

Stock code : 000413,200413

Abbreviation: Dongxu Optoelectronic, Dongxu B

Announcement No.: 2018-046

Summary of 2017 Annual Report of Dongxu Optoelectronic Technology Co., Ltd.

I. Important Notice

This annual report summary is taken from the full text of the Annual Report. Investors are advised to read carefully the full text of the Annual Report published on the media designated by China Securities Regulatory Commission in order to fully understand the company's operation results, financial position and future

Non-standard auditor's opinion

Applicable Not applicable

Plans for profit distribution on ordinary shares or conversion of capital reserves into share capital proposed to the Board during the reporting period.

Applicable Not applicable

Whether provident fund reserve for share capital

Yes No

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

Plans for profit distribution on preference shares for the reporting period approved by the Board

Applicable Not applicable

II. Basic information about the company

1. Company profile

Stock abbreviation	Dongxu Optoelectronic, Dongxu B	Stock code:	000413、200413
Stock exchange for listing:	Shenzhen Stock Exchange		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Gong Xin	Wang Qingfei	
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2. Major operations or products during the reporting period

The Company is a leading manufacturer of optoelectronic display materials and a comprehensive service provider

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

I. Optoelectronic Display Materials Business System

1. LCD glass substrate business

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

2. Other display materials business

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

II Intelligent manufacturing system business system

1. High-end equipment and technical services business

Relying on the strong independent research and development capability, the Company spent 10 years, through the innovative mode of production, institute and research, firstly broke through the complete blockade of production equipment and technology by foreign countries, becoming the only domestic company that has the complete manufacturing process of the liquid crystal glass substrate and the equipment manufacturing capacity. After years of development, the Company has accumulated rich industrialization experience in the field of intelligent manufacturing, with that the related technologies have a strong spillover effect. Since 2014, the company has actively promoted the industrial chain extension strategy. At present, the company's high-end equipment and technology service business mainly focuses on customized and integrated production and operation and maintenance service models, mainly promoting the series of automated production equipment, and the company has developed several industrial group customers.

2. New Energy Bus Business

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

3. Graphene preparation and industrialization business

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

III Other businesses

1. Electronic communication product business

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

2. Construction & installation business

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

3. Major accounting data and financial indicators

(1) Major accounting data and financial indicators for the last three years

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

√Yes □No

Reasons for retrospective restatements:

Business merger under the same control.

	2017	2016		Changed over last year (%)	2015	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating Gross income (Yuan)	17,336,364,158.13	6,901,321,122.65	7,632,049,549.25	127.15%	4,650,208,448.10	4,927,624,975.64
Net profit attributable to the shareholders of the listed company (Yuan)	1,743,666,827.25	1,239,928,899.40	1,303,685,863.90	33.75%	1,326,233,674.37	1,245,417,797.94
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	1,539,583,478.72	953,819,209.18	961,311,896.59	60.15%	822,699,390.70	734,157,856.81
Cash flow generated by	1,265,773,428.34	1,390,048,492.32	748,957,164.24	69.00%	1,780,128,962.94	2,009,859,853.55

business operation, net (Yuan)						
Basic earning per share(Yuan/Share)	0.33	0.29	0.28	17.86%	0.48	0.31
Diluted gains per share(Yuan/Share)(Yuan/Share)	0.33	0.29	0.28	17.86%	0.48	0.31
Net asset earning ratio (%)	7.09%	7.28%	7.55%	-0.46%	14.99%	13.66%
	End of 2017	End of 2016		Changed over last year (%)	End of 2015	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Gross assets (Yuan)	67,683,329,226.91	46,826,319,570.41	50,287,380,415.68	34.59%	28,798,623,253.33	31,923,601,760.52
Net assets attributable to shareholders of the listed company (Yuan)	30,922,796,455.46	22,216,300,365.86	23,286,206,822.68	32.79%	14,319,481,941.28	14,525,631,433.60

(2) Main Financial Index by Quarters

In RMB

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

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

Yes No

4.Share capital and shareholders

(1) Number of holders of ordinary shares and preference shares with restored voting right and Top 10 shareholders

In shares

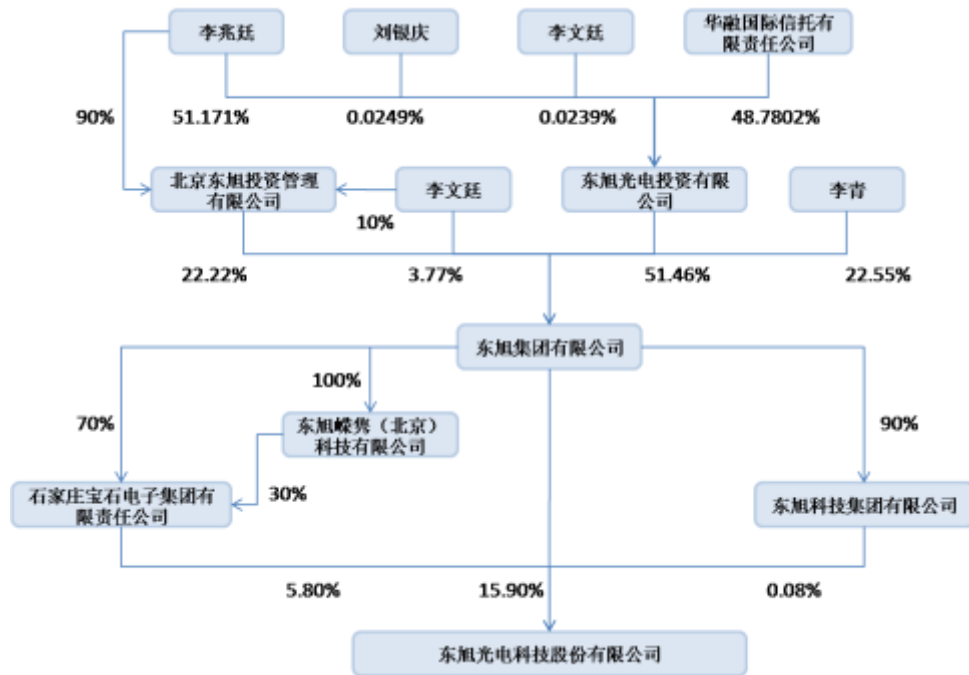
Total number of common shareholders at the end of the reporting period	376,913 (including 359,516 shareholders holding A shares and 17,397 shareholders holding B shares)	Total shareholders at the end of the month from the date of disclosing the annual report	361,666 (including 344,320 shareholders holding A shares and 17,346 shareholders holding B shares)	The total number of preferred shareholders voting rights restored at period-end	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report	0
Shareholdings of Top 10 shareholders							
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Amount of restricted shares held	Number or share pledged/frozen		
					State of share	Amount	
Tunghsu Group	Domestic Non-State-owned legal person	15.90%	910,975,591	791,889,488	Pledge	484,882,697	

Shijiazhuang Baoshi Electronic Group Co., Ltd.	Domestic Non-State-owned legal person	5.80%	332,382,171	0		Pledge	120,000,000
Shanghai Huimao Enterprise Management Co., Ltd.	Domestic Non-State-owned legal person	4.58%	262,626,262	262,626,262			0
China Fund Management Co., Ltd. — Huaxia Bank — TTCO Trust Co., Ltd. — TTCO Trust Co., Ltd. — Shunjing No.5 Single capital trust	Other	2.54%	145,759,116	0			
Ping An Securities Co., Ltd.	Domestic Non-State-owned legal person	2.16%	123,975,516				
Minsheng Royal Fund Management Co., Ltd. — Ping An Bank — Daye Trust Zengli 2 single Fund Trust	Other	1.70%	97,192,224	97,192,224			
Tunghsu Optoelectronic Technology Co., Ltd. — The first ESOP	Other	1.27%	72,639,296	72,639,296			
Beixin Ruifeng Fund — China Merchants Bank — Daye Trust — Daye Trust Profit increase 3 single fund plan	Other	1.08%	62,095,032	62,095,032			
Shenzhen Taianer Information Technology Co., Ltd.	Domestic Non-State-owned legal person	1.07%	61,165,682	0		Pledge	61,165,682
Wanhe Securities — China Merchants Bank — Wanhe Securities and No.1 Collective asset management plan	Other	0.96%	55,246,500	0			
Explanation on shareholders participating in the margin trading business	Among the top ten shareholders, Tunghsu Group and Baoshi Group have relationship and constitute persons taking concerted action. The company does not know whether there is relationship between other 8 shareholders or whether they are persons taking concerted action defined in Administrative Measures Relating to Acquisitions of Listed Companies.						
Notes to the shareholders involved in financing securities (if any)	Not applicable						

(2) Total preference shareholders and the shares held by the Top 10 Preference shareholders

Applicable Not applicable

(3)Block diagram of the ownership and control relations between the Company and the actual controller



5. Corporation bonds

(1) Basic information of the corporate bonds

Bond Name	Abbreviated Bond Name	Bond Code	Date Due	Bond Balance(RMB'0000)	Interest Rate
2015- corporate bond of Dongxu Optoelectronic Technology Co., Ltd	15 Dongxu bonds	112243	May 19,2020	100,000	6.00%
Information about interest paid and bonds honored during the reporting period	The first period bond interest 60,000,000.00 was paid in full amount on schedule in the current period				

(2) Information about the rating of the corporate bonds

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

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

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

(3) The key accounting data and financial indicators of the latest two years to the end of the reporting period

In RMB'0000

Items	2017	2016	At the same time rate of cange
Debt ratio	52.64%	51.52%	1.12%
EBITDA/Total debts	12.82%	12.17%	0.65%
Interest coverage ratio	3	3.48	-13.79%

III. Discussion and Analysis of the Management

1. Business Operation summary in the reporting period

The Company requires investors to read the full text of this annual report carefully and take note of the following risk factors.

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

No

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

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

(1) Optoelectronic display material business

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

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

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

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

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

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

main customer is BOE, hence this acquisition has enhanced the adhesion of major customers.

(II) Intelligent manufacturing service system

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

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

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

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

The high-end equipment and technical services, control systems and special equipment for the glass substrate are mostly customized products. Due to the confidentiality and market competition issues related to the core technologies and production processes, before 2014, the company mainly provided the equipment design, production, manufacture, installation and technical service of whole-set equipment for the TFT-LCD glass substrate production lines and high alumina cover glass production lines in our group. However, with the construction of those lines of production basically finished, the company, based on years of experience in the field of electronic glass equipment manufacturing, began to steer the high-end equipment business to the market besides the group and carried out the vertical expansion on the optoelectronic industry chain.

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

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

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

The company is committed to promoting the industrialization of graphene. In 2017, it achieved a double

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

(III) Other value-added business systems

1. Industry Extension, Electronic Communication Supporting Products Business

During the reporting period, in order to increase the company's industrial synergy and profitability, the company added the electronic communication products business, which mainly was the business of import and export of purchase and sales of the products including the memory chip products, high-end peripherals and e-sports main computers, LCD screen modules and whole machine products partly based on the company's existing customer resources and sales channels accumulated by the businesses such as the high-end equipment and liquid crystal display materials business. And in the reporting period, the company through the acquisition of Shenzhen Xinyingtong Technology Co., Ltd, gathered a group of operation teams with rich experiences and strong market development ability, step-by-step perfected the sections including the procurement, production, warehousing and logistics, distribution and sales, and improved the overall management efficiency and risk management and control capabilities. In 2017, the Company's electronic communication product business achieved the revenue of RMB 2.141 billion.

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

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

2. Material change in principal activities during the reporting period

Yes No

3. Products accounting for over 10% of revenue or profit from principal activities of the Company

Applicable Not applicable

4. Seasonal or cyclical operations requiring special attention

Yes No

5. Material difference of revenue, operating costs or net profit attributable to holders of ordinary shares of the Company for the reporting period from the last reporting period

Applicable Not applicable

6. Suspension in trading or delisting

Applicable Not applicable

7. Events relating to the financial report

(1) Reason for changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year

Applicable Not applicable

(1) Changes in accounting policies

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

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

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

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

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

In RMB

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

(2) Changes in accounting estimates

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

(2) Reason for retrospective restatement to correct major accounting errors during the reporting period

Applicable Not applicable

Nil

(3) Reason for changes in scope of the consolidated financial statements as compared to the financial report for the prior year

Applicable Not applicable

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

In RMB

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

Co., Ltd.				ion not under the same control					
Tianlong Huatai Industry (HK) Co., Ltd.	2017.1.1		100	Enterprise consolidation not under the same control	2017.1.1	Acquisition of control			
Tungshu Xuhua(International) Equipment Co., Ltd.	2017.1.1	10.02	55	Enterprise consolidation not under the same control	2017.1.1	Acquisition of control	0.13	-90.68	
Shanghai Sunlong Bus Co., Ltd.	2017.10.26	300,000.00	100	Enterprise consolidation not under the same control	2017.10.26	Acquisition of control	251,342.58	22,059.13	
Suzhou Tengda Optical Technology Co., Ltd.	2017.7.10	11,500.00	100	Enterprise consolidation not under the same control	2017.7.10	Acquisition of control	14,548.78	2,143.66	
Chenzhou Hongcheng Public Transport Construction Development Co., Ltd.	2017.9.20	1,000.00	57	Enterprise consolidation not under the same control	2017.9.20	Acquisition of control		-82.89	
Daosui Group Engineering Co., Ltd.	2017.12.1	10,446.86	51	Enterprise consolidation not under the same control	2017.12.1	Acquisition of control	31,483.86	383.06	
Ningbo Xude Technology Co., Ltd.	2017.12.31	485	100	Enterprise consolidation not under the same control	2017.12.31	Acquisition of control			

2. Business combination under the same control

In RMB

Combined party	Proportion of the profits	Basis	Combination date	Recognition basis of combination date	Combined party	Income of the combined party from the beginning of the year to the date of the merger	Net profit of the combined party from the beginning of the year to the date of the merger	Income of the merged party during the comparison period	Net profit of the combined party during the comparison period
Chengdu Tunghsu Intelligent	100	Controlled by Li Zhaoting The ultimate controller	November 16	Pay consideration and complete industrial and	Chengdu Tunghsu Intelligent Technol	264,977,513.73	-11,025,654.14	337,652,393.44	21,463,467.86

Technology Co., Ltd.				commercial change registration	ogy Co., Ltd.				
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	100	Controlled by Li Zhaoting The ultimate controller	October 26,	Pay consideration and complete industrial and commercial change registration	Sichuan Xuhong Optoelectronic Technology Co., Ltd.	372,820,156.08	90,116,100.98	399,663,708.85	48,839,795.67

3. New Important subsidiaries in this period

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

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

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

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

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

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

Dongxu Optoelectronic Technology Co., Ltd.

Chairman: Li Zhaoting

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