and development, drawing on the valuable experience in the successful operation of G5 and G6 liquid crystal glass substrate production lines, the Company has mastered the core production technology of generation 8.5 TFT-LCD glass substrates. To grasp the industry opportunities of the localization of liquid crystal glass substrates, closely follow the industry trend of the panel display products towards large-size and advanced generation, maintain its leading position in the domestic market, and strengthen the comprehensive competitiveness of the Company, in February 2016, the Company disclosed the nonpublic offering plan, intended to invest the generation 8.5 liquid crystal glass substrate production line, and this project was constructed to support the BOE generation 8.5 panel production line, situated in Rongqiao Development Zone, Fuzhou, and officially started construction in March of this year.

#### **(2). Continue to put forth the strength of high-end equipment business and expand intelligence manufacturing based on panel display**

Glass substrate High-End Equipment and technical service, control system and other special equipment are mostly customized products, as it involves the core technology, confidentiality of the production process, and market competition, prior to 2014, the Company mainly provides design, production, manufacture, installation and technical service of the outfit for its subordinate company TFT-LCD glass substrate production line and hosting company aluminous cover glass production line. With the basic completion of the construction of its own production line, based on years of experience in the field of electronic glass equipment manufacturing, its high-end equipment business began to turn to the in vitro market and the Company develops in depth in the

The Company's independent research and development (R & D) breaks through the foreign blockade and lays a solid foundation for the front equipment with the highest-tech among the electronic equipment, against the background of the equipment replaces the manual labor in the industry manufacture, and high- efficient production, the Company's High-End Equipment and technical service business continued to expand, and gradually supplies products for the domestic high-end customers, but also gets involved in the panel industry equipment supply. During the reporting period, the Company's High-End Equipment and technical service business achieved an operation income of RMB 1.68 billion, and it has developed and reserved a large number of large group customers in intelligent application filed.

### **(3). Industrial cluster effects begins to show due to the core photoelectric display material layout**

For the realization of the strategic objective of being "China's largest manufacturer of optoelectronic display materials", closely follow the world trend of display technology and innovation, the Company, based on continuously consolidating and enhancing the foundation of the principal industry of liquid crystal glass substrate, combined with the main industry, continues to extend new business areas, and now it has successfully distributed three high-end display materials including sapphire, color filter and polaroid. During the reporting period, the Company carried out a partial sapphire business expansion and its market expansion is smooth, achieving an operating income of RMB 220 million, an increase of 400% over the same period in 2015, and the current products include large-size sapphire ingots, 2-6 inch sapphire crystal rods, 2 -6 inch sapphire substrates, optical window materials, and it has the stable customers such as Xuzhou GAPSS OE Technology Co., Ltd., North Microelectronics, and Sino Nitride Semiconductor Co., Ltd.

The Company's 5th generation TFT-LCD color filter production line is under construction, and when achieving the production target it will effectively increase the added value of the existing G5 liquid crystal glass substrate products, and become a new profit growth point of the Company. In addition, in order to quickly seize the domestic large-size liquid crystal panel business' demand for polarizing plates, and effectively fill in the domestic vacancy of original volume production of polaroid, in February 2016, the Company, cooperating with the Sumitomo Chemical Company, one of the world's top three polaroid production companies, jointly march towards the polaroid industry, proposed to register a joint venture company, Wuxi Xuyou Material and Technology Co., Ltd., the Company invested about RMB 500 million, holding 51%, and now the antitrust review on the concentration of operations is conducted by the Commerce Department.

### **(4). Fit the trend of new urbanization construction, and maintain the stability of the construction and installation services**

As the Company's traditional business, the construction and installation business plays an important role in helping the production line construction, and contracting external projects, effectively reducing the Company's operating costs and enhancing the efficiency of the production line construction. With increasingly clear development strategy of the Company, the main task of the construction and installation business is to serve the existing core business, and play a role in production line construction and maintenance of factory buildings, and

on the other hand, against the background of the current new urbanization policies, the construction and installation business shall use its advantages to maintain steady growth. The Company's construction and installation business is mainly done by Hebei Xubao and Sichuan Ruiyi, and achieved total operation income of RMB 435 million during the reporting period, essentially flat with a year earlier.

#### **(5). Parallel the asset acquisition and industrial fund, and complete the multi-point distribution of graphene business**

Based on graphene's excellent performance in heat conduction and electrical conduction and transparency, the Company, as a leader in the field of optoelectronic display, is particularly concerned about its development and application in the field of flexible display, with the continuous progress of graphene business, the Company began to do a broader strategic layout of the graphene industry. In March 2016, the Company completed the acquisition of Shanghai Tanyuan Huigu Co., Ltd. through acquisition and capital increase, which is a company focusing on the mass production and application of grapheme, owing grapheme production technology, grapheme-based lithium-ion material and battery production technology, and this acquisition is significant for the Company to promote the industrialization of graphene. Currently, Shanghai Tanyuan Huigu and Beijing Xutan jointly become the promotion platform for the Company's industrial development and research and industrialization.

In addition to the development and research and industrialization platform, in March 2016, the Company incorporated a wholly owned subsidiary, Shenzhen Xuhui Investment, together with the Beijing Dongxu Huaqing, become the Company's graphene industry consolidation and investment and financing platform. During the reporting period, the Company set up the graphene industry development funds of a scale of RMB 100 million and of a scale of RMB 200 million respectively with the Administrative Committee of the New Energy Industrial Park in Taizhou and the People's Government of Jingyang District, Deyang, and the establishment of the industry funds contributes to accelerating the Company's layout of graphene industry. In addition, the Company signed the *Strategic Cooperation Agreement* respectively with Tianjin Dongli, China Innovation Alliance of the Graphene Industry (CGIA), Beijing Institute of Collaborative Innovation (BICI) to practice the global development strategy, and signed *Strategic Framework Agreement* with the Catalan Institute of Nanoscience and Nano Technology (ICN2) in Spain to develop the technical exploration, industrial application development, product promotion and information sharing and cooperation on graphene and other materials.

## **2.Main business analysis**

Year-on-year changes in major financial statistics

In RMB

	This report period	Same period last year	YOY change (%)	Cause change
Operating income	2,882,059,154.41	1,524,242,723.90	89.08%	Mainly due to the large year-on-year increase in sales of high-end equipment and technical services.
Operating cost	1,938,309,643.65	882,046,270.04	119.75%	Mainly due to the corresponding costs increased as the revenue increased

Sale expenses	31,577,716.56	15,959,542.69	97.86%	Mainly due to the sales increased which led to the increase of freight and labor costs.
Administrative expenses	236,706,264.85	164,106,222.01	44.24%	Mainly due to the increase over the same period last year in wages and welfare, research and development expenses
Financial expenses	94,439,392.61	150,308,723.11	-37.17%	Mainly due to the increase of labor costs and R&D expenses compared to the last period
Income tax expenses	90,283,601.51	81,096,961.02	11.33%	
R & D Investment	45,720,772.21	41,430,754.32	10.35%	
Cash flow generated by business operation, net	1,281,108,942.94	54,777,798.87	2,238.74%	Mainly due to the increase in collection of sales payment
Net cash flow generated by investment	-607,815,301.45	-411,058,599.42	47.87%	Mainly due to the payment paid for purchasing the equity of Xuxin Company and Xufei Company
Net cash flow generated by financing	3,091,864,784.09	1,690,487,611.80	82.90%	Mainly due to the increase in borrowing.
Net increasing of cash and cash equivalents	3,774,917,627.41	1,334,219,848.90	182.93%	

Major changes in profit composition or courses during the report period

☐ Applicable ☒ Not applicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Delay of future development and plan disclosed in Company's IPO prospectus, fund raising prospectus and capital reorganization report into this report period.\

☐ Applicable ☒ Not applicable

No future development and plan disclosed in Company's IPO prospectus, fund raising prospectus and capital reorganization report into this report period.\

Implementation of business plans disclosed in previous periods in this period.

During the reporting period, the Company efficiently operates the existing G5 and G6 glass substrate production line and maintains the production and sales of medium-and-low generation glass substrates, and at the same time, actively promotes the construction schedule of each raising investment projects. The Company's non-public offering equity investment projects in 2013- 6th generation TFT-LCD crystal glass substrate

production line, 1-5 line achieves mass production, the yield of line 6 rises steadily, and the overall production line yield is rising; one of the Company's non-public offering of equity investment projects in 2015, "the 5th generation TFT-LCD using color filter production line project" construction is actively promoted, upon achieving the production target, it will enhance the Company's added-value of G5 glass substrate products, and promote the Company's business growth; the Company's non-public offering raising investment project in 2016, "the advanced generation including generation 8.5 glass substrate production line," also enters the preparation stage. As of the disclosure of this report, the Company's non-public offering funds in 2016 is in place, and completes the registration and listing of new shares, and in the future it will accelerate the construction of raising investment projects.

### 3. Business composition

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
<b>Industry</b>						
High-end equipment and Technology serves	1,679,753,266.20	980,987,330.23	41.60%	190.28%	404.37%	-24.79%
Glass substrate	536,992,475.55	359,694,368.28	33.02%	22.25%	34.39%	-6.05%
Sapphire materia	220,217,237.68	186,587,859.61	15.27%	406.97%	407.44%	-0.08%
Construction Installation	435,478,796.37	408,310,315.97	6.24%	0.63%	9.96%	-7.95%
Electric vacuum glass devices and supporting electronic device				-100.00%	-100.00%	
Other	6,157.72	54,490.31	-784.91%			
Total	2,872,447,933.52	1,935,634,364.40	32.61%	91.95%	121.65%	-9.03%
<b>Products</b>						
High-end equipment and Technology serves	1,679,753,266.20	980,987,330.23	41.60%	190.28%	404.37%	-24.79%
Glass substrate	536,992,475.55	359,694,368.28	33.02%	22.25%	34.39%	-6.05%

Sapphire materia	220,217,237.68	186,587,859.61	15.27%	406.97%	407.44%	-0.08%
Construction Installation	435,478,796.37	408,310,315.97	6.24%	0.63%	9.96%	-7.95%
Electric vacuum glass devices and supporting electronic device				-100.00%	-100.00%	
Other	6,157.72	54,490.31	-784.91%			
Total	2,872,447,933.52	1,935,634,364.40	32.61%	91.95%	121.65%	-9.03%
Area						
China mainland	2,660,048,543.83	1,748,410,018.96	34.27%	91.28%	118.29%	-8.13%
Hongkong, Macao and Taiwan	212,399,389.69	187,224,345.44	11.85%	100.77%	158.92%	-19.80%
Total	2,872,447,933.52	1,935,634,364.40	32.61%	91.95%	121.65%	-9.03%

#### 4. Analysis On core Competitiveness

The Company has disclosed four core competencies in *2015 Annual Report*, and they are respectively “strong independent innovation and R & D strength”, “domestic industry leading position advantage”, “significant geographical and cost advantages” and “flexible and efficient management and incentive mechanism”, in the first half of 2016, the Company’s core competencies is further consolidated and deepened, without other significant changes.

#### 5. Analysis on investment Status

##### 1. External Equity investment

##### (1) External investment

√Applicable □ Not applicable

External investment		
Investment amount (January-June 2016)(RMB)	Investment Amount (January-June 2015)(RMB)	Change rate ( % )
1,102,954,500.00	319,845,300.00	244.84%
Particulars of investees		
Name	Principal business	Proportion in the investees' equity ( % )
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	Technology research and development, technology transfer, technical service and technical consultation for new material and	50.50%

	equipment areas, and sales of nanometer materials	
Fuzhou Dongxu Optoelectronic Technology Co., Ltd.	Investment, construction and operation of photoelectric display glass substrate industry, relevant technology development, technical consultation, technical service and technology transfer; design and sales of mechanical equipment and electronic products; import and export of various self-run and agent products and technologies	100.00%
Sichuan Ruiyi Construction Engineering Co., Ltd.	Constructional engineering, hydraulic and hydro-power engineering, municipal public works, highway engineering, urban and roadway lighting engineering, electric power engineering, water-proof, anti-corrosion and insulation engineering, highway traffic engineering, highway pavement engineering, highway subgrade engineering, building mechanical and electrical installation works, special engineering, curtain wall engineering, steel structure engineering, river and lake regulation engineering, fire-fighting equipment engineering, bridge engineering, architectural decoration and finishing engineering, electronic and intelligent engineering, landscape engineering, ancient architectural engineering, environmental protection engineering, communication engineering, transmission and transformation project, electromechanical engineering and petrochemical engineering; engineering survey design; project management service; import and export; commodity wholesale and retail.	100.00%
Dongxu (Kunshan )Display Material Co., Ltd.	Sales of optoelectronic device and other electronic devices; import and export of goods and technology.	80.00%
Shenzhen Xuhui Investment Holdings Co. Ltd.	Investment management, project investment; management consultation; asset management; equity investment management.	100.00%
Fuzhou Xufu Optoelectronics Technology Co., Ltd	Processing and sales of GG8.5TFT-LCD glass substrate; import and export of various self-run and agent products and technologies	100.00%



Fuzhou Dongxu Investment Co., Ltd.	Investment in photoelectric display glass substrate industry and investment management	100.00%
Taizhou Dongxu Graphene Industry Investment Fund Management Center (limited partnership)	External investment with self-owned assets, investment management and information consultation for graphene industry.	25.74%
Dongxu (DeYang) Graphene Industry Development Fund Of The Partnership (limited partnership)	Equity investment of private companies, investment management and related consulting services	20.80%

## (2) Holding of the equity in financial enterprises

☐ Applicable ☒ Not applicable

## (3) Investment in Securities

☐ Applicable ☒ Not applicable

The Company had no investment in securities in period.

## (4) Statement of holding equities in other PLCs

The Company was not holding shares of any other PLC as of the end of report period.

## 2. Entrusted Financing , investment in derivative products and entrusted loan

### (1) Trust financing

☐ Applicable ☒ Not applicable

The company had no trust financing in the reporting period.

### (2) Derivative investment

☐ Applicable ☒ Not applicable

The company had no derivative investment in the reporting period.

### (3) Trusted loans

☐ Applicable ☒ Not applicable

No trusted loans in the report period.

## 3. Application of the raised capital

☒ Applicable ☐ Not applicable

**(1) General application of the raised funds**

√ Applicable □ Not applicable

In RMB

Total amount of the raised capital	1,403,880
Total raised capital invested in the report period	21,211.35
Total accumulative raised capital invested	1,078,681.19
Amount of raised capital of which the purpose was changed in the report period	0
Accumulative amount of raised capital of which the purpose has been changed	0
Proportion of raised capital of which the purpose has been changed (%)	0.00%

**Notes to use of raised capital****(I) The amount of funds raised and credited into account**

1. In 2015, the China Securities Regulatory Commission (CSRC) issued the [2015] No. 2270 text on the Approval of the Non-Public Offerings of Dongxu Optoelectronic Technology Co., Ltd. and approved that the number of the Company's new non-public offerings should be less than 1186.9436 million. As of November 13, 2015, the Company has actually issued shares of 1173.0205 million, the face value is RMB 1 per share and the issue price is RMB 6.82 per share, a total of RMB 8000 million. Deducting the distribution-related fee (excluding tax) of RMB 59.4767 million, the actual net proceeds are RMB 794.5232. Zhongxingcai Guanghua Certified Public Accountants LLP issued the Zhongxingcai Guanghua verification Zi (2015) No. 05007 capital verification report in November 26, 2015.

2. In 2013, the China Securities Regulatory Commission (CSRC) issued the [2012] No. 1661 text on the Approval of the Non-Public Offerings of Shijiazhuang Gem Electronic Glass Co., Ltd. to approve the non-public offering in 2013, the Company, through the non-public offerings, issued towards eight specific investors including TUNGHSU GROUP, 520 million shares at an issue price of RMB 9.69 per share, and the total raise funds is RMB 5038.80 million, and deducting the distribution-related fee of RMB 77.736 million, the net proceeds is RMB 4961.064 million. The above-mentioned funds are all in place on April 3, 2013, and have been verified by the Zhongxingcai Guanghua verification Zi (2013) No. 5003 Verification Report issued by the Zhongxingcai Guanghua Certified Public Accountants LLP (formerly known as "Zhongxingcai Guanghua Certified Public Accountants Co., Ltd.").

3. 15 Dongxu Bonds approved according to the approval of the [2015] No. 635 text on the Approval of Public Offering of Corporate Bonds of Dongxu Optoelectronic Technology Co., Ltd. issued by the China Securities Regulatory Commission (CSRC), that the Company issues public corporate bonds of RMB 1 billion (the number is ten million), the face value is RMB 100 each, and the issue price is the face value. The bond is 5-year fixed rate (Attached with by the end of the third year, the option of the Company raising the coupon rate and investors recover). The coupon rate is 6.00%, the total fund raised is RMB 10 million, after deducting underwriting fees, the amount is RMB 987 million. It has been verified by the Zhongxingcai Guanghua verification Zi (2015) No. 05004 Verification Report issued by the Zhongxingcai Guanghua Certified Public Accountants LLP.

(II) The balance of the raise funds: as of June 30, 2016, the balance of the account for the non-public offering raise funds of the Company in 2015 is RMB 2919.3518 million (including interest income of RMB 27.3066 million); the balance of the account for the non-public offering raise funds of the Company in 2013 is RMB 251.2072 million (including interest income of RMB

1.2072 million); the balance of the account for the raise funds of 15 Dongxu Bonds is RMB0.3376 million .

## (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										
Project of Production Line for the 5th-generation CF for TFT-LCD	No	300,000	300,000		10,708.42	3.57%	December 31, 2017		No	No
Xufei Optoelectronic 100% equity acquisition	No	177,000	177,000	7,408.33	177,000	100.00%	December 31, 2015	6,008.07	Yes	No
Xuxin Optoelectronic 100% equity acquisition	No	198,000	198,000	13,803.02	198,000	100.00%	December 31, 2015	1,261.88	Yes	No
Supplement current capital	No	125,000	125,000		121,537	97.23%	December 31, 2015		Yes	No
Panel display galass substrate project of Wuhu Dongxu Optoelectronic Technology Co., Ltd.	No	496,106.4	496,106.4		471,469.53	95.03%	December 31, 2016		No	No
Supplement current capital (Corporation Bond)	No	100,000	100,000		99,966.29	99.97%			Yes	No
Subtotal of promised investment projects	--	1,396,106.4	1,396,106.4	21,211.35	1,078,681.24	--	--	7,269.94	--	--
Investment of excessive raised capital										
None	No									

Total	--	1,396,106.4	1,396,106.4	21,211.35	1,078,681.19	--	--	7,269.94	--	--
Reason or situation that not on schedule (on specific project)	Wuhu Optoelectronic panel display glass substrate production line project adopts the mode of stage construction, stage production and achieves benefits by stages, and the project is not fully put into production, so it isn't applicable. Some production lines of the 5th Generation TFT-LCD Color filters (CF) production line project are under construction, so they are not applicable.									
Notes to major changes in project feasibility	None									
Amount, application and application progress of the unbooked 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	Not applicable									
About the initial investment in the projects planned to be invested with the proceeds and the replacement	<p>Applicable</p> <p>(1) On April 17, 2013, The 36<sup>th</sup> 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, the board of supervisors and the sponsor of Guangzhou Securities all issued the clear 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).</p> <p>(2) On December 29, 2015, the 46th meeting of the 7th board of directors and the 18th meeting of the 7th 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 amount of RMB 107.0842 million of self-collected funds, used by the company, which was in advance put into the project of "The 5th generation TFT-LCD color filter (CF) production line" that was set to be invested by the raised funds. 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.</p>									
Using the idle	Applicable									

proceeds to supplement the working capital on temporary basis	On May 29, 2015, the 37 <sup>th</sup> Meeting of the 7 <sup>th</sup> 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 above-mentioned funds raised are returned and stored in the company's dedicated account for the funds raised on May 26, 2016.
Balance of the proceeds in process of project implementation and the cause	Notes
About application and status of the proceeds unused	As of the end of the reporting period, there was no change for the investment purpose of the raised funds and the raised funds that have not yet been used were all in the special account
Problems existing in application of the proceeds and the information disclosure or other issues	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.

### (3) Changes of raised funds projects

☐ Applicable ☒ Not applicable

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

### (4) Fund-raising project

Fund-raising project overview	Disclosure date	Disclosure index
Special report on the depositing and use information of the raised funds in 2015 by the board of directors	February 6, 2016	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Special report on the depositing and use information of the raised funds in the first half year of 2016 by the board of directors	August 30, 2016	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## 4. Analysis on principal subsidiaries and Mutual Shareholding Companies

☒ Applicable ☐ Not applicable

Particulars about the principal subsidiaries and Mutual shareholding companies

In RMB

Company Name	Company type	Sectors engaged in	Leading products	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
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			and services						
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Subsidiary	Manufacturing	Glass substrate	1,650,000,000.00	4,792,834,149.57	1,858,384,838.44	419,879,111.71	63,438,763.63	60,080,656.34
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd	Subsidiary	Manufacturing	High-End Equipment and Technology serves	98,000,000.00	6,837,412,292.77	1,958,604,572.19	1,423,880,484.78	461,670,090.88	473,976,590.50

## 5. Major projects invested by non-raised fund

☐ Applicable ☒ Not applicable

The company had no major projects invested by non-raised fund in the reporting period.

## VI. Prediction of business performance for January –September 2016.

Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason.

☐ Applicable ☒ Not applicable

## VII. Explanation of the Board of Directors and the Supervisor Committee concerning the “Non-standard audit report ” issued by the CPAs firm for the reporting period

☐ Applicable ☒ Not applicable

## VIII.Explanation by the Board of Directors about the “ non-standard audit report “ for last year.

☐ Applicable ☒ Not applicable

## IX. Profit distribution carried out in the report period

Execution or adjustment of profit distribution, especially cash dividend, and capitalizing of reserves in the report period.

☒ Applicable ☐ Not applicable

On February 29, 2016, the company held the 2015 annual general shareholder meeting in which the 2015 annual profit distribution plan was examined and approved. The company's 2015 annual profit distribution plan

was: based on the company's total share capital of 3,835,000,526 shares on the date of January 31, 2016, the company will distribute cash dividends of RMB 0.70 per 10 shares (Tax inclusive) to all the shareholders by using the undistributed profits, with no share-increasing by converting capital reserve into share capital.

The date of record of A-shares of this profits distribution is: April 25, 2016; the ex-dividend and ex-right date is: April 26, 2016; the last trading day of B shares: April 25, 2016, the date of record is: April 28, 2016, the ex-dividend and ex-right date is: April 26, 2016

This profits distribution plan had been completed on April 28, 2016.

Special explanation on cash dividend policy	
Comply with the Articles of Association or resolution made at the General Shareholders' Meeting	Yes
Clear and definite distribution standard and proportion	Yes
Decision-making procedure and mechanism	Yes
Independent directors fulfill their duties	Yes
Middle and small shareholders express their opinions and demands. Their rights are well protected	Yes
Cash dividend distribution policies are adjusted or revised according to law.	Until the end of the reporting period, the company has not adjusted or changed the cash-dividend policy.

#### X. Preplan for profit distribution and turning capital reserve into share capital in the reporting period

☐ Applicable ☒ Not applicable

The Company planned that no to distribute cash dividend, bonus shares and there was no turning of capital reserve into share capital.

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

☒ Applicable ☐ Not applicable

Reception time	Reception place	Way of reception	Types of visitors	Visitors received	Discussion topics and provision of materials
February 18, 2016	Beijing	By phone	Organization	Organization	The summary of operations of 2015, the application direction and industrial prospects of graphene, etc
March 10, 2016	Beijing	Onsite investigation	Organization	Organization	Overall profile of the company, overview of graphene business, etc.
January 1, 2016-- June 30, 2016	Beijing	By phone	Individual	Individual	Fundamentals of the company, the main business, the information of graphene battery, etc.

## V. Important Events

### I. Administrative position

The company has, strictly in accordance with The Company Law, The Securities Law, Standardize Operational Guidelines for Listed Companies on the Main Board of Shenzhen Stock Exchange and the requirements of relevant laws and regulations, continued to improve the corporate governance structure and the internal control system, carry out in-depth activities of corporate governance, raise the level of standardized operation and soundly safeguard the legitimate rights and interests of all shareholders. As of the end of the reporting period, the company's internal governance structure was complete, sound and clear, which is in line with The Company Law, the Articles of Association of the Company and other relevant laws, regulations and regulatory documents. During the reporting period, the company was honest in operations and utilized standardized operations, timely performed the obligation of information disclosure. The general shareholder meeting, board meeting of board of directors and meeting of board of supervisors had been convened with in accordance with relevant rules and regulations, and all directors and supervisors have seriously performed their duties with due diligence.

There was no difference between the actual situation of company's management and the requirements of "Company Law" and the relevant provisions of China Securities Regulatory Commission.

### II. Lawsuits affairs

Major lawsuits and Arbitration affairs

☐ Applicable ☒ Not applicable

The Company has no major lawsuit or arbitration in the report period.

Other Lawsuits affairs

☐ Applicable ☒ Not applicable

### III. Query form media

☐ Applicable ☒ Not applicable

In the reporting year, the Company had no query from media

### IV. Bankruptcy or Reorganization Events

☐ Applicable ☒ Not applicable

There Company was not involved in any bankruptcy or reorganization events in the reporting period.



## V. Assets transaction

### 1. Purchase of assets

√Applicable □ Not applicable

Counter-party or Ultimate Controlling Party	Acquired or Purchased Assets	Transaction Price (10 thousand yuan)	Progress (Note 2)	Impact on Company's Business (Note 3)	Influence on the Profit and Loss of the Company (Note 4)	Ratio of the Net Income Caused by the Asset Contributing to the Listed Company in Total	Connected Transaction	Relation with Counter-party (applicable to associated business situation)	Date of Disclosure (Note 5)	Disclosure Index
Guo Shouwu, Ma Shengjie, Wu Haixia, Shen Wenzhuo, Shen Li	Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	7,345.45	The change of business registration had been completed on March 31	Adding new product	the net profits contributed to the listed company from the purchase date to the end of the reporting period were RMB -1.1063 million	0.00%	No		March 9, 2016	Temporary Announcement. No.2016-031

### 2. Sale of assets

□ Applicable √ Not applicable

There is no sale of assets in the Company during the reporting period

### 3. Business combination

√Applicable □ Not applicable

#### 1. Enterprise consolidation not under the same control

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

In RMB'0000

Name	Time-point of	Obtained Cost of	Ratio of Obtained	Method of	Purchasing Date	Determination Basis on the	Income of Acquire from	Net Profit of Acquire from
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	Obtained Equity	Equity	Equity (100%)	Obtaine d Equity		Purchasing Date	the Purchasing Date to the End of the Period	Purchasing Date to the End of the Period
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	March 2016	7,345.45	50.50	Purchas e and add share	March 31,2016	Obtain a business license	0.62	-110.63

## (2) Consolidation Cost and Goodwill

Items	Shanghai Tanyuan Huigu New Material Technology Co., Ltd.
Consolidation cost	
—Cash	73,454,500.00
Total Consolidation cost	73,454,500.00
Less: Reduction: Obtained Definable Net Assets Fair Proportion	39,763,137.22
Goodwill/ The Consolidation Cost is Less Than the Obtained Definable Net Assets Fair Proportion	33,691,362.78

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

Items	Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	
	Fair value on purchase date	Book value on purchase date
<b>Assets:</b>		
Monetary fund	65,834,772.59	65,834,772.59
Account receivable	1,600.00	1,600.00
Prepayments	2,006,750.00	2,006,750.00
Other account receivable	457,262.00	457,262.00
Inventories	1,243,387.97	802,979.59
Other current assets	198,033.10	198,033.10
Fixed assets	1,847,248.70	1,939,350.28
Intangible assets	7,317,795.33	4,444,692.24
Amortisation of long-term prepaid expenses	303,253.20	303,253.20
<b>Liabilities:</b>		
Account payable	362,292.10	362,292.10

Employees' wage payable	37,656.00	37,656.00
Other account payable	71,269.20	71,269.20
Net assets	78,738,885.59	75,517,475.70
Less: Minority equity		
Net assets acquired	78,738,885.59	75,517,475.70

## 2. Due to new subsidiaries set up in the current period

On March 8, 2016, Wuhu Dongxu Optoelectronic Technology Co.,Ltd set up Fuzhou Dongxu Investment Development Co., Ltd and holds 100% stake of Fuzhou Dongxu Investment Development Co., Ltd, of which the registered capital was RMB 10 million and the paid-in capital was RMB 0.00.

On March 17, 2016, Beijing Dongxu Huaqing Investment Co., Ltd as a general partner, Dongxu Optoelectronic Technology Co.,Ltd as a limited partner and Taizhou Golden Sun Energy Co., Ltd as a limited partner together set up Taizhou Dongxu Graphene Industry Investment Fund Management Center(Limited partnership). Such limited partnership company was incorporated in May 4, 2016, and the total amount of capital contribution agreed in the agreement was RMB 101 million, but as of June 30, 2016, the actual received amount of capital contribution was RMB 0.00. For the capital contribution, Taizhou Golden Sun Energy Co., Ltd subscribed the amount of capital contribution of RMB 75 million, Dongxu Optoelectronic Technology Co.,Ltd subscribed the amount of capital contribution of RMB 25 million, Beijing Dongxu Huaqing Investment Co., Ltd subscribed the amount of capital contribution of RMB 1 million which was agreed in the agreement by using the labor service as capital contribution, and meanwhile, upon the agreement, the three parties all agreed that they shall complete the capital contribution before December 30, 2016.

On March 31, 2016, Dongxu Optoelectronic Technology Co.,Ltd set up Shenzhen XuHui Investment Holdings Co.,Ltd, of which the registered capital was RMB 100 million and the paid-in capital was RMB 0.00.

On June 24, 2016, Fuzhou Dongxu Optoelectronic Technology Co.,Ltd and Dongxu Optoelectronic Technology Co.,Ltd together set up a new company of Fuzhou Xufu Optoelectronic Technology Co.,Ltd, of which the registered capital is RMB 65.40 million, among which, Fuzhou Dongxu Optoelectronic Technology Co.,Ltd shall contribute RMB 54.50 million, Dongxu Optoelectronic Technology Co.,Ltd shall contribute RMB 10.90 million, and the paid-in capital was RMB 0.00.

## VI. Implementation and Influence of Equity Incentive Plan of the Company

√Applicable □ Not applicable

On October 29, 2015, the Proposal on Buying-back and Writing-off Part of the Restricted Shares was approved in the 43rd board meeting of the 7<sup>th</sup> session board of directors. The total restricted 100,000 shares which were granted to the incentive object of Chenyin but still being locked were bought-back, thus the total shares of this buy-back was 100,000 shares.

On January 26, 2016, the above-mentioned restricted shares have been completed the procedure of writing-off in China Securities Depository and Clearing Co., Ltd. Shenzhen Branch.

## VII. Material related transactions

### 1. Related transactions in connection with daily operation

√Applicable □ Not applicable

Related parties	Relation ship	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 (RMB'0000)	Whether approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Shijiazhuang Dongxu Mechanical Equipment Co., Ltd.	Controlled by the same actual controller	Commodity purchased/labor service received	Machining parts	Reference price setting	18.5682 million	1,856.82		4,000	No	Currency	18.5682 million		
Chengdu Zhong Optoelectronic Technology Co., Ltd.	General manager for Li Zhaoting	Sales Goods/Labor service received	glass substrate	Reference price setting	3.1062 million	310.62		311	No	Currency	3.1062 million		
Dongxu (Yingkou) Optoelectronic Display Co., Ltd	Controlled by the same actual controller	Related management/Contract	Management right	Reference price setting	0.5 million	50		100	No	Currency	0.5 million		
Dongxu Group	Controlled by the same parent	Related management/Contract	Management right	Reference price setting	0.5 million	50		100	No	Currency	0.5 million		

	companyActual Controller												
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Controlled by the same actual controller	Related management/Contract	Management right	Reference price setting	0.5 million	50		100	No	Currency	0.5 million		
Total				--	--	2,317.44	--	4,611	--	--	--	--	--
Details of any sales return of a large amount				None									
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)				None									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				None									

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

☐ Applicable ☒ Not applicable

There is no any related-party transactions arising from asset acquisition or sale during the reporting period.

## 3. Related-party transitions with joint investments

☐ Applicable ☒ Not applicable

The Company was not involved in any related-party transaction with joint investments during the reporting period.

## 4. Credits and debt with related parties

☐ Applicable ☒ Not applicable

There is no any credit and debt with related parties of the Company of the reporting period.

Whether there is non operating related credits and deb

☐ Yes ☒ No

There is no any non perating related credit and debt with related parties of the Company.

## 5. Other significant related-party transactions

☐ Applicable ☒ Not applicable

The Company was not Other significant related-party transactions during the reporting period.

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

and other related parties of the Company

☐ Applicable ☒ Not applicable

The Company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the reporting period..

**IX. 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 Dongxu( Yingkou) Optoelectronic Display Co., Ltd.and Sichuan Xuhong Optoelectronic Technology Co., Ltd.

In December 2011, Dongxu Group, Dongxu Optoelectronic Investment Co., Ltd. and Shijiazhuang Baoshi Electronic Group Co., Ltd signed the Equity Trusteeship Agreement with the Company , of which 60% share rights of Dongxu (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
Dongxu Group, Yingkou Coastal Development Construction Co., Ltd.Minmetals (Yingkou) Industrial Park Development Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	Management Right of Dongxu(Yingkou) Optoelectronic Display Co., Ltd.	January 2012	Notes 1	750,000.00
Dongxu Group, Mianyang Investment City Development (Group ) Co., Ltd., Sichuan Changhong Electric Co., Ltd.	Co., Ltd.	Management Right of Sichuan Xuhong Optoelectronic Technology Co., Ltd.	March 2012	Notes 2	750,000.00
Total					1,500,000.00

Note 1: The trustee fee includes share right trustee fee(500 thousand RMB/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 RMB/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.)

Note 2: The trustee fee includes share right trustee fee(500 thousand RMB/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 RMB/year, the incentive management fee is counted by 5% of the after-tax net profit yearly achieved by the trustee company

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

☐ Applicable ☒ Not applicable

## (2) Contract

☐ Applicable ☒ Not applicable

There was no any contract of the Company in the reporting period.

## (3) Lease

☒ Applicable ☐ Not applicable

There was no any lease of the Company in the reporting period.

## 2. Guarantees

☒ Applicable ☐ Not applicable

In RMB'0000

External Guarantee (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)
Total of external guarantee approved in Period(A1)		0		Total of actual external guarantee in Period(A2)		0		
Total of external guarantee approved at Period-end(A3)		0		Total balance of actual external guarantee at Period-end(A4)		0		
Guarantee of the Company for the controlling Company								
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)
Zhengzhou Xufei Optoelectronic	May 27,2016	10,000	May 30,2016	10,000	The joint liability	1 year	No	No

Technology Co., Ltd.					guaranty			
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	June 20,2013	220,000	November 12,2013	192,000	The joint liability guaranty	8 years	No	No
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	April 21,2016	20,000	June 22,2016	15,000	The joint liability guaranty	1 year	No	No
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	September 28,2015	24,000	September 29,2015	20,000	The joint liability guaranty	1 year	No	No
Wuhu Dongxu Optoelectronic Technology Co., Ltd	October 19,2015	10,000	November 30,2015	5,000	The joint liability guaranty	1 year	No	No
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	September 28,2015	4,000	December 22,2015	4,000	The joint liability guaranty	1 year	No	No
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	October 19,2015	20,000	April 25,2016	20,000	The joint liability guaranty	1 year	No	No
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	March 31,2016	7,500	June 23,2016	7,500	The joint liability guaranty	1 year	No	No
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	April 12,2014	75,000	October 30,2014	30,000	The joint liability guaranty	8 years	No	No
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	April 12,2014	75,000	November 27,2014	20,000	The joint liability guaranty	8 years	No	No
Jiangsu Jixing New	August	12,500	August 26,2015	3,000	The joint	1 year	No	No



Material Co., Ltd.	14,2015				liability guaranty			
Jiangsu Jixing New Material Co., Ltd	March 3,2016	5,500	March 17,2016	5,500	The joint liability guaranty	1 year	No	No
Beijing Xufeng Realestate Co., Ltd.	October 19,2015	60,000	November 26,2015	60,000	The joint liability guaranty	5 years	No	No
Beijing Xufeng Realestate Co., Ltd.	October 19,2015	60,000	December 22,2015	60,000	The joint liability guaranty	5 years	No	No
Total of guarantee for subsidiaries approved in the Period (B1)		43,000		Total of actual guarantee for subsidiaries in the Period (B2)		58,000		
Total of guarantee for subsidiaries approved at Period-end (B3)		603,500		Total of actual guarantee for subsidiaries at Period-end (B4)		452,000		
Guarantee of the subsidiaries for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date o signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Total guarantee quota to the subsidiaries approved in the reporting period (C1)		0		Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)		0		
Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)		0		Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)		0		
Total of Company's guarantee (namely total of the large three aforementioned)								
Total of guarantee in the Period (A1+B1+C1)		43,000		Total of actual guarantee in the Period (A2+B2+C2)		58,000		
Total of guarantee at Period-end (A3+B3+C3)		603,500		Total of actual guarantee at Period-end		452,000		

		(A4+B4+C4)	
The proportion of the total amount of actually guarantee in thenet assets of the company(A4+B4+C4)			31.03%
Including :			
Amount of guarantee for shareholders, actual controller and its associated parties (D)			0
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)			170,000
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)			0
Total guarantee Amount of the abovementioned guarantees (D+E+F)			170,000

Description of the guarantee with complex method

### (1) Illegal providing of external guarantees

☐ Applicable ☒ Not applicable

No illegal providing of external guarantees in the report period.

### 3. Other significant transactions

☐ Applicable ☒ Not applicable

No Other significant transactions in the report period.4. Other significant transactions

☐ Applicable ☒ Not applicable

There was no other significant transaction of the Company in the reporting period.

### X. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

☒ Applicable ☐ Not applicable

Commitment	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shijiazhuang Baoshi Electronics Group Co., Ltd	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	March 29, 2007	Long-term effective	Under Fulfillment

		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.			
Commitment in the acquisition report or the report on equity changes					
Commitment made upon the assets replacement					
Commitments made upon issuance	Baoshi Group, Dongxu Group	<p>1.From the date of commitment letter issued, except the managed hosting company for Dongxue Optoelectronic , this company and majority-owned subsidiaries do not in any way, directly or indirectly engaged in business and Dongxue Optoelectronic and its subsidiaries are the same, or similar, future Dongxue 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 Dongxu Optoelectronic interests and its wholly-owned subsidiaries, holding, or causing Dongxue Optoelectronic shares and its wholly-owned subsidiaries, holding form business competition decisions. 3. The company will not directly invest, purchase and Dongxu Optoelectronic identical or similar business enterprises and</p>	April 1, 2012	Long-term effective	Under Fulfillment

		<p>projects.</p> <p>4.If the assets owned by the Dongxu Optoelectronic . compete with , the company will adopt effective measures and give up the same business. 5. If the company has horizontal competition with Dongxu 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 Dongxu Optoelectronic Investment, entrusted to Zhengzhou Xufei company and all the shares that are entrusted to Baoshi Group, to Dongxu Optoelectronics; Before December 31, 2016, by way of designated placement, the company will transfer all the shares that Dongxu Group entrusted to Dongxu Yingkou and Sichuan Xuhong to Dongxu 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 Zhaoting, the actual controller, Dongxu Optoelectronic Investment , Dongxu 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 Dongxu</p>			
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		Optoelectronics. Within the period when the company is still the controlling shareholder of Dongxu Optoelectronics, the commitments are in effect.			
	Dong Xu Group	<p>In view of:</p> <p>The main business of Dongxu Optoelectronic is the production of TFT-LCD glass substrate, and the company now is applying for non-public offering of ,bonds</p> <p>(2) Dongxu Group is the controlling shareholder of Dongxu Optoelectronic; and during the period of holding, Dongxu Group has signed patent license contracts separately with Dongxu Optoelectronic and its subsidiaries including Wuhu Dongxu Optoelectronic Science and Technology Co., Ltd. (hereinafter referred to as Wuhu Optoelectronic), Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Wuhu Equipment) and Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Shijiazhuang Equipment). For this purpose, Dongxu 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 Dongxu group in the future, Dongxu group shall sign a free contract of licensing the new pertinent patents with the company and the company's subsidiaries (Wuhu Optoelectronic Technology</p>	February 8,2015	Valid for 5 years	Under Fulfillment

		Co.,Ltd, Wuhu Equipment Company and Shijiazhuang Equipment Company) with the same articles of the former patent licensing contract. After the company successfully completed the issuance of corporate bonds, whether Dongxu group control the company during the duration of the bonds, Dongxu 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.			
	Dongxu Optoelectronic Technology Co., Ltd.	In view of: Dongxu 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	February 10, 2015	Valid for 5 years	Under Fulfillment

		public offering of corporate bonds will not be used for real estate development business in any form. The term of validity of the promises is consistent with the duration of the corporate bonds issued in the company this time.			
	Dong Xu Group	<p>In view of:</p> <p>(1) The main business of Dongxu Optoelectronic is the production of TFT-LCD glass substrate, and the company now is applying for non-public offering of stock; (2) Dongxu Group is the controlling shareholder of Dongxu Optoelectronic; and during the period of holding, Dongxu Group has signed patent license contracts separately with Dongxu Optoelectronic and its subsidiaries including Wuhu Dongxu Optoelectronic Science and Technology Co., Ltd. (hereinafter referred to as Wuhu Optoelectronic), Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Wuhu Equipment) and Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Shijiazhuang Equipment). For this purpose, Dongxu Group has made following promises: within the term of validity involving patent right stated in patent license contracts, whether Dongxu Optoelectronic is in the control of Dongxu Group or not, Dongxu Group promises that when the above mentioned patent license</p>	June 17, 2015	Long-term effective	Under Fulfillment

		contracts expire, the group will unconditionally renew the contracts with Dongxu Optoelectronic and its subsidiaries (Wuhu Optoelectronic, Wuhu Equipment, Shijiazhuang Equipment and etc) according to the terms of original contracts based on the requirements of Dongxu Optoelectronic.			
	Dong Xu Group	To avoid the horizontal competition with the issuer, the company's actual controller-Zhaoting, Li and the holding company-Dongxu 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 Dongxu 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 Dongxu Optoelectronic Technology Co., Ltd and companies controlled by Dongxu 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 Dongxu Optoelectronic Technology Co.,	Decembert 16, 2015	Long-term effective	Under Fulfillment



		Ltd and its controlled companies shall not take by the companies controlled by the actual controller or the holding company, and the business opportunities shall be given to Dongxu 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.			
	Baoshi Group	Dongxu 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 Technology Co., Ltd in year 2015, year 2016, year 2017, year 2018 shall accordingly be not less than RMB 36.6698 million, RMB 84.5628 million, RMB 156.5311 million, RMB 225.4052 million; 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 RMB23.3488million, RMB55.4205million, RMB 86.6277million, RMB 158.345 million. If any year's actual net	March 2, 2015	Valid period to December 31,2018	Under Fulfillment

		profits are less than the estimated profits as aforesaid within the compensation period, Dongxu investment/Baoshi group shall make up the difference in accordance with the aforesaid principles in cash to Dongxu Optoelectronic Technology Co., Ltd; If the actual net profits are not less than the estimated profits, there is no need for Dongxu 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.			
	Dongxu Group	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	Long-term effective	Under fulfillment
Other commitments made to minority shareholders					
Executed timely or not?	Yes				

## XI. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

☒ Yes ☐ No

Name	Zhongxingcai Guanghua Certified Public Accountants (LLP)
The Remuneration of auditing the semi annual financial report by the domestic accounting firm(RMB'0000)	65

Whether to change the accounting firm?

☐ Yes ☒ No

**XII. Punishment and Rectification**

☐ Applicable ☒ Not applicable

There was no any punishment and rectification of the Company in the reporting period.

**XIII. Reveal of the delisting risks of illegal or violation**

☐ Applicable ☒ Not applicable

There was no any delisting risk of illegal or violation of the Company in the reporting period.

**XIV. Explanation about other significant matters**

☒ Applicable ☐ Not applicable

The company completed the 2016 non-public share-issuing work:

1. The Proposal of the company's 2016 non-public share-issuance and the relevant items were examined and approved in the 48<sup>th</sup> board meeting of the company's 7<sup>th</sup> board of directors and the 2016 first extraordinary general shareholder meeting, convened respectively on February 5, 2016 and February 22, 2016. It was determined that the company would non-publicly issue no more than 1,092,767,295 shares and raise no more than RMB 6,950,000,000 which after deducting the issuing expenses will be all used for the construction of the 8.5-generation TFT-LCD glass substrate production line project.
2. On April 28, 2016, the company implemented the 215 annual profit distribution plan, so the quantity and price of the non-public share issuance were adjusted accordingly. The quantity of the non-public share issuance was adjusted to being no more than 1,104,928,457 shares, and the raised funds were expected to be no more than RMB 6950 million.
3. On May 18, 2016, the company's 2016 non-public share-issuance plan was unconditionally approved by the audit committee of CSRC.
4. On July 28, 2016, the company received the Approval on the Non-public Share-issuance of Dongxu Optoelectronic Technology Co.,Ltd-No.1322-2016 Commission License from CSRC, approved the company's non-public share-issuance of issuing no more than 1,104,928,457 new shares.
5. On August 12, 2016, Zhongxin Cai Guan Hua Certified Public Accountants LLP issued the Capital Verification Report-No.105007-2016 Zhongxin Cai Guan Hua Audited. By the end date of August 11, 2016 of the verification, the company has non-publicly issued 1,104,928,457 RMB ordinary shares (A shares)(par value per share is RMB 1.00) with the issuing price of 6.29 yuan / share, and the company has totally raised RMB 6,949,999,994.53, after deducting the issuing expenses of RMB 41,926,397.00, the net raised funds were RMB 6,908,073,597.53.
6. On August 18, 2015, the company has completed the registration and trusteeship procedure of the shares issued in the non-public share-issuance in China Securities Depository and Clearing Co., Ltd Shenzhen Branch.
7. On August 26, 2016, the newly increased 1,104,928,457 shares from the company's 2016-non-public share issuance have been listed on Shenzhen Stock Exchange.

**XV. Issuance of corporate bonds**

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

Yes

**1. 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 Dongxu Optoelectronic Technology Co., Ltd	15 Dongxu 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 puttable right						
Information about interest paid and bonds honored during the reporting period	On May 19, 2016, the company has implemented the 2016 annual interest payment for "15-Dongxu bond", i.e. the company has paid the interest of RMB 6.0 per bond for "15-Dongxu bond" for the period from May 19, 2015 to May 18, 2016.						
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						

**2.Information about the bond trustee and credit rating agency**

Bond trustee:							
Name	Guangzhou Securities Co., Ltd.	Business Address	19-20/F, Main Tower , Guangzhou International Finance Center, No.5 Zhujiang West Road, Tianhe District Guangzhou City	Contacts	Shi Jianhua, Yan Xiangjun	Telephone	020-88836999
The credit rating agency who follow up and rate the corporate bonds in the reporting period:							
Name	United Rating Co.,Ltd			Business	Room 508 Ailiyuan Apartment, No.38 Water		

		Address	Park North Road, Nankai District, Tianjin City
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### 3.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)	33.76
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 Prospectus	The use of the raised funds conformed to the purpose promised in the Prospectus

### 4. Information about the rating of the corporate bonds

On April 1, 2016, United Rating Co.,Ltd has issued the tracking and rating report according to the company's 2015 annual report. United Rating Co.,Ltd raised the main-body rating of the company to "AA+", with an outlook of "stable", meanwhile, the debt credit rating of "15-Dongxu bond" was raised to "AA+".

### 5. 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.

#### 6. Information about the bond-holder meeting during the reporting period

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

#### 7. 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 June 2016, 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.

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

In RMB'0000

Items	June 30, 2016	June 30, 2015	At the same time rate of change
Current ratio	252.41%	259.46%	-7.05%
Debt ratio	55.34%	49.44%	5.90%
Quick ratio	211.60%	208.76%	2.84%
	This report term	Same period last year	Increase/decrease (%)
EBITDA interest coverage ratio	2.9984	2.6384	13.64%
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

#### 9. Information about restrictions on asset right by the end of the reporting period

Items	Borrowing amount/Limited amount	Reason
Monetary funds	543,648,071.60	Pledge of deposit and loan
Inventory	987,961,264.39	Obtain loans as collateral

Fixed assets	7,155,678,632.78	Obtain loans as collateral
Intangible assets	239,609,353.58	Obtain loans as collateral
Construction in process	2,870,717,465.40	Obtain loans as collateral
Total	<b>11,797,614,787.75</b>	

**10. Overdue debt**

☐ Applicable ☒ Not applicable

There was no overdue debt in the reporting period.

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

None

**12 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 12,708,412,000, increased RMB1,826,727,500 compared with the end of year 2015, 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.

**13. 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.

**14. Major events occurred during the reporting period**

During the reporting period, excluding that company's newly increased borrowings and the newly increased guarantee provided for the company's subsidiaries and share-controlling subsidiaries were exceed the 20% of the audited net assets at the end of 2015, there was no other major item which conformed to the 45<sup>th</sup> article of Measures for the Issuance and Management of Corporate Bonds occurred.

**15. Whether the corporate bonds have a guarantor**

☐ Yes ☒ No



## VI. Change of share capital and shareholding of Principal

### Shareholders

#### (I) 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
1. Shares with conditional subscription	1,565,845,404	40.83%				-390,223,000	-390,223,000	1,175,622,404	30.66%
3. Other domestic shares	1,565,845,404	40.83%				-390,223,000	-390,223,000	1,175,622,404	30.66%
Incl: Domestic legal person shares	1,563,314,525	40.76%				-390,093,000	-390,093,000	1,173,221,525	30.59%
Domestic Natural Person shares	2,530,879	0.07%				-130,000	-130,000	2,400,879	0.06%
II. Shares with unconditional subscription	2,269,255,122	59.17%				390,123,000	390,123,000	2,659,378,122	69.34%
1. Common shares in RMB	2,019,255,121	52.65%				390,123,000	390,123,000	2,409,378,121	62.83%
2. Foreign shares in domestic market	250,000,001	6.52%						250,000,001	6.52%
III. Total of capital shares	3,835,100,526	100.00%				-100,000	-100,000	3,835,000,526	100.00%

Reasons for share changed:

√ Applicable □ Not applicable

1. On October 29, 2015, the Proposal on Buying-back and Writing-off Part of the Restricted Shares was approved in the 43rd board meeting of the 7<sup>th</sup> session board of directors. The total restricted 100,000 shares which were granted to the incentive object of Chenyin but still being locked were bought-back, thus the total shares of this buy-back were 100,000 shares.

2.As of January 26, 2016, the above-mentioned restricted shares have been completed the procedure of writing-off in China Securities Depository and Clearing Co., Ltd Shenzhen Branch.

Approval of Change of Shares

☐ Applicable ☒ Not applicable

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

Financial indicators and the recent one year, the latest issue of basic earnings per share and net assets per share affected by changes in shares, please refer to the accounting data and financial indicators summary III.

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

☐ Applicable ☒ Not applicable

Explanation on changes in aspect of total shares, shareholders structures as well as structure of assets and liability of the Company

☒ Applicable ☐ Not applicable

During the reporting period, the company had completed the buy-back and writing-off of 100,000 restricted shares which had been granted by the share-incentive plan, resulted in the reduction of the company's total share capital and led to the reduction of the company's total assets and the shareholders' equity.

## II. Number of shares and shares held

In shares

Total number of common shareholders at the end of the reporting period	218,235（Including 199,516 shareholders holding A shares and 18,719 shareholders holding B shares）			Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)	0			
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nuture of shareholder	Proportion of shares held（%）	Number of shares held at period -end	Changes in reportin g period	Amount of restricted shares held	Amount of un-restricted shares held	Number os share pledged/frozen	
							State of share	Amount
Dongxu Group	Domestic Non -State-owned legal person	21.64%	829,975,697		459,882,697		Pledge	780,730,272
Shijiazhuang Baoshi Electronic Group Co., Ltd.	Domestic Non -State-owned legal person	8.67%	332,382,171			332,382,171	Pledge	329,776,648

Minsheng Royal Fund Management Co., Ltd.-Ping An Bank-Ping An Trust-Ping An Wealth* Huitai No.163 Single Fund Trust	Other	4.78%	183,284,457		183,284,457			
Bosera Capital-Ping An Bank- Ping An Trust-Ping An Wealth* Huitai No.164 Single Fund Trust	Other	4.36%	167,155,426		167,155,426			
Guangzhou Securities-Chin a Guangfa Bank-Guangzho u Securities No.2 Collective Asset Management Plan of Kunpeng Dingcheng	Other	3.44%	131,964,809		131,964,809			
HuaAn Future Asset-ICBC-No .1 Asset Management Plan of Dongxu Optoelectronic' s Private Placement	Other	2.52%	96,774,193		96,774,193			
Dongxu Optoelectronic Technology Co., Ltd-Phase 1 for Employee Stock Ownership Plan	Other	1.89%	72,639,296		72,639,296			

China Securities Finance Co., Ltd.	State-owned legal person	1.80%	69,151,271			69,151,271		
Kunshan Development Zone State-invested Holding Co., Ltd.	State-owned legal person	1.15%	43,988,269		43,988,269			
Bank of China —Huaxia New Economic Mixed Securities Investment Funds	Other	0.95%	36,608,098			36,608,098		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (See Notes 3)		Before the country's top ten shareholders of Kunshan Development Zone Investment Holdings Limited was involved in the company in 2015 non-public offering to subscribe, became the top 10 shareholders. The sub-holding restricted period of 36 months, ie December 17, 2015 to December 16, 2018.						
Notes to the related relationship between the top ten shareholders or their concerted action		Among the top ten shareholders , Dongxu Group and Baoshi Group, Dongxu Optoelectronic – I Employee stock ownership plan have relationship and constitute persons taking concerted action. The company does not know whether there is relationship between other 7 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					
Dongxu Group	390,093,000	RMB Common shares	390,093,000					
Shijiazhuang Baoshi Electronic Group Co., Ltd.	332,382,171	RMB Common shares	332,382,171					
China Securities Finance Co., Ltd.	69,151,271	RMB Common shares	69,151,271					
Bank of China —Huaxia New Economic Mixed Securities Investment Funds	36,608,098	RMB Common shares	36,608,098					
Central Huijin Investment Ltd.	24,205,500	RMB Common shares	24,205,500					
Wang Wenxue	15,300,592	RMB Common shares	15,300,592					
CMS—Fuguo CSI Mobile Internetindex classification Securities investment fund	8,983,555	RMB Common shares	8,983,555					

National social security fund 412	8,870,976	RMB Common shares	8,870,976
Zhang Qingjie	7,227,822	RMB Common shares	7,227,822
CCB—Huabao Industry selected hybrid securities investment fund	7,100,200	RMB Common shares	7,100,200
Action-in-concert among top 10 non-restricted current share holders, top 10 non-restricted current share holders and top 10 shareholders	Among the top ten shareholders , Dongxu Group and Baoshi Group, Dongxu Optoelectronic – I Employee stock ownership plan have relationship and constitute persons taking concerted action. The company does not know whether there is relationship between other 7 shareholders or whether they are persons taking concerted action defined in Administrative Measures Relating to Acquisitions of Listed Companies.		
Shareholders among the top 10 participating in securities margin trading (if any) (see Note 4)	The top 10 tradable common shareholders Wang Wenxue, Zhangqing Jie by CSC Securities Co., Ltd. customer credit-backed securities trading account Securities Co., Ltd. customer credit-backed securities trading account were holding 15,300,592 shares, 7,227,822 shares, accounting for 0.4% and 0.19% of the total shares respectively.		

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.

### III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

☐ Applicable ☒ Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

☐ Applicable ☒ Not applicable

There was no any change of the actual controller of the Company in the reporting period.

### IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person

☒ Applicable ☐ Not applicable

Name of shareholder or its act-in-concert party	Number of shares to be increased	As a percentage in the total shares	Number of shares actually increased	As a percentage in the total shares	Initial disclosure date of the shareholding increase plan	Disclosure date of the completion of the shareholding increase
Dongxu Technology Group Co., Ltd.			4,392,057	0.12%	July 11,2015	March 1,2016

Other notes

Dongxu group and its share-controlling subsidiary of Dongxu Technology Group Co., Ltd had increased the

share-holding of the company through Shenzhen Stock Exchange by the directional asset management plan.

## **VII. Situation of the Preferred Shares**

☐Applicable ☒Not applicable

The Company had no preferred shares in the reporting period

## VIII. Information about Directors, Supervisors and Senior Executives

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

√ Applicable □ Not applicable

Name	Position	Office status	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)	Shares held at the year-end (share)	Number of restricted stock granted at the year-begin (share)	Number of restricted stock granted at the reporting period (share)	Number of restricted stock granted at the year-end (share)
Li Zhaoting	Board chairman	In office							
Wang Lipeng	Director, GM	In office							
Gong Xin	Director, Board secretary	In office	100,000			100,000	100,000		100,000
Zhou Bo	Director, CFO	In office							
Lu Guihua	Independent director	In office							
Han Zhiguo	Independent director	In office							
Zhang Shuangcai	Independent director	In office							
Guo Chunlin	Chairman of the supervisory committee	In office							
Chen Dewei	Supervisor	In office							
Xu Lingzhi	Supervisor	In office							
Xie Juwen	Supervisor	In office							
Wang Huanhuan	Supervisor	In office							
Wang Jianqiang	Deputy GM	In office							

Wang Zhonghui	Deputy GM	In office							
Wang Junming	Deputy GM	In office							
Liu Wentai	Deputy GM	In office	150,000		25,000	125,000	150,000		125,000
Niu Jianlin	Director	Dismission	150,000		18,000	132,000	150,000		132,000
Zhou Bo	Director	Dismission	129,172			129,172	100,000		100,000
Mu Tiehu	Independent director	Dismission							
Guo Zhisheng	Chairman of the supervisory committee	Dismission							
Xie Mengxiong	Supervisor	Dismission							
Shi Zhiqiang	GM	Dismission	200,000			200,000	200,000		200,000
Xiao Zhaoxiong	Deputy GM	Dismission							
Total	--	--	729,172	0	43,000	686,172	700,000	0	657,000

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

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Li Zhaoting	Board chairman	Elected	July 28,2016	Eighth Board election
Wang Lipeng	Director,GM	Elected	July 28,2016	Eighth Board election
Gong Xin	Director, Board secretary	Elected	July 28,2016	Eighth Board election
Zhou Bo	Director, CFO	Elected	July 28,2016	Eighth Board election
Lu Guihua	Independent director	Elected	July 28,2016	Eighth Board election
Han Zhiguo	Independent director	Elected	July 28,2016	Eighth Board election
Zhang Shuangcai	Independent director	Elected	July 28,2016	Eighth Board election



Guo Chunling	Chairman of the supervisory committee	Elected	July 28,2016	Eighth Board of Supervisors election
Chen Dewei	Supervisor	Elected	July 28,2016	Eighth Board of Supervisors election
Xu Lingzhi	Supervisor	Elected	July 28,2016	Eighth Board of Supervisors election
Xie Juwen	Supervisor	Elected	July 28,2016	Eighth Board of Supervisors election
Wan Huanhuan	Supervisor	Elected	July 28,2016	Eighth Board of Supervisors election
Wang Jianqiang	Deputy GM	Elected	July 28,2016	Eighth session of the Board of Directors hired a new senior management
Wang Zhonghui	Deputy GM	Elected	July 28,2016	Eighth session of the Board of Directors hired a new senior management
Wang Junming	Deputy GM	Elected	July 28,2016	Eighth session of the Board of Directors hired a new senior management
Liu Wentai	Deputy GM	Elected	July 28,2016	Eighth session of the Board of Directors hired a new senior management
Niu Jianlin	Director	Term expires outgoing	July 28,2016	Expiry of the outgoing Board of the seventh term of office
Zhou Bo	Director	Term expires outgoing	July 28,2016	Expiry of the outgoing Board of the seventh term of office
Mu Tiehu	Independent director	Term expires outgoing	July 28,2016	Expiry of the outgoing Board of the seventh term of office
Guo Zhisheng	Chairman of the supervisory committee	Term expires outgoing	July 28,2016	Expiry of outgoing seventh Supervisory Committee
Xie Mengxiong	Supervisor	Term expires outgoing	July 28,2016	Expiry of outgoing seventh Supervisory Committee
Shi Zhiqiang	Supervisor	Term expires outgoing	July 28,2016	Expiry of the outgoing Board of Directors appointed the seventh term of office management
Xiao Zhaoxiong	Deputy GM	Term expires outgoing	July 28,2016	Expiry of the outgoing Board of Directors appointed the seventh term of office management

## IX. Financial Report

### 1. Audit report

Has this semi-annual report been audited?

☒ Yes ☐ No

Type of audit opinion	Unqualified audit opinion
Date for signing the auditor's report	August 29, 2016
Name of audit firm	Zhongxingcai Guanghua Certified Public Accountants LLP
Number	ZXCGHSHZD No. (2016) 105063
Certified public accountant's name	Wang Fengqi, Meng Xiaoguang

Whether this semi-annual audit report is a non-standard audit report?

☐ Yes ☒ No

### II. Financial statements

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

#### 1. Consolidated Balance sheet

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

June 30, 2016

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	16,283,335,103.74	12,409,510,170.26
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	84,062,091.14	51,014,152.00
Account receivable	1,145,967,700.43	1,042,538,312.51
Prepayments	459,979,413.73	418,910,587.57
Insurance receivable		

Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other account receivable	91,589,365.05	55,197,871.28
Repurchasing of financial assets		
Inventories	2,274,629,243.84	2,177,979,684.06
Assets held for sales		
Non-current asset due in 1 year		139,395.72
Other current asset	1,209,257,892.65	1,216,401,769.76
Total of current assets	21,548,820,810.58	17,371,691,943.16
Non-current assets:		
Loans and payment on other's behalf disbursed		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	72,508,010.72	72,426,252.41
Property investment		
Fixed assets	6,751,017,887.80	6,900,189,927.76
Construction in progress	3,923,630,367.42	3,433,016,388.90
Engineering material	248,838.11	38,214.99
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	476,672,181.41	462,291,286.50
R & D petrol		
Goodwill	33,691,362.78	
Long-germ expenses to be amortized	14,700,608.68	16,560,387.39
Differed income tax asset	305,387,722.59	299,129,677.91
Other non-current asset	356,354,104.50	243,279,174.31
Total of non-current assets	11,934,211,084.01	11,426,931,310.17
Total of assets	33,483,031,894.59	28,798,623,253.33
Current liabilities		

Short-term loans	4,475,400,000.00	3,783,300,000.00
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		
Bill payable	645,445,687.96	410,594,929.94
Account payable	747,312,359.29	675,736,226.62
Advance payment	470,661,941.44	97,920,689.41
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	39,951,609.02	36,856,257.86
Tax payable	93,036,607.64	105,451,423.67
Interest payable	28,954,527.52	55,405,608.76
Dividend payable	101,365,050.76	20,000,000.00
Other account payable	274,279,621.41	539,796,113.78
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	1,556,995,643.93	876,987,200.00
Other current liability	103,788,202.91	93,402,963.08
Total of current liability	8,538,746,754.88	6,695,451,413.12
Non-current liabilities:		
Long-term loan	7,158,749,600.00	6,249,397,300.00
Bond payable	989,562,229.32	988,400,388.00
Including: preferred stock		
Sustainable debt		
Long-term payable	1,026,266,756.12	57,000,000.00
Long-term payable employees's remuneration		
Special payable		

Expected liabilities		
Differed income	316,687,050.48	246,925,387.61
Differed income tax liability		
Other non-current liabilities	500,000,000.00	
Total non-current liabilities	9,991,265,635.92	7,541,723,075.61
Total of liability	18,528,456,887.80	14,237,174,488.73
Owners' equity		
Share capital	3,835,000,526.00	3,835,000,526.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	9,393,659,601.53	9,391,388,905.89
Less: Shares in stock	9,011,520.00	9,011,520.00
Other comprehensive income		
Special reserves		
Surplus reserves	132,723,528.42	132,723,528.42
Common risk provision		
Undistributed profit	1,216,178,281.65	969,380,500.97
Total of owner's equity belong to the parent company	14,568,550,417.60	14,319,481,941.28
Minority shareholders' equity	386,024,589.19	241,966,823.32
Total of owners' equity	14,954,575,006.79	14,561,448,764.60
Total of liabilities and owners' equity	33,483,031,894.59	28,798,623,253.33

Legal representative : Li Zhaoting

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

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 :		
Monetary fund	9,074,453,927.55	9,835,157,652.41
Financial assets measured at fair value		

with variations accounted into current income account		
Derivative financial assets		
Bill receivable	2,737,440.00	611,200.00
Account receivable	67,254,294.95	25,928,808.63
Prepayments	189,313,665.36	5,148,881.09
Interest receivable		
Dividend receivable	380,000,000.00	380,000,000.00
Other account receivable	1,722,336,079.09	1,257,350,098.69
Inventories	455,838,449.44	337,875,634.06
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	19,211.84	19,211.84
Total of current assets	11,891,953,068.23	11,842,091,486.72
Non-current assets:		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	10,941,092,638.23	9,838,056,379.92
Property investment		
Fixed assets	52,051,431.07	54,559,265.28
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	10,033,269.21	10,196,051.07
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset	358,983.31	784,271.45
Other non-current asset		
Total of non-current assets	11,003,536,321.82	9,903,595,967.72
Total of assets	22,895,489,390.05	21,745,687,454.44
Current liabilities		

Short-term loans	2,925,000,000.00	2,630,000,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable	364,265,108.00	69,458,800.00
Account payable	143,713,129.33	131,278,936.59
Advance payment	421,587.90	115,587.90
Employees' wage payable	3,704,924.43	3,725,606.27
Tax payable	22,276,579.57	15,710,028.19
Interest payable	17,692,788.73	42,908,777.78
Dividend payable	81,365,050.76	
Other account payable	2,691,481,911.74	3,495,678,670.89
Liabilities held for sales		
Non-current liability due in 1 year	200,000,000.00	
Other current liability	15,000.00	20,000.00
Total of current liability	6,449,936,080.46	6,388,896,407.62
Non-current liabilities:		
Long-term loan	1,987,700,000.00	640,000,000.00
Bond payable	989,562,229.32	988,400,388.00
Including: preferred stock		
Sustainable debt		
Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Differed income		5,000.00
Differed income tax liability		
Other non-current liabilities		
Total of Non-current liabilities	2,977,262,229.32	1,628,405,388.00
Total of liability	9,427,198,309.78	8,017,301,795.62
Owners' equity		
Share capital	3,835,000,526.00	3,835,000,526.00
Other equity instrument		
Including: preferred stock		

Sustainable debt		
Capital reserves	9,323,090,967.43	9,321,098,967.43
Less: Shares in stock	9,011,520.00	9,011,520.00
Other comprehensive income		
Special reserves		
Surplus reserves	113,734,304.09	113,734,304.09
Undistributed profit	205,476,802.75	467,563,381.30
Total of owners' equity	13,468,291,080.27	13,728,385,658.82
Total of liabilities and owners' equity	22,895,489,390.05	21,745,687,454.44

### 3.Consolidated Income statement

In RMB

Item	Report period	Same period of the previous year
I. Income from the key business	2,882,059,154.41	1,524,242,723.90
Incl: Business income	2,882,059,154.41	1,524,242,723.90
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,325,029,677.70	1,225,343,496.78
Incl: Business cost	1,938,309,643.65	882,046,270.04
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	20,441,727.88	21,212,922.26
Sales expense	31,577,716.56	15,959,542.69
Administrative expense	236,706,264.85	164,106,222.01
Financial expenses	94,439,392.61	150,308,723.11
Asset impairment loss	3,554,932.15	-8,290,183.33
Add: Gains from change of fir value (“-”for loss)		



Investment gain ( “-”for loss )	81,758.31	2,348,908.58
Incl: investment gains from affiliates	81,758.31	-28,077.74
Gains from currency exchange ( “-”for loss )		
III. Operational profit ( “-”for loss )	557,111,235.02	301,248,135.70
Add : Non-operational income	103,509,279.68	217,297,637.96
Including: Income from disposal of non-current assets		
Less: Non business expenses	12,489.34	297,985.77
Incl: Loss from disposal of non-current assets	4,430.74	35,050.57
IV.Total profit(“-”for loss)	660,608,025.36	518,247,787.89
Less: Income tax expenses	90,283,601.51	81,096,961.02
V. Net profit	570,324,423.85	437,150,826.87
Net profit attributable to the owners of parent company	545,963,710.72	400,081,730.63
Minority shareholders' equity	24,360,713.13	37,069,096.24
VI. Other comprehensive income		
Net of profit of other comprehensive income attributable to owners of the parent company.		
(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		
7.Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	570,324,423.85	437,150,826.87
Total comprehensive income attributable to the owner of the parent company	545,963,710.72	400,081,730.63
Total comprehensive income attributable minority shareholders	24,360,713.13	37,069,096.24
VIII. Earnings per share		
(I) Basic earnings per share	0.14	0.15
(II) Diluted earnings per share	0.14	0.15

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0, last period the combined party realized RMB 0.

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	383,847,821.44	7,294,837.62
Incl: Business cost	236,140,885.06	3,468,388.61
Business tax and surcharge	521,358.24	355,504.32
Sales expense	684,247.25	99.00
Administrative expense	27,351,438.20	35,929,891.65
Financial expenses	75,426,926.67	95,587,876.47

Asset impairment loss	230,615.03	-6,573,921.23
Add: Gains from change of fair value (“-”for loss)		
Investment gain (“-”for loss)	81,758.31	-28,077.74
Incl: investment gains from affiliates	81,758.31	-28,077.74
II. Operational profit (“-”for loss)	43,574,109.30	-121,501,078.94
Add : Non-operational income	51,255.93	13,924.00
Including: Income from disposal of non-current assets		
Less: Non business expenses		33,708.44
Incl: Loss from disposal of non-current assets		
III.Total profit(“-”for loss)	43,625,365.23	-121,520,863.38
Less: Income tax expenses	6,546,013.74	-14,255,586.87
IV. Net profit (“-”for net loss)	37,079,351.49	-107,265,276.51
V.Net of profit of other comprehensive income		
(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 hed		

ges and losses		
5.Translation differences in currency financial statements		
6.Other		
VI. Total comprehensive income	37,079,351.49	-107,265,276.51
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
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	3,428,041,704.57	1,032,598,843.36
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	121,533,678.40	59,257,281.50
Other cash received from business operation	160,131,838.12	757,718,305.39

Sub-total of cash inflow	3,709,707,221.09	1,849,574,430.25
Cash paid for purchasing of merchandise and services	1,610,664,099.74	1,256,218,858.42
Net increase of client trade and advance		
Net increase of savings in 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	292,568,158.80	174,518,232.89
Taxes paid	313,119,724.25	231,796,691.70
Other cash paid for business activities	212,246,295.36	132,262,848.37
Sub-total of cash outflow from business activities	2,428,598,278.15	1,794,796,631.38
Cash flow generated by business operation, net	1,281,108,942.94	54,777,798.87
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains		2,376,986.32
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	6,120,000.00	64,574,268.94
Sub-total of cash inflow due to investment activities	6,120,000.00	66,951,255.26
Cash paid for construction of fixed assets, intangible assets and other long-term assets	306,468,934.04	156,009,854.68
Cash paid as investment	299,846,640.00	252,000,000.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units	7,619,727.41	
Other cash paid for investment		70,000,000.00

activities		
Sub-total of cash outflow due to investment activities	613,935,301.45	478,009,854.68
Net cash flow generated by investment	-607,815,301.45	-411,058,599.42
III.Cash flow generated by financing		
Cash received as investment	81,000,000.00	19,500,000.00
Incl: Cash received as investment from minor shareholders	81,000,000.00	19,500,000.00
Cash received as loans	4,077,100,000.00	2,208,000,000.00
Cash received from bond placing		987,000,000.00
Other financing –related cash received	1,878,688,941.32	95,471,030.31
Sub-total of cash inflow from financing activities	6,036,788,941.32	3,309,971,030.31
Cash to repay debts	2,251,801,800.00	808,133,000.00
Cash paid as dividend, profit, or interests	598,359,752.63	594,350,418.51
Incl: Dividend and profit paid by subsidiaries to minor shareholders		30,000,000.00
Other cash paid for financing activities	94,762,604.60	217,000,000.00
Sub-total of cash outflow due to financing activities	2,944,924,157.23	1,619,483,418.51
Net cash flow generated by financing	3,091,864,784.09	1,690,487,611.80
IV. Influence of exchange rate alternation on cash and cash equivalents	9,759,201.83	13,037.65
V.Net increase of cash and cash equivalents	3,774,917,627.41	1,334,219,848.90
Add: balance of cash and cash equivalents at the beginning of term	11,964,769,404.73	3,349,892,384.04
VI ..Balance of cash and cash equivalents at the end of term	15,739,687,032.14	4,684,112,232.94

## 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	404,441,782.23	3,599,404.67

Tax returned		
Other cash received from business operation	200,000,000.00	105,518,118.53
Sub-total of cash inflow	604,441,782.23	109,117,523.20
Cash paid for purchasing of merchandise and services	363,482,385.72	492,650.00
Cash paid to staffs or paid for staffs	5,700,415.82	6,239,025.41
Taxes paid	9,832,273.74	3,301,210.63
Other cash paid for business activities	878,044,549.66	197,654,360.86
Sub-total of cash outflow from business activities	1,257,059,624.94	207,687,246.90
Cash flow generated by business operation, net	-652,617,842.71	-98,569,723.70
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains		
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	6,120,000.00	
Sub-total of cash inflow due to investment activities	6,120,000.00	
Cash paid for construction of fixed assets, intangible assets and other long-term assets	7,800.00	
Cash paid as investment	1,392,801,140.00	314,845,300.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		70,000,000.00
Sub-total of cash outflow due to investment activities	1,392,808,940.00	384,845,300.00
Net cash flow generated by investment	-1,386,688,940.00	-384,845,300.00
III.Cash flow generated by financing		

Cash received as investment		
Cash received as loans	3,062,700,000.00	1,420,000,000.00
Cash received from bond placing		987,000,000.00
Other financing –related ash received	70,281,601.36	377,205.49
Sub-total of cash inflow from financing activities	3,132,981,601.36	2,407,377,205.49
Cash to repay debts	1,220,000,000.00	100,000,000.00
Cash paid as dividend, profit, or interests	389,290,594.79	349,970,759.92
Other cash paid for financing activities	245,087,948.72	14,000,000.00
Sub-total of cash outflow due to financing activities	1,854,378,543.51	463,970,759.92
Net cash flow generated by financing	1,278,603,057.85	1,943,406,445.57
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-760,703,724.86	1,459,991,421.87
Add: balance of cash and cash equivalents at the beginning of term	9,835,157,652.41	1,736,774,243.99
VI ..Balance of cash and cash equivalents at the end of term	9,074,453,927.55	3,196,765,665.86

## 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 shareho lders’ equity	Total of owners’ equity	
	Share Capita l	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Compre hensive Income	Speciali zed reserve	Surplus reserves	Commo n risk provisio n			Attribut able profit
		prefer red stock	Sustai nable debt	Other									
I.Balance at the end of last year	3,835, 000,52				9,391,3 88,905.	9,011,5 20.00			132,723 ,528.42		969,380 ,500.97	241,966 ,823.32	14,561, 448,764



	6.00				89								.60
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of current year	3,835,000.52				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
III.Changed in the current year					2,270,695.64						246,797,780.68	144,057,765.87	393,126,242.19
(I) Total comprehensive income											545,963,710.72	24,360,713.13	570,324,423.85
(II) Investment or decreasing of capital by owners					2,270,695.64							81,000,000.00	83,270,695.64
1. Ordinary Shares invested by shareholders												81,000,000.00	81,000,000.00
2. Holders of other equity instruments invested capital													
3. Amount of shares paid and accounted as owners' equity													
4. Other					2,270,695.64								2,270,695.64
(III) Profit allotment											-299,165,930.04		-299,165,930.04
1.Providing of surplus reserves													
2.Providing of common risk													

provisions													
3. Allotment to the owners (or shareholders)											-299,165,930.04		-299,165,930.04
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. Provided this year													
2. Used this term													
(VI) Other												38,697,052.74	38,697,052.74
IV. Balance at the end of this term	3,835,000,526.00				9,393,659,601.53	9,011,520.00			132,723,528.42		1,216,178,281.65	386,024,589.19	14,954,575,006.79

Amount in last year

In RMB

Items	Amount in last year												
	Owner's equity Attributable to the Parent Company											Minor shareho lders' equity	Total of owners', equity
	Share Capita l	Other Equity instru ment			Capital reserves	Less: Shares in stock	Other Compre hensive Income	Speciali zed reserve	Surplus reserves	Commo n risk provisio n	Attribut able profit		
		prefer red stock	Sustai nable	Other									

			debt									
I.Balance at the end of last year	2,662,080.00 1.00			4,972,966,918.24				82,025,280.68		-39,946,925.56	1,633,164,105.99	9,310,289,380.35
Add: Change of accounting policy												
Correcting of previous errors												
Merger of entities under common control												
Other												
II.Balance at the beginning of current year	2,662,080.00 1.00			4,972,966,918.24				82,025,280.68		-39,946,925.56	1,633,164,105.99	9,310,289,380.35
III.Changed in the current year	1,172,920.52 5.00			4,418,421,987.65	9,011,520.00			50,698,247.74		1,009,327,426.53	-1,391,197,282.67	5,251,159,384.25
(1) Total comprehensive income										1,326,233,674.37	66,290,011.81	1,392,523,686.18
(II) Investment or decreasing of capital by owners	1,172,920.52 5.00			6,538,406,824.45	9,011,520.00						25,000,000.00	7,727,315,829.45
1. Ordinary Shares invested by shareholders	1,173,020.52 5.00			6,767,502,719.49							25,000,000.00	7,965,523,244.49
2. Holders of other equity instruments invested capital												
3. Allotment to the owners (or shareholders)					9,011,520.00							-9,011,520.00
4. Other	-100,000.00			-229,095,895.04								-229,195,895.04
(IV) Internal transferring of owners' equity								50,698,247.74		-316,906,247.84	-20,000,000.00	-286,208,000.10

1. Capitalizing of capital reserves (or to capital shares)									50,698,247.74		-50,698,247.74		
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.											-266,208,000.10	-20,000,000.00	-286,208,000.10
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													
2. Used this term													
(VI) Other					-2,119,984,836.80							-1,462,487,294.48	-3,582,472,131.28
IV. Balance at the end of this term	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

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

Amount in this period

In RMB

Items	Amount in this period										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in	Other Compreh	Surplus reserves	Common risk	Attribut able	Total of owners'
		preferre		Other							

		d stock	Sustain able debt			stock	ensive Income		provision	profit	equity
I.Balance at the end of last year	3,835,000,526.00				9,321,098,967.43				113,734,304.09	467,563,381.30	13,737,397,178.82
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				113,734,304.09	467,563,381.30	13,737,397,178.82
III.Changed in the current year					1,992,000.00	9,011,520.00				-262,086,578.55	-269,106,098.55
(I) Total comprehensive income										37,079,351.49	37,079,351.49
(II) Investment or decreasing of capital by owners					1,992,000.00	9,011,520.00					-7,019,520.00
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity						9,011,520.00					-9,011,520.00
4. Other					1,992,000.00						1,992,000.00
(III) Profit allotment										-299,165,930.04	-299,165,930.04
1.Providing of surplus reserves											

2. Allotment to the owners (or shareholders)										-299,165,930.04	-299,165,930.04
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	3,835,005,526.00				9,323,090,967.43	9,011,520.00			113,734,304.09	205,476,802.75	13,468,291,080.27

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	2,662,080,001.00				2,782,714,603.79				70,907,471.36	348,329,886.80	5,864,031,962.95
Add: Change of accounting											

policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	2,662,080,001.00				2,782,714,603.79				70,907,471.36	348,329,886.80	5,864,031,962.95
III.Changed in the current year	1,172,920,525.00				6,538,384,363.64	9,011,520.00			42,826,832.73	119,233,494.50	7,864,353,695.87
(I) Total comprehensive income										428,268,327.33	428,268,327.33
(II) Investment or decreasing of capital by owners	1,172,920,525.00				6,538,384,363.64	9,011,520.00					7,702,293,368.64
1. Ordinary Shares invested by shareholders	1,173,020,525.00				6,767,502,719.49						7,940,523,244.49
2. Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity						9,011,520.00					-9,011,520.00
4. Other	-100,000.00				-229,118,355.85						-229,218,355.85
(III) Profit allotment									42,826,832.73	-309,034,832.83	-266,208,000.10
1.Providing of surplus reserves									42,826,832.73	-42,826,832.73	
2. Allotment to the owners (or shareholders)										-266,208,000.10	-266,208,000.10
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	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. Brief introduction of the Company:

Approved by Hebei Economic System Reform Commission with the Approval of Establishment of Dongxu Optoelectronic Technology Co., Ltd. (Hereinafter referred to as "The Company" or "Dongxu 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 Dongxu 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 Dongxu 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, and the registered capital is RMB2709 million after changed.

As per the provisions of "Restricted Stock Incentive Plan of Dongxu 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 27<sup>th</sup> Meeting of the 7<sup>th</sup> Board of Directors of the company, the 31<sup>st</sup> Meeting of the 7<sup>th</sup> Board of Directors, the 1<sup>st</sup> General Meeting of Extraordinary Shareholders in 2015, the 38<sup>th</sup> Meeting of the 7<sup>th</sup> Board of Directors and the Regulatory Approval No. [2015] 2270 by China Securities Regulatory Commission: Replies on Approval of Private Issuing of Stocks by Dongxu 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 43<sup>rd</sup> Meeting of the 7<sup>th</sup> 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.

As of June 30, 2016, Registered capital :RMB 3,835,000,526.00, 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.

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

In 2015, 14 subsidiaries and 4 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 6 companies year on year at this reporting period, see details at Note 6 "Change of Consolidation Scope"

Business scope: electronic vacuum glass devices and supporting electronic components, automotive parts production and sales and after-sales services; management of the enterprise's own products export business and the business of mechanical equipment, spare parts, raw materials imports business (except the goods and

technology that the country limit or prohibit to import and export), flat panel display glass substrate industry, investment, construction and operation and related technology development, technology consulting, technology services, technology transfer; hydrogen (52.23 tons / year) of production (valid until June 30, 2015 (can not operate the laws, regulations and the State Council decided to ban or restrict, ; can operate after get approval from other departments).

Financial statements and notes to the financial statements approved at the 3rd meeting of the Eighth Board of Directors on August 29, 2016.

In the reporting period, 16 subsidiaries and 7 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 5 companies year on year at this reporting period, see details at Note 6 “Change of Consolidation Scope”

## **IV. Basis for the preparation of financial statements**

### **1. Basis for the preparation**

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 relevant provisions of the Accounting Standards for Business Enterprises, the Group adopted the accrual basis in accounting. Except for some financial instruments, where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

### **2. Going-concern**

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. Principal accounting policies and accounting estimates**

### **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 June 30, 2016, operational results, cash flow, and other relevant information of January to June 2016.

### **2. Accounting year:**

The Group's fiscal periods include fiscal years and fiscal periods shorter than a complete fiscal year..from January 1 to December 31 as one accounting year.

### **3. Operating Cycle**

The normal business cycle refers to the period from the assets used for processing after purchased by the company to the cash or cash equivalents achieved. 12 months are regarded as one operating cycle in the company, and which is as the division criterion for the liquidity of assets and liabilities. The parent company and the subsidiary- Shijiazhuang Colour Bulb Co., Ltd., which is engaged in manufacturing industry, with normal operating cycle that is one

year;The Subsidiary-Wuhu Dongxu Optoelectronic Equipment Co., Ltd., Which is engaged in Manufacturing industry, with normal operating cycle that is more than one year; The subsidiarys-Wuhu Dongxu Optoelectronic Technology Co., Ltd., Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd. , Zhenzhou Xuwei Optoelectronic Technology Co., Ltd, Jiangsu Jixing New Material Co., Ltd., Dongxu(Kunshan) Display Material Co., Ltd.and Wuhan Dongxu Optoelectronic Technology Co., Ltd., Which are engaged in Manufacturing industry, with normal operating cycle that is shorter than one year ; The Subsidiary-Sichuan Ruiyi Construction Engineering Co., Ltd. And Hebei Xubao Construction installation engineering Co., Ltd., which are engaged in Construction installation, with normal that is more than one year; The Subsidiary-Beijing Xufeng Real estate, which is engaged in real estate Development industry, with normal operating cycle that is more than one year; The Subsidiary-Beijing Xutan New Material Co., Ltd., which is engaged in Technology service industry, with normal operating cycle that is shorter than one year; The Subsidiary-Beijing Dongxu Huaqing Investment Co., Ltd., which is engaged in Investment Management Industry, with normal operating cycle that is shorter than one year; The Sub-Subsidiary,Jiangsu Dongxu Yitai Intelligent Equipment Co.,Ltd, is engaged in manufacturing industry but with uncertain operating cycle; The Sub-Subsidiary,Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd, which is engaged in Manufacturing industry, with normal operating cycle that is one year; The Sub-Subsidiary,Beijing Dongxu Investment Development Co., Ltd., which is engaged in Investment industry, with normal operating cycle that is one year; The sub-subsidiary, Wuhu Ruiyi Service Co.,Ltd, is engaged in labor dispatch, with normal operating cycle that is one year.

#### **4.Standard currency for bookkeeping**

The Company takes RMB as the standard currency for bookkeeping.

#### **5. Accounting treatment methods of the merger of enterprises under the control of the same company and different companies**

Business combination refers to the transactions or items with one reporting entity formed by the combination of two or more separate enterprises. The business combination shall be divided into the business combination under common control and the business combination under non-common control.

##### **(1) Business Combination under Common Control**

The business combination under common control refers to the 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. Of which, the combining party is that acquiring the control right to other combining enterprises at combining date, and the combining date means the date that the combining party actually acquires the control right of the combined party.

The assets and liabilities acquired by the combining party are measured in accordance with the book value of the combined party at the combining date. For the balance between the book value of net assets acquired by the combining party and the book value of the combining valuable consideration (or the nominal amount of issued shares), the capital reserves (stock premium) shall be adjusted, or the retained earnings shall be adjusted when the capital reserves (stock premium) are insufficient.

All the costs directly incurred for the business combination by the combining party shall be recorded into the current profits and losses when occurred.

##### **(2) Business Combination under Non-common Control**

The business combination under non-common control refers to the business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination. Of which, the acquirer is that obtaining the control right to other combining enterprises at acquisition date, and other combining enterprises refers to the acquiree. The acquisition date means the date that the acquirer actually obtains the control right of the acquiree. For the business combination under non-common control, the merger costs include the assets paid for obtaining the control right of acquiree by the acquirer, the

liabilities occurred or borne and the fair value of equity securities issued, the intermediary fees for audit, legal services, evaluation and consultation when the business combination issued, and other management costs shall be recorded into the current profits and losses when occurred. The transaction costs of equity securities or debt securities issued for the merger consideration by the acquirer shall be included into the initially recognized amount of the equity securities or the debt securities. The contingent consideration involved shall be recorded into the merger cost as per the fair value at the acquisition date. Within 12 months after the acquisition date, the combining business reputation should be adjusted correspondingly if the contingent consideration is required to adjust because of new or further evidence for the existed situation on the acquisition date. The merger cost issued by the acquirer and the identifiable net assets acquired in the combination are measured as per the fair value on the acquisition date. The difference of the merger cost minus the fair value shares of identifiable net assets obtained by the acquiree during the merger on the acquisition date, is recognized as the business reputation. While the merger cost is less than the fair value shares of identifiable net assets obtained by the acquiree during the merger, all the measurement on the identifiable assets, the liabilities, the fair value of liabilities and the merger cost obtained by the acquiree should firstly be rechecked, and the difference shall be recorded into the current profits and costs if the merger cost is still less than the fair value shares of identifiable net assets obtained by the acquiree during the merger after rechecking.

If the deductible temporary difference of acquiree obtained by the acquirer is not recognized due to the recognition condition of the deferred income tax assets unmet on the acquisition date. Within 12 months after the acquisition date, the relevant deferred income tax assets shall be recognized and the business reputation shall be reduced if the acquired new or further evidence shows that the relevant situation has already existed and the economic benefit gained by the acquiree from the deductible temporary difference is expected to achieve, and the differences are recognized as the current profits and losses if the business reputation is insufficient to offset. With the exception of the above, the deferred income tax assets related to the business combination are recorded into the current profits and losses.

For the business combination under non-common control realized step-by-step through multiple transactions, the multiple transactions shall be judged if belong to “the package deal” according to the “Notice on Issuance of Interpretation of Accounting Standards for Business Enterprises from Ministry of Finance” (Finance and Accounting [2012] No.19) and the judgment standards on “the package deal” in Article 51 of “Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statement” (please see 5 (2) in Notes 3). For the package deal, please refer to above description of this section and Notes 3, 12 “Long-term Equity Investment” to conduction the accounting treatment. For the non-package deal, the relevant accounting treatment should be respectively conducted for the individual financial statement and the consolidated financial statements:

For the individual financial statements, the sum of the book value of equity investment from the purchased party held before the purchase date and the new investment cost at the purchase date shall be as the initial investment cost of the investment. For the other comprehensive incomes involved in the equity of the acquiree held before the acquisition date, the investment and the relevant other comprehensive incomes shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquiree (Namely, the rest is transferred into the current investment incomes with the exception of the corresponding shares of changes caused by the net liabilities or the net assets of the defined benefit plans re-measured by the acquiree as per the equity method).

In the consolidated financial statements, the equity of the acquiree held before the acquisition date shall be measured again as per the fair value of the equity on the acquisition date, and the difference between the fair value and the book value is recorded into the current investment income. For the other comprehensive incomes involved in the equity of the acquire held before the acquisition date, the relevant other comprehensive incomes shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquire (Namely, the rest is transferred into the current investment incomes on the acquisition

date, with the exception of the corresponding shares of changes caused by the net liabilities or the net assets of the defined benefit plans re-measured by the acquiree as per the equity method).

## **6. Compiling method of consolidated accounting statements**

### **(1) Compiling method of consolidated accounting 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 the preparation of 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 3, 12 "Long-term Equity Investment" or Notes 3, 9 "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 12, (2) ④ in Notes 3,) 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. Recognition Standard of Cash & Cash Equivalents

The cash stated in cash flow statement refers to cash in hand and bank deposits usable for payment at any time. Cash equivalent refers to the investments with holding period of less than three months that are readily convertible to known amount of cash and subject to insignificant risk of changes in value.

## 8. Accounting and Translation Method of Foreign Currency Transaction

### (1) Translation Method of Foreign Currency Transaction

The shot exchange rate (usually refers to the middle rate at the date of currency exchange published by the People’s Bank of China, hereinafter inclusive) on the transaction date is adopted to convert to the amount of functional currency when the foreign currency transaction issued in the company is initially recognized. However, the foreign currency exchanges or the transactions relative to the foreign currency exchanges occurred in the company shall be translated into the amount of functional currency as per the actually adopted exchange rate.

### (2) Translation Method for Monetary Items of Foreign Currency and Non-monetary Items of Foreign Currency

On the balance sheet date, the monetary items of foreign currency are translated as per the shot exchange rate on the balance sheet date, and the foreign exchange conversion gap arising from which shall be recorded into the profits and losses of the current period, except for ① the balance of exchange arising from special foreign currency borrowings for the purchase and construction of qualified assets subject to the principle of borrowing costs. ② the exchange balance generated from other book balances in the foreign currency monetary items available for sale with the exception of the post-amortization costs shall be recorded into other comprehensive incomes.

The non-monetary items of foreign currency measured at the historical cost shall still be measured by the amount of functional currency translated at the spot exchange rate on the transaction date. The non-monetary items of foreign currency measured at the fair value shall be translated at the spot exchange rate on the fair value recognized date, and the gap of the translated amount of functional currency and the original the amount of functional currency shall be as the fair value variation (change in exchange rate included) to make treatment and

recorded into the current profits and losses or recognized as other comprehensive incomes.

#### (1) Translation Method of Foreign Currency Financial Statement

For the overseas business operation involved in the preparation of the consolidated financial statement, the exchange balance arising from the change in exchange rate for the foreign currency monetary items of the net investment in the overseas business, shall be as “translation reserve of foreign currency statement” and recognized as other comprehensive incomes. The profits and losses of the current disposal period shall be recorded when disposal of the overseas business operations.

The foreign currency financial statement of the overseas business operation shall be translated as RMB statement as per the following methods: the assets and liabilities in the balance sheet shall be translated at a spot exchange rate on the balance sheet date. For the shareholders’ equity items, other items shall be translated at a spot exchange rate when occurring, except for the “undistributed profit” items. The earnings and expenses items in the profit statement shall be translated at a spot exchange rate on the transaction date. Moreover, the undistributed profits at the beginning of this year are the profits translated at the end of last year which shall be distributed and listed all the items measurement as per the translated profits. The difference between the translated assets items and the sum of the liabilities items and the shareholders’ equity items shall be as the translation reserve of foreign currency statement and recognized as other comprehensive incomes. When disposing the overseas business operation and losing the control right, the translation reserves of foreign currency statement related to the overseas business operation which listed in the shareholders’ equity items in the balance sheet, are all recorded into the current disposal profits and losses or shifted as per the disposal proportion of the overseas business operation.

The cash flows of foreign currency and overseas subsidiary shall be translated at the spot exchange rate on the cash flow date. The influence amount of the change in exchange rate on the cash shall be individually listed and reported as the adjustment items in the cash flow statement.

The amount at the beginning of this year and the actual amount of last year shall be listed according to the translated amount of the financial statement.

If the control on the overseas business operation lost due to the disposal of partial equity investment or other reasons when disposing all the owners’ equity of the overseas business operation of the company, the translation reserves of foreign currency statement belong to the owners’ equity of the parent company related to the overseas business operation which listed in the shareholders’ equity items in the balance sheet, are all recorded into the current disposal profits and losses.

If the held equity proportion of the overseas business operation reduced due to the disposal of partial equity investment or other reasons, but the control on the overseas business operation not lost, the translation reserves of foreign currency statement related to the partial disposal of the overseas business operation shall be belong to the minority equity and not recorded into the current profits and losses. When disposing partial equity of the joint ventures or the cooperative enterprises of the overseas business operations, the translation reserves of foreign currency statement related to the overseas business operations shall be recorded into the current disposal profits and losses as per the disposal proportion of the overseas business operations.

## 9. Financial instruments

One financial asset or financial liability shall be recognized when the company becomes the party in the financial instrument contract. The financial assets and the financial liabilities are measured at the fair value in the initial recognition. For the financial assets and liabilities that measured at the fair values and the variation included in the current profits and losses, the relative transaction expenses shall be directly recorded into the profits and losses. For the financial assets and liabilities of other categories, the expenses related to transactions are recognized as initial amount.

### (1) Determination Method for the Fair Value of Financial Assets and Liabilities

The fair value refers to the price that receivable for the sale of one asset or paid for the transfer of one liability in the orderly transactions occurring on the measurement date for the market participants. If there exists the active market for the financial instrument, the company shall recognize the fair value according to the quotation in the active market which refers to the price that easy to periodically acquire from Exchanges, Commission Brokers, Guilds and Pricing Services, and stands for the price of the market transactions actually occurred in the fair dealing. For there isn't the active market for the financial instrument, the company shall recognize the fair value with adopting the valuation technique which includes the price used in the market transactions recently conducted by the parities with voluntary trade and under the consideration and acquainting of the situation, the current fair value in reference to other same financial instruments, the discount cash flow method and the option pricing model.

### (2) Classification, Recognition and Measurement of Financial Assets

The accounting recognition and de-recognition shall be conducted at the transaction date in the conventional way for the financial assets dealing. The financial assets are divided into the financial assets, the held-to-maturity investment, the loans, the receivables and the sellable financial assets which are measured at their fair values and of which the variation are recorded into the current profits and losses when recognized initially.

#### ① The financial assets measured at the fair value and of which the variation recorded into the current profits and losses

Including the tradable financial assets and the financial assets designated at their fair values and of which the variation is recorded into the current profits and losses.

The tradable financial assets refer to the financial assets meeting any of the following requirements: A. the purpose to acquire the financial assets is for selling in the short-term. B. forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the company may manage the combination by way of short-term profit making in the near future. C. being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments belong to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which shall be settled by the delivery of the equity instruments.

The financial assets meeting any of the following requirements can be designated when they are initially recognized as financial assets measured at their fair values and of which the variation is recorded into 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 arisen from the different basis of measurement of the financial assets. B. the official written documents on risk management or investment strategies of the company have recorded that the combination of the financial assets, or the combination of the financial assets and liabilities will be managed and evaluated on the basis of the fair value and reported to the key management personnel.

The financial assets measured at their fair values and of which the variation is recorded into the current profits and losses shall be made the subsequent measurement as per the fair value, and the gains or losses formed from the variation of the fair value as well as the dividend and interest incomes related to the financial assets shall be recorded into the current profits and losses.

#### ②The investments of held-to-maturity

The held-to-maturity investment refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and the company holds for a definite purpose or is able to hold until its maturity.

The held-to-maturity investments shall be made the subsequent measurement on the basis of the actual interest



rate and the post-amortization costs, and the gains or losses arising from de-recognition, impairment or amortization shall recorded into the current profits and losses.

The actual interest rate method is the way to calculate the post-amortization costs and the interest incomes or expenditure at each period as per the actual interest rate of the financial assets or liabilities (a group of financial assets or liabilities included). The actual interest rate means that the future cash flow of the financial assets or liabilities within the predicted term of existence or within a shorter applicable term shall be discounted as the rate used for the current book value of the financial assets or liabilities.

When calculating the actual interest rate, the company should consider all the contract terms of the financial assets or liabilities to estimate the future cash flow (without regard to the future credit loss), and take account of all the charges, transaction expenses and discounts or premium belong to the actual interest rate and paid or received between all the parties of the financial assets or liabilities contracts.

### ③ Loans and Receivables

The loans and the receivables refer to a non-derivative financial asset without the quotation, a fixed or determinable amount of repo price in the active market. The financial assets divided into loans and receivables of the company shall include the bill receivable, the accounts receivable, the interest receivable, the dividends receivable and other receivables

The loans and the receivables shall be made the subsequent measurement on the basis of the actual interest rate and the post-amortization costs, and the gains or losses arising from de-recognition, impairment or amortization shall recorded into the current profits and losses.

### ④ The financial assets available for sale

The sellable financial assets refer to the non-derivative financial assets which are designated as sellable when they are initially recognized as well as the financial assets other than the financial assets, the loans, the receivables and the held-to-maturity investments measured at the fair value and of which the variation recorded into the current profits and losses.

The costs of the sellable liability instrument investments at the end of period shall be recognized as per the post-amortization cost method, which is the amount that the accumulated amortization amount, formed after the amortization for the initially recognized amount with the compensated capital deducted plus or minus the difference between the initially recognized amount and the amount at the maturity date with use of the actual interest rate method, with deduction of the impairment losses occurred. The costs of the sellable equity instrument investments at the end of period are the initially acquired costs.

The sellable financial assets shall be conducted the subsequent measurement at the fair value, the balance

The gains or losses arising from the change in the fair value, except that the impairment losses and the exchange balance related to the monetary financial assets of foreign currency and the post-amortization costs are recorded into the current profits and losses, shall be recognized as other comprehensive incomes, transferred out and recorded into the current profits and losses when the de-recognition of the financial assets. However, The equity instrument investment which has no quotation in the active market and whose fair value cannot be reliably measured, and the derivative financial assets which are connected with the equity instrument and required to settle by the delivery of the equity instrument shall be conducted the subsequent measurement by costs.

The interests acquired from the sellable financial assets during the holding period and the cash dividends declared to deliver by the investee shall be recognized as the investment returns.

The financial assets impairment available for sale

The decline for the fair value of the sellable equity instrument investments can be judged as serious or non-transient depreciation by the relevant comprehensive factors, which shows that the sellable equity instrument investments have the impairment. Of which, the “serious depreciation” refers to the decline range of the fair value

accumulatively over 20%, and the “non-transient depreciation” is the decline period of the fair value continuously beyond 12 months.

When the sellable financial assets impair, the accumulated losses formed due to the depreciation of the fair value for other comprehensive incomes originally recorded shall be transferred out and recognized as the current profits and losses, and the transferred accumulative losses are the balances of the costs of the assets initially acquired with deduction of the withdrawn capitals, the amortized amount, the current fair value and the impairment losses initially recorded into profits and losses.

After the impairment losses recognized and if there are objective evidences proving that the financial assets values have resumed after the period and have objectively involved in the matters occurred after the losses recognized, the impairment losses originally recognized shall be switched back, the reverse of the impairment losses for the sellable equity instrument investments shall be recognized as other comprehensive incomes and the reverse of the impairment losses for the sellable liability instrument shall be recorded into the current profits and losses.

The equity instrument investment which has no quotation in the active market and whose fair value cannot be reliably measured, or the impairment losses of the derivative financial assets which are connected with the equity instrument and required to settle by the delivery of the equity instrument shall not be reversed.

### (3) Recognition criteria and measurement methods of transferred financial asset

For financial asset that satisfies the following criteria, it shall stop recognizing the financial asset: 1) the contract rights to collect the cash flow of the financial asset has been terminated; 2) the financial asset has been transferred with nearly all of the risks and rewards related to the ownership of the financial asset transferred to transferee; 3) the financial asset has been transferred with the control to such financial assets waived, though this enterprise has not transferred or retained nearly all the risks and rewards related to the ownership of the financial asset.

If this enterprise has neither transferred nor retained almost all the risks and rewards on the asset ownership, it shall, within the extent of its continuous involvement in the transferred financial asset and recognize the relevant liability. The term "continuous involvement in the transferred financial asset" shall refer to the risk level that this enterprise faces resulting from the change of the value of the financial asset.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the book value of the transferred financial asset and the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities of other comprehensive income, shall be recorded in the profits and losses of the current period.

If the transfer of partial financial asset satisfies the conditions to stop the recognition, the 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 profits and losses of the current period: 1) sum of consideration the portion whose recognition has been stopped and the accumulative amount changes in fair value originally recorded owner's equities which is corresponding to stopped, the book value of the portion whose recognition has been stopped; 2) the book value of the portion whose recognition has been stopped.

For the financial asset sold with recourse attached, it is to transfer the financial asset held by endorsement, prior to confirmation that nearly all of the risks and rewards related to the ownership of the financial asset has been transferred to transferee. Where this enterprise has transferred nearly 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 nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. Where this enterprise does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to principles stipulated above.

#### (4) Classification and Measurement of Financial Liability

Financial liabilities shall be classified into the two categories when they are initially recognized: the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses; other financial liabilities. For the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses, the related transaction cost shall be included directly in the current profits and losses; for other financial liabilities, the related transaction cost included in the initially recognized amount.

① The condition for classifying the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses

as transactional financial liabilities and the financial liabilities which are measured at their fair values at initial recognition and of which the variation is included in the current profits and losses is the same as these for classifying it as the transaction financial asset and the financial asset which are measured at their fair values and of which the variation is included in the current profits and losses.

This enterprise shall make subsequent measurement on its financial liabilities according to their fair values. The profits and losses, arising from the change in the fair value of the financial asset, and the dividends and interests expenses associated with the financial asset, shall be recorded into the profits and losses of the current period.

② Other Financial Liability

And are not quoted in an active market, for which there is no quoted price in the active market and whose fair value cannot be reliably measured, this enterprise shall make subsequent measurement according to its cost. For other financial liabilities, this enterprise shall make subsequent measurement on the basis of the post-amortization costs by adopting the actual interest rate method, with profits or losses resulting from stopping recognition or amortization recorded into the profits and losses of the current period.

#### (5) Termination from Recognition of Financial Liability

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where this enterprise (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, this enterprise shall include into the profits and losses of the current period the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

#### (6) Offset of Financial Asset and Financial Liability

Where this enterprise has the legal right to offset its recognized financial asset and financial liability, and it is able to perform this legal right, and if it plans to settle with the net amount of and cash the financial asset and liquidate the financial liability, it shall itemize and show in the balance sheet the amounts after the financial asset and the financial liability offset each other. For any other circumstances, the financial asset and financial liability shall not offset each other, and shall be itemized and shown separately in the balance sheet

#### (7) Equity Instruments

The "equity instruments" refers to the contracts which can prove that this enterprise holds the surplus equities of the assets after the deduction of all the debts. This enterprise deal the equity instruments issued (including refinancing), repurchased, sold or cancelled as changes of equity. It shall not recognize the changes of fair value of equity instruments. The transaction expenses associated with equity transactions shall be deducted from the

equity.

This enterprise shall deduct the shareholders' equity for various kinds of distributions (not including stock dividends) to the holders of equity instruments. It shall not recognize the amount of changes in the fair value of equity instruments.

## 10.Account receivable

### (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 for 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".

### (2)The accounts receivable of bad debt provisions made by credit risk Group

Name	Withdrawing Method
Aging Group	Aging Analysis Method
Other Group	Other method

In Group ,Accounts on age basis in the portfolio:

☒ Applicable ☐ Not applicable

Aging	Rate for receivables(%)	Rate for other receivables(%)
During the credit period	0.00%	0.00%
The credit period within 1 year	5.00%	5.00%
1—2 years	10.00%	10.00%
2—3 years	30.00%	30.00%
3—4 years	50.00%	50.00%
4—5 years	70.00%	70.00%
Over 5 years	100.00%	100.00%

In Group, adopting balance percentage method for bad debt provision:

☐ Applicable ☒ Not applicable

In Group, adopting other method for bad debt provision:

☐ Applicable ☒ Not applicable

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

Reason for separate provision for bad debts	The accounts receivable with single-item amount of less than 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.

## 11. Inventories

### (1) Classification of Inventories

This enterprise's inventories is classified as raw materials, works in process, finished products, circulation materials, low-value consumption goods, packing materials, supplies purchasing, engineering construction, development cost, etc.

### (2) Obtaining and Measurement of Inventories

The perpetual inventory systems are adopted for this enterprise's inventories. 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 being sent out. 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.

### (5) Cost of Development

Cost of development includes completed development product, development product under construction, leasing development product and simulated development land.

Completed development product means the estate which has been built and up for sale; Development product under construction means the estate which hasn't been built and in the purpose of sale; Leasing development product means the estate which is temporarily leased under business mode for which the company's intents to sell, which the leasing development product amortizes by stages within the estimated available years; Simulated development land means the land which has been purchased and determined to be developed as Sales or Leasing Estate.

## 12. Long-term Equity Investment

The long-term equity investment in this section refers to the long-term equity investment of this enterprise that is able to control to or does joint control with or significant influences over the invested enterprise. For the long-term equity investment of this enterprise that is not able to control to or does not do joint control with or have significant influences over the invested enterprise, this enterprise shall record it as available-for-sale financial asset or the financial asset measured by its fair value with its changes in fair value recorded into the profits or losses of current period as the changes. For details of its accounting policy, please refer to Note III.9 "Financing Instruments"

The term "joint control" refers to the joint control over an arrangement of this enterprise in accordance with the contracts and agreements, and decisions over relevant activity of such arrangement shall not be unless the assent on sharing the control power. The term "significant influences" refers to this enterprise's power to participate in making decisions on the financial and operating policies of the invested enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

### (1) Ascertaining of Investment Cost

For the merger of enterprises under the same control, it shall, on the date of merger, 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 payment in cash, no-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reverse. If the capital reserve is insufficient 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 merger, regard the share of book value of the owner'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. For the merger of enterprises under the same control through gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the share of book value of the owner'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. The equity investment held by this enterprise before the date of merger shall be accounted for by equity method, or shall be recorded as the other comprehensive income recognized as available-for-sale financial asset and not accounted for.

For the merger of enterprises not under the same control, it shall, on the date of merger, 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 merger costs include the assets paid, liabilities occurred or borne and sum of the fair value of the equity securities issued by the purchaser. For the merger of enterprises not under the same control through gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the sum of book value of the owner's original equity of the merged enterprise and the newly increased investment cost as the initial cost of the long-term equity investment. For the shares originally held by this enterprise accounted for by weighted equity method, the relevant other comprehensive income shall not be accounted for

temporarily. For the equity investment accounted for as available-for-sale financial asset, the difference of its fair value and its face value and the accumulated changes in its fair value originally recorded as other comprehensive income shall be switched to the profits or losses of the current period.

The audit cost, law service cost, evaluation and consultation fees and agent commissions as well as other related administration costs occurred and borne by the merging or purchasing enterprise for the purpose of merger, shall be recorded into the profits or losses of current period at the time when the costs occurred.

Other equity investments except the long-term equity investment formed by merger of enterprises shall be initially ascertained by their costs which, depending on the different ways in acquiring the long-term equity investments, shall be recognized separately as cash purchasing prices actually paid by this enterprise, fair value of the equity securities issued by this enterprise, agreed value of the investment contracts or agreements, fair value or original book value of the assets obtained by exchange of no-monetary assets, the fair value of the long-term equity investment itself, etc. The relevant expenses, tax payments as well as other necessary expenses directly associated with obtaining the long-term equity investment shall be recorded into the investment costs as well. If this enterprise is able to do joint control or significant influence, which does not constitute control, over the invested entity as a result of additional investment, the long-term equity investment cost shall be the sum of the fair value of the equity investment ascertained in accordance with the Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instrument and the cost of the increased investment.

## (2) Subsequent Measurement and Recognition Method

A long-term equity investment of this enterprise that does joint control (not including joint venture) or significant influences over the invested entity shall be measured by employing the equity method. Besides, the cost method is employed in this enterprise's financial reports to measure the long-term equity investment that could form control over the invested entity.

### ① Long-term equity investment measured by employing the cost method

The price of a long-term equity investment measured by employing the cost method shall be included at its initial investment cost. If there are additional investments, the cost of the long-term equity investment shall be adjusted. Except the prices actually paid when obtaining the investment or cash dividends or profits being approved in the consideration but not yet issued, the investment income of the current period shall be recognized in accordance with the cash dividends or profits being approved by the invested entity.

### ② Long-term equity investment measured by employing the equity method

If the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of long-term equity investment shall be adjusted simultaneously.

When employing the equity method, this enterprise shall, in accordance with the attributable share of the net profits or losses of the invested entity, recognize the investment profits or losses and adjust the book value of the long-term equity investment. This enterprise shall, in the light of the profits or cash dividends declared to distribute by the invested entity, calculate the proportion it shall obtain, and shall reduce the book value of the long-term equity investment correspondingly. Where any change is made to the owner's equity other than the net profits and losses of the invested entity, the book value of the long-term equity investment shall be adjusted and included in the capital reserves. This enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies and accounting periods adopted by the invested entity are different from those adopted by this enterprise, an adjustment shall be

made to the financial statements of the invested entity in accordance with the accounting policies and accounting periods of this enterprise and recognize the investment profits or losses and other comprehensive incomes. For the transactions between this enterprise and its joint ventures and associated entities, where the assets invested or sold do not constitute a business, the unrealized internal transaction profits or losses shall be calculated in accordance with proportion shared, with the proportion shared by this enterprise offset and recognize the investment profits or losses based thereof. However, if losses occurred in the internal transaction between the invested entities is the impairment loss of transferred assets, they shall not be offset. When the assets invested by this enterprise to its joint ventures or associated entities constitute a business, and the investing party obtains long-term equity but without control power, the fair value of the invested business shall be recognized as the initial investment cost of the additional long-term equity investment. The total difference between the original investment cost and the book face of the invested business shall be recorded into the profits or losses of the current period. If the assets purchased from the joint ventures or associated entities constitute a business, this enterprise shall account for the business in accordance with this enterprise Accounting Standard No. 20 - Business Combinations, with the total profits or losses associated with the transaction recognized.

The Company bears the net losses of its invested business to the limit of the book value of its long-term equity investment and other long-term equity that in real terms constitutes investment on the business. For additional loss of its invested business, if the Company is obligated to undertake, it shall be recognized as estimated liabilities accordingly and recorded in current investment losses. If the invested business earns profits afterwards, the Company shall reinstate and recognize its share of gains after compensating its unrecognized share of losses.

### ③Purchase of minority interest

While compiling consolidated financial statements, the Company adjusts its capital reserve in terms of the difference between the increase of long-term equity investments due to purchase of minority interest and its share of the subsidiaries' net assets since the purchase (or combination) date or dates. If its capital reserve is not sufficient to write down the difference, then the Company adjusts its retained income.

### ④Disposal of long-term equity investments

In consolidated financial statements, the Company records in shareholders' equity the difference between partial disposals of its long-term equity investments in its subsidiaries and its share of the subsidiaries' net assets if it does not lose control of the subsidiaries; and if such partial disposals result in loss of its control of the subsidiaries, the difference shall be treated in accordance with the accounting policies related and specified in "Compiling Principles for Consolidated Financial Statements", Note III.6.(2).

For disposals of long-term equity investments under other circumstances, the difference between the book value and the actual received consideration is recorded in current profit and loss.

For the long-term equity investments calculated by equity method, the same method applies to the remaining equity after disposal. Meanwhile, the other comprehensive gains originally recorded in shareholders' equity is treated pro rata by the same method how the invested businesses handle the accounts while directly disposing the related assets or liabilities. The investor recognizes the ownership interest due to equity changes except net profit and loss, other comprehensive gains and profit distribution, and carries it over pro rata to current profit and loss.

For long-term equity investments calculated by costs method, the same method applies to the remaining equity after disposal. Other comprehensive gains calculated and recognized by equity method or recognition and measurement principles for financial instruments before the Company obtains control of the invested businesses are treated on the same basis that the invested businesses directly dispose the related assets or liabilities, and it will be carried over pro rata to current profit and loss; and among the invested businesses' net assets that are calculated and recognized by equity method are all other equity changes than net profit and loss, other comprehensive gains and profit distribution carried over pro rata to current profit and loss.

For disposals of long-term investment equity resulting in loss of control over the invested businesses, when



compiling individual financial statements, the Company changes to adopt equity method to calculate the remaining equity that is still sufficient to exert joint control or significant influence, and to make adjustments as since it was acquired; and if the remaining equity is not sufficient, it will be handled in accordance with the relevant recognition and measurement principles for financial instruments and the difference between its fair value and book value will be recorded in current profit and loss since the Company loses control of the invested businesses. For other comprehensive gains recognized by equity method or recognition and measurement principles for financial instruments before the Company obtains control over the invested businesses, the Company adopts the same basis to handle the accounts as the invested businesses directly dispose the related assets or liabilities, and among the invested businesses' net assets that are calculated and recognized by equity method are all other equity changes than net profit and loss, other comprehensive gains and profit distribution carried over pro rata to current profit and loss. For the remaining equity calculated by equity method, other comprehensive gains and other ownership interests will be carried over pro rata while for those treated in accordance with the recognition and measurement principles for financial instruments, other comprehensive gains and other ownership interests will be carrier over entirely.

Under the circumstances that the Company loses joint control over or has no significant influence on the invested businesses due to partial equity disposal, the remaining equity changes to be calculated in accordance with the recognition and measurement principles for financial instruments, and the difference between its fare value on the date that the Company loses the joint control and significant influence and the book value is recorded in current profit and loss. For other comprehensive gains recognized due to calculation of the original equity investments by equity method, the Company adopts the equity method no longer but the same basis to handle the accounts as the invested businesses directly dispose the related assets or liabilities while carrying over to current profit and loss all the ownership interest recognized due to other equity changes than net profit and loss, other comprehensive gains and profit distribution.

If the Company gradually loses control of a subsidiary through multiple transactions, which is a package deal as a whole, then all these transactions will be treated as control losing equity disposal, and before loss of control, the difference between each transaction consideration and the book value of the corresponding long-term equity investment is recognized as other comprehensive gains and in the end, carried over to current profit and loss upon loss of control.

### **13. Investment real estate**

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

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.

### **14. Fixed assets**

#### **(1) Recognition criteria of fixed assets<sup>1</sup>**

Fixed assets refer to tangible assets that are held for production, services, leases or operations and the useful life of which are over one accounting year. Fixed assets are recognized if it produces economic benefit inflows and its

costs can be measured reliably. The Company makes initial measurements on fixed assets at the costs that they are acquired.

## (2) Depreciation method

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

## (3) Cognizance evidence and pricing method of financial leasing fixed assets

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

## 15. Projects under construction

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.

## 16. Borrowing expenses

Borrowing expenses include interest, amortization of discount or premium, auxiliary expenses, translation

differences arising from borrowings in foreign currency etc. The Company starts to capitalize the borrowing expenses in direct connection to purchase, construction or production of the assets that meet capitalization conditions when there are assets expenditures and borrowing expenses incurred and/or the Company starts all the necessary events to purchase, construct or produce such assets till the assets can be used and sold. Other borrowing expenses are recognized as costs when incurred.

The Company capitalizes the actual interest expense incurred by use of special borrowings, minus the interest income from the remaining borrowing funds in bank or any investment income earned from the interim investment of those borrowings; and for general borrowings, the amount 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.

During capitalization, all translation differences of special borrowings in foreign currency should be capitalized while those of general borrowings in foreign currency are recorded in current profit and loss.

The assets to capitalize are fixed assets, investment properties, inventories etc., which can be used or sold after a certain period of time to purchase, construct or produce.

The Company stops capitalization of borrowing costs if an abnormal interruption more than 3 consecutive months occurs during purchase, construction or production of the assets that are eligible to capitalization till all those restart.

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.

## 17. Intangible assets

### (1) Valuation method, service life and impairment test of Intangible Assets

The Company makes initial measurements on intangible assets in terms of the costs and determines the useful life when obtaining the assets. For intangible assets of a limited useful life, from the time the assets are available for use, the Company adopts the amortization method that reflects realization of the expected economic benefits, or the straight-line amortization method if unable reliably to determine how to realize the expected economic benefits; and no amortization are made for intangible assets of an unlimited useful life.

At the end of each year, the Company reviews the useful life and amortization methods of intangible assets of a limited useful life and makes adjustments and accounting treatment if different from the previous estimates.

For the intangible assets that are estimated to produce no more economic benefits in the future, the Company records the book value of such assets all in current profit and loss.

### (2) . Accounting Policy of Internal Research and Development Expenditure

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

The research expenditures shall be recorded into the profit or loss for the current period.

Development expenses can only be capitalized when the following conditions are satisfied: the technology is feasible for use or sales; there is the intention to use or sell the intangible assets; it can be proven that the product generated by the intangible assets is demanded or the intangible assets in demanded; if the intangible is used internally, it can be proven that it is useful; with necessary technical and financial resources and other resources to complete the development of the intangible assets and the intangible assets can be used or sold; the development expense can be reliably measured. If not, the development expense is accounted into the current gain/loss account.

If a research project meets the above-mentioned conditions and passes the technical and economic feasibility study,

the project will enter the development stage.

## 18. Impairment of the long-term assets

On balance sheet dates, the Company determines whether there are impairments occurring to fixed assets, construction in progress, intangible assets of a limited life, investment properties measured in the cost model as well as non-current and non-financial assets like the long-term equity investments on subsidiaries, joint ventures and associated companies. If impaired, the Company estimates the retrievable amount and conducts an impairment test. Impairment tests need to be done on goodwill, intangible assets of an unlimited life and the intangible assets that are not yet to reach the usable status, no matter they are impaired or not.

If the impairment test result shows the retrievable amount lower than the book value, impairment provisions will be set aside and recorded in impairment loss. The retrievable amount is the fair value of the assets minus the disposal expenses or the present value of the estimated future cash flows of the assets, whichever is higher. The fair value of the assets is determined in terms of the price specified in the selling agreement that is fair trade; if no selling agreement but there is an active assets market existing, it is determined in terms of the buyer's offer; and if no selling agreement and active assets market, the fair value can be estimated based on the best available information. Disposal expenses include all related legal charges, taxes, delivery fees or the direct expenses incurred to have the assets reach the usable or sellable status. To determine the present value of the estimated future cash flows from the assets, the Company chooses an appropriate discount rate in the light of the continual usage of the assets and the estimated future cash flows occurring upon final disposal. Impairment provisions of the assets are calculated and recognized on the basis of individual assets. If unable to estimate the retrievable amount of individual assets, the Company determines the amount by reference to the asset group that includes the individual assets. Asset groups are the minimum assets combination that independently produces cash inflows.

For the goodwill separately listed in financial statements, while an impairment test being conducted, the book value is apportioned to the asset groups or combination of asset groups expected to benefit from the synergy effects arising from business combinations. The Company recognizes impairment losses when the test result shows that the retrievable amount of the asset groups or combination of asset groups is lower than their book values. The impairment loss will be first used to write down the book values of the asset groups or combination of asset groups and then those of other assets pro rata.

Once the aforesaid impairment losses are recognized, they cannot be reinstated in the future.

## 19. Long-term amortizable expenses

Long-term unamortized 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.

## 20. Remuneration

### (1) Accounting methods for short-term compensation

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.

#### (2) Accounting methods for post-employment benefits

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.

#### (3) Accounting methods for demission benefits

Demission benefits are the compensations paid to terminate employment before expiration or encourage employees to accept lay-off.

#### (4) Accounting methods for other long-term employee benefits

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.

## 21. 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.

## 22. 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.

## 23. 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 inco

me, including revenue from selling goods, income of labor, transferring assets use right and real estate development income..

### **(1) Recognition time for sales of goods**

After transferring the significant risks and compensation of the merchandise ownership to the buyer, the Company no longer holds the rights to manage and have control over the merchandise, and recognizes the revenue if the economic benefits arising from the related transactions can flow into the Company and all the costs and revenues related to such product sales can be measured reliably.

### **(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: ① measurement of the completed jobs; ② the proportion of the completed services to all; ③ the 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 can not be measured separately, should be part of the sale of goods and provision of services as part of the total sales of goods.

### **(3) Use Rights of Assets on Alienation**

Transfer of right to Use Rights of Assets on Alienation consists of interest income, fee income etc.

If the related economic benefits can flow into the Company and the revenue can be measured reliably, the amount of usage revenue will be calculated and determined according to the payment time and terms of the related contract or agreement.

### **(4) Construction Contracts**

A construction contract is a contract for the construction of one or more of the assets in terms of design, technology and features, end-use and other closely related and approved.

Construction contracts are divided into fixed price contracts and cost-plus contracts.

A fixed price contract is to determine the price of a construction contract works in accordance with a fixed price or fixed unit price contract.

Cost-plus contracts, refers to the contract or otherwise agreed cost basis, plus the cost of a fixed fee or a percentage of the project to determine the price of a construction contract.

At the balance sheet date, shall be multiplied by the total contract revenue before completion less the cumulative amount of revenue recognized after the accounting period, recognized as the current contract revenue; at the same time, according to the contract multiplied by the estimated total cost of completion less accumulated previous acco

unting period after the amount recognized as an expense is recognized as current contract costs.

Current period complete a construction contract, the contract shall be in accordance with the actual total income before deducting the cumulative amount of revenue recognized after the accounting period, recognized as the current contract revenue; at the same time, according to the contract costs incurred for the deductible costs previously accumulated recognized after the accounting period recognized as current contract costs.

If the results cannot be measured reliably but the costs can be retrieved, the revenue will be recognized at the retrievable amount of the actual construction contract costs and the costs treated as expenses when incurred; if not retrievable, the costs will also be treated as expenses and no revenue will be recognized.

#### **(5) Income of Real Estate Development**

The company's real estate development products can confirm the income when meeting the follow conditions:

The sales contract has been signed; the down-payment has been charged and the bank mortgage procedure has been completed or has obtained the rights to charge the purchase payment; the main-body of the house has been completed and has passed the acceptance and inspection; the costs of the sales of the item can be measured reliably.

### **24. Governmental subsidy**

#### **(1) Basis and accounting methods for assets related government subsidies**

The government grants of monetary assets shall be measured in accordance with the received or receivable amount. Of which, the grants can be measured at the receivable amount if there exists exact evidence to prove they are allocated according to the fixed quota standard, otherwise they shall be measured at the amount actually received. The government grants of non-monetary assets shall be measured at the fair value. If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount of RMB 1. The government grants related to assets are recognized as the deferred incomes, which are equally distributed within the service life of related assets and account into the current profit or loss.

**(2) Basis and accounting methods for incomes shall related government subsidies** The government grants related to incomes shall be accounted into the current profit or loss if they are used to compensate for the correlative expenses or losses occurred, and shall be recognized as the deferred income and accounted into the current profit or loss during the expense confirmation period if they are used to compensate for the correlative expenses or losses occurred in the subsequent period. The government grants measured at the nominal amount shall be directly accounted into the current profit or loss.

### **25. Deferred income tax assets/Deferred income tax liability**

The balance between the book value and the tax basis of some items of assets and liabilities, as well as the temporary differences issued as the balance between the book value and the tax basis of the tax basis items that unrecognized as assets and liabilities but can be determined as per the provisions of tax law, which shall be determined as the deferred income tax assets and the deferred income tax liabilities in accordance with the balance sheet debt law.

Taxable temporary differences related to the initial recognition of goodwill, as well as the initial recognition of an asset or liability in a transaction that neither belongs to a business consolidation, nor affects the accounting profit and taxable income (or deductible loss) when it happens, the relevant deferred income tax liabilities shall not be recognized. In addition, as for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the Company could control the reverse time of such differences and such differences cannot be reversed in the foreseeable future, the relevant deferred income tax liabilities also shall not

be recognized. Apart from the above-mentioned exceptional cases, the Company recognizes all other deferred income tax liabilities caused by taxable temporary differences.

Deductible temporary differences related to the initial recognition of an asset or liability in a transaction that neither belongs to a business consolidation, nor affects the accounting profit and taxable income (or deductible loss) when it happens, the relevant deferred income tax assets shall not be recognized. In addition, as for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, if such differences cannot be reversed in the foreseeable future or are not likely to obtain the taxable income to deduct the deductible temporary differences of the taxable income, the relevant deferred income tax liabilities shall not be recognized. Apart from the above-mentioned exceptional cases, the Company recognizes other deferred income tax liabilities caused by deductible temporary differences within the limit of likely obtained taxable income that can be used to deduct the deductible temporary differences of the taxable income.

The corresponding deferred tax assets of deductible loss and tax reduction that can be carried forward during subsequent years shall be recognized within the limit of likely obtained future taxable income that can be used to deduct the deductible loss and tax reduction.

As per the provisions of tax law, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rates used during the period of expectation recovery of relevant assets or pay-off relevant liabilities at the balance sheet date.

The book value of the deferred income tax assets shall be re-checked at the balance sheet date. The book value of the deferred income tax assets shall be written-down if it is unlikely to obtain sufficient taxable income in the future to deduct the benefit of the deferred tax assets and the written-down amount shall be carried forward if it is likely to obtain sufficient taxable income.

## **26.Operational leasing**

### **(1) Accounting of operational leasing**

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.

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.

### **(2) Accounting Method for Financing Leases**

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.

## **27. Other significant accounting policies and estimates**

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).

## 28.Change of main accounting policies and estimations

(1)Change of main accounting policies

☐Applicable ☒Not applicable

(2) Change of main accounting estimations

☐ Applicable ☒ Not applicable

## VI.Taxation

### 1.Main categories and rates of taxes

Taxes	Tax references	Applicable tax rates
VAT	Sales revenue and Technical services revenue	11%、17%/6%
Business tax	Income from labor service and lease	3%、5%
Urban construction tax	Turnover tax to be paid allowances	7%
Enterprises income tax	Taxable income	15%、25%
Educational surtax	Turnover tax to be paid allowances	5%

The disclosure on the rate of income tax of taxpayers in different enterprises is stated below

Name of Taxpayer	Rate of Income Tax
Dongxu Optoelectronic Technology Co., Ltd. ( The Company )	15%
Wuhu Dongxu Optoelectronic Technology Co., Ltd.( Subsidiary )	15%
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd ( Subsidiary )	15%
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd ( Sub-subsidiary )	15%
Zhengzhou Xufei Optoelectronic Technology Co., Ltd ( Subsidiary )	15%
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd ( Subsidiary )	15%
Hebei Xubao Construction Installation Engineering Co., Ltd	25%

(Subsidiary)	
Shijiazhuang Baoshi Color Bulb Co., Ltd (Subsidiary)	25%
Wuhan Dongxu Optoelectronic Technology Co., Ltd (Subsidiary)	25%
Sichuan Ruiyi Construction Engineering Co., Ltd. (Subsidiary)	25%
Beijing Xufeng Real Estate Co., Ltd. (Subsidiary)	25%
Dongxu (Kunshan) Display Material Co., Ltd. (Subsidiary)	25%
Beijing Dongxu Investment Developement Co., Ltd. (Sub-subsidiary)	25%
Wuhu Ruiyi Labor Co., Ltd (Sub-subsidiary)	25%
Jiangsu Jixing New Material Co., Ltd. (Subsidiary)	15%
Beijing Xutan New Material Co., Ltd. (Subsidiary)	25%
Beijing Dongxu Huuaqing Investment Co., Ltd. (Subsidiary)	25%
Jiangsu Dongxu Yitai Intelligent Equipment Co., Ltd. (Sub-subsidiary)	25%
Fuzhou Dongxu Optoelectronic Technology Co., Ltd.(Subsidiary)	25%
Shenzhen Xuhui Investment Holdings Co., Ltd.(Subsidiary)	25%
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.(Subsidiary)	25%
Fuzhou Dongxu Investment Development Co., Ltd.(Sub-subsidiary)	25%
Fuzhou Xufu Optoelectronic Technology Co., Ltd.(Sub-subsidiary)	25%

## 2.Tax Preference

- 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 October 21, 2014, Wuhu Dongxu 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 2014.
- ③ On October 14, 2013, Wuhu Dongxu 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 2013.
- ④ On November 4, 2013, Shijiazhuang Dongxu 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 2013.
- 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 In 2013, Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd. was rated as the national high-tech enterprise. December 2014 for the record, 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 2014.

⑦ On December 3, 2013, 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 2013.

## VII. Notes to the major items of consolidated financial statement

### 1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash	246,291.07	245,781.01
Bank deposit	15,837,794,470.16	12,181,847,699.04
Other	445,294,342.51	227,416,690.21
Total	16,283,335,103.74	12,409,510,170.26

Other notes

Notes 1: The material reasons for the increase of monetary funds at the end of the period compared with the beginning include the completion of the directional add-issuance for raising 8 billion RMB, collection of sales payment and increased financing.

Notes 2: The amount of restricted monetary capital of the total monetary capital in the end of the period is RMB 543,648,071.60. Mainly for the draft earnest money and the fixed deposit receipt.

### 2.Bills receivable

#### (1) Classification bill receivable

In RMB

Items	Year-end balance	Year-beginning balance
Bank acceptance	79,562,091.14	51,014,152.00
Trade acceptance	4,500,000.00	
Total	84,062,091.14	51,014,152.00

#### (2) Bills receivable pledged at period-end

In RMB

Items	Year-end balance	Year-beginning balance
-------	------------------	------------------------

Bank acceptance	468,321,671.17	
Total	468,321,671.17	

### 3. Account receivable

#### (1) Classification account receivables

In RMB

Classification	Amount in year-end					Amount in year- begin				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Receivables subject to provision for bad debts on credit risk characteristics basis	1,162,336,850.48	100.00%	16,369,150.05	1.41%	1,145,967,700.43	1,055,392,294.94	100.00%	12,853,982.43	1.22%	1,042,538,312.51
Total	1,162,336,850.48	100.00%	16,369,150.05	1.41%	1,145,967,700.43	1,055,392,294.94	100.00%	12,853,982.43	1.22%	1,042,538,312.51

Receivable accounts with large amount individually and bad debt provisions were provided

☐ Applicable ☒ Not applicable

Account receivable on which bad debt provisions are provided on age basis in the group

☒ Applicable ☐ Not applicable

In RMB

Aging	Balance in year-end		
	Receivable accounts	Bad debt provision	Proportion
Subitem within 1 year			
Within credit period	874,411,047.76		
Within 1 year after credit period	252,781,149.58	12,639,057.48	5.00%
1-2 years	14,520,154.14	1,452,015.41	10.00%
2-3 years	2,348,332.48	704,499.75	30.00%
3-4 years	2,617,965.40	1,308,982.70	50.00%
Over 5 years	264,594.71	264,594.71	100.00%
Total	1,146,943,244.07	16,369,150.05	1.43%

Notes:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision

Group Name	Closing balance	Bad debt provision
Other group	15,393,606.41	

Continued

Group Name	Opening balance	Bad debt provision
Other group	23,454,108.12	

## (2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 7,054,229.44;The amount of the reversed or collected part during the reporting period was of RMB3,539,061.82.

Where the current bad debts back or recover significant amounts:

In RMB

Name	Back or withdraw money	Method
None		

## (3) 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 RMB480,467,933.20, which accounts for 41.34% of the total receivables. The total amount of closing balance for corresponding accrued bad-debt provision is RMB 3,151,584.57.

## 4. Payment in advance

### (1) Payment in advance:

In RMB

Aging	Amount in year-end		Amount in year- begin	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	388,588,032.31	80.50%	144,188,241.68	34.42%
1-2 years	35,912,154.54	9.81%	261,349,437.53	62.39%
2-3 years	26,925,134.67	7.35%	6,788,329.79	1.62%
Over 3 years	8,554,092.21	2.34%	6,584,578.57	1.57%
Total	459,979,413.73	--	418,910,587.57	--

Notes:

### (2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

As of June 30,2016,The total prepayment amount of top five closing balances collected by the objects of prepayment in the current reporting period is RMB 180,457,628.00, which accounts for 39.23% of the total closing prepayment balance.

Other notes:

## 5. Other accounts receivable

### (1) Other accounts receivable disclosed by category

In RMB

Category	Amount in year-end					Amount in year- begin				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other receivables subject to provision for bad debts on credit risk characteristics basis	93,501,505.57	100.00%	1,912,140.52	2.05%	91,589,365.05	57,070,247.27	100.00%	1,872,375.99	3.28%	55,197,871.28
Total	93,501,505.57	100.00%	1,912,140.52	2.05%	91,589,365.05	57,070,247.27	100.00%	1,872,375.99	3.28%	55,197,871.28

Receivable accounts with large amount individually and bad debt provisions were provided

☐Applicable ☒Not applicable

Account receivable on which bad debt provisions are provided on age basis in the group

☒Applicable ☐ not applicable

In RMB

Aging	Amount in year-end		
	Account receivable	Bad debt provision	Rate of allowance(%)
Within item 1 year			
Within credit period	4,705.44		
Within 1 year after credit period	96,922.88	4,846.14	5.00%
1-2 years	485,541.91	48,554.19	10.00%
2-3 years	718,105.55	215,431.67	30.00%
Over 5 yearsw	1,643,308.52	1,643,308.52	100.00%
Total	2,948,584.30	1,912,140.52	64.85%

Notes of the basis of recognizing the group:

Other receivable account in Group on which bad debt provisions were provided on percentage basis:

☐Applicable ☒Not applicable

Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio:

☒Applicable ☐Not applicable

Group Name	Closing balance	Bad debt provision
Internal current account	349,905.00	
Deposit	17,067,982.42	

Individual retirement insurance	2,299,985.14	
Personal official loans	11,577,929.05	
Cash deposit	57,302,783.28	
Insurance	880,000.00	
Export tax refunds	1,074,336.38	
<b>Total</b>	<b>90,552,921.27</b>	

Continued

Group Name	Opening balance	Bad debt provision
Internal current account	299,905.00	
Deposit	7,709,572.64	
Individual retirement insurance	2,812,157.82	
Personal official loans	9,287,709.26	
Deposit	33,980,966.75	
<b>Total</b>	<b>54,090,311.47</b>	

**(2) Accounts receivable withdraw, reversed or collected during the reporting period**

The withdrawal amount of the bad debt provision during the reporting period was of RMB39,764.53; the amount of the reversed or collected part during the reporting period was of RMB 0.00.

Significant amount of reversed or recovered bad debt provision:

In RMB

Name	Amount	Method
------	--------	--------

**(3) Other account receivable classified by account nature**

In RMB

Nature	Closing book value	Opening book value
Internal current account	349,905.00	299,905.00
Current account		1,205,904.65
Deposit	57,302,783.28	33,980,966.75
Personal official borrowing	11,577,929.05	9,287,709.26
Deposit	17,067,982.42	7,709,572.64
Persona Returnable Insurance	2,299,985.14	2,812,157.82
Insurance	880,000.00	

Export tax refunds	1,074,336.38	
Other	2,948,584.30	1,774,031.15
Total	93,501,505.57	57,070,247.27

**(4) The ending balance of other receivables owed by the imputation of the top five parties**

In RMB

Name	Nature	Amount in year-end	Aging	Proportion	The closing balance of bad debts
Beijing Cultural Technology Financial Leasing Co., Ltd.	Deposit	15,000,000.00	Within 1 year	16.04%	
Beijing State Owned Financial Leasing Co., Ltd.	Deposit	12,500,000.00	Within 1 year	13.37%	
Wuhu Economic and Technological Development Zone Finance Bureau	Deposit	9,978,000.00	2-3 years	10.67%	
Hebei Finance Leasing Co., Ltd.	Deposit	5,100,000.00	1-2 years	5.45%	
Ligen Finance Leasing (Shanghai) Co., Ltd.	Deposit	5,000,000.00	Within 1 year	5.35%	
Total	--	47,578,000.00	--	50.88%	

**6. Inventory**

**(1) Inventory types**

In RMB

Items	Year-end balance			Year-beginning balance		
	Book Balance	Provision for bad debts	Book value	Book Balance	Provision for bad debts	Book value
Raw materials	846,134,985.86		846,134,985.86	997,984,608.47		997,984,608.47



Processing products	73,145,478.69		73,145,478.69	55,124,671.25		55,124,671.25
Stock goods	207,022,198.19		207,022,198.19	182,763,166.25		182,763,166.25
Construction contract has been completed unsettled assets	171,986,917.63		171,986,917.63	27,390,555.01		27,390,555.01
Development cost	976,339,663.47		976,339,663.47	914,716,683.08		914,716,683.08
Total	2,274,629,243.84		2,274,629,243.84	2,177,979,684.06		2,177,979,684.06

**(2) Completed unsettled assets formed from the construction contract at the period-end**

In RMB

Items	Amount
Accumulated Incurred Cost	117,018,749.29
Accumulated Confirmed Gross Profit	75,749,061.84
Settlement Amount	20,780,893.50
Unliquidated Completed Assets Formed in the Construction Contract	171,986,917.63

Other notes:

Notes: Details of product development

In RMB No.	Project Name	Start Date(Planned)	Estimated time of completion of first session	Estimated total investment	Beginning balance	Ending balance
01	Dongxu International Center	2015-12-29	2017-2-27	2.2 billion	914,716,683.08	976,339,663.47

**7. Non-current assets due within 1 year**

In RMB

Items	Closing balance	Opening balance
Hydropower installation dormitory renovation project		139,395.72
Total		139,395.72

Other notes:

## 8. Other current assets

In RMB

Items	Closing balance	Opening balance
USD exchange	58,000,000.00	58,000,000.00
Prepaid or pending certified taxes	1,151,257,892.65	1,158,401,769.76
Total	1,209,257,892.65	1,216,401,769.76

Other 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 June 30, 2016, the Group still consults with the Exchange Unit on the returning of the exchange.

## 9. Long-term equity investment

In RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Zhongda Chengxin International Commercial Factoring Co., Ltd.	72,426,252.41			81,758.31						72,508,010.72	
Subtotal	72,426,252.41			81,758.31						72,508,010.72	
Total	72,426,252.41			81,758.31						72,508,010.72	

Other notes

## 10. Fixed assets

### (1) List of fixed assets

In RMB

Items	House, building	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Balance at period-beginning	1,099,869,204.05	6,565,156,510.66	39,358,222.50	49,655,303.76	7,754,039,240.97
2. Increase in the current period	1,259,541.79	1,664,985,811.42	1,451,034.45	3,667,184.99	1,671,363,572.65
(1) Purchase	923,550.12	12,810,564.71	1,451,034.45	3,533,559.61	18,718,708.89
(2) Inventory\Fixed assets\ Transferred from construction in progress	335,991.67	644,213.92			980,205.59
(3) Increased of Enterprise Combination		2,045,723.89		133,625.38	2,179,349.27
(4) leaseback		1,649,485,308.90			1,649,485,308.90
3. Decreased amount of the period		1,824,502,514.55		3,461.54	1,824,505,976.09
(1) Disposal		5,600.00		3,461.54	9,061.54
(2) leaseback		1,824,496,914.55			1,824,496,914.55
4. Balance at period-end	1,101,128,745.84	6,405,639,807.53	40,809,256.95	53,319,027.21	7,600,896,837.53
II. Accumulated depreciation					
1. Opening balance	205,168,394.85	612,002,791.63	19,548,829.87	17,092,852.02	853,812,868.37
2. Increased amount of the period	14,640,679.43	211,218,941.85	3,159,829.24	2,732,796.75	231,752,247.27
(1) Withdrawal	14,640,679.43	208,071,367.40	3,159,829.24	2,701,365.35	228,573,241.42
(2) leaseback		2,970,185.65			2,970,185.65
(2) Increased of Enterprise Combination		177,388.80		31,431.40	208,820.20
3. Decrease in the reporting period		235,721,021.68		1,589.07	235,722,610.75
(1) Disposal		2,936.73		1,589.07	4,525.80
(2) leaseback		235,718,084.95			235,718,084.95

4.Closing balance	219,809,074.28	587,500,711.80	22,708,659.11	19,824,059.70	849,842,504.89
III. Impairment provision					
1.Opening balance		36,444.84			36,444.84
2.Increase in the reporting period					
(1) Withdrawal					
3.Decrease in the reporting period					
(1) Disposal					
4. Closing balance		36,444.84			36,444.84
IV. Book value					
1.Book value of the period-end	881,319,671.56	5,818,102,650.89	18,100,597.84	33,494,967.51	6,751,017,887.80
2.Book value of the period-begin	894,700,809.20	5,953,117,274.19	19,809,392.63	32,562,451.74	6,900,189,927.76

**(2) Details of fixed assets failed to accomplish certification of property**

In RMB

Items	Book value	Reason
102#Workshop	39,982,468.02	Processing
Cullet warehouse	2,524,901.64	Processing
Main entrance Guard room	158,484.32	Processing
Bathroom	81,349.56	Processing
East entrance Guard room	86,747.41	Processing
Compressed air station, circulating water pump house, refrigeration station	814,185.12	Processing
Dangerous goods warehouse	353,993.01	Processing
Wastewater treatment plant	838,445.18	Processing
Substation	346,950.06	Processing
Boiler room	4,499,351.46	Processing
Total	49,686,875.78	Processing

Other notes

**11. Project under construction**

**(1) Project under construction**

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
LCD glass substrate production line project	2,258,005,973.28		2,258,005,973.28	1,874,688,280.97		1,874,688,280.97
Xufei LCD glass substrate production line II and supporting	1,058,813,729.04		1,058,813,729.04	1,013,527,351.59		1,013,527,351.59
Xuxin LCD glass substrate production line	516,885,190.52		516,885,190.52	485,548,460.69		485,548,460.69
Kunshan Color film project	30,509,904.95		30,509,904.95	16,309,892.75		16,309,892.75
Sapphire crystal cultivation and processing of production line equipment	48,882,489.80		48,882,489.80	42,942,402.90		42,942,402.90
Project of Production Line for the 8.5th-generation Glass glass substrate	10,533,079.83		10,533,079.83			
<b>Total</b>	<b>3,923,630,367.42</b>		<b>3,923,630,367.42</b>	<b>3,433,016,388.90</b>		<b>3,433,016,388.90</b>

**(2) Changes of significant construction in progress**

In RMB

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	End balance	Proportion %	Project process	Capitalization of interest	Including: capitalization of interest this	Capitalization of interest rate (%)	Source of funding

										period		
LCD glass substrate production line project	7,576,520,000.00	1,874,688,280.97	383,317,692.31			2,258,005,973.28	84.26%	84.26%	525,120,866.03	74,738,764.46		Raise funds
Xufei LCD glass substrate production line II and supporting	2,500,000,000.00	1,013,527,351.59	45,286,377.45			1,058,813,729.04	100.00%	100%	198,137,862.86	25,430,824.44		Loans of financial institutions
Xuxin LCD glass substrate production line	2,700,000,000.00	485,548,460.69	31,336,729.83			516,885,190.52	92.07%	92.07%	132,051,312.19	16,651,045.32		Loans of financial institutions
Kunshan Color film project	3,115,500,000.00	16,309,892.75	14,200,012.20			30,509,904.95	3.90%	3.90%				Raise funds
Sapphire crystal cultivation and processing of production line equipment	59,064,000.00	42,942,402.90	6,624,800.82	684,713.92		48,882,489.80	83.92%	83.92%				Other
Project of Production Line for the 5th-gene	6,950,000,000.00		10,533,079.83			10,533,079.83	0.15%	0.15%				Raise funds

ration CF for TFT-LC D												
Other			295,491. 67	295,491. 67								
Total	22,901,0 84,000.0 0	3,433,01 6,388.90	491,594, 184.11	980,205. 59		3,923,63 0,367.42	--	--	855,310, 041.08	116,820, 634.22		--

## 12. Engineering Material

In RMB

Items	Closing balance	Opening balance
Special Equipment	238,096.56	31,267.87
Special material	10,741.55	6,947.12
Total	248,838.11	38,214.99

Other notes:

## 13. Intangible assets

### (1) Information

In RMB

Items	Land use right	Patent right	Non patent technology	Patent technology	Total
I. Original price					
1. Balance at period-beginning	452,895,904.31	1,558,843.24	46,984,667.98	4,500,000.00	505,939,415.53
2. Increase in the current period	4,418,760.50	28,581.20	38,469.24	17,581,840.99	22,067,651.93
(1) Purchase	4,418,760.50	28,581.20	38,469.24	12,581,840.99	17,067,651.93
(2) Internal Development					
(3) Increased of Enterprise Combination				5,000,000.00	5,000,000.00
3. Decreased amount of the period					

(1) Disposal					
4. Balance at period-end	457,314,664.81	1,587,424.44	47,023,137.22	22,081,840.99	528,007,067.46
II. Accumulated amortization					
1. Balance at period-beginning	34,002,566.91	476,690.66	9,000,121.46	168,750.00	43,648,129.03
2. Increase in the current period	4,539,375.74	80,545.71	2,268,293.22	798,542.35	7,686,757.02
(1) Withdrawal	4,539,375.74	80,545.71	2,268,293.22	374,813.54	7,263,028.21
(2) (Increased of Enterprise Combination				423,728.81	423,728.81
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	38,541,942.65	557,236.37	11,268,414.68	967,292.35	51,334,886.05
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	418,772,722.16	1,030,188.07	35,754,722.54	21,114,548.64	476,672,181.41



2.Book value at period-beginning	418,893,337.40	1,082,152.58	37,984,546.52	4,331,250.00	462,291,286.50
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The intangible assets formed by the company's internal research and development accounts for 0.00% of the company's total intangible assets.

#### 14. Goodwill

##### (1) Original book value of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
Shanghai Tanyuan Huigu New Material Co., Ltd.		33,691,362.78				33,691,362.78
Total		33,691,362.78				33,691,362.78

##### (2) Impairment provision of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
Shanghai Tanyuan Huigu New Material Co., Ltd.	0.00					0.00
合计	0.00					0.00

Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

Notes: At the end of the final test, no impairment of goodwill.

Other notes:

#### 15. Long-term amortization expenses

In RMB

Items	Balance in	Increase at this	Amortization at	Decrease	Balance in year-end
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	year-begin	period	this period		
Building renovation	16,560,387.39	1,414,842.73	3,274,621.44		14,700,608.68
Total	16,560,387.39	1,414,842.73	3,274,621.44		14,700,608.68

Other notes

## 16. Deferred income tax assets and deferred income tax liability

### (1) Details of the un-recognized deferred income tax assets

In RMB

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	17,773,306.14	3,292,613.62	14,651,027.92	2,394,366.85
Not realized the internal profit	1,982,167,248.67	297,325,087.30	1,942,130,426.59	291,319,564.00
Deductible loss			3,065,869.27	459,880.39
Deferred income difference	31,800,144.52	4,770,021.67	33,039,111.11	4,955,866.67
Total	2,031,740,699.33	305,387,722.59	1,992,886,434.89	299,129,677.91

### (2) Deferred income tax assets and liabilities are presented as net amount after neutralization

In RMB

Items	Deferred Income Tax Assets or Liabilities at the End of Report Period	Temporarily Deductible or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductible or Taxable Difference at the Beginning of Report Period
Deferred income tax assets		305,387,722.59		299,129,677.91

### (3) List of unrecognized deferred income tax assets

In RMB

Items	Closing amount	Opening amount
Deductible losses	20,678,519.93	5,928,841.93
Bad debt provision	507,984.43	75,330.50
Impairment of fixed assets	36,444.84	36,444.84
Total	21,222,949.20	6,040,617.27

**(4) Deductible losses of unrecognized deferred income tax assets will due the following years**

In RMB

Year	Closing amount	Opening amount	Notes
2017	918,382.44	918,382.44	
2018	15,649.80	15,649.80	
2019	544,310.34	544,310.34	
2020	4,450,499.35	4,450,499.35	
2021	14,749,678.00		
Total	20,678,519.93	5,928,841.93	--

Other notes:

**17. Other non-current assets**

In RMB

Items	Closing balance	Opening balance
Prepaid engineering equipment	356,354,104.50	243,279,174.31
Total	356,354,104.50	243,279,174.31

Other notes:

**18. Short-term loan****(1) Categories of short-term loans**

In RMB

Items	Closing balance	Opening balance
Pledge loan	389,400,000.00	265,000,000.00
Mortgage loan	99,000,000.00	53,300,000.00
Guarantee loan	3,987,000,000.00	3,465,000,000.00
Total	4,475,400,000.00	3,783,300,000.00

Notes :

1. There is no mature but unredeemed short-term borrowing in the company during the accounting period.
2. The increase of short-term borrowings at the end compared to the beginning is mainly due to the production, business operation ,which jointly cause borrowing increase.
3. The mortgage loan at the end is 99 million yuan,, Subsidiary of Jiangsu Jixing loans, in which 85 million yuan is used as mortgage and guarantee, the guarantor is Zhenjiang Huantai Silicon Technology Co., Ltd. and Dongxu Optoelectronic Technology Co., Ltd., The pledge for the 30 million yuan is the land usage right of Yangguoyong (2011) No. 10482 Land owned by the subsidiary Iiangsu Jixing New Material Co., Ltd.,The pledge for the 55 million yuan is 110 set Machinery Equipment by the subsidiary Iiangsu Jixing New Material Co., Ltd.;

The pledge for the 14 million yuan is the land usage right of Yangguoyong (2011) No. 10485 Land owned by the subsidiary Jiangsu Jixing New Material Co., Ltd., the self-owned house property and the land usage right owned by Gaozhao Solar Energy Science and Technology Co., Ltd. and Jiangsu Secco Silicon Energy Co., Ltd., The certificate numbers are: No. 81801320 of Gaozhao Property Ownership Certificate, Yangfangzi No. 81801321, No. (2014) 1508 of Yangguoyong Industrial Land and No. (2013) 3231 of Yangguoyong Meike Land Use Right.

4. The guaranteed loan amount at the end of the period is RMB 3987 million, of which: Dongxu Group Co., Ltd. provides joint guarantee of RMB150 million to the subsidiary Zhengzhou Xufei Optoelectronic Technology Co., Ltd., Dongxu Optoelectronic Investment Co., Ltd., Shijiazhuang Baoshi Group and Li Zhaoting provides joint guarantee of RMB 80 million to the subsidiary Zhengzhou Xufei Optoelectronic Technology Co., Ltd., The company provides joint guarantee of 100 million to the subsidiary Zhengzhou Xufei Optoelectronic Technology Co., Ltd., Dongxu Group Provides joint guarantee of RMB 990 million to the Company, Li Zhaoting Provides joint guarantee of RMB 700 million to the Company, Dongxu Group and Li Zhaoting provides joint guarantee of RMB 1135 million to the Company, Dongxu Group, Li Zhaoting and Li Qing Provides joint guarantee of RMB 100 million to the Company, The company Provides guarantee of RMB 275 million for the subsidiary Wuhu Dongxu Optoelectronic Technology Co., Ltd, The Company and Dongxu Group provides joint guarantee of RMB 200 million for the subsidiary Wuhu Dongxu Optoelectronic Technology Co., Ltd, The Company and Li Zhaoting Provides joint guarantee of RMB 40 million for the subsidiary Wuhu Dongxu Optoelectronic Technology Co., Ltd., Li Zhaoting provides joint guarantee of RMB 60 million for the subsidiary Wuhu Dongxu Optoelectronic Technology Co., Ltd. and The company provides guarantee of RMB 157 million for the subsidiary Wuhu Dongxu Optoelectronic Technology Co., Ltd

5. The pledged loans 389.4 million of collateral for the RMB 407 million of bank deposits.

## 19. Bills payable

In RMB

Type	At end of term	At beginning of term
Commercial acceptance	364,265,108.00	69,458,800.00
Bank acceptance	281,180,579.96	341,136,129.94
Total	645,445,687.96	410,594,929.94

Amount due in next fiscal period is RMB 0.00.

## 20. Account payable

### (1) Account payable

In RMB

Items	Closing balance	Opening balance
Engineering fund	316,027,787.87	253,090,961.95
Material fund	412,775,350.59	388,295,104.60
Transportation expenses	576,897.58	4,086,308.99
Other	17,932,323.25	30,263,851.08

Total	747,312,359.29	675,736,226.62
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**(2) Significant accounts payable that aged over one year**

In RMB

Items	Balance in year-end	The reason for not repaid or carried forward
Sichuan Yilong Construction Co., Ltd. Kezhou Branch	44,986,200.00	Not reached the agreed payment terms and deadlines
Sichuan Tianzun Construction Services Co., Ltd.	37,186,200.00	Not reached the agreed payment terms and deadlines
Ningxia Tianshun Electric Power Engineering Co., Ltd.	14,623,170.34	Not reached the agreed payment terms and deadlines
Ningxia Tianshun Electric Power Engineering Co., Ltd.	10,780,000.00	Not reached the agreed payment terms and deadlines
Total	107,575,570.34	--

Other notes: The increase of the accounts payable of the period are mainly due to the increase of material payment payable and freight payable.

**21.Advance account****(1) Advance account**

In RMB

Items	Closing balance	Opening balance
Goods	447,285,694.23	70,046,067.70
Engineering fund	23,376,247.21	27,874,621.71
Total	470,661,941.44	97,920,689.41

**(2)Information of unliquidated completed assets formed in the construction contract at the end of the period**

In RMB

Items	Amount
Accumulated Incurred Cost	117,018,749.29
Accumulated Confirmed Gross Profit	75,749,061.84
Settlement Amount	20,780,893.50
Unliquidated Completed Assets Formed in the Construction Contract	171,986,917.63

Other notes:

**22. Payroll payable****(1) List of Payroll payable**

In RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
I. Short-term remuneration	36,631,509.99	275,228,673.79	273,307,13.70	38,553,080.08
II. Post-employment benefits - defined contribution plans	224,747.87	21,447,178.29	20,273,397.22	1,398,528.94
Total	36,856,257.86	296,675,852.08	293,580,500.92	39,951,609.02

**(2) Short-term remuneration**

In RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	23,161,895.76	224,744,624.98	228,348,974.03	19,557,546.71
2. Employee welfare		23,837,856.76	23,837,856.76	
3. Social insurance premiums	9,523.21	11,563,694.02	10,910,312.24	662,904.99
Including: Medical insurance	344.40	10,360,066.37	9,765,683.39	594,727.38
Work injury insurance	9,130.81	583,302.68	571,209.74	21,223.75
Maternity insurance	48.00	620,324.97	573,419.11	46,953.86
4. Public reserves for housing	318,104.05	9,337,533.26	8,635,593.05	1,020,044.26
5. Union funds and staff education fee	13,067,214.57	5,513,059.84	1,267,690.29	17,312,584.12
Other	74,772.40	231,904.93	306,677.33	
Total	36,631,509.99	275,228,673.79	275,307,003.70	38,553,080.08

**(3) Defined contribution plans listed**

In RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
1. Basic old-age insurance premiums	224,687.87	20,129,643.89	19,005,859.07	1,348,472.69

2.Unemployment insurance	60.00	1,317,534.40	1,267,538.15	50,056.25
Total	224,747.87	21,447,178.29	20,273,397.22	1,398,528.94

Other notes:

Note : Employee benefits payable has no arrears of wages.

## 23. Taxes payable

In RMB

Items	Closing balance	Opening balance
VAT	22,998,269.69	4,699,249.82
Business Tax	11,062,210.75	11,761,731.75
Enterprise Income tax	33,257,462.99	67,526,265.91
Individual income tax	13,662,970.06	13,798,236.93
City Construction tax	2,579,999.10	1,179,317.86
House property tax	5,525,236.15	4,088,234.58
Land use tax	1,557,189.44	1,273,515.66
Educational surtax	1,772,190.85	767,574.48
Stamp Tax	135,024.92	70,532.82
Other	486,053.69	286,763.86
Total	93,036,607.64	105,451,423.67

Other notes:

## 24. Interest payable

In RMB

Items	Closing balance	Opening balance
Interest on long-term borrowings payable	22,287,860.85	18,738,942.09
Enterprise bond interest	6,666,666.67	36,666,666.67
Total	28,954,527.52	55,405,608.76

Particulars of significant overdue unpaid interest:

In RMB

Name	Overdue amount	Overdue reason
None		

Other notes:

**25. Dividends payable**

In RMB

Items	Closing balance	Opening balance
Common stock dividend	101,365,050.76	20,000,000.00
Total	101,365,050.76	20,000,000.00

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

**26. Other accounts payable****(1) Other accounts payable listed by nature of the account**

In RMB

Items	Closing balance	Opening balance
Current account	52,453,327.48	414,964,454.37
Deposit	90,841,355.21	19,010,735.95
Individual official borrowing	602,773.68	786,231.71
<b>official borrowing</b>	45,000,000.00	15,000,000.00
Deposit	590,625.87	605,520.16
Social security withholding	281,924.93	778,586.04
Engineering fund	1,829,473.81	1,829,473.81
Equipment fund	6,065,857.97	6,065,857.97
Material fund	823,298.53	685,725.31
Petty cash	7,525,948.38	3,272,874.81
Equity section	58,889,712.93	58,889,712.93
Restricted stock repurchase obligations	9,011,520.00	9,011,520.00
Other	363,802.62	8,895,420.72
Total	274,279,621.41	539,796,113.78

**27. Non-current liabilities due within 1 year**

In RMB

Items	Closing balance	Opening balance
Long-term loans due 1 year	1,074,262,400.00	848,987,200.00
Long-term payable due 1 year	482,733,243.93	28,000,000.00
Total	1,556,995,643.93	876,987,200.00

Other notes:



**28. Other current liabilities**

In RMB

Items	Closing balance	Opening balance
USD exchange	66,312,000.00	64,936,000.00
Government grants projects	22,743,866.66	20,457,266.66
Not realized after sale rental return	14,732,336.25	8,009,696.42
Total	103,788,202.91	93,402,963.08

Increase or decrease in short-term bonds payable:

In RMB

Name	Par value	Issuing date	Term	Issuing amount	Amount in year-begin in	This issue	Interest	Premium and discount amortiation	This period for repayment	Balance in year-end

Other explanation :

Notes 1: Government subsidies are all related to assets

Notes2 : 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 June 30, 2016, the Group still consults with the Exchange Unit on the returning of the exchange.

**29. Long-term loan****(1) Category of long-term loan**

In RMB

Items	Closing balance	Opening balance
Mortgage loans	6,505,312,000.00	6,638,384,500.00
Guarantee loans	1,327,700,000.00	60,000,000.00
Credit loans	400,000,000.00	400,000,000.00
Less : Long-term loan due 1 year	-1,074,262,400.00	-848,987,200.00
Total	7,158,749,600.00	6,249,397,300.00

Notes:

Note 1: The mortgage of RMB 6,505,312,000.00 is both the mortgage loan and the guarantee loan, reclassified into the non-current liabilities due within one year RMB 834,262,400.00.

(1) Among the loan of RMB 544,000,000.00, due within one year is RMB 136,000,000.00, the collateral and guarantor of the loan: a. Wuhu Dongxu Optoelectronic Technology Co. Ltd mortgages 202 acres of state-owned land use rights and the factory after the completion of the project, and two precious metal platinum channels to provide the collateral; b. the loan guarantor is Wuhu Construction Investment Co., Ltd.

(2) Among the loan of RMB 1,920,000,000.00, due within one year is RMB 280,000,000.00, the collateral and guarantor of the loan: a. Wuhu Dongxu Optoelectronic Technology Co. Ltd mortgages 8 precious metal platinum channel assets to provide the collateral; b. Dongxu Optoelectronic Technology Co., Ltd. provide full joint liability guarantee for its subsidiary Wuhu Dongxu Optoelectronic Technology Co., Ltd.

(3) Among the loan of RMB 500,000,000.00, due within one year is RMB 50,000,000.00, the collateral and guarantor of the loan: a. Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd. mortgages the Wukai (construction) state-owned 2013 No. 020, Wukai (construction) state-owned 2013 No. 021, Wukai (construction) state-owned 2014 No. 008 land use rights and the fixed assets after the completion of the project; b. Dongxu optoelectronic Technology Co., Ltd. provide full joint liability guarantee for its subsidiary Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.

(4) The collateral and guarantor for the loan of RMB 500,000,000.00: a. Li Zhaoting holds 10% stake of Dongxu Technology Group Co., Ltd, and TUNGHSU GROUP holds 90% stake of Dongxu Technology Group Co., Ltd; b. TUNGHSU GROUP, Li Zhaoting, Li Qing provide a guarantee for Dongxu Optoelectronic Technology Co., Ltd.

(5) Among the loan of RMB 951,312,000.00, due within one year is RMB 173,262,400.00, the collateral and guarantor: a. the collateral is the land use rights, buildings, machinery and equipment (including four precious metal platinum channels) of Zhengzhou Xufei Optoelectronic Technology Co., Ltd.; the guarantor is Henan Energy and Chemical Industry Group Co., Ltd., TUNGHSU GROUP, and Henan Energy and Chemical Industry Group Co., Ltd. provides the joint liability guarantee for the loan principal equivalent to RMB 200 million under the project and its interest, penalty interest, compound interest, compensation, liquidated damages, compensation for damage and the cost of debt to the lender; the guarantor TUNGHSU GROUP provides the joint liability guarantee for the loan principal equivalent to RMB 450 million under the project and its interest, penalty interest, compound interest, compensation, liquidated damages, compensation for damage and the cost of debt to the lender.

(6) Among the loan of RMB 890,000,000.00, due within one year is RMB 195,000,000.00, and the loan is both the mortgage loan and the guarantee loan: the guarantor Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd. mortgages the assets owned by itself according to the law and formed by this project, including land use rights, factories and other buildings, machinery and equipment (including three precious metal platinum channels) to provide the collateral; b. TUNGHSU GROUP and Li Zhaoting and Li Qing provide the guarantee.

(7) The collateral and guarantor for the loan of RMB 1,200,000,000.00: a. the guarantor is Dongxu Optoelectronic Technology Co., Ltd; b. the collateral is the state-owned land use rights and construction in progress (Foundation pit) of the business and financial land of No. Beijing (2015) Fengtai District real estate rights No. 0000016.

Note 2: Among the credit loan of RMB 400,000,000.00, due within one year is RMB 200,000,000.00.

Note 3: Among the guarantee loan of RMB 1,327,700,000.00, due within one year is RMB 40,000,000.00, of which: TUNGHSU GROUP, Li Zhaoting, Li Qing provide the joint liability guarantee for the Company's loan of RMB 987,700,000.00, TUNGHSU GROUP provides the joint liability guarantee for the Company's loan of RMB 300,000,000.00; the loan of the subsidiary Zhengzhou Xufei Optoelectronic Technology Co., Ltd. is RMB 40,000,000.00, due within one year is RMB 40,000,000.00, the joint liability guarantee for which is provided by the Henan Energy and Chemical Industry Group Co., Ltd.

Notes 4: The company has no overdue long-term loans.

**30. Bonds payable****(1) Bonds payable**

In RMB

Items	Closing balance	Opening balance
15 Dongxu Bonds	989,562,229.32	988,400,388.00
Total	989,562,229.32	988,400,388.00

**(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)**

In RMB

Name of the bond	Book value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortization	Pay in current period	Interest payable	Closing period
15 Dongxu Bond	1,000,000,000.00	2015.5.19	5 years	1,000,000,000.00	988,400,388.00		30,000,000.00	1,161,841.32		60,000,000.00	989,562,229.32
Total				1,000,000,000.00	988,400,388.00		30,000,000.00	1,161,841.32		60,000,000.00	989,562,229.32

**31. Long-term payable****(1) Long-term payable listed by nature of the account**

In RMB

Items	Closing balance	Opening balance
Long-term payable	1,728,747,686.18	93,426,666.67
Less: Unconfirmed financing costs	219,747,686.13	8,426,666.67
Less: Port due Within 1 year	482,733,243.93	28,000,000.00
Total	1,026,266,756.12	57,000,000.00

Other notes:

Notes 1: Long-term payables all finance lease, in which: 212,000,000.00 RMB lessor is Wuxi Holding Financial Leasing Co., Ltd., guaranteed by Dongxu Group, Dongxu Optoelectronic Technology Co., Ltd. and Li Zhaoting; 248,000,000.00 RMB lessor is Jiangsu Runxing Financial Leasing Co., Ltd., guaranteed by Dongxu Group, Li Zhaoting and Li Qing; 288,865,691.80 RMB lessor is Beijing State Asset Financial Leasing Co., Ltd., guaranteed by Dongxu Group and Li Zhaoting; 108,899,568.29 RMB lessor is Ligen Financial Leasing (Shanghai) Co., Ltd., guaranteed by Dongxu Group and Li Zhaoting; 33,964,121.76 RMB lessor is Beijing Cultural Technology Financial Leasing Co., Ltd., guaranteed by Dongxu Group; 460,307,696.00 RMB lessor is Haitong Hengxin

International Leasing Co., Ltd., 76,710,608.33 RMB LESSOR IS Hebei Finance Leasing Co., Ltd., guaranteed by Dongxu Group and Li Zhaoting.

Notes 2: Increase in long-term payables is due to a subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd. new leaseback in the reporting period.

### 32.Deferred income

In RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end	Reason
Government Subsidy	270,528,455.69	36,374,000.00	13,470,066.64	293,432,389.05	
Not realized after sale rental return	-23,603,068.08	46,857,729.51		23,254,661.43	
Total	246,925,387.61	83,231,729.51	13,470,066.64	316,687,050.48	--

#### Details of government subsidies

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other changes	End of term	Asset-related or income-related
Grant of Government Infrastructure	27,683,400.00			1,122,300.00	26,561,100.00	Related to assets
Grant of Industry Revitalization and Technology Reconstruction Project	2,877,777.83			116,666.64	2,761,111.19	Related to assets
Grant of Glass-tube Secondary Environmental Protection	5,000.00			5,000.00		Related to assets
Technology Reform	2,933,333.32			133,333.34	2,799,999.98	Related to assets
Glass substrate project subsidy	11,000,000.00			500,000.00	10,500,000.00	Related to assets

funds						
Industry Development Fund	5,133,333.32			233,333.34	4,899,999.98	Related to assets
Finance discount interest	344,666.68			15,666.66	329,000.02	Related to assets
Production line technology research and development granted funds	78,184,000.01			3,257,666.66	74,926,333.35	Related to assets
Special funds grant of 2013 provincial strategic new industries	4,583,333.34			166,666.66	4,416,666.68	Related to assets
Special funds for technical transformation	31,311,666.66			411,333.34	30,900,333.32	Related to assets
Investment and Subsidies of “Double Hundred Plan” Project granted by the People's Government of Henan Province	1,983,333.33			100,000.00	1,883,333.33	Related to assets
TFTglass substrate technology research and development funds	99,166.67			5,000.00	94,166.67	Related to assets
TFT glass substrate Project Subsidy	6,611,111.10			333,333.33	6,277,777.77	Related to income
Investment and Subsidies within Budget for Technological Transformation Project by National	9,255,555.57			466,666.67	8,788,888.90	Related to assets

Development and Reform Commission and the Ministry of Industry and Information Technology						
TFT glass substrate Project Subsidy	13,222,222.23			666,666.67	12,555,555.56	Related to assets
Special Funds for Major Scientific and Technical Projects by Finance Bureau of Zhengzhou City	661,111.10			33,333.33	627,777.77	Related to assets
Financial Supports for National Key Industry and Technical Transformation Projects Granted by the Municipal Finance Bureau	9,255,555.57			466,666.67	8,788,888.90	Related to assets
Financial Supports for Industrial Development Granted by the Finance Bureau of the Economic and Technological Development Zone	4,627,777.77			233,333.33	4,394,444.44	Related to assets
Funds for Independent Innovation of Provincially Supported Enterprises	3,966,666.67			200,000.00	3,766,666.67	Related to assets

Supporting Funds on Finance Discounts	1,322,222.23			66,666.67	1,255,555.56	Related to assets
Funds for Education, Science and Culture Granted by the Finance Bureau	991,666.67			50,000.00	941,666.67	Related to assets
Supporting Funds for Industrial Structure -adjusting Projects Granted by the Regional Finance Bureau	1,928,888.88			93,333.33	1,835,555.55	Related to assets
Industrial and financial discount	1,111,111.10			53,333.33	1,057,777.77	Related to assets
Finance discount	3,527,777.86			166,666.67	3,361,111.19	Related to assets
Financial capital of industrial structure adjustment project	3,813,333.33			160,000.00	3,653,333.33	Related to assets
Special Funds for High-end Information Industry Chain Granted by the Finance Bureau of the Economic and Technological Development Zone	4,194,444.45			166,666.67	4,027,777.78	Related to assets
2015 project equipment investment subsidies		34,374,000.00	954,833.33	2,291,600.00	31,127,566.67	Related to assets
Strategic new industry	27,500,000.00			1,000,000.00	26,500,000.00	Related to assets

development project funds						
High-tech Zone appropriated substrate project	6,400,000.00				6,400,000.00	Related to assets
2015 scientific and technological achievements into special funds	6,000,000.00				6,000,000.00	Related to assets
6.30 receive scientific and technological achievements into special funds		2,000,000.00			2,000,000.00	Related to assets
Total	270,528,455.69	36,374,000.00	954,833.33	12,515,233.31	293,432,389.05	--

Other notes:

### 33.Other Non-current liabilities

In RMB

Items	Closing balance	Opening balance
CDB financing	500,000,000.00	
Total	500,000,000.00	

Other notes:

Notes: According to the investment contract signed by Dongxu Optoelectronic Technology Co., Ltd, Wuhu Dongxu Photoelectric Technology Co., Ltd., Fuzhou Dongxu 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 Dongxu Investment Development Co., Ltd, annually enjoying a fix rate of return. After the project is completed, Dongxu Optoelectronic Technology Co., Ltd shall make the installment redemption to the stake held by China Development Fund Co., Ltd.

### 34.Stock capital

In RMB

	Balance Year-beginning	Increase/decrease this time (+, -)					Balance year-end
		Issuing of new share	Bonus shares	Transferred from reserves	Other	Subtotal	



Total of capital shares	3,835,000,526.00						3,835,000,526.00
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Other notes:

### 35. Capital reserves

In RMB

Items	Year-beginning balance	Increase in current	Decrease in current	Year-end balance
Share premium	9,359,866,530.63	2,270,725.58	29.94	9,362,137,226.27
Other	31,522,375.26			31,522,375.26
Total	9,391,388,905.89	2,270,725.58	29.94	9,393,659,601.53

Other notes, including changes and reason of change:

Notes: Change of capital reserve: Owing to the equity incentive, the amortized expense increased RMB1,992,000.00 of capital reserve; The company provided capital increase to the subsidiary Dongxu(Kunshan) Display Materials Co., Ltd. at the current period, which resulted in the increase of RMB 278,725.58 of capital reserve. The company provided capital increase to the subsidiary Beijing Dongxu Huaqing Investment Co., Ltd. at the current period, which resulted in the decrease of RMB 29.94 of capital reserve.

### 37. Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current	Decrease in the current period	Year-end balance
Share repurchases obligations	9,011,520.00			9,011,520.00
Total	9,011,520.00			9,011,520.00

Other notes, including changes and reason of change:

### 38. Surplus reserve

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	132,723,528.42			132,723,528.42
Total	132,723,528.42			132,723,528.42

Notes:

**39. Retained profits**

In RMB

Items	Amount of current period	Amount of previous period
Before adjustments: Retained profits at the period end	969,380,500.97	-39,946,925.56
After adjustments: Retained profits at the period beginning	969,380,500.97	-39,946,925.56
Add: Net profit belonging to the owner of the parent company	545,963,710.72	1,326,233,674.37
Less: Withdrawal Statutory surplus reserve		50,698,247.74
Dividend of common stock payable	299,165,930.04	266,208,000.10
Retained profits at the period end	1,216,178,281.65	969,380,500.97

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

**39. Business income, Business cost**

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	2,872,447,933.52	1,935,634,364.40	1,496,448,802.04	873,265,244.50
Other business	9,611,220.89	2,675,279.25	27,793,921.86	8,781,025.54
Total	2,882,059,154.41	1,938,309,643.65	1,524,242,723.90	882,046,270.04

**40. Business tax and subjoin**

In RMB

Items	Amount of current period	Amount of previous period
Business tax	761,365.31	7,650,289.96
Urban construction tax	11,474,361.56	7,909,969.41
Education surcharg	8,203,130.71	5,651,190.88
Other	2,870.30	1,472.01
Total	20,441,727.88	21,212,922.26

Other notes

**41.Sales expenses**

In RMB

Items	Amount of current period	Amount of previous period
Wage and welfare insurance	8,043,637.06	4,116,284.37
Shipment	10,518,390.78	5,786,329.35
Travel	1,564,588.04	1,275,919.27
Business expenses	889,762.89	1,409,725.83
Consumables and repairs	35,298.52	19,329.70
Office fee	693,969.53	1,453,720.65
Depreciation	115,233.72	194,569.47
Advertising	9,039,375.46	476,376.42
Other	677,460.56	1,227,287.63
Total	31,577,716.56	15,959,542.69

Other notes:

Notes: The increase of selling expenses of this period compared with the last period is mainly due to the increase of freight caused by increased sales, and the increase of advertising and publicity expenses.

**42. Administrative expenses**

In RMB

Items	Amount of current period	Amount of previous period
Wage and welfare	68,805,600.28	51,875,880.88
Business expenses	1,479,520.63	4,891,964.76
Labor protect fee	3,529,985.13	2,550,514.97

Office fees	20,578,493.71	20,214,543.79
Travel fees	3,054,740.65	2,807,284.45
Publicize Fees	1,393,515.31	3,909,665.61
Miscellaneous charges	319,840.58	1,348,478.94
Tax	14,572,906.28	12,597,896.80
Depreciation accumulative	23,481,335.52	14,406,896.17
Consumables and repairs	1,090,291.06	114,675.04
Research expenses	45,720,772.21	5,360,985.06
Consultation fees	12,360,432.61	13,423,952.60
Rental fees	19,769,433.60	15,060,065.75
Communication fees	625,548.95	92,074.73
Transportation feed	2,920,583.91	491,747.83
Equity incentive cost	1,992,000.00	3,186,600.00
Other	15,011,264.42	11,772,994.63
Total	236,706,264.85	164,106,222.01

Other notes

The main reason for the management costs increase over the previous period was the wages and welfare expenses and the expenses of R & D increased over the previous period.

#### 43. Financial expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	193,938,482.48	142,372,368.05
Less: Interest income	83,547,417.93	4,200,227.65
Net interest expenses	110,391,064.55	138,172,140.40
Exchange gains and losses	-18,221,357.21	2,830,183.97
Financial institution	649,340.38	989,093.65
Bill discount rate	1,519,815.05	8,309,638.69
Other	100,529.84	7,666.40
Total	94,439,392.61	150,308,723.11

Other notes

#### 44. Asset impairment loss

In RMB

Items	Amount of current period	Amount of previous period
1. Bad debt loss	3,554,932.15	-8,290,183.33
Total	3,554,932.15	-8,290,183.33

Other notes

**45. Investment income**

In RMB

Items	Amount of current period	Amount of previous period
Long-term equity investment income by equity method	81,758.31	-28,077.74
Other investment income		2,376,986.32
Total	81,758.31	2,348,908.58

Other notes

**46. Non-operating income**

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Government Subsidy	103,218,866.64	195,856,633.31	103,218,866.64
The deductible input tax income		2,439,717.82	
Enterprise merger		18,763,137.14	
Other	290,413.04	238,149.69	290,413.04
Total	103,509,279.68	217,297,637.96	103,509,279.68

Government subsidy reckoned into current gains/losses

In RMB

Items	Issuing body	Issuing Reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
Grant of Government Infrastructure	Wuhu Economic and Technological Development Zone	Subsidy	Grants obtained due to	No	No	1,122,300.00	1,122,300.00	Related to assets

	velopment Zone Finance Bureau		conforming to the local supporting policies such as local government's investment attraction policy					
Grant of Industry Revitalization and Technology Reconstruction Project	Wuhu Economic and Technological Development Zone Finance Bureau	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	116,666.64	116,666.64	Related to assets
Grant of Glass-tube Secondary Environmental Protection	Shijiazhuang Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	10,000.00	10,000.00	Related to assets
Technical reconstruction	Shijiazhuang Municipal Development and Reform Commission	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	133,333.34	133,333.33	Related to assets
Grant of Glass	Shijiazhuang High-tech	Subsidy	Grants obtained due	No	No	500,000.00	500,000.00	Related to assets

Substrate Project	Management Committee		to conforming to the local supporting policies such as local government's investment attraction policy					
Industry Development Fund	Shijiazhuang High-tech Management Committee	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	233,333.34	233,333.33	Related to assets
Project finance discount	Shijiazhuang Municipal Finance Bureau	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	15,666.66	15,666.67	Related to assets
Production line technology research and development granted funds	Shijiazhuang Municipal Finance Bureau	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	3,257,666.66	3,257,666.67	Related to assets
2013	Shijiazhuang	Subsidy	Grants	No	No	166,666.66		Related to

Provincial strategic emerging industries of special grant funds	Municipal Development and Reform Commission		obtained due to conforming to the local supporting policies such as local government's investment attraction policy					assets
Technology reconstruction Special funds	Shijiazhuang Municipal Finance Bureau		Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	411,333.34		Related to assets
Investment and Subsidies of "Double Hundred Plan" Project granted by the People's Government of Henan Province	Henan Provincial People's Government	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	100,000.00	100,000.00	Related to assets
TFT glass substrate technology R&D fund	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	5,000.00	5,000.00	Related to assets



TFT glass substrate project Subsidy	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	333,333.33	333,333.33	Related to assets
Investment and Subsidies within Budget for Technological Transformation Project by National Development and Reform Commission and the Ministry of Industry and Information Technology	Zhengzhou Economic and Technology Development Zone Finance Bureau	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	466,666.67	466,666.67	Related to assets
TFT glass substrate project Subsidy	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	666,666.67	666,666.67	Related to assets
Special Funds for	Zhengzhou Municipal	Subsidy	Grants obtained due	No	No	33,333.33	33,333.33	Related to assets

Major Scientific and Technical Projects by Finance Bureau of Zhengzhou City	Finance Bureau		to conforming to the local supporting policies such as local government's investment attraction policy					
Financial Supports for National Key Industry and Technical Transformation Projects Granted by the Municipal Finance Bureau	Zhengzhou Economic and Technology Development Zone Finance Bureau	Subsidy	Grants obtained due to the country encourage and support specific industries (Obtained in accordance with the national policies and regulations)	No	No	466,666.67	466,666.67	Related to assets
Financial Supports for Industrial Development Granted by the Finance Bureau of the Economic and Technological Development Zone	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	233,333.33	233,333.33	Related to assets
Funds for Independent Innovation of Provincially Supported Enterprises	Zhengzhou Economic and Technology Development Zone Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such	No	No	200,000.00	200,000.00	Related to assets

			as local government's investment attraction policy					
Supporting Funds on Finance Discounts	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	66,666.67	66,666.67	Related to assets
Funds for Education, Science and Culture Granted by the Finance Bureau	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	50,000.00	50,000.00	Related to assets
Supporting Funds for Industrial Structure -adjusting Projects Granted by the Regional Finance Bureau	Zhengzhou Economic and Technology Development Zone Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	93,333.33	93,333.33	Related to assets
Industry discount and	Zhengzhou Municipal	Subsidy	Grants obtained due	No	No	53,333.33	53,333.33	Related to assets

expenses	Finance Bureau		to conforming to the local supporting policies such as local government's investment attraction policy					
Financial discount	Zhengzhou Economic and Technology Development Zone Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	166,666.67	166,666.67	Related to assets
Industrial restructuring project financial funds	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	160,000.00	160,000.00	Related to assets
Special Funds for High-end Information Industry Chain Granted by the Finance Bureau of the	Zhengzhou Economic and Technology Development Zone Finance Bureau	Subsidy	Grants obtained due to the country encourage and support specific industries (Obtained in accordance	No	No	166,666.67	166,666.67	Related to assets

Economic and Technological Development Zone			with the national policies and regulations)					
2015 project equipment investment subsidie	Zhengzhou Economic and Technology Development Zone Finance Bureau	Subsidy	Grants obtained due to the country encourage and support specific industries (Obtained in accordance with the national policies and regulations)	No	No	954,833.33		Related to assets
Strategic emerging industry Development project funds	Shijiazhuang city development and Reform Commission	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	1,000,000.00		Related to assets
Financial Grant of Bureau of Finance in Wuhu Economic and Technological Development Zone	Exconomic and trade development Bureau of Wuhu Economic and technology Development Zone	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No		60,000,000.00	Related to income
Grant of fifth	Wuhu	Subsidy	Grants	No	No		30,000,000.00	Related to

G6TFT-LCD glass substrate production line Ignition operation	Economic and Technology Development Zone Finance Bureau		obtained due to conforming to the local supporting policies such as local government's investment attraction policy				0	income
Tax Returns	Anhui Jiangbei Industrial Concentration Zone Administrative Committee	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	90,342,000.00	45,000,000.00	Related to income
Stable job subsidy	Wuhu Social Security Center	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	108,000.00		Related to income
Wuhu Human Resources Service Center College Graduates trainee subsidies	Wuhu Human Resources service center	Subsidy	Grants obtained due to conforming to the local supporting policies such as	No	No		99,200.00	Related to income

			local government's investment attraction policy					
Zhengzhou Human Resources Service Center College Graduates trainee subsidies	Zhengzhou Human Resources service center	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	478,800.00	226,800.00	Related to income
The 1st Batch of Funds for Science and Technology Projects in 2015 Granted by the Finance Bureau of Zhengzhou City	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No		1,000,000.00	Related to income
Subsidies for the 1 <sup>st</sup> Batch of Major Investment Projects in 2014 Granted by the Provincial Finance Department	Henan Province Finance Department	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction	No	No		750,000.00	Related to income

			policy					
Finance innovation award funds	Yangzhong Municipal Science and Technology Bureau	Award	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No		70,000.00	Related to income
Foreign trade promotion innovation award fund	Economic and Trade Development Bureau of Wuhu economic and Trade Development Zone	Award	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No		40,000.00	Related to income
Financial Grant of Bureau of Finance in Wuhu Economic and Technological Development Zone	Wuhu economic and Technological Development Zone Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No		50,000,000.00	Related to income
High-tech Zone prizes	Shijiazhuang Municipal Finance Bureau	Award	Grants obtained due to conforming to the local supporting policies such as local	No	No		20,000.00	Related to income



			government's investment attraction policy					
R & D equipment grant of Wuhu economic and Technological Development Zone	Economic and Trade Development Bureau of Wuhu economic and Technological Development Zone	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	519,000.00		Related to income
The 2nd Batch of Funds for Science and Technology Projects in 2015 Granted by the Finance Bureau of Zhengzhou City	Zhengzhou Municipal Finance Bureau	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	10,400.00		Related to income
The talent project grants you Fang	Yangzhong Municipal Finance Bureau	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	240,000.00		Related to income
15 science and technology innovation award funds	Yangzhong Municipal Science and Technology Bureau	Award	Grants obtained due to research and development,	No	No	10,000.00		Related to income

			technical renovation and transformation, etc.					
15 Industrial Development Award Fund	Yangzhong Municipal Commission of development and Reform Commission	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	298,200.00		Related to income
Science and Technology Bureau 15 years of patent special funds	Yangzhong Municipal Finance Bureau	Subsidy	Grants obtained due to research and development, technical renovation and transformation, etc.	No	No	9,000.00		Related to income
2015 Suqian economic and Technological Development Zone, the introduction of Talent Awards	Suqian economic and Technological Development Zone Administrative Committee	Subsidy	Grants obtained due to conforming to the local supporting policies such as local government's investment attraction policy	No	No	20,000.00		Related to income
Total	--	--	--	--	--	103,218,866.64	195,856,633.31	--

Other notes

**47.Non-Operation expense**

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Total of Non-current assets Disposition	4,430.74	35,050.57	4,430.74
Including: Disposal of fixed assets	4,430.74	35,050.57	4,430.74
Other	8,058.60	262,935.20	8,058.60
Total	12,489.34	297,985.77	12,489.34

**48.Income tax expense****(1) Lists of income tax expense**

In RMB

Items	Amount of current period	Amount of previous period
Income tax at current period	96,541,646.19	137,608,892.95
Deferred income tax	-6,258,044.68	-56,511,931.93
Total	90,283,601.51	81,096,961.02

**(2) Accounting profit and income tax expense adjustment process**

In RMB

Items	Amount of current period
Total profit	660,608,025.36
Income tax expense at statutory / applicable tax rates	99,091,203.80
Effect of different tax rates applicable to subsidiaries	1,864,380.16
Income tax adjustments on prior periods	-6,731,316.61
Effect of non-taxable income	-2,070,486.53
Impact of non-deductible costs, expenses and losses	1,989,891.71
Affect the use of deferred tax assets early unconfirmed deductible losses	-7,442,829.54
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	3,582,758.52
Income tax expense	90,283,601.51

**49. Notes to cash flow statement****(1) Other cash received relevant to operating activities**

In RMB

Items	Amount of current period	Amount of previous period
Interest income	834,422.60	814,590.70
Government subsidy	37,959,400.00	142,206,000.00
Deposits income	87,399,022.47	6,259,879.12
Fine income	149,451.17	
Current account	3,450,177.56	608,030,371.58
Other	30,339,364.32	233,837.99
Petty cash		173,626.00
Total	160,131,838.12	757,718,305.39

**(2) Other cash paid related to oprating activities**

In RMB

Items	Amount of current period	Amount of previous period
Consultation Services fee	32,247,294.56	13,904,038.83
Business expenses	2,127,609.09	6,227,438.66
Current account	91,000,000.00	33,838,692.99
Labour insurance expenses	1,782,256.94	2,595,558.52
Advertising fees	9,282,425.84	4,364,912.60
Water and electricity expense	18,775,746.81	14,707,781.35
Travel expenses	4,427,379.48	6,677,421.50
Petty cash	549,954.75	3,662,906.00
Office expenses	16,145,841.08	14,573,810.75
Deposit	2,900,000.00	10,271,678.55
Meeting expenses	82,754.80	2,000.00
Communication fees	625,548.95	92,915.73
Traffic fees	10,179,140.76	1,918,656.99
R& D	12,716,824.11	1,648,271.03
Auto Fees	136,936.54	644,916.19
Other	9,266,581.65	17,131,848.68
Total	212,246,295.36	132,262,848.37

**(3) Other Cash received related to investment activities**

In RMB

Items	Amount of current period	Amount of previous period
Investment	6,120,000.00	
The post-money balance of the cash and cash equivalents of Jiangsu Jixing's acquisition date which deducted the currency paid for the acquisition.		64,574,268.94
Total	6,120,000.00	64,574,268.94

**(4) Other Cash payable related to investment activities**

In RMB

Items	Amount of current period	Amount of previous period
Investment		70,000,000.00
Total		70,000,000.00

**(5) Other Cash received related to Financing activities**

In RMB

Items	Amount of current period	Amount of previous period
Interest income	82,859,831.69	3,494,985.64
Finance lease	1,237,280,000.00	
Bill finance	58,549,109.63	91,976,044.67
CDB financing	500,000,000.00	
Total	1,878,688,941.32	95,471,030.31

**(6) Other Cash payable related to Financing activities**

In RMB

Items	Amount of current period	Amount of previous period
Bank charges	702,462.93	
Bill financing	77,900,000.00	203,000,000.00
Finance lease	16,160,141.67	
Financing expenses		14,000,000.00
Total	94,762,604.60	217,000,000.00

**50. Supplement Information for cash flow statement****(1) Supplement Information for cash flow statement**

In RMB

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	570,324,423.85	437,150,826.87
Add: Impairment loss provision of assets	3,554,932.15	-8,290,183.33
Depreciation of fixed assets, oil and gas assets and consumable biological assets	228,573,241.42	139,602,340.44
Amortization of intangible assets	7,533,311.24	5,835,965.25
Amortization of long-term deferred fexpenses	3,393,264.63	2,772,005.51
Loss on disposals of fixed assets, intangible assets and other long-term assets ("-" for gains)	4,430.74	35,050.57
Financial expenses	104,180,049.74	140,958,575.83
Investment loss	-81,758.31	-2,348,908.58
Decrease of deferred income tax assets	-6,258,044.68	-56,516,593.38
Decrease of inventories	-41,358,720.57	-766,063,723.70
Decease of operating receivables	-548,903,925.81	1,759,610,744.94
Increased of operating Payable	960,147,738.54	-1,597,968,301.55
Net cash flows arising from operating activities	1,281,108,942.94	54,777,798.87
2.Significant investment and financing activities that without cash flows:	--	--
Fixed assets acquired under finance leases	1,652,037,077.85	
3. Changes Balance of cash and cash equivalents	--	--
Ending balance of cash	15,739,687,032.14	4,684,112,232.94
Less: Beginning balance of cash	11,964,769,404.73	3,349,892,384.04
Net increase of cash and cash equivalents	3,774,917,627.41	1,334,219,848.90

**(2) Net Cash paid of obtaining the subsidiary**

In RMB

	Amount
Cash or Cash Equivalent of Enterprise consolidation that Occurred in the Current Period Paid in the Current Period	8,000,000.00
Including:	--
Shanghai Tanhuiyuan Huigu New Material Technology Co., Ltd.	8,000,000.00
Less: Cash or Cash Equivalent Owned by Subsidiary on the Purchasing Date	380,272.59
Including:	--
Shanghai Tanhuiyuan Huigu New Material Technology Co., Ltd.	380,272.59
Including:	--
Received Net Cash Paid by Subsidiary	7,619,727.41

### (3) Composition of cash and cash equivalents

In RMB

Items	Balance in year-end	Balance in year-Beginning
I. Cash	15,739,687,032.14	11,964,769,404.73
Of which: Cash in stock	246,291.07	245,781.01
Bank savings could be used at any time	15,530,794,470.16	11,897,196,843.45
Other monetary capital could be used at any time	208,646,270.91	67,326,78.27
III. Balance of cash and cash equivalents at the period end	15,739,687,032.14	11,964,769,404.73

### 51. The assets with the ownership or use right restricted

In RMB

Items	Book value in year-end	Reason
Monetary funds	543,648,071.60	Pledge of collateral
Inventory	987,961,264.39	Pledge loans
Fixed assets	7,155,678,632.78	Pledge loans
Intangible asset	239,609,353.58	Pledge loans
Construction in progress	2,870,717,465.40	Pledge loans
Total	11,797,614,787.75	--

### 52. Foreign currency monetary items

#### (1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds			
Including: USD	248,402.74	6.6312	1,647,208.25
Euro	135,575.62	7.375	999,869.28
HKD	4,666.70	0.85467	3,988.49
JPY	93,883,290.00	0.06449	6,054,539.90
GBP	2,277.81	8.9212	20,320.80
Account receivable			
Including : USD	11,958,394.30	6.6312	79,298,504.28
JPY	1,808,689,645.00	0.06449	116,642,623.74
Account payable			
Including: USD	338,809.40	6.6312	2,246,712.89
Euro	853,325.00	7.375	6,293,271.88
JPY	10,689,877.00	0.06449	689,497.08
Long –term loan			
Including: USD	10,000,000.00	6.6312	66,312,000.00

## VIII.Changes of consolidation scope

### 1.Enterprise consolidation ont under the same control

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

In RMB

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
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	March 31, 2016	73,454,500.00	50.50%	Purchase and add share	March 31, 2016	Obtain a business license	6,157.72	-1,106,271.37



**(2) Consolidation Cost and Goodwill**

In RMB

Combined cost	Shanghai Tanyuan Huigu New Meaterial Technology Co., Ltd.
--Cash	73,454,500.00
Total Consolidation cost	73,454,500.00
Less: Reduction: Obtained Definable Net Assets Fair Proportion	39,763,137.22
Goodwill/ The Consolidation Cost is Less Than the Obtained Definable Net Assets Fair Proportion	33,691,362.78

Notes to determination method, consideration and changes of fair value of combined cost:

The main formation reason for the large goodwill:

Other notes:

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

In RMB

	Shanghai Tanyuan Huigu New Meaterial Technology Co., Ltd	
	Fair value on purchase date	Book value on purchase date
Monetary fund	65,834,772.59	65,834,772.59
Account receivable	1,600.00	1,600.00
Inventories	1,243,387.97	802,979.59
Fixed assets	1,847,248.70	1,939,350.28
Intangible assets	7,317,795.33	4,444,692.24
Prepayments	2,006,750.00	2,006,750.00
Other account receivable	457,262.00	457,262.00
Other current assets	198,033.10	198,033.10
Long-term prepaid expenses	303,253.20	303,253.20
Account payable	362,292.10	362,292.10
Employees' wage payable	37,656.00	37,656.00
Other payable	71,269.20	71,269.20
Net assets	78,738,885.59	75,517,475.70
Acquire net assets	78,738,885.59	75,517,475.70

Determination method for fair value of the identifiable assets and liabilities:

Contingent liability of the acquiree bear during combination:

Other explanation:

**2. Other reasons for the merger scope change**

Other causes of the consolidation scope changes (e.g., the new subsidiary, liquidation subsidiary, etc.) and its related conditions:

On March 8, 2016, Wuhu Dongxu Optoelectronic Technology Co.,Ltd set up Fuzhou Dongxu Investment Development Co., Ltd and holds 100% stake of Fuzhou Dongxu Investment Development Co., Ltd, of which the

registered capital was RMB 10 million and the paid-in capital was RMB 0.00.

On March 17, 2016, Beijing Dongxu Huaqing Investment Co., Ltd as a general partner, Dongxu Optoelectronic Technology Co.,Ltd as a limited partner and Taizhou Golden Sun Energy Co., Ltd as a limited partner together set up Taizhou Dongxu Graphene Industry Investment Fund Management Center(Limited partnership). Such limited partnership company was incorporated in May 4, 2016, and the total amount of capital contribution agreed in the agreement was RMB 101 million, but as of June 30, 2016, the actual received amount of capital contribution was RMB 0.00. For the capital contribution, Taizhou Golden Sun Energy Co., Ltd subscribed the amount of capital contribution of RMB 75 million, Dongxu Optoelectronic Technology Co.,Ltd subscribed the amount of capital contribution of RMB 25 million, Beijing Dongxu Huaqing Investment Co., Ltd subscribed the amount of capital contribution of RMB 1 million which was agreed in the agreement by using the labor service as capital contribution, and meanwhile, upon the agreement, the three parties all agreed that they shall complete the capital contribution before December 30, 2016.

On March 31, 2016, Dongxu Optoelectronic Technology Co.,Ltd set up Shenzhen XuHui Investment Holdings Co.,Ltd, of which the registered capital was RMB 100 million and the paid-in capital was RMB 0.00.

On June 24, 2016, Fuzhou Dongxu Optoelectronic Technology Co.,Ltd and Dongxu Optoelectronic Technology Co.,Ltd together set up a new company of Fuzhou Xufu Optoelectronic Technology Co.,Ltd, of which the registered capital is RMB 65.40 million, among which, Fuzhou Dongxu Optoelectronic Technology Co.,Ltd shall contribute RMB 54.50 million, Dongxu Optoelectronic Technology Co.,Ltd shall contribute RMB 10.90 million, and the paid-in capital was RMB 0.00.

## IX. Equity in other entities

### 1. Equity in subsidiary

#### (1) The structure of the enterprise group

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		Obtaining Method
				direct	indirect	
Hebei Xubao Construction Installation Engineering Co., Ltd.	Shijiazhuang	9 Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province	Construction Installation	100.00%		Establish
Shijiazhuang Colour Bulb Co., Ltd.	Shijiazhuang	9 Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province	Manufacturing	81.26%		Establish

Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	Wuhu	Room 302, A floor, Management Committee of Jiangbei Industry Zone, Anhui Prov	Manufacturing	95.00%		Establish
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	Wuhu	No.36, Daowei 2 Road, Wanchun Street, Wuhu Economy Technology Development Zone	Manufacturing	100.00%		Establish
Wuhan Dongxu Optoelectronic Technology Co., Ltd.	Wuhan	1/F, No.2 Business tower, Huazhong Shuguang Software park, No.1Guanshan Road, Donghu Development Zone, Wuhan	Manufacturing	62.50%		Establish
Sichuan Ruiyi Construction Engineering Co., Ltd.	Sichuan	Building 15, No. 21, Ring Road 18 1 West Third Section, Jinniu District, Chengdu	Manufacturing	100.00%		Non control combination
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
Dongxu (Kunshan) Display Material Co., Ltd.	Kunshan	Room 1517, Building 1 (International Building), No. 167, Qianjin Middle Road, Suzhou City, Jiangsu Province	Manufacturing	80.00%		Establish
Zhengzhou Xufei Optoelectronic	Zhengzhou	66, No 3 Jingnan Road,	Manufacturing	100.00%		Non control

Technology Co., Ltd.		Economic & Technology Development Zone, Zhengzhou				combination
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Shijiazhuang	No.69, Tianshan Street, High-tech Area, Shijiazhuang, Hebei	Manufacturing	100.00%		Non control combination
Beijing Xutan New Material Technology Co., Ltd.	Beijing	No.1198, 689 Building, No.5, Zhongguan Village South Street, Haiding District, Beijing	Technology Service	70.00%		Establish
Jiangsu Jixing New Material Co., Ltd.	Jiangsu	New Material Industry Zone, Youfang Town, Yangzhong City	Manufacturing	50.50%		Non control combination
Beijing Dongxu Huaqing Investment Co., Ltd.	Beijing	1201-E18(Area)1 2/F, No.1, 6-3 Building, Automobile Museum East Road, Fengtai District, Beijing	Investment Management	70.00%		Establish
Fuzhou Dongxu Optoelectronic Technology Co., Ltd.	Fuzhou	(072) Room 109, Supervision Building, Processing trade Free zone, Fuzhou, Fujian. (No.9, Xinjiang Road, Xincuo Town, Fuqing City)	Manufacturing	100.00%		Establish
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co.,	Shijiazhuang	9 Huanghe Road, Shijiazhuang High-tech Industrial Development	Manufacturing	95.00%		Establish

Ltd.		Area, Shijiazhuang, Hebei Province				
Beijing Dongxu Investment Development Co., Ltd.	Beijing	Room 267, 2/F, No. 2 ,Building, No.9 Haiying Road, Technology City, Fengtai District, Beijing.	Investment	100.00%		Establish
Wuhu Ruiyi Service Co., Ltd.	Anhui	Room 311-D, B Building, Jiangbei Industrial Concentration Zone Administrative Committee, Anhui	Labor dispatch	100.00%		Establish
Jiangsu Dongxu Yitai Intelligent Equipment Co., Ltd.	Suqian	Room 2369, No.888, CBD, Renmin Road, Economic Technology Development Zone, Suqian	Manufacturing	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 ,Shang hai	Manufacturing	50.50%		Non control combination
Shenzhen Xuhui Investment Co., Ltd.	Shenzhen	Room 201, A unit, No.1 Qianwan Road, Qianhai Shengang Cioeration Area, Shenzhen.	Investnebt	100.00%		Establish

Fuzhou Xufu Optoelectronic Technology Co., Ltd.	Fuzhou	297, Room 109, Supervision Building, Processing trade Free zone, Fuzhou, Fujian	Manufacturing	83.33%	16.67%	Establish
Fuzhou Dongxu Investment Development Co., Ltd.	Fuzhou	230, Room 109, Supervision Building, Processing trade Free zone, Fuzhou, Fujian	Investment	100.00%		Establish
Dongxu Taizhou Graphene Industry Investment Fund Management Center (limited partnership)	Taizhou	Room 205, 2/F, 7 Building, No.818, Longfeng Road, New Energy Industry Zone, Taizhou	Investment	24.75%	0.99%	Establish

Notes: holding proportion in subsidiary different from voting proportion:

According to the signed agreement, Taizhou Dongxu 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 Dongxu Huaqing Investment Co., Ltd. appoints 2 members, the limited partner Dongxu 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 Dongxu Huaqing Investment Co., Ltd. assumes unlimited, joint liabilities for the limited partnership's debts. As the posterity limited partner, Dongxu 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.

The executive partner of Taizhou Dongxu Graphene Industry Investment Fund Management Center (limited partnership) is actually Beijing Dongxu Huaqing Investment Co., Ltd. Due to the staff's negligence, the executive partner registered on Business License is Wang Zhonghui, the legal representative of Beijing Dongxu Huaqing Investment Co., Ltd., and the company is changing its business license.

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:

According to the signed agreement, Taizhou Dongxu 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 Dongxu Huaqing Investment Co., Ltd. appoints 2 members, the limited partner Dongxu 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 Dongxu Huaqing Investment Co., Ltd. assumes unlimited, joint liabilities for the limited partnership's debts. As the posterity limited partner, Dongxu 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.

The executive partner of Taizhou Dongxu Graphene Industry Investment Fund Management Center (limited partnership) is actually Beijing Dongxu Huaqing Investment Co., Ltd. Due to the staff's negligence, the executive partner registered on Business License is Wang Zhonghui, the legal representative of Beijing Dongxu Huaqing Investment Co., Ltd., and the company is changing its business license.

Significant structure entities and controlling basis in the scope of combination:

Basis of determine whether the Company is the agent or the principal:

Other notes:

On December 25, 2015, Wuhu Dongxu Optoelectronic Technology Co.,Ltd set up a wholly-owned subsidiary of Fuzhou Dongxu Optoelectronic Technology Co.,Ltd, of which the registered capital is RMB 10 million and the paid-in capital is RMB 0.00. On May 26, 2016, Wuhu Dongxu Optoelectronic Technology Co.,Ltd transferred its 100.00% stake of Fuzhou Dongxu Optoelectronic Technology Co.,Ltd to Dongxu Optoelectronic Technology Co.,Ltd, with the registered capital of Fuzhou Dongxu Optoelectronic Technology Co.,Ltd is RMB 10 million and the paid-in capital is RMB 10 million.

## (2) Significant not wholly owned subsidiary

In RMB

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
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	5.00%	23,701,446.62		97,552,665.21
Jiangsu Jixing New Material Co., Ltd.	49.50%	8,057,709.51		205,477,973.45

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other notes:

**(3) The main financial information of significant not wholly owned subsidiary**

In RMB

Name	Year-end balance						Year-beginning balance					
	Current assets	Non current assets	Total assets	Current Liabilities	Non current liabilities	Total liabilities	Current assets	Non current assets	Total assets	Current Liabilities	Non current liabilities	Total liabilities
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	6,651,934,982.20	185,477,310.57	6,837,412,292.77	4,428,807,720.58	450,000,000.00	4,878,807,720.58	5,047,423,350.95	191,953,488.35	5,239,376,839.30	3,254,748,857.61	500,000,000.00	3,754,748,857.61
Jiangsu Jixing New Material Co., Ltd.	326,380,234.61	357,645,997.43	684,026,232.04	260,919,214.96	8,000,000.00	268,919,214.96	250,572,836.25	366,026,457.66	616,599,293.91	211,770,477.86	6,000,000.00	217,770,477.86

In RMB

Name	Amount of current period				Amount of previous period			
	Business income	Net profit	Total Comprehensive income	Cash flows from operating activities	Business income	Net profit	Total Comprehensive income	Cash flows from operating activities
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	1,423,880,484.78	479,358,368.65	479,358,368.65	1,081,984,212.37	113,978,620.00	486,729,800.00	486,729,800.00	-281,784,096.00
Jiangsu Jixing New Material Co., Ltd.	223,976,847.42	16,278,201.03	16,278,201.03	6,352,806.87	43,535,555.93	154,379.23	154,379.23	-36,549,817.05

**2. Equity in joint venture arrangement or associated enterprise****(1) Significant joint venture arrangement or associated enterprise**



Name	Main operating place	Registration place	Business nature	Proportion		Accounting treatment of the investment of joint venture or associated enterprise
				Directly	Indirectly	
ZhongdaChengxin International Commercial Factoring Co., Ltd.	Tianjing	No.601, Luoyang Road, ,FTA(Dong jiang free Zone,) Tianjing	Factoring	24%		Equity method accounting

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

## (2) Main financial information of significant associated enterprise

In RMB

	Closing balance/This period	Opening balance/Last period
	ZhongdaChengxin International Commercial Factoring Co., Ltd.	ZhongdaChengxin International Commercial Factoring Co., Ltd.
Current assets	308,120,164.53	308,104,397.93
Total assets	308,120,164.53	308,104,397.93
Current liabilities	6,003,453.21	6,328,346.23
Total liabilities	6,003,453.21	6,328,346.23
Attributable to shareholders of the parent company	302,116,711.32	301,776,051.70
Share of net assets calculated by stake	72,508,010.72	72,426,252.41
Book value of equity investment in associates	72,508,010.72	72,426,252.41
Business income	6,924,222.63	10,849,777.77
Net profit	340,659.62	1,776,051.70
Total comprehensive income	340,659.62	1,776,051.70

Other notes:

On March 10, 2016, Beijing Dongxu Huaqing Investment Co., Ltd as a general partner, Dongxu Optoelectronic Technology Co.,Ltd as a limited partner and Deyang Jinghua Carbon Materials Science & Technology Development Co.,Ltd as a limited partner together co-funded and set up Dongxu(Deyang) Graphene Industry Development Fund Partnership Company(Limited partnership). Such limited partnership company was incorporated in April 17, 2016, and the total amount of capital contribution agreed in the agreement was RMB 200,000,000, but as of June 30, 2016, the actual received amount of capital contribution was RMB 0.00. For the capital contribution, Beijing Dongxu Huaqing Investment Co., Ltd subscribed the amount of capital contribution of RMB 2 million which accounts for 1.00% of the total amount of capital contribution; Deyang Jinghua Carbon

Materials Science & Technology Development Co.,Ltd subscribed the amount of capital contribution of RMB 158,400,000 which accounts for 79.20% of the total amount of capital contribution; Dongxu Optoelectronic Technology Co.,Ltd subscribed the amount of capital contribution of RMB 39,600,000 which accounts for 19.80% of the total amount of capital contribution. Meanwhile, the agreement stipulated that the limited partners shall respectively complete 50% of their totally subscribed capital contribution within 30 days commenced from the date of the fund incorporation date, the general partner shall complete 50% of the totally subscribed capital contribution within 30 days commenced from the date of the fund incorporation date and the rest capital contribution by all parties shall be completed before December 30, 2017.

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At the same time, all the parties agreed to set up an investment decision-making committee as the highest decision-making body for the limited partnership company. The investment committee is consisted by 5 members, among which, Beijing Dongxu Huaqing Investment Co., Ltd appoints 1 member, Dongxu Optoelectronic Technology Co.,Ltd appoints 1 member, Deyang Jinghua Carbon Materials Science & Technology Development Co.,Ltd appoints 1 member and the remaining 1 member will be jointly determined by Dongxu party and Deyang party. Any decision shall be passed by winning not less than 3 votes in the decision-making committee.

The general partner of Beijing Dongxu Huaqing Investment Co., Ltd as a managing partner shall bear unlimited joint and several liability for the liabilities of the limited partnership company, Dongxu Optoelectronic Technology Co.,Ltd as a posterior limited partner shall assume the limited partnership company's liability no more than the subscribed capital contribution and Deyang Jinghua Carbon Materials Science & Technology Development Co.,Ltd as a prior limited partner shall assume the limited partnership company's liability no more than the subscribed capital contribution.

## **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.

### **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 2015 and 2016.

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	Ending balance of foreign currency	Exchange rate	End balance of RMB Conversion	Beginning balance of foreign currency	Exchange rate	Beginning balance of RMB Conversion
Monetary fund						
Including: USD	248,402.74	6.6312	1,647,208.25	3,021,138.38	6.4936	19,618,040.36
Euro	135,575.62	7.375	999,869.28	1,000,555.35	7.0952	7,099,140.32
HKD	4,666.70	0.85467	3,988.49	4,666.70	0.8377	3,909.67
JPY	93,883,290.00	0.06449	6,054,539.90	243,319,365.00	0.0539	13,108,830.79
GBP	2,277.81	8.9212	20,320.80	2,277.81	9.6159	21,903.19
Account receivable						
Including: USD	11,958,394.30	6.6312	79,298,504.28	4,999,315.30	6.4936	32,463,588.59
JPY	1,808,689,645.00	0.06449	116,642,623.74	1,388,800,750.24	0.053875	74,822,443.56
Account payable						
Including: JPY	10,689,877.00	0.06449	689,497.08	27,292,000.00	0.053875	1,470,475.56
USD	338,809.40	6.6312	2,246,712.89	240,880.00	6.4936	1,564,178.37
Euro	853,325.00	7.375	6,293,271.88	923,325.00	7.0952	6,551,175.54
Long-term loans						
Including: USD	10,000,000.00	6.6312	66,312,000.00	11,000,000.00	6.4936	71,429,600.00

## XI. 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 ratio	The parent company of the Company's vote ratio
Dongxu Group	No.369, Zhujiang Road, High-tech zone, Shijiazhuang	Investment , production and R & D, etc.	RMB 11.07 billion	30.42%	30.42%

Notes

During the reporting period, the following changes in the real-up capital of the parent company:

In RM

Items	Beginning of term	Increase	Decrease	End of term
Paid in capital	11,070,000,000.00			11,070,000,000.00

The final control of the company was Li Zhaoting.

Other notes:

### 2. Subsidiaries of the Company

See details to Notes VII..

### 3. Information on the joint ventures and associated enterprises of the Company

The details to notes XVII of significant joint venture and associated enterprise of the Company  
Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or from balance due to related party transactions in previous period:

Name	Relationship
------	--------------

Other notes

### 4. Other Related parties information of the enterprise

Other Related parties name	Relation of other Related parties with the company
Dongxu Optoelectronic Investment Co., Ltd.	Controlled by the same actual controller
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Controlled by the same actual controller
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd.	Controlled by the same actual controller
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Controlled by the same actual controller
Shijiazhuang Baoshi Xuming Tube Co., Ltd.	Controlled by the same actual controller

Shijiazhuang Baodong Electronic Co.,Ltd.	Controlled by the same actual controller
Hebei Baoshi Lighting Co., Ltd.	Controlled by the same actual controller
Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller
Jinhou Xulong Solar energy Technology Co., Ltd.	Controlled by the same actual controller
Sichuan Xuhong Optoelectronic Technology Co., Ltd	Controlled by the same actual controller
Shijiazhuang Dongxu Machine Equipment Co., Ltd.	Controlled by the same actual controller
Hebei Decoration Printing Machine Co., Ltd.	Controlled by the same actual controller
Chengdu Zhong Optoelectronic Technology Co., Ltd.	General Manager: Li Zhaotin
Chengdu Dongxu Energy saving Technology Co., Ltd.	Controlled by the same actual controller
Shijiazhuang Xuling Electronic Technology Co., Ltd.	Controlled by the same actual controller
Shijiazhuang Baoshi Electronic Group Co., Ltd.	Controlled by the same actual controller
Chengdu Taiyisi Technology Co., Ltd.	Controlled by the same actual controller
Li Qing	The spouse of the actual controller

Other notes

## 5. Related transactions. (1) Related transactions on purchasing goods and receiving services

Acquisition of goods and reception of labor service

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period	Over the trading limit or not?	Amount of last period
Baoshi Group	Energy	574,553.06			471,876.50
Baoshi Group	Security fees	1,500,000.00			
Chengdu Dongxu Energy Saving Technology Co., Ltd.	ESL	1,787.18			15,384.62
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Door	259,246.66			
Shijiazhuang Dongxu Mechanical Equipment Co., Ltd	Machining parts	18,568,179.46			834,427.33
Shijiazhuang Dongxu Mechanical Equipment Co., Ltd	Packing equipment				10,221,794.87

Total		20,903,766.36			11,543,483.32
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## Related transactions on sale goods and receiving services

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period
Shijiazhuang Dongxu Mechanical Equipment Co., Ltd.	Packing equipment		1,378,205.13
Shijiazhuang Dongxu Mechanical Equipment Co., Ltd.	Detection equipment		36,412,136.76
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Line technological transformation		142,948,113.21
Jinzhou Xulong New Material Technology Co., Ltd.	tester		223,076.93
Dongxu Group	National Engineering laboratory test equipment		82,115,384.62
Chengdu Zhong Optoelectronic Technology Co., Ltd.	Semi-manufacture	3,106,153.76	2,685,888.57
Chengdu Zhong Optoelectronic Technology Co., Ltd.	Traction roll project	188,888.89	
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Technology Service		11,909,433.96
Dongxu ( Yingkou ) Optoelectronic Display Co., Ltd.	Technology Service		9,135,849.06
Total		3,295,042.65	286,808,088.24

Notes

## (2) Related trusteeship or contracting

## Related trusteeship or contracting in which the Company is the undertake

In RMB

Name of the employer	Name of the undertaker	Asset situation of the undertaker	Start date	Terminating date	Pricing basis	Gains from the deal in report period
Dongxu Group, Yingkou Coastal Development Construction Co., Ltd., Wukuang (Yingkou )	Dongxu Optoelectronic Technology Co., Ltd.	Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	January 1,2012		The trustee fee includes share right trustee fee(500 thousand RMB/year) and operation trustee	750,000.00

Industrial Park Development Co., Ltd.					fee. The operation trustee fee is basic management fee and incentive management fee, of which the basic management fee is 1 million RMB/year, the incentive management fee is counted by 5% of the after-tax net profit yearly achieved by the trustee company	
Dongxu Group, Mianyang Investment (Group) Co., Ltd., Sichuan Changhong Electrical Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	The right to operate of Sichuan Changhong Electrical Co., Ltd.	March 1, 2012		The trustee fee includes share right trustee fee (500 thousand RMB/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 RMB/year, the incentive management fee is counted by 5% of the after-tax net profit yearly achieved by the trustee company	750,000.00
Total						1,500,000.00

Notes

During the reporting period, the Company continued entrusted with the management of Dongxu( Yingkou) Optoelectronic Display Co., Ltd., Sichuan Xuhong Optoelectronic Technology Co., Ltd.

In December 2011, Dongxu Group, Dongxu Optoelectronic Investment Co., Ltd. and Shijiazhuang Baoshi Electronic Group Co., Ltd signed the Equity Trusteeship Agreement with the Company , of which 60% share rights of Dongxu (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.

Lists of entrust/contractee

In RMB

Name of the entruster/contractee	Name of the entrustee/contractor	Type	Initial date	Due date	Pricing basis	Charge recognized in the reporting period
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Notes

### (3) Related guarantee condition

The Company as a guarantor

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
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The Company was secured party

In RMB

Guarantor	Guarantee Amount	Starting date	Stop date	If completed or not
Dongxu Group, Li Zhaoting	200,000,000.00	September 11,2015	Sptember 11,2016	No
Dongxu Group, Li Zhaoting	100,000,000.00	March 25,2016	February 28,2017	No
Dongxu Group, Li Zhaoting	350,000,000.00	August 31,2015	August 16,2016	No
Dongxu Group, Li Zhaoting	200,000,000.00	October 23,2015	October 23,2016	No
Dongxu Group, Li Zhaoting	200,000,000.00	December 30,2015	December 30,2016	No
Dongxu Group, Li Zhaoting	85,000,000.00	April 15,2016	April 14,2017	No
Dongxu Group, Li Zhaoting, Li Qing	20,000,000.00	May 12,2015	April 7,2016	Yes
Dongxu Group, Li Zhaoting, Li Qing	30,000,000.00	April 23,2015	April 7,2016	Yes
Dongxu Group, Li Zhaoting, Li Qing	50,000,000.00	May 4,2015	April 7,2016	Yes



Dongxu Group, Li Zhaoting, Li Qing	60,000,000.00	June 24,2015	April 7,2016	Yes
Dongxu Group, Li Zhaoting, Li Qing	80,000,000.00	March 25,2015	March 25,2016	Yes
Dongxu Group, Li Zhaoting, Li Qing	100,000,000.00	April 14,2016	April 13,2017	No
Dongxu Group	80,000,000.00	January 23,2015	January 23,2016	Yes
Dongxu Group	100,000,000.00	April 23,2015	March 22,2016	Yes
Dongxu Group	200,000,000.00	September 23,2015	September 23,2016	No
Dongxu Group	100,000,000.00	January 22,2015	January 22,2016	Yes
Dongxu Group	200,000,000.00	June 3,2016	June 3,2017	No
Dongxu Group	100,000,000.00	March 25,2016	March 25,2017	No
Dongxu Group	30,000,000.00	March 31,2016	March 30,2017	No
Dongxu Group	60,000,000.00	June 30,2016	June 29,2017	No
Dongxu Group	200,000,000.00	January 15,2016	January 15,2017	No
Dongxu Group	200,000,000.00	July 22, 2015	July 22,2016	No
Li Zhaoting	400,000,000.00	April 15,2016	April 14,2017	No
Dongxu Group, Li Zhaoting, Li Qing, and Li Zhaoting holds 10% of the shares of Dongxu Technology Group, Dongxu Group holds 90% of the shares of Dongxu Technology Group,	150,000,000.00	May 19,2016	May 18,2018	No
Dongxu Group, Li Zhaoting, Li Qing, and Li Zhaoting holds 10% of the shares of Dongxu Technology Group, Dongxu Group holds 90% of the shares of Dongxu Technology Group,	150,000,000.00	May 26,2016	May 25,2018	No
Dongxu Group, Li Zhaoting, Li Qing, and Li Zhaoting holds 10% of the shares of Dongxu	159,000,049.50	June 8,2016	April 7,2018	No

Technology Group, Dongxu Group holds 90% of the shares of Dongxu Technology Group,				
Dongxu Group, Li Zhaoting, Li Qing, and Li Zhaoting holds 10% of the shares of Dongxu Technology Group, Dongxu Group holds 90% of the shares of Dongxu Technology Group,	40,999,950.50	June 21,2016	April 20,2018	No
Dongxu Group, Li Zhaoting, Li Qing.	387,700,000.00	April 29,2016	April 29,2018	No
Dongxu Group, Li Zhaoting, Li Qing.	300,000,000.00	June 7,2016	June 7,2018	No
Dongxu Group, Li Zhaoting, Li Qing.	300,000,000.00	June 7,2016	June 7,2019	No
Dongxu Group	100,000,000.00	May 17,2016	May 17,2018	No
Dongxu Group	100,000,000.00	May 20,2016	May 20,2018	No
Dongxu Group	81,500,000.00	May 26,2016	May 26,2018	No
Dongxu Group	18,500,000.00	June 13,2016	June 13,2018	No
Li Zhaoting	40,000,000.00	December 22,2015	December 22,2016	No
Li Zhaoting	60,000,000.00	May 17,2016	May 17,2017	No
Dongxu Group	200,000,000.00	September 29,2015	September 29,2016	No
Dongxu Group	450,000,000.00	January 28,2013	January 27,2021	No
Dongxu Group, Li Zhaoting	76,710,608.33	October 20,2015	October 15,2018	No
Dongxu Group	45,000,000.00	November 30,2015	November 30,2016	No
Dongxu Group	50,000,000.00	April 23,2015	March 22,2016	Yes
Dongxu Group	45,000,000.00	February 29,2016	February 28,2017	No
Dongxu Group	45,000,000.00	January 29,2016	January 29,2017	No
Dongxu Group	15,000,000.00	April 5,2016	April 5,2017	No
Dongxu Group , Li Zhaoting	20,000,000.00	December 22,2015	June 22,2016	Yes
Dongxu Optoelectronic	80,000,000.00	July 24,2015	July 24,2016	No

Investment Co., Ltd., Shijiazhuang Baoshi Group, Li Zhaoting				
Dongxu Group, Li Zhaoting, Li Qing, Shijiazhuang Baoshi Group holds shares of the company	200,000,000.00	January 4,2015	January 4,2016	Yes
Dongxu Group , Li Zhaoting, Li Qing	200,000,000.00	January 4,2015	January 4,2016	Yes
Dongxu Group , Li Zhaoting, Li Qing	100,000,000.00	April 12,2013	May 20,2016	Yes
Dongxu Group , Li Zhaoting, Li Qing	100,000,000.00	April 12,2013	October 20,2016	No
Dongxu Group , Li Zhaoting, Li Qing	90,000,000.00	April 12,2013	April 11,2022	No
Dongxu Group , Li Zhaoting, Li Qing	150,000,000.00	May 2,2013	April 11,2022	No
Dongxu Group , Li Zhaoting, Li Qing	100,000,000.00	September 26,2013	April 11, 2022	No
Dongxu Group , Li Zhaoting, Li Qing	300,000,000.00	April 1, 2014	April 11,2022	No
Dongxu Group , Li Zhaoting, Li Qing	150,000,000.00	April 10,2015	April 12,2022	No
Li Zhaoting	200,000,000.00	May 19,2015	May 19,2016	Yes
Li Zhaoting	100,000,000.00	February 13,2015	February 13,2016	Yes
Dongxu Group, Li Zhaoting	212,000,000.00	April 25,2016	April 24,2017	No
Dongxu Group, Li Zhaoting	288,865,691.80	May 31,2016	May 30,2021	No
Dongxu Group	333,964,121.74	May 25,2016	May 24,2019	No
Dongxu Group, Li Zhaoting, Li Qing	248,000,000.00	May 27,2016	May 26,2019	No
Dongxu Group, Li Zhaoting	108,899,568.29	June 16,2016	June 19,2019	No
Li Zhaoting	300,000,000.00	February 13,2015	February 13,2016	Yes
Li Zhaoting	300,000,000.00	February 14,2016	October 10,2016	No

Notes

## (4) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	2,479,100.00	2,038,300.00

**6. Payables and receivables of the related party****(1) Receivable**

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	Shijiazhuang Dongxu Mechanical Equipment Co., Ltd.	1,242,750.00		3,756,250.00	
Account receivable	Chengdu Zhong Optoelectronic Technology Co., Ltd.	6,502,630.67		13,872,414.13	
Account receivable	Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	500,000.00			
Account receivable	Hebei Baoshi Energy saving lighting technology Co., Ltd.	10,000.00		10,000.00	
Account receivable	Sichuan Xuhong Optoelectronic Technology Co., Ltd.	250,000.00		914,000.00	
Bill receivable	Sichuan Xuhong Optoelectronic Technology Co., Ltd.			21,500,000.00	
Prepayments	Hebei Baoshi Energy saving lighting technology Co., Ltd.	60,000.00		60,000.00	
Prepayments	Hebei Decoration Printing Machinery Co., Ltd.	825,680.87		775,680.87	

Prepayments	Shijiazhuang XumingTube Co., Ltd.	335,052.00		335,052.00	
Prepayments	Shijiazhuang Dongxu Mechanical Equipment Co., Ltd.			8,521,569.97	
Prepayments	Baoshi Group	1,536,946.00			
Other Account receivable	Shijiazhuang Baodong Electric Co., Ltd.	299,905.00		299,905.00	
Other Account receivable	Hebei Baoshi Energy saving lighting technology Co., Ltd.	50,000.00			
Other non-current assets	Dongxu Group	155,505,869.52		155,505,869.52	

## (2) Payables

In RMB

Name	Related party	Book balance at year end	Book balance at year beginning
Account payable	Chengdu Dongxu Energy Technology Co., Ltd.	1,787.18	
Other payable	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	4,301,471.46	5,755,158.95
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.	441,578.40	152,978.40
Account payable	Shijiazhuang Xuling Electronic Technology Co., Ltd.	1,335,136.31	1,335,136.31
Account payable	Shijiazhuang Dongxu Mechanical Equipment Co., Ltd.	2,190,882.64	
Advance revenue	Dongxu Group	72,625,716.06	73,125,716.06
Other payable	Jinzhou Xulong Solar energy Technology Co., Ltd.	1,500,000.00	1,500,000.00
Other payable	Baoshi Group	5,301,153.26	165,815,170.48

Other payable	Shijiazhuang XumingTube Co., Ltd.	97,031.00	
Other payable	Dongxu Group	10,408,303.77	88,910,757.77
Other payable	Dongxu Optoelectronic Investment Co., Ltd.		146,229,180.00
Other payable	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	264,000.00	264,000.00
Other payable	Sichuan Xuhong Optoelectronic Technology Co., Ltd.	100,000.00	100,000.00

## XII. Stock payment

### 1. The Stock payment overall situation

√ Applicable    □ Not applicable

In RMB

The current total equity instruments granted to the company	0.00
Amount of the equity instruments company right of this line	0.00
Company current total failure of the equity instruments	0.00

Other notes

### 2. The Stock payment settled by equity

√ Applicable    □ Not applicable

In RMB

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	N/A
Equity-settled share-based payment included in the total amount of capital reserves	9,029,400.00
This period of equity-settled share-based payment confirmation total costs	1,992,000.00

**XIII. Events after balance sheet date****1. Notes of other significant events**

On July 28, 2016, the China Securities Regulatory Commission approved the company's non-public share issuance of issuing no more than 1,104,928,457 new shares.

**XIV. Notes of main items in financial reports of parent company****1. Account receivable****(1). Classification of account receivables**

In RMB

Classification	Amount in year-end					Amount in year-beginning				
	Book Balance		Bad debt provision		Book value	Proportion(%)		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Account receivables provided bad debt provision in credit risk groups	67,821,790.18	100.00%	567,495.23	0.84%	67,254,294.95	26,294,370.18	100.00%	365,561.55	1.39%	25,928,808.63
Total	67,821,790.18	100.00%	567,495.23	0.84%	67,254,294.95	26,294,370.18	100.00%	365,561.55	1.39%	25,928,808.63

Accounts receivable of individual significance and subject to individual impairment assessment.

☐ Applicable ☒ Not applicable

Account receivable on which bad debt provisions are provided on age basis in the group

☒ Applicable ☐ Not applicable

In RMB

Aging	Year-end balance		
	Account receivable	Bad debt provision	Proportion
Subitem within 1 year			
Credit period	54,000,000.00		
Credit external within 1 year			
Within 1 year	54,000,000.00		
2-3 years	1,009,668.39	302,900.52	30.00%
Over 5 years	264,594.71	264,594.71	100.00%
Total	55,274,263.10	567,495.23	1.03%

Notes:

Receivable account in Group on which bad debt provisions were provided on percentage basis:

☐ Applicable ☒ Not applicable

Receivable account in Group on which bad debt provisions were provided on other basis:

In RMB

Name	Closing balance	Bad debt provision
Related party Group	12,547,527.08	

Continue:

Name	Opening balance	Bad debt provision
Related party Group	25,020,107.08	

Notes : There is no verification of accounts receivable during this reporting period.

**(2) Bad debt provision withdrawal, reversed or recovered in the report period**

The current amount of provision for bad debts is RMB201,933.68; recovery or payback for bad debts Amount is RMB0.00.

Significant amount of reversed or recovered bad debt provision:

In RMB

Name	Amount	Method
------	--------	--------

**(3) Top five of account receivable of closing balance collected by arrears party**

The total receivable amount of top five closing balances collected by the debtors in the current reporting period is RMB 57,252,418.39 , which accounts for 84.42% of the total other receivables. The total amount of balances in the end of the period for corresponding accrued bad-debt provision is RMB 302,900.52.

**2.Other receivable****(1) Category of Other receivable**

In RMB

Category	Amount in year-end					Amount in year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other account receivables provided bad debt provision in credit risk groups	1,724,161,805.93	100.00%	1,825,726.84	0.11%	1,722,336,079.09	1,259,147,144.18	100.00%	1,797,045.49	0.14%	1,257,350,098.69
Ttotal	1,724,161,805.93	100.00%	1,825,726.84	0.11%	1,722,336,079.09	1,259,147,144.18	100.00%	1,797,045.49	0.14%	1,257,350,098.69



Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio:

☐Applicable ☒Not applicable

Other receivable accounts in Group on which bad debt provisions were provided on age analyze basis:

☒Applicable ☐Not applicable

In RMB

Aging	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Credit period	4,705.44		
Credit external within 1 year	96,922.88	4,846.14	5.00%
1-2 years	485,541.91	48,554.19	10.00%
2-3 years	718,105.55	215,431.67	30.00%
Over 5 years	1,556,894.84	1,556,894.84	100.00%
Total	2,862,170.62	1,825,726.84	63.79%

Notes:

Other receivable account in Group on which bad debt provisions were provided on percentage basis:

☐Applicable ☒Not applicable

Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio:

☒Applicable ☐Not applicable

Name	Closing balance	Bad debt provision
Related party transaction	1,712,163,930.24	
Deposit	9,133,205.07	
Personal loans	2,500.00	
<b>Total</b>	<b>1,721,299,635.31</b>	

Continue:

Name	Opening balance	Bad debt provision
Related party transaction	1,246,010,916.22	
Personal insurance and provident fund	455,012.80	
Personal loans	156,609.86	
Deposit	9,620,000.00	
<b>Total</b>	<b>1,256,242,538.88</b>	

## (2) Bad debt provision withdrawal, reversed or recovered in the report period.

The amount of bad debt provision was RMB28,681.35, The amount of reversed or recovered bad debt provision in the report period RMB0.00.

Significant amount of reversed or recovered bad debt provision:

In RMB

Name	Amount	Method
------	--------	--------

**(3) Particulars of the actual verification of other accounts receivable during the reporting period.**

In RMB

Items	Amount
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Of which : Significant actual verification of other account receivable:

In RMB

Name	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions
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**(4) Other account receivable classified by account nature**

In RMB

Nature	Closing book value	Opening book value
Deposit	9,133,205.07	9,620,000.00
Personal loans	2,500.00	156,609.86
Related party transaction	1,712,163,930.24	1,246,010,916.22
Current fund		2,124,152.16
Personal insurance and provident fund		455,012.80
Other	2,862,170.62	780,453.14
Total	1,724,161,805.93	1,259,147,144.18

**(5) The top five other account receivable classified by debtor at period end**

In RMB

Name	Nature	Closing balance	Aging	Proportion %	Closing balance of bad debt provision
Zhengzhou Xuwei Optoelectronic Technology Co., Ltd.	Current account	878,336,950.00	Credit period	50.94%	
Sichuan Ruiyi Construction Engineering Co., Ltd.	Current account	436,148,606.69	Credit period	25.30%	
Beijing Xufeng Property Co., Ltd.	Current account, loan	258,997,925.45	Credit period	15.02%	
Shijiazhuang Xuxin	Current account	100,000,000.00	Credit period	5.80%	

Optoelectronic Technology Co., Ltd.					
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.	Current account	19,630,448.10	Credit period	1.14%	
Total	--	1,693,113,930.24	--	98.20%	

**(6) Accounts receivable involved with government subsidies**

In RMB

Name of units	Project of government	Closing balance	Closing age	Estimated received time, amount and basis
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**(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets**

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivableOther notes:

**3.Long-term equity investment**

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment to the subsidiary	11,246,757,277.35	378,172,649.84	10,868,584,627.51	10,143,802,777.35	378,172,649.84	9,765,630,127.51
Investment to joint ventures and associated enterprises	72,508,010.72		72,508,010.72	72,426,252.41		72,426,252.41
Total	11,319,265,288.07	378,172,649.84	10,941,092,638.23	10,216,229,029.76	378,172,649.84	9,838,056,379.92

**(1) Investment to the subsidiary**

In RMB

Name	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
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Shijiazhuang Baoshi Color Bulb Co., Ltd.	439,341,956.80			439,341,956.80		
Hebei Xubao Construction Engineering Installation Co., Ltd.	100,000,000.00			100,000,000.00		
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	93,100,000.00			93,100,000.00		
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	4,711,064,000.00			4,711,064,000.00		
Sichuan Ruiyi Construction Engineering Co., Ltd.	100,453,728.53	900,000,000.00		1,000,453,728.53		
Wuhan Dongxu Optoelectronic Technology Co., Ltd.	3,125,000.00			3,125,000.00		
Beijing Xufeng Real Estate Co., Ltd.	470,000,000.00			470,000,000.00		
Dongxu (Kunshan) Display Material Co., Ltd.	280,500,000.00	119,500,000.00		400,000,000.00		
Jiangsu Jixing New Material Co., Ltd.	167,345,300.00			167,345,300.00		
Beijing Xutan New Material Technology Co., Ltd.	10,500,000.00			10,500,000.00		
Beijing Dongxu Huaqing	3,500,000.00			3,500,000.00		

Investment Co., Ltd.						
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	1,966,568,609.92			1,966,568,609.92		
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	1,798,304,182.10			1,798,304,182.10		
Fuzhou Dongxu Optoelectronic Technology Co., Ltd.		10,000,000.00		10,000,000.00		
Shanghai Tanyuan Huigu New Material Technology Co., Ltd		73,454,500.00		73,454,500.00		
Less: Long-term investment depreciation reserves						378,172,649.84
Total	10,143,802,777.35	1,102,954,500.00		11,246,757,277.35		378,172,649.84

## (2) Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment			Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawal impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Zhongda Chengxi	72,426,252.41			81,758.31						72,508,010.72	

n Internati onal Commer cial Factorin g Co., Ltd.											
Subtotal	72,426,252.41			81,758.31						72,508,010.72	
Total	72,426,252.41			81,758.31						72,508,010.72	

**(3) Other notes****4. Business income and Business cost**

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	369,700,169.65	236,073,823.43	2,792,700.86	3,321,758.79
Other business	14,147,651.79	67,061.63	4,502,136.76	146,629.82
Total	383,847,821.44	236,140,885.06	7,294,837.62	3,468,388.61

Other notes:

**5. Investment income**

In RMB

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the Equity method	81,758.31	-28,077.74
Total	81,758.31	-28,077.74

**6. Other****XV. Supplementary Information****1. Current non-recurring gains/losses**

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes
Gains/Losses on the disposal of non-current assets	-4,430.74	Fixed asset disposal gains and losses
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	103,218,866.64	Government grants
Gain/loss on loans obtained by entrusting others	1,500,000.00	Entrusted income
Other non-operating income and expenditure beside for the above items	282,354.44	
Less: Influenced amount of income tax	14,800,733.73	
Amount of influence of minority interests	4,126,999.02	
Total	86,069,057.59	--

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

## 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.	3.79%	0.14	0.14
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	3.20%	0.12	0.12

## 3. Differences between accounting data under domestic and overseas accounting standards

### (1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

☐ Applicable ☒ Not applicable

### (2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and

**Chinese accounting standards**

☐ Applicable ☒ Not applicable

**(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions**

**4. Other**



## **XI. Documents available for inspection**

- 1.The original semi-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. 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.

Dongxu Optoelectronic Technology Co., Ltd.

Chairman: Li Zhaoting

Issue day approved by the Board of Directors: August 29,2016