

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

## **2013 Annual Report**

**April 2014**

## 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 Annual Report.

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: Based on the Company's total share capital as at December 31, 2013,the Company would distribute cash dividend to all the shareholders at the rate of CNY 0.00 for every 10 shares (with tax inclusive) will be distributed to each 10 shares, and additional 20 shares per 10 shares from capitalizing of capital public reserve.

Mr.Li Zhaoting, Person in charge of the Company, Mr. Li Quannian, Chief financial officer and the Mr..Li Zhiyong, the person in charge of the accounting department (the person in charge of the accounting )hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

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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
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 Dongxu Optoelectronic	Refers to	Wuhu Dongxu Optoelectronic Technology Co., Ltd.
Wuhu Dongxu Equipment	Refers to	Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.
Shijiazhuang Dongxu Equipment	Refers to	Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.
BOE	Refers to	BOE Technology Group Co., Ltd.
CPT	Refers to	Chunghwa Picture Tubes Co., Ltd.
Corning Company, Corning	Refers to	Being the largest panel display glass substrate manufacturing company in the world at present

## **Reminder about Important Risks**

China Securities Journal, HongKong Commercial Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) are designated by the Company as the media for information disclosure. All information of the Company shall be subject to what is disclosed by the Company on the said media. And investors are kindly reminded to pay attention to possible investment risks.

This Report has been prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

## II. Basic Information of the Company

### I. 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	东旭光电股份		
English name (If any)	Dongxu Optoelectronic Technology Co., Ltd.		
English abbreviation (If any)	Dongxu Optoelectronic		
Legal Representative	Li Zhaoting		
Registered address	No.9, Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province		
Postal code of the Registered Address	050035		
Office Address	1. No.5 Court, No.23 A Fuxing Road, Haidian District, Beijing ; 2.No.9, Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province		
Postal code of the office address	1.100036; 2.050035		
Internet Web Site			
E-mail	bs@bseg.cn		

### II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Fu Yinfang	Wang Qingfei
Contact address	No.5 Court, No.23 A Fuxing Road, Haidian District, Beijing	Securities Dept of the Company, No.9, Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province
Tel	010-68297016	0311-86917775
Fax	010-68297016	0311-86917775
E-mail	fyfws@126.com	baoshixzb@126.com

**III. Information disclosure and placed**

Newspapers selected by the Company for information disclosure	China Securities Journal and Hong Kong Commercial Daily
Internet website designated by CSRC for publishing the Annual report of the Company	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The place where the Annual report is prepared and placed	Securities Dept of the Company

**IV.Changes in Registration**

	Date of Registration	Authority Registered with	Number of Business License of Enterprise as Legal Person	Taxation Registration No.:	Organization Code
Initial registration	December 26, 1992	No.49, Changan East Road, Shijiazhuang	10439598-3-1	130111104395983	10439598-3
Registration at the end of the reporting period	December 30, 2013	No.9, Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province	130000000001040	130111104395983	10439598-3
Changes in principal business activities since listing (if any)	<p>1. After being examined and adopted at 2002 annual shareholders' general meeting held on June 26, 2003, the business scope of the Company was changed as follows: Production and sales of electro vacuum glass devices and supporting electronic components, export of the self-produced products of the Company and the import of mechanical equipment, parts and components, raw and auxiliary materials needed by the Company. 2. After being examined and adopted at 2011 annual shareholders' general meeting held on April 26, 2012, the business scope of the Company was changed as follows: Production and sales of electro vacuum glass devices and supporting electronic components and automobile parts and components and relevant after-sales services, export of the self-produced products of the Company and the import of mechanical equipment, parts and components, raw and auxiliary materials needed by the Company, (except the commodities and technologies whose operation or import and export are restricted or prohibited by the state), investment, construction and operation of panel display glass substrate industry and relevant technological development, technical consultation, technical services, technology transfer and production of hydrogen gas (52.23 tons per year) (The Company shall not operate any business prohibited or restricted by laws and regulations and the State Council. A business subject to examination and approval by other departments can be operated only after approval).</p>				
Changes is the controlling shareholder in	On April 18, 2013, 520 million A shares privately issued by the Company were listed				

the past (is any)	at Shenzhen Stock Exchange. Dongxu Group Co., Ltd. Ordered 130.031 million shares in cash and directly controls 14.40% equity of the Company . becoming the controlling shareholder of the Company. By indirectly holding 12.27% equity of the Company through Baoshi Group . It holds 26.67% equity of the Company in total.
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## V. Other Relevant Information

### CPAs engaged

Name of the CPAs	Zhongxingcai Guanghua Certified Public Accountants (Special General Partnership)
Office address:	4/F, Anqiao Business Building , No.77 Guangan Street, Changan District, Shijiazhuang
Names of the Certified Public Accountants as the signatories	Wang Fengqi, Qi Zhenghua

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

Applicable Not applicable

Name	Office address	Representative	Consistent supervision period
Guangzhou Securities Co., Ltd.	19-20/F, Main Tower , Guangzhou International Finance Center, No.5 Zhujiang West Road, Guangzhou	Chen Yan, Cao Baiqing	April 19, 2013—December 31, 2014

The Financial advisor performing persist ant supervision duties engaged by the Company in the reporting period

Applicable  Not applicable



### III. Summary of Accounting Highlights and Business Highlights

#### I. Summary of accounting /Financial Data

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

	2013	2012	Changed over last year ( % )	2011
Operating Gross income (RMB)	931,900,682.99	778,935,169.83	19.64%	104,425,459.95
Net profit attributable to the shareholders of the listed company (RMB)	369,297,308.74	142,664,558.32	158.86%	11,850,352.65
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	256,529,907.56	118,253,707.19	116.93%	11,883,104.16
Cash flow generated by business operation, net (RMB)	-1,837,218,834.91	-466,992,745.86	-293.41%	-1,838,296.68
Basic earning per share(RMB/Share)	0.51	0.37	37.84%	0.03
Diluted gains per share(RMB/Share)(RMB/Share)	0.51	0.37	37.84%	0.03
Net asset earning ratio ( % )	9.43%	46.32%	-36.89%	5.23%
	End of 2013	End of 2012	Changed over last year ( % )	End of 2011
Gross assets (RMB)	9,032,978,401.14	2,061,707,738.09	338.13%	374,112,091.30
Shareholders' equity attributable to shareholders of the listed company (RMB)	5,813,673,715.04	391,928,777.84	1,383.35%	232,478,763.31

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

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

In RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	369,297,308.74	142,664,558.32	5,813,673,715.04	391,928,777.84

Items and amount adjusted according to IAS

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

In RMB

Items	Amount (2013)	Amount (2012)	Amount(2011)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	6,783,729.96	450.00	-29,938.22	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	133,954,541.90	25,198,017.02	20,000.00	
Profit & loss arising from debt recombination			15,982.10	
Single impairment test for impairment of receivables transferred back to preparation	134,137.19	1,922,964.33		
Gain/loss on loans obtained by entrusting others	9,807,235.52	7,166,668.00		
Other non-operating income and expenditure beside for the above items	7,737,795.73	-1,566,913.67	-38,795.39	
Less: Influenced amount of income tax	33,899,759.46	4,259,621.14		
Amount of influence of minority interests (After tax)	11,750,279.66	4,050,713.41		
Total	112,767,401.18	24,410,851.13	-32,751.51	--

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

## IV. Report of the Board of Directors

### I. General

#### 1. Analysis and Review of Industry

According to the statistics and forecast of Displaysearch, TFT-LCD glass substrate in demand around the world is expected to reach 440 million square meters in 2014. China has the fastest development in the flat panel display industry, the international panel manufacturers have set up the factories in mainland China in succession, and the global panel capacity has quickly transferred to the mainland. According to The 12th Five-year' Development Planning in New Materials Industry released by the Ministry of Industry and Information Technology, the flat panel display glass substrate in demand in China is expected to reach 100 million square meters per year in 2015. During the report period, the terminal consumer electronics industry represented by the mobile devices has grown fast and continually, and the profitability of the downstream panel industry of glass substrate has gradually recovered, which has brought further domestic demand in the glass substrate. At the same time, The 12th Five-year' nNational Strategic Development Planning of New Industry" shows that the improvement of the localization supporting rate for the glass substrate and other key supporting materials, and the financial grant by "giving subsidies to the substrate manufacturers", "offering subsidies to the panel manufacturers for the domestic materials procurement". In December 2013, the Ministry of Finance has announced the Tariff Implementation Plan in 2014, and increased to 6% for the import tariff of the 1<sup>st</sup> to 6<sup>th</sup> generation LCD glass substrate. The national policy support has played a role in the improvement of the process of "nationalization" for the glass substrate. As the leading enterprises of the domestic glass substrate, the company and the trustee have achieved the technological breakthrough, broken the monopoly of foreign investment, successfully realized Generation 1 to Generation 6 lines of glass substrate production, and fully created the "nationalization" process of glass substrate.

#### 2. Review of Operation for the Company

Year 2013 is a milestone for the company, and is "the first year" for the glass substrate business of the company. During the report period, the company has firmly grasped the opportunity for the national emerging optoelectronics display industry development to fully accelerate the pace of LCD glass substrate construction and vigorously push the development of LCD glass substrate project. The Board of Directors and the management has led all the staff to fully implement each strategic objectives formulated at the beginning of year, pulled together, seized the opportunity, overcome difficulties, reformed and innovated, and worked hard to make great breakthrough and achievement at all levels in the operation of the company.

By the end of the report period, the company has fully completed the power supply, the gas pipelines, roads, pipelines and other supporting projects of ten lines of the increase investment in the project of "the production lines of the panel display glass substrate of Wuhu Dongxu Optoelectronics". The production line of three lines of G6 LCD glass substrate of Phase I has been put into the production and the yield has risen steadily. The Phase II factory has been finished, and half of production devices have been completed. While ensuring the progress of project construction, the company has accelerated the market expansion, and G6 line of TFT-LCD glass substrate products has the smooth certification progress for the downstream customers. By the end of the report period, the batch certification of the downstream customers has been finished periodically, the supply in bulk has been achieved in 2014, the products have successfully been into the market, and the technology advantage and the product quality have been recognized in the market. Also, the third line and the fifth line of G5 production line of the trustee company of Zhengzhou Xufei Optoelectronic, and the second line of G5 production line of Shijiazhuang Xuxin Optoelectronic have been set up and put into production, the steady supply in bulk has been achieved, and the quality of products has reached the advanced international level.

The company and the trustee company have actively built the corporate-based independent innovation platform, focused on the technological innovation system with the combination of production-study-research, and constantly improved the level and quality of innovation and entrepreneurship. "The complete sets of equipment production line of TFT-LCD glass substrate" of the company has been regarded as "National Strategic Innovation Product", and the project of "G6 LCD glass substrate of flat panel display" of the company has been recognized as "Industrialization Demonstration Projects of National Torch Plan". During the report period, the

controlling shareholder of Dongxu Group and Corning in the United States have signed a settlement agreement through friendly consultations, and the fine external environment has been obtained for the development of the company.

During the report period, the company has successfully and non-publicly issued the shares of 520 million and the amount of funds-raised of RMB 5038.80 million, which is used for the construction of G6 TFT-LCD glass substrate project of wholly-owned subsidiary of Wuhu Dongxu. The success of non-public issuance has provided the strong financial support for the development of LCD glass substrate business of the company, been the best practice of the idea of “interaction of industry and finance”, become the capital platform for the company listing, and been the powerful guarantee for the achievement of the great-leap-forward development.

## II. Analysis on principal Business

### 1.General

The company is primarily engaged in production and sales of Electronic vacuum glass devices and accessory electronic components, research, development, production and sales of panel display glass base plates and their equipment. Main products include TFT-LCD glass substrate, complete equipment of glass substrate, A-frame, overflowing bricks and glass tubes, etc.

In the report period, Because the company TFT-LCD glass substrate products still in the certification period, has not yet formed of large-volume sales, the company's main business is still in the glass substrate-based equipment and technical services, the operating income, operating cost and net profit of the Company for the report period respectively increased by 19.64 %, 7.91 % and 69.92 % year on year.

Progress of development strategy and operation plans in this period that are disclosed by the company in the previous annual reports.

N/A

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

Applicable  Not applicable

### 2. Revenue

Notes

In the report period, the Company raise investment projects still in construction, pre-commissioning of three G6-generation TFT-LCD glass substrate production line products are in the certification period, the scale of production has not yet formed, so the revenue is still coming from glass substrate equipment manufacturing and technical service, while actively developing new business to achieve sustained growth in operating results.

Is the income from sales in kind greater than the service income?

Yes  No

Significant orders in hand

Applicable  Not applicable

Significant change in or adjustment of the products or services in the reporting period:

Applicable  Not applicable

## Main customers

Total sales amount to top 5 customers (RMB)	840,928,079.84
Proportion of sales to top 5 customers in the annual sales(%)	90.24%

## Information of the Company's top 5 customers

√Applicable □Not applicable

No	Name	Amount of sales	Proportion(%)
1	Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	404,417,596.07	43.4%
2	Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	223,066,469.15	23.94%
3	Ningbo Huatai Zhuozhan Electromechanical Technology Co., Ltd.	120,223,915.50	12.9%
4	Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	88,152,406.84	9.46%
5	Chengdu Zhong Optoelectronic Technology Co., Ltd.	5,067,692.28	0.54%
Total	--	840,928,079.84	90.24%

## 3.Costs

## Classification of sectors

In RMB

Classification of sectors	Items	2013		2012		Increase/Decrease(%)
		Amount	Proportion in operation costs	Amount	Proportion in operation costs (%)	
Whole set of equipment and Technology serves	Whole set of equipment and Technology serves	346,154,281.43	84.47%	262,252,730.34	69.06%	15.41%
Electric vacuum glass devices and supporting electronic devices	Electric vacuum glass devices and supporting electronic devices	14,816,487.87	3.62%	34,294,504.41	9.03%	-5.41%
Glass substrate	Glass substrate	5,313,672.28	1.3%			1.3%
Construction Installation	Construction Installation	2,509,568.73	0.61%	4,372,579.48	1.15%	-0.54%

## Classification of products

In RMB

Classification of products	Items	2013		2012		Increase/Decrease(%)
		Amount	Proportion in operation	Amount	Proportion in operation	

			costs(%)		costs(%)	
Whole set of equipment and Technology serves	Whole set of equipment and Technology serves	346,154,281.43	84.47%	262,252,730.34	69.06%	15.41%
Electric vacuum glass devices and supporting electronic devices	Electric vacuum glass devices and supporting electronic devices	14,816,487.87	3.62%	34,294,504.41	9.03%	-5.41%
Glass substrate	Glass substrate	5,313,672.28	1.3%			1.3%
Construction Installation	Construction Installation	2,509,568.73	0.61%	4,372,579.48	1.15%	-0.54%

Notes

N/A

## Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	1,966,879,003.13
Proportion in total annual purchase amount for top five suppliers (%)	56.85%

## Information about the top 5 suppliers

√Applicable □Not applicable

No	Name	Amount (RMB)	Proportion (%)
1	Wuxi Aiditong Metal Material Technology Co., Ltd.	625,569,235.96	18.08%
2	Chengdu GuangmingTaite Noble Mteal Co., Ltd	515,853,302.07	14.91%
3	Beijing Manniqi Technology Development Co., Ltd.	420,380,000.00	12.15%
4	Zibo Tongtao Refractory Material Co., Ltd.	209,903,128.90	6.07%
5	Beijing Sitong Industrial Technology Co., Ltd.	195,173,336.20	5.64%
Total	--	1,966,879,003.13	56.85%

## 4.Expenses

Items	2013	2012	Increased/decreased (%)
Sell Expenses	8,166,835.21	4,460,661.24	83.09%
Administration Expenses	100,258,518.00	75,153,579.36	33.40%

## 5.R&amp; D Expenses

No	Items	2013	2012
1	R & D Expenses	42,043,411.04	31,231,479.88
2	Take the percentage of current audited net assets	0.72%	6.20%

3	Take the percentage of current operation income	4.51%	4.01%
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## 6. Cash Flow

In RMB

Items	2013	2012	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	751,126,547.25	441,661,062.08	70.07%
Subtotal of cash outflow received from operation activities	2,588,345,382.16	908,653,807.94	184.85%
Net cash flow arising from operating activities	-1,837,218,834.91	-466,992,745.86	293.41%
Subtotal of cash inflow received from investing activities	4,349,773.95		
Subtotal of cash outflow for investment activities	2,254,600,150.18	704,021,936.42	220.25%
Net cash flow arising from investment activities	-2,250,250,376.23	-704,021,936.42	219.63%
Subtotal cash inflow received from financing activities	8,534,498,025.46	1,607,792,420.62	430.82%
Subtotal cash outflow for financing activities	2,092,787,971.92	341,854,893.23	512.19%
Net cash flow arising from financing activities	6,441,710,053.54	1,265,937,527.39	408.85%
Net increase in cash and cash equivalents	2,354,240,842.40	94,922,845.11	2,380.16%

Notes to the year-on-year change of the relevant data by over 30%

✓ Applicable □ Not applicable

Notes1: The cash flow from operating activities has increase significant due to the huge increase of the equipment and materials purchase expenses for Wuhu glass substrate production line by Wuhu Dongxu Equipment Company.

Notes2: A substantial increase in net cash flows from investing activities was due to the huge increase in expenditure of glass substrate production line.

Notes3: The significant increase in net cash flow from financing activities was due to the increase in raised funds and loans.

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

□ Applicable ✓ Not applicable

## III. Composition of principal businesses

In RMB

	Operating revenue	operating costs	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 (%)
Industry						
Whole set of equipment and	828,603,977.29	346,154,281.43	58.22%	29.63%	31.99%	-0.75%

Technology serves						
Electric vacuum glass devices and supporting electronic devices	20,605,280.50	14,816,487.87	28.09%	-64.71%	-56.8%	-13.16%
Glass substrate	5,313,672.28	5,313,672.28	0%			
Construction Installation	2,758,805.96	2,509,568.73	9.03%	-53.27%	-42.61%	-16.9%
<b>Product</b>						
Whole set of equipment and Technology serves	828,603,977.29	346,154,281.43	58.22%	29.63%	31.99%	-0.75%
Electric vacuum glass devices and supporting electronic devices	20,605,280.50	14,816,487.87	28.09%	-64.71%	-56.8%	-13.16%
Glass substrate	5,313,672.28	5,313,672.28	0%			
Construction Installation	2,758,805.96	2,509,568.73	9.03%	-53.27%	-42.61%	-16.9%
<b>Area</b>						
Domestic	856,355,933.35	368,007,872.21	57.03%	21.73%	22.29%	-0.2%
Overseas	925,802.68	786,138.10	15.09%			

Under the circumstance that the statistic specifications for the Company's principal business data experienced adjustment in the reporting period, the principal business data upon adjustment of the statistic specifications at the end of the reporting period in the latest year.

Applicable  Not applicable

#### IV. Analysis on Assets and Liabilities

##### 1. Significant Change in assets

In RMB

	End of 2013		End of 2012		Proportion increase/decrease (%)	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	2,586,660,951.04	28.64%	110,770,070.84	5.37%	23.27%	
Accounts receivable	943,285,462.11	10.44%	573,874,457.07	27.83%	-17.39%	
Inventories	298,619,165.08	3.31%	168,716,962.68	8.18%	-4.87%	
Investment based real estate	12,216,614.26	0.14%	14,230,280.23	0.69%	-0.55%	
Long-term equity investment			150,000.00	0.01%	-0.01%	



Fixed assets	141,108,554.36	1.56%	50,377,603.66	2.44%	-0.88%	
Construction in progress	1,914,118,112.98	21.19%	196,954,480.35	9.55%	11.64%	

## 2. Significant Change in Liabilities

In RMB

	2013		2012		Proportion increase/dec rease(%)	Notes to the significant change
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Short-term loans	580,000,000.00	6.42%	485,000,000.00	23.52%	-17.1%	
Long-term loan	2,300,000,000.00	25.46%	800,000,000.00	38.8%	-13.34%	

## V. Analysis on core Competitiveness

### 1. Strong independent innovation capability

The production and R&D of glass substrates has high technical barriers, has a very high requirement for equipment, technology and other aspects of the recipe. Only relying on independent innovation, in order to truly break the blockade and monopoly of foreign companies. About equipment, the company has integrated sophisticated equipment glass substrate manufacturing capacity for the production of glass substrates; about formulation, the company was the first one to adopt green arsenic formulations, the optical properties of the glass substrate and finished product yield reached international level; about technology, the company mastered the melting, molding, cutting, transport, inspection, packaging film and other key production processes and apply mature in producing glass substrates. The company's powerful innovative R & D strength depend on the team from Taiwan, Korea, Japan and other places more than 300 experts, all have a lot of experience in the production of the material, technology, equipment, quality control and other aspects. Thus the company's technology continues to upgrade. Meanwhile, the company focused on research combining extensive industry, academia, research cooperation and exchanges with well-known research institutions and professional institutions, build a country where the LCD glass substrate and a plurality of joint laboratory Provincial Engineering Laboratory (Research Center), and comprehensively promote technological research and innovation.

The company and hosting company has LCD glass substrates with independent intellectual property, PDP glass substrates, high alumina float plate glass and many other technologies, about 400 patents related to glass substrates

### 2. Advantage of the country's leading industry position

Zhengzhou Xufei Optoelectronic hosting company began the construction of G5 glass substrate production line in 2009, in 2010 it achieved a breakthrough of achieved 5th generation line of industrial production. In 2011, a subsidiary in Wuhu and Shijiazhuang equipment company was established to strengthen the glass substrate manufacturing system integration capabilities. In 2012 the company began the construction of 10 line of 6th generation TFT-LCD glass substrate production line, becoming the world's largest glass substrate 6 Line production base. The company has developed into a high-tech enterprise with the LCD glass substrate manufacturing, sales, LCD glass substrate manufacturing equipment, technical services, becoming the domestic industry leader. The company and hosting company have five production bases, covering five generations, six-generation glass substrates and plasma glass substrate, the cover glass and other high-end display glass and the industry competitive advantage was obvious. In the future, with plans to gradually reach the production and hosting company assets into the glass substrate, the company will further consolidate the leading position of domestic glass substrates and glass substrates among the global forefront of the industry, the industry position advantages was obvious.

### 3. Flexible and efficient management system

Dongxu Group is the controlling shareholder of the company, it was mainly engaged in the inception of the design, manufacture of Picture Tubes equipment and systems integration in the electronics industry and has accumulated rich experience in management , technical design, technology and has talented team. In 2010, Dongxu Group reorganized Baoshi Group, the management system converted from a state-owned enterprise to the private company. The company accurately judged market and industry development direction, response and grasp the opportunity fast and flexible and make full use of talent, capital and other resources, thus occupying a strategic position. In the consumer electronics industry chain that with rapid development and high barrier, the advantages of flexibility and efficiency of the company was obvious .

## VI. Analysis on investment Status

### 1. External Equity investment

#### (1) External investment

External investment		
Investment Amount in 2013(RMB)	Investment Amount in 2012(RMB)	Change rate
4,371,264,000.00	465,925,000.00	838.19%
Particulars of investees		
Companies	Principal business	Proportion in the investees' equity (%)
Wuhan Dongxu Optoelectronic Technology Co., Ltd.	. Investment of photoelectric display glass substrate industry, construction and operation and related technology development, technology consulting, technology services	100%
Hebei Xubao Construction Installation Engineering Co., Ltd.	Engineering design and construction of houses and buildings, engineering consultation, etc	100%
Beijing Dongxu Investment Development Co., Ltd.	Project investment, investment management, asset management, investment advisory	95%
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd	R&D of optoelectronic mechanical equipment and electronic products, production of all kinds of non-standard equipment and parts and relevant process formulation.	95%
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd	Optoelectronic device installation and relevant technological development, technology transfer, technical consultation and technical services	90.25%

### 2.Application of the Raised capital

#### (1) General application of the raised capital

	In RMB'0000
Total amount of the raised capital	496,106.4
Total raised capital invested in the report period	447,458.61

Total accumulative raised capital invested	447,458.61
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%
Notes to use of raised capital	

**(2) Promised projects of raised capital**

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										
Panel display glass substrate project of Wuhu Dongxu Optoelectronic Technology Co., Ltd.	No	496,106.4	496,106.4	447,458.61	447,458.61	90.19%		0	No	No
Subtotal of promised investment projects	--	496,106.4	496,106.4	447,458.61	447,458.61	--	--	0	--	--
Investment of excessive raised capital										
Total	--	496,106.4	496,106.4	447,458.61	447,458.61	--	--	0	--	--
Reason or situation that not on schedule (on specific project)	Not applicable									
Notes to major changes in project feasibility	Not applicable									
Amount, application and application progress of the unbooked proceeds	Not applicable									
About the change of the implementation site of the projects invested	Not applicable									

with the proceeds	
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	Applicable On April 17, 2013, The 36th 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 RMB2,077,426,324.50 replaced by the raised funds.
Using the idle proceeds to supplement the working capital on temporary basis	Applicable On April 17, 2013, The 36th Meeting of the sixth Board of Directors of the company has examined and approved the "Proposal on Some Idle Funds-raising Used to replenish the working fund", and agreed the company to use the idle funds-raising of RMB490million (accounting for 9.88% of the actual net funds-raising) to temporarily replenish the working fund of the company, with the validity not exceeding 12 months after the date of examination and approval of the Board of Directors. The company shall promptly repay into the special account of the funds-raising when the payment replenished for the working fund comes due.
Balance of the proceeds in process of project implementation and the cause	Not applicable
About application and status of the proceeds unused	In the unused raised funds, 0.8348 million yuan was managed in the company raised funds account (including deposit interest income), temporarily the rest 490 million yuan was used to supplement the flow cash.
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. Analysis on principal subsidiaries and Mutual Shareholding Companies

#### Particulars about the principal subsidiaries and Mutual shareholding companies

In RMB

Company Name	Company type	Sectors engaged in	Leading products and services	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Hebei	Subsidiary	Engineering	Housing construction design,	100,000,	128,720,	104,560,0	46,790,00	1,430,63	695,09

Xubao Construction Installation Engineering Co., Ltd.	y		construction, engineering consulting, urban construction and road lighting construction, interior decoration, renovation projects etc.	000	448.11	01.82	8.72	9.10	3.51
Shijiazhuang Baoshi Color Bulb Co., Ltd..	Subsidiary	Manufacture	Production and sales of glass bulbs for Colour kinescope and electronic glass products	540,681,956.80	182,605,122.63	99,802,360.79	3,281,350.28	2,406,793.24	5,233,757.68
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	Subsidiary	Manufacture	Photoelectric display glass substrate industry investment, construction and operations and related technology development, technology consulting, technology services, technology transfer, etc.	2,000,000,000	7,244,037,623.61	4,506,969,224.36	5,313,672.28	-9,209,034.65	38,921,875.70
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd	Subsidiary	Manufacture	R&D of optoelectronic mechanical equipment and electronic products, production and techniques of all kinds of non-standard equipment and parts and relevant process formulation	98,000,000	4,505,156,340.44	720,658,939.84	1,204,326,884.87	414,124,005.92	357,612,970.51
Wuhan Dongxu Optoelectronic Technology Co., Ltd	Subsidiary	Manufacture	Engaged in investment, construction and operation of industry of base plate of optoelectronic display glass (i.e. TFT-LCD liquid crystal glass)	5,000,000	13,178,914.77	3,623,779.68	0.00	-16,499.80	-15,649.80

Particulars about the principal subsidiaries and Mutual holding companies

Acquirement and disposal of subsidiaries in the Reporting period

Applicable  Not applicable

## VII. Prediction of business performance for January -March 2014.

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

## VIII. Development prospect

### 1. Development trend of the industry

In recent years, the mobile terminal devices have shown the explosive growth. Although a certain degree of decline in the growth appears in the coming years, the faster growth is still kept, especially for the panel computers and the smart phones. According to the forecast of IDC, the global shipments of smart phones will be up to 1.255 billion in 2014, with the growth of 25% compared with the previous year, and the global shipments of panel computers are expected to reach 267 million, with an increase of 23%. The rapid growth of panel computers, smart phones and other mobile terminal devices has made the global small and medium panel capacity continue to keep the higher increase rate, which will further lead to the upstream glass substrate in the industry chain, and bring the rapid growth in the demand of G1 to G6 LCD glass substrate.

Next few years, the progress of “Nationalization” of glass substrate in China will enter the rapid period, and the domestic glass substrate enterprises in this progress are required to become bigger and stronger. With the continual accumulation and maturity of domestic glass substrate technology, the difference of the quality and the price of products among domestic manufacturers, Corning and other foreign giants gradually narrows, and mature industrial capacity will become the key of competitiveness in the future. For the domestic glass substrate enterprises, only the mature industrial companies with strong research and innovation capacity, sophisticated equipment manufacturing capacity, mastering the advanced production techniques and technologies, and owning an excellent customer group, can complete the important mission of “nationalization” of glass substrate in China, and gain the competitive advantage in the process of “nationalization” of glass substrate.

### 2. Development stratagem

In the future years, the core strategy of the company will still focus on the goal of “creating the flagship of optoelectronics industry in China”, and continue to build the core competitiveness and sustainable development motivation by the technical innovation and the scale effect.

#### (1) Enhance the level of R&D and ensure the reserve of new technology and products.

Further strengthen R&D, guarantee the progress of R&D, accelerate the technical research and innovation for the glass cover, high-generation TFT-LCD glass substrate, low-temperature polysilicon LTPS and other products, formulate the complete technical development and industrial production system, and provide the technical guarantee for the continual development of the company.

#### (2) Speed up project construction, improve the scale of capacity and expand the market shares

The company and the trustee company shall put into production and build 20 production lines of LCD glass substrate (10 lines for G6, 10 lines for G5), and design to complete total capacity about 11 million per year, which will be put into production and achieve the scale benefit within one or two years. Meanwhile, speed up the attestation of other customers in Taiwan market, continually improve the market shares, establish and consolidate the technical advantage and market standing in the glass substrate field of the company.

#### (3) Strengthen the technical cooperation and the industrial integration, and formulate the optoelectronics industry cluster with comprehensive competitiveness

① Properly start up the trustee company asset injection work, perfect the structure of products and expand the size and benefit of the company.

② Closely focus on the market, actively seek the cooperation opportunity and properly improve G8.5 glass substrate and other new projects construction.

③ Exert the synergistic effect of the downstream customer group and the optoelectronics display industry chain, and continually expand the structure of products. Meanwhile, seek the industry integration and improve the comprehensive competitiveness in the new materials of flat panel display and other fields according to the demand in the market.

According to above strategic development ideas, in the next two or three years, the company shall strive to strengthen the optoelectronics display business, become a world-class leader with the capacity of manufacturing high-end display devices and equipments in the optoelectronics display industry, and make greater contributions to promoting the scientific development of national optoelectronics display industry and implementing the national “Innovation-driven strategy”.

### 3. Business plan in 2014

(1) Production: accelerate and promote the production line project of Wuhu TFT-LCD glass substrate, achieve Line 1 to Line 8 to put into operation, actively promote and start up the construction of Line 9 and Line 10 in accordance with the market demand, achieve the capacity and effectiveness as soon as possible, steadily improve the yield, and achieve the scale and stableness of production.

(2) Sales: further expand the market in mainland China and Taiwan in China, actively seek the breakthrough in PO quantity from the existing customers, speed up the attestation process of new customers, continually expand the width and depth of coverage, and positively develop the new sales channels and models and seize the market shares.

(3) R&D: strengthen the R&D level, guarantee the progress, optimize and innovate the technology, continue to promote the technical R&D for the cover-plate glass and the glass substrates of high-generations, maintain the company’s innovation advantage in the technology and the product, and enhance the core competitiveness of the company.

(4) Organization: strengthen the introduction and cultivation for the talents, explore the equity incentive mechanism, and greatly exert the enthusiasm, initiative and creativity of the company’s talents under the mature condition.

(5) Finance: intensify the financial supervision and strictly guard against the financial risks.

(6) Internal Control: continue to strengthen the construction of internal control system, fully intensify the normalization of operation and improve the ability to cope with risks.

(7) Other businesses: while the development of glass substrate industry, play the whole advantages of group, do the construction of urbanization and smart city projects well, and strengthen the profitability of listed companies.

### 4. Risks and opportunities faced in future

**(1) The Risk of Cyclical Swing in Downstream.** The downstream TFT-LCD panel industry of glass substrate belongs to the industry with strong cycle, which has more sensitive to the economy and the business cycle. The market prospect of TFT-LCD panel industry will affect the prosperity of glass substrate industry; however, the company is difficult to completely avoid the impact of cyclical fluctuation in the industry in the short term, which may cause a certain impact to the company’s operation. Also, the company shall further extend the structure of the products, develop the high-generation of lines and cover glass, perfect the optoelectronics industry group and strive to reduce the impact of cyclical fluctuations of the downstream on the company.

**(2) Technical Risk.** The production of glass substrate in China is still in the beginning of development, which has a certain distance from those of the well-known foreign manufacturers in the production scale and the technical strength. In addition, the downstream panel products are upgraded rapidly, the glass substrate with the stable demand as the cornerstone of display materials will be unable to meet the demand of constant updating end market if the company can’t continue to research and innovate, improve the technical level and expand the structure of products. The company shall actively research and judge the industrial changes in technology, keep sufficient sensitivity and forward-looking sense for the industrial technology, do well on the relevant technical reserves, and guide the technological upgrading of the industry.

**(3) Risk of Market Competition.** Currently, the global glass substrate industry is mainly dominated by Corning and other three foreign giants, the domestic substrate manufacturers don’t have initiative compared with the foreign giants, and the market competition is very fierce. Although the possibility of price war is low in the future, we must considerate the possibility that the foreign giants continue to suppress the domestic manufacturers. The company shall actively make the technical reserves and the technological improvement, reduce the production costs, establish the advantages in quality, price and industrialization, and

positively cope with the risk of market competition.

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

In order to meet the development needs of the company, and after the “Proposal on Changes in Accounting Estimates” has been examined and passed by the 40th Meeting of the sixth Board of Directors of the company, the company has abided by the “Accounting Standards for Enterprises No.28 – Accounting Policies, Changes in Accounting Policies and Corrections of Errors”, “Information Disclosure Memo No.28 of Shenzhen Stock Exchange – Changes in Accounting Policies and Accounting Estimates” and other relevant regulations, and followed the actual condition that the company has been successfully transformed the business from the original CRT into TFT-LCD glass substrate, to change the original accounting estimates only applicable to CRT into that applicable to CRT and TFT-LCD glass substrate, mainly involving in the changes in the percentage of bad debt reserves for other receivables and the depreciation life of fixed assets.

### **X. Explain change of the consolidation scope as compared with the financial reporting of last year.**

On August 23, 2013, Wuhu Dongxu Optoelectronic Device Technology Co., Ltd. raised the funds and established the wholly-owned subsidiary of Beijing Dongxu Investment and Development Co., Ltd, with the raised amount of RMB100 million. Dongxu Optoelectronic accounts for 95.00% shares of Wuhu Dongxu Optoelectronic Device Technology Co., Ltd. Thus, Dongxu Optoelectronic also has the shareholding proportion of 95.00% of Beijing Dongxu Investment Development Co., Ltd. So, all of companies have been integrated.

### **XI. Profit and dividend distribution**

Dividend Distribution Preparation, implementation or adjustment of the Company’s profit Distribution policy, Especially Cash Dividend Distribution Policy in the Reporting Period.

Applicable  Not applicable

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

As undistributed profit of the company by the end-of-period has been negative, the Company's profit distribution plan in 2011-2012: No profit distribution and no capitalization.

For the year 2013, according to the Articles of Association and related regulations, combined with the actual situation of the company, the company intended to implement the following distribution of profits and capital reserve plan: As the company had accumulated losses, there would be no cash dividends during the year; on the base of December 31, 2013 ,903 million shares of the total share capital, the company would distribute 20 shares to all the shareholders for every 10 shares, for a total distribution of 1806 million shares. The total share capital of the Company will be increased to 2709 million shares after capitalization.

#### **Dividend distribution of the latest three years**

In RMB

Year	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements



2013	0.00	369,297,308.74	0%
2012	0.00	142,664,558.32	0%
2011	0.00	11,850,352.65	0%

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

Applicable  Not applicable

## XII. Profit distribution and plan of capitalization from capital public reserve

Bonus shares for every ten shares (Shares)	0
Cash dividend for every ten shares (Yuan)(Tax-included)	0.00
Distribute additional (shares) for 10 shares	20
A total number of shares as the distribution basis (Shares)	903,000,000
Total cash dividend (Yuan)(Tax-included)	0.00
Profit dividend (Yuan)	-538,926,803.51
Proportion of cash dividend in the distributable profit(%)	0%
Cash dividend distribution policy	
Details of profit distribution or reserve capitalization plan	

## XIII. Social responsibility

The Company has continuously improved the standard operations and followed the provisions of "Corporate Law", "Securities Law", "Governance Rules of Listed Companies", "Management Methods of Information Disclosure of Listed Companies", "Listing Rules of Shenzhen Stock Exchange" and "Standard Operation Guideline of Listed Company" to truly, accurately, completely, timely and fairly perform the information disclosure obligations, and timely and fully acquire all the information of the company for the majority of shareholders, especially the small and medium investors. Also, the company has paid attention to strengthening the management of investor relationship and guaranteeing the investors' right to know. Moreover, the company has strictly abided by "Labor Law" and "Labor Contract Law" to sign the labor contract with employee, establish the formal and legal labor relations, provide the fair employment and promotion opportunities for the employee, guarantee the employee's legitimate rights and ensure the employee to share the business development achievement.

Whether the listed company and its subsidiaries belong to the heavy polluting industries regulated by the state environmental protection department.

Yes  No  Not applicable

Whether the listed company and its subsidiary exist the major social security issues.

Yes  No  Not applicable

Whether has been punished during the report period.

Yes  No  Not applicable

**XIV. Statement of such activities as reception, research, communication, interview in the reporting period**

Reception time	Reception place	Way of reception	Types of visitors	Visitors received	Discussion topics and provision of materials
January 1, 2013-December 31, 2013	The Company	By phone	Individual	Individual Investor	The progress of non-public issuance, project raised, Litigation between Dongxu Group and Corning, business of the custody company, etc.
September 12, 2013	The Company	Onsite investigation	Organization	Guotai Junan Securities, Boshi Fund, Xinhua Assets, Huaxia Fund and CCB Fund	The production operation, the progress of fund-raising-for-investment project, the climbing of passed yield of Line 6, the advantage of products, and the status of the downstream customers, and so on.
September 26, 2013	Wuhu Dongxu Optoelectronic Technology Co., Ltd	Onsite investigation	Organization	Huaxia Fund, Boshi Fund, Haifutong Fund, Guangfa Securities and Creation Investment	Visited glass substrate production line and introduced the progress of the project of Wuhu glass substrate production line
October 9, 2013	Wuhu Dongxu Optoelectronic Technology Co., Ltd	Onsite investigation	Organization	Yinhua Fund, Orient Securities, Shanghai Dingfeng Asset, Dongwu Fund, Universal asset, Minsheng Royal fund, Golden Investment, Northerst Securities, Gangfa Fund, Everbright Pramerica Fund, Changxin Fund, Pingan Asset, China Life Asset, CIFM, Zexi Investment and Fangfa Securities.	Visited glass substrate production line and introduced the progress of the project of Wuhu glass substrate production line
October 10, 2013	Wuhu Dongxu Optoelectronic Technology Co., Ltd	Onsite investigation	Organization	Dacheng Fund and Tianhong Fund	Visited glass substrate production line and introduced the progress of the project of Wuhu glass substrate production line
October 30, 2013	Wuhu Dongxu Optoelectronic Technology Co., Ltd	Onsite investigation	Organization	GTJA Allianz Funds, Caitong Fund, Hongyuan Securities, Changjiang Securities, DTS, Mirae Asset, Galaxy AMC,	Visited glass substrate production line and introduced the progress of the project of Wuhu glass substrate production line

				Shanghai Volongon Capital, Shanghai Zexi Investment, 、 CSC and Shanghai Yuanhong Investment.	
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## V. Important Events

### I. Major lawsuits and Arbitration affairs

Applicable  Not applicable

In the reporting year, the Company had never been involved in any material lawsuit or arbitration.

### II. Query from media

Applicable  Not applicable

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

### III. Material related transactions

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

Related parties	Relationship	Type of related parties	Description of related transactions	Principle of pricing of the related transaction	Price of related transactions	Amount of the related transaction (RMB'000)	Proportion in the amount of the similar transaction (%)	Mode of settlement	Market price	Disclosure date	Disclosure index
Shijiazhuang Baoshi Group Co., Ltd.	Controlled by the same parent company	Commodity purchased/labor service received	Energy	Reference price setting		426.65	100%	Currency			
Shijiazhuang Baoshi Xuming Tube Co., Ltd.	Controlled by the same parent company	Commodity purchased/labor service received	Material, Inventory	Reference price setting		0.33	0%	Currency			
Zhengzhou Xufei Optoelectronic Technology	Controlled by the same parent company	Commodity purchased/labor service	Checking machine	Reference price setting		1,452.99	0.73%	Currency			

gy Co., Ltd.	Actual Controller	received									
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Commodity purchased /labor service received	LCD glass	Reference price setting		506.77	100%	Currency			
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Commodity purchased /labor service received	Material	Reference price setting		114.24	0.74%	Currency			
Chengdu Dongxu Energy Saving Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Commodity purchased /labor service received	Energy saving lamp	Reference price setting		276.33	15.61%	Currency			
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd	Controlled by the same parent company Actual Controller	Commodity purchased /labor service received	Carat Tube	Reference price setting		479.85	27.11%	Currency			
Hebei Energy Saving Lighting Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Commodity purchased /labor service received	Construction Installation	Reference price setting		316.36	22.14%	Currency			
Dongxu( Yingkou) Optoelectronic	Controlled by the same parent	Sales Goods/Labor service	Equipment for High- end display product	R & D Costs+Production line		22,306.65	26.92%	Currency			

Display Co., Ltd	company Actual Controller	received	tion line	material cost+Production line integration cost+Management Cost and sales costs+Reasonable profit							
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Sales Goods/Labor service received	Equipment for High-end display production line	the same as above		39,716.12	47.93%	Currency			
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Sales Goods/Labor service received	Equipment for High-end display production line	the same as above		8,815.24	10.64%	Currency			
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Sales Goods/Labor service received	A-frame	Reference price setting		725.64	42.13%	Currency			
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Sales Goods/Labor service received	Shape tester	Reference price setting		641.03	100%	Currency			
Shijiazhu	Controlled	Sales	A-frame	Reference		218.46	11.43%	Currency			

ang Bofa Mechanical Equipment Co., Ltd.	d by the same parent company Actual Controller	Goods/La bor service received		price setting							
Sichuan Xuhong Optoelect ronic Technolo gy Co., Ltd.	Controlle d by the same parent company Actual Controller	Sales Goods/La bor service received	A-frame	Reference price setting		154.8	8.1%	Currency			
Hebei Baoshi Energy Saving Lighting Technolo gy Co., Ltd.	Controlle d by the same parent company Actual Controller	Sales Goods/La bor service received	Construct ion Installatio n	Reference price setting		17.62	6.39%	Currency			
Shijiazhu ang Baoshi Electronic s Group Co., Ltd.	Controlle d by the same parent company Actual Controller	Sales Goods/La bor service received	Processin g charges	Reference price setting		3.99	100%	Currency			
Sichuan Xuhong Optoelect ronic Technolo gy Co., Ltd.	Controlle d by the same parent company Actual Controller	Sales Goods/La bor service received	Construct ion Installatio n	Reference price setting		188.41	68.29%	Currency			
Shijiazhu ang Xuxin Optoelect ronic Technolo gy Co., Ltd.	Controlle d by the same parent company Actual Controller	Sales Goods/La bor service received	Construct ion Installatio n	Reference price setting		54	19.57%	Currency			

Dongxu Group	Controlling shareholder	Equity management right Managed	Equity management right Managed	Agreement price		100	50%	Currency			
Dongxu Optoelectronic investment Co., Ltd.	Controlled by the same parent company Actual Controller	Equity management right Managed	Equity management right Managed	Agreement price		50	25%	Currency			
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Controlled by the same parent company Actual Controller	Equity management right Managed	Equity management right Managed	Agreement price		50	25%	Currency			
Dongxu(Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same parent company Actual Controller	Equity management right Managed	Equity management right Managed	Agreement price		100	12.81%	Currency			
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Equity management right Managed	Equity management right Managed	Agreement price		449.3	57.55%	Currency			
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Controlled by the same parent company Actual Controller	Equity management right Managed	Equity management right Managed	Agreement price		100	12.81%	Currency			
Shijiazhuang Xuxin	Controlled by the same	Equity management right	Equity management right	Agreement price		131.42	16.83%	Currency			



Optoelectronic Technology Co., Ltd.	parent company Actual Controller	Managed	Managed								
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Controlled by the same parent company Actual Controller	Rental company	House	Reference price setting		225.39	20.2%	Currency			
Shijiazhuang Baodong Electronic Co.,Ltd.	Controlled by the same parent company Actual Controller	Rental company	House	Reference price setting		43.87	3.93%	Currency			
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Controlled by the same parent company Actual Controller	Rental company	House	Reference price setting		30.71	2.75%	Currency			
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Controlled by the same parent company Actual Controller	Rental company	House	Reference price setting		180.73	16.19%	Currency			
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd	Controlled by the same parent company Actual Controller	Rental company	Land	Reference price setting		60.77	5.45%	Currency			
Shijiazhuang	Controlled	Rental	House	Reference		13.41	1.2%	Currency			

ang Baoshi Large-dia meter plastic tube Co., Ltd	d by the same parent company Actual Controller	company		price setting							
Shijiazhu ang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Controlle d by the same parent company Actual Controller	Rental company	House	Reference price setting		172.75	15.48%	Currency			
Shijiazhu ang Baoshi Xuming Tube Co., Ltd.	Controlle d by the same parent company Actual Controller	Rental company	House	Reference price setting		120.78	10.82%	Currency			
Hebei Baoshi Energy saving lighting technolog y Co., Ltd.	Controlle d by the same parent company Actual Controller	Rental company	House	Reference price setting		83.02	7.44%	Currency			
Shijiazhu ang Baoshi Electronic s Group Co., Ltd.	Controlle d by the same parent company Actual Controller	Rental company	House	Reference price setting		159.8	14.32%	Currency			
Shijiazhu ang Baoshi Electronic s Group Co., Ltd.	Controlle d by the same parent company Actual	Rental company	Equipmen t	Reference price setting		24.79	2.22%	Currency			

	Controller										
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Controlled by the same parent company Actual Controller	Company to rent	House	Reference price setting		26.4	12.79%	Currency			
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Controlled by the same parent company Actual Controller	Company to rent	Equipment	Reference price setting		180	87.21%	Currency			
Total				--	--	78,718.62	--	--	--	--	--
Necessity and sustainable of related transaction as well as reasons of related transaction with related parties(not with other marketing dealers)				Related party transactions matched the company's current reality, is based on the production and management of company needs, conducive to the use of the advantages of the company resources, cost savings, improve efficiency.							
Influence on independence of listed company from related transaction				The Company has operations, assets, personnel, financial, institutional independence, have an independent capacity to implement business, product production and sales to be independent, related party transactions do not affect the independence of the company.							
Dependence on related parties by Company as well as relevant solutions(If applicable)				Because the reason for changes in industry trends and the company's development history, the company and the Shijiazhuang Baoshi Electronics Group Co., Ltd., Dongxu Group have connected transactions, with the upgrading of the company's business, the associated transaction may be gradually reduced or terminated.							
Actual implementation of those amount that predicted in this period by category for daily related transaction.				These related party transactions in the company's 2013 daily related transaction were expected.							

## 2.Current Associated rights of credit and liabilities

Did there exist any non-operational related rights of credit and liabilities

Yes  No

## IV. Important contracts and implementation

### 1. Custody, contacting and leases

#### (1) Custody

##### Description of custodies

During the reporting period, the Company continued entrusted with the management of Dongxu( Yingkou) Optoelectronic Display Co., Ltd., Sichuan Xuhong Optoelectronic Technology Co., Ltd., Dongxu Optoelectronic Investment Co., Ltd., holding Zhengzhou Xufei Optoelectronic Technology Co., Ltd., Shijiazhuang Baoshi Electronic Group Co., Ltd., Shijiazhuang Xuxin Optoelectronic Technology Co.,Ltd. stake and management rights. Company charge management fees and incentive management fees.

Principal Equity Management fees paid by the company was annual RMB 500,000 each item; annual management fee was 1 million yuan each item + incentive management fees.

Projects that have brought about gains/losses to the company taking over 10% of the Company's total profit in the reporting period.

Applicable  Not applicable

#### (2) Contracts

##### Description of contracts

N/A

Projects that have brought about gains/losses to the Company taking over 10% of the Company's total profit in the reporting period

Applicable  Not applicable

#### (3) Leases

##### Description of leases

1. Most of plants are idle because of the shutdown of original black and white kinescope and glass bulb production lines. Therefore, the company has leased part of plants and equipment to other companies in order to make up the company's revenue.

2. In 2011, the company developed the new products and improved the new overflow bricks and A-frame business after the company leased the idle plants and land. So, the company has rented the plants of Shijiazhuang Baoshi Electronic Glass Co., Ltd at the same market price of leased plants (Shijiazhuang Baoshi Electronic Glass Co., Ltd has stop production since 2009 and the high standard of plants have been left idle).

3. The company has leased water, electricity, natural gas and other energy power assets to Shijiazhuang Baoshi Electronics Group Co., Ltd to operate, and exported them with relevant labor services.

Projects that have brought about gains/losses to the company taking over 10% of the Company's total profit in the reporting period

Applicable  Not applicable

### 2. Guarantees

In RMB'0000

External Guarantee (Exclude controlled subsidiaries)								
Name of the	Relevant	Amount of	Date of	Actual	Guarantee	Guarantee	Complete	Guarante

Company	disclosure date/No. of the guaranteed amount	Guarantee	happening (Date of signing agreement)	mount of guarantee	type	term	implemen tation or not	e for associate d parties (Yes or no)
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	December 11, 2013	19,821.95			The joint liability guaranty		No	Yes
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	December 11, 2013	16,353.39			The joint liability guaranty		No	Yes
Total of external guarantee approved in Period(A1)		36,175.34		Total of actual external guarantee in Period(A2)		0		
Total of external guarantee approved at Period-end(A3)		36,175.34		Total balance of actual external guarantee at Period-end(A4)		0		
Guarantee of the Company for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date o signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implemen tation or not	Guarante e for associate d parties (Yes or no)
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	June 19, 2013	132,000	November 12, 2013	130,000	The joint liability guaranty		No	No
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	September 27, 2013	90,000	November 12, 2013	90,000	The joint liability guaranty		No	No
Total of guarantee for subsidiaries approved in the Period (B1)		222,000		Total of actual guarantee for subsidiaries in the Period (B2)		220,000		
Total of guarantee for subsidiaries approved at Period-end (B3)		222,000		Total of actual guarantee for subsidiaries at Period-end (B4)		220,000		

Total of Company' s guarantee (namely total of the large two aforementioned)			
Total of guarantee in the Period (A1+B1)	258,175.3	Total of actual guarantee in the Period (A2+B2)	220,000
Total of guarantee at Period-end (A3+B3)	258,175.3	Total of actual guarantee at Period-end (A4+B4)	220,000
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+B4)		37.84%	
Including:			
Amount of guarantee for shareholders, actual controller and its associated parties(C)		0	
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)		0	

Description of the guarantee with complex method

N/A

## V. Implementation of Commitments

**1. The commitments of the Company and its shareholders holding over 5% of the Company's total shares in the report year of extending to the report year from previous year.**

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 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.	July 23, 2009	Long-term effective	Under Fulfillment
Commitment in the acquisition report or the					

report on equity changes					
Commitment made upon the assets replacement					
Commitments made upon issuance	Dongxu Group, Shijiazhuang Baoshi Electronics Group Co., Ltd.	<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.</p> <p>3. The company will not directly invest, purchase and Dongxu Optoelectronic identical or similar business enterprises and 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.</p> <p>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.According to relevant conditions of the securities regulators, the company promised to put all the shares managed by Dongxue Optoelectronic shares into Dongxu Optoelectronic. In the period of the company acts as the holding company,</p>	April 1, 2012	Long-term effective	Under Fulfillment

		the promise is valid.			
	Dongxu Group Co., Ltd.	Dongxu Group Subscribed for 25.01% of the shares privately issued by the Company and promised that the period of sale restriction of such shares was 36 months from the first day of listing	April 17, 2013	From April 18, 2013 to April 17, 2016.	Under Fulfillment
	Huarong Securities Co., Ltd., Yimin Fund Management Co., Ltd., Minsheng Jiayin Fund Management , Co., Ltd.	Promised that the period of sale restriction of such non-public offering of stock of Dongxu Optoelectronic was 12 months from the first day of listing.	April 17, 2013	From April 18, 2013 to April 17, 2014.	Under Fulfillment
Other commitments made to minority shareholders	Dongxu Group, Shijiazhuang Baoshi Electronics Group Co., Ltd.	If Dongxu Group loses the case in which U.S. Conning sued Dongxu Group in respect of infringement upon business secrets according to the final judgment of China's court and economic losses are thus incurred to the production and operation of panel display glass substrate by the Company and its subsidiaries, our company will compensate the Company and its subsidiaries for the economic losses thus incurred.  After the non-public issue of controlling shareholders Dongxu Group is committed to compensate the economic losses of Baoshi group and its subsidiaries	October 15, 2012	Long-term effective	The two sides have signed an agreement, the court has been closed in mediation
	Shijiazhuang Baoshi Electronic Group Co., Ltd	On September 18, 2006, the Company provided guarantee, together with Baoshi Group Co., Ltd., for the application of Shijiazhuang Construction Investment Co., Ltd. for loan of RMB 70 million) with some land and houses (with appraised value of RMB 30.3018 million) (The valid guarantee value for the Company is RMB 18.80 million). The guarantee period is one year. The type of guarantee is mortgage guarantee. At present, the valid term of this guarantee has expired. The controlling shareholder has made corresponding commitment in respect of the loss that may be incurred by this guarantee. On October 15, 2012,	March 28, 2009	Long-term effective	Has signed an agreement with creditors, agreed to lift the obligation secured of the company



		Shijiazhuang Baoshi Electronics Group Co., Ltd. made the following notes to this commitment: "The mode of commitment fulfilled by Baoshi Group: Where the Dongxu Optoelectronic is liable to make compensation for this.			
Executed timely or not?	Yes				

## VI. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Zhongxingcai Guanghua Ceritified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firm (RMB'0000)	40
Continuous life of auditing service for domestic accounting firm	2
Name of domestic CPA	Wang Fengqi, Qi Zhenghua

Has the CPAs been changed in the current period

Yes  No

CPAs firm for the internal control audit

applicable  Not applicable

## VII.Issuing of Company Bonds

During the 4th Prvisional Meeting of the Seventh Board of Directors and the 4th Provisional Shareholders Meeting in 2013, it has been examined and approved the "Proposal on Issuance of Bonds of the Company", in which, the company intends to publicly issue the bonds with the denomination amount of less than RMB1 billion yuan in domestic China. On March 7, 2014, China Securities Regulatory Commission examined the company's bond application in the 31st committee meeting, according to the examination results of the meeting, the application was not approved.

## 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	181,115	0.05%	520,000,000				520,000,000	520,181,115	57.61%
3.Other domestic shares	181,115	0.05%	520,000,000				520,000,000	520,181,115	57.61%
Incl: Domestic legal person shares	172,000	0.04%	520,000,000				520,000,000	520,172,000	57.6%
Domestic Natural Person shares	9,115	0%						9,115	0%
II.Shares with unconditional subscription	382,818,885	99.95%						382,818,885	42.39%
1.Common shares in RMB	282,818,885	73.84%						282,818,885	31.32%
2.Foreign shares in domestic market	100,000,000	26.11%						100,000,000	11.07%
III. Total of capital shares	383,000,000	100%	520,000,000				520,000,000	903,000,000	100%

#### Reasons for share changed

Applicable  Not applicable

On April 3, 2013, the company successfully completed the non-public issuance of 520 million A-shares, and listed on Shenzhen Stock Exchange on April 8, with total shares of 903 million shares after 383 million pre-issuance shares. With the exception of the limit sale period of 36 months from the listed date for the company's shares that are committed to be purchased by the controlling shareholder of Dongxu Group, the limit sale period of 12 months for the shares purchased by other subscribers.

#### Approval of Change of Shares

Applicable  Not applicable

The company received the Confirmation Letter of Securities Preregistration from Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (CSDC) on April 8, 2013: the company finished the pre-registration of additional shares for the non-public issuance shares in Shenzhen Branch of CSDC on April 8, 2013. Also, the pre-registration shares shall be registered into

account at the previous transaction day after the shares listed, and formally listed into the shareholders' list of the listed companies, with 520,000,000 pre-registration shares of (of which, 520,000,000 tradable shares with the restricted sales condition) and with 803,000,000 A-shares after increase to issue.

#### Transfer of Change of shares

Applicable Not applicable

Influence from the shareholding movements upon such financial indicators as earnings per share, net asset per share of the latest year and the latest accounting period

Applicable Not applicable

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

Applicable Not applicable

## II. Issuing and listing

### 1. Issuing activities over the past three Years

Description of stock and its Derivative Securities	Issuing date	Issuing price (Or interest rate)	Issuing quantity	Listing date	Quantity approved for listing	Expiration date of transaction
Stock						
Non-public issuance A shares	April 3, 2013	9.69 yuan/shares	520,000,000	April 18, 2013	520,000,000	
Convertible Corporate Bonds, Detachable Convertible Bond and Corporate Bonds						
Stock options						

Statement of security issuing in latest three years

N/A

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

520 million ordinary RMB shares non-publicly issued by the company were listed on Shenzhen Stock Exchange on April 18, 2013, and the total share capital was increased to 903 million shares from 383 million shares before non-publicly issued.

Before non-public issuance, Dongxu Group has indirectly controlled 28.93% shares of the company through the company's original controlling shareholder of Baoshi Group Co., Ltd. After the non-public issuance, Dongxu Group has become the controlling shareholder of the company, with directly and indirectly controlling total 26.67% shares of the company (of which, directly controlling 14.40% shares and indirectly holding 12.27% shares through Shijiazhuang Baoshi Electronics Group Co., Ltd.).

### III. Shareholders and actual controlling shareholder

#### 1. Number of shareholders and shareholding

In shares

Shareholder name	Properties of shareholder	Share proportion %	Quantity at the end of the reporting period	Increase/decrease in the reporting period	Number of the restricted shares held	Number of the Non-restricted shares held	Pledging or freezing	
							Status of the shares	Quantity
Total shareholders in the reporting period								
16,688(including 10,043 shareholders holding A shares and 6,645 shareholders holding B shares)		Total shareholders at the end of the 5 <sup>th</sup> day from the date of disclosing the annual report			18,067(including 11,677 shareholders holding A shares and 6,390 shareholders holding B shares)			
Shares held by 5% shareholders								
Dongxu Group	Domestic Non-State-owned legal person	14.4%	130,031,000		130,031,000		Pledge	72,810,000
Huarong Securities—ICBC—Huarong Fixed Growth No. 1 Limited-amount Specific Asset Management Program	Other	13.71%	123,839,000		123,839,000			
Shijiazhuang Baoshi Electronic Group Co., Ltd.	Domestic Non-State-owned legal person	12.27%	110,785,500			110,785,500	Pledge	40,000,000
Yinmin Fund Company—Minsheng—Yinmin Fund Non-Public Issuing Assets Management Plan	Other	6.5%	58,700,000		58,700,000			
Minsheng Jiayin Fund Company—Minsheng—Pingan Trust—Pingan Wealth Huitai No.11 Collective fund trust plan	Other	5.83%	52,634,000		52,634,000			
Huitianfu Fund Company—Agricultural Bank of China—SDIC Trust Golden Eagle No.108 Collective Fund trust plan	Other	4.57%	41,279,000		41,279,000			

Dacheng Fund Company — Agricultural Bank of China—SDIC Tust Golden Eagle No.109 Collective Fund trust plan	Other	4.57%	41,279,000		41,279,000			
Guangfa Fund Company — Agricultural Bank of China—SDIC Tust Golden Eagle No.109 Collective Fund trust plan	Other	4.57%	41,279,000		41,279,000			
International Finance — ICBC—Zhongjin Increase No.1 Collective Assets Management plan	Other	3.43%	30,959,000		30,959,000			
China Minsheng Banking Co., Ltd.—Huashang Lead Enterprise Mixed Securities Investment Fund	Other	0.86%	7,797,511			7,797,511		
Notes to the related relationship between the top ten shareholders or their concerted action	Among the top ten shareholders , Dongxu Group and Baoshi Group have relationship and constitute persons taking concerted action. The company does not know whether there is relationship between other 8 shareholders or whether they are persons taking concerted action defined in Administrative Measures Relating to Acquisitions of Listed Companies.							
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period (Note 4)	Share type						
		Share type	Quantity					
Shijiazhuang Baoshi Electronics Group Co., Ltd	110,785,500	RMB Common shares	110,785,500					
China Minsheng Banking Co., Ltd.—Huashang Lead Enterprise Mixed Securities Investment Fund	7,797,511	RMB Common shares	7,797,511					
National Social Security Fund Portfollio 108	7,599,619	RMB Common shares	7,599,619					
Agreed special repurchase account opened at Huaan Securities Co., Ltd.	7,400,000	RMB Common shares	7,400,000					
Taifook Securities Company Limited-Account Client	6,620,310	Foreign shares placed in domestic exchange	6,620,310					
CMS(HK)	5,927,390	Foreign shares placed	5,927,390					

		in domestic exchange	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,172,949	Foreign shares placed in domestic exchange	5,172,949
KGI ASIA LIMITED	4,421,556	Foreign shares placed in domestic exchange	4,421,556
Communications Banks—Huaxia Blue chip Mixed Securities investment Fund(LOF)	3,999,712	RMB Common shares	3,999,712
Shanghai Hongkong Wanguo Securities	3,783,496	Foreign shares placed in domestic exchange	3,783,496
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares	Among the top ten shareholders holding non-restricted negotiable shares, Dongxu Group and Baoshi Group have relationship and constitute persons taking concerted action. The Company does not know whether there is relationship between the other top 10 shareholders holding non-restricted negotiable shares and between such shareholders and the other top 10 shareholders.		

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

Yes  No

In the report period, Yao Yanbin, one of the top 10 shareholders holding unrestricted shares, carried out agreed repurchase transaction through the special repurchase account opened at Hua'an Securities Co., Ltd. The agreed repurchase transaction involved 7,400,000 shares, which account for 0.82% of the total shares of the Company. As of the end of the report period, Yao Yanbin held 3,600,000 shares, which account for 0.4% of total shares of the Company.

## 2. Controlling shareholder

Legal person

Name of the Controlling shareholder	Legal representative/ Leader	Date of incorporation	Organization code	Registered Capital	Principal business activities
Dongxu Group Co., Ltd.	Li Zhaoting	November 5, 2004	768130363	2,200,000,000	The company has used its own funds for the investment in projects, the research and development of the machinery and electronic products, the production and process establishment of various non-standard equipment and parts, etc.
Operating results, financial position, cash flow and future development strategy	On December 31, 2013, The total assets, Business income and Net profit attributable to the shareholders of Dongxu Group were respectively RMB 24,330,809,129.73, RMB 5,295,609,473.65 and RMB 388,641,502.99, Dongxu Group is a large high-tech enterprise group integrating optoelectronic display, photovoltaic, energy conservation illumination, green building materials, equipment manufacture and other industry group. According to the development ideas of "Bigger and Stronger for National				

	Technology Industry”, Dongxu Group has vigorously promoted the industrialization of scientific and technological achievements, implemented the strategic layout of industry scale with optoelectronic display and photovoltaic oriented, successfully built eleven large industrial bases all over the country, stimulated the relevant domestic industries upgrading and gradually grown into a domestic flagship enterprise of electronic glass manufacturing.
The equity of the controlling shareholder in other domestic and foreign listed companies held or partly held by it in the report period	N/A

#### Change of the actual controller in the reporting period

Applicable Not applicable

Name of the new controlling shareholders	Dongxu Group Co., Ltd.
Date of Modification	April 17, 2013
Date of modification designated website index	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Disclosure date of the designated website	April 17, 2013

### 3. Information about the controlling shareholder of the Company

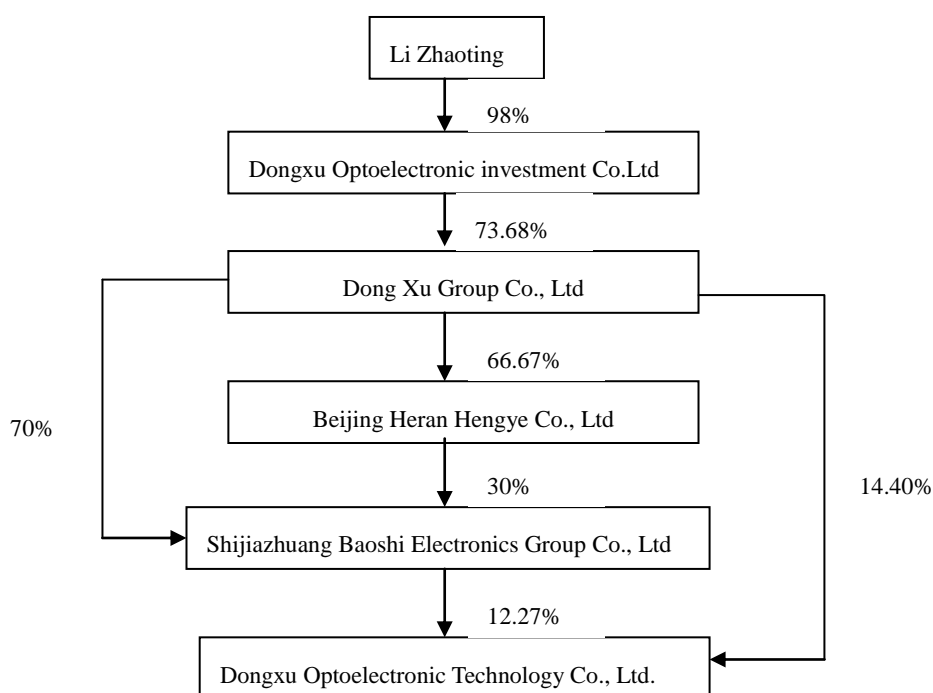
Natural person

Name	Nationality	Whether to obtain the right of abode in other countries or regions
Li Zhaoting	Chinese	No
Position and Work Experience in the past five years	<p>Before 2011, He served as director of Hebei Dongxu investment Group Co., Ltd, He now serves as board chairman of Wuhu Dongxu Opetoelectronic Technology Co., Ltd., Wuhu Dongxu Opetoelectronic Equipment Technology Co., Ltd., Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd., Beijing Dongxu Investment Development Co., Ltd. and Wuhan Dongxu Opetoelectronic Technology Co., Ltd. and concurrent as board chairman of Dongxu Group , Baoshi Group, Dongxu Optoelectronic Investment Co., Ltd., Sichuan Xuhong Optoelectronic Technology Co., Ltd., Mudanjiang Xuyang Solar Energy Technology Co., Ltd., Jinzhou Xulong Solar Energy Technology Co., Ltd., Tongliao Xutong Solar Energy Technology Co., Ltd., Dongxu (yingkou) Optoelectronic Display Co., Ltd., Chengdu Xuhuang Solar Energy Technology Co., Ltd., Chengdu Taiyisi Solar Energy Technology Co., Ltd.,Zhengzhou Xufei Optoelectronic Technology Co., Ltd. Shijiazhuang Xuling Electronics technology Co., Ltd and Shijiazhuang Baoshi Xuming Tube Co., Ltd., He served as Director of Hebei Xubao Construction installation Engineering Co., Ltd.and Shijiazhuang Xuxin Optoelectronic Technology , General manager of China Optoelectronic Technology Co., Ltd. ,He served as Vice board chairman and General Manager of Chengdu China Optoelectronic Technology Co., Ltd.</p>	

#### Change of the actual controller in the reporting period

Applicable Not applicable

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



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

Applicable Not applicable



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

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

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Number of shares acquired at end of the reporting period (shares)	Volume of shares acquired during the reporting period (shares)	Volume of shares sold during the reporting period (shares)	Number of shares held at end of the reporting period (shares)
Li Zhaoting	Board chairman	In office	Male	48	July 29, 2013		0	0	0	0
Zhou Bo	Director	In office	Male	48	July 29, 2013		9,724	0	0	9,724
Fu Yingfang	Director, Board secretary	In office	Female	46	July 29, 2013		0	0	0	0
Niu Jianlin	Director	In office	Male	49	July 29, 2013		0	0	0	0
Zhang Qunsheng	Independent director	In office	Male	67	July 29, 2013		0	0	0	0
Mu Tiehu	Independent director	In office	Male	46	July 29, 2013		0	0	0	0
Zhang Shuangcai	Independent director	In office	Male	52	July 29, 2013		0	0	0	0
Guo Zhisheng	Chairman of the supervisory committee	In office	Male	49	July 29, 2013		0	0	0	0
Wang Jianqiang	Supervisor	In office	Male	49	July 29, 2013		0	0	0	0
Xie Mengxiong	Supervisor	In office	Male	57	July 29, 2013		0	0	0	0
Jia Qinjun	Supervisor	In office	Male	56	July 29, 2013		0	0	0	0

Liu Li	Supervisor	In office	Female	51	July 29, 2013		0	0	0	0
Shi Zhiqiang	General Manager	In office	Male	47	July 29, 2013		0	0	0	0
Liu Wentai	Deputy General Manager	In office	Male	44	July 29, 2013		0	0	0	0
Hou Jianwei	Deputy General Manager	In office	Male	47	July 29, 2013		0	0	0	0
Wang Xiaohu	Deputy General Manager	In office	Male	51	July 29, 2013		0	0	0	0
Li Quannian	Financial Manager	In office	Male	39	July 29, 2013		0	0	0	0
Wang Lipeng	Director	Office leaving	Male	44	November 11, 2009	July 29, 2013	1,000	0	0	1,000
Yu Rengang	Independent Director	Office leaving	Male	67	November 11, 2009	July 29, 2013	0	0	0	0
Han Zhiguo	Independent Director	Office leaving	Male	49	November 11, 2009	July 29, 2013	0	0	0	0
Zhang Junhao	Independent Director	Office leaving	Male	45	November 11, 2009	July 29, 2013	0	0	0	0
Fan Zhenping	Supervisor	Office leaving	Male	57	November 11, 2009	July 29, 2013	1,430	0	0	1,430
Huang Zhichun	Supervisor	Office leaving	Male	46	November 11, 2009	July 29, 2013	0	0	0	0
Jiang Leze	Supervisor	Office leaving	Male	42	November 11, 2009	July 29, 2013	0	0	0	0
Totaql	--	--	--	--	--	--	12,154	0	0	12,154

## II. Posts holding

### Work Experience in the past five years of Directors, supervisors and senior Executives in Current office

1. Mr. Li Zhaoting, Nationality : Chinese, born in 1965, Bachelor degree, Senior Engineer, graduated from the Department of Mechanical Engineering, Bachelor of Engineering, Hebei University of Technology. He served as Assistant General Manager, deputy general manager of Shijiazhuang City Diesel Engine Factory and director of Hebei Dongxu investment Group Co., Ltd, He served as director of Hebei Dongxu investment Group Co., Ltd, He now serves as board chairman of Wuhu Dongxu Optoelectronic Technology Co., Ltd., Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd., Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd., Beijing Dongxu Investment Development Co., Ltd. and Wuhan Dongxu Optoelectronic

Technology Co., Ltd. and concurrent as board chairman of Dongxu Group , Baoshi Group, Dongxu Optoelectronic Investment Co., Ltd., Sichuan Xuhong Optoelectronic Technology Co., Ltd., Mudanjiang Xuyang Solar Energy Technology Co., Ltd., Jinzhou Xulong Solar Energy Technology Co., Ltd., Tongliao Xutong Solar Energy Technology Co., Ltd., Dongxu (yingkou) Optoelectronic Display Co., Ltd., Chengdu Xuhuang Solar Energy Technology Co., Ltd., Chengdu Taiyisi Solar Energy Technology Co., Ltd.,Zhengzhou Xufei Optoelectronic Technology Co., Ltd. Shijiazhuang Xuling Electronics technology Co., Ltd and Shijiazhuang Baoshi Xuming Tube Co., Ltd., He served as Director of Hebei Xubao Construction installation Engineering Co., Ltd.and Shijiazhuang Xuxin Optoelectronic Technology , General manager of China Optoelectronic Technology Co., Ltd. ,He served as Vice board chairman and General Manager of Chengdu China Optoelectronic Technology Co., Ltd. He is the representative of 12th National People's Congress, member of the standing committee of Hebei Province Youth Federation,, executive director of young entrepreneurs Hebei Province; used to win the honorary title of "2012 China Top Ten Innovative Person of the Year", "Outstanding Private Entrepreneur in Hebei Province", "outstanding young entrepreneurs in Shijiazhuang , "" 2013 year of the most respected leaders of listed companies".

2.Mr. Zhou Bo, Nationality: Chinese,born in 1965, Bachelor degree, Senior Engineer , He served as Director of Workshop and Director Manufacture Dept. of Shijiazhuang Baoshi Electronic Group Co., Ltd., Deputy General Manager of Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd., General Manager of Shijiazhuang Baoshi Electronic Group Co., Ltd., He now serves as Director of the Company and Shijiazhuang Baoshi Electronic Group Co., Ltd. and concurrently served as Board chairman of Chengdu Dongxu Energy saving Technology Co., Ltd., Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd, Shijiazhuang Baodong Electronic Co., Ltd., Hebei Energy saving Lighting Technology Co., Ltd. and Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.

3. Mr.Niu Jianlin, Chinese Nationality, born in 1964, He graduated from the Hebei Institute of Chemical Technology of Inorganic, senior engineer. He served as the Manager of Manufacturing Dept. and Quality Control Dept. of Baoshi Group, General Manager Assistant and Deputy General Manager of Baoshi Electric Pin Co., Ltd., general manager of Xulong Solar Energy Technology Co., Ltd.. He now serves as the Minister of LCD Dongxu Group headquarters.

4. Fu Yinfang,Nationality :Chinese, born in 1967, Bachelor degree , She served as legal adviser, deputy director of Party office Deputy General Manager and Board secretary and Minister of Law and Securities Dept. of Baoshi Group. She now serves as Director and board secretary of the Company, Director of Baoshi Group.

5.Mr. Zhang Qunsheng, Chinese Nationality, born in 1946, He used to serve as the Minister of China General Administration of Coal Geology, Deputy Party secretary, Party Secretary, Assistant governor of Hebei Province, Secretary General of provincial government, Secretary-General of Provincial Committee, Minister of Publicity Department, Chairman of the Provincial Federation of Social Sciences, Provincial People's Congress deputy director. He now serves as independent director of Hebei Iron and Steel Co., Ltd..

6. Mr. Mu Tiehu, Chinese Nationality, born in 1967, graduated from Peking University, bachelor's degree in law, have a lawyer qualification, Mr. Mu Tiehu, worked as discipline cadres in the 2th prison in Hebei Province from 1990 to 1992 , from 1992 to 1996 worked in Hebei Province Department of Justice office, from 1996 to 2003 worked in Hebei Economic and Trade Law Firm, Hebei Weizheng Law Firm, Beijing Tian Qin law firm; from 2003, he has been working in Beijing Hylands Law firm, now is the partner lawyer. Currently he serves as independent director of Dalian East New Energy Development Co., Ltd..

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

Ltd.

8.Mr. Guo Zhisheng, Chinese Nationality, born in 1964, Bachelor's degree, graduated from Zhengzhou Textile Institute Mechatronics, He used to serve as scheduling officer in Production Management Dept. of Ancai Group, Minister of Logistics Management Dept., Minister of Purchasing Dept., Minister of warehousing Dept. of Ancai High-tech. He now serves as Executive Vice President in Dongxu Group.

9.Mr. Wang Jianqiang, Chinese Nationality, born in 1964, University degree, graduated from Hebei University of Technology mechanical engineering, used to work in Shijiazhuang Baoshi Electronic Group Co., Ltd., now serves as Vice President in Dongxu Group.

10. Mr. Xie Mengxiong, Chinese Nationality, born in 1957, Master of Economics. He used to be teacher in Shijiazhuang Power Technology school, vice minister in Shijiazhuang Municipal Discipline Inspection Work Committee, deputy party secretary of Shijiazhuang Baoshi Electronic Group Co., Ltd.. He used to be the Chairman of the Supervisory Board of the Sixth Company, currently serves as the general manager in Tongliao Xutong Solar Technology Co., Ltd..

11.Mr. Jia Qinjun, Chinese Nationality, born in 1957, College degree. He used to be the Minister of Cooperation Department in Shijiazhuang Baoshi Electronic Group Co. Ltd., secretary and vice president in Baoshi carat large diameter plastic pipe Co., Minister of Electronic Equipment Department in Shijiazhuang Baoshi Electronic Glass Co., Ltd. He now serves as the Mold factory director in Shijiazhuang Baoshi Electronic Glass Co., Ltd..

12. Ms.Liu Li, Nationality :Chinese , bachelor degree, born in 1962, University degree, senior political staff, She served as Chairman of Labour Union of Baoshi Group Cooperation Dept.. She now serves as Chairman and secretary of Labour Union in Shijiazhuang Baoshi Electronic Glass Co., Ltd. Machining Mold Factory.

13.Mr.Shi Zhiqiang , Nationality :Chinese , Bachelor degree, born in 1966, Graduated from the Department of Chemical Engineering, Bachelor of Engineering, Dalian University of Technology, He served as Minister of Manufacturing Dept. in Baoshi Electric Glass Co., Ltd., factory manager in Shijiazhuang Baoshi Electronic Group Co., Ltd. glass tube factory, assistant general manager, deputy general manager of Shijiazhuang Baoshi Electronic Group Co., Ltd.. He now serves as General Manager of the company and General Manager of Wuhan Dongxu Optoelectronic Technology Co., Ltd.

14.Mr. Liu Wentai, Chinese Nationality, born in 1969, graduated from Qingdao Institute of Chemical Machinery Chemical bachelor degree, used to be a technician in Shijiazhuang Dongfeng Plastic Plant, production scheduling; technician, workshop equipment director in Shijiazhuang Baoshi Electronic Group Co., Ltd., Branch Head in Shijiazhuang Baoshi Electric Pin Co., Ltd., Institute Director of Dongxu LCD glass Group Research Institute, General Manager of thermal Engineering Division, vice president and chief procurement officer in Dongxu LCD glass Group Co., Ltd.. He is the Deputy general manager of the company.

15.Mr. Hou Jianwei, Chinese Nationality, born in 1966, graduated from Northwest Institute of Light Industry, college educated, used to work as the head and production manager, technical supervisor, workshop leader and branch secretary of Ancai Color Picture Tubes factory, Ancai plant 1&2, the Assistant General Manager, Deputy General Manager, party members of Chengdu Ancai Group electronic Glass Co., Ltd., deputy director, director of four colored glass Ancai Factory, director of Ancai-color liquid crystal display device, Ltd., director of Ancai-color liquid crystal display device company, director and Party branch secretary of Ancai Tech Caibo 3th factory, deputy commander of Ancai Gaoke photovoltaic glass project, director of PV glass Factory, Vice President and Chief Technology Officer of Dongxu Group. He currently serves as Deputy general manager of the company.

16.Mr.Wang Xiaohu, Nationality :Chinese , Bachelor degree, born in 1962, college bachelor, graduated from Hebei University of Science and Technology major in heat treatment of metal materials, postgraduate graduated from Hebei University of Economics and Business Management. He used to be operations section chief, deputy director, director of Shijiazhuang Baoshi Electronic Glass Co., Ltd. components plant. He now serves as deputy general manager of the Company.

17.Mr. Li Quannian, Chinese Nationality, born in 1974, Master and Doctor degree of Science School of Economics and Management in Beijing Jiaotong University, Bachelor of Economics and Management College of Gansu University of Economics. He used to be Deputy Chief Accountant in China Asset Management Company, Chief Financial Officer of Subsidiary of China

Dongfanghong Satellite Corp., Deputy General Manager and General Manager of Finance Department of the parent company. He now serves as Chief Financial Officer of the Company.

#### Office taking in shareholder companies

Applicable Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Li Zhaoting	Dongxu Group	Board chairman			Yes
Zhou Bo	Baoshi Group	Ditector			Yes
Niu Jianlin	Dongxu Group	Secretary			Yes
Guo Zhisheng	Dongxu Group	Vice President			Yes
Wang Jianqiang	Dongxu Group	Vice President			Yes

#### Offices taken in other organizations

Applicable Not applicable

Name	Name of other units	Position	Office term start from	Office term ended	Whether receiving remuneration from other units or not
Zhou Bo	Chengdu Dongxu Energy Saving Technology Co., Ltd.	Board chairman			No
Zhou Bo	Shijiazhuang Baoshi Electronic Vacuum Glass Co., Ltd.	Board chairman			No
Zhou Bo	Shijiazhuang Baodong Electronic Co., Ltd.	Board chairman			No
Zhou Bo	Hebei Baoshi Energy Saving Lighting Technology Co., Ltd.	Board chairman			No
Zhou Bo	Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd	Board chairman			No
Zhang Qunsheng	He Bei Steel Co., Ltd.	Independent Director			Yes
Mu Tiehu	Beijing Hylands Law Firm	Lawyer			Yes
Mu Tiehu	Dalian Yishida New Energy Development Co., Ltd.	Independent Director			Yes
Zhang Shuangcai	Hebei University School of Management	Vice president, Professor			Yes
Zhang Shuangcai	Lekai Film Co., Ltd.	Independent Director			Yes

Zhang Shuangcai	Boshen Tools Co., Ltd.	Independent Director			Yes
Xie Mengxiong	Tongliao Xutong Solar energy Technology Co., Ltd.	General Manager			Yes
Notes	About the information of Li Zhaoting please refer to VI (III) the Information about the change of shares and Shareholders, shareholders and actual controlling shareholder, information about the controlling shareholder of the Company.				

### III. Remuneration to directors, supervisors and senior executives

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

Post skill wage system applied to the directors, supervisors and senior executives of the Company. Their remuneration is determined according to the wage management system of the Company. The remuneration of independent directors is determined by shareholders' general meeting.

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

In RMB'.0000

Name	Positions	Sex	Age	Office status	Total remuneration received from the Company	Total remuneration received from the shareholder	Remuneration actually receives at the end of the reporting period
Li Zhaoting	Board chairman	Male	48	In Office		58	58
Zhou Bo	Director	Male	48	In Office		26.59	26.59
Fu Yingfang	Director, Board secretary	Female	46	In Office	21		21
Niu Jianlin	Director	Male	49	In Office		26.5	26.5
Zhang Qunsheng	Independent Director	Male	67	In Office	2.08		2.08
Mu Tiehu	Independent Director	Male	46	In Office	2.08		2.08
Zhang Shuangcai	Independent Director	Male	52	In Office	2.08		2.08
Guo Zhisheng	Chairman of the supervisory committee	Male	49	In Office		24.6	24.6
Wang Jianqiang	Supervisor	Male	49	In Office		26.5	26.5
Xie Mengxiong	Supervisor	Male	57	In Office		24	24
Jia Qinjun	Supervisor	Male	56	In Office	6.26		6.26

Liu Li	Supervisor	Female	51	In Office	4.49		4.49
Shi Zhiqiang	General Manager	Male	47	In Office	30		30
Liu Wentai	Deputy General Manager	Male	44	In Office	28.8		28.8
Hou Jianwei	Deputy General Manager	Male	47	In Office	23.6		23.6
Wang Xiaohu	Deputy General Manager	Male	51	In Office	3.51		3.51
Li Quannian	CFO	Male	39	In Office	23.1		23.1
Wang Lipeng	Director	Male	45	Office leaving		26	26
Ru Rengang	Independent Director	Male	67	Office leaving	1.17		1.17
Han Zhiguo	Independent Director	Male	49	Office leaving	1.17		1.17
Zhang Junhao	Independent Director	Male	45	Office leaving	1.17		1.17
Fan Zhenping	Supervisor	Male	57	Office leaving		11.9	11.9
Huang Zhichun	Supervisor	Male	46	Office leaving		3.87	3.87
Jiang Leze	Supervisor	Male	42	Office leaving	3.64		3.64
Total					154.15	227.96	382.11

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

Applicable Not applicable

#### IV. Change of Directors, Supervisors and senior Executives

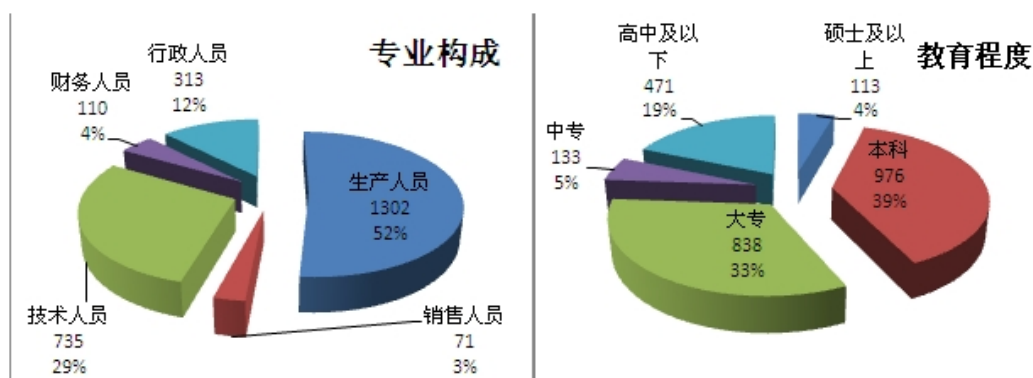
Names	Titles	Types	Date	Causes
Li Zhaoting	Board chairman	Elected	July 29, 2013	General election
Zhou Bo	Director	Elected	July 29, 2013	General election
Fu Yinfang	Director, Board secretary	Elected	July 29, 2013	General election
Niu Jianlin	Director	Elected	July 29, 2013	General election
Zhang Qunsheng	Independent director	Elected	July 29, 2013	General election
Mu Tiehu	Independent director	Elected	July 29, 2013	General election
Zhang Shuangcai	Independent director	Elected	July 29, 2013	General election
Guo Zhisheng	Chairman of the supervisory committee	Elected	July 29, 2013	General election
Wang Jianlin	Supervisor	Elected	July 29, 2013	General election
Xie Mengxiong	Supervisor	Elected	July 29, 2013	General election
Jia Qinjun	Supervisor	Elected	July 29, 2013	General election

Liu Li	Supervisor	Elected	July 29, 2013	General election
Shi Zhiqiang	General Manager	Appoint	July 29, 2013	New election of board of directors
Liu Wentai	Deputy General Manager	Appoint	July 29, 2013	New election of board of directors
Hou Jianwei	Deputy General Manager	Appoint	July 29, 2013	New election of board of directors
Wang Xiaohu	Deputy General Manager	Appoint	July 29, 2013	New election of board of directors
Li Quannian	CFO	Appoint	July 29, 2013	New election of board of directors
Wang Lipeng	Director	Left as the term expired	July 29, 2013	Term of service expired
Yu Rengang	Independent director	Left as the term expired	July 29, 2013	Term of service expired
Han Zhiguo	Independent director	Left as the term expired	July 29, 2013	Term of service expired
Zhang Junhao	Independent director	Left as the term expired	July 29, 2013	Term of service expired
Fan Zhenping	Supervisor	Left as the term expired	July 29, 2013	Term of service expired
Huang Zhichun	Supervisor	Left as the term expired	July 29, 2013	Term of service expired
Jiang Leze	Supervisor	Left as the term expired	July 29, 2013	Term of service expired

## V. Particulars about employees.

As of December 31, 2013, the Company(including subsidiary) has 2531 staff members in total.

Particulars about employees.	Number of Persons	Proportion (%)	Particulars about education	Number of Persons	Proportion (%)
Production	1302	51.44	Postgraduate or above	113	4.46
Sales	71	2.81	Universities	976	38.56
Technical	735	29.04	Colleges	838	33.11
Financial	110	4.35	Technical secondary school	133	5.25
Administrative	313	12.37	Mid-school or below	471	18.61
Total	2531	100.00	Total	2531	100.00





## VIII. Administrative structure

### I. General situation

The company has strictly abided by the laws and regulations of “Corporate Law”, “Securities Law”, “Fundamental Norms for Enterprise Internal Control” and its supporting guidelines, “Stock Listed Rules in Shenzhen Stock Exchange” and “Standard Operation Guideline in Main Board of Listed Company of Shenzhen Stock Exchange”, and the requirements of regular documents, actively strengthened the implementation and effective operation for the internal control system of the company, continuously improved the company’s standard operation, improved the corporate governance structure and established the perfect internal control system.

According to the regular documents on the governance of listed companies of China Securities Regulatory Commission, the company has set up a complete, independent, standardized organization, and all the shareholders meeting, the Board of Directors, the Supervisor Committee and the management have assumed their duties to coordinately work and effectively check each other. Moreover, the shareholders meeting is the authority of the company, while the Board of Directors is responsible for the shareholders meeting, the Supervisor Committee is responsible for all the shareholders, the independent directors safeguards the interests of medium and small shareholders and the management is responsible for the Board of Directors. All the directors, supervisors, senior executives and the controlling company and its functional departments shall perform their responsibilities and follow the principle of separation for incompatible duties to separate and get balance of rights and duties.

In accordance with the requirements of standard governance of listed companies and on the basis of the “Articles of Association”, the company has perfected various systems covering the whole process of financial management, operation management, administrative management and other operations, ensured all the work of the company with regulations to follow, and standardized the operation management of the company. It includes “Procedure Rules of Shareholders”, “Procedure Rules of the Board of Directors”, “Procedure Rules of Supervisory Committee”, “Work System of Information Disclosure”, “Affiliated System of Affiliated Transactions”, “Management System of Funds-raising Use”, “Detailed Rules for Implementation of Committee under the Board of Directors”, “Report System of Internal Major Matters”, “Responsibility Claim System on Significant Error in Information Disclosure of Annual Report”, “Registration and Management System on Learner of Insider Information”, “External Information Users Management System”, etc.. During the report period, the company has revised “Management System of Funds-raising Use”, further complemented and perfected the management system of internal control and guaranteed the normal operation of the company on the basis of the original system.

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

Yes  No

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

Implementation of the Campaign of Corporate Governance and Preparation and Implementation of the Registration Management System for insiders

The company has formulated “Registration and Management System on Learner of Insider Information” and “Management System of External Information Report and Users” according to the relevant provisions. All directors, supervisors, senior executives and other learners can control and minimize the company’s information learning scope as per the provisions before the information is not publicly disclosed yet, and the learners shall strictly perform the record procedure as per the provisions of systems. During the report period, the company hasn’t found the insider transactions using the inside information, the trading securities prices manipulated by

cooperating with others, or other insider transactions.

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

### 1. Annual General Meeting

Sessions	Meeting Date	Description of proposals	Resolution	Disclosure date	Disclosure index
2012 Shareholders' general meeting	May 24, 2013	1. The Work Report of the Board of Directors for 2012; 2. The Work Report of the supervisory Committee for 2012; 3. Annual Report for 2012 and its summary; 4. The proposal Concerning Final Financial Report for 2012; 5. The proposal concerning Preplan for profit Distribution For 2012; 6. The Proposal for Retaining Certified Public Accountants in 2013.	Adoption	May 25, 2013	Announcement No.:2013-034, China Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn

### 2. Extraordinary Shareholders' Meetings

Sessions	Meeting Date	Description of proposals	Resolution	Disclosure date	Disclosure index
The first provisional shareholders' General meeting in 2013	February 18, 2013	1. The Proposal for Retaining Certified Public Accountants in 2012; 2. Announcement of the Add daily related transactions in 2013.	Adoption	February 19, 2013	Announcement No.:2013-007, China Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn
The Second provisional shareholders' General meeting in 2013	April 27, 2013	1. The Proposal on Increasing Investment in the Wholly-owned Subsidiary of Dongxu Optoelectronic Technology Co., Ltd. by Funds-raising of Non-public Issuance; 2. The Proposal on the Relevant Matters of Construction of Production Line of Generation 6 LCD Glass Substrate by Authorizing the Board of Directors of the Company to Specifically be in Charge of Using the Remaining Funds-raising to Continually Increase Investment in Wuhu Dongxu Optoelectronic Technology Co., Ltd.; 3..	Adoption	May 3, 2013	Announcement No.:2013-030, China Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn

		Management System of Funds-raising Use			
The third provisional shareholders' General meeting in 2013	July 29, 2013	1. The Proposal on Approval of the Application of Loans of RMB1.32 billion of China Development Bank from the Wholly-owned Subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd. and the Supply of Guarantee;2. The Proposal Concerning Reelection of the Board of Directors of the Company;3 .The Proposal Concerning Reelection of the Independent Supervisory Committee of the Company;4. The Proposal Concerning Reelection of the Shareholder representative Supervisory Committee of the Company; 5 The Proposal of Seventh independent directors allowance of company.; 6. Announcement of the estimated amount of daily related transactions in 2013.	Adoption	July 30, 2013	Announcement No.:2013-053, China Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn
The fourth provisional shareholders' General meeting in 2013	September 30, 2013	1 .TheProposal of the company meets the conditions of the issuance of corporate bonds; 2, Proposal of the issuance of corporate bonds.	Adoption	October 8,2013	Announcement No.:2013-074, China Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn
The fifth provisional shareholders' General meeting in 2013	October 12, 2013	The Proposal on Approval of the Application of Loans of RMB1.32 billion of China Development Bank from the Wholly-owned Subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd. and the Supply of Guarantee.	Adoption	October 14, 2013	Announcement No.:2013-076 China Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn
The sixth provisional shareholders' General meeting in 2013	December 26, 2013	1. The Proposal on the Relevant Contents of Renaming the Company and Revising the Articles of Association, and the Authority of Relevant Changes Conducted by the Board of Directors; 2. The Proposal on the Guarantee Supply for the Financing Repayment of Xufei Optoelectronic Technology Co., Ltd. and	Adoption	December 27, 2013	Announcement No.:2013—092, China Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn

		the Charging for the Guarantee; 3. The Proposal on the Guarantee Supply for the Financing Repayment of Xuhong Optoelectronic Technology Co., Ltd. and the Charging for the Guarantee; 4. The Proposal of amendment of the Articles of Company			
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### III. Duty performance of independent Directors

#### 1. Attendance of Board Meetings and General Meetings

Independent Directors' Attendance at Board Meetings						
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)
Zhang Qunsheng	8	7	1	0	0	No
Mu Tiehu	8	8	0	0	0	No
Zhang Shuangcai	8	8	0	0	0	No
Yu Rengang	10	10	0	0	0	No
Han Zhiguo	10	10	0	0	0	No
Zhang Junhao	10	10	0	0	0	No
Number of general meetings attended by independent directors as non-voting delegates		7				

Notes to failure to personally attend Board Meetings Successively Twice

#### 2. Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

Yes  No

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

#### 3. Other notes to duty performance of independent directors

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

Yes  No

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

During the report period, the independent directors of the company has strictly followed the relevant laws and regulations of

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

#### **IV. Duty Performance of Special Committees under the Board of Directors in the Reporting period**

##### **1. Performance of Nomination Committee**

In 2013, The Nomination Committee of the Board of Directors earnestly performs their duties, and reviews and make recommendations on the company’s general manager ,Deputy general manager, Board secretary and CFO candidates as per the provisions of “Implementation Rules of Nomination Committee of the Board of Directors”.

##### **2. Performance of Remuneration and Appraisal Committee**

In 2013, Remuneration and Appraisal Committee under the Board of Directors have conscientiously performed their duties, and conducted the review and provide the suggestions on the subsidy of the independent directors of the company according to the provisions of “Detailed Rules for Implementation of Remuneration and Appraisal Committee under the Board of Directors”.

##### **3. Performance of Audit Committee**

In 2013, Audit Committee under the Board of Directors has conscientiously performed the duties, conducted the duty of care, actively performs all kinds of works according to the relevant provisions of “Detailed Rules for Implementation of Audit Committee under the Board of Directors” and “Articles of Association”, and mainly made communication, control and review on the annual audits of the company.

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

#### **V. Work of the supervisory Committee**

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

Yes No

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

## **VI. Independence and Completeness in business, personnel , assets, organization and finance**

The controlling shareholder of the company has the standard behavior and hasn't directly or indirectly interfered the decision-making and operations of the company beyond the shareholders' meeting. The company and the controlling shareholder have performed "Five Independence" on the aspects of personnel, assets, finance, organization and business, and the Board of Directors, Supervisor Committee and the internal organization can operate independently.

## **VII. Horizontal Competitions**

Zhengzhou Xufei Company, controlled by Dongxu Optoelectronic Investment Co., Ltd. which is indirect shareholder of the company, Sichuang Xuhong Company and Dongxu (Yingkou) Company, held by the controlling shareholder of TUNGHSU GROUP, and Shijiazhuang Xuxin Company, controlled by Baoshi Group, all are engaged in the business of the flat panel display glass substrate, which forms the competition with the project of "Production Line of Generation 6 LCD Glass Substrate" invested by the non-public issuance funds-raising stocks. Before above four companies meet the relevant conditions of assets investment, Mr. Li, the actual controller of the company, shall entrust the company to collectively manage the equity and management rights of above four companies with the business of the flat panel display glass substrate.

## **VIII. Assessment and incentive Mechanism for Senior executives**

The company has established the perfect remuneration management system and performance management system, set up Remuneration and Appraisal Committee under the Board of Directors and conducted the review and assessment for the senior executive. The remuneration of the senior executive is depended on the assessment. So, the company has built the scientific and effective incentive mechanism.

## IX. Internal Control

### I. Internal control Construction

In accordance with the requirements of “Announcement of the Implementation of Standard Internal Control System of Enterprise with the Classification by Listed Company in Main Board in 2012” of CaiBanKuai [2012] No.30 document from the General Office of the Ministry of Finance, in order to steadily promote the construction of the standard internal control system and combining with the company’s actual situation, the Board of Directors has conducted the adjustment for the work progress time node of “Implementation Programme of Internal Control Norm”. After adjusted, the construction of internal control is planned to be completed in September 2014, the self-assessment of internal control is scheduled to be finished in December 2014, and the audit of internal control is expected to be ok in January 2015. During the report period, there are no major defects and deficiencies on the corporate governance and management after the daily management control and the special supervision and check of internal control. For the general control defects during the report period, the company has formulated the strict rectification program, implemented the rectification measures and revised and perfected the relevant process system to promote the effective design and operation for the internal control.

### II. Statement of the Board of directors on the Responsibility of internal control

According to the provisions of “Fundamental Norms for Enterprise Internal Control”, “Operation Guideline of Enterprise Internal Control”, “Evaluation Guideline of Enterprise Internal Control” and “Standard Operation Guideline in Main Board of Listed Company of Shenzhen Stock Exchange”, the Board of Directors has established the perfect and effective implementation of internal control, made the evaluation of its effectiveness and truthfully disclosed the assessment report of internal control. The Supervisor Committee has made supervision for the establishment and implementation of internal control of the Board of Directors, and the managers are responsible for the arrangement and direction of the daily operation of internal control. Meanwhile, the Board of Directors, Supervisor Committee, Directors, Supervisors and Senior Executives of the company shall ensure that the report hasn’t any false, misleading statements or serious omissions, and they will assume individual or related legal obligation for the authenticity, accuracy and integrity of the contents of the report. Moreover, the goals of internal control of the company are to reasonably guarantee the legality and compliance of operation and management, the safety of assets, the financial report, the authenticity and integrity of the relevant information, the improvement of operation effectiveness and achievement, and the promotion of the strategic development of the company.

### III. Basis for establishment of internal control of the Financial Report

Basis: “Accounting Law of the People’s Republic of China”, “Fundamental Norms for Enterprise Internal Control”, “Operation Guideline of Enterprise Internal Control”, “Financial Reporting Regulations of Enterprises”, “General Principles of Corporate Finance”, “Accounting Standards for Enterprises”, “Management Methods of Information Disclosure of Listed Companies”, “Information Disclosure Preparation and Report Rule No.15 of Companies with Public Issuance Securities – General Provisions of Financial Report [Revision 2010]” and the relevant memo on the financial report disclosure of Shenzhen Stock Exchange.

### IV. Self-assessment report of the internal control

About the significant Defects of the internal control found in the internal control self-assessment report in the reporting period
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During the report period, there are no major defects and deficiencies on the corporate governance and management after the
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daily management control and the special supervision and check of internal control. For the general control defects during the report period, the company has formulated the strict rectification program, implemented the rectification measures and revised and perfected the relevant process system to promote the effective design and operation for the internal control of above functional fields.	
Date of disclosing the internal control self-assessment report, full text	April 29, 2014
Index of disclosing the internal control self-assessment report, full text	Refer to Self-assessment report t of internal control in 2013 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

## V. Internal control audit report

Applicable Not applicable

## VI. Establishment and implementation of the Responsibility investigation system for serious Errors in the Annual Report

In order to promote the standard operation, enhance the authenticity, accuracy, integrality and promptness of information disclosure and improve the quality and transparency of information disclosure of annual report, the company has formulated the “Responsibility Claim System on Significant Error in Annual Report according to the requirements stipulated in China Securities Regulatory Commission. During the report period, the company doesn’t have the significant errors, major omission for information complement, the revision of performance forecast and other situations.



## X. Financial Report

### I. Audit report

Type of audit opinion	Standard Unqualified Audit Opinion
Date for signing the auditor's report	April 27, 2014
Name of audit firm	Zhongxingcai Guanghua Certified Public Accountants (Special General Partnership)

### Auditors' Report

ZXCGHSH(2014)No.:05009

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

We audited accompanying financial statements of Dongxu Optoelectronic Technology Co., Ltd. (hereinafter referred to as "the Company"), including Consolidation and parent Company balance sheet on December 31, 2013, Consolidation and parent Company profit statement, Consolidation and parent Company cash flow statement for the year 2013 and Consolidation and parent Company statement of change in shareholders' equity and the notes to financial statements.

#### I. Management's responsibility for the financial statements

Preparation of financial statements in accordance with the Accounting Standards for Business Enterprises is the responsibility of the management of the Company. Such responsibility includes: (1) Prepare the financial statements according to business enterprises regulation, so that making reasonable accounting estimate. (2) design, implementation and maintenance of internal control related to the preparation of financial statements so that financial statements are free from material misstatement caused by fraudulent practices or errors;

#### II. Responsibility of certified public accountants

We are responsible for expressing opinions on financial statements based on our audit. We conducted audit in accordance with the audit criteria for Chinese certified public accountants. The audit criteria for Chinese certified public accountants require us to abide by professional ethics, plan and conduct audit to obtain reasonable assurance as to whether financial statements are free from material misstatement. Audit involves carrying out audit procedure to obtain the audit evidences about the amounts and disclosure of financial statements. The selected audit procedure relies on the judgment of certified public accountants, including the appraisal of risk of material misstatement of financial statements caused by fraudulent practices or errors. While appraising risks, we considered the internal control related to the preparation of financial statements to design proper audit procedure but the purpose is not to express an opinion on the effectiveness of internal control. The audit also includes the appraisal of suitability of accounting policies selected by the management, the reasonableness of accounting estimate and the overall presentation of financial statements.

We believe that the audit evidences obtained by us are full and appropriate and provide a basis for expressing audit opinion.

#### III. Audit opinion

In our opinion, the financial statements of Dongxu Optoelectronic Technology Co., Ltd. Wharf present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2013, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Zhongxingcai Guanghua Ceritifed Public Accountants  
(Special General Partnership).

Chinese C.P.A.: Wang Fengqi

Shijiazhuang China

Chinese C.P.A.: Qi Zhenghua

April 27, 2014

## II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

### 1.Consolidated Balance sheet

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	2,586,660,951.04	110,770,070.84
Settlement provision		
Outgoing call loan		
Trading financial assets		
Bill receivable		800,000.00
Account receivable	943,285,462.11	573,874,457.07
Prepayments	2,788,962,137.94	755,954,517.33
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other account receivable	29,300,640.49	18,664,010.12
Repurchasing of financial assets		
Inventories	298,619,165.08	168,716,962.68
Non-current asset due in 1 year		
Other current asset	75,632,804.57	59,507,036.63
Total of current assets	6,722,461,161.23	1,688,287,054.67

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		150,000.00
Property investment	12,216,614.26	14,230,280.23
Fixed assets	141,108,554.36	50,377,603.66
Construction in progress	1,914,118,112.98	196,954,480.35
Engineering material	112,687,660.04	39,963,178.76
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	112,787,665.77	58,245,678.58
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset	17,598,632.50	13,499,461.84
Other non-current asset		
Total of non-current assets	2,310,517,239.91	373,420,683.42
Total of assets	9,032,978,401.14	2,061,707,738.09
Current liabilities		
Short-term loans	580,000,000.00	485,000,000.00
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Trade off financial liabilities		
Bill payable	150,000,000.00	
Account payable	134,665,580.06	74,567,022.25
Advance payment	3,451,630.20	25,520.70
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	17,885,009.53	10,411,854.02
Tax payable	-168,850,322.26	38,348,343.33

Interest payable		11,120,419.32
Dividend payable		
Other account payable	46,922,065.04	40,281,900.36
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Non-current liability due in 1 year		
Other current liability	60,989,000.00	62,875,000.00
Total of current liability	825,062,962.57	722,630,059.98
Non-current liabilities:		
Long-term loan	2,300,000,000.00	800,000,000.00
Bond payable		
Long-term payable		
Special payable		
Expected liabilities		
Differed income tax liability		
Other non-current liabilities	33,714,000.00	35,734,000.00
Differed income	2,333,714,000.00	835,734,000.00
Total of liability	3,158,776,962.57	1,558,364,059.98
Owners' equity		
Share capital	903,000,000.00	383,000,000.00
Capital reserves	4,936,613,311.80	404,165,683.34
Less: Shares in stock		
Special reserves		
Surplus reserves	27,454,788.05	27,454,788.05
Common risk provision		
Undistributed profit	-53,394,384.81	-422,691,693.55
Different of foreign currency translation		
Total of owner's equity belong to the parent company	5,813,673,715.04	391,928,777.84
Minority shareholders' equity	60,527,723.53	111,414,900.27
Total of owners' equity	5,874,201,438.57	503,343,678.11
Total of liabilities and owners' equity	9,032,978,401.14	2,061,707,738.09

## 2. Balance sheet of the Parent Company

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	29,805,307.79	1,602,670.30
Trading financial assets		
Bill receivable		800,000.00
Account receivable	16,547,491.42	19,124,462.91
Prepayments	25,310,796.89	4,349,993.17
Interest receivable		
Dividend receivable		
Other account receivable	432,062,236.88	5,702,152.64
Inventories	19,766,175.81	53,659,484.38
Non-current asset due in 1 year		
Other current asset	19,211.84	51,295.48
Total of current assets	523,511,220.63	85,290,058.88
Non-current assets:		
Disposable financial asset		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	4,728,458,306.96	538,944,306.96
Property investment	4,203,586.44	5,716,875.46
Fixed assets	31,342,639.14	29,726,470.55
Construction in progress	23,712,084.39	23,495,270.63
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	10,847,178.52	11,172,742.24
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset	8,034,510.33	10,612,340.37

Other non-current asset		
Total of non-current assets	4,806,598,305.78	619,668,006.21
Total of assets	5,330,109,526.41	704,958,065.09
Current liabilities		
Short-term loans		
Trade off financial liabilities		
Bill payable		
Account payable	16,158,244.45	17,848,999.79
Advance payment	6,702,336.70	10,587.90
Employees' wage payable	3,964,746.75	4,071,290.00
Tax payable	1,676,183.24	675,668.89
Interest payable		
Dividend payable		
Other account payable	105,904,670.83	474,969,427.94
Non-current liability due in 1 year		
Other current liability	20,000.00	20,000.00
Total of current liability	134,426,181.97	497,595,974.52
Non-current liabilities:		
Long-term loan		
Bond payable		
Long-term payable		
Special payable		
Expected liabilities		
Differed income tax liability		
Other non-current liabilities	45,000.00	65,000.00
Total of Non-current liabilities	45,000.00	65,000.00
Total of liability	134,471,181.97	497,660,974.52
Owners' equity		
Share capital	903,000,000.00	383,000,000.00
Capital reserves	4,799,360,997.35	358,047,576.01
Less: Shares in stock		
Special reserves		
Surplus reserves	32,204,150.60	32,204,150.60
Commonly risk Reserves		

Undistributed profit	-538,926,803.51	-565,954,636.04
Different of foreign currency translation		
Total of owners' equity	5,195,638,344.44	207,297,090.57
Total of liabilities and owners' equity	5,330,109,526.41	704,958,065.09

### 3. Consolidated Profit statement

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

In RMB

Item	Report period	Same period of the previous year
I. Income from the key business	931,900,682.99	778,935,169.83
Incl: Business income	931,900,682.99	778,935,169.83
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	532,992,694.88	475,954,327.01
Incl: Business cost	409,803,391.02	379,773,152.65
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	11,561,848.42	11,235,056.34
Sales expense	8,166,835.21	4,460,661.24
Administrative expense	100,258,518.00	75,153,579.36
Financial expenses	3,046,596.45	-262,645.29
Asset impairment loss	155,505.78	5,594,522.71
Add: Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)		
Incl: investment gains from affiliates		
Gains from currency exchange		

(“-”for loss)		
III. Operational profit (“-”for loss)	398,907,988.11	302,980,842.82
Add: Non-business income	150,509,411.04	25,662,026.85
Less: Non business expenses	2,033,343.45	2,030,473.50
Incl: Loss from disposal of non-current assets		
IV.Total profit(“-”for loss)	547,384,055.70	326,612,396.17
Less: Income tax expenses	137,839,716.58	85,584,266.06
V. Net profit (“-”for net loss)	409,544,339.12	241,028,130.11
Including: Net profit realized by the entity taken over before the takeover		
Net profit attributable to the owners of parent company	369,297,308.74	142,664,558.32
Minority shareholders' equity	40,247,030.38	98,363,571.79
VI. Earnings per share:	--	--
(I) Basic earnings per share	0.51	0.37
(II)Diluted earnings per share	0.51	0.37
VII. Other comprehensive income		
VIII. Total comprehensive income	409,544,339.12	241,028,130.11
Total comprehensive income attributable to the owner of the parent company	369,297,308.74	142,664,558.32
Total comprehensive income attributable minority shareholders	40,247,030.38	98,363,571.79

#### 4. Profit statement of the Parent Company

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	96,047,179.19	133,223,717.33
Incl: Business cost	59,343,150.90	112,504,020.83
Business tax and surcharge	3,166,497.92	2,886,020.92
Sales expense	598,749.77	659,148.32
Administrative expense	17,982,814.02	19,063,897.23
Financial expenses	-1,814,396.71	6,594.49
Asset impairment loss	22,890.98	4,167,247.08



Add: Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)		
Incl: investment gains from affiliates		
II. Operational profit (“-”for loss)	16,747,472.31	-6,063,211.54
Add: Non-business income	12,858,190.26	389,284.80
Less: Non business expenses		300.00
Incl: Loss from disposal of non-current assets		
III.Total profit(“-”for loss)	29,605,662.57	-5,674,226.74
Less: Income tax expenses	2,577,830.04	86,080.92
IV. Net profit (“-”for net loss)	27,027,832.53	-5,760,307.66
V. Earnings per share:	--	--
(I) Basic earnings per share		
(II)Diluted earnings per share		
VI. Other comprehensive income		
VII. Total comprehensive income	27,027,832.53	-5,760,307.66

## 5. Consolidated Cash flow statement

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

In RMB

Items	Report period	Same period of the previous year
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	607,586,110.54	283,902,563.19
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	71,535,818.49	19,158,925.27
Other cash received from business operation	72,004,618.22	138,599,573.62
Sub-total of cash inflow	751,126,547.25	441,661,062.08
Cash paid for purchasing of merchandise and services	1,913,667,192.67	471,562,832.01
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	177,258,300.64	105,141,763.48
Taxes paid	200,107,409.97	134,643,137.58
Other cash paid for business activities	297,312,478.88	197,306,074.87
Sub-total of cash outflow from business activities	2,588,345,382.16	908,653,807.94
Cash flow generated by business operation, net	-1,837,218,834.91	-466,992,745.86
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	4,349,773.95	
Net cash received from disposal of subsidiaries or other operational units		
Net cash received from disposal of subsidiaries or other operational units		
Sub-total of cash inflow due to investment activities	4,349,773.95	
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,254,600,150.18	704,021,936.42
Cash paid as investment		
Net increase of loan against pledge		

Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	2,254,600,150.18	704,021,936.42
Net cash flow generated by investment	-2,250,250,376.23	-704,021,936.42
III.Cash flow generated by financing		
Cash received as investment	4,970,800,000.00	2,495,000.00
Incl: Cash received as investment from minor shareholders		2,495,000.00
Cash received as loans	3,555,000,000.00	1,605,000,000.00
Cash received from bond placing		
Other financing –related ash received	8,698,025.46	297,420.62
Sub-total of cash inflow from financing activities	8,534,498,025.46	1,607,792,420.62
Cash to repay debts	1,960,000,000.00	320,000,000.00
Cash paid as dividend, profit, or interests	132,362,386.43	21,825,883.33
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	425,585.49	29,009.90
Sub-total of cash outflow due to financing activities	2,092,787,971.92	341,854,893.23
Net cash flow generated by financing	6,441,710,053.54	1,265,937,527.39
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	2,354,240,842.40	94,922,845.11
Add: balance of cash and cash equivalents at the beginning of term	110,770,070.84	15,847,225.73
VI.Balance of cash and cash equivalents at the end of term	2,465,010,913.24	110,770,070.84

## 6. Cash flow statement of the Parent Company

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

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	119,878,595.24	133,095,486.23

services		
Tax returned		129,270.64
Other cash received from business operation	7,804,675.18	474,945,976.05
Sub-total of cash inflow	127,683,270.42	608,170,732.92
Cash paid for purchasing of merchandise and services	32,223,977.10	17,515,301.08
Cash paid to staffs or paid for staffs	14,275,906.84	14,712,033.73
Taxes paid	13,686,930.25	21,208,786.36
Other cash paid for business activities	820,429,818.74	93,938,360.29
Sub-total of cash outflow from business activities	880,616,632.93	147,374,481.46
Cash flow generated by business operation, net	-752,933,362.51	460,796,251.46
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 cash receivable for investment activities		
Sub-total of cash inflow due to investment activities		
Cash paid for construction of fixed assets, intangible assets and other long-term assets		1,936,358.97
Cash paid as investment	4,189,664,000.00	459,525,000.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	4,189,664,000.00	461,461,358.97
Net cash flow generated by investment	-4,189,664,000.00	-461,461,358.97
III.Cash flow generated by financing		
Cash received from capital contributions	4,970,800,000.00	
Cash received as loans		
Cash received from bond placing		
Other financing –related cash received		
Sub-total of cash inflow from financing activities	4,970,800,000.00	
Cash to repay debts		

Cash paid as dividend, profit, or interests		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities		
Net cash flow generated by financing	4,970,800,000.00	
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	28,202,637.49	-665,107.51
Add: balance of cash and cash equivalents at the beginning of term	1,602,670.30	2,267,777.81
VI.Balance of cash and cash equivalents at the end of term	29,805,307.79	1,602,670.30

### 7. Consolidated Statement on Change in Owners' Equity

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

Report period

In RMB

Items	Report period									
	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
I.Balance at the end of last year	383,000,000.00	404,165,683.34			27,454,788.05		-422,691,693.55	0.00	111,414,900.27	503,343,678.11
Add: Change of accounting policy										0.00
Correcting of previous errors										0.00
Other										0.00
II.Balance at the beginning of current year	383,000,000.00	404,165,683.34	0.00	0.00	27,454,788.05		-422,691,693.55	0.00	111,414,900.27	503,343,678.11
III.Changed in the current year	520,000,000.00	4,532,447,628.46	0.00	0.00	0.00		369,297,308.74	0.00	-50,887,176.74	5,370,857,760.46
( I ) Net profit							369,297,308.74		40,247,030.38	409,544,339.12
( II ) Other misc.income			0.00	0.00	0.00		0.00	0.00	0.00	0.00
Total of (I) and (II)	0.00	0.00	0.00	0.00	0.00		369,297,308.74	0.00	40,247,030.38	409,544,339.12

(III) Investment or decreasing of capital by owners	520,000,000.00	4,532,447,628.46	0.00	0.00	0.00		0.00	0.00	-91,134,207.12	4,961,313,421.34
1. Capital inputted by owners	520,000,000.00	4,441,313,421.34								4,961,313,421.34
2. Amount of shares paid and accounted as owners' equity										0.00
3. Other		91,134,207.12							-91,134,207.12	0.00
(IV) Profit allotment	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
1. Providing of surplus reserves										
2. Providing of common risk provisions										
3. Allotment to the owners (or shareholders)										
4. Other										
(V) Internal transferring of owners' equity	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
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										
(VI) Special reserves									0.00	0.00
1. Provided this year										
2. Used this term										
(VII) Other										
IV. Balance at the end of this term	903,000,000.00	4,936,613,311.80	0.00	0.00	27,454,788.05		-53,394,384.81	0.00	60,527,723.53	5,874,201,438.57

Amount of the previous term

In RMB

Items	Amount of the previous term									
	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		

						n				
I.Balance at the end of last year	383,000,000.00	387,380,227.13			27,454,788.05		-565,356,251.87		27,341,784.69	259,820,548.00
Add: Retrospective adjustment caused by merger of entities under common control										
Add: Change of accounting policy										
Correcting of previous errors										
Other										
II.Balance at the beginning of current year	383,000,000.00	387,380,227.13			27,454,788.05		-565,356,251.87		27,341,784.69	259,820,548.00
III.Changed in the current year		16,785,456.21					142,664,558.32		84,073,115.58	243,523,130.11
( I ) Net profit							142,664,558.32		98,363,571.79	241,028,130.11
( II ) Other misc.income										
Total of (I) and (II)							142,664,558.32		98,363,571.79	241,028,130.11
(III) Investment or decreasing of capital by owners		16,785,456.21							-14,290,456.21	2,495,000.00
1. Capital inputted by owners									2,495,000.00	2,495,000.00
2. Amount of shares paid and accounted as owners' equity										
3. Other		16,785,456.21							-16,785,456.21	
( IV ) Profit allotment										
1.Providing of surplus reserves										
2.Providing of common risk provisions										
3. Allotment to the owners (or shareholders)										
4. Other										
(V) 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									
(VI) Special reserves									
1. Provided this year									
2. Used this term									
(VII) Other									
IV. Balance at the end of this term	383,000,000.00	404,165,683.34		27,454,788.05		-422,691,693.55		111,414,900.27	503,343,678.11

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

Prepared by: Dongxu Optoelectronic Technology Co., Ltd.

Amount of the Current term

In RMB

Items	Amount of the Current term							
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	383,000,000.00	358,047,576.01			32,204,150.60		-565,954,636.04	207,297,090.57
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II. Balance at the beginning of current year	383,000,000.00	358,047,576.01			32,204,150.60		-565,954,636.04	207,297,090.57
III. Changed in the current year	520,000,000.00	4,441,313,421.34					27,027,832.53	4,988,341,253.87
(I) Net profit							27,027,832.53	27,027,832.53
(II) Other misc. income								
Total of (I) and (II)							27,027,832.53	27,027,832.53
(III) Investment or decreasing of capital by owners	520,000,000.00	4,441,313,421.34						4,961,313,421.34



1. Capital inputted by owners	520,000,00 0.00	4,441,313, 421.34						4,961,313, 421.34
2. Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment								
1. Providing of surplus reserves								
2. Providing of common risk provisions								
3. Allotment to the owners (or shareholders)								
4. Other								
(V) 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								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
(VII) Other								
IV. Balance at the end of this term	903,000,00 0.00	4,799,360, 997.35			32,204,150 .60		-538,926,8 03.51	5,195,638, 344.44

Amount of the previous term

In RMB

Items	Amount of the previous term							
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	383,000,00 0.00	358,047,57 6.01			32,204,150 .60		-560,194,3 28.38	213,057,39 8.23
Add: Change of accounting policy								

Correcting of previous errors								
Other								
II.Balance at the beginning of current year	383,000,000.00	358,047,576.01			32,204,150.60		-560,194,328.38	213,057,398.23
III.Changed in the current year							-5,760,307.66	-5,760,307.66
(I) Net profit							-5,760,307.66	-5,760,307.66
(II) Other misc.income								
Total of (I) and (II)							-5,760,307.66	-5,760,307.66
(III) Investment or decreasing of capital by owners								
1. Capital inputted by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment								
1.Providing of surplus reserves								
2.Providing of common risk provisions								
3. Allotment to the owners (or shareholders)								
4. Other								
(V) 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								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
(VII) Other								

IV. Balance at the end of this term	383,000,000.00	358,047,576.01			32,204,150.60		-565,954,636.04	207,297,090.57
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### 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..

As of December 31, 2013, Registered capital :RMB 903 million, Legal representative: Li Zhaoting,; Registration No. of Legal Entity Business License : 130000000001040, Registered Address: No.9, Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province.

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).

At the end of the report period, the Company had two wholly-owned subsidiaries: Hebei Xubao Construction Installation Engineering Co., Ltd. and Wuhu Dongxu Optoelectronic Technology Co., Ltd., three Controlled Subsidiaries: Shijiazhuang Baoshi Color Bulb Co., Ltd., Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd. and Wuhan Dongxu Optoelectronic Technology Co., Ltd., two controlled sub-subsidiary: Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd. and Beijing Dongxu Investment Development Co., Ltd.

## IV.Principal accounting policies, accounting estimates and early errors

### 1.Basis for the preparation of financial statements

(1) The financial statements is prepared as per the “Accounting Standards for Enterprises - Basic Standards”, the specific accounting standards in Item 38 and its application guideline and explanation and other related regulations (collectively referred to as “Enterprise Accounting Standards”) issued by the Ministry of Finance on February, 2006.

(2) The financial statements reports on the basis of the continuous operation.

### 2. Statement on complying with corporate accounting standards

The Company state: the financial statements prepared are in line with the requirements in enterprise accounting standards in line with of system, and have truly and completely reflected of the financial status in December 31, 2013 , operational results, cash flow, and other relevant information for 2013.

**3.Accounting year: from January 1 to December 31 as one accounting 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

#### (1) Merger of enterprises under the control of the same company

The Company’s assets and liabilities obtained from the enterprise merger are measured according to the book value of the merged party on the date of merger. The balance between the book value of net assets and the merger consideration price paid (or an aggregate of par value amount of issued shares) is used to adjust the capital reserve. Where the capital reserve is insufficient to deduct, adjust the retained earnings. Costs directly related to the merger of the merger party are recorded to the current profit and loss. For the merger of majority interests, assets and liabilities of the merger party are measured in the consolidated balance sheet according to their book values.

#### (2) Merger of enterprises under the control of different companies

The merger cost is the fair value of the paid assets, occurred or incurred liabilities, and issued equity securities which are used to obtain the control right over the merged party on the date of purchase. For enterprise merger achieved through multiple exchanges and transactions, the merger cost is the sum of all costs of each individual transaction. Costs directly related to the merger of the merger party are recorded to to the current profit and loss.

① For mergers, the balance of the merger cost over the obtained recognizable net assets and fair value quota of the merged party during the merger is recognized as goodwill. The balance of the merger cost smaller than the obtained recognizable net assets and fair value quota of the merged party during the merger is recorded to the current profit and loss.

② For the merger of majority interests, the recognizable assets and liabilities of the merged party are listed in the consolidated balance sheet according to the fair value determined in the merger. The balance of the merger cost over the obtained recognizable net assets and fair value quota of the merged party during the merger is recognized as goodwill in the consolidated balance sheet on the date of purchase. The balance of the merger cost smaller than the obtained recognizable net assets and fair value quota of liabilities of the merged party during the merger is recorded to the current profit and loss.

## 6. Compiling method of consolidated accounting statements

### (1) Compiling method of consolidated accounting statements

The Company compiles consolidated accounting statements according to the provisions of Accounting Standards of Business Enterprises No. 33 – Consolidated Financial Statement stipulated by the Ministry of Finance.

The Company begins to merge the revenues, costs, and profits of the corresponding period from the date when the Company obtains the actual control right over the subsidiary, and stops to merge the revenues, costs, and profits of the corresponding period from the date when the Company loses the actual control right over the subsidiary. All major balances, transactions and unrealized profits in the Group have been offset during the compiling of consolidated accounting statements.

The owner's interests of subsidiaries that are incorporated in the merger and that do not belong to the Group are listed in the minority interests under the subject of owner's interests of the consolidated balance sheet. The net profit and loss of the current period that belong to minority interests are listed in the minority profit and loss under the net profit subject of the consolidated income statement.

## 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. Foreign currency translation

### (1) Foreign currency Transactions

Transactions denominated in foreign currencies are translated into RMB at the applicable basic rates of exchange quoted by the People's Bank of China prevailing at the dates of the transaction.

### (2) Foreign currency statement Convert

On the balance sheet day, foreign currency monetary item shall be converted at the benchmark exchange rate on the balance sheet day. The exchange difference resulting from difference between spot exchange rate and that recognized initially or the benchmark exchange rate on the prior balance sheet day shall be calculated into the profit and loss of current period; foreign currency non-monetary item measured by historical cost shall still be converted at the spot exchange rate on the transaction day and the recording currency sum shall not changed. The exchange difference resulting from foreign currency loan related to qualified assets under acquisition, construction and production shall be handled by the principle of borrowing costs capitalization.

## 9. Financial instruments

A financial instrument refers to a contract that forms the financial assets of an enterprise and forms the financial liabilities or equity instruments of other enterprises. When a company becomes a party of a financial instrument contract, a financial asset or liability is recognized.

### (1) Classification of financial instruments:

Financial assets are classified into four categories during the initial recognition: (1) financial assets that are measured by their fair values and whose changes are recorded in the current profit and loss, including tradable financial assets and financial assets that are specified to be measured by their fair values and whose changes are recorded in the current profit and loss; (2) held-to-maturity investments; (3) loans and accounts receivable; (4) financial assets available for sale. Financial liabilities are classified into two categories during the initial recognition: (1) financial liabilities that are measured by their fair values and whose changes are recorded in the current profit and loss, including tradable financial liabilities and financial liabilities that are specified to be measured by their fair values and whose changes are recorded in the current profit and loss; (2) other financial liabilities.

(2) **For the held-to-maturity investments of the Company**, the sum of fair values of financial assets at the time of obtainment and the related transaction fees are recognized as the initial recognition amount. Where the paid bond interests are included in the payment, the paid bond interests are separately recognized as accounts receivable. During the holding period, the interest income is calculated and recognized according to the actual interest rate and amortized cost, and recorded into the investment revenue. During the disposal of financial assets, the balance between the price at the time of obtainment and the book value is recognized as the investment revenue.

(3) For accounts receivable generated by selling goods or providing services, the initial amount is recognized by the price stipulated in the contract or agreement. During the holding period, the subsequent measurement is conducted based on the amortized cost and actual interest rate method. During the collection and disposal of accounts receivable, the balance between the price at the time of obtainment and the book value is recorded into the current profit and loss.

(4) For financial assets available for sale, the sum of fair values of financial assets at the time of obtainment and the related transaction fees are recognized as the initial recognition amount. Where the paid bond interests or cash dividends are included in the payment, the paid bond interests or cash dividends are separately recognized as accounts receivable. Interests or cash dividends obtained during the holding period are recognized as investment revenues. The gain or loss that is measured by the fair value on the date of balance sheet and is formed by the changes of the fair value is directly recorded into the capital reserve. During the disposal of financial assets, the balance between the price at the time of obtainment and the book value is recognized as the investment revenue. At the same time, the changes of the fair value that is originally recorded into the capital reserve are carried forward to the investment revenue.

Financial assets that are measured by their fair values and whose changes are recorded in the current profit and loss are recognized by their fair values at the time of obtainment and the related transaction fees are directly recorded into the profit or loss of the current period. During the holding period, the subsequent measurement is conducted based on the fair value. For other financial liabilities, the initial amount is recognized by the sum of their fair values at the time of obtainment and related transaction fees. During the holding period, the measurement is conducted based on the amortized cost and actual interest rate method.

### **(3) Recognition basis and measurement for transferred financial assets**

#### 1) Recognition of the transfer of financial assets:

In the following situations, the Company recognizes the transfer of financial assets and terminates the recognition of financial assets when the Company transfers almost all the risks and rewards of the ownership of financial assets to the transferee.

- ① The Company sells financial assets by means of non-recourse.
- ② The Company sells financial assets and enters into an agreement with the buyer at the same time, which stipulates that the Company will repurchase the financial assets at their fair values on the date when the prescribed term ends.
- ③ The Company sells financial assets and enters into an agreement of put option with the buyer at the same time. The put option is a material out-of-the-money option from the contract terms.

#### 2) Measurement of the transfer of financial assets

When financial assets are transferred overall, the balance of the book value of the transferred financial assets over the received consideration price and accumulated fair value changes that are originally and directly recorded to the owner's equity is recognized and recorded into the current profit and loss.

When financial assets are transferred partly, the overall book value of the transferred financial assets, between the derecognized part of and the non-derecognized part, is apportioned according to their relative fair values respectively, and according to the book value of the derecognized part and the received consideration of the derecognized part and the corresponding derecognition sum in the accumulated fair value alteration amount that is directly included into the owner's rights and interests originally, it should be recognized after apportionment to this accumulated amount according to the relative fair value of the derecognized part in the financial assets.

### **(4) The conditions to stopping the financial liabilities**

Only if the existing obligations of financial liabilities have been removed wholly or partly, the financial liabilities can be terminated

to recognize wholly or partly.

**(5) The determination method for fair value of financial assets and financial liabilities**

If there's an active market for financial assets or liabilities, the fair value is recognized by the quotation in the active market. If there's no an active market for financial assets or liabilities, the fair value is recognized by the evaluation. For initially obtained or originative financial assets or undertaken financial liabilities, the fair value is recognized based on the market transaction price. Where the fair value of financial instruments is recognized by the future cash flow discount method, the discount rate is the market yield rate of other financial instruments that are substantially same in contract terms and features. Where the short-term accounts receivable whose interest rate is not indicated and the balance between the present value of accounts payable and the actual transaction price is small, the measurement is conducted based on the actual transaction price.

**(6) Providing of impairment provision on financial assets (exclude receivable accounts)**

On the date of the balance sheet, the Company checks the book value of financial assets other than the financial assets that are measured by their fair values and whose changes are recorded in the current profit and loss. Where there is an objective evidence to indicate that the financial assets are impaired, the impairment provision is accrued. Financial assets whose single amount is great are conducted with an impairment test separately. Financial assets whose single amount is not great can be conducted with an impairment test either separately or jointly in financial asset portfolios with the feature of credit risks.

For loans, accounts receivable, and held-to-maturity investments, the impairment provision is accrued based on the balance between the present value and the book value of the estimated future cash flow. If there is an objective evidence to indicate that the value has been restored after the accrual, the previously-recognized impairment loss can be recovered and recorded into the current profit and loss.

All kinds of various recognized standards for impairment of financial assets available for sale

If an impairment occurs to financial assets available for sale, even if this financial asset is not derecognized, the accumulated losses that are caused by the reduced fair value and that are originally and directly recorded in the owner's interests should be transferred out and recorded into the current profit and loss, Among which, for the debt instrument available for sale, if the fair value increases subsequently, the original impairment provision can be recovered and recorded into the current profit and loss. For the equity instrument available for sale, the impairment provision shall not be recovered through the profit or loss.

**10. Recognition standard and providing basis of bad debt provision on receivable accounts**

**(1) Accounts receivable with material specific amount and specific provisioned bad debt preparation.**

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) Provision for bad debts shall be made for accounts receivable on group basis:**

Name	Method of making provision for bad debts on group basis	Basis for determining groups
Account age group	Account age Analysis method	Division into groups with the age of accounts receivable as characteristic of credit risk
Other groups	Other method	Division into groups with the transaction object of accounts receivable and the nature of money as the characteristic of credit risk. Such as export rebates receivable, employees' borrowings for official duties, reserve fund, deposit, money for related transactions.

In Group, Provision for bad debts with the method of account age analysis

Applicable  Not applicable

Age	Proportion of provision of receivable account (%)	Proportion of provision of other receivable account (%)
Within credit period	0%	0%
Within 1 year after credit period	5%	5%
1—2 years	10%	10%
2—3 years	30%	30%
3—4 years	50%	50%
4—5 years	70%	70%
Over 5 years	100%	100%

Accounts on percentage basis in group

applicable  not applicable

Accounts on other basis in group:

applicable  not applicable

Name	Notes
Other Group	Impairment test shall be separately conducted. If objective evidences prove the occurrence of impairment, impairment loss shall be recognized and provision for bad debts shall be made according to the difference between the present value of expected future cash flow and its book value. If no impairment is found after test, no provision for bad debts shall be made.

**(3) The accounts receivable with insignificant single-item amount for which provision for bad debts is separately made:**

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) Inventory classification

Inventories including raw materials, products in production, Low-value consumable goods, goods in stock, spare parts, are listed depending on which is lower between cost and net value realizable.

### (2) Pricing method of stock delivered

Stock delivered is measured according to weighted average method.

Inventories are accounted for at their historical cost or planned cost at the time of acquisition, accounts by month-end weighted average method. For the consuming of Consumable Goods of Low Value, uses once conversion method to account the cost. For the consuming of packaging materials, accounts it to the cost at one time. For the cost of finished products and products in production including the raw materials, direct labor, all indirect production costs under normal production capacity, and the conversion of the cost of inventory sold, accounts by month-end weighted average method.

### (3) Confirmation basis of stock net realizable value and withdrawal method of inventory falling price reserves.

For inventory at period end, accounts the inventory price falling reserve according to the difference between the cost of individual inventory project and the net value realizable. For the inventories that have similar purposes and relate to the products in the same region, and in fact, are difficult to distinguish the serial products from other items, collectively account the price falling reserve; For inventories that have large quantity but low in price, account the price falling reserve according to stock categories. For the net value realizable in accordance with the normal production process, determine the amount by the estimated stock price minus the estimated cost, cost of sales and related taxes.

### (4) Inventory system

Inventory system: Perpetual inventory

### (5) Amortization method of consumption goods with low value and wrap page

Consumption goods with low value

Consumption goods with low value adopt one time amortization method when used.

Packing

Amortization method: Wrap page adopts one time amortization when used

## 12. Long-term equity investment

### (1) Investment cost confirmation

(1) For the corporate merger under the same control, the merging parties paying by cash, transfer of non-cash assets, or the means of debt bearing as the merger price. The merger should be made in accordance with the combined book value of the owner's equity share of the equity investment as a long-term investment in the initial cost, long-term equity investment initial investment costs the cash payment, transfer of the non-cash assets and the assumption of debt by book value to the difference between the adjusted capital surplus; for surplus less than the offset capital, adjusts the retained earnings; for the merging parties with the issuance of securities as interest on the price of the merger, the merger should be made in accordance with the merging parties the rights of owners book value of equity shares as a long-term investment in the initial cost of the investment. In accordance with the issued shares and total value of equity, long-term equity investments and the cost of initial investment by issuing shares of a face value of the difference between the amount should be adjusted capital surplus; for Less capital surplus, adjusts the retained earnings. Combination of businesses not under common control shall have as the investment cost the fair value of the assets expended, the liabilities incurred or assumed and the equity securities issued to acquire the control over the business on the purchase day. If the fair value of the purchase cost is higher than that of the purchased part of the identifiable net assets in business combination, the difference shall be seen as good will while if it is lower, the difference shall be recorded in the profit and loss of the period.(2) Besides the long-term equity investment obtained by the other way of the merger, determine the initial investment cost in accordance with the following provisions: For such combination by cash, the purchase price actually expended shall be taken as the investment cost; if by issuing equity securities, it

shall be the fair value of such securities; for the long-term equity investments by investors, the value set by the investment contract or agreement shall be the investment cost unless the set value is not fair; for the long-term, essentially commercial and fair value reliably measurable equity investments acquired by means of non-monetary assets exchange, the fair value and the expended taxes shall be the investment cost and the difference between the book value of the expended assets and the fair value shall be recorded in the profit and loss of the period; and for the long-term equity investments arising of debts restructuring, the fair value shall be the investment cost and the difference between the fair value and the book value of the restructured debts shall be recorded in the profit and loss of the period.

## **(2) Follow-up measurement:**

(i) For the long-term equity investments that do not have joint control or significant influence on subsidiaries, have no market quotations, and the fair value can not be reliably measured, accounts by the cost method. For the cash dividend or profit declared by the units invested, recognizes it as current investment income. Confirmation of investment income is restricted to cumulative net profit of sub-quotas after units invested receiving the investments. For the part that surpass the above amount, recovers it as the initial investment cost. (ii) For the long-term equity investments that have joint control or significant influence on the units invested, accounts it by the method of equity. Upon the acquiring of the long-term equity investment, based on the fair assets value recognized by the units invested, confirm the investment losses or gains and adjust the account value of long-term equity investment after adjusting the net losses and gains achieved by the units invested. The owning part of the profit and cash dividends declared by the units invested, correspondingly reduce the book value of the long-term equity investment. For the other changes in the rights of the owners apart from the net gains and losses of the units invested, adjusts the book value of the long-term equity investments and recognizes it as capital surplus. Adjust the book value of long-term equity investment and include it in owner's equity.

## **(3) Basis for confirming joint control and significant impact towards the invested unit**

Joint control refers to the common control towards certain economic activity in accordance with agreement of contract. When the outward investment of company conforms to the following situations, confirm the joint control towards the invested unit: ① any joint operational party shall not separately control the production and operation activities of the joint enterprise; ② any strategic decision related to the basic operation activity of the joint enterprise shall be agreed by all joint operational parties; ③ all joint operational parties may appoint any of joint operational parties to manage the daily activities of the joint enterprise by contract or agreement; nevertheless, the operational party shall exercise the right of management within the scope of financial and operational policies that have been jointly approved by all joint operational parties. When the company's outward investment conforms to the following situations, confirm the significant impact towards the invested unit: ① having representatives in such authority institution as the Board of Directors in the invested unit; ② participating in the strategy formulation process of the invested unit, including formulation of dividend distribution policy; ③ occurring significant trade with the invested unit; ④ dispatching management staff to the invested unit; ⑤ providing key technology materials to the invested unit. When the company directly holds more than 20% but less than 50% shares with right to vote or by subsidiary, it is generally recognized to have significant impact on the invested unit.

## **(4) Depreciation testing method and depreciation reserve withdrawal method.**

On the date of balance sheet, accounts it according to which is lower between the book value of long-term equity investments and the amount recoverable, if the amount recoverable is lower than the book value, accounts the assets devaluation preparations and confirms the devaluation losses. The Company adopts the method of accounting long-term equity investment term by term, once the devaluation preparation is confirmed, it shall not be converted back in the accounting period in the future. For the long-term investments that have market price, judge and account the devaluation preparations according to the following situations: The market price lower than the book value in continuous two years; The investment is suspended for one year or more; The units invested have serious losses in that year; The units invested have losses in continuous two years; The units invested have rectification, liquidation and other signs of unsustainable business. For the long-term investments without market price, judge and account the devaluation preparations in accordance with the following signs: The changes in political or legal environment like the issuance or rectification of tax lows and trading lows that affect the operation of the units invested, may result in the huge losses in the units invested. The

changes in market demands due to the goods or labor provided by the units invested are obsolete or due to consumers' preferences change, resulted in serious influences in the financial situation in the units invested; The production technologies in the industries of the units invested have significant changes, the units invested have lost their competitive capacity, thus leading to serious financial situations, for example: rectification, liquidation etc; The other situations that there is evidence to show the investment will not actually bring economic interests for the Group. Standards for fixed assets: the assets held for the purpose of goods production, labor providing, rent or management; the service life more than one year; the tangible assets with high unit value.

### 13. Real estate investment

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

#### (1) Recognition of the investment real estate

The investment real estate shall be recognized unless it meets the following requirements simultaneously: ① The economic benefits pertinent to the investment property are likely to flow into the enterprise; and ② The cost of the investment real estate can be reliably measured.

#### (2) Initial measurement of the investment real estate

① The cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset.

② The cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use.

③ The cost of an investment real estate obtained by other means shall be recognized in accordance with the relevant accounting standards.

④ The follow-up expenses pertinent to an investment real estate, if they meet the recognition conditions of the investment property, they shall be included in the cost of the investment real estate; otherwise, if they fail to meet the recognition conditions of the investment property, they shall be included in the current profits and losses when they are incurred.

#### (3) Follow-up measurement of the investment real estate

The company makes a follow-up measurement to the investment real estate through the cost pattern on the date of the balance sheet. According to the relevant provisions of the "Accounting Standards for Enterprises No.4 - Fixed Assets" and the "Accounting Standards for Enterprises No.6 - Intangible Assets", the actual amortization or depreciation is made for the investment real estate by the straight-line method in the estimated useful life.

#### (4) Conversion of the investment real estate

The company has well-established evidence to indicate that the purpose of the real estate has changed, it shall convert the investment real estate to other assets, or vice versa. And the book value of the real estate prior to the conversion shall be entry value after conversion.

### 14. Fixed Assets

#### (1) Confirmation conditions of fixed assets

Fixed assets can be recognized only when the following conditions are satisfied:

(1) Economic benefits related to the fixed assets may flow to the enterprise; (2) The cost of the fixed assets can be reliably measured.

Initial measurement of fixed assets: account the value of the fixed assets in accordance with the actual cost of construction & purchase of them. The follow-up expenditures related to fixed assets, for the ones that meet the conditions of fixed assets confirmation, should be included in the cost of fixed assets; For the ones that do not meet the conditions of fixed assets recognition, should be included in the current gains and losses. For the follow-up expenditures on fixed assets, should be included in the cost of fixed assets, and should terminate the book value of fixed assets that was replaced.

**(2) Fixed assets depreciation method**

The enterprise should account depreciation for all fixed Assets. But except the fixed assets that had accounted adequate depreciation but continued to use and the land separately accounted.

Depreciation Method: for depreciation of fixed assets, uses the straight-line method, accounting by the recorded value minus the estimated residual net value in the expected life period.

Type	Estimated useful Life	Estimated residual value rate	Depreciation rate(%)
House and Building	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%
Transportation equipment	5	5%	19%
Machinery and equipment-Kiln	5	5%	19%
Machinery and equipment-Platinum passage	3	95.5%	1.5%
Machinery and equipment-- Glass flat-panel and other equipment	15	5%	6.33%
Machinery and equipment-Other production equipment	10	5%	9.5%
Text, inspection , office equipment , instruments and other	5	5%	19%

**(3) Depreciation measuring method and depreciation reserves withdrawn method of fixed assets**

At the end of each year, the Group checks the fixed assets item by item. If recoverable amount is below the book value because the steady fall of the market price, or technological obsolescence, damage or long-term idleness or other factors, them make the difference between the recoverable amount and the book value as the reserve for fixed assets devaluation, which was accounted as the individual assets.

If the fixed assets of the company actually have had losses, then account the devaluation reserve. When one of the following circumstances exists, completely account the reserve for fixed assets devaluation in accordance with the full book value of fixed assets:

The fixed assets that being put aside in long term, or no longer be used in the foreseeable future, and have no value of transfer;

Due to technological advances and other factors, the fixed assets can not be used;

Although the fixed assets can be used, but if use, large quantity of unqualified products may produce;

The fixed assets that had been damaged, and there is no usage value or value of transfer;

Other fixed assets that cannot bring economic benefits for the Group.

Upon the recognition of the fixed assets devaluation losses, depreciation or amortization expenses of the devalued assets should have correspondent adjustment in the future periods, so that in the remaining service life of the assets, systematically adjust the book value of the assets (excluding the predicted net residuals).

Upon the recognition of the fixed assets devaluation losses, in the subsequent accounting period they shall not be converted back.

Costs of the project include the construction costs, and other direct costs, original price cost and installation cost of the equipment, and the loan expenses from the loan for purchase of fixed assets for the construction project.

The construction project reached the predicted purpose and was transferred to the fixed assets state, and started to account depreciation from the second month.

The Group conducts overall inspection to the construction projects at the end of each year, if there is evidence to show that the construction projects have already devaluated, devaluation reserves should be accounted. If there is one or more of the following circumstances, devaluation reserves for construction projects should be accounted:

## 15. Projects under construction

### (1) Categories of projects under construction

Construction in progress represents capital assets under construction or installation and is accounted for as engineering cost at actual cost. The construction cost includes the cost of construction and installation, machine and equipment, other direct expenses and borrowing costs from the special loans borrowed for the acquisition or construction of fixed assets before projects get ready for intended use.

### (2) Standard and timing for transferring of projects under construction to fixed assets

Construction in progress is transferred into fixed assets when a project gets ready for intended use and provision for depreciation is made from the following month.

### (3) Impairment text and providing of impairment provisions on projects under construction

The company makes a overall assessment of the project under construction at the end of each year. If there is any evidence that the construction in progress has been impaired, the company provides for such impairment losses. In case of existing of one or several of the following cases, the impairment losses should be provided for the construction in progress:

The project under construction has been suspended for long period and is not expected to restart in 3 years.

The projects that was lagged behind in both performance and in technique, and that may bring great uncertainty for the economic benefits of the Group.

Other situations that can prove that depreciation has already occurred to the construction projects.

Once any loss of the construction-in-process impairment is recognized, it shall not be switched back in the future accounting periods.

## 16. Loan expenses.

### (1) Principle of the recognition of capitalized borrowing costs

For the loan expenses, if can be directly attributed to the capital, account them into the capital costs; For the other loan expenses, account them into the losses and gains in the current period according to the occurrence amount.

If the loan expenses meet the all following conditions in the same time, they shall be capitalized and included into the cost of that assets : ① Assets expenditure has occurred; ② The loan costs have occurred; ③ The necessary construction or production activities for the assets to achieve the predicted state.

The loans include the specialized loan and the general loan.

For the additional expenses from specialized loan, before the achieving of the expected use or sale state and meet the capitalized condition, according to the occurrence amount to have capitalization, and account it into the capital cost that meet the capitalization condition; after the achieving of the expected use or sale state and meet the capitalized conditions, according to the occurrence amount to recognize as cost, and account it into the current losses and gains.

For the additional expenses from general loans, recognize the occurrence amount as the expenses, and account it into the current losses and gains.

### (2) Calculating of borrowing expense capitalizing

For the special loan for the construction and production of capitalized assets, the actual interest expense from special loan minus the interest income from loan deposited in the bank or the amount of investment gains from temporary investment.

For the general loan for the construction and production of capitalized assets, according to the capital expense weighted average amount of the cumulative capital expenditure multiply the capitalization rate of the general loan occupied, account interest amount of

the general loan capitalization. The capitalization rate is accounted according to the general loan weighted average interest rate.

## 17.Intangible assets

### (1) Pricing of intangible assets

Intangible assets refer to identifiable monetary assets with no physical substance that the company owns or controls. For intangible assets, including patents, generic technology, trademark, copyright, land-use right, permit right, etc, are listed by the net value that cost minus accumulated amortization and accumulated devaluation.

The amount of amortization of intangible assets should be systematically amortized within the service life. Amortization method should reflect the economic profit and the expected achievement methods related to the intangible assets. If unable to determine the expected achievement methods, adopt the method of straight line to amortize. For the intangible assets that can not confirm the service life, do not amortize.

For the right of land use, the actual payment of the purchase price is the actual cost, accounting the intangible assets before the construction of the project, and using method of straight line to amortize according to the land use period. Use the straight-line method and amortize it in 50 year.

For the expenditures on internal research & development projects, the company pays the expenses according to the research phase and development phase. The expenditures in the research phase are included in current profit and loss; For the expenditures that meet the conditions in the development phase, shall be capitalized and recognized as intangible assets.

### (2) Provision for impairment of investment assets

At the end of each year, the Group checks the capability of all intangible assets that is expected to bring economic benefits for the Group in the future. For the expected recoverable amount below its book value, account the reserves for devaluation. For the intangible assets, account the reserves for devaluation according to the individual item.

When there is one or more of the following cases, the book value of intangible assets shall be completely converted to the current profit and loss:

- The intangible asset that have been replaced by some other new technology, and it had no use value and transfer value;
- The intangible assets the has exceeded the legal time limit, and it can not bring economic benefits for the Group;
- Other cases that can prove the intangible asset had lost its use value and transfer value.

When there is one or more of the following circumstances, account the devaluation reserves for the intangible assets:

The intangible assets that have been replaced by other new technologies, and that makes it produce great adverse affect to economic interests of the Group.

The market value of certain intangible assets had a sharp decline in the current period, and will no resume in the remaining amortization period;

- The intangible assets the has exceeded the legal time limit, but they still have some value;
- Other cases that can prove the intangible assets have had devaluations.

Once the devaluation losses of the intangible assets have been recognized, they can not be converted back in the subsequent accounting period.

## 18.Long-term amortization expenses

If the long-term amortization expenses are precious metals, amortize according to the actual damage degree of the precious metals, and listed by the net amount of actual expenditure minus the accumulated amortization.

## 19. Predicted liabilities

### (1) Recognition of Predicted liabilities

Estimated liabilities are recognized if both the Company and the related obligation of contingencies meet the following conditions at the same time: (1) The obligation is a present obligation undertaken by the enterprise; (2) The fulfillment of the obligation may likely cause an outflow of economic interests; (3) The amount of the obligation can be reliably measured.

### (2) Accounting of Predicted liabilities

The Company conducts the initial measurement in accordance with the best estimated amount of expenditure required to fulfill related present obligations, reviews the estimated liabilities on the date of the balance sheet, and adjusts the book value based on the current best estimated amount.

## 20. Revenues

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

The risks and rewards on goods ownership are transferred to the buyers. The company will no longer implement the right of management and the right of actual control. The amount of income can be reliably accounted. The economic interest related to transactions flows into the Group and the cost related to the sale of the goods, the realization of business income confirmed.

### (2) Incomes from transferring asset use right

The related economic interests are likely to flow into the enterprise, and the amount of the revenue can be reliably measured, confirm it as income. For the income from use fee, account it according to the charge time and method agreed in the contract or the agreement.

### (3) Confirm the evidence to provide labor income

The operating income from the labor services started and finished within the same fiscal year is recognized when the labor services are finished. The Company recognizes the related labor income by the percentage of completion of services on the date of the balance sheet. If the result of providing labor services cannot be estimated reliably, the Company recognizes the income on the balance sheet date according to the labor costs that have already occurred and are estimated to be compensated, and costs are carried forward based on the same amount. If the labor costs that have already occurred in current period cannot be compensated, the income is not recognized and the costs that have already occurred are recognized as the current expenses.

### (4) Deciding of completion percentage when percentage basis is adopted to recognize income from service providing or construction contracts

The Company determines the completion schedule of the provision of services by the following methods: (1) the measurement of works that have been complete; (2) the proportion of the labor services that have provided in the total labor services that should be provided; (3) the proportion of costs that have occurred in the estimated total costs.

## 21. Governmental subsidy

### (1) Categories

The Company recognizes government subsidies when the Company is able to meet the conditions of government subsidies and can receive government subsidies Monetary assets is measured by the amount that is received or should be received. Non-monetary government subsidies are measured by fair values. Where the fair value cannot be obtained, the non-monetary government subsidies are measured by the nominal amount of RMB1.

### (2) Accounting policy

Government subsidies related to assets are recognized as deferred incomes, which are averagely distributed within the usage life of

related assets and recorded in current loss and profit. Government subsidies measured in nominal amount are directly recorded in the current profit and loss. Government subsidies that are related to incomes and used to compensate the related fees and losses of the future period are recognized as deferred incomes, and are recorded in the current profit and loss in the period of recognition of related fees. Government subsidies that are used to compensate the related fees and losses occurred are recorded in the current profit and loss.

## 22. Deferred income tax assets/Deferred income tax liability

### (1) Confirmation of deferred income tax assets

(1) If there is a deductible temporary difference between the book value of assets and liabilities and the tax base, recognize the deferred tax assets generated by the deductible temporary difference based on the limitation of taxable income that is used to deduct the deductible temporary difference. However, the deferred income tax assets generated by the initial recognition of assets or liabilities in the following transactions are not recognized: ① The transaction is not an enterprise merger; ② When the transaction occurs, neither the accounting profit nor taxable income are affected (or deductible loss). (2) When the deductible temporary difference related to the investment of subsidiaries, affiliated enterprises and joint venture enterprises meets the following conditions, the corresponding deferred income tax assets are recognized: ① The temporary difference may likely recovered in the foreseeable future; ② In the future, it is likely to obtain the taxable income that is used to deduct the deductible temporary difference; (3) For the deductible loss and tax credits offset that can be carried forward in the future years, within the extent of the amount of future taxable income of deductible loss and tax credits offset by the possible income, will be recognized as the corresponding deferred income tax assets. (4) On the balance sheet date, review the book value of deferred income tax assets. If in the future it is unlikely to gain sufficient taxable income to offset the benefits of deferred tax assets, the book value of deferred tax assets will be write-down. When it is likely to be sufficient in taxable income, the reduction in amount will be reversed back.

### (2) The confirmation of deferred income tax liability

If taxable temporary differences exist between the book value of assets, liabilities and its tax base, in accordance with the applicable tax rates in the expected period for drawing back the asset or settling the liabilities, it will be recognized as deferred income tax liabilities by calculation.

## 23. Change of main accounting policies and estimations

Is there any material change of accounting policies occurred in the year

Yes  No

On June 28, 2013, the 40th meeting of the Sixth Board of Director of Dongxu Optoelectronic has approved the "Proposal on Changes in Accounting Estimates" according to the relevant provisions of "Accounting Standards for Enterprises No.28 – Accounting Policies, Changes in Accounting Policies and Corrections of Errors", "Information Disclosure Memo No.28 of Shenzhen Stock Exchange – Changes in Accounting Policies and Accounting Estimates".

### (1) Change of accounting policies

Is there any change in accounting policies in the report period

Yes  No

There is no main change of company accounting policies in the period

### (2) Change of accounting estimations

Is there any change in accounting estimations in the report period

Yes  No

Change in accounting estimations in the report period

1. Change of proportion of provision for bad debts:



## A/Before changed

(1)The accounts receivable with significant single-item amount for which provision for bad debts is separately made:

Judgment criteria or amount standard of material specific amount or amount criteria	Accounts receivable whose balance ranks the top five or whose amount of receivables accounts for over 10% of total accounts receivable.
Provision method with material specific amount and provision of specific bad debt preparation	The Company conducts a separate impairment test on accounts receivable whose single amount is great. Where there is an objective evidence to indicate that the impairment occurs, the impairment loss is recognized based on the balance of the present value smaller than the book value of the future cash flow, and the bad debt provision is accrued.

(2) Account receivable with significant or insignificant single-item amount for which provision for impairment is not made:

The Company separately conducts impairment test of the accounts receivable with significant or insignificant single-item amount. If no objective shows the occurrence of impairment, no provision for bad debts shall be made.

(3) The accounts receivable with insignificant single-item amount for which provision for bad debts is separately made:

The judgment basis or amount standard for the accounts receivable with insignificant single-item amount for which provision for bad debts is separately made	The account receivable with not big single-item amount whose impairment is shown by signs(except those with the top five balance or those accounting for over 10% of total accounts receivable
Method of proportion of provision for bad debts	How much the present value of the future cash flow is lower than their book value

## B. After change:

(1) The recognition standard for the provision for bad debts made for accounts receivable with significant single-item amount and the method of provision.

The judgment basis for significant single-item amount or standard for significant amount	The account 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) Provision for bad debts shall be made for accounts receivable on group basis:

Basis for determining groups	
Account age group	Division into groups with the age of accounts receivable as characteristic of credit risk
Other group	Division into groups with the transaction object of accounts receivable and the nature of money as the characteristic of credit risk. Such as export rebates receivable, employees' borrowings for official duties, reserve fund, deposit, money for related transactions.

Method of making provision for bad debts on group basis	
Account age group	Provision for bad debts with the method of account age analysis
Other group	Impairment test shall be separately conducted. If objective evidences prove the occurrence of impairment, impairment loss shall be recognized and provision for bad debts shall be made according to the difference between the present value of expected future cash flow and its book value. If no impairment is found after test, no provision for bad debts shall be made.

Including: For groups, the method of account age analysis shall be adopted for provision for bad debts: :

Age	Proportion(%)
Within credit period	0
Within 1 year after credit period	5
1—2 years	10
2—3 years	30
3—4 years	50
4—5 years	70
Over 5 years	100

The credit period generally refers to the collection period specified in contracts. If credit period is not specified in relevant contract, the credit period for collection specified in the Company's credit evaluation policy shall prevail. If credit period for collection is not specified in relevant contract or the Company's policy, the credit period for collection confirmed by both parties shall prevail. Based on this, overdue period is calculated and provision for bad debts is respectively calculated.

(3) The accounts receivable with insignificant single-item amount for which provision for bad debts is separately made:

Reason for separate provision for bad debts	The accounts receivable with single-item amount of less than RMB 5 million whose risk characteristics can not 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.

(2) Change of depreciation period of fixed assets:

A/ Before changed

The depreciation rate is determined according to the type, expected useful life and estimated net residual value rate of fixed assets. The concrete rates are as follows:

Type	Expected useful life	Estimated residual value rate(%)	Depreciation Rate(%)
House and Building	20~21	3	4.62~4.85
Machinery and equipment	11~12	3	8.08~8.82
Transportation equipment	11~12	3	8.08~8.82
Other equipment	11~12	3	8.08~8.82

B. After change:

For all kinds of fixed assets, provision for depreciation is made using "straight line method" on basis of type. The classification and expected useful life of existing fixed assets of the Company according to their estimated useful life and estimated net residual value rate as follows:

Type	Detailed	Useful life	Estimated net residual value rate	Annual depreciation rate

House and Building	House and Building	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 and equipment	Kiln		5	19
	Platinum passage		3	95.50
	Glass flat-panel and other equipment		15	6.33
	Other production equipment		10	9.5
Transportation equipment	Transportation equipment		5	19
Other equipment	Text, inspection , office equipment , instruments and other		5	19

C. The influence of change in accounting estimate on accounting data for current period.

The change in accounting estimate took effect in June 29, 2013, according to the actual use of the fixed assets, Dongxu photoelectric adjusted the depreciation of fixed assets in current period. The net fixed assets increased by 2,549,207.47 yuan due to the impact of changes in accounting estimates, the total profit increased by 2,549,207.47 yuan; due to bad debt policy changes, the receivables decreased by 213,807.12 yuan, reduced total profit by 184,041.72 yuan.

Notes

In RMB

Content of and reason for the change in accounting estimate	Examination and approval procedure	Name of affected items	Amount
The company has been successfully transformed the business from the original CRT into TFT-LCD glass substrate. In order to meet the development of the company, the company has changed the original accounting estimates only applicable to CRT into that applicable to CRT and TFT-LCD glass substrate, mainly involving in the changes in the depreciation life of fixed assets.	Examined and adopted at the 40th meeting of the sixth board of directors of the Company	Fixed assets	2,549,207.47
	Examined and adopted at the 40th meeting of the sixth board of directors of the Company	Total profit	2,549,207.47
The company has been successfully transformed the business from the original CRT into TFT-LCD glass substrate. In order to meet the development of the company, the company has changed the original accounting estimates only applicable to CRT into that applicable to CRT and TFT-LCD glass substrate,	Examined and adopted at the 40th meeting of the sixth board of directors of the Company	Account receivable	-213,807.12

mainly involving in the receivables provision rate changes			
	Examined and adopted at the 40th meeting of the sixth board of directors of the Company	Total profit	-184,041.72

## V. Taxation

### 1. Main categories and rates of taxes

Taxes	Tax references	Applicable tax rates
VAT	Sales revenue of energy and power	17%
Business tax	Income from labor service and lease	3~5%
City construction tax	Turnover tax to be paid allowances	7%
Enterprise income tax	Taxable income	25%
VAT	Sales revenue of energy and power	13%
VAT	Revenue of Technology services	6%
Surcharge for education	Turnover tax to be paid allowances	5%

Income tax rate apply able to branches and factories

## VI. Enterprise consolidation and combined financial statements

### 1. Subsidiary

(1) Subsidiary obtained through establishment or investment

In RMB

Full name of subsidiary	Subsidiary type	Registration place	Business	Registered capital	Business scope	Actual capital amounts of the end	Other projects balance essentially from net investment to subsidiary	Holding proportion (%)	Proportion of voting rights (%)	Whether consolidation of report form	Interest of shareholder	Amount used to write down lost minority shareholder interest	After wrote down current period loss of minority shareholders over equity beginning share of minority
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													shareholders in the subsidiary from the parent company's share ,Balance of Owner's equity
Hebei Xubao Construction Installation Engineering Co., Ltd.	Limited Liability Company	No.9, Huanghe Road, Shijiazhuang	Construction Installation	100,000,000	Building architectural engineering design, construction, engineering consultancy, city and roads lighting projects, interior and exterior decoration projects	100,000,000.00		100%	100%	Yes			
Shijiazhuang Baoshi Color bulb Co.,	Limited Liability Company	No.9, Huanghe Road, Shijiazhuang	Manufacturing	540,680,000	Production and sales of glass bulbs for colour	439,341,956.80		81.26%	81.26%	Yes	18,702,962.41		

Ltd.					kinescope and electronic glass products								
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	Other Limited Liability Company	3/F, Wuhu Economy Technology Development Zone, Management	Manufacturing	98,000,000	R&D of optoelectronic mechanical equipment and electronic products, production of all kinds of non-standard equipment and parts and relevant process formulation.	93,100,000.00		95%	95%	Yes		35,799,636.64	
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	Personal liability company	No. 36, Daowei 2 Road, Wanchun Street, Economy Technology Development Zone, Wuhu	Manufacturing	2,000,000,000	Investment, construction and operation related to the industry of glass substrate for optoelectronic display and	4,471,064,000.00		100%	100%	Yes			

					relevant technological development.								
Wuhan Dongxu Optoelectronic Technology Co., Ltd.	Limited Liability Company	1/F, No.1 Business tower, Huazhong Shuguang Software park, No.1 Guanshan Road, Donghu Development Zone, Wuhan	Manufacturing	5,000,000	Optoelectronic display glass substrate industry investment, construction and operation, Machinery and equipment, design and sale of electronic products, Provide relevant technology development, technical advice, technical services, transfer of technology etc.	3,125,000.00	62.5%	62.5%	Yes	1,358,917.38			

Other statements on Subsidiaries obtained through incorporation or investment:

Controlling Sub-Subsidiary

Full name of subsidiary	Subsidiary type	Registration place	Business	Registered capital	Business scope
Beijing Dongxu Investment Development Co., Ltd.	Limited Liability Company (Legal person Investment )	Room 267, 2/F No.2 Building, No.9. Hanying Road, Technology City, Fengtai District, Beijing	Investment	RMB 100 million	Project investment, investment management, asset management, investment advisory
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.	Other Limited liability Compoany	No.9, Huanghe Road, Shijiazhuang	Manufacturing	RMB 98 million	Optical equipment installation, technology development, technology transfer, technical consulting, technology services; R&D and sales of machinery and electronic products etc.

Continued from last table:

Full name of subsidiary	Actual capital amounts of the end( RMB '0000	Holding proportion (%)	Proportion of voting rights(%)	Whether consolidation of report form	Interest of minority shareholder
Beijing Dongxu Investment Development Co., Ltd.	10,000.00	95.00	100.00	Yes	
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.	9,310.00	90.25	95.00	Yes	4,666,207.10

Notes1: Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd. holds 100% equity of Beijing Dongxu Investment Development Co., Ltd , Dongxu Optoelectronic holds 95%% equity of Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.,So Dongxu Optoelectronic holds 95%% equity of Beijing Dongxu Investment Development Co., Ltd.

Notes 2:Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd. holds 95.00% equity of Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd., Dongxu Optoelectronic Holds 95% equity of Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd. .So Dongxu Optoelectronic indirect holds 90.25% equity of Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd..

## 2. Changes of combination scope.

Description of change of consolidation scope:

Applicable  Not applicable

Compared to last year, this year (period) combined a new unit, due to the:



On August 23, 2013, Wuhu Dongxu Optoelectronic Device Technology Co., Ltd. has raised the funds and established the wholly-owned subsidiary of Beijing Dongxu Investment and Development Co., Ltd, with the raised amount of RMB100 million. Dongxu Optoelectronic accounts for 95.00% shares of Wuhu Dongxu Optoelectronic Device Technology Co., Ltd. Thus, Dongxu Optoelectronic also has the shareholding proportion of 95.00% of Beijing Dongxu Investment and Development Co., Ltd. So, all of companies have been recorded.

The merged units are reduced in this year (period) compared with the previous year.

N/A

### 3. Entities newly included in consolidate scope during the reporting period and entities ceasing to be included in consolidate scope during the reporting period.

Subsidiaries, special purposes entities, operation entity where controlling right is formed under entrusted operation or leasing newly included in consolidation scope during the period.

In RMB

Name	Net asset at the end of 2013	Net profit of 2013
Beijing Dongxu Investment Development Co., Ltd.	99,987,000.67	-12,999.33

Subsidiaries no longer included in the consolidated account

In RMB

Name	Net asset at day of disposal	Net profit from beginning of term till the day of disposal
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Notes

N/A

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

### 1. Monetary Capital

In RMB

Items	Year-end balance			Year-beginning balance		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash	--	--	187,646.23	--	--	155,430.68
RMB	--	--	187,646.23	--	--	155,430.68
Bank deposit	--	--	2,303,544,544.74	--	--	110,614,640.16
RMB	--	--	2,303,544,544.74	--	--	110,614,640.16
Other	--	--	282,928,760.07	--	--	
RMB	--	--	282,928,760.07	--	--	
Total	--	--	2,586,660,951.04	--	--	110,770,070.84

Notes of Monetary fund has not these conditions such as usage limitation for mortgage, pledge or frozen fund, stored overseas, with potential recovery risk.

**2. Bill receivable****(1) Classification bill receivable**

In RMB

Classification	Year-end balance	Year-beginning balance
Bank acceptance		800,000.00
Total		800,000.00

**3. Account receivable****(1) Classification account receivables.**

In RMB

Classification	Amount in year-end				Amount in year- begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Receivables with major individual amount and bad debt provision provided individually receivables with major individual amount and bad debt provision provided individually	14,009,355.59	1.46%	14,009,355.59	100%	22,051,165.91	3.63%	22,051,165.91	100%
Receivables provided bad debt provision in groups								
Age group	6,438,483.14	0.67%	3,010,290.48	46.75%	18,638,595.85	3.07%	11,425,936.96	61.3%
Other group	939,857,269.45	97.87%			566,661,798.18	93.3%		
Subtotal of group	946,295,752.59	98.54%	3,010,290.48	0.32%	585,300,394.03	96.37%	11,425,936.96	1.95%
Total	960,305,108.18	--	17,019,646.07	--	607,351,559.94	--	33,477,102.87	--

Notes

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

√Applicable □Not applicable

In RMB

Description of the receivable accounts	Book balance	Bad debt provision	Rate	Reason to provide
--	--------------	--------------------	------	-------------------

Baoshi TV Factory	14,009,355.59	14,009,355.59	100%	Over 5 years
Total	14,009,355.59	14,009,355.59	--	--

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

Applicable Not applicable

In RMB

Age	Amount in year-end			Amount in year- begin		
	Book Balance		Bad debt provision	Book Balance		Bad debt provision
	Amount	Proportion( %)		Amount	Proportion( %)	
Within 1 year						
Thereinto:	--	--	--	--	--	--
Within credit period				7,211,858.89	38.69%	
Within 1 year after credit period	3,608,034.38	56.04%	180,401.72			
1-2 years				800.00		
2-3 years	800.00	0.01%	240.00			
Over 5 years	2,829,648.76	43.95%	2,829,648.76	11,425,936.96	61.3%	11,425,936.96
Total	6,438,483.14	--	3,010,290.48	18,638,595.85	--	11,425,936.96

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Name	Book balance	Amount of bad debt
Other group	939,857,269.45	
Total	939,857,269.45	

In the end report period, separate amount is not large , the account receivable with big combination risk after combined via risk character

Applicable Not applicable

## (2) Receivable accounts written back or retrieved in the report period

In RMB

Description of receivables	Reason to write back or retrieve	Basis of original bad debt provision	Bad debt provision provided before writing back or retrieving	Amount written back or retrieved

Jiangshu Metal & chemical	Sale	Unable to recover for more than five years	27,435.00	13,718.00
Tianjing Anjing Electronic Glass Co., Ltd.	Sale	Unable to recover for more than five years	8,041,810.32	4,020,905.00
City Lingchao Trade Company	Sale	Unable to recover for more than five years	1,001,600.00	500,800.00
Baoshi Process Plant	Sale	Unable to recover for more than five years	921,915.24	460,958.00
Henan Anfei Electronic Glass Co., Ltd.	Recover and sale	Unable to recover for more than five years	600,000.00	322,736.50
Tianjing Communication Tadio Company	Sale	Unable to recover for more than five years	570,000.00	285,000.00
Shijiazhuang Radio and TV Company. Economic Department	Sale	Unable to recover for more than five years	483,604.75	241,802.00
Baoshi Trading Company	Sale	Unable to recover for more than five years	269,792.40	134,896.00
Tianjing Jingjing Glass Bulb Co., Ltd.	Sale	Unable to recover for more than five years	266,960.00	133,480.00
Xingji Industry product marketing—Ji Weiyong	Sale	Unable to recover for more than five years	220,000.00	110,000.00
Meng Jun	Sale	Unable to recover for more than five years	161,125.00	80,563.00
Shanxi Huguang Five cross station	Sale	Unable to recover for more than five years	101,200.00	50,600.00
Henan Anfei Electronic Glass Co., Ltd.	Sale	Unable to recover for more than five years	96,912.77	48,456.00
Shuping Home Appliances	Sale	Unable to recover for more than five years	74,070.00	37,035.00
Shijida Design	Sale	Unable to recover for more than five years	60,000.00	30,000.00
Shahe Town Enterprises industrial Supply Company	Sale	Unable to recover for more than five years	56,400.00	28,200.00
Shenzhen Dimotai Industry Company	Sale	Unable to recover for more than five years	56,244.44	28,122.00
Anyang Dali Electronic Company	Sale	Unable to recover for more than five years	45,006.00	22,503.00
Zhang Jinjiang	Sale	Unable to recover for more than five years	42,500.00	21,250.00
Huaneng Company	Sale	Unable to recover for more than five years	42,000.00	21,000.00
Xinxiang Industry and trade	Sale	Unable to recover for more than five years	36,960.00	18,480.00
Xinle People Security Dept	Sale	Unable to recover for more than five years	33,600.00	16,800.00
Shijiazhuang Tiangong Technology Development Co., Ltd.	Sale	Unable to recover for more than five years	30,000.00	15,000.00
Baibo Trading Company	Sale	Unable to recover for more than five years	30,000.00	15,000.00

Shixinsheng Industry Company\	Sale	Unable to recover for more than five years	27,050.00	13,525.00
HeBei Yiling Machine Manufacture Factory	Sale	Unable to recover for more than five years	22,500.00	11,250.00
Shanxi Chengzhi Chemical station	Sale	Unable to recover for more than five years	20,840.00	10,420.00
Hengji Mining Company	Sale	Unable to recover for more than five years	17,578.20	8,789.00
Zhang Yanqiang	Sale	Unable to recover for more than five years	14,060.00	7,030.00
Shanxi Changzhi Metal & chemical	Sale	Unable to recover for more than five years	13,798.45	6,899.00
Jingjing Marketing Building	Sale	Unable to recover for more than five years	12,600.00	6,300.00
Shi Zhenghong	Sale	Unable to recover for more than five years	10,000.00	5,000.00
Anyang Xinyi Electronic Glass Co., Ltd.	Sale	Unable to recover for more than five years	1,230,535.95	615,268.00
Henan Ancai High-Technology Co., Ltd.	Sale	Unable to recover for more than five years	28,337.56	14,169.00
Fuyang Store	Sale	Unable to recover for more than five years	2,000,000.00	1,000,000.00
Total	--	--	16,666,436.08	--

Provision for bad debt reserve for account receivable with single significant or minor amount but tested for impairment separately as at period-end

In RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reasons
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Explanation for account receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant

### (3) Account receivables actually written-off during the reporting period

In RMB

Name of the Company	Nature of account receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
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Notes:

There were no receivables written off in this reporting period.

### (4) Particulars about the receivable accounts due from shareholders with 5% or over of the Company's shares in the report period.

In RMB

Name	Year-end balance		Year-beginning balance	
	Book Balance	Amount	Book Balance	Amount

Shijiazhuang Baoshi Group			585,572.85	
Dongxu Group	1,000,000.00		5,796,936.00	
Total	1,000,000.00		6,382,508.85	

**(5) The front 5 units' information of account receivable**

In RMB

Name	Relation with the Company	Amount	Ages	Portion in total receivables (%)
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Related parties	496,453,936.75	Within 1 year	51.7%
Dongxu(Yingkou) Optoelectronic Display Co., Ltd.	Related parties	323,298,380.95	Within 1 year	33.67%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Related parties	85,332,403.52	Within 1 year	8.89%
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Related parties	22,684,306.99	Within 1 year	2.36%
Baoshi TV Plant	Non-related parties	14,009,355.59	Over 3 years	1.46%
Total	--	941,778,383.80	--	98.08%

**(6) Account receivable from Related parties**

In RMB

Name	Relation with the company	Amount	Portion in total receivables account(%)
Dongxu(Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same parent company	323,298,380.95	33.67%
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same parent company	496,453,936.75	51.7%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Controlled by the same parent company	85,332,403.52	8.89%
Dongxu Group	Controlling shareholder	1,000,000.00	0.1%
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Controlled by the same parent company	22,684,306.99	2.36%
Dongxu Optoelectronic Investment Co., Ltd.	Controlled by the same parent company	500,000.00	0.05%
Hebei Baoshi Energy sarving Lighting Technology Co., Ltd.	Controlled by the same parent company	20,000.00	0%

Total	--	929,289,028.21	96.77%
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#### 4. Other receivable

##### (1) Type analyses:

In RMB

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other Receivables provided bad debt provision in groups								
Age group	2,919,929.78	9.07%	2,889,329.78	98.95%	6,004,561.92	24.37%	5,970,561.92	99.43%
Other group	29,270,040.49	90.93%			18,630,010.12	75.63%		
Subtotal group	32,189,970.27	100%	2,889,329.78	8.98%	24,634,572.04	100%	5,970,561.92	24.24%
Total	32,189,970.27	--	2,889,329.78	--	24,634,572.04	--	5,970,561.92	--

##### Notes

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

Applicable  Not applicable

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

Applicable  Not applicable

In RMB

Age	Amount in year-end			Amount in year-begin		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion(%)		Amount	Proportion(%)	
Within 1 year						
Including:						
Within credit period						
Within 1 year after credit period				34,000.00	0.57%	
1-2 years	34,000.00	1.16%	3,400.00			
Over 5 years	2,885,929.78	98.84%	2,885,929.78	5,970,561.92	99.43%	5,970,561.92
Total	2,919,929.78	--	2,889,329.78	6,004,561.92	--	5,970,561.92

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

In RMB

Name	Book balance	Amount of bad debts
Other group	29,270,040.49	
Total	29,270,040.49	

Separate amount is big at end of the period or not big but other account receivable and doubtful reserves shall be withdrawn.

Applicable  Not applicable

**(2) Other receivable accounts written back or retrieved in the report period**

In RMB

Description of other receivables	Reason to write back or retrieve	Basis of original bad debt provision	Bad debt provision provided before writing back or retrieving	Amount written back or retrieved
New Century Capsule	Sale	Unable to recover for more than five years	404,360.62	202,180.00
Tianjihng Electronic Instrument import & export Company	Sale	Unable to recover for more than five years	266,745.75	133,373.00
City Sida	Sale	Unable to recover for more than five years	241,350.00	120,675.00
Shenzhen SEG Zhongkang Co., Ltd.	Sale	Unable to recover for more than five years	161,568.10	80,784.00
Guizhou Xingqian Union Antimony Products Company	Sale	Unable to recover for more than five years	120,000.00	60,000.00
Jun Qing	Recover	Unable to recover for more than five years	96,413.00	11,400.00
Jinzhou Tube mould Factory	Sale	Unable to recover for more than five years	50,001.34	25,001.00
Xinxiang Lifting Equipment Plant	Sale	Unable to recover for more than five years	46,200.00	23,100.00
Shanghai Sea Electrical Store	Sale	Unable to recover for more than five years	40,426.00	20,213.00
Xinjiang Nonferrous metal industry Company	sale	Unable to recover for more than five years	37,122.88	18,561.00



Shenyang Zhongje Friendship plant	Sale	Unable to recover for more than five years	35,969.53	17,985.00
Pingshan Ore processing plant	Sale	Unable to recover for more than five years	35,461.95	17,731.00
Xianyang Caihong Machine Plant	Sale	Unable to recover for more than five years	30,575.00	15,288.00
Dongan Company	Sale	Unable to recover for more than five years	27,640.04	13,820.00
Shijiazhuang Graphite electrode plant, Specialty graphite products factory	Sale	Unable to recover for more than five years	25,000.00	12,500.00
Zhengding Xizhaotong	Sale	Unable to recover for more than five years	23,000.00	11,500.00
Provincial Second construction Company, No.5 Dept	Sale	Unable to recover for more than five years	20,000.00	10,000.00
Yangzhou Asia Special Pump Factory	Sale	Unable to recover for more than five years	19,880.00	9,940.00
Shanghai HongjiangAutomation instrumenta meter plant	Sale	Unable to recover for more than five years	18,335.60	9,168.00
Benxi Industrial rubber parts factory	Sale	Unable to recover for more than five years	14,250.00	7,125.00
Tianjing Lifting Equipment Plant. Part Service Dept	Sale	Unable to recover for more than five years	13,400.20	6,700.00
Zhongxing Market	Sale	Unable to recover for more than five years	10,000.00	5,000.00
Nantian Union Electromechanical Equipment Plant	Sale	Unable to recover for more than five years	10,000.00	5,000.00
Zhongshe ElectromechanicalImport & export Co., Ltd.	Sale	Unable to recover for more than five years	1,421,945.13	710,973.00
Total	--	--	3,169,645.14	--

Other receivable accounts with large amount, or minor amount but on which bad debt provisions are tested and provided individually at end of period

In RMB

Description of the receivable accounts	Book balance	Amount of bad debt	Providing rate (%)	Reason
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Notes

**(3) Other receivable accounts actually written off in the report period**

In RMB

Name of the Company	Property of account	Date of written off	Amount written off	Reason of written off	Occurred under related relationship
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Statements on writing off of other receivable accounts:

There were no other receivables written off in this reporting period.

**(4) Particulars about the other receivable accounts due from shareholders with 5% or over of the Company's shares in the report period.**

In RMB

Name	Balance at the period end		Balance in year-begin	
	Book amount	Amount of bad debt provision	Book amount	Amount of bad debt provision
Shijiazhuang Baoshi Group	899,535.29	0.00	0.00	0.00
Total	899,535.29	0.00	0.00	0.00

**(5) The front 5 units' information of other account receivable**

In RMB

Name	Relation with the company	Amount	Ages	Portion in total other receivables(%)
Finance Bureau of Wuhu Economy Technology Development Zone	Non-Related parties	4,648,000.00	Within 1 year	14.44%
China Electronic Import& export Corporation	Non-Related parties	3,902,067.00	Within 1 year	12.12%
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Related parties	2,244,567.50	Within 1 year	6.97%
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Related parties	1,222,881.50	Within 1 year	3.8%
Shijiazhuang Baoshi Xuming Tube Co., Ltd	Related parties	771,500.55	Within 1 year	2.4%
Total	--	12,789,016.55	--	39.73%

**(6) Other Account receivable from Related parties**

In RMB

Name	Relation with the Company	Amount	Proportion in
------	---------------------------	--------	---------------

			total other receivables (%)
Baoshi Group	Controlled by the same parent company	899,535.29	2.79%
Shijiazhuang Baoshi Large-diameter plastic tube Co., ltd.	Controlled by the same parent company	673,962.50	2.09%
Shijiazhuang Baodong Electronic Co., Ltd.	Controlled by the same parent company	351,203.36	1.09%
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Controlled by the same parent company	1,222,881.50	3.8%
Hebei Baoshi Energy Saving Lighting Technology Co., Ltd.	Controlled by the same parent company	646,561.00	2.01%
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Controlled by the same parent company	2,244,567.50	6.97%
Shijiazhuang Baoshi Xuming Tube Co., Ltd.	Controlled by the same parent company	771,500.55	2.4%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Controlled by the same parent company	11,674.72	0.04%
Chengdu Xushuang Solar energy Technology Co., Ltd.	Controlled by the same parent company	5,837.36	0.02%
Total	--	6,827,723.78	21.21%

## (7) Government subsid recognized by amount receivable at end of period

In RMB

Name of the Company	Item of government subsidy	Closing balance	Age of period-end	Time to collected estimated	Amount estimated to obtaince	Basis or obtained	Reasons of fails to conllected amount in estimated time (if any)

## 5.Prepayments

## (1) Prepayments age :

In RMB

Age	End of term		Beginning of term	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,736,913,977.82	98.13%	753,048,856.40	99.62%
1-2 years	51,156,109.27	1.84%	2,892,416.10	0.38%
2-3 years	884,616.10	0.03%	6,224.75	0%
Over 3 years	7,434.75	0%	7,020.08	0%
Total	2,788,962,137.94	--	755,954,517.33	--

Notes to age of payment in advance: :

(2) The front 5 units' information of Prepayments

In RMB

Unit name	Relation with the company	Amount	Time	Reason of not clearing
Wuxi Aiditong Metal Material Technology	Not- Related parties	491,965,042.24	Within 1 year	Equipment and prepaid parts
Beijing Manniqi Technology Development Co., Ltd.	Not- Related parties	456,380,000.00	Within 1 year	Equipment and prepaid parts
Chengdu Guangming Paite Noble metal Co., Ltd.	Not- Related parties	324,523,356.12	Within 1 year	Equipment and prepaid parts
Zibo Industrial Ceramics Refractories Co.Ltd.	Not- Related parties	182,446,307.12	Within 1 year	Equipment and prepaid parts
Tianjing Textiles Group Import & export Co., Ltd.	Not- Related parties	180,175,434.93	Within 1 year	Equipment and prepaid parts
Total	--	1,635,490,140.41	--	--

Notes

(3) Prepayment received by shareholding parties holding 5% or above of the Company's shares in the report period.

In RMB

Name	Balance at the period end		Balance in year-begin	
	Book amount	Amount of bad debt provision	Book amount	Amount of bad debt provision
Baoshi Group	14,536,043.55	0.00	16,485,598.87	0.00
Dongxu Group	0.00	0.00	10,896,710.80	0.00
Total	14,536,043.55	0.00	27,382,309.67	0.00

(4) Statements on prepayments

Notes : There are more changes in prepayment in this period than the previous period, mainly due to the inventory made for the construction of ten production lines, the prepayment of materials and devices for Wuhu Dongxu Optoelectronic Technology Co., Ltd by Wuhu Dongxu Optoelectronic Device Technology Co., Ltd. in this period.

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	279,248,721.95		279,248,721.95	154,586,783.31	13,720,545.67	140,866,237.64
Processing products	1,768,002.26		1,768,002.26	9,034,802.25		9,034,802.25
Stock goods	13,756,104.07	251,564.26	13,504,539.81	22,278,010.72	3,459,635.91	18,818,374.81
Entrust processing goods	4,074,310.78		4,074,310.78			
Low value consumption goods				13,227.32		13,227.32
Material cost difference				-28,616.84		-28,616.84
Material procurement	23,590.28		23,590.28	12,937.50		12,937.50
<b>Total</b>	<b>298,870,729.34</b>	<b>251,564.26</b>	<b>298,619,165.08</b>	<b>185,897,144.26</b>	<b>17,180,181.58</b>	<b>168,716,962.68</b>

**(2) Inventory Impairment provision**

In RMB

Type	Book balance at year beginning	Amount accounted in current period	Amount Decreased in current period		Book balance at period end
			Transferred back	Reselling	
Raw materials	13,720,545.67			13,720,545.67	
Stock goods	3,459,635.91			3,208,071.65	251,564.26
<b>Total</b>	<b>17,180,181.58</b>			<b>16,928,617.32</b>	<b>251,564.26</b>

**7. Other current assets**

In RMB

Items	End of term	Beginning of term
Replace with USD	58,000,000.00	58,000,000.00
Prepaid or offset against tax	17,632,804.57	1,507,036.63
<b>Total</b>	<b>75,632,804.57</b>	<b>59,507,036.63</b>

Notes

Information about US Dollar replacement refer to Note V. 23

## 8. Long term share equity investment.

## (1) Details of long-term equity investment

In RMB

Name	Accounting method	Initial investment cost	Original balance	change	Ending Balance	Shareholding proportion in the investee	Voting right proportion in the investee	Explanation of difference between shareholding proportion and voting right proportion in investee	Devalue	Current devalue	Cash bonus
Shijiazhuang Baolihua Technology & Trading Co., Ltd.		200,000.00	200,000.00	-200,000.00	0.00	0%	0%				0.00
Total	--	200,000.00	200,000.00	-200,000.00	0.00	--	--	--			0.00

## 9. Investment real estate

## (1) Measured by the cost of investment in real estate

In RMB

Items	Book amount at year beginning	Increase at this period	Decrease at this period	Book balance in year -end
I. Total original price	77,990,458.53			77,990,458.53
1. House, Building	77,990,458.53			77,990,458.53
II. Total accumulated depreciation accumulated amortization	63,760,178.30	2,013,665.97		65,773,844.27
1. House, Building	63,760,178.30	2,013,665.97		65,773,844.27

III. Total book value of investment real estate	14,230,280.23	-2,013,665.97		12,216,614.26
1.House, Building	14,230,280.23	-2,013,665.97		12,216,614.26
V. Total book value of investment real estate	14,230,280.23	-2,013,665.97		12,216,614.26
1.House, Building	14,230,280.23	-2,013,665.97		12,216,614.26

Unit: RMB

	This period
Current amount of depreciation and amortization	2,013,665.97

**10. Fixed assets****(1) Fixed assets**

In RMB

Items	Book amount at year beginning	Increase at this period		Decrease at this period	Book balance in year -end
1.Total of Original price of fixed assets	257,356,471.56	99,554,541.00		22,435,814.56	334,475,198.00
Including : House and building	105,786,470.97	5,794,269.52			111,580,740.49
Machine equipment	136,344,285.16	21,373,590.24		17,836,925.67	139,880,949.73
Transpiration Equipment	7,196,382.83	5,635,795.92			12,832,178.75
Other equipment	8,029,332.60	66,750,885.32		4,598,888.89	70,181,329.03
--	Book balance at year beginning	Current term new extra	Current term provision	Decrease at this period	Book balance in year -end
II. Total of Accumulated depreciation	203,742,572.77	7,885,932.85		18,298,306.82	193,330,198.80
Including : House and building	75,086,428.08	1,105,892.69			76,192,320.77
Machine equipment	121,276,691.67	2,584,959.73		14,165,268.43	109,696,382.97
Transpiration Equipment	1,424,872.53	1,288,457.53			2,713,330.06
Other equipment	5,954,580.49	2,906,622.90		4,133,038.39	4,728,165.00
--	Book balance in year-begin				Balance in year-end
III. Total book value of Fixed assets	53,613,898.79				141,144,999.20
Including : House and building	30,700,042.89				35,388,419.72

Machine equipment	15,067,593.49	--	30,184,566.76
Transpiration Equipment	5,771,510.30	--	10,118,848.69
Other equipment	2,074,752.11	--	65,453,164.03
IV. Total of Devalued Provision	3,236,295.13	--	36,444.84
Machine equipment	3,236,295.13	--	36,444.84
Other equipment		--	
V. Total book value of Fixed assets	50,377,603.66	--	141,108,554.36
Including : House and building	30,700,042.89	--	35,388,419.72
Machine equipment	11,831,298.36	--	30,148,121.92
Transpiration Equipment	5,771,510.30	--	10,118,848.69
Other equipment	2,074,752.11	--	65,453,164.03

Current depreciation is RMB7,885,932.85 . The issue of fixed assets transferred from construction in progress original price is RMB0 .

## (2) Fixed assets leased out on finance

In RMB

Type	Book balance in year-end
Machine equipment	283,813.44
	283,813.44

## 11. Project under construction

### (1) Project under construction

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
Transformation of Glass II tube	23,712,084.39		23,712,084.39	23,495,270.63		23,495,270.63
LCD glass substrate production line	1,875,763,731.37		1,875,763,731.37	173,103,709.72		173,103,709.72
Workshop	14,642,297.22		14,642,297.22	355,500.00		355,500.00
Total	1,914,118,112.98		1,914,118,112.98	196,954,480.35		196,954,480.35



## (2)The variation in constructing the engineering project

In RMB

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Proportion (%)	Progress of work	Capitalization of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalization of interest ratio (%)	Source of funds	Balance in year-end
Transformation of Glass II tube		23,495,270.63	216,813.76									23,712,084.39
LCD glass substrate production line	7,576,520,000.00	173,103,709.72	1,702,660,021.65				24.76%	129,959,236.28	96,467,686.99			1,875,763,731.37
Workshop	25,000,000.00	355,500.00	14,286,797.22				58.57%					14,642,297.22
Total	7,601,520,000.00	196,954,480.35	1,717,163,632.63			--	--	129,959,236.28	96,467,686.99	--	--	1,914,118,112.98

Notes

## (3) Statement on projects under construction

This period, the subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd has increased the projects of production lines of the glass substrate, and the projects are in the process of preparation and construction without the completion of any projects. So, there are more changes at the end of projects under construction than that at the beginning period.

## 12. Engineering Material

In RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
Special Equipment	39,962,101.83		22,262,291.61	17,699,810.22
Special tools	1,076.93	12,940.16		14,017.09
Special material		94,973,832.73		94,973,832.73
Total	39,963,178.76	94,986,772.89	22,262,291.61	112,687,660.04

Notes.

**13. Intangible assets****(1) Intangible assets**

In RMB

Items	Book Balance in year-begin	Increase at this period	Decrease at this period	Book Balance in year-end
I. Total original price	63,721,888.00	56,287,338.25		120,009,226.25
Land Use right	63,658,038.00	55,226,183.00		118,884,221.00
Financial Software	63,850.00	1,061,155.25		1,125,005.25
II. Total amount of accumulated	5,476,209.42	1,745,351.06		7,221,560.48
Land Use right	5,459,241.08	1,708,480.33		7,167,721.41
Financial Software	16,968.34	36,870.73		53,839.07
III. Book value of intangible assets	58,245,678.58	54,541,987.19		112,787,665.77
Land Use right	58,198,796.92	53,517,702.67		111,716,499.59
Financial Software	46,881.66	1,024,284.52		1,071,166.18
Land Use right				
Financial Software				
III. Book value of intangible assets	58,245,678.58	54,541,987.19		112,787,665.77
Land Use right	58,198,796.92	53,517,702.67		111,716,499.59
Financial Software	46,881.66	1,024,284.52		1,071,166.18

The amortization amount is RMB 1,745,351.06.

**14. Deferred income tax assets and deferred income tax liability****(1) Confirmed the deferred income tax assets and deferred income tax liability**

Recognized deferred income tax assets and deferred income tax liabilities

In RMB

Items	Year-end balance	Year-beginning balance
Deferred income tax assets:		
Bad debt reserve.	3,121,497.44	5,556,355.30

Inventory devaluation provision	62,891.07	2,083,749.33
Impairment loss of fixed assets		212,948.83
Long-term equity investment		9,286.91
Losses Covered in Latter Year	4,883,275.53	2,750,000.00
Not realized the internal profit	9,530,968.46	2,887,121.47
Total	17,598,632.50	13,499,461.84
Deferred income tax liability:		

Details of the un-recognized deferred income tax assets

In RMB

Items	At end of term	At beginning of term
Neutralizable losses	28,957,252.70	41,217,546.90
Bad debt reserve.	7,422,986.09	17,222,243.61
Inventory devaluation provision		8,845,184.24
Impairment loss of fixed assets	36,444.84	2,384,499.81
Long-term equity investment		12,852.36
Total	36,416,683.63	69,682,326.92

Deductible losses of the un-recognized deferred income tax asset will expire in the following years

In RMB

Year	At end of term	At beginning of term	Notes
2014		6,633,761.27	
2015		12,989,016.45	
2016		10,993,369.89	
2017	1,376,220.32	10,601,399.29	
2018	27,581,032.38		
Total	28,957,252.70	41,217,546.90	--

Details of taxable differences and deductible differences

In RMB

Items	Amount of temporary differences	
	At end of term	At beginning of term
Differences in taxable items		
Deductible difference project		
Bad debt reserve.	12,485,989.76	22,225,421.18
Inventory devaluation provision	251,564.26	8,334,997.34
Impairment loss of fixed assets		851,795.32

Long-term equity investment		37,147.64
Losses Covered in Latter Year	19,533,102.12	11,000,000.00
Not realized the internal profit	38,123,873.84	11,548,485.86
Subtotal	70,394,529.98	53,997,847.34

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

Statement on deferred income tax assets and liabilities:

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	17,598,632.50	36,416,683.63	13,499,461.84	69,682,326.92

Details of taxable differences and deductible differences

In RMB

Items	Offsetting Amounts of This Period
Bad debt reserve.	
Inventory devaluation provision	
Impairment loss of fixed assets	
Long-term equity investment	
Losses Covered in Latter Year	
Not realized the internal profit	

Notes

15. Provision for depreciation of assets

In RMB

Items	Book balance at the beginning of term	Increase in this period	Decreased in this period		Balance in year-end
			Switch back	Switch cancellation	
I. Provision for bad debts	39,447,664.79	289,642.97	134,137.19	19,694,194.72	19,908,975.85
2 Inventory impairment provision	17,180,181.58			16,928,617.32	251,564.26
5. Long-term equity investment impairment provision	50,000.00			50,000.00	

7.Fixed asset impairment provision	3,236,295.13			3,199,850.29	36,444.84
Total	59,914,141.50	289,642.97	134,137.19	39,872,662.33	20,196,984.95

Notes

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

In RMB

Items	Balance in year-end	Balance in year-Beginning
Guarantee loan	580,000,000.00	400,000,000.00
Credit loan		85,000,000.00
Total	580,000,000.00	485,000,000.00

Notes

Notes 1: In the report period, a subsidiary raised funds in the mode of entrusted loan to satisfy fund demand for production and operation.

Notes 2: At the end of period, the guaranteed loans amount is RMB580,000,000.00. Of which, Wuhu Construction Investment Co., Ltd. has provided the guarantee for the subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd, with the amounts of RMB90,000,000.00; Wuhu Xinma Investment Co., Ltd and Dongxu Group have offered the guarantee of the maximum amounts of RMB200 million for the subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd with the loans of RMB140,000,000.00; Wuhu Construction Investment Co., Ltd. has provided the guarantee of RMB 200million for the subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd; Wuhu Economic and Technological Development Zone Construction and Investment Co., Ltd has offered the guarantee of RMB75 million for the subsidiary of Wuhu Dongxu Optoelectronic Technology Co., Ltd; and Wuhu Economic and Technological Development Zone Construction and Investment Co., Ltd has offered the guarantee of RMB75 million for the subsidiary of Wuhu Dongxu Optoelectronic Device Technology Co., Ltd.

**17. Bills payable**

In RMB

Type	At end of term	At beginning of term
Bank acceptance	150,000,000.00	
Total	150,000,000.00	

Amount due in next fiscal period is RMB150,000,000.00 .

Statement on Bills payable:

**18. Account payable****(1) Account payable**

In RMB

Items	Balance in year-end	Balance in year-begin
Account payable	134,665,580.06	74,567,022.25
Total	134,665,580.06	74,567,022.25

**19. Advance account****(1). Advance account**

In RMB

Items	Balance in year-end	Balance in year-begin
Advance account	3,451,630.20	25,520.70
Total	3,451,630.20	25,520.70

**20. Payable Employee wage**

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
1.Wages, bonuses, allowances and subsidies	5,422,778.66	179,266,940.70	171,946,360.84	12,743,358.52
2.Employee welfare		25,122,829.48	25,122,829.48	
3. Social insurance premiums	728,476.01	17,506,975.98	17,846,695.78	388,756.21
(1)Medical insurance	629,807.05	896,447.35	1,501,478.87	24,775.53
(2)Basic old-age insurance premiums	11,900.45	14,821,451.20	14,629,673.82	203,677.83
(3) Unemployment insurance	16,747.09	240,331.58	249,888.91	7,189.76
(4) Work injury insurance	70,021.42	221,649.57	138,557.90	153,113.09
(5) Maternity insurance		1,327,096.28	1,327,096.28	
V. Public reserves for housing	390,714.06	4,683,369.27	4,445,902.31	628,181.02
VI.Other	3,869,885.29	6,728,098.55	6,473,270.06	4,124,713.78
Total	10,411,854.02	233,308,213.98	225,835,058.47	17,885,009.53

The amounts of arrears of staff salary and welfare payable are RMB 0.00.

The amounts of trade union funds and staff education expenses are RMB3,869,173.59, the amounts of non-monetary benefits are RMB 0.00, and the compensations for the lifting of labor relations is 0

The wages payable expected to pay and the amount or payment.

**21. Tax Payable**

In RMB

Items	At end of term	At beginning of term
VAT	-236,913,065.93	1,429,361.95
Business Tax	4,483,483.91	4,270,519.45
Enterprise Income tax	59,242,665.33	30,116,962.02
Individual Income tax	1,141,382.69	959,494.21
City Construction tax	950,353.67	727,097.29
House property Tax	1,470,509.76	367,589.45
Surcharge for education	635,193.15	475,994.26
Stamp tax	146,249.31	1,324.70
Tariff	-7,094.15	
Total	-168,850,322.26	38,348,343.33

Statement on tax payable: Please provide the calculating processes then taxable income is balanced between branch companies or factories as approved by the tax bureau.

**22. Interest Payable**

In RMB

Items	At end of term	At beginning of term
Long-term loans interest of installment and interest charge		1,394,516.12
Short term loan interest payable		9,725,903.20
Total		11,120,419.32

Notes

Decrease of the interest payable in the end compared with the beginning was due to the interest on borrowings repayable

**23. Other payable****(1) Other payable**

In RMB

Items	At end of term	At beginning of term
Other payable	46,922,065.04	40,281,900.36

Total	46,922,065.04	40,281,900.36
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(2) There were other receivable from the main shareholders of the Company holding more than 5% (including 5%) of the total shares of the Company.

In RMB

Items	At end of term	At beginning of term
Shijiazhuang Baoshi Group		14,559,462.24
Dongxu Group	9,218,289.20	
Total	9,218,289.20	14,559,462.24

### (3) Statement on large amount other payable accounts due for over one year

Other payables with big amount aged over one year are mainly deposits on contracts.

### (4) Statement on large amount other payable accounts

## 24. Other current liabilities

In RMB

Items	Year-end balance	Year-Beginning balance
USD exchange	60,969,000.00	62,855,000.00
Project Subsidy	20,000.00	20,000.00
Total	60,989,000.00	62,875,000.00

Notes

Notes 1: The details of governmental subsidy for engineering projects are as follows:

Items	Year-end balance	Year-Beginning balance
Environmental protection subsidy for Phase-II Glass Tube Project	20,000.00	20,000.00

Notes 2: In 1993, the Group signed the agreement on exchange of US dollars which agreed returning 10,000,000 US dollars to the Exchange Unit and repossess the RMB 58,000,000 exchanged in November 1998. As of December 31, 2013, the Group still consults with the Exchange Unit on the returning of the exchange.

## 25. Long-term loan

### (1) Long-term loans classifications

In RMB

Items	Year-end balance	Year-Beginning balance
Mortgage loans	2,300,000,000.00	800,000,000.00



Toal	2,300,000,000.00	800,000,000.00
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Notes

Note 1: The long-term loans not only mortgage the loans, but also guarantee the loans. Of which,

(1) The mortgage and the guarantor for the loans of RMB 800 million are: a. Wuhu Dongxu Optoelectronic Technology Co., Ltd makes the mortgage of 202 acres of state-owned land use rights and the plants after the construction of the project, and makes the mortgage guarantee with two channels of precious metals of platinum; b. the guarantor of loans is Wuhu Construction Investment Co., Ltd.

(2) The mortgage and the guarantor for the loans of RMB1.4 billion are: a. Wuhu Dongxu Optoelectronic Technology Co., Ltd provides the mortgage guarantee with its own assets of eight channels of precious metals of platinum; b. Dongxu Optoelectronic Technology Co., Ltd offers the fully related liability.

(3) The mortgage and the guarantor for the loans of RMB100 million are: a. Wuhu Dongxu Optoelectronic Technology Co., Ltd provides the mortgage guarantee with its own assets of eight channels of precious metals of platinum; b. Dongxu Optoelectronic Technology Co., Ltd offers the fully related liability.

Notes 2: The Company had no due long-term loans to be repaid.

## (2) The top five of long-term loans

In RMB

Loan unit	Loans starting date	Loans ending date	Currency	Interest rate (%)	Year-end balance		Year-beginning balance	
					Amount of foreign currency	Amount of RMB	Amount of foreign currency	Amount of RMB
National Development Bank	November 12, 2013	November 12, 2021	RMB	6.55%		1,300,000,000.00		
National Development Bank	July 31, 2012	July 31, 2020	RMB	7.21%		400,000,000.00		400,000,000.00
National Development Bank	September 20, 2012	July 31, 2020	RMB	7.21%		200,000,000.00		200,000,000.00
National Development Bank	October 29, 2012	July 31, 2020	RMB	7.21%		200,000,000.00		200,000,000.00
National Development Bank	December 13, 2013	November 12, 2021	RMB	6.55%		100,000,000.00		
Total	--	--	--	--	--	2,200,000,000.00	--	800,000,000.00

						0.00		00
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Statement on long-term loans. For long-term loans over due but extended for another period, please provide the conditions, principal, interest rate, and repayment arrangement.

## 26. Other Non-current liabilities

In RMB

Items	Year-end balance	Year-Beginning balance
Government Subsidy	33,714,000.00	35,734,000.00
Total	33,714,000.00	35,734,000.00

Notes

Notes 1: Some projects of the Company complied with national preferential policies and some national subsidies were received.

Government subsidies for details:

In RMB

Items	Year-Beginning balance	Subsidy increase during this period	Amount reckoned into non-operation revenue in the period	Other changes	Year-end balance	Assets-related/income-related
Government land premium refund	33,669,000.00				33,669,000.00	Asset -related
Environmental protection subsidy for Phase-II Glass Tube Project	65,000.00			20,000.00	45,000.00	Asset -related
Subsidy for Glass substrate R& D Project	2,000,000.00		2,000,000.00			Profit -related
Total	35,734,000.00		2,000,000.00	20,000.00	33,714,000.00	--

Notes : Deferred revenue due within one year reclassified to other current liabilities

## 27. 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	383,000,000.00	520,000,000.00				520,000,000.00	903,000,000.00

Statement of change in capital shares. Name of CPA and number of verification report shall be provided if capital increasing or

decreasing occurred in the report period; as for shareholding limited companies incorporated for less than three years, only net assets is required for the years prior to incorporation; for shareholding limited companies reformed from limited companies shall provide the capital verification at incorporation.

## 28. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current	Decrease in the current period	Year-end balance
Share premium	372,643,308.08	4,609,934,207.12	77,486,578.66	4,905,090,936.54
Other	31,522,375.26			31,522,375.26
Total	404,165,683.34	4,609,934,207.12	77,486,578.66	4,936,613,311.80

Statement on capital reserves:

Notes 1: Capital surplus increased mainly due to premium on private secondary issue of shares by the Dongxu Company in current period, the total amount raised to 5038.80 million, minus issuance sponsor underwriting fees and other expenses, the actual net proceeds of RMB 4961.064 million, of which is included in the share capital of RMB 520 million, the remaining capital reserved.

Note 2: Capital Surplus – the reason of other capital surplus increase is the investment increase in the subsidiary of Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd, with the shareholding of 95.00% from the original 70.12%.

## 29. Surplus reserve

In RMB

Items	Year-beginning balance	Increase in the current	Decrease in the current period	Year-end balance
Statutory surplus reserve	27,454,788.05			27,454,788.05
Total	27,454,788.05			27,454,788.05

Statement on surplus reserves. Please state the related resolutions of the Board on capitalizing of reserves, making up losses, and dividends:

## 30. Retained profits

In RMB

Items	Amount	Extraction or distribution of the proportion
Before adjustments: Retained profits at the period end	-422,691,693.55	--
After adjustments: Retained profits at the period beginning	-422,691,693.55	--
Add: Net profit belonging to the owner of the parent company	369,297,308.74	--
Retained profits at the period end	-53,394,384.81	--

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 .

Statement on retained profit: for companies issued their securities for the first time, if the accumulated profit before the issuing is shared by the new and existing shareholders as approved by the shareholders' meeting, shall be described particularly; if the accumulated profit before the issuing is shared only by existing shareholders as approved by the shareholders' meeting, the Company shall provide the details of dividend payable to the existing shareholders as audited by CPA.

### 31. Business income, Business cost

#### (1) Operating income and operating cost

In RMB

Items	Amount of current period	Amount of previous period
Income from Business income	857,281,736.03	703,470,533.56
Other business income	74,618,946.96	75,464,636.27
Business cost	409,803,391.02	379,773,152.65

#### (2) Main business (Production)

In RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Whole set of equipment and Technology serves	828,603,977.29	346,154,281.43	639,185,657.91	262,252,730.34
Electric vacuum glass devices and supporting electronic devices	20,605,280.50	14,816,487.87	58,381,040.41	34,294,504.41
Glass substrate	5,313,672.28	5,313,672.28		
Construction Installation	2,758,805.96	2,509,568.73	5,903,835.24	4,372,579.48
Total	857,281,736.03	368,794,010.31	703,470,533.56	300,919,814.23

#### (3) Main Business (Area)

In RMB

Name	Amount of current period	Amount of previous period
------	--------------------------	---------------------------

	Business income	Business cost	Business income	Business cost
Domestic	856,355,933.35	368,007,872.21	703,470,533.56	300,919,814.23
Overseas	925,802.68	786,138.10		
Total	857,281,736.03	368,794,010.31	703,470,533.56	300,919,814.23

**(4) Total income and the ratio of operating income from top five clients**

In RMB

Name	Business Income	Proportion(%)
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	404,417,596.07	43.4%
Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	223,066,469.15	23.94%
Ningbo Huatai Zhuozhan Electromechanical Technology Co., Ltd.	120,223,915.50	12.9%
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	88,152,406.84	9.46%
Chengdu Optoelectronic Technology Co., Ltd.	5,067,692.28	0.54%
Total	840,928,079.84	90.24%

Notes

Operating income and operating cost increased in current period mainly due to the increase of glass substrate equipment and technical services in current period.

**32. Business tax and subjoin**

In RMB

Items	Report period	Same period of the previous year	Standard
Business tax	2,204,286.23	5,701,694.79	5%或 3%
Urban construction tax	5,230,337.16	3,201,235.72	7%
Education surcharge	3,735,910.76	2,286,596.96	5%
Other	391,314.27	45,528.87	
Total	11,561,848.42	11,235,056.34	--

Notes: Current business tax lower than last year mainly due to increased business change, leading to reduction in business tax.

**33. Sales expenses**

In RMB

Items	Amount of current period	Amount of previous period
Wage and additional cost	5,585,936.75	1,789,952.32
Business expenses	324,463.20	198,029.00
Labor protection fee	107,000.00	110,196.00
Office fees	51,089.07	81,714.91
Travel fees	575,461.12	308,833.61
Publicize Fees	188,679.20	1,415,958.90
Miscellaneous charges	463,393.61	340,525.44
Other	870,812.26	215,451.06
Total	8,166,835.21	4,460,661.24

### 34. Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage and additional cost	26,338,323.16	17,035,778.78
Business expenses	2,961,650.24	8,476,533.14
Labor protect fee	1,449,692.59	1,936,052.12
Office fees	16,292,424.48	13,404,751.33
Travel fees	3,240,019.93	3,167,964.03
Publicize Fees	3,394,785.62	108,538.50
Miscellaneous charges	35,986.37	48,964.69
The Taxes	7,475,309.51	5,198,230.05
Depreciation accumulative	4,475,975.45	6,387,747.80
Amortization of intangible assets	1,745,117.72	968,904.38
Research expenses	2,043,411.04	1,155,750.00
Consultation fees	3,760,973.35	1,759,821.38
Rental fees	11,724,076.31	7,604,165.27
Other	15,320,772.23	7,900,377.89
Total	100,258,518.00	75,153,579.36

### 35. Financial Expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	8,527,333.33	8,342.01
Less: Interest income	-11,645,998.75	-348,852.18
Add: Exchange loss	896,544.55	-29,121.36
Finance Organization expenses	467,544.02	105,243.24
Discount expenses	4,800,000.00	
Other	1,173.30	1,743.00
Total	3,046,596.45	-262,645.29

### 36. Loss of assets impairment

In RMB

Items	Amount of current period	Amount of previous period
1. Loss for bad debts	155,505.78	104,311.30
2. Inventory falling price loss		5,490,211.41
Total	155,505.78	5,594,522.71

### 37. Non-operating income

#### (1) Non-operating income

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Total income from liquidation of non-current assets	6,783,729.96	450.00	6,783,729.96
Including: Income from liquidation of fixed asset	6,783,729.96	450.00	6,783,729.96
Government Subsidy	133,954,541.90	25,198,017.02	133,954,541.90
Account receivable sales	9,393,785.92		9,393,785.92
Other	377,353.26	463,559.83	377,353.26
Total	150,509,411.04	25,662,026.85	150,509,411.04

Notes

Non-operating income for current period markedly increased over the previous period because some projects of the Company complied with national preferential policies and some national subsidies were received.

## (2) Government subsidy reckoned into current gains/losses

In RMB

Items	Amount of this period	Amount of last period	Assets-related/income-related	Non-recurring gains/losses(Y/N)
Environmental protection subsidy for Phase-II Glass Tube Project	20,000.00	20,000.00	Assets-related	Yes
Subsidy for glass substrate R&D project	2,000,000.00	6,000,000.00	Income-related	Yes
Wuhu Economic and Technological Development Finance Bureau subsidies	60,000,000.00		Income-related	Yes
Received business tax refunded	71,535,818.49	19,018,153.02	Income-related	Yes
Establishment registration fee refunded by Wuhu Economic and Technological Development Area		8,148.00	Income-related	Yes
Science and Technology incentives in Anhui Province	105,000.00		Income-related	Yes
Received business tax refunded by tax bureau	83,723.41		Income-related	Yes
Government support funds	210,000.00		Income-related	Yes
Receipt of fund subsidy from Treasury Payment Center		150,000.00	Income-related	Yes
The deductible total of price and tax of tax control system purchased		1,716.00	Income-related	Yes
			Income-related	Yes
Total	133,954,541.90	25,198,017.02	--	--

## 38 Non-Operation expense

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Donation expenses	1,500,000.00	2,000,000.00	1,500,000.00
Fine expenses	19,524.54	24,100.00	19,524.54
Other	513,818.91	6,373.50	513,818.91
Total	2,033,343.45	2,030,473.50	2,033,343.45

Notes



**39. Income tax expenses**

In RMB

Items	Amount of current period	Amount of previous period
Income tax at current period according to taxation and related regulation	141,938,887.24	88,385,306.61
Adjustment of Deferred income tax	-4,099,170.66	-2,801,040.55
Total	137,839,716.58	85,584,266.06

**40. Calculation of Basic earnings per share and Diluted earnings per share**

Calculation of earnings per share	Calculation	Current term
Net profit attributable to shareholders of parent company	p	369,297,308.74
Weighted average number of common shares issued externally	s	729,666,666.67
Earnings per share-basis	<b>p/s</b>	0.51
There is no dilutive potential common shares		
Net profit attributable to shareholders of parent company	c	369,297,308.74
Weighted average number of common shares issued externally	d	729,666,666.67
Earnings per share-diluted	<b>c/d</b>	0.51

Earnings per share= Net profit for common shareholders of the Company/ weighted average share capital=368,297,308.74/ (383,000,000.00+520,000,000.00 \*8/12) = 0.51

As potentially dilutive ordinary shares are not dilutive, dilutive earnings per share equals to basic earnings per share. Thus, dilutive earnings per share = Basic earnings per share = Net profit for common shareholders of the Company / weighted average share capital =368,297,308.74/ (383,000,000.00+520,000,000.00 \*8/12) = 0.51

**41. Notes Cash flow statement****(1)Other cash received from business operation**

In RMB

Items	Amount
Petty cash	3,195,103.84
Interest income	2,947,973.29
Deposit and Cash	4,744,023.78

Government subsidy	60,398,723.41
Other	718,793.90
Total	72,004,618.22

Notes

**(2) Other cash paid for business activities**

In RMB

Items	Amount
Consultation Services fee	2,678,993.80
Business expenses	2,655,485.44
Current account	220,420,031.54
Other	7,663,369.75
Labour insurance expenses	114,907.50
Donation expenses	150,000.00
Communication expenses	105,842.64
Advertisement fee	3,583,464.82
Water and electricity expense	4,602,202.57
Travel fees	3,502,662.00
Cash	41,651,504.11
Office expenses	10,184,014.71
Total	297,312,478.88

Notes

**(3)Cash receivable related to financing activities**

In RMB

Items	Amount
Interest income	8,698,025.46
Total	8,698,025.46

Notes

**(4)Cash paid related to financing activities**

In RMB

Items	Amount
Bank commission	425,585.49

Total	425,585.49
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Notes

**42. 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	409,544,339.12	241,028,130.11
Add: Impairment loss provision of assets	155,505.78	5,594,522.71
Depreciation of fixed assets, oil and gas assets and consumable biological assets	9,899,598.82	11,461,342.33
Amortization of intangible assets	1,745,351.06	968,904.38
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-6,783,729.96	
Loss from Fixed assets Discard		-450.00
Financial cost	-3,278,669.31	-83,334.31
Decrease of deferred income tax assets	-4,099,170.66	-2,801,040.55
Decrease of inventories	-112,973,585.08	-32,225,165.06
Decease of operating receivables	-623,062,295.01	-794,712,141.57
Increased of operating Payable	-1,508,366,179.67	103,776,486.10
Net cash flows arising from operating activities	-1,837,218,834.91	-466,992,745.86
2. Significant investment and financing activities that without cash flows:	--	--
3. Changes Balance of cash and cash equivalents	--	--
Ending balance of cash	2,465,010,913.24	110,770,070.84
Less: Beginning balance of cash	110,770,070.84	15,847,225.73
Net increase of cash and cash equivalents	2,354,240,842.40	94,922,845.11

**(2) Composition of cash and cash equivalents**

In RMB

Items	Balance in year-end	Balance in year-Beginning
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I. Cash	2,465,010,913.24	110,770,070.84
Of which: Cash in stock	187,646.23	155,430.68
Bank savings could be used at any time	2,303,544,544.74	110,614,640.16
Other monetary capital could be used at any time	161,278,722.27	
III. Balance of cash and cash equivalents at the period end	2,465,010,913.24	110,770,070.84

Notes

## VIII. Related party and related party transactions

### 1. Parent company information of the enterprise

In RMB

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio	The ultimate controlling party of the Company	Organization Code
Dongxu Group	Holding Shareholder	Limited Liability Company	No.369, Zhujiang Road, High-tech zone, Shijiazhuang	Li Zhaoting	Production	2.2 billion	14.4%	14.4%	Li Zhaoting	768130363

Notes

### 2. Particulars of the subsidiaries

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The subsidiaries of the Company's shareholding ratio	The subsidiaries of the Company's vote ratio	Organization Code
Hebei Xubao Construction Installation	Controlling subsidiary	Limited Liability Company	9 Huanghe Road, Shijiazhuang High-tech Industrial	Li Zhaoting	Construction Installation	100,000,000.00	100%	100%	564858483

Engineering Co., Ltd.			Development Area, Shijiazhuang, Hebei Province						
Shijiazhuang Colour Bulb Co., Ltd.	Controlling subsidiary	Limited Liability Company	9 Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province	Shang Jinbin	Production	540,681,956.80	81.26%	81.26%	236042258
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	Controlling subsidiary	Other Limited Liability Company	3/F, Wuhu Economy Technology Development Zone, Management Committee	Li Zhaoting	Manufacturing	98,000,000.00	95%	95%	58723108-5
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	Controlling subsidiary	Personal limited liability company	No.36, Daowei 2 Road, Wanchun Street, Wuhu Economy Technology Development Zone	Li Zhaoting	Manufacturing	2,000,000.00.00	100%	100%	58723116-5
Wuhan Dongxu Optoelectronic Technology Co., Ltd.	Controlling subsidiary	Limited Liability Company	1/F, No.1 Business tower, Huazhong Shuguang Software park, No.1Guanshan Road,Donghu	Li Zhaoting	Manufacturing	5,000,000.00	62.5%	62.5%	591083046

			Development Zone, Wuhan						
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.		Other Limited Liability Company	9 Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province	Li Zhaoting	Manufacturing	98,000,000.00	90.25%	95%	58817255-8
Beijing Dongxu Investment Development Co., Ltd.		Limited Liability Company (Legal Person)	No.267,2/F, No.2 Building, No.9 Haiying Road, Technology City, Fengtai District, Beijing	Li Zhaoting	Investment	100,000,000.00	95%	100%	07660538-0

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

Other Related parties name	Relation of other Related parties with the company	Organization code
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Controlled by the same actual controller	601903109
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd.	Controlled by the same actual controller	700820907
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Controlled by the same actual controller	601125212
Shijiazhuang Baoshi Xuming Tube Co., Ltd.	Controlled by the same actual controller	723378699
Shijiazhuang Baodong Electronic Co., Ltd.	Controlled by the same actual controller	601008876
Hebei Baoshi Lighting Co., Ltd.	Controlled by the same actual controller	662202883
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Controlled by the same actual controller	694655991
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Controlled by the same actual controller	68974956-3
Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller	57429899-3
Jinhou Xulong Solar energy Technology Co., Ltd.	Controlled by the same actual controller	56137578-5

Sichuan Xuhong Optoelectronic Technology Co., Ltd	Controlled by the same actual controller	55348403-3
Shijiazhuang Dongxu Machine Equipment Co., Ltd.	Controlled by the same actual controller	66529153-5

Notes

#### 4. Related transactions.

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

In RMB

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Process expenses	Reference price setting			42,927.53	100%
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Energy	Reference price setting	4,266,530.37	100%	4,812,346.89	100%
Shijiazhuang Baoshi Xuming Tube Co., Ltd.	Material, Merchandise inventory	Reference price setting	3,300.75	0%	628.98	0.01%
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Checking machine	Reference price setting	14,529,914.53	100%		
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	LCG	Reference price setting	5,067,692.31	100%		
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Material	Reference price setting	1,142,409.30	0.74%		
Chengdu Dongxu Energy Saving Technology Co., Ltd.	ESL	Reference price setting	2,763,257.32	15.61%		
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd.	Carat Tube	Reference price setting	4,798,541.42	27.11%		
Hebei Energy Saving Lighting Technology Co., Ltd.	Construction installation	Reference price setting	3,163,610.00	22.14%		

Related transactions on sale goods and receiving services

In RMB

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	High-Display production line Equipment Construction	R & D Costs+Production line material cost+Production line integration cost+Management Cost and sales costs+ commissioning of production line+after sale service cost+ Reasonable profit	223,066,469.15	26.92%	192,581,235.91	30.06%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	High-Display production line Equipment Construction	The same as above			81,885,471.70	12.78%
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	High-Display production line Equipment Construction	The same as above	397,161,185.80	47.93%	245,527,506.35	38.32%
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	High-Display production line Equipment Construction	The same as above	88,152,406.84	10.64%	120,737,102.59	18.84%
Zhengzhou Xufei Optoelectronic Technology Co., Ltd	A-frame	Reference price setting	7,256,410.27	42.13%	4,926,205.10	29.34%
Zhengzhou Xufei Optoelectronic Technology Co., Ltd	Pull roll	Reference price setting			363,282.06	100%
Zhengzhou Xufei Optoelectronic Technology Co., Ltd	Checking machine	Reference price setting	6,410,256.41	100%		
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Lead Tube	Reference price setting			5,480,526.00	100%
Shijiazhuang Baoshi	Material, Stock goods	Reference price			8,104,584.00	100%



Electronics Group Co., Ltd.		setting				
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Production costs	Reference price setting			168,599.00	100%
Dongxu Group	Overflow brick processing	Reference price setting			1,163,675.21	33.33%
Shijiazhuang Bofa Mechanical Equipment Co., Ltd.	A-frame	Reference price setting	2,184,615.38	11.43%	2,564,102.56	15.27%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	A-frame	Reference price setting	1,547,990.43	8.1%	1,738,461.54	10.35%
Dongxu Group	A-frame	Reference price setting			4,222,222.22	25.14%
Dongxu Goup	Construction installation	Reference price setting			2,700,000.00	58.72%
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Construction installation	Reference price setting			116,628.14	2.54%
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd.	ppTube Mould	Reference price setting			71,794.88	10.91%
Hebei BaoshiEnergy saving lighting technology Co., Ltd.	Construction installation	Reference price setting	176,224.76	0.67%	1,684,230.00	36.63%
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Labour serves	Reference price setting			6,364,853.81	100%
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Processing	Reference price setting	39,925.00	100%		
Zhengzhou Xufei Optoelectronic Technology Co., Ltd	Construction installation	Reference price setting	1,884,120.04	68.29%		
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Construction installation	Reference price setting	540,000.00	19.57%		
Shijiazhuang	Labour and sales	Reference price			338,880.27	100%

Baodong Electric Co.,Ltd	Goods	setting				
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**(2) Related trusteeship or contracting**

Related trusteeship or contracting in which the Company is the undertaker

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 Co.,Yingko Yanhai Development Construction Co.,Ltd., Minerals (Yingko) Industry Park Development Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	Other Trusteeship	January 1, 2012		Trusteeship costs include basic management fees and incentive management fees(0.5 million/years), including basic management fee of 1 million per year, incentive management fees per year managed company with net operating profit after tax of 5% calculation ( Base incentive management fees deduct prior years ' losses )	1,500,000.00
Dongxu Optoelectronic Investment Co.,Ltd.,Henan State-owned Assets Management Co.,Ltd.,Zhengzhou Investment Holdings Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	Other Trusteeship	March 1, 2012		Trusteeship costs include basic management fees and incentive management fees(0.5 million/years), including basic management fee of 1 million per year, incentive management fees	4,993,008.54

					per year managed company with net operating profit after tax of 5% calculation	
Dongxu Group Co., Mianyang Investment Development (Group) Co., Ltd., Sichuan Changhong Electrical Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	Other Trusteeship	March 1, 2012		Trusteeship costs include basic management fees and incentive management fees(0.5 million/years), including basic management fee of 1 million per year, incentive management fees per year managed company with net operating profit after tax of 5% calculation	1,500,000.00
Shijiazhuang Baoshi Electronic Group Co., Ltd., Shijiazhuang High Lanhu Investment Co., Ltd., Shijiazhuang State Holding Investment Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	Other Trusteeship	March 1, 2012		Trusteeship costs include basic management fees and incentive management fees(0.5 million/years), including basic management fee of 1 million per year, incentive management fees per year managed company with net operating profit after tax of 5% calculation	1,814,226.98

Statement of entrusted management and contract

In RMB

Assignee/contract -out party	Assigner/contract or	Assts type	Starting from	Terminated dated	Pricing basis	Income recognized in this
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						period
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Notes

**(3) Related leasing**

The Company is the lender

In RMB

Name of the owner	Name of the tenant	Category of asset for rent	Starting date	Stop date	Pricing basis	Rental recognized in the period
Shijiazhuang Colour Bulb Co., Ltd.	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	House	January 1, 2013	December 31, 2014	Lease contract	2,253,868.22
Shijiazhuang Colour Bulb Co., Ltd.	Shijiazhuang Baodong Electronic Co., Ltd.	House	January 1, 2013	December 31, 2014	Lease contract	438,715.39
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	House	January 1, 2013	December 31, 2014	Lease contract	307,129.25
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Group Co., Ltd.	House	January 1, 2013	December 31, 2014	Lease contract	1,807,290.20
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Large-diameter plastic tube Co., ltd.	Land	January 1, 2013	December 31, 2014	Lease contract	607,725.00
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Large-diameter plastic tube Co., ltd.	House	January 1, 2013	December 31, 2014	Lease contract	134,137.50
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	House	January 1, 2013	December 31, 2014	Lease contract	1,727,545.00
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Xuiming Tube Co., Ltd.	House	January 1, 2013	December 31, 2014	Lease contract	1,207,785.00
Dongxu	Hebei Baoshi Energy	House	January 1, 2013	December 31, 2014	Lease contract	830,192.50

Optoelectronic Technology Co., Ltd.	saving lighting technology Co., Ltd.					
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Group Co., Ltd.	House	October 1, 2008		Agreement	1,598,048.19
Dongxu Optoelectronic Technology Co., Ltd.	Shijiazhuang Baoshi Group Co., Ltd.	Equipment	October 1, 2008		Agreement	247,857.19

The Company is the undertaker

In RMB

Name of the owner	Name of the tenant	Category of asset for rent	Starting date	Stop date	Pricing basis	Rental recognized in the period
Shijiazhuang Baoshi Electric vacuum Glass Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	House	August 1, 2011	July 31, 2014	Lease contract	264,000.00
Shijiazhuang Baoshi Electric Glass Co., Ltd.	Dongxu Optoelectronic Technology Co., Ltd.	Equipment	August 1, 2011	July 31, 2014	Lease contract	1,800,000.00

Notes

### 5. Payables and receivables of the related party

Listed company related party fund

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	Dongxu (Yingkou) Optoelectronic Display Co., Ltd.	323,298,380.95		76,320,046.01	
Account receivable	Zhengzhou Xufei Optoelectronic Technology Co., Ltd	496,453,936.75		268,860,472.72	
Account receivable	Shijiazhuang Dongxu Machine			1,500,000.00	

	Equipment Co., Ltd.				
Account receivable	Sichuan Xuhong Optoelectronic Technology Co., Ltd.	85,332,403.52		84,367,334.00	
Account receivable	Dongxu Group	1,000,000.00		5,796,936.00	
Account receivable	Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	22,684,306.99		128,814,661.76	
Account receivable	Dongxu Optoelectronic Investment Co., Ltd.	500,000.00		416,667.00	
Account receivable	Shijiazhuang Baoshi Group			585,572.85	
Account receivable	Hebei Baoshi Energy saving lighting technology Co., Ltd.	20,000.00			
Other receivable	Shijiazhuang Baoshi Group	899,535.29			
Other receivable	Shijiazhuang Baoshi Large-diameter plastic tube Co., ltd	673,962.50		59,000.00	
Other receivable	Shijiazhuang Baodong Electric Co., Ltd.	351,203.36			
Other receivable	Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	1,222,881.50		504,663.50	
Other receivable	Hebei Baoshi Energy saving lighting technology Co., Ltd.	646,561.00		2,301,183.00	
Other receivable	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	2,244,567.50		1,755,412.35	
Other receivable	Shijiazhuang XumingTube Co., Ltd.	771,500.55		573,584.59	
Other receivable	Sichuan Xuhong Optoelectronic Technology Co., Ltd.	11,674.72			
Other receivable	Chengdu Xushuang Solar energy Technology Co., Ltd.	5,837.36			
Prepayable account	Shijiazhuang XumingTube Co., Ltd.			170,000.00	
Prepayable account	Dongxu Group			10,896,710.80	
Prepayable account	Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	840,000.00			
Prepayable account	Hebei Baoshi Energy saving lighting technology Co., Ltd.	4,084,924.00		18,000.00	
Prepayable account	Shijiazhuang Baoshi Large-diameter plastic tube Co., ltd			808,738.50	
Prepayable account	Shijiazhuang Baoshi Group	14,536,043.55		16,485,598.87	
Prepayable account	Chengdu Taiyisi Solarenergy Technology Co., Ltd.			7,000,000.00	

Prepayable account	Shijiazhuang Xuling Electric Technology Co., Ltd.	2,130,000.00		
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The listed company Payables of the related party

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Account payable	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	5,462,784.95	5,827,821.56
Account payable	Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd	533,942.80	
Account payable	Chengdu Dongxu Energy Technology Co., Ltd.	757,818.38	
Account payable	Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	20,459,114.53	
Account payable	Shijiazhuang XumingTube Co., Ltd.	14,948.00	
Account payable	Shijiazhuang Dongxu Mechine Equiement Co., Ltd.	1,917,869.00	
Other payable	Shijiazhuang Baoshi Group		14,559,462.24
Other payable	Jinzhou Xulong Solar energy Technology Co., Ltd.	1,500,000.00	1,500,000.00
Other payable	Dongxu Group	9,218,289.20	

## IX..Notes s of main items in financial reports of parent company

### 1.Account receivable

#### (1) Account receivable

In RMB

Type	Year-end balance				Year-beginning balance			
	Book Balance		Provision for bad debts		Book Balance		Provision for bad debts	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Receivables with major individual amount and bad debt provision provided individually receivables with major individual amount and bad debt provision provided individually	6,661,700.00	25.53 %	6,661,700.00	100%	14,703,510.32	33.99%	14,703,510.32	100%
Receivables provided bad debt provision in groups								

Age group	3,854,187.14	14.77 %	2,881,075.68	74.75%	10,478,812.90	24.23%	9,425,936.96	89.95%
Other group	15,574,379.96	59.69 %			18,071,586.97	41.78%		
Subtotal group	19,428,567.10	74.47 %	2,881,075.68	14.83%	28,550,399.87	66.01%	9,425,936.96	33.02%
Total	26,090,267.10	--	9,542,775.68	--	43,253,910.19	--	24,129,447.28	--

Notes

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

√Applicable □Not applicable

In RMB

Description of the receivable accounts	Book balance	Bad debt provision	Rate	Reason to provide
Baoshi TV Plant	6,661,700.00	6,661,700.00	100%	Over 5 years
Total	6,661,700.00	6,661,700.00	--	--

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

√Applicable□Not applicable

In RMB

Age	Year-end balance			Year-beginning balance		
	Book Balance		Provision for bad debts	Book Balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Thereinto:	--	--	--	--	--	--
Within credit term				1,023,738.38	9.77%	
Within 1 year and Outer credit term	1,023,738.38	26.56%	51,186.92			
1-2 years				800.00	0.01%	
2-3 years	800.00	0.02%	240.00			
Over 5 Years	2,829,648.76	73.42%	2,829,648.76	9,454,274.52	90.22%	9,425,936.96
Total	3,854,187.14	--	2,881,075.68	10,478,812.90	--	9,425,936.96

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:

√Applicable □Not applicable



In RMB

Name	Book balance	Amount of bad debt
Other group	15,574,379.96	
Total	15,574,379.96	

In the current report period, Separate amount is not large, the account receivable with big combination risk after combined via risk character:

Applicable  Not applicable

## (2) Receivable accounts written back or retrieved in the report period

In RMB

Contents of account receivable	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of bad debt reserve before reversal or recovery	Amounts reversed or recovered
Jiangshu Metal & chemical	Sale	Unable to recover for more than five years	27,435.00	13,718.00
Tianjing Anjing Electronic Glass Co., Ltd.	Sale	Unable to recover for more than five years	8,041,810.32	4,020,905.00
City Lingchao Trade Company	Sale	Unable to recover for more than five years	1,001,600.00	500,800.00
Baoshi Process Plant	Sale	Unable to recover for more than five years	921,915.24	460,958.00
Henan Anfei Electronic Glass Co., Ltd.	Recive , sale	Unable to recover for more than five years	600,000.00	322,736.50
Tianjing Communication Tadio Company	Sale	Unable to recover for more than five years	570,000.00	285,000.00
Shijiazhuang Radio and TV Company. Economic Department	Sale	Unable to recover for more than five years	483,604.75	241,802.00
Baoshi Trading Company	Sale	Unable to recover for more than five years	269,792.40	134,896.00
Tianjing Jingjing Glass Bulb Co., Ltd.	Sale	Unable to recover for more than five years	266,960.00	133,480.00
Xingji Industry product marketing—Ji Weiyang	Sale	Unable to recover for more than five years	220,000.00	110,000.00
Meng Jun	Sale	Unable to recover for more than five years	161,125.00	80,563.00

Shanxi Huguang Five cross station	Sale	Unable to recover for more than five years	101,200.00	50,600.00
Henan Anfei Electronic Glass Co., Ltd.	Sale	Unable to recover for more than five years	96,912.77	48,456.00
Shuping Home Appliances	Sale	Unable to recover for more than five years	74,070.00	37,035.00
Shijida Design	Sale	Unable to recover for more than five years	60,000.00	30,000.00
Shahe Town Enterprises industrial Supply Company	Sale	Unable to recover for more than five years	56,400.00	28,200.00
Shenzhen Dimotai Industry Company	Sale	Unable to recover for more than five years	56,244.44	28,122.00
Anyang Dali Electronic Company	Sale	Unable to recover for more than five years	45,006.00	22,503.00
Zhang Jinjiang	Sale	Unable to recover for more than five years	42,500.00	21,250.00
Huaneng Company	Sale	Unable to recover for more than five years	42,000.00	21,000.00
Xinxiang Industry and trade	Sale	Unable to recover for more than five years	36,960.00	18,480.00
Xinle People Security Dept	Sale	Unable to recover for more than five years	33,600.00	16,800.00
Shijiazhuang Tiangong Technology Development Co., Ltd.	Sale	Unable to recover for more than five years	30,000.00	15,000.00
Baibo Trading Company	Sale	Unable to recover for more than five years	30,000.00	15,000.00
Shixinsheng Industry Company\	Sale	Unable to recover for more than five years	27,050.00	13,525.00
HeBei Yiling Machine Manufacture Factory	Sale	Unable to recover for more than five years	22,500.00	11,250.00
Shanxi Chengzhi Chemical station	Sale	Unable to recover for more than five years	20,840.00	10,420.00
Hengji Mining Company	Sale	Unable to recover for more than five years	17,578.20	8,789.00
Zhang Yanqiang	Sale	Unable to recover for more than five years	14,060.00	7,030.00
Shanxi Changzhi Metal & chemical	Sale	Unable to recover for more than five years	13,798.45	6,899.00

Jingjing Marketing Building	Sale	Unable to recover for more than five years	12,600.00	6,300.00
Shi Zhenghong	Sale	Unable to recover for more than five years	10,000.00	5,000.00
Anyang Xinyi Electronic Glass Co., Ltd.	Sale	Unable to recover for more than five years	1,230,535.95	615,268.00
Henan Ancai High-Technology Co., Ltd.	Sale	Unable to recover for more than five years	28,337.56	14,169.00
Total	--	--	14,666,436.08	--

Provision for bad debt reserve for account receivable with single significant or minor amount but tested for impairment separately as at period-end

In RMB

Contents of account receivables	Book balance	Bad debt amount	Provision proportion (%)	Reasons
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Explanation for account receivable with single minor amount while the risks of the group categorized with similar risk characteristics are relative significant

### (3) Account receivables actually written-off during the reporting period

In RMB

Name of the Company	Nature of account receivables	Time of write-off	Amount written off	Reason for write-off	Arising from related transactions (Y/N)
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Notes:

There were no receivables written off in this reporting period.

### (4) Particulars about the receivable accounts due from shareholders with 5% or over of the Company's shares in the report period.

In RMB

Name	Year-end balance		Year-beginning balance	
	Book Balance	Amount	Book Balance	Amount
Dongxu Group	1,000,000.00		5,796,936.00	
Total	1,000,000.00		5,796,936.00	

### (5) The front 5 units' information of account receivable

In RMB

Name	Relation with the Company	Amount	Ages	Portion in total receivables (%)
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Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Related parties	6,776,749.46	Within 1 year	25.97%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Related parties	2,032,403.52	Within 1 year	7.79%
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Related parties	1,314,226.98	Within 1 year	5.04%
Dongxu Group	Related parties	1,000,000.00	Within 1 year	3.83%
Dongxu(Yingkou) Optoelectronic Display Co., Ltd.	Related parties	1,000,000.00	Within 1 year	3.83%
Total	--	12,123,379.96	--	46.46%

**(6) Account receivable from Related parties**

In RMB

Name	Relation with the company	Amount	Portion in total receivables account (%)
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Related parties	6,776,749.46	25.97%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Related parties	2,032,403.52	7.79%
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	Related parties	1,314,226.98	5.04%
Dongxu Group	Related parties	1,000,000.00	3.83%
Dongxu(Yingkou) Optoelectronic Display Co., Ltd.	Related parties	1,000,000.00	3.83%
Dongxu Optoelectronic Investment Co., Ltd.	Related parties	500,000.00	1.92%
Total	--	12,623,379.96	48.38%

**2. Other receivable****(1)Type analyses:**

In RMB

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other Receivables provided bad debt provision in groups								
Age group	2,810,599.28	0.65%	2,810,599.28	100%	4,462,575.34	43.9%	4,462,575.34	100%
Other group	432,062,236.88	99.35%			5,702,152.64	56.1%		

		%						
Subtotal group	434,872,836.16	100%	2,810,599.28	100%	10,164,727.98	100%	4,462,575.34	43.9%
Total	434,872,836.16	--	2,810,599.28	--	10,164,727.98	--	4,462,575.34	--

Notes

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

 Applicable  Not applicable

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

 Applicable  Not applicable

In RMB

Age	Amount in year-end			Amount in year-begin		
	Book balance		Bad debt reserve	Book balance		Bad debt reserve
	Amount	Proportion(%)		Amount	Proportion(%)	
Within 1 year						
Including:	--	--	--	--	--	--
Over 5 years	2,810,599.28	100%	2,810,599.28	4,462,575.34	100%	4,462,575.34
Total	2,810,599.28	--	2,810,599.28	4,462,575.34	--	4,462,575.34

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

 Applicable  Not applicable

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

 Applicable  Not applicable

In RMB

Name	Book balance	Amount of bad debts
Other group	432,062,236.88	
Total	432,062,236.88	

Separate amount is big at end of the period or not big but other account receivable and doubtful reserves shall be withdrawn.

 Applicable  Not applicable**(2) Reversal or recovery of other receivables during the reporting period.**

In RMB

Contents of other receivables	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of had debt reserve before reversal or recovery	Amount reversed or recovered
New century Capsule	Sale	Unable to recover for more than five years	404,360.62	202,180.00

Tianjing Electronic Instrument import & export Company	Sale	Unable to recover for more than five years	266,745.75	133,373.00
City Sida	Sale	Unable to recover for more than five years	241,350.00	120,675.00
Shenzhen SEG Zhongkang Co., Ltd.	Sale	Unable to recover for more than five years	161,568.10	80,784.00
Guizhou Xingqian Union Antimony Products Company	Sale	Unable to recover for more than five years	120,000.00	60,000.00
Jun Qiang	Recive	Unable to recover for more than five years	96,413.00	11,400.00
Jinzhou Tube mould Factory	Sale	Unable to recover for more than five years	50,001.34	25,001.00
Xinxiang Lifting Equipment Plant	Sale	Unable to recover for more than five years	46,200.00	23,100.00
Shanghai Sea Electrical Store	Sale	Unable to recover for more than five years	40,426.00	20,213.00
Xinjiang Nonferrous metal industry Company	Sale	Unable to recover for more than five years	37,122.88	18,561.00
Shenyang Zhongje Friendship plant	Sale	Unable to recover for more than five years	35,969.53	17,985.00
Pingshan Ore processing plant	Sale	Unable to recover for more than five years	35,461.95	17,731.00
Xianyang Caihong Machine Plant	Sale	Unable to recover for more than five years	30,575.00	15,288.00
Dongan Company	Sale	Unable to recover for more than five years	27,640.04	13,820.00
Shijiazhuang Graphite electrode plant, Specialty graphite products factory	Sale	Unable to recover for more than five years	25,000.00	12,500.00
Zhengding Xizhaotong	Sale	Unable to recover for more than five years	23,000.00	11,500.00
Provincial Second construction Company, No.5 Dept	Sale	Unable to recover for more than five years	20,000.00	10,000.00
Yangzhou Asia-Pacific Special Pump Factory	Sale	Unable to recover for more than five years	19,880.00	9,940.00
Shanghai HongJiang Automation instrument Factory	Sale	Unable to recover for more than five years	18,335.60	9,168.00
Benxi Mining Rubber Parts Factory	Sale	Unable to recover for more than five years	14,250.00	7,125.00

Tianjing Lifting Equipment Plant ,Product maintenance Dept	Sale	Unable to recover for more than five years	13,400.20	6,700.00
Zhongxing store	Sale	Unable to recover for more than five years	10,000.00	5,000.00
Nantian Union Electrical Equipment Factory	Sale	Unable to recover for more than five years	10,000.00	5,000.00
Total	--	--	1,747,700.01	--

Other Receivable account with large amount, or minor amount but on which bad debt provisions are provided individually at end of period:

In RMB

Description of the receivable accounts	Book balance	Amount of bad debt	Providing rate (%)	Reason
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Remarks on receivable accounts with minor single amount but with greater risks after combining with accounts with similar risks:

**(3) Other receivable accounts actually written off in the report period**

In RMB

Name	Property of the receivable account	Date of written off	Amount written off	Reason of writing off	Occurred under related relationship
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Notes : No written off of other receivables during the reporting period

**(4) Particulars about the other receivable accounts due from shareholders with 5% or over of the Company's shares in the report period**

In RMB

Name	Balance at the period end		Balance in year-begin	
	Book balance	Amount of bad debts	Book balance	Amount of bad debts
Shijiazhuang Baoshi Electronics Group Co., Ltd.	2,543,940.37			
Total	2,543,940.37			

**(5) Other Account receivable from Related affiliated parties**

In RMB

Unit name	Relation with the company	Amount	Terms	Proportion in total Other account
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				receivable(%)
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	Subsidiary	296,980,000.00	Within 1 year	68.29%
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.	Sub-subsidiary	70,630,448.10	Within 1 year	16.24%
Shijiazhuang Dongxu Optoelectronic Technology Co., Ltd.	Subsidiary	42,000,000.00	Within 1 year	9.66%
Hebei Xubao Construction Engineering Installation Co., Ltd.	Subsidiary	14,072,591.62	Within 1 year	3.24%
Shijiazhuang Baoshi Electronics Group Co., Ltd.	Related parties	2,543,940.37	Within 1 year	0.58%
Total	--	426,226,980.09	--	98.01%

**(6) Other receivables due from related parties**

In RMB

Name	Relationship pwith the Company	Amount	Proportion in total other receivables(%)
Wuhu Dongxu Optoelectronic Equipment Technology Co., Ltd.	Subsidiary	296,980,000.00	68.29%
Shijiazhuang Dongxu Optoelectronic Equipment Technology Co., Ltd.	Sub-subsidiary	70,630,448.10	16.24%
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	Subsidiary	42,000,000.00	9.66%
Hebei Xubao Construction Engineering Installation Co., Ltd.	Subsidiary	14,072,591.62	3.24%
Baoshi Group	Related parties	2,543,940.37	0.58%
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd	Related parties	1,222,881.50	0.28%
Shijiazhuang Baoshi Xuming Tube Co., Ltd.	Related parties	868,531.55	0.2%
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd	Related parties	673,962.50	0.15%
Hebei Baoshi Energy saving lighting technology Co., Ltd.	Related parties	646,561.00	0.15%
Shijiazhuang Baodong Electronic Co., Ltd.	Related parties	51,298.36	0.01%
Total	--	429,690,215.00	98.8%

**3. Long –term stocks equity investment**

In RMB

Name	Accounti	Initial	Original	change	Ending	Sharehold	Voting	Explanati	Devalue	Current	Cash
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	ng method	investmen t cost	balance		Balance	ing proportio n in the investee	right proportio n in the investee	on of diffidence between sharehold ing proportio n and voting right proportio n in investee		devalue	bonus
Shijiazhu ang Baoshi Color Bulb Co., Ltd.	Cost method	439,341,9 56.80	439,341,9 56.80		439,341,9 56.80	81.26%	81.26%		378,172,6 49.84		
Hebei Xubao Construct ion Engineeri ng Installatio n Co., Ltd.	Cost method	100,000,0 00.00	8,000,000 .00	92,000,00 0.00	100,000,0 00.00	100%	100%				
Wuhu Dongxu Optoelect ronic Equipme nt Technolo gy Co., Ltd.	Cost method	93,100,00 0.00	11,500,00 0.00	81,600,00 0.00	93,100,00 0.00	95%	95%				
Wuhu Dongxu Optoelect ronic Technolo gy Co., Ltd.	Cost method	4,471,064 ,000.00	455,000,0 00.00	4,016,064 ,000.00	4,471,064 ,000.00	100%	100%				

Wuhan Dongxu Optoelectronic Technology Co., Ltd.	Cost method	3,125,000.00	3,125,000.00		3,125,000.00	62.5%	62.5%				
Shijiazhuang Baolihua Technology & trading Co., Ltd.	Cost method		200,000.00	-200,000.00		40%	40%				
Total	--	5,106,630.956.80	917,166,956.80	4,189,464,000.00	5,106,630,956.80	--	--	--	378,172,649.84		

Notes

#### 4. Business income and Business cost

##### (1) Business income

In RMB

Items	Amount of current period	Amount of previous period
Income from Business income	31,143,678.92	58,381,040.41
Other Business income	64,903,500.27	74,842,676.92
Total	96,047,179.19	133,223,717.33
Business cost	59,343,150.90	112,504,020.83

##### (2) Main business (Production)

In RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Electric vacuum glass devices and supporting electronic devices	31,143,678.92	24,668,915.76	58,381,040.41	34,294,504.41

Total	31,143,678.92	24,668,915.76	58,381,040.41	34,294,504.41
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**(3)Main Business (Area)**

In RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic	30,217,876.24	23,882,777.66	58,381,040.41	34,294,504.41
Overseas	925,802.68	786,138.10		
Total	31,143,678.92	24,668,915.76	58,381,040.41	34,294,504.41

**(4)Total income and the ratio of operating income from top five clients**

In RMB

Name	Business Income	Proportion(%)
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	7,256,410.27	23.3%
Wuhu Dongxu Optoelectronic Technology Co., Ltd.	6,974,358.96	22.39%
Hebei Shengshi Mechanical Tools Group Co., Ltd.	2,754,368.00	8.84%
Shijiazhuang Bofa Mechanical Equipment Co., Ltd.	2,091,000.00	6.71%
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	857,000.00	2.75%
Total	19,933,137.23	63.99%

Notes

**(5)Supplement information of Consolidated Flow Statement**

In RMB

Supplement information	Amount of current period	Amount of previous period
1. Adjusting net profit to net cash flow in operating activities:	--	--
Net profit	27,027,832.53	-5,760,307.66
Add: Provision for impairment of assets	22,890.98	4,167,247.08
Depreciation of fixed assets, oil and gas assets and consumable biological assets	3,897,943.27	8,325,258.94
Amortization of intangible assets	325,563.72	325,563.72
The losses on the disposal of fixed assets, intangible assets and other long-term assets	-5,150,974.54	
The losses on the discard of fixed assets		-450.00

Decrease of deferred income tax assets	2,577,830.04	86,080.92
Decrease of inventories	50,350,700.89	81,451,664.03
Decrease of operating receivable	-443,966,807.45	3,935,198.41
Increase of operating receivables	-388,018,341.95	368,265,996.02
Net cash flows arising from operating activities	-752,933,362.51	460,796,251.46
II. Significant investment and financing activities that without cash flows	--	--
III. Net increase of cash and cash equivalents	--	--
Ending balance of cash	29,805,307.79	1,602,670.30
Less: Beginning balance of cash equivalents	1,602,670.30	2,267,777.81
Net increase of cash and cash equivalents	28,202,637.49	-665,107.51

## X. Supplementary Information

### 1. Current non-recurring gains/losses

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	6,783,729.96	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	133,954,541.90	
Single impairment test for impairment of receivables transferred back to preparation	134,137.19	
Gain/loss investment of Commission	9,807,235.52	
Other non-operating income and expenditure except for the aforementioned items	7,737,795.73	
Less: Amount of influence of income tax	33,899,759.46	
Amount of influence of minority interests (After tax)	11,750,279.66	
Total	112,767,401.18	--

Explain recognition reasons item-by-item if the government subsidy reckoned into current gains /losses was the recurring gains/losses.

Applicable  Not applicable

**2.The differences between domestic and international accounting standards**

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

In RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	369,297,308.74	142,664,558.32	5,813,673,715.04	391,928,777.84
Items and amount adjusted according to IAS				

**3.Return on net assets and earnings per share**

In RMB

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.	9.43%	0.51	0.51
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	6.55%	0.35	0.35

**4. The anomalies and the explanation of our main financial statements project**

N/A

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

- 1.Accounting sttement bearing signature and seal of the Legal representative of the Company;
- 2.Original auditing report bearing seal of CPAs and signature and seal of CPA;
3. Originals of all documents and manuscripts of public Notices of the Company Disclosed in public in the newspapers as designated by China Securities Regulatory Commission.

Notes :This Report has been prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

Dongxu Optoelectronic Technology Co., Ltd.

Chairman of the Board: Li Zhaoting

Issue day approved by the Board of Directors: April 27,2014.