

Stock Code: 000413; 200413

Stock abbreviation: Tunghsu Optoelectronic; Tunghsu B

No: 2019-025

Tunghsu Optoelectronic

2018 Annual Report Summary

I. Important Notice

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

Declaration

All the Company's directors have attended the board meeting for the review of this Report.

Non-standard auditor's opinion

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Whether provident fund reserve for share capital

☐ Yes ☒ No

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: The total share of 5,730,250,118 are the base of Company's total share capital. The Company would distribute cash dividend to all the shareholders at the rate of CNY 0.70 for every 10 shares (with tax inclusive), 0 bonus shares (including tax) and no reserve would be converted into share capital.

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

☐ Applicable ☒ Not applicable

II. Basic information about the Company

1. Company profile

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

The Company is a leading manufacturer of optoelectronic display materials and a comprehensive service provider of intelligent manufacturing. In the field of optoelectronic display materials, With a liquid crystal glass substrate production capacity ranked first in China and fourth in the world, the Company makes a horizontal layout in cover glass originals, cambered cover glass, optical films, color filters, sapphire and other key optoelectronic display materials and stands out with an industrial cluster advantage; in high-end equipment manufacturing, the Company takes advantage of the technology spillover effect of its independently developed complete-set glass substrate manufacturing equipment to fulfill an in-depth exploration for high-end intelligent equipment in the optoelectronic industry chain while extending the high-end equipment manufacturing business to a variety of areas and acting as its important income and profit source; in new energy automobile, the Company takes Sunlong Bus as carrier to spare no effort to promote the development of such sectors as new energy buses and logistics vehicles and work hard to build the new energy automobile business to its another important income and profit source; in addition, the Company develops its main businesses in conjunction with its building installation and electronic communication seen as value-added businesses which supplement its main businesses.

1) Optoelectronic Display Materials Business System

a) LCD glass substrate business

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

b) Other display material business

To strengthen the competitiveness and profitability of its business of display materials and comply with the OLED flexible display development trend, the Company adopts a horizontal industry train extension strategy. Since 2015, it has laid out in cover glass originals, cambered cover glass, optical films, color filters, sapphire and other businesses, hence its business structure has been optimized and industrial cluster effect has taken shape.

Cover glass is intended for protecting touch modules and display screens. The Company has a float-process high-aluminum cover glass substrate original production line with a high-aluminum cover glass substrate original production capacity ranked first in China and third in the world; cambered cover glass is also known as 3D cover glass and characterized by curving flexibility, thinness, transparency, cleanliness, fingerprint resistance, dazzle resistance, weathering resistance, etc. and can promote the touch feelings of intelligent terminal products. The cambered cover glass production line with a production capacity of nearly 5 million sheets built by the Company in 2018 has been available for production and sales in batches. Applicable to flexible display, this product is one of powerful measures taken by the Company to comply with the OLED flexible display development trend; the Company's optical film products can cover diffusion, reflection, prism, composite prism and other sub-areas and are mainly used in TFT-LCD backlight; color filter is a key component for LCD colorization and the Company's staple is G5 color filters; sapphire is extensively applied in LED substrate materials and optical elements among other fields and the Company's current staples include 2-inch and 4-inch LED substrate products.

c) Graphene preparation and industrialization business

The graphene, with excellent optical, electrical, thermal and mechanical properties, has important application prospects in the material science, energy, etc., and it is considered to be a revolutionary new material. In recent years, the Company has highlighted laying out in one of strategic emerging industries--industrial application of graphene. In the report period, the Company successfully kept pace with University of Manchester of UK and

other famous universities and scientific research institutions in the world regarding industrial application of graphene and sped up improving development of its own products using graphene by internationally advanced equipment and technical reserves. Based on such four developed industrial product lines as graphene-based lithium ion battery, graphene electric heating, graphene energy-saving illumination and graphene anti-corrosion coating, the Company made breakthroughs in techniques of preparation of high-quality graphene and its derivative raw materials and kept actively exploring new techniques for preparation of graphene and other two-dimensional materials. At the moment, the Company's products of industrial application of graphene mainly cover all kinds of graphene products, graphene-clad anode materials, graphene-based lithium ion battery, graphene high-power LED series light, graphene intelligent electric heating, graphene anti-corrosion coating, graphene-based solid-state flexible lithium ion battery and other products, some of which have been supplied in batches and sold overseas.

2) High-end equipment and technical services business

By a powerful independent R&D capacity, the Company takes the lead in breaking the international comprehensive mold regarding production equipment and technology and becomes China's only company that has a complete-set liquid crystal glass substrate production process and equipment manufacturing capacity at the same time. After years of development, the Company has completed an in-depth exploration for high-end intelligent equipment in optoelectronic industry chain and kept developing the business market of high-end equipment with a high technology and additional value by the technology spillover effect of its independently developed complete-set glass substrate production equipment in the context that equipment substitutes labor and meets intelligent efficient production in national industrial manufacturing. Step by step, it has become a hi-tech equipment manufacturer that provides design, R&D, and manufacturing of high-end intelligent equipment, semiconductor equipment, and automatic production line equipment for high-end customers in TFT-LCD and OLED panel display industry. Besides, the Company reached out to intelligent platform robotics expected to render a new driver to steady development of its high-end equipment business through M&A of Sanbao Innovation in 2018.

3) New Energy Bus Business

The Company acquired Sunlong Bus in 2017, marking that it is duly stepping into the new energy bus area. At the moment, Sunlong Bus's new energy automobile products including BEV, hybrid, and fuel cell and other new energy commercial vehicles are mainly oriented in Mainland China (save Qinghai and Tibet) and sold in batches to South Korea, Southeast Asia, Middle East, South America, and Africa among other regions. In 2018, Sunlong Bus was ranked in the eighth place for the eighth time regarding sales; by sub-area, Sunlong's new energy highway bus and bus sales were ranked in the fourth and tenth place respectively. In addition to outstanding sales, Sunlong Bus keeps developing new techniques to replace the prior ones and in hydrogen cell bus manufacturing in particular, Since the first hydrogen fuel cell bus was produced in 2007, it has accumulated years of experience. ,

In 2018, the Company made a full range of major types of hydrogen cell buses ranging from 8m to 12m, wherein 10m and 12m urban hydrogen cell buses were successfully incorporated into List of Recommended Types of New Energy Automobiles in Publicity and Application; in intelligent public transportation product manufacturing, Sunlong Bus worked together with DeepBlue Technology to jointly develop an intelligent Panda Bus, implementing scenario-based application of artificial intelligence and offering a new development function for the Company's new energy automobile business.

4) Other businesses

a) Construction & installation business

The Company runs its building installation business supplementing its main businesses in a variety of models such as integrated underground pipe gallery, municipal infrastructure, sponge city, and smart city based on other key sectors, provides infrastructure and construction engineering services in new materials, energy-saving environmental protection, bridge engineering and other areas and makes intelligent products and quality services in conjunction with each other to boost its growth.

b) Electronic communication business

The electronic communication business is a replenishment to the Company's main businesses. The Company integrates high-end equipment and liquid crystal display materials customer resources and uses its mature marketing channels to keep increasing import and export channels for liquid crystal display modules, memory chips, high-end peripheral and complete-built-unit electronic products and render quality integrated services for customers with personalized needs.

3. Major accounting data and financial indicators

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

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

☒Yes ☐No

Reasons for retrospective restatements:

Business merger under the same control.

In RMB

	2018	2017	Changed	2016
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				over last year (%)		
		Before adjustment	After adjustment	After adjustmen t	Before adjustment	After adjustment
Operating revenue (Yuan)	28,211,700,021.12	17,336,364,158.13	17,276,969,039.03	63.29%	7,632,049,549.25	7,631,092,002.07
Net profit attributable to the shareholders of the listed company (Yuan)	2,163,607,505.39	1,743,666,827.25	1,730,174,564.57	25.05%	1,303,685,863.90	1,301,466,332.10
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	2,045,875,472.28	1,539,583,478.72	1,534,569,793.43	33.32%	961,311,896.60	961,311,896.60
Net Cash flow generated by business operation (Yuan)	388,252,004.52	1,265,773,428.34	1,253,178,511.31	-69.02%	748,957,164.24	741,861,295.45
Basic earning per share(Yuan/Share)	0.38	0.33	0.32	18.75%	0.28	0.28
Diluted gains per share(Yuan/Share)(Yuan/ Share)	0.38	0.33	0.32	18.75%	0.28	0.28
Net asset earning ratio (%)	6.83%	7.09%	6.95%	-0.12%	7.55%	7.54%
	End of 2018	End of 2017		Changed over last year (%)	End of 2016	
		Before adjustment	After adjustment	After adjustmen t	Before adjustment	Before adjustment
Gross assets (Yuan)	72,576,122,859.60	67,683,329,226.91	68,611,332,346.16	5.78%	50,287,380,415.68	51,373,374,293.43
Net assets attributable to shareholders of the listed company (Yuan)	32,521,130,925.14	30,922,796,455.46	30,941,044,388.04	5.11%	23,286,206,822.68	23,325,208,072.11

2) Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	4,665,570,392.15	6,464,281,398.73	6,133,715,988.34	10,948,132,241.90
Net profit attributable to the shareholders of the listed company	425,984,601.17	432,311,487.91	456,861,464.93	848,449,951.38
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	391,131,962.40	420,213,516.37	440,653,348.34	793,876,645.17
Net Cash flow generated by business operation	-1,057,540,776.02	1,141,158,063.68	-599,044,017.62	903,678,734.48

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

☐ Yes ☒ No

4 Share capital and shareholders

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

In Share

Total number of common shareholders at the end of the reporting period	350,362(including 333,148 shareholdders hoding A shares and 17214 shareholders holding B shares)	Total shareholders at the end of the month from the date of disclosing the annual report	357,654(including340,582 shareholdders hoding A shares and 17072 shareholders holding B shares)	The total number of preferred shareholders voting rights restored at period-end (if any)(See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report(if any)(See Notes 8)	0
Particulars about shares held above 5% by shareholders or top ten shareholders							
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end Changes in reporting period	Amount of restricted shares held	Number of share pledged/frozen		
					State of share	Amount	
Tunghsu Group	Domestic Non -State-owned legal person	15.97%	915,064,091	352,006,791	Pledge	799,643,042	
Shijiazhuang Baoshi Electronic Group Co., Ltd.	Domestic Non -State-owned legal person	5.80%	332,382,171		Pledge	153,520,000	

Shanghai Huimao Enterprise Management Co., Ltd.	Domestic Non-State-owned legal person	4.58%	262,626,262	262,626,262	Pledge	80,240,722
Minsheng Royal Fund Management Co., Ltd. — Ping An Bank-Daye Trust Zengli 2 single Fund Trust	Other	1.70%	97,192,224			
Qianhai equity investment fund (limited partnership)	Domestic Non-State-owned legal person	1.45%	83,341,345			
Tunghsu Optoelectronic Technology Co., Ltd. — The first ESOP	Other	1.27%	72,639,296			
Beixin Ruifeng Fund — China Merchants Bank — Daye Trust — Daye Trust Profit increase 3 single fund plan	Other	1.08%	62,095,032			
Shenzhen Taianer Information Technology Co., Ltd.	Domestic Non-State-owned legal person	1.07%	61,165,682		Pledge	55,265,682
Zhonghai Trust Co., Ltd. — Zhonghai Trust — Tunghsu Optoelectronic ESOP pooled Fund trust	Other	0.92%	52,555,280			
China Life AMP Asset Management Co.,	Other	0.85%	48,619,336			

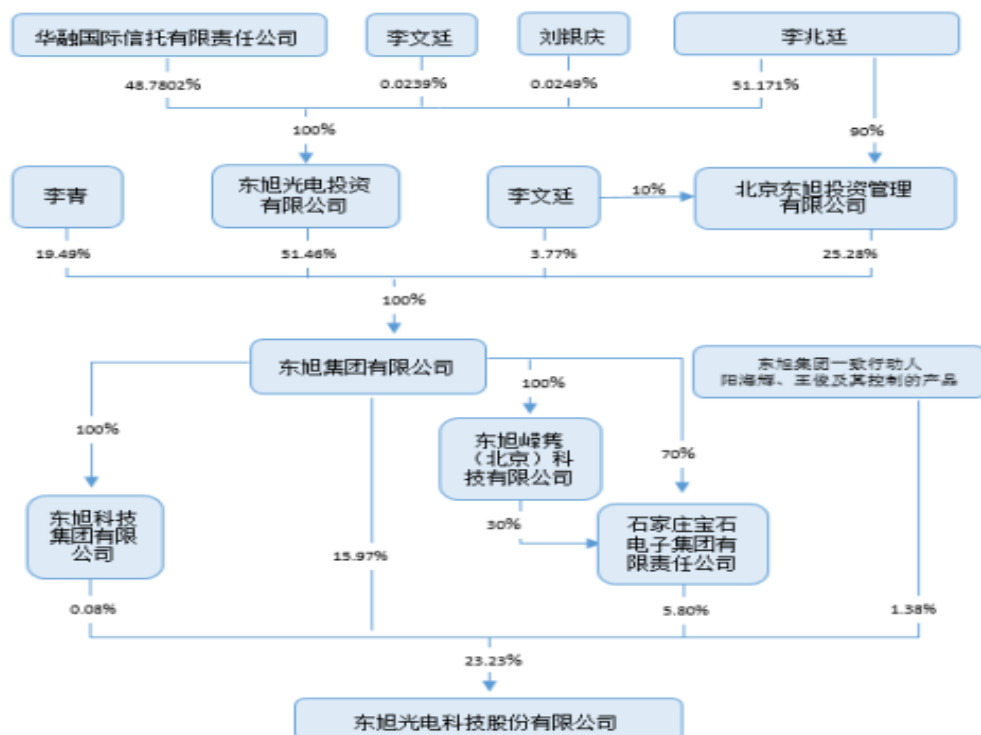
Ltd. — Bohai Bank — Minsheng Trust — China Minsheng Trust-Zhicheng No.192 Tunghsu Optoelectronic Private placement fund trust plan						
Explanation on shareholders participating in the margin trading business	The top 10 tradable shareholders of Shijiazhuang Baoshi Electronic Group Co., Ltd. and the top ten shareholders of Tunghsu Group Co., Ltd. have relationship and constitute persons taking concerted action.					
Notes to the shareholders involved in financing securities (if any)(See Notes 4)	Not applicable					

2) Total preference shareholders and the shares held by the top 10 preference shareholders

□ Applicable √ Not applicable

No preference shares in the Company.

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



5 Corporation bonds

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

Yes

1) Basic information of the corporate bonds

Bond Name	Abbreviated Bond Name	Code	Date Due	Bond Balance (RMB10,000)	Interest Rate
2015- corporate bond of Tunghsu Optoelectronic Technology Co., Ltd	15 Tunghsu bonds	112243	May 19,2020	95,200	6.68%
Information about interest paid and bonds honored during the reporting period		The first period bond interest 60,000,000.00 was paid in full amount on schedule in the current period			

2) Information about the rating of the corporate bonds

On June 14, 2018, United Ratings Co., Ltd. issued trace rating report LHPZ [2018] No.960 based on the company's 2016 Annual Report. By tracking and rating the long-term credit status of the main body of the company and corporate bonds publicly issued by the company, the rating results is determined as the long-term credit rating AA+, and its outlook is "Steady". (For details, please refer to the "Tracking Rating Announcement" of the company disclosed on www.cninfo.com on June 16, 2018)

According to the United Rating Co.,Ltd's requirements on tacking and rating, a regular rating shall be carried out within 2 months after the company's disclosure of 2018 annual report. Also, the United Rating Co.,Ltd shall carry out randomly tracking and rating during the duration of the corporate bonds based on relevant information.

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

In RMB10,000

Items	2018	2017	Rate of change in the same period
Debt ratio	53.95%	53.11%	0.84%

EBITDA/Total debts	12.51%	12.19%	0.32%
Interest coverage ratio	36.79	22.23	65.50%

III. Discussion and Analysis of the Management

1. Business Operation summary in the reporting period

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

No

In 2018, Tunghsu Optoelectronic kept forging ahead despite the difficulty and challenge. In the report period, the Company's management and employees made consorted efforts to steadily push forward all its production and operation activities and advanced all the work concerning operation plans worked out by its board of directors. In 2018, the Company kept innovating based on the prior results and focused on technical innovation to proceed with upgrading and growth of the existing industry. In the context that industrial collaboration and cluster effect drove each other, the Company further optimized its industry chain layout in optoelectronic display materials, high-end intelligent manufacturing, new energy automobile and graphene and promoted production capacity and growth to implement rapid and efficient growth. In the report period, the Company took the initiative to blaze new trails in a pioneering spirit and forge ahead with determination. It implemented an operating income of RMB 28.212 billion, up 63.29% compared with 2017; it implemented a net profit attributable to listed company shareholders of RMB 2.153 billion, up 24.43% compared with 2017.

1) Optoelectronic display material business

a) Ever-rising performance driven by advanced glass substrate business

In 2018, an increase in the demand for jumbo display screens at panel market drove an ever-increasing demand for display screen glass substrates. In the context, the Company's glass substrate production agreed with the demand of liquid crystal panels, leading a steady development in its glass substrate business. At the moment, the Company has five liquid crystal glass substrate production bases located at Zhengzhou, Shijiazhuang, Wuhu, Fuzhou and Yingkou and more than 20 liquid crystal glass substrate production lines covering G5, G6 and G8.5 liquid crystal glass substrate products and can provide high-quality glass substrate products for downstream panel customers with different dimension needs. In compliance with the development trend and technical reform of jumbo and multi-screen times, the Company effectively yield and output rate of jumbo liquid crystal glass substrates, lowers production cost and boosts stable growth of performance. In the report period, the Company took advantage of strengths of multiple dimensions and types of liquid crystal glass substrate products and full coverage of major panel manufacturers in Mainland China and Taiwan including BOE, Century Technology (Shenzhen) Corporation, Infovision Optoelectronics, Shenzhen Tianma, AU Optronics, etc. to implement a sales income of RMB 4.716

billion in the year. In the report period, the project of "key techniques for highly uniform ultra-clean glass substrate for optoelectronic display, equipment development and industrialization" which the Company's wholly-owned subsidiaries including Wuhu Equipment, Wuhu Optoelectronic, Zhengzhou Xufei, and Shijiazhuang Xuxin got involved in won the first prize regarding substrates in the 2018 "National Award for Science and Technology Progress" awarded by the State Council of the People's Republic of China.

b) Company's accumulation of OLED display glass substrate techniques under a horizontal layout

In the wake of breakthrough in and demand for flexible display techniques on market, it is expected that flexible display screens will boom in the future. In the context, the Company complies with the OLED flexible display screen trend and makes an optimal horizontal layout in high-aluminum cover glass substrate, cambered cover glass, optical film, color filter and other key optoelectronic display materials that apply to flexible display area. In the report period, the Company implemented bulk supply to downstream, which became a new performance growth point step by step.

In 2018, the Company's wholly-owned subsidiary Xuhong Optoelectronics built and put into production and sales a cover glass production line for cambered display with an annual capacity of nearly 5 million sheets. Its best product "Panda King" cover glass made a significant breakthrough in flexibility--implementing 360 °bending and breaking the international technical monopoly. Characterized by fall resistance, scratch resistance, high transmittance, high touch sensitivity, etc., "Panda King" won the first prize of 2018 Sichuan Patent Award and was successfully incorporated into the raw material supply chain of such distinguished terminal brands as Huawei, MIUI, LG, Lenovo and VIVO through finish machining of such downstream customers as Lens Technology, Biel Optoelectronics, Junda Optoelectronics, Firstar Panel Technology and Dongguan Xuhong. The cover project of "complete-set techniques for mass production of high-strength ultra-thin float-process aluminosilicate screen protection glass, application and development" which Xuhong Optoelectronics got involved in won the second prize regarding covers in the 2018 "National Award for Science and Technology Progress" awarded by the State Council of the People's Republic of China.

In the report period, the Company's first G5 color filter production line for TFT-LCD was put into trial production, effectively raising the additional value of the existing G5 liquid crystal glass substrate products.

c) Acceleration of industrialization of graphene by building an alliance of international giants for cooperation

Seizing the academic commanding height and conducting international industrial cooperation and integrated linkage, the Company entered into a Manchester with British University of Manchester and UG2M to address key problems in product engineering at the current stage and accelerate improving its own product development

system based on worldwide advanced equipment and top technical reserves of University of Manchester. The Company established a partnership with UG2M--a British company taking the lead in graphene to jointly drive industrialization of graphene and technical promotion in this respect and incubate products applied in the graphene industry, laying a foundation for selling products in China and around the world. The "Super Light" graphene product launched by the Company's holding subsidiaries including Huzhou Mingshuo and Mudanjiang Mingshuo won bids for roadway lighting projects at Hangzhou, Puyang, Zhangjiakou, Mudangjiang, etc., indicating that graphene high-power LED street lamp product has been recognized on market step by step by its own outstanding advantages to further promote its mass industrialization which will have a positive impact on the business performance of the Company's graphene business sector. In 2018, the Company's graphene business sector implemented an operating income of RMB 181 million.

2) Intelligent manufacturing service system

Steady promotion of equipment and technical services with sustainable effort

Based on years of experience in electronic glass equipment manufacturing and rapid growth of China's high-end equipment manufacturing in recent years and guided by a good policy environment, the Company has completed an in-depth exploration for high-end intelligent equipment in optoelectronic industry chain and shifted its spending from traditional sectors to strategic emerging sectors and development from the equipment technology market needed to the business market of high-end equipment with a high technology and additional value. Step by step, it has become a hi-tech equipment manufacturer that provides design, R&D, and manufacturing of high-end intelligent equipment, semiconductor equipment, and automatic production line equipment for high-end customers in TFT-LCD and OLED panel display industry. The Company spares no effort to foster and develop the high-end intelligent equipment manufacturing seen as a strategic option to seize economic and technological development commanding height in the future. In the report period, the Company acquired Sanbao Innovation to reach out to intelligent manufacturing service robotics from high-end equipment manufacturing. As a result of the industrial upgrading, the Company improved its competitive edge. And in the wake of ever-rising market demand, the Company took a steady flow of high-end equipment manufacturing orders. In 2018, the Company's business of high-end equipment and technical services implemented a continuously but steadily rising operating income of RMB 8.388 billion, attributable to orders for high-end equipment including optoelectronic display equipment and semiconductor equipment concluded with BOE, Yuansheng Optoelectronics, China Star Optoelectronics, Xiamen Tianma, and Shiya Technology among other companies.

3) New Energy Bus Business

New energy automobile business complying with the situation and forging ahead despite the downturn

Only the toughest grass can stand strong winds; fire is the test of gold. In review of the 2018 new energy bus

market, in the context of tighter subsidy policy, restricted capacity increase and slowdown in technical updating and upgrading, emerging and booming Sunlong Bus built a new pattern by its own comprehensive strength in this round of shuffle in the industry. In 2018, Sunlong sold 5,658 new energy buses and earned a sales income of RMB 4.258 billion, ranked in the eighth place in the industry with an increase of 69.39%. In the report period, the Company's hydrogen cell bus won the bid for the Zhangjiakou downtown bus purchase project to provide green travel services for citizens of Zhangjiakou during the 2022 Beijing-Zhangjiakou Olympic Winter Games and put into practice the philosophy of green Olympic Winter Games. Till the end of the report period, it covered 8-12m major types of hydrogen cell buses, among which, 10m and 12m hydrogen cell city buses were successfully incorporated into the List of Recommended Types of New Energy Automobiles in Publicity and Application and many hydrogen cell city buses were displayed at international exhibitions. In the corresponding period, the Company's wholly-owned subsidiary Guangxi Sunlong became a military supplier of Back Service Department of Central Military Commission, driving the Company's new products to be steadily launched on military supply market and assuring the Company's strategic development. Besides, the Company is planning a new energy automobile industry base layout covering East China, West China, South China and North China and building a Tunghsu New Energy Automobile Industry Cluster. After this project is completed and put into production, the Company's new energy automobile business sector will act in line with the situation, boosting development of China's new energy automobile industry and driving development of new energy, new materials, Internet of Things, automatic drive, artificial intelligence and other strategic emerging industries concerned.

4) Other value-added business systems

Progress with maintained stability in conjunction with building installation business and electronic communication business

Building installation engineering business and electronic communication business supplement the Company's main businesses. In the report period, the Company run its building installation business by providing infrastructure and construction engineering services in new materials, energy-saving environmental protection, bridge engineering and other areas and making intelligent products and quality services in conjunction with each other in a variety of models such as integrated underground pipe gallery, municipal infrastructure, sponge city, and smart city based on other key sectors to boost its growth. In addition, the Company maintained an ever-rising momentum in the electronic communication business. Under the industrial collaboration effect, the Company made use of high-end equipment and liquid crystal display materials customer resources and its mature marketing channels to keep increasing import and export channels for liquid crystal display modules, memory chips, high-end peripheral and complete-built-unit electronic products and render quality services for customers with personalized needs. In 2018, the Company's building installation engineering business and electronic communication business implemented an operating income of RMB 5.28 billion and RMB 3.63 billion respectively.

2. Material change in principal activities during the reporting period☐ Yes ☒ No**3. Products accounting for over 10% of revenue or profit from principal activities of the Company**☐ Applicable ☒ Not applicable**4. Seasonal or cyclical operations requiring special attention**☐ Yes ☒ No**5. Material difference of revenue, operating costs or net profit attributable to holders of ordinary shares of the Company for the reporting period from the last reporting period**☐ Applicable ☒ Not applicable**6. Suspension in trading or delisting**☐ Applicable ☒ Not applicable**7. Events relating to the financial report****1) Explanation change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year**☒ Applicable ☐ Not applicable

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

On June 26, 2018, The Ministry of Finance issued the Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2018 (Caikuai [2018] No. 15).

The impact of the implementation of this accounting policy by the Company on the presentation of the items and amounts of the prior financial statements is as follows:

No	Name of affected item in the statements	Affected amount of December 31, 2017 / 2017 Increase + / decrease -
1	Notes receivable	-538,128,584.84
	Account receivable	-7,912,616,302.75
	Notes receivable & account receivable	8,450,744,887.59
2	Interest receivable	-49,456,785.29
	Other receivable	49,456,785.29
3	Notes payable	-1,063,897,679.89
	Account payable	-4,602,026,192.66
	Notes payable & account payable	5,665,923,872.55
4	Interest payable	-106,119,769.42
	Dividend payable	-35,000,000.00
	Other payable	141,119,769.42
5	Management expenses	-256,991,555.91
	R & D expenses	256,991,555.91

(2) Explanation retrospective restatement due to correction of significant accounting errors in the reporting period.

☐ Applicable ☒ Not applicable

Nil

(3) Explanation change of the consolidation scope as compared with the financial reporting of last year.

☒ Applicable ☐ Not applicable

a) Enterprise consolidation not under the same control

Name of Acquirer	Time-point of Obtained Equity	Obtained Cost of Equity	Ratio of Obtained Equity (100%)	Method of Obtained Equity	Purchasing Date	Determination Basis on the Purchasing Date	Income of Acquire from the Purchasing Date to the End of the Period	Net Profit of Acquire from the Purchasing Date to the End of the Period
Shenzhen Sanbao Innovation Intelligence Co., Ltd.	May 30, 2018	157,598,587.50	67.00%	Enterprise consolidation not under the same control	May 30, 2018	Acquisition of control	7,659,108.35	-12,733,040.13
Zhongcheng	May 30,	140,000,000.00	70.00%	Enterprise	March 30,	Acquisition of		-7,172,706.59

National construction 1Co., Ltd.	2018			consolidation not under the same control	2018	control		
Huaxi Nanchong Automobile Co., Ltd.	April 4, 2018	56,000,000.00	100.00%	Enterprise consolidation not under the same control	April 4, 2018	Acquisition of control		

b) Business combination under the same control

In 10,000 yuan

Name	Proportion	Basis	Combination date	Recognition basis of the combination date	income of the combined party from the beginning of the current period to the date of merger	Net profit of the merged party from the beginning of the current period to the date of merger	Income of the merged party during the comparison period	Net profit of the merged party during the comparison period
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	65.00%	Parent Company	June 30, 2018	Pay the consideration and control the operation	27,289,664.99	-11,435,425.33	16,069,429.21	-13,043,965.22

c) The disposal of subsidiary

Name	Equity disposal price	Proportion	Disposal way	Time of loss of control	Basis	difference between the disposal price and the disposal of the investment in the consolidated financial statements at the level of the net assets of the
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						subsidiary
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.	550,000,000.00	51.00%	Sales	April 28, 2018	Received the consideration, completed the transfer of property rights, lost control	3,182,206.12

Continued

Name	Proportion of remaining equity on the date of loss of control	Book value of the remaining equity on the date of loss of control	Fair value of the remaining equity on the date of loss of control	Re-measure the gain or loss arising from the remaining equity at fair value	Method for determining the fair value of the remaining equity on the date of loss of control and main assumptions	Amount of other comprehensive income related to Atomic Company's equity investment transferred to investment gains and losses
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.	0.00%	0.00	0.00	0.00	0.00	0.00

4 Subsidiary increased due to new establishment in this period

- 01) On March 8, 2018, Shenzhen Xuhui Investment Holding Co., Ltd and Jiangxi University of Science and Technology set up a subsidiary-Beijing Xujiang Technology Co., Ltd., with the registered capital of RMB 22.7345 million and the paid-up capital of RMB 22.7345 million. Of which, Shenzhen Xuhui Investment Holding Co., Ltd. Subscribed and pays RMB 12 million, holding 52.78% of the shares. Jiangxi University of Science and Technology subscribed and pays RMB 10.7345 million, holding 47.22% of the shares.
- 02) On March 23, 2018, Mingshuo(Beijing) Electronic Technology Co., Ltd. set up a wholly-owned subsidiary-Mudanjiang Mingshuo Optoelectronic Technology Co., Ltd., With the registered capital of RMB 30 million and the paid-up capital of RMB 2 million.
- 03) On May 17, 2018, Tunghsu Construction Group Co., Ltd. set up a wholly-owned subsidiary- Luoyang Construction Engineering Co., Ltd., With the registered capital of RMB 100 million and the paid-up capital of RMB 100 million.
- 04) On July 16, 2018, Mingshuo(Beijing) Electronic Technology Co., Ltd. set up a wholly-owned subsidiary-Zaozhuang Mingshuo Optoelectronic Technology Co., Ltd., With the registered capital of RMB 30 million and the paid-up capital of RMB 10,000.
- 05) On July 26, 2018, Jiangsu Yitai Intelligent Equipment Co., Ltd. acquired equity of Tunghsu Ruiqi (Beijing)

Technology Co., Ltd. With the registered capital of RMB 20 million , Jiangsu Tunghsu Yitai Intelligent Equipment Co., Ltd. holds 51% of the shares, Liu Yang holds 32% of the shares, Xiajinlong holds 17% of the shares.

- 06) November 6,2018, Tunghsu Optoelectronic Technology Co., Ltd.set up a wholly-owned subsidiary-Anhui Xuan Optoelectronic Technology Co., Ltd., With the registered capital of RMB 1 million and the paid-up capital of RMB10 million.

Tunghsu Optoelectronic Technology Co., Ltd.

Chairman: Wang Lipeng

Issue day approved by the Board of Directors: April 29,2019