

Dongxu Optoelectronic Technology Co., Ltd.

The Summary of 2017 Semi-annual Report

August 2017

I. Important Notices

The summary is abstract from full-text of annual report, for more details information , investors should found in the full-text of annual report that published on website of Shenzhen Stock Exchange and other website appointed by CSRC.

Non-standard audit opinion tips

☐ Applicable ☒ Not applicable

The board discussed reporting period ordinary shares profit distribution plan or provident fund to share capital plan

☐ Applicable ☒ Not applicable

The board approved this reporting period preferred shares profit distribution plan

☐ Applicable ☒ Not applicable

II Company Information

1. Company Profile

Stock abbreviation	Dongxu Optoelectronic, Dongxu B	Stock code	000413、200413
Stock exchange for listing	Shenzhen Stock Exchange		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Gong Xin	Wang Qingfei	
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2. Main financial data and financial Index

Retroactive adjustment or restate previous years accounting data

☐ Necessary ☒ Not necessary

	Reporting period	Same period of last year	YoY+/-
Operating income (RMB)	4,641,285,527.91	2,882,059,154.41	61.04%
Net profit attributable to the shareholders	635,855,750.37	545,963,710.72	16.46%

of the listed company (RMB)			
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	559,990,548.41	459,894,653.13	21.76%
Cash flow generated by business operation, net (RMB)	-1,414,361,686.97	1,281,108,942.94	-210.40%
Basic earning per share(RMB/Share)	0.13	0.14	-7.14%
Diluted gains per share(RMB/Share)(RMB/Share)	0.13	0.14	-7.14%
Weighted average ROE(%)	2.84%	3.79%	-0.95%
	As at the end of the reporting period	As at the end of last year	YoY+/-
Gross assets (RMB)	47,746,487,539.58	46,826,319,570.41	1.97%
Net assets attributable to shareholders of the listed Company (RMB)	22,506,905,931.67	22,216,300,365.86	1.31%

3. Statement of shares held by top 10 shareholders

Total Number of common shareholders at the end of the reporting period		391,573 （Including 373,915 shareholders holding A shares and 17,658 shareholders holding B shares）				
Shareholdings of the top 10 common shareholders						
Name of the shareholder	Properties of shareholder	Share proportion %	Amount of common shares held	Conditional shares held at end of period	Frozen or pledged	
					Status of shares	Amount
Dongxu Group	Domestic Non-State-owned legal person	11.32%	558,968,800	439,882,697	Pledge	558,962,697
Shijiazhuang Baoshi Electronic Group Co., Ltd.	Domestic Non-State-owned legal person	6.73%	332,382,171	0	Pledge	153,520,000
Zhongxin construction fund-Huaxia bank-Xizang Trust –Shunjing 5#-Single capital trust	Other	4.51%	222,575,516	222,575,516		
Shenwanlingxin	Other	2.25%	111,287,758	111,287,758		

capital-Merchants bank-huarunsheng nguotou trust-ruihua fixed hedge fund 2# pooled funds trust plan						
Penghua fund-ningbo bank-daye trust-daye trust dongxu optoelectronic fixed hedge 2#single capital trust	Other	2.25%	111,287,758	111,287,758		
Zhong'ou shengshi asset -ningbo bank-minsheng trust-zhongguo minsheng trust zhixin 28#dongxu optoelectronic fixed hedge pooled capital trust plan	Other	2.25%	111,287,758	111,287,758		
Shenzhen antaier information technology co.,ltd.	Domestic Non -State-owned legal person	2.24%	110,492,845	110,492,845	Pledge	110,492,845
Qianhai share investment fund(limited partnership)	Domestic Non -State-owned legal person	2.24%	110,492,845	110,492,845	Pledge	48,492,845
Nuoan fund-xingye security-nanjing chuang'an asset management	Other	2.24%	110,492,845	110,492,845		

co.,ltd.						
Minshengjiayin fund-ping'an bank-ping'an trust-ping'an finance huitai 163#single capital trust	Other	2.09%	103,146,380	0		
Explanation on associated relationship or concerted action of the above shareholders		Among the top ten shareholders , Dongxu Group and Baoshi Group, Dongxu Optoelectronic – I Employee stock ownership plan have relationship and constitute persons taking concerted action. The company does not know whether there is relationship between other 7 shareholders or whether they are persons taking concerted action defined in Administrative Measures Relating to Acquisitions of Listed Companies.				
Explanation on shareholders participating in the margin trading business(if any)		The top 10 tradable common shareholders Xie xiantuan,Shen jufeng by Huatai Securities Co., Ltd. customer credit-backed securities trading account and Shanghai Securities Co., Ltd. customer credit-backed securities trading account were holding 17,044,700 shares, 9,469,500shares, accounting for 0.35% and 0.19% of the total shares respectively.				

4.Changing of controlling shareholder and practical controller of the Company.

Change of holding shareholder

☐ Applicable ☒ Not applicable

No change of holding shareholder in the report period.

Change of substantial controller

☐ Applicable ☒ Not applicable

No change of substantial controller in the report period.

5. Statement of preferred shares held by top 10 shareholders

☐ Applicable ☒ Not applicable

Report period has no **preferred shares statement**

6.About Bond

Having or not having public distributed and the bond which listed in the Stock Exchange,and semi-annual report approved publish date is not arrived or can not cash at the ending

☒ Yes ☐ No

(1). Bond Information

Name	Abbreviation	Code	End-line	Ending balance	rate
Dongxu Optoelectronic Co.,Ltd. 2015	15Dongxu bond	112243	May 19,2020	100,000	6.00%

company bond					
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(2).Finance index by the ending of report

Item	Report ending	Last year	Report ending YOY+/-
Asset debt ratio	50.52%	50.73%	-0.21%
Item	Report period	The same period last ear	Report ending YOY+/-
EBITDA interest coverage ratio	2.8326	2.9984	-5.53%

3.Operation situation discussion and analysis

1.Operation situation profile in report period

Whether insist the request of special industry

☐Yes ☒No

The year of 2017 is the year of strategic transformation for Dongxu Optoelectronic. When the previous glass substrate and display materials investment enter into the harvest period, the company committed to put great effort into the industry synergy of big manufacturing industry, and based on the breakthroughs in the field of graphene and grapheme-based lithium-ion batteries, the company launched the acquisition matter of Sunlong Bus, striving to shape a closed-loop industrial chain of "high-end materials – grapheme-based lithium battery-new energy vehicles". In the first half of 2017, every business of the company has been steadily moved forward and has a good operation status, thus further consolidated the company's industrial position and gained certain extent of good economic results.

During the reporting period, the Company achieves an operating income of RMB4641.2855 million , an increase of 61.04% over the same period in 2016; the net profit attributable to the parent Company of RMB 635.8558 million, an increase of 16.46 % over the same period in 2016.

The company's each business development status in the first half of 2017 and the industry planning of the second half of 2017:

1.Conforming to the trend and speeding up the construction of high-generation glass substrate production line

In recent years, the large-size and high-generation panel and glass substrate have become the industry trend. According to the research report by research company Witsvie, the average size of television panel worldwide reached 44.7 inches in the first half of 2007, an increase of 1.7 inches from the previous year. The Fuzhou 8.5 generation TFT-LCD liquid crystal glass substrate project, as the company's project invested by the raised money of RMB 6.95 billion by private placement, is an important project in the company's layout for coping with the industrial changes. During the reporting period, the first line of the company's Fuzhou 8.5 generation glass substrate production line has been put into operation and the second line has been under the steady construction. The successful launch of the company's 8.5 generation product into the market had an important impact to consolidate the company's industrial position and balance the rising of the new-generation AMOLED display technology. In the future, the company will, according to the downstream market demand, constantly optimize the LTPS technology and other new glass substrate production technology, thus to better fit the new development trend of the market.

2. Advance shoulder to shoulder, many achievements of optoelectronic display materials

The company has been engaged in the optoelectronic display industry for more than a decade, starting with the glass substrate industry, closely following-up the world trend of display technology and the innovation trend, thus grasped the historical opportunity of home-manufacturing materials replacing the core display materials, continuously rolled out new products and horizontally expanded, and constructed the core competitiveness based on the opportunity of the high-tech optoelectronic display materials. On the basis of the company's constant consolidation and enhancement of the main business of LCD glass substrate, combined with the main business, the company continuously expanded the new business area, and currently the company has successfully been engaged in the three high-end display materials namely sapphire, color filter and polarizer, thus realized achievements in many aspects.

During the reporting period, the company has made a new progress in the lateral extension of core display material. The company's color film project has been speeding up the progress, and it's expected there will be new product line completed in the second half of the year. Fuzhou Xuyou polarizer project has been put into operation in a relatively fast speed, marking that the company officially entered the field of polarizer manufacturing. The polarizer industry will be one of the core pillar industries of the company's optoelectronic display business after the production of glass substrate, and that will shape an industrial synergy effect of the company's existing optoelectronic business that has the industry of glass substrate, color filters and sapphire, thus further enhancing the company's comprehensive strength.

3. Preliminary achievement, the optimized layout of graphene business accelerated

During the reporting period, the monolayer grapheme and the grapheme-based lithium ion battery fabricated by Shanghai Tanyuan Graphene has gained the market attention and recognition, and the subsequent single product and the technological upgrading have been actively promoted. The company's Taizhou grapheme-based lithium ion battery project, which has successfully completed the land bidding and auction, project filing, EIA publicity and other procedures, is currently under the communication with the design and construction unit about the design and construction plan under the company's full efforts, and it's carrying out the multi-round demonstration and striving to realize the commencement of project construction as soon as possible.

Meanwhile, the company together with Taizhou graphene industry fund, through the means of acquisition and capital increase, obtained the 51% stake of Ming Shuo Technology Company, which has the reversible liquid crystal phase-change graphene composite heat dissipation material as the core technology and it is specializing in providing high-power LED lighting equipment and integrated lighting solutions, with its related graphene lighting products have been actually applied in Beijing and other places and that has gained some extent of economic benefits. In addition, the company's industrial application of heat-dissipation graphene film technology has achieved stage achievement, and the company has signed a "strategic cooperation agreement" with Shanxi Energy Investment and Shanxi Jian Bang Group in connection to the project cooperation of the Graphene electric heating replacing loose coal combustion heating project of Shanxi Provincial rural area.

4. Regular development but with novelty thoughts and innovation, acquired SUNLONG Bus to enter the new energy automotive industry

With the company's smooth progress and putting-into operation of each project of optoelectronic display materials, the company's main business will tend to become mature and steady. In order to give full play to the industrial synergies of big manufacturing industries and find new profit growth points, the company has decided to enter the field of new energy passenger cars and logistics vehicles. During the reporting period, the Company launched the restructuring project that planned to acquire 100% equity of Sunlong Bus through the way to buy assets by issuing shares and paying cash. The company has been engaged in the high-end equipment manufacturing industry for nearly 20 years, possessing a strong ability in technology, management, funds and

talents. Sulong Bus has the mature technology, rich-experience industrial management team and excellent product design ability. Meanwhile, upon more than ten years accumulated experience in new energy passenger car, Sulong Bus possessed the good market channels and the excellent overseas market development capabilities. The company acquired Sulong Bus to formally enter the field of new energy passenger car, so as to enrich the company's existed industrial structure. By utilizing the advantage of each other, the company can snatch the good industrial opportunity in the field of new energy passenger bus and logistics vehicles, thus to better provide more opportunities for the company's rapid growth in the next few years.

Furthermore, during the reporting period, the Company invested RMB 100 million to subscribe the new shares of Yi Huatong issued by directional added share-issuance. Yi Huatong is a high-tech company that specialized in hydrogen fuel cell engine research and development and the industrialization. For one hand, the company's subscription is based on the optimistic future development and the profitability of Yi Huatong, and for the other hand, the company can utilize this to build strategic partnership with Yi Huatong, thus speeding up bringing the advanced hydrogen fuel cell engine technology of Yi Huatong into the company's layout of new energy automotive projects, further accelerating the market-launch speed of the company's hydrogen fuel cell vehicle, so as to consolidate the company's industrial position in the new energy automotive market and to bring the new profit growth point for the company.

5. Fulfilling the commitment, injecting the cover-glass business to enrich the company's profit growth point

Cover glass belongs to the windows protective screen industry of panel display, and the industry is high technological and has large market scale, large industrial radiation and the obvious stimulation effect. Xuhong Optoelectronic mainly engaged in high aluminum cover glass production and sales, and the high aluminum cover glass possesses the characteristics of high transmittance, high impact resistance, high scratch resistance, high bending toughness, ultra thin and other technical characteristics. In order to solve the horizontal competition, in 2011, Tunghsu Group entrusted the company to carry out the management of Xuhong Optoelectronic and promised to inject its equity into the company. Currently, Xuhong Optoelectronic has a large-scale ultra-thin touch screen glass production line, with the annual production scale of 7 million pieces, and the company had won the first prize award of science and technology progress of Sichuan province and the National Invention Exhibition Gold Award. Xuhong Optoelectronic is one of the domestic companies that take the lead in the research and mass production of high aluminum cover glass, and the Panda Glass, which was rolled out in 2014 by Xuhong, successfully broke the situation of the foreign enterprises' long-term absolute monopoly in the domestic market. Currently, its business covered the area and regions of East China, North China, Southwest China and Southern China.

With the approaching of mobile phone wireless charging and 5G and other new transmission mode, the wide use of flexible OLED brings a vast market space for 3D curve glass. During the reporting period, the company has officially launched the acquisition of Xuhong Optoelectronic equity and will use the raised match funds to construct "Curve Surface display Cover-glass production project". After the completion of the acquisition, the company will have the new income from cover glass, and the flat display glass business layout will be more perfect, which will be conducive to consolidate the company's domestic leading position in the panel glass display.

2.related to fianance report item

(1)The explain about accounting policies, accounting evaluation and accounting checking methods compared the last accounting year

☐ Applicable ☒ Not applicable

The report period has no change about accounting policies, accounting evaluation and accounting checking methods.

(2). The explain about having main accounting mistake and need retrospective restatement in report period

☐ Applicable ☒ Not applicable

(3). The explain about the change of combined statements range compared the last accounting year

☐ Applicable ☒ Not applicable

1. Not the same controlled company merge

(1) Not the same controlled company merge in this year

In RMB'0000

Name	Time-point of Obtained Equity	Obtained Cost of Equity	Ratio of Obtained Equity (100%)	Method of Obtained Equity	Purchasing Date	Determination Basis on the Purchasing Date	Income of Acquire from the Purchasing Date to the End of the Period	Net Profit of Acquire from the Purchasing Date to the End of the Period
Mingshuo (Beijing) Electroic Technology Co., Ltd.	May 31, 2017	5,714.29	36.36	Purchase	May 31, 2017	Obtain a business license	9.40	-37.59
Chuanglianhuatai (Hongkong) Co., Ltd.	Jan 1, 2017		100.00	Purchase	Jan 1, 2017	Obtain a business license	38,664.40	604.68
Tianlonghuatai Industry (Hongkong) Co., Ltd.	Jan 1, 2017		100.00	Purchase	Jan 1, 2017	Obtain a business license		
Dongxu(Xuhua)International Equipment Co., Ltd.	Jan 1, 2017	10.02	55.00	Purchase	Jan 1, 2017	Obtain a business license		-32.00

(2) Consolidation Cost and Goodwill

Items	Mingshuo (Beijing) Electroic Technology Co., Ltd.	Chuanglianhuatai (Hongkong) Co., Ltd.	Tianlonghuatai Industry (Hongkong) Co., Ltd.	Dongxu(Xuhua)International Equipment Co., Ltd.
Consolidation cost				

—Cash	57,142,857.00		100,208.63	57,142,857.00
Total Consolidation cost	57,142,857.00		100,208.63	57,142,857.00
Less: Reduction: Obtained Definable Net Assets Fair Proportion	23,823,179.29	-722,450.89	100,208.63	23,823,179.29
Goodwill/ The Consolidation Cost is Less Than the Obtained Definable Net Assets Fair Proportion	33,319,677.71	722,450.89		33,319,677.71

(3).Identifiable asset and debt brought by the purchaser at purchase day

	Mingshuo (Beijing) Electronic Technology Co., Ltd		ChuanglianHuatai (Hongkong) Co., Ltd.	
	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date
Assets:				
Monetary fund	54, 255, 862. 44	54, 255, 862. 44	108, 530. 20	108, 530. 20
Account receivable	3, 237, 093. 72	3, 237, 093. 72	33, 330, 248. 60	33, 330, 248. 60
Prepayments	337, 280. 70	337, 280. 70		
Other receivable	6, 017, 888. 47	6, 017, 888. 47		
Inventories	3, 410, 416. 00	3, 410, 416. 00		
Other current assets	3, 855, 435. 58	3, 855, 435. 58		
Fixed assets	1, 760, 577. 41	1, 760, 577. 41		
Long-term deferred expenses	11, 000. 00	11, 000. 00		
Intangible assets	16, 381. 78	16, 381. 78		
Other Non-current assets	2, 200. 00	2, 200. 00		
Liability				
Short-term loans			33, 328, 948. 60	33, 328, 948. 60
Bill payable	2, 337, 681. 38	2, 337, 681. 38	690, 688. 59	690, 688. 59
Advance receipts	202, 015. 40	202, 015. 40		
Employees' wage payable	332, 415. 27	332, 415. 27		
Tax payable	59, 542. 45	59, 542. 45		
Other account payable	2, 647, 520. 16	2, 647, 520. 16	141, 592. 50	141, 592. 50

Deferred income tax liability	1, 811, 333. 04	1, 811, 333. 04		
Net assets	65, 513, 628. 40	65, 513, 628. 40	-722, 450. 89	-722, 450. 89
Less: Minority interest	41, 690, 449. 11	41, 690, 449. 11		
Acquire net assets	23, 823, 179. 29	23, 823, 179. 29	-722, 450. 89	-722, 450. 89

	Dongxu(Xuhua)International Equipment Co.,Ltd.	
	Book value on purchase date	Fair value on purchase date
Assets:		
Monetary fund	182, 640. 92	182, 640. 92
Other receivable	4, 294. 43	4, 294. 43
Liability		
Bill payable	4. 737. 84	4. 737. 84
Net assets	182, 197. 51	182, 197. 51
Less: Minority interest	81, 988. 88	81, 988. 88
Acquire net assets	100, 208. 63	100, 208. 63

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

On April 26, 2017, Wuhu Dongxu Optoelectronic Equipment Technology Co.,Ltd and Shangsha Shunyan management company(limited partnership) and Liu Xuehua set up Huan Dongxu Weisheng Smart Technology Co., Ltd.,the total amount of capital contribution agreed in the agreement was RMB 5,000.00 million and,the paid-in capital of Wuhu Dongxu Optoelectronic Equipment Technology Co.,Ltd was RMB 2,550.00 million and,the paid-in capital of Shangsha Shunyan management company(limited partnership) was RMB 1,700.00 million and,the paid-in capital of Liu Xuehua was 750.00 million and the paid-in capital was RMB 5,000.00 million.

On April 26, 2017, Wuhu Dongxu Optoelectronic Equipment Technology Co.,Ltd and Liu Haijun,Liao Xiaoye together set up Hunan Dongxu Delai ElectronicTechnology Co.,Ltd ,with the total amount of capital contribution agreed in the agreement was RMB 5,000.00 million, and the paid-in capital of Wuhu Dongxu Optoelectronic Equipment Technology Co.,Ltd was RMB 2,550.00 million, the paid-in capital of Liu Haijun, was RMB 1,700.00 million, the paid-in capital of Liu Xuehua was 750.00 million and the paid-in capital was RMB 3,688.83815 million.

On April 18, 2017, Wuhu Dongxu Optoelectronic Equipment Technology Co.,Ltd and Changsha Wenchao Manaegment company((limited partnership) and Ning Yongchao together set up Wuhu Dongxu Weiyu Medical Apparatus Technology Co.,Ltd.,with the total amount of capital contribution agreed in the agreement was RMB 10,000.00 million, and the paid-in capital of Wuhu Dongxu Optoelectronic Equipment Technology Co.,Ltd was RMB 5,100.00 million, the paid-in capital of Changsha Wenchao Manaegment company((limited partnership), was RMB 3,400.00 million, the paid-in capital of Ning Yongchao was 1,500.00 million and the paid-in capital was RMB 10,000.00 million.

On April 26, 2017, Wuhu Dongxu Weiyu Medical Apparatus Technology Co.,Ltd set up sidiaries Hunan Dongxu Weiyu Medical Apparatus Technology Co.,Ltd.,with the total amount of capital contribution agreed in the agreement was RMB 2,000.00 million, and the paid-in capital was RMB 2,000.00 million.

On May 8, 2017, Shenzhen Xuhui Investment Co.,Ltd and Taizhou Dongxu Graphene investment fund management centre together merged Mingshuo (Beijing) Electroic Technology Co., Ltd. and its subcompany part shares of Huzhou Mingshuo Optoelectroic Technology Co., Ltd. the total amount of capital contribution agreed in the agreement of Mingshuo (Beijing) Electroic Technology Co., Ltd.was 7,857.1429 million, and the paid-in capital was RMB 4425.5429 million. the paid-in capital of Shenzhen Xuhui Investment Co.,Ltd was RMB2,857.1429 million. the paid-in capital of Taizhou Dongxu Graphene investment fund management centre was RMB1,150.00 million. the paid-in capital of Qian Xinming was RMB385.00 million. the paid-in capital of Jin Xiuzhen was RMB 204.435 million. the paid-in capital of Qian Xinming was RMB385.00 million. the paid-in capital of Chen Wei was RMB759.22 million. the paid-in capital of Wang Yingchao was RMB286.055million, the paid-in capital of Beijing heyi investment partnership company (limited partnership) was RMB1,089.935 million. the paid-in capital of Jiang Wei was RMB143.605million, the paid-in capital of Li Hongleiwas RMB563.255million. the paid-in capital of Zhu Lei was RMB418.495million.

On June 6, 2017, Wuhu Dongxu Weiyu Medical Apparatus Technology Co.,Ltd set up 100% held sidiaries Shandong Qihui Weiyu Medical Apparatus Technology Co.,Ltd.,with the total amount of capital contribution agreed in the agreement was RMB 2,000.00 million, and the paid-in capital was RMB 500.00 million.

On June 29, 2017, Wuhu Dongxu Weiyu Medical Apparatus Technology Co.,Ltd set up 100% held sidiaries Guangdong Dongxu Weiyu Medical Apparatus Technology Co.,Ltd.,with the total amount of capital contribution agreed in the agreement was RMB 2,000.00 million, and the paid-in capital was RMB 000.00 million.

Others

On April 13, 2017, Dongxu Construction group Co.,Ltd merged 100% held sidiaries Hebei Xubao building project Co.,Ltd.,and becomed into subsidiaries.

Dongxu Optoelectronic Technology Co., Ltd.

Chairman: Li Zhaoting

Issue day approved by the Board of Directors: August , 2018