

BOE Technology Group Co., Ltd.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS  
FOR THE YEAR 1 JANUARY 2018 TO 31 DECEMBER 2018  
IF THERE IS ANY CONFLICT OF MEANING BETWEEN THE CHINESE VERSION  
AND ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

## **AUDITORS' REPORT**

毕马威华振审字第 1901566 号

All Shareholders of BOE Technology Group Co., Ltd.:

### **Opinion**

We have audited the accompanying financial statements of BOE Technology Group Company Limited ("BOE"), which comprise the consolidated and parent company's balance sheet as at 31 December 2018, the consolidated and parent company's income statement, the consolidated and parent company's cash flow statement, and the consolidated and parent company's statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position of BOE as at 31 December 2018, and its consolidated and parent company's financial performance and cash flows of BOE for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

### **Basis for opinion**

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. . We are independent of BOE in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## AUDITOR'S REPORT (continued)

毕马威华振审字第 1901566 号

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 23 and “V. Notes to the consolidated financial statements” 36.	
The Key Audit Matter	How the matter was addressed in our audit
<p>The revenue of BOE and its subsidiaries (“BOE Group”) is mainly derived from the sales of products relating to display device across the domestic and overseas market.</p> <p>The sales contracts/orders signed between BOE Group and its customers (mainly electronic equipment manufacturers) contain various trading terms. BOE Group judges the transfer timing of major risks and rewards according to the trading terms, and recognizes revenue accordingly. Depending on the trading terms, the income is usually recognized when the goods are delivered and received, or when they are received by the carrier.</p> <p>We identified the recognition of BOE Group’s revenue as a key audit matter because revenue, as one of BOE Group’s key performance indicators, involves various trading terms, and there is an inherent risk that revenue may not be recognized in a correct period.</p>	<p>Our audit procedures to evaluate revenue recognition included the following:</p> <ul style="list-style-type: none"><li>• Evaluate the design and operation effectiveness of key internal controls related to revenue recognition;</li><li>• Check key sales contracts/orders on a sampling basis to identify relevant trading terms, and evaluate whether the accounting policies for revenue recognition of BOE Group meet the requirements of the Enterprise Accounting Standards;</li><li>• On a sampling basis and according to different trading terms, reconcile the revenue recorded in the current year to relevant supporting files such as relevant orders, shipping orders, sales invoices, customs declarations, delivery receipts, etc. to evaluate whether revenue is recognized in accordance with the accounting policy of BOE Group;</li><li>• On a sampling basis and according to different trading terms, cross check the revenue recorded before and after the balance sheet date against relevant supporting files such as relevant orders, shipping orders, sales invoices, customs declarations, delivery receipts, etc. to evaluate whether revenue is recorded in the appropriate period;</li></ul>

## AUDITORS' REPORT (continued)

毕马威华振审字第 1901566 号

### Key Audit Matters (continued)

Revenue recognition	
Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 23 and “V. Notes to the consolidated financial statements” 36.	
The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"><li>• Select a sample based on the characteristics and nature of customer's transaction, and perform certification on the balance of accounts receivable as at the balance sheet date and the sales transaction amount during the current year;</li><li>• On a sampling basis, check the written-back of revenue after the balance sheet date (including sales discounts and sales returns, etc.) with relevant supporting documents to assess whether revenue is recorded in the appropriate period;</li><li>• Select revenue accounting entries that meet specific risk criteria and check related supporting documents.</li></ul>

## AUDITORS' REPORT (continued)

毕马威华振审字第 1901566 号

### Key Audit Matters (continued)

<b>Book value of fixed assets and construction in progress</b>	
Refer to the accounting policies set out in the notes to the financial statements “III. Significant accounting policies and accounting estimates” 14, 15 and “V. Notes to the consolidated financial statements” 10, 11.	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>BOE Group continued to invest in building production lines of display device to expand its production capacity. As at 31 December 2018, the book value of fixed assets and construction in progress amounted to RMB 184.58 billion.</p> <p>The judgement made by the management on the following aspects will affect the book value of fixed assets and construction in progress, including:</p> <ul style="list-style-type: none"> <li>• Determine which type of expenditures are qualified for capitalization;</li> <li>• Determine the timing for transferring construction in progress to fixed assets and making depreciation;</li> <li>• Estimate the useful life and residual value of corresponding fixed assets.</li> </ul> <p>We identified the book value of fixed assets and construction in progress of BOE Group as a key audit matter because the valuation of the book value of fixed assets and construction in progress involves significant judgement from the management and it is of importance to the consolidated financial statements.</p>	<p>Our audit procedures to assess the book value of fixed assets and construction in progress included the following:</p> <ul style="list-style-type: none"> <li>• Evaluate the design and operation effectiveness of key internal controls (including estimating useful life and residual values, etc.) related to the integrity, existence and accuracy of fixed assets and construction in progress;</li> <li>• Check the physical status of construction in progress and fixed assets on a sampling basis;</li> <li>• Check capital expenditures with relevant supporting documents (including purchase agreements/ orders, acceptance orders, engineering construction contracts, project progress reports, etc.) on a sampling basis;</li> <li>• Assess whether the capitalized commissioning expenses for the current year are in compliance with relevant capitalization conditions; check the commissioning expenses with relevant supporting documents on a sampling basis;</li> <li>• On the basis of sampling, assess the timing for transferring construction in progress to fixed assets, through the inspection of commissioning situation and the documents for transferring construction in progress to fixed assets;</li> <li>• Based on our understanding of industry practices and actual operating conditions of assets, we evaluate the management's estimation of the useful life and residual value of fixed assets.</li> </ul>

## **AUDITORS' REPORT (continued)**

毕马威华振审字第 1901566 号

### **Other Information**

BOE's management is responsible for the other information. The other information comprises all the information included in 2018 annual report of BOE, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of BOE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless BOE either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of BOE.

## **AUDITORS' REPORT (continued)**

毕马威华振审字第 1901566 号

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BOE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BOE to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **AUDITORS' REPORT (continued)**

毕马威华振审字第 1901566 号

### **Auditor's Responsibilities for the Audit of the Financial Statement (continued)**

- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within BOE to express an opinion on the financial statements. We are responsible for the instruction, supervision and execution of Conch Group's audit, and assume full responsibility for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Certified Public Accountants  
Registered in the People's Republic of  
China

Zhang Huan (Engagement Partner)

Beijing, China

Liu Jingyuan

23 March 2019



BOE Technology Group Co., Ltd.  
Consolidated balance sheet as at 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	31 December 2018	31 December 2017	1 January 2017
Assets				
Current assets:				
Cash at bank and on hand	V. 1	51,481,539,711	57,128,659,576	58,152,817,223
Bills receivable and accounts receivable	V. 2	20,537,462,095	16,347,031,379	17,561,628,267
Prepayments	V. 3	770,633,448	587,126,751	708,511,473
Other receivables	V. 4	2,454,174,971	818,024,132	1,028,210,989
Inventories	V. 5	11,985,398,172	8,957,719,381	7,833,138,532
Non-current assets due within one year		-	17,303,152	66,321,715
Other current assets	V. 6	<u>12,463,073,779</u>	<u>15,924,433,978</u>	<u>5,691,200,226</u>
Total current assets		<u>99,692,282,176</u>	<u>99,780,298,349</u>	<u>91,041,828,425</u>
Non-current assets:				
Available-for-sale financial assets	V. 7	734,022,359	859,899,356	622,502,556
Long-term equity investments	V. 8	2,389,166,886	6,928,854,415	1,356,111,395
Investment properties	V. 9	1,283,867,651	1,296,662,205	1,192,932,896
Fixed assets	V. 10	128,157,730,995	88,625,296,761	69,947,586,967
Construction in progress	V. 11	56,423,354,887	50,761,250,426	33,008,248,720
Intangible assets	V. 12	5,937,679,394	2,982,664,308	3,136,873,387
Goodwill	V. 13	904,370,509	197,963,688	197,963,688
Long- term deferred expenses	V. 14	360,640,853	379,829,430	344,891,227
Deferred tax assets	V. 15	252,373,622	106,255,657	146,538,565
Other non-current assets	V. 16	<u>7,893,002,053</u>	<u>4,189,767,254</u>	<u>4,139,533,216</u>
Total non-current assets		<u>204,336,209,209</u>	<u>156,328,443,500</u>	<u>114,093,182,617</u>
Total assets		<u>304,028,491,385</u>	<u>256,108,741,849</u>	<u>205,135,011,042</u>

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated balance sheet (continued) as at 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	31 December 2018	31 December 2017	1 January 2017
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans	V. 17	5,449,954,885	3,249,736,430	4,916,965,507
Bills payable and accounts payable	V. 18	22,805,065,888	16,749,587,533	14,475,878,126
Advances from customers	V. 19	1,218,934,743	781,324,522	548,942,714
Employee benefits payable	V. 20	2,224,931,171	2,217,066,944	1,542,852,266
Taxes payable	V. 21	970,108,298	775,621,146	656,351,894
Other payables	V. 22	22,956,979,828	16,122,413,130	15,081,535,166
Non-current liabilities due within one year	V. 23	5,597,563,204	9,109,708,511	3,684,236,935
Other current liabilities	V. 24	<u>1,004,557,061</u>	<u>730,709,590</u>	<u>532,983,474</u>
Total current liabilities		<u>62,228,095,078</u>	<u>49,736,167,806</u>	<u>41,439,746,082</u>
Non-current liabilities				
Long-term loans	V. 25	94,780,077,864	78,973,633,010	49,885,166,211
Bonds payable	V. 26	10,288,666,233	9,966,467,496	9,956,719,508
Long-term payables	V. 27	1,416,092,239	1,176,250,982	1,261,446,565
Provisions	V. 28	16,457,010	16,457,010	16,457,010
Deferred income	V. 29	2,187,558,533	2,261,955,307	2,494,122,929
Deferred tax liabilities	V. 15	1,419,373,545	563,302,910	448,625,054
Other non-current liabilities	V. 30	<u>11,334,873,322</u>	<u>9,130,244,495</u>	<u>7,616,672,523</u>
Total non-current liabilities		<u>121,443,098,746</u>	<u>102,088,311,210</u>	<u>71,679,209,800</u>
Total liabilities		<u>183,671,193,824</u>	<u>151,824,479,016</u>	<u>113,118,955,882</u>

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated balance sheet (continued) as at 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	31 December 2018	31 December 2017	1 January 2017
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital	V. 31	34,798,398,763	34,798,398,763	35,153,067,743
Capital reserve	V. 32	38,213,100,596	38,585,515,122	39,031,357,529
Less: Treasury shares		-	-	314,350,824
Other comprehensive income	V. 33	(125,258,252)	150,602,933	75,718,703
Surplus reserve	V. 34	1,152,626,310	889,640,475	743,139,855
Retained earnings	V. 35	11,817,881,286	10,385,659,084	4,011,055,487
Total equity attributable to shareholders of the Company		<u>85,856,748,703</u>	<u>84,809,816,377</u>	<u>78,699,988,493</u>
Non-controlling interests		<u>34,500,548,858</u>	<u>19,474,446,456</u>	<u>13,316,066,667</u>
Total shareholders' equity		<u>120,357,297,561</u>	<u>104,284,262,833</u>	<u>92,016,055,160</u>
Total liabilities and shareholders' equity		<u>304,028,491,385</u>	<u>256,108,741,849</u>	<u>205,135,011,042</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun Chief Executive Officer  (Signature and stamp)	Sun Yun Chief Financial Officer  (Signature and stamp)	Yang Xiao Ping Financial Officer  (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company balance sheet as at 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	31 December 2018	31 December 2017	1 January 2017
Assets				
Current assets:				
Cash at bank and on hand	XIV. 1	3,829,814,050	2,990,801,501	7,649,349,412
Bills receivable and accounts receivable	XIV. 2	38,452,623	39,897,385	246,051,213
Prepayments		25,020,734	10,315,083	7,462,061
Other receivables	XIV. 3	2,015,828,460	1,835,131,720	2,658,651,974
Inventories		9,289,141	12,751,847	12,069,865
Non-current assets due within one year		450,000,000	3,648,840,000	-
Other current assets	XIV. 4	<u>47,805,096</u>	<u>61,082,075</u>	<u>25,504,074</u>
Total current assets		<u>6,416,210,104</u>	<u>8,598,819,611</u>	<u>10,599,088,599</u>
Non-current assets:				
Available-for-sale financial assets	XIV. 5	128,297,254	149,269,107	177,166,908
Long-term equity investments	XIV. 6	143,499,733,485	121,193,680,391	99,918,451,449
Investment properties		290,253,475	292,544,063	164,540,581
Fixed assets		969,371,352	982,985,346	862,860,227
Construction in progress		251,314,313	274,400,649	468,494,838
Intangible assets		514,186,496	530,490,988	624,007,700
Long-term deferred expenses		99,701,797	112,776,691	98,745,001
Deferred tax assets	XIV. 7	290,794,548	150,206,185	47,679,645
Other non-current assets		<u>284,243,667</u>	<u>480,909,226</u>	<u>4,010,146,153</u>
Total non-current assets		<u>146,327,896,387</u>	<u>124,167,262,646</u>	<u>106,372,092,502</u>
Total assets		<u>152,744,106,491</u>	<u>132,766,082,257</u>	<u>116,971,181,101</u>

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company balance sheet as at 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	31 December 2018	31 December 2017	1 January 2017
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans		1,000,000,000	-	-
Bills payable and accounts payable		35,322,286	50,152,503	34,015,337
Advances from customers		1,577,035,515	1,375,022,585	1,093,593,891
Employee benefits payable	XIV. 8	201,139,261	283,000,193	169,917,103
Taxes payable		250,558,556	119,584,927	80,897,741
Other payables	XIV. 9	8,209,736,090	10,032,392,970	11,079,505,355
Non-current liabilities due within one year		<u>2,590,000,000</u>	<u>4,031,840,000</u>	<u>100,000,000</u>
Total current liabilities		<u>13,863,791,708</u>	<u>15,891,993,178</u>	<u>12,557,929,427</u>
Non-current liabilities				
Long-term loans	XIV. 10	26,520,000,000	23,943,000,000	18,922,400,000
Bonds payable		9,976,533,425	9,966,467,496	9,956,719,508
Deferred income	XIV. 11	5,523,949,841	130,652,127	148,987,694
Other non-current liabilities		<u>20,954,104,125</u>	<u>7,600,000,000</u>	<u>-</u>
Total non-current liabilities		<u>62,974,587,391</u>	<u>41,640,119,623</u>	<u>29,028,107,202</u>
Total liabilities		<u>76,838,379,099</u>	<u>57,532,112,801</u>	<u>41,586,036,629</u>

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company balance sheet as at 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	31 December 2018	31 December 2017	1 January 2017
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital	V. 31	34,798,398,763	34,798,398,763	35,153,067,743
Capital reserve	XIV. 12	37,590,966,191	37,588,541,593	38,157,600,408
Less: Treasury shares		-	-	314,350,824
Other comprehensive income	XIV. 13	(28,507,585)	192,097,489	152,323,461
Surplus reserve	V. 34	1,152,626,310	889,640,475	743,139,855
Retained earnings	XIV. 14	<u>2,392,243,713</u>	<u>1,765,291,136</u>	<u>1,493,363,829</u>
Total shareholders' equity		<u>75,905,727,392</u>	<u>75,233,969,456</u>	<u>75,385,144,472</u>
Total liabilities and shareholders' equity		<u>152,744,106,491</u>	<u>132,766,082,257</u>	<u>116,971,181,101</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun Chief Executive Officer (Signature and stamp)	Sun Yun Chief Financial Officer (Signature and stamp)	Yang Xiao Ping Financial Officer (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated income statement for the year ended 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	2018	2017
I. Operating income	V. 36	97,108,864,935	93,800,479,215
II. Less: Operating costs	V. 36	77,306,224,288	70,282,477,585
Taxes and surcharges	V. 37	778,606,126	708,381,529
Selling and distribution expenses	V. 38	2,891,056,969	2,591,925,798
Administrative expenses	V. 39	4,959,184,197	4,068,775,945
Research and development costs	V. 40	5,039,927,435	3,177,767,395
Finance expenses	V. 41	3,196,695,890	1,948,024,860
Including: Interest expense		3,265,732,314	2,479,336,159
Interest income		748,004,557	665,076,391
Impairment Loss	V. 42	1,239,588,763	2,229,524,682
Add: Other income	V. 43	2,000,573,631	732,550,112
Investment income	V. 44	306,887,579	115,602,683
Including: (Losses) / Gains from investment in associates and joint ventures		(13,925,731)	169,034
Gains from changes in fair value	V. 45	2,061,153	32,048,211
Gains/ (Losses) from disposal of assets	V. 46	1,067,273	(69,145)
III. Operating profit		4,008,170,903	9,673,733,282
Add: Non-operating income	V. 47	169,429,515	180,418,858
Less: Non-operating expenses	V. 47	55,310,251	113,080,601
IV. Total profit		4,122,290,167	9,741,071,539
Less: Income tax expenses	V. 48	1,242,416,094	1,880,659,980
V. Net profit		2,879,874,073	7,860,411,559
Net profit attributable to shareholders of the Company		3,435,127,975	7,567,682,493
Non-controlling interests		(555,253,902)	292,729,066

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated income statement for the year ended 31 December 2018  
(continued)  
*(Expressed in Renminbi Yuan)*

	Note	2018	2017
VI. Other comprehensive income, net of tax	V. 33	(249,814,869)	44,387,083
Other comprehensive income (net of tax) attributable to shareholders of the Company		(275,861,185)	74,884,230
Items that may be reclassified to profit or loss			
1 Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss		(202,998,615)	76,051,151
2 Gains or losses arising from changes in fair value of available-for-sale financial assets		(136,009,652)	12,910,506
3 Translation differences arising from translation of foreign currency financial statements		63,147,082	(14,077,427)
Other comprehensive income (net of tax) attributable to non-controlling interests		<u>26,046,316</u>	<u>(30,497,147)</u>
VII. Total comprehensive income for the year		<u>2,630,059,204</u>	<u>7,904,798,642</u>
Total comprehensive income attributable to shareholders of the Company		3,159,266,790	7,642,566,723
Total comprehensive income attributable to minority shareholders		(529,207,586)	262,231,919
VIII. Earnings per share			
(1) Basic earnings per share	V. 49	0.10	0.22
(2) Diluted earnings per share	V. 49	0.10	0.22

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun Chief Executive Officer (Signature and stamp)	Sun Yun Chief Financial Officer (Signature and stamp)	Yang Xiao Ping Financial Officer (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.



BOE Technology Group Co., Ltd.  
Company income statement for the year ended 31 December 2018  
*(Expressed in Renminbi Yuan)*

	Note	2018	2017
I. Operating income	XIV. 15	4,048,349,688	2,815,561,521
II. Less: Operating costs		51,274,428	29,212,906
Taxes and surcharges	XIV. 16	44,129,874	39,649,316
Selling and distribution expenses		561,601	2,224,628
Administrative expenses		744,597,442	692,418,475
Research and development costs		1,247,889,953	1,027,250,122
Finance expenses	XIV. 17	1,014,420,709	505,879,539
Including: Interest expense		1,055,792,484	556,880,963
Interest income		44,583,524	58,850,619
Add: Other income	XIV. 18	995,284,363	23,513,456
Investment income	XIV. 19	928,309,899	950,279,403
Including: (Losses) / Gains from investment in associates and joint ventures		(12,001,705)	169,034
Losses from disposal of intangible assets		-	(157,430)
III. Operating profit		2,869,069,943	1,492,561,964
Add: Non-operating income	XIV. 20	4,336,405	3,552,572
Less: Non-operating expenses	XIV. 20	8,668,410	18,008,134
IV. Total profit		2,864,737,938	1,478,106,402
Less: Income tax expenses	XIV. 21	234,879,588	13,100,199
V. Net profit		2,629,858,350	1,465,006,203

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company income statement for the year ended 31 December 2018  
(continued)  
*(Expressed in Renminbi Yuan)*

	Note	2018	2017
VI. Other comprehensive income, net of tax	XIV. 13	(220,605,074)	39,774,028
Items that may be reclassified to profit or loss			
1 Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss		(202,778,999)	76,051,151
2 Gains or losses arising from changes in fair value of available-for-sale financial assets		<u>(17,826,075)</u>	<u>(36,277,123)</u>
VII. Total comprehensive income for the year		<u>2,409,253,276</u>	<u>1,504,780,231</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun Chief Executive Officer (Signature and stamp)	Sun Yun Chief Financial Officer (Signature and stamp)	Yang Xiao Ping Financial Officer (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated cash flow statement for the year ended 31 December 2018  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2018</i>	<i>2017</i>
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services	105,589,411,120	102,954,356,249	
Refund of taxes	6,513,812,910	8,111,061,033	
Government grants	2,195,202,400	994,782,926	
Proceeds from other operating activities	<u>770,921,360</u>	<u>334,436,574</u>	
Sub-total of cash inflows	<u>115,069,347,790</u>	<u>112,394,636,782</u>	
Payment for goods and services	(75,700,548,251)	(73,250,817,397)	
Payment to and for employees	(9,162,421,738)	(8,015,171,249)	
Payment of various taxes	(1,619,256,288)	(2,480,139,386)	
Payment for other operating activities	<u>(2,903,074,317)</u>	<u>(1,921,579,095)</u>	
Sub-total of cash outflows	<u>(89,385,300,594)</u>	<u>(85,667,707,127)</u>	
Net cash flow from operating activities	V. 50(1) <u>25,684,047,196</u>	<u>26,726,929,655</u>	

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated cash flow statement for the year ended 31 December 2018  
(continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2018</i>	<i>2017</i>
II. Cash flows from investing activities:			
Proceeds from disposal of investments		59,211,537,932	29,310,620,000
Investment returns received		356,050,182	114,521,291
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		98,644,621	6,906,760
Net amount received from subsidiaries	V. 50(2)	6,801,508,810	-
Proceeds from other investing activities		<u>1,808,988,695</u>	<u>3,455,877,227</u>
Sub-total of cash inflows		<u>68,276,730,240</u>	<u>32,887,925,278</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(54,520,544,965)	(47,741,900,710)
Payment for acquisition of investments		(60,819,720,633)	(44,667,993,985)
Sub-total of cash outflows		<u>(115,340,265,598)</u>	<u>(92,409,894,695)</u>
Net cash flow from investing activities		<u>(47,063,535,358)</u>	<u>(59,521,969,417)</u>
III. Cash flows from financing activities:			
Proceeds from investors		4,294,161,400	9,851,250,000
Including: Cash received from minority shareholders of subsidiaries		4,294,161,400	9,851,250,000
Proceeds from borrowings		38,368,279,407	53,106,623,454
Net amount of monetary movements for pledging loans		176,637,743	-
Proceeds from other financing activities		<u>155,194,921</u>	<u>3,185,620,220</u>
Sub-total of cash inflows		<u>42,994,273,471</u>	<u>66,143,493,674</u>

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated cash flow statement for the year ended 31 December 2018  
(continued)  
*(Expressed in Renminbi Yuan)*

	Note	2018	2017
III. Cash flows from financing activities (continued):			
Repayments of borrowings		(21,274,318,530)	(18,337,522,432)
Payment for dividends or interest		(5,806,323,938)	(3,860,122,769)
Including: Dividends paid to non-controlling shareholders by subsidiaries		(4,319,286)	(7,359,220)
Net amount of monetary movements for pledging loans		-	(3,435,366,588)
Payment for other financing activities		<u>(347,060,613)</u>	<u>(7,585,109,696)</u>
Sub-total of cash outflows		<u>(27,427,703,081)</u>	<u>(33,218,121,485)</u>
Net cash flow from financing activities		<u>15,566,570,390</u>	<u>32,925,372,189</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		<u>1,250,326,709</u>	<u>(1,571,855,232)</u>
V. Decrease in cash and cash equivalents	V. 50(1)	(4,562,591,063)	(1,441,522,805)
Add: Cash and cash equivalents at the beginning of the year		<u>47,913,287,583</u>	<u>49,354,810,388</u>
VI. Cash and cash equivalents at the end of the year	V. 50(3)	<u>43,350,696,520</u>	<u>47,913,287,583</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun Chief Executive Officer (Signature and stamp)	Sun Yun Chief Financial Officer (Signature and stamp)	Yang Xiao Ping Financial Officer (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company cash flow statement for the year ended 31 December 2018  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2018</i>	<i>2017</i>
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		4,053,318,155	2,646,300,929
Tax refund		23,508,537	-
Proceeds from other operating activities		<u>1,705,344,020</u>	<u>34,989,298</u>
Sub-total of cash inflows		<u>5,782,170,712</u>	<u>2,681,290,227</u>
Payment for goods and services		(976,219,250)	(538,392,970)
Payment to and for employees		(957,780,812)	(702,175,894)
Payment of various taxes		(284,079,728)	(127,394,546)
Payment for other operating activities		<u>(102,575,476)</u>	<u>(5,016,674,918)</u>
Sub-total of cash outflows		<u>(2,320,655,266)</u>	<u>(6,384,638,328)</u>
Net cash flow from operating activities	XIV. 22 (1)	<u>3,461,515,446</u>	<u>(3,703,348,101)</u>
II. Cash flows from investing activities:			
Investment returns received		506,145,151	-
Cash received in return for investment		971,599,836	1,949,256,701
Net proceeds from disposal of fixed assets		6,384,696	773,888
Proceeds from other investing activities		<u>3,333,764,245</u>	<u>1,280,375,880</u>
Sub-total of cash inflows		<u>4,817,893,928</u>	<u>3,230,406,469</u>

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company cash flow statement for the year ended 31 December 2018  
(continued)  
*(Expressed in Renminbi Yuan)*

	2018	2017
II. Cash flows from investing activities: (continued):		
Cash paid for acquisition of fixed assets,intangible assets and other long-term assets	(295,214,844)	(137,047,424)
Payment for acquisition of investments	(22,553,409,200)	(21,200,608,757)
Payment for other investing activities	<u>(257,000,000)</u>	<u>(800,000,000)</u>
Sub-total of cash outflows	<u>(23,105,624,044)</u>	<u>(22,137,656,181)</u>
Net cash flow from investing activities	<u>(18,287,730,116)</u>	<u>(18,907,249,712)</u>
III. Cash flows from financing activities:		
Proceeds from borrowings	11,367,000,000	9,933,000,000
Proceeds from other financing activities	<u>19,698,642,218</u>	<u>11,300,000,000</u>
Sub-total of cash inflows	<u>31,065,642,218</u>	<u>21,233,000,000</u>
Repayments of borrowings	(4,597,640,000)	(980,560,000)
Payment for dividends and interest	(2,795,130,756)	(1,562,806,447)
Payment for other financing activities	<u>(8,150,000,000)</u>	<u>(609,376,971)</u>
Sub-total of cash outflows	<u>(15,542,770,756)</u>	<u>(3,152,743,418)</u>
Net cash flow from financing activities	<u>15,522,871,462</u>	<u>18,080,256,582</u>

The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company cash flow statement for the year ended 31 December 2018  
(continued)  
*(Expressed in Renminbi Yuan)*

	<i>Note</i>	<i>2018</i>	<i>2017</i>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		<u>142,355,757</u>	<u>(27,557,680)</u>
V. Net Increase/(Decrease) in cash and cash equivalents	<i>XIV. 22 (1)</i>	839,012,549	(4,557,898,911)
Add: Cash and cash equivalents at the beginning of the year		<u>2,990,801,501</u>	<u>7,548,700,412</u>
VI. Cash and cash equivalents at the end of the year	<i>XIV. 22 (2)</i>	<u>3,829,814,050</u>	<u>2,990,801,501</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

_____ Wang Dongsheng Chairman of the Board (Signature and stamp)	_____ Chen Yanshun Chief Executive Officer (Signature and stamp)	_____ Sun Yun Chief Financial Officer (Signature and stamp)	_____ Yang Xiao Ping Financial Officer (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.



BOE Technology Group Co., Ltd.  
Consolidated statement of changes in shareholders' equity  
for the year ended 31 December 2018  
(Expressed in Renminbi Yuan)

	Note	Equity attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the beginning of the year		34,798,398,763	38,585,515,122	-	150,602,933	889,640,475	10,385,659,084	84,809,816,377	19,474,446,456	104,284,262,833
II. Changes in equity during the year										
(1) Total comprehensive income		-	-	-	(275,861,185)	-	3,435,127,975	3,159,266,790	(529,207,586)	2,630,059,204
(2) Shareholders' contributions and decrease of capital										
1. Contribution by non-controlling interests		-	-	-	-	-	-	-	4,494,161,400	4,494,161,400
2. Business combinations involving entities not under common control		-	-	-	-	-	-	-	11,541,782,339	11,541,782,339
3. Equity movements arising from investment increase in non-wholly owned subsidiaries	V. 32	-	3,754,159	-	-	-	-	3,754,159	(3,402,793)	351,366
Appropriation of profits	V. 35	-	-	-	-	262,985,835	(262,985,835)	-	-	-
1. Appropriation for surplus reserve		-	-	-	-	-	(1,739,919,938)	(1,739,919,938)	(18,316,894)	(1,758,236,832)
2. Distributions to shareholders										
(4) Others										
1. Equity changes arising from acquisition of non-controlling interests	V. 32	-	(378,593,283)	-	-	-	-	(378,593,283)	(458,914,064)	(837,507,347)
2. Others	V. 32	-	2,424,598	-	-	-	-	2,424,598	-	2,424,598
III. Balance at the end of the year		<u>34,798,398,763</u>	<u>38,213,100,596</u>	<u>-</u>	<u>(125,258,252)</u>	<u>1,152,626,310</u>	<u>11,817,881,286</u>	<u>85,856,748,703</u>	<u>34,500,548,858</u>	<u>120,357,297,561</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun Chief Executive Officer (Signature and stamp)	Sun Yun Chief Financial Officer (Signature and stamp)	Yang Xiao Ping Financial Officer (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Consolidated statement of changes in shareholders' equity  
for the year ended 31 December 2017  
(Expressed in Renminbi Yuan)

Note	Equity attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the beginning of the year	35,153,067,743	39,031,357,529	314,350,824	75,718,703	743,139,855	4,011,055,487	78,699,988,493	13,316,066,667	92,016,055,160
II. Changes in equity during the year									
(1) Total comprehensive income	-	-	-	74,884,230	-	7,567,682,493	7,642,566,723	262,231,919	7,904,798,642
(2) Shareholders' contributions and decrease of capital									
1. Equity movements arising from investment increase in non-wholly owned subsidiaries	-	123,216,408	-	-	-	-	123,216,408	5,903,507,090	6,026,723,498
2. Repurchase of treasury shares	-	-	609,376,971	-	-	-	(609,376,971)	-	(609,376,971)
3. Written off treasury shares	(354,668,980)	(569,058,815)	(923,727,795)	-	-	-	-	-	-
Appropriation of profits	V. 35								
1. Appropriation for surplus reserve	-	-	-	-	146,500,620	(146,500,620)	-	-	-
2. Distributions to shareholders	-	-	-	-	-	(1,046,578,276)	(1,046,578,276)	(7,359,220)	(1,053,937,496)
III. Balance at the end of the year	34,798,398,763	38,585,515,122	-	150,602,933	889,640,475	10,385,659,084	84,809,816,377	19,474,446,456	104,284,262,833

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company statement of changes in shareholders' equity  
for the year ended 31 December 2018  
*(Expressed in Renminbi Yuan)*

	<i>Share capital</i>	<i>Capital reserve</i>	<i>Less: Treasury shares</i>	<i>Other comprehensive income</i>	<i>Surplus reserve</i>	<i>Retained earnings</i>	<i>Total shareholders' equity</i>
I. Balance at the beginning of the year	34,798,398,763	37,588,541,593	-	192,097,489	889,640,475	1,765,291,136	75,233,969,456
II. Changes in equity during the year							
(1) Total comprehensive income	-	-	-	(220,605,074)	-	2,629,858,350	2,409,253,276
(2) Profit appropriation							
1. Appropriation for surplus reserve	-	-	-	-	262,985,835	(262,985,835)	-
2. Distributions to shareholders	-	-	-	-	-	(1,739,919,938)	(1,739,919,938)
(3) Others	-	2,424,598	-	-	-	-	2,424,598
III. Balance at the end of the year	<u>34,798,398,763</u>	<u>37,590,966,191</u>	<u>-</u>	<u>(28,507,585)</u>	<u>1,152,626,310</u>	<u>2,392,243,713</u>	<u>75,905,727,392</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun Chief Executive Officer (Signature and stamp)	Sun Yun Chief Financial Officer (Signature and stamp)	Yang Xiao Ping Financial Officer (Signature and stamp)	(Company stamp)
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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Company statement of changes in shareholders' equity (continued)  
for the year ended 31 December 2017  
*(Expressed in Renminbi Yuan)*

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the year	35,153,067,743	38,157,600,408	314,350,824	152,323,461	743,139,855	1,493,363,829	75,385,144,472
II. Changes in equity during the year							
(1) Total comprehensive income	-	-	-	39,774,028	-	1,465,006,203	1,504,780,231
(2) Shareholders' contributions and decrease of capital							
1. Repurchase of treasury shares	-	-	609,376,971	-	-	-	(609,376,971)
2. Written off treasury shares	(354,668,980)	(569,058,815)	(923,727,795)	-	-	-	-
Appropriation of profits							
1. Appropriation for surplus reserve	-	-	-	-	146,500,620	(146,500,620)	-
2. Distributions to shareholders	-	-	-	-	-	(1,046,578,276)	(1,046,578,276)
III. Balance at the end of the year	<u>34,798,398,763</u>	<u>37,588,541,593</u>	<u>-</u>	<u>192,097,489</u>	<u>889,640,475</u>	<u>1,765,291,136</u>	<u>75,233,969,456</u>

These financial statements were approved by the Board of Directors of the Company on 23 March 2019.

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The notes on pages 21 to 145 form part of these financial statements.

BOE Technology Group Co., Ltd.  
Notes to the financial statements  
(Expressed in Renminbi Yuan unless otherwise indicated)

I. Company status

BOE Technology Group Company Limited (the “Company”) is a company limited by shares established on 9 April 1993 in Beijing, with its head office located at Beijing. The parent of the Company and the Company’s ultimate holding company is Beijing Electronics Holdings Co., Ltd. (“Electronics Holdings”).

The Company and its subsidiaries (referred to as “the Group”) comprise three main business segments: Display device and sensor device business, Smart system business and Healthcare service business. For information about the subsidiaries of the Company, refer to Note VII. During the reporting period, the information about increases and decreases in the Group’s subsidiaries is disclosed in Note VI.

II. Basis of preparation

The financial statements have been prepared on the going concern basis.

III. Significant accounting policies and accounting estimates

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2018, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (“CSRC”) in 2014.

2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually less than 12 months.

#### 4 Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note III.8.

#### 5 Accounting treatments for business combinations involving entities under common control and not under common control

##### (1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

##### (2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill (see Note III.18). If (1) is less than (2), the difference is recognized in profit or loss for the current period. Acquisition-related costs are expensed when incurred. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognizes any resulting difference between the fair value and the carrying amount as investment income for the current period. In addition, any amount recognized in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners' equity under equity accounting, are transferred to investment income in the period in which the acquisition occurs (see Note III.12(2)(b)).

## 6 Consolidated financial statements

### (1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognized in the financial statements.

### (2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving enterprises under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

### (3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. The remaining equity investment is

re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognized as investment income for the current period.



When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.6(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

#### (4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

#### 7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

#### 8 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the rates that approximate the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the construction of qualifying assets (see Note III.16). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the

date the fair value is determined. The resulting exchange differences are recognized in profit or loss, except for the differences arising from the re-translation of available-for-sale financial assets, which are recognized in other comprehensive income.

Assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding “retained earnings and translation differences with respect to a foreign operation in other comprehensive income”, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated to Renminbi at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognized in other comprehensive income. The translation differences accumulated in shareholders’ equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

## 9 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.12), receivables, payables, loans and borrowings, debentures payable and share capital.

### (1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

- Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method.

- Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

- Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories.

Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognized directly in profit or loss. Dividend income is recognized in profit or loss when the investee approves the dividends. Dividend income is recognized in profit or loss when the investee approves the dividends. Interest is recognized in profit or loss using the effective interest method (see Note III.23 (4)).

- Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities include liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognized less accumulated amortisation and the amount of a provision determined in accordance with the principles for contingent liabilities (see Note III.22).

Liabilities other than those arising from financial guarantee contracts are measured at amortized cost using the effective interest method.

## (2) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognized amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.



### (3) Derecognition of financial assets and financial liabilities

A financial asset is derecognized when one of the following conditions is met:

- the Company's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in shareholders' equity.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expires.

### (4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognized.

Objective evidence that a financial asset is impaired includes but is not limited to:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (d) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;
- (e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;
- (f) a significant (i.e. a decline of 50%) or prolonged decline in the fair value (i.e. a decline persisting for nine months) of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note III.10. The impairment of other financial assets is measured as follows:

- Held-to-maturity investments

Held-to-maturity investments are assessed for impairment on an individual basis as follows.

Where impairment is assessed on an individual basis, an impairment loss in respect of a held-to-maturity investment is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognized in profit or loss.

If, after an impairment loss has been recognized on held-to-maturity investments, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortized cost would have been had no impairment loss been recognized in prior years.

- Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis and on a collective group basis as follows. When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognized directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognized.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. An impairment loss recognized for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in an unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

## (5) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognized in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares

cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognized in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

(6) Convertible instruments

- Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognized in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognized in equity if it relates to the equity component.

- Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognized as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognized in profit or loss. The liability component is subsequently carried at amortized cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognized in profit or loss.





## 10 Impairment of receivables

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognized in profit or loss. The Group recognized receivables individually greater than RMB 50,000,000 as significant and perform impairment test on an individual basis. Those receivables individually insignificant but with specific natures, i.e. legal issue or customer credit issue, are also reviewed and tested on an individual basis.

The assessment is made collectively where receivables share similar credit risk characteristics (including those not having been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting present economic conditions.

If, after an impairment loss has been recognized on receivables, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortized cost would have been had no impairment loss been recognized in prior years.

## 11 Inventories

### (1) Classification and cost

Inventories include raw materials, work in progress, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

### (2) Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

Consumables including low-value consumables and packaging materials are amortized when they are used. The amortisation charge is included in the cost of the related assets or recognized in profit or loss for the current period.

(3) Basis for determining the net realisable value and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is measured based on the contract price. If the quantities held by the Group are more than the quantities of inventories specified in sales contracts, the net realisable value of the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realisable value of each category of inventories is recognized as a provision for obsolete inventories, and is recognized in profit or loss.

(4) Inventory count system

The Group maintains a perpetual inventory system.

12 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to share premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement, unless the investment is classified as held for sale (see Note III.28). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognizes its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.20.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note III.6.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.12(3)).

A long-term equity investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.28).

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.

- After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's shareholders' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.
- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognized. For the Group's impairment of the investments in joint ventures and associates, refer to Note III.20.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

Whether no single participant party is in a position to control the investee's related activities unilaterally;

Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

### 13 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortized using the straight-line over its estimated useful life, unless the investment property is classified as held for sale (see Note III.28). For the impairment of the investment properties, refer to Note III.20.

The estimated useful lives, residual value rates and depreciation rates of each class of investment properties are as follows:

	<u>Estimated useful life (years)</u>	<u>Residual value rate (%)</u>	<u>Depreciation rate (%)</u>
Land use rights	32 to 50 years	0.0%	2.0% - 3.1%
Buildings	25 to 40 years	3.0% - 10.0%	2.3% - 3.9%

### 14 Fixed assets

#### (1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods, supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.15.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

#### (2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note III.28).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

<u>Class</u>	<u>Estimated useful life (years)</u>	<u>Residual value rate (%)</u>	<u>Depreciation rate (%)</u>
Plant and buildings	10 to 50 years	3% - 10%	1.8% - 9.7%
Equipment	2 to 25 years	0 - 10%	3.6% - 50%
Others	2 to 10 years	0 - 10%	9.0% - 50%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

- (3) For the impairment of the fixed assets, refer to Note III.20.
- (4) For the recognition, measurement and depreciation of fixed assets acquired under finance leases, refer to Note III.27.
- (5) Disposal of fixed assets

The carrying amount of a fixed asset is derecognized:

when the fixed asset is holding for disposal; or  
when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognized in profit or loss on the date of retirement or disposal.

## 15 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.20).

## 16 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition, construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognized amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. When the parts of the qualifying assets acquired or constructed that are eligible for capitalisation are completed separately, and each part is available for use in other parts of the construction process or can be sold externally, and for the purpose of making the parts of the assets ready for use or necessary for the sales status, the acquisition or construction activities have been substantially completed, the Group ceases the capitalization of the borrowing costs related to the parts of the assets. Capitalisation of borrowing costs is suspended when the acquisition, construction activities are interrupted abnormally for a period of more than three months.

## 17 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note III.20). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortized on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale (see Note III.28).

The respective amortisation periods for intangible assets are as follows:

<u>Item</u>	<u>Amortisation period (years)</u>
Land use rights	40 to 50 years
Patent and technology rights	5 to 20 years
Computer software	3 to 10 years
Others	5 to 20 years

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditure on an internal research and development project is classified into expenditure during the research phase and expenditure during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group has sufficient resources and the intention to complete development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note III.20). Other development expenditure is recognized as an expense in the period in which it is incurred.

#### 18 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving enterprises under common control.

Goodwill is not amortized and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.20). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

#### 19 Long-term deferred expenses

Long-term deferred expenses are amortized using a straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

<u>Item</u>	<u>Amortisation period (years)</u>
Prepayment for public facilities construction and use	10 to 15 years
Cost of operating lease assets improvement	2 to 10 years
Others	2 to 10 years



## 20 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- Fixed assets
- Construction in progress
- Intangible assets
- Investment properties measured using a cost model
- Long-term equity investments
- Goodwill
- Long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups, the same below) is the higher of its fair value (see Note III.21) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

## 21 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

## 22 Provisions

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

Where the contingency involves a single item, the best estimate is the most likely outcome.

Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

## 23 Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognized in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met:

(1) Sale of goods

Revenue is recognized when the general conditions stated above and the following conditions are satisfied:

- Significant risks and rewards of ownership of goods have been transferred to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the sales contract or agreement.

The sales contracts/orders signed between the Company and its customers (mainly electronic equipment manufacturers) contain various trading terms. The Company judges the transfer timing of major risks and rewards according to the trading terms, and recognizes revenue accordingly. Depending on the trading terms, the income is usually recognized when the goods are delivered and received, or when they are received by the carrier.

(2) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognized by reference to the stage of completion based on the progress of work performed.

Where the outcome cannot be estimated reliably, revenues are recognized to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognized in profit or loss and no service revenue is recognized.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognized using the percentage of completion method.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably:

- If the contract costs can be recovered, revenue is recognized to the extent of contract costs incurred that can be recovered, and the contract costs are recognized as contract expenses when incurred;
- Otherwise, the contract costs are recognized as contract expenses immediately when incurred, and no contract revenue is recognized.

(4) Interest income

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(5) Royalties from intangible assets

Royalty income from intangible assets is determined according to the period and fee calculation method as stipulated in the relevant contracts or agreements.

24 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan and unemployment insurance plan in the social insurance system established and managed by government organisations, and annuity plan established by the Group in compliance with the national policy of the corporation annuity. The Group makes contributions to basic pension and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Annuity is accrued based on the gross salaries of the employees. Basic pension insurance contributions are recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

(3) Post-employment benefits - defined benefit plans

During the reporting period, the Group did not have defined benefit plans.

(4) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## 25 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

Those related to daily activities of the Company are included in other income or used to write off related cost based on the nature of economic businesses, or included in non-operating income and expense in respect of those not related to daily activities of the Company.

With respect to the government grants related to assets, if the Group first obtains government grants related to assets and then recognizes the long-term assets purchased and constructed, deferred income is included in profit and loss based on a reasonable and systematic approach by stages when related assets are initially depreciated or amortized; or the deferred income is written off against the carrying amount of the asset when the asset becomes ready for its intended status or intended use. If the Group obtains government grants related to the assets after relevant long-term assets are put into use, deferred income is included in profit and loss based on a reasonable and systematic approach by stages within the remaining useful life of relevant assets, or the deferred income is written off against the carrying amount of relevant asset when the grants are obtained; the assets shall be depreciated or amortized based on the carrying amount after being offset and the remaining useful life of relevant assets.

For the government grants related to income which are used to compensate for related costs or losses of the Group in the future period, it shall be recognized as deferred income, and included in profit and loss or used to offset related costs; otherwise it shall be directly included in profit and loss or used to offset related costs.

In respect of the policy-based preferential loan interest subsidy obtained by the Group, if the interest subsidy is appropriated to the lending bank which shall provide loans to the Group at the policy-based preferential interest rate, the actual loan amount is used as the entry value and relevant borrowing costs are calculated on the basis of the loan principal and the preferential interest rate. If the interest subsidy is directly appropriated to the Group, relevant borrowing costs shall be offset by corresponding interest subsidy. If borrowing costs are capitalized as part of the cost of the asset (see Note III. 16), the interest subsidy shall be used to offset relevant asset costs.

## 26 Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred income tax assets and deferred income tax liabilities are determined based on deductible temporary differences and taxable temporary differences respectively. The temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all of the following conditions are met:

- The taxable entity has a legally enforceable right to offset current tax liabilities and assets, and
- They relate to income taxes levied by the same tax authority on either: the same taxable entity; or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

## 27 Operating leases and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

### (1) Operating lease charges

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

### (2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note III.13), are depreciated in accordance with the Group's depreciation policies described in Note III.14(2). Impairment losses are recognized in accordance with the accounting policy described in Note III.20. Income derived from operating leases is recognized in profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortized in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

### (3) Assets acquired under finance leases

At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognized finance charges. Initial direct costs attributable to a finance lease that are incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes III.14 (2) and III.20, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognized finance charges arising from a finance lease are recognized using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note III.16).

At the balance sheet date, the long-term payables arising from finance leases, net of the unrecognized finance charges, are analysed and separately presented as long-term payables or non-current liabilities due within one year.

## 28 Assets held for sale and discontinued operations

### (1) Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is accounted for as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.21) less costs to sell (except financial assets (see Note III.9) and deferred tax assets (see Note III.26)) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.21) less costs to sell is recognized as an impairment loss in profit or loss.

### (2) Discontinued operations

The Group classifies a component that is separately identifiable, and the component either has been disposed of or is classified as held for sale, and satisfies one of the following conditions as a discontinued operation:

- It represents a separate major line of business or separate geographical area of operations;
- It is part of a single co-ordinated plan to dispose of a separate major line of business or separate geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale.

For the Group's discontinued operations during the current period, the profit and loss from continuing operations and the profit and loss from discontinued operations are respectively presented in the income statement, and the information previously presented as the profit and loss from continuing operations is reclassified as the profit and loss from discontinued operations in the comparable accounting period in the income statement of the comparative period.

## 29 Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.



### 30 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

### 31 Segment reporting

Operating segments are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and are same or similar in respect of the nature of each product and service; the nature of production processes; the type or class of customers for the products and services; the methods used to distribute the products or provide the services; the nature of the regulatory environment. Reportable segments are identified based on operating segments taking into account of materiality principle.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

### 32 Significant accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Expect for accounting estimates related to depreciation and amortisation of assets such as fixed assets and intangible assets (see Note III. 14 and 17) and provision for impairment of various types of assets (see Note V. 2, 4, 5, 7, 8, 10, 11, 12, and 13, and Note XIV. 2 and 3). Other significant accounting estimates are as follows:

- (i) Note V. 15 – Recognition of deferred tax asset;
- (ii) Note V. 24 – Assurance of product quality;
- (iii) Note IX. – Fair value measurements of financial instruments.

Significant judgements made by the Group in the application of accounting policies are as follows:

- (i) Note V. 30 – Convertible debt and equity investment with redemption provisions terms are categorised as financial liabilities; and
- (ii) Note VII. 1(1) –Disclosure of significant judgements and assumptions of control and exercising significant influence over other entities.



### 33 Changes in accounting policies

#### Changes in accounting policies and their reasons

The MOF issued the following interpretations and amendments of the Accounting Standards for Business Enterprises during 2017 and 2018:

- <Accounting Standards for Business Enterprise, Interpretation No. 9 — Accounting Treatment of Net Loss of Investment under Equity Method>
- <Accounting Standards for Business Enterprise, Interpretation No. 10 — Depreciation Method Based on Income Generated by Fixed Assets>
- <Accounting Standards for Business Enterprise, Interpretation No. 11 — Amortization Method Based on Income Generated by Intangible Assets>
- <Accounting Standards for Business Enterprise, interpretation No. 12 — On the Case of Providing Key Management Personnel, whether the Provider and Client are Related Parties. (Collectively referred to “Interpretation No. 9 - 12”)
- <Notice on Revision of the Illustrative Financial Statements for 2018> (Cai Kuai [2018] No. 15) and relevant interpretations.

The Group has implemented the above-mentioned interpretations and amendments of accounting standard since January 1, 2018, and adjusted the relevant contents of accounting policies.

Impacts of the adoption of the above accounting standards and regulations are as follows:

#### (a) Interpretation No. 9 - 12

The Group's accounting policies are based on the accounting treatment of the net loss of investment under the equity method in Interpretation No.9 - 12, and the depreciation and amortization method of fixed assets and intangible assets, and the related party recognition and disclosure requirements of key management personnel services are adjusted.

The adoption of Interpretation No. 9 -12 has no material impact on the financial position and the financial result of the Group.

#### (b) Presentation of financial statement

The Group has prepared financial statements for the year ended 31 December 2018 in accordance with Caikuai [2018] No.15. Comparative figures have been adjusted retrospectively.

Impacts of related presentation adjustment are as follows:

Items affected in consolidated balance sheet and company balance sheet on 31 December 2018:

	<i>The Group</i>		
	<i>Before adjustment</i>	<i>Adjusted amount</i>	<i>After adjustment</i>
Bills receivable	833,268,127	(833,268,127)	-
Accounts receivable	15,513,763,252	(15,513,763,252)	-
Bills receivable and accounts receivable	-	16,347,031,379	16,347,031,379
Interest receivable	89,628,559	(89,628,559)	-
Other receivables	728,395,573	89,628,559	818,024,132
Bills payable	543,798,835	(543,798,835)	-
Accounts payable	16,205,788,698	(16,205,788,698)	-
Bills payable and accounts payable	-	16,749,587,533	16,749,587,533
Interest payable	847,955,186	(847,955,186)	-
Dividends payable	9,651,170	(9,651,170)	-
Other payables	15,264,806,774	857,606,356	16,122,413,130
Total		-	

  

	<i>The Company</i>		
	<i>Before adjustment</i>	<i>Adjusted amount</i>	<i>After adjustment</i>
Accounts receivable	39,897,385	(39,897,385)	-
Bills receivable and accounts receivable	-	39,897,385	39,897,385
Dividends receivable	10,404,147	(10,404,147)	-
Other receivables	1,824,727,573	10,404,147	1,835,131,720
Accounts payable	50,152,503	(50,152,503)	-
Bills payable and accounts payable	-	50,152,503	50,152,503
Interest payable	312,029,252	(312,029,252)	-
Dividends payable	6,451,170	(6,451,170)	-
Other payables	9,713,912,548	318,480,422	10,032,392,970
Total		-	

Items affected in consolidated income statement and company income statement in 2017:

	<i>The Group</i>		
	<i>Before adjustment</i>	<i>Adjusted amount</i>	<i>After adjustment</i>
Administrative expenses	7,246,543,340	(3,177,767,395)	4,068,775,945
Research and development costs	-	<u>3,177,767,395</u>	3,177,767,395
Total		<u>-</u>	

	<i>The Company</i>		
	<i>Before adjustment</i>	<i>Adjusted amount</i>	<i>After adjustment</i>
Administrative expenses	1,719,668,597	(1,027,250,122)	692,418,475
Research and development costs	-	<u>1,027,250,122</u>	1,027,250,122
Total		<u>-</u>	

Items affected in consolidated cash flow statement in 2017:

	<i>The Group</i>		
	<i>Before adjustment</i>	<i>Adjusted amount</i>	<i>After adjustment</i>
Cash inflows from operating activities	111,934,693,142	459,943,640	112,394,636,782
Cash inflows from investing activities	33,347,868,918	<u>(459,943,640)</u>	32,887,925,278
Total		<u>-</u>	

According to the relevant interpretation of Caikuai [2018] No. 15, the Group will adjust the government subsidies received related to assets from “cash inflows from investing activities” to “cash inflows from operating activities” and present.

#### IV. Taxation

##### 1 Main types of taxes and corresponding tax rates

<i>Tax Name</i>	<i>Tax basis</i>	<i>Tax rate</i>
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	6%, 10%, 11% 16%, 17%
City maintenance and construction tax	Based on business tax and VAT paid, and VAT exemption and offset for the period	7%, 5%
Education surcharges and local education surcharges	Based on business tax and VAT paid, and VAT exemption and offset for the period	3%, 2%
Corporate income tax	Based on taxable profits	15% - 25%

##### 2 Corporate income tax

The income tax rate applicable to the Company for the year is 15% (2017: 15%).

Pursuant to the Corporate Income Tax Law of the People's Republic of China treatment No.28, corporate income tax for key advanced and high-tech enterprises supported by the State is applicable to a preferential tax rate of 15%.

On 25 October 2017, the Company renewed the High-tech Enterprise Certificate No. GR201711002584, which was entitled jointly by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation. The Company is subject to corporate income tax rate of 15% since the date of certification with the valid period of three years.

The income tax rate applicable to other subsidiaries of the Group is 25% other than the following subsidiaries and the overseas subsidiaries which subject to the local income tax rate.

The subsidiaries that are entitled to preferential tax treatments are as follows:

Company name	Preferential rate	Reason
Beijing BOE Optoelectronics Technology Co., Ltd. (BOE OT)	15%	High-tech Enterprise
Chengdu BOE Optoelectronics Technology Co., Ltd (Chengdu Optoelectronics )	15%	High-tech Enterprise
Hefei BOE Optoelectronics Technology Co., Ltd.(Hefei BOE)	15%	High-tech Enterprise
Beijing BOE Display Technology Co., Ltd. (BOE Display)	15%	High-tech Enterprise
Hefei Xinsheng Optoelectronics Technology Co., Ltd. (Hefei Xinsheng)	15%	High-tech Enterprise
Ordos Yuansheng Optoelectronics Co., Ltd. (Yuansheng Optoelectronics)	15%	Encouraged enterprise in Western Regions
Chongqing BOE Optoelectronics Co., Ltd. (Chongqing BOE)	15%	Encouraged enterprise in Western Regions
BOE (Hebei) Mobile Technology Co., Ltd. (BOE Hebei)	15%	High-tech Enterprise
BOE Optical Science and technology Co., Ltd (Optical Technology)	15%	High-tech Enterprise
Beijing BOE CHATANI ElectronicsCo.,Ltd. (Beijing CHATANI)	15%	High-tech Enterprise
Hefei BOE Display Lighting Co.,Ltd. (Hefei Display Lighting)	15%	High-tech Enterprise
Chongqing BOE Display Lighting Co.,Ltd. (Chongqing Display Lighting)	15%	High-tech Enterprise
BOE Semi-conductor Co., Ltd. (BOE Semiconductor)	15%	High-tech Enterprise
Hefei BOE Semiconductor Co.,Ltd. (Hefei Semiconductor)	15%	High-tech Enterprise
Beijing BOE Special Display Technology Co., Ltd. (Special Display)	15%	High-tech Enterprise
Beijing BOE Vacuum Electronics Co., Ltd. (Vacuum Electronics)	15%	High-tech Enterprise
Beijing Asahi Electronic Materials Co.,Ltd. (Asahi Materials)	15%	High-tech Enterprise
Beijing BOE Vacuum Technology Co., Ltd. (Vacuum Technology)	15%	High-tech Enterprise
Beijing BOE Energy Technology Co., Ltd. (BOE Energy)	15%	High-tech Enterprise
Beijing BOE multimedia Technology Co., Ltd. (BOE multimedia)	15%	High-tech Enterprise
Fuzhou BOE Optoelectronics Technology Co., Ltd. (Fuzhou BOE)	15%	High-tech Enterprise
Hefei BOE Vision-Electronic Technology Co., Ltd. (Hefei Vision-Electronic Technology)	15%	High-tech Enterprise
Mianyang BOE Optoelectronics Technology Co., Ltd. (Mianyang BOE)	15%	Encouraged enterprise in Western Regions
BOE Intelligent Technology Co., Ltd. (Intelligent Technology)	15%	High-tech Enterprise

## V. Notes to the consolidated financial statements

### 1. Cash at bank and on hand

	2018			2017		
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Amount in original currency	Exchange rate	RMB / RMB equivalents
Cash on hand:						
RMB			285,407			444,343
USD	1,364	6.8632	9,361	891	6.5342	5,822
HKD	56,603	0.8762	49,596	53,705	0.8359	44,892
JPY	1,668,876	0.0619	103,303	55,419	0.0579	3,209
KRW	490,686	0.0061	2,993	513,831	0.0061	3,134
Other foreign currencies			87,145			25,364
Sub-total			537,805			526,764
Bank Deposits:						
RMB			19,526,770,243			24,172,930,297
USD	3,215,270,076	6.8632	22,067,041,586	3,151,375,970	6.5342	20,591,720,863
HKD	36,614,201	0.8762	32,081,363	55,249,266	0.8359	46,182,862
JPY	15,077,127,145	0.0619	933,274,170	21,118,693,041	0.0579	1,222,772,327
KRW	1,274,695,127	0.0061	7,775,640	1,058,266,098	0.0061	6,455,423
EUR	94,362,955	7.8473	740,494,417	236,210,492	7.8023	1,842,985,129
Other foreign currencies			32,708,963			29,713,710
Sub-total			43,340,146,382			47,912,760,611
Other monetary funds:						
RMB			4,883,082,015			7,497,341,876
USD	473,193,118	6.8632	3,247,619,007	262,928,917	6.5342	1,718,030,129
HKD	11,423,973	0.8762	10,009,685	232	0.8359	194
JPY	2,339,530	0.0619	144,817	29	0.0579	2
Sub-total			8,140,855,524			9,215,372,201
Total			51,481,539,711			57,128,659,576

Including: Total overseas deposits were equivalent to RMB 5,012,219,357 (2017: RMB 3,341,984,398).

As at 31 December 2018, other monetary funds were pledged by the Group amounting to USD 305,000,000 for short-term loans, RMB142,547,192 and USD 18,500,000 were pledged for long-term loans. The rest of other restricted monetary funds, amounting to RMB 5,768,050,799, were the deposits in commercial banks as security.

As at 31 December 2017, other monetary funds were pledged by the Group amounting to RMB1,164,000,000 and USD 60,159,875 for short-term loans, and RMB 1,207,705,322 and USD 63,000,000 were pledged for long-term loans. The rest of other restricted monetary funds, amounting to RMB 6,038,915,416, were the deposits in commercial banks as security.



2 Bills receivable and accounts receivable

	Note	2018	2017
Bills receivable	(1)	656,781,577	833,268,127
Accounts receivable	(2)	<u>19,880,680,518</u>	<u>15,513,763,252</u>
Total		<u>20,537,462,095</u>	<u>16,347,031,379</u>

(1) Bills receivable

(a) Classification of bills receivable

Item	2018	2017
Bank acceptance bills	655,081,577	824,873,475
Commercial acceptance bills	<u>1,700,000</u>	<u>8,394,652</u>
Total	<u>656,781,577</u>	<u>833,268,127</u>

All of the above bills are due within one year.

(b) Bills receivable pledged at the end of the year

As at 31 December 2018, the pledged bills of the Group amounted to RMB 6,605,869 (2017: RMB 123,826,995).

(c) Outstanding endorsed or discounted bills that have not matured at the end of the year

Item	Amount derecognized at year end	Amount not- derecognized at year end
Bank acceptance bills	32,868,462	200,669,545
Commercial acceptance bills	<u>-</u>	<u>1,049,000</u>
Total	<u>32,868,462</u>	<u>201,718,545</u>

For the year ended 31 December 2018, there was no amount transferred to accounts receivable from bills receivable due to non-performance of the issuers of the Group (2017: nil).

(2) Accounts receivable

(a) The Group's accounts receivable by customer type:

<i>Item</i>	<i>2018</i>	<i>2017</i>
Amounts due from related parties	52,246	9,600,724
Amounts due from other customers	<u>20,199,950,102</u>	<u>15,808,849,645</u>
Sub-total	20,200,002,348	15,818,450,369
Less: Provision for bad and doubtful debts	<u>319,321,830</u>	<u>304,687,117</u>
Total	<u><u>19,880,680,518</u></u>	<u><u>15,513,763,252</u></u>

(b) The Group's accounts receivable by currency type:

	<i>2018</i>			<i>2017</i>		
	<i>Amount in original currency</i>	<i>Exchange rate</i>	<i>RMB / RMB equivalents</i>	<i>Amount in original currency</i>	<i>Exchange rate</i>	<i>RMB / RMB equivalents</i>
RMB			7,253,239,876			4,764,755,351
USD	1,800,476,186	6.8632	12,357,028,161	1,684,267,507	6.5342	11,005,340,743
JPY	36,523,949	0.0619	2,260,467	17,602,919	0.0579	1,019,209
Other foreign currencies			<u>587,473,844</u>			<u>47,335,066</u>
Sub-total			20,200,002,348			15,818,450,369
Less: Provision for bad and doubtful debts			<u>319,321,830</u>			<u>304,687,117</u>
Total			<u><u>19,880,680,518</u></u>			<u><u>15,513,763,252</u></u>

(c) The ageing analysis of accounts receivable is as follows:

	2018	2017
Within 1 year (inclusive)	19,748,808,258	15,482,151,261
1 to 2 years (inclusive)	136,291,482	293,213,891
2 to 3 years (inclusive)	279,756,940	13,346,163
Over 3 years	<u>35,145,668</u>	<u>29,739,054</u>
Sub-total	20,200,002,348	15,818,450,369
Less: Provision for bad and doubtful debts	<u>319,321,830</u>	<u>304,687,117</u>
Total	<u><u>19,880,680,518</u></u>	<u><u>15,513,763,252</u></u>

The ageing is counted starting from the date when accounts receivable are recognized.

(d) Accounts receivable by category

Category	2018					2017				
	Book value		Provision for bad and doubtful debts		Carrying amounts	Book balance		Provision for bad and doubtful debts		Carrying amounts
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivables that are collectively assessed for impairment based on credit risk characteristics*	20,149,872,554	100%	275,864,448	1%	19,874,008,106	15,767,136,659	100%	262,640,383	2%	15,504,496,276
Individually insignificant but assessed for impairment individually	50,129,794	0%	43,457,382	87%	6,672,412	51,313,710	0%	42,046,734	82%	9,266,976
Total	20,200,002,348	100%	319,321,830	2%	19,880,680,518	15,818,450,369	100%	304,687,117	2%	15,513,763,252

Note\*: This category includes accounts receivable having been individually assessed but not impaired.

The Group has no individually significant accounts receivable and individually for impairment this year (2017: nil).

(e) Additions and recoveries of provision for bad and doubtful debts during the year:

	2018	2017
Balance at the beginning of the year	304,687,117	31,371,811
Charge during the year	5,005,871	284,705,046
Recoveries during the year	1,779,710	2,609,674
Write-offs during the year	2,475,273	2,236,524
Translation differences	<u>13,883,825</u>	<u>(6,543,542)</u>
Closing balance	<u>319,321,830</u>	<u>304,687,117</u>

For the year ended 31 December 2018, the Group had no individually significant write-off or recovery of doubtful debts which had been fully or substantially made in prior years (2017: nil).

(f) Five largest accounts receivable by debtor at the end of the year

The total of five largest accounts receivable of the Group at the end of the year was RMB 8,942,759,895, representing 44% of the total accounts receivable, and no provision was made for bad and doubtful debts after assessment.

### 3 Prepayments

(1) The Group's prepayments by category:

	2018	2017
Prepayment for inventory	252,434,159	122,885,896
Others	<u>518,199,289</u>	<u>464,240,855</u>
Total	<u>770,633,448</u>	<u>587,126,751</u>

(2) The ageing analysis of prepayments is as follows:

Ageing	2018		2017	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	721,657,321	94%	568,849,167	97%
1 to 2 years (inclusive)	46,363,026	6%	17,188,654	3%
2 to 3 years (inclusive)	2,035,569	-	606,393	-
Over 3 years	577,532	-	482,537	-
Total	<u>770,633,448</u>	<u>100%</u>	<u>587,126,751</u>	<u>100%</u>

The ageing is counted starting from the date when prepayments are recognized.

As at 31 December 2018, the total of five largest prepayments of the Group is RMB 432,558,675, representing 56% of the total prepayments.

4 Other receivables

	Note	2018	2017
Interest receivable		140,597,317	89,628,559
Dividends receivable		3,711,768	-
Others	(1)	<u>2,309,865,886</u>	<u>728,395,573</u>
Total		<u>2,454,174,971</u>	<u>818,024,132</u>

(1) Others

(a) The Group's other receivable by customer type:

Customer type	2018	2017
Amounts due from related parties	12,148	27,591,317
Amounts due from other customers	<u>2,310,194,250</u>	<u>701,313,513</u>
Sub-total	2,310,206,398	728,904,830
Less: Provision for bad and doubtful debts	<u>340,512</u>	<u>509,257</u>
Total	<u>2,309,865,886</u>	<u>728,395,573</u>

(b) The Group's other receivable by currency type:

	2018			2017		
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Amount in original currency	Exchange rate	RMB / RMB equivalents
RMB			2,278,359,260			699,117,519
USD	1,511,739	6.8632	10,375,364	2,742,109	6.5342	17,917,490
JPY	35,383,000	0.0619	2,189,854	66,206,715	0.0579	3,833,367
Other foreign currencies			<u>19,281,920</u>			<u>8,036,454</u>
Sub-total			2,310,206,398			728,904,830
Less: Provision for bad and doubtful debts			<u>340,512</u>			<u>509,257</u>
Total			<u>2,309,865,886</u>			<u>728,395,573</u>

(c) The ageing analysis of the Group's other receivables is as follows:

	2018	2017
Within 1 year (inclusive)	2,015,309,595	454,457,340
1 to 2 years (inclusive)	29,027,513	37,230,582
2 to 3 years (inclusive)	28,652,382	2,335,586
Over 3 years	<u>237,216,908</u>	<u>234,881,322</u>
Sub-total	2,310,206,398	728,904,830
Less: Provision for bad and doubtful debts	<u>340,512</u>	<u>509,257</u>
Total	<u>2,309,865,886</u>	<u>728,395,573</u>

The ageing is counted starting from the date when other receivable are recognized.

(d) The Group's other receivables by category

Category	2018					2017				
	Book value		Provision for bad and doubtful debts		Carrying amounts	Book balance		Provision for bad and doubtful debts		Carrying amounts
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivables that are collectively assessed for impairment based on credit risk characteristics*	2,309,865,886	100%	-	-	2,309,865,886	728,395,573	100%	-	-	728,395,573
Individually insignificant but assessed for impairment individually	340,512	0%	340,512	100%	-	509,257	0%	509,257	100%	-
Total	<u>2,310,206,398</u>	<u>100%</u>	<u>340,512</u>	<u>0%</u>	<u>2,309,865,886</u>	<u>728,904,830</u>	<u>100%</u>	<u>509,257</u>	<u>0%</u>	<u>728,395,573</u>

Note\*: This category includes other receivables having been individually assessed but not impaired.

The Group has no individually significant other receivable and individually for impairment this year. As at 31 December 2018, the Group collectively assessed other receivable having been individually assessed but not impaired for impairment and did not recognize impairment loss against this amount of other receivable (2017: nil).



(e) Additions and recoveries of provision for bad and doubtful debts during the year

	2018	2017
Balance at the beginning of the year	509,257	653,341
Charge during the year	1,273,563	111,166
Recoveries during the year	-	6,350
Write-offs during the year	<u>1,442,308</u>	<u>248,900</u>
Closing balance	<u>340,512</u>	<u>509,257</u>

(f) The Group's other receivables categorised by nature

<i>Nature of other receivables</i>	2018	2017
VAT refunds	415,687,566	179,152,619
Amount due from equity transfer	200,000,000	200,000,000
Deposits	148,893,918	154,724,906
Wealth management receivables	1,408,094,816	-
Others	<u>137,530,098</u>	<u>195,027,305</u>
Sub-total	2,310,206,398	728,904,830
Less: Provision for bad and doubtful debts	<u>340,512</u>	<u>509,257</u>
Total	<u>2,309,865,886</u>	<u>728,395,573</u>

Wealth management receivables included in other receivables, with principal and interest amounted to RMB 1,408,094,816, was expired on 31 December 2018, and recovered on 2 January 2019.

(g) Five largest other receivables by debtor at the end of the year

The total of five largest other receivables of the Group at the end of the year was RMB 1,886,065,008, most of which are export tax rebate receivables and receivables due from wealth management. No provision is made for bad and doubtful debts after assessment.

## 5 Inventories

### (1) The Group's inventories by category:

	2018			2017		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	4,350,466,710	293,435,033	4,057,031,677	3,663,568,064	312,167,170	3,351,400,894
Work in progress	1,442,498,808	150,867,947	1,291,630,861	1,442,250,856	130,466,876	1,311,783,980
Finished goods	7,770,574,684	1,244,503,744	6,526,070,940	5,742,195,757	1,546,545,280	4,195,650,477
Consumables	113,493,354	2,828,660	110,664,694	99,620,537	736,507	98,884,030
Total	<u>13,677,033,556</u>	<u>1,691,635,384</u>	<u>11,985,398,172</u>	<u>10,947,635,214</u>	<u>1,989,915,833</u>	<u>8,957,719,381</u>

As at 31 December 2018, there was no amount of capitalised borrowing cost in the Group's closing balance of inventories (2017: nil).

As at 31 December 2018, the Group had no inventory used as collateral (2017: nil).

### (2) Provision for impairment of inventories of the Group is analyzed as follows:

	Balance at the beginning of the year	Charge during the year	Reductions during the year		Balance at the end of the year
			Move Back	Transferred out	
Raw materials	312,167,170	307,794,313	95,981,437	230,545,013	293,435,033
Work in progress	130,466,876	89,465,770	59,402,305	9,662,394	150,867,947
Finished goods	1,546,545,280	1,621,997,256	664,032,716	1,260,006,076	1,244,503,744
Consumables	<u>736,507</u>	<u>2,760,542</u>	<u>642,836</u>	<u>25,553</u>	<u>2,828,660</u>
Total	<u>1,989,915,833</u>	<u>2,022,017,881</u>	<u>820,059,294</u>	<u>1,500,239,036</u>	<u>1,691,635,384</u>

## 6 Other current assets

	2018	2017
VAT on tax credits	4,841,165,133	4,847,422,522
Input tax to be verified or deducted	1,773,794,503	1,198,408,412
Income taxes prepaid	132,824,503	5,763,179
Wealth management product	5,534,413,566	9,791,137,808
Others	<u>180,876,074</u>	<u>81,702,057</u>
Total	<u>12,463,073,779</u>	<u>15,924,433,978</u>

As at 31 December 2018, all of the wealth management products owned by the Group are due within one year.

## 7 Available-for-sale financial assets

### (1) Available-for-sale financial assets

Item	2018			2017		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Available-for-sale debt instruments	12,866,432	-	12,866,432	14,912,146	-	14,912,146
Available-for-sale equity instruments						
- Measured at fair value	528,735,772	150,099,655	378,636,117	662,938,045	150,099,655	512,838,390
- Measured at cost	377,015,762	34,495,952	342,519,810	332,328,820	180,000	332,148,820
Total	918,617,966	184,595,607	734,022,359	1,010,179,011	150,279,655	859,899,356

### (2) Available-for-sale financial assets at fair value at the end of the year:

	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Cost of equity instruments / amortized cost of debt instruments	555,793,175	12,565,172	568,358,347
Fair Values	378,636,117	12,866,432	391,502,549
Accumulated fair value movements in other comprehensive income	(27,057,403)	301,260	(26,756,143)
Provision for impairment	(150,099,655)	-	(150,099,655)

(3) Available-for-sale financial assets at cost at the end of the year

	Book value					Provision for impairment					
Investee	Balance at the beginning of the year	Increase during the year	Reductions during the year	Translation differences	Balance at the end of the year	Balance at the beginning of the year	Increase during the year	Translation differences	Balance at the end of the year	Percentage of shareholding in investees (%)	
Teralane Semiconductor Inc	11,868,000	-	-	-	11,868,000	-	-	-	-	7.29%	
Zhejiang BOE Display Technology Co., Ltd.	321,256	-	-	-	321,256	-	-	-	-	7.03%	
Zhejiang Qiusheng Photoelectric Technology Co., Ltd.	248,776	-	-	-	248,776	-	-	-	-	5.09%	
National Engineering Laboratory of Digital Television (Beijing) Co., Ltd.	6,250,000	-	-	-	6,250,000	-	-	-	-	12.50%	
Meta Company	32,670,951	-	-	1,645,001	34,315,952	-	33,130,452	1,185,500	34,315,952	5.66%	
Danhua Capital, L. P.	24,503,250	-	-	1,233,750	25,737,000	-	-	-	-	5.48%	
Danhua Capital II, L.P.	34,304,550	26,419,000	-	2,761,050	63,484,600	-	-	-	-	3.29%	
Kateeva Inc.	78,051,019	-	-	3,929,905	81,980,924	-	-	-	-	3.00%	
DEPICT INC.	13,068,400	-	-	658,000	13,726,400	-	-	-	-	22.20%	
MOOV INC.	26,244,971	-	-	1,321,446	27,566,417	-	-	-	-	7.69%	
ZGLUE INC.	9,801,289	-	-	493,499	10,294,788	-	-	-	-	6.00%	
Fabord Ltd.	910	-	910	-	-	-	-	-	-	-	
Hefei Xin Jing Yuan Electronic Materials Co., Ltd.	3,000,000	-	3,000,000	-	-	-	-	-	-	-	
Nanosys INC	49,006,500	-	-	2,467,500	51,474,000	-	-	-	-	3.14%	
Ceribell INC	8,494,453	-	-	427,699	8,922,152	-	-	-	-	2.05%	
Baebies INC	28,709,230	-	-	1,445,523	30,154,753	-	-	-	-	9.05%	
Illumina Fund I,L.P.	5,605,265	4,433,785	-	451,694	10,490,744	-	-	-	-	2.14%	
Others	180,000	-	-	-	180,000	180,000	-	-	180,000		
Total	332,328,820	30,852,785	3,000,910	16,835,067	377,015,762	180,000	33,130,452	1,185,500	34,495,952		

8 Long-term equity investments

(1) The Group's long-term equity investments by category:

	2018	2017
Investments in joint ventures	-	2,793,732,185
Investments in associates	<u>2,926,303,858</u>	<u>4,672,259,202</u>
Sub-total	2,926,303,858	7,465,991,387
Less: Provision for impairment	537,136,972	537,136,972
- Associates	<u>537,136,972</u>	<u>537,136,972</u>
Total	<u>2,389,166,886</u>	<u>6,928,854,415</u>

(2) Movements of long-term equity investments during the year are as follows:

Investee	Balance at the beginning of the year	Newly added investments during the year	Investment income recognized under equity method	Other comprehensive income	Other changes in equity	Translation differences of foreign currency financial statements	Cash dividends or profit declared	Acquired as subsidiaries during the year	Balance at the end of the year
Joint ventures									
Wuhan BOE Optoelectronics Technology Co., Ltd.	91,590,309	1,140,000,000	(729,793)	-	-	-	-	(1,230,860,516)	-
Mianyang BOE Optoelectronics Technology Co., Ltd.	2,698,378,093	2,400,000,000	(1,398,010)	-	-	-	-	(5,096,980,083)	-
Beijing BOE Yiyun Science & Technology Co., Ltd.	3,763,783	-	(3,763,783)	-	-	-	-	-	-
Sub-total	2,793,732,185	3,540,000,000	(5,891,586)	-	-	-	-	(6,327,840,599)	-
Associates									
Beijing Nissin Electronics Precision Component Co., Ltd.	-	-	(1,886,109)	-	2,424,598	-	-	-	538,489
Beijing Nittan Electronic Co., Ltd.	53,786,835	-	10,946,250	-	-	-	(3,000,000)	-	61,733,085
Erdos BOE Energy Investment Co., Ltd.	907,458,312	-	-	-	-	-	-	-	907,458,312
Beijing Infi-Hailin Venture Investment Co., Ltd.	373,361	-	62,467	-	-	-	-	-	435,828
Beijing Infi-Hailin Venture Investment (Limited Partnership)	137,448,451	-	22,591,316	(47,702,834)	-	-	(30,000,000)	-	82,336,933
TPV Display Technology (China) Limited	27,190,533	-	(4,189,174)	-	-	-	-	-	23,001,359
Beijing Xindongneng Investment Fund (Limited Partnership)	1,472,249,231	150,000,000	(11,778,573)	(155,295,781)	-	-	-	-	1,455,174,877
Beijing Xindongneng Investment Management Co., Ltd.	4,861,735	-	2,327,127	-	-	-	(2,000,000)	-	5,188,862
Shenzhen Yuninggu Technology Co., Ltd.	35,483,897	-	(20,002,391)	-	-	-	-	-	15,481,506
Beijing Xloong Technologies Co., Ltd.	23,981,997	-	(1,372,786)	-	-	-	-	-	22,609,211
New on Technology Co.Ltd.	3,708,174	-	(512,473)	-	-	(10,207)	-	-	3,185,494
Chongqing BOE Display Technology Co., Ltd.	3,846,000	192,300,000	(2,808,246)	219,616	-	-	-	(193,557,370)	-
Beijing Zhonglianhe Ultra HD Collaborative Technology Center Co., Ltd.	-	3,000,000	-	-	-	-	-	-	3,000,000
SES Imagotag SA Co.Ltd.	1,675,160,676	11,715,900	(1,411,455)	-	-	255,418	-	(1,685,720,539)	-
Cnoga Medical Co.Ltd.	326,710,000	-	-	-	-	16,450,000	-	-	343,160,000
Hefei Xin Jing Yuan Electronic Materials Co., Ltd.	-	3,000,000	(98)	-	-	-	-	-	2,999,902
Sub-total	4,672,259,202	360,015,900	(8,034,145)	(202,778,999)	2,424,598	16,695,211	(35,000,000)	(1,879,277,909)	2,926,303,858
Total	7,465,991,387	3,900,015,900	(13,925,731)	(202,778,999)	2,424,598	16,695,211	(35,000,000)	(8,207,118,508)	2,926,303,858
Less: Provision for impairment	537,136,972								537,136,972
Total	6,928,854,415								2,389,166,886

## 9 Investment properties

	<i>Land use rights</i>	<i>Buildings</i>	<i>Total</i>
Cost			
Balance at the beginning of the year	675,597,667	991,566,471	1,667,164,138
Additions during the year	<u>11,837,010</u>	<u>20,592,374</u>	<u>32,429,384</u>
Closing balance	<u>687,434,677</u>	<u>1,012,158,845</u>	<u>1,699,593,522</u>
Less: Accumulated depreciation or amortization			
Balance at the beginning of the year	112,407,496	258,094,437	370,501,933
Additions during the year	<u>14,742,206</u>	<u>30,481,732</u>	<u>45,223,938</u>
Closing balance	<u>127,149,702</u>	<u>288,576,169</u>	<u>415,725,871</u>
Carrying amounts			
At the end of the year	<u>560,284,975</u>	<u>723,582,676</u>	<u>1,283,867,651</u>
At the beginning of the year	<u>563,190,171</u>	<u>733,472,034</u>	<u>1,296,662,205</u>

## 10 Fixed assets

### (1) Analysis of the Group's fixed assets are as follows:

<i>Item</i>	<i>Plant &amp; buildings</i>	<i>Equipment</i>	<i>Others</i>	<i>Total</i>
<b>Cost</b>				
Balance at the beginning of the year	26,638,824,007	111,488,454,005	2,106,778,047	140,234,056,059
Additions during the year				
-Additions due to business combinations involving entities not under common control	8,369,526	554,286,212	11,779,221	574,434,959
-Purchases	22,048,907	490,646,142	620,686,368	1,133,381,417
-Transfer from construction in progress	10,080,982,077	47,301,257,740	613,774,548	57,996,014,365
Disposals or written-offs during the year	(663,844)	(377,332,712)	(102,605,476)	(480,602,032)
Other decreases	-	(6,520,201,883)	-	(6,520,201,883)
Translation differences	133,616	22,051,939	3,112,610	25,298,165
Closing balance	<u>36,749,694,289</u>	<u>152,959,161,443</u>	<u>3,253,525,318</u>	<u>192,962,381,050</u>
<b>Less: Accumulated depreciation</b>				
Balance at the beginning of the year	3,366,248,795	46,632,776,416	936,024,333	50,935,049,544
Charge during the year	921,469,231	11,998,277,652	620,991,543	13,540,738,426
Disposals or written-offs during the year	(559,484)	(242,112,475)	(98,034,828)	(340,706,787)
Translation differences	43,483	13,925,120	2,737,927	16,706,530
Closing balance	<u>4,287,202,025</u>	<u>58,402,866,713</u>	<u>1,461,718,975</u>	<u>64,151,787,713</u>
<b>Less: Provision for impairment</b>				
Balance at the beginning of the year	1,085,094	663,639,306	8,985,354	673,709,754
Disposals or written-offs during the year	-	(19,001,242)	(1,846,170)	(20,847,412)
Balance at the end of the year	<u>1,085,094</u>	<u>644,638,064</u>	<u>7,139,184</u>	<u>652,862,342</u>
<b>Carrying amounts</b>				
At the end of the year	<u>32,461,407,170</u>	<u>93,911,656,666</u>	<u>1,784,667,159</u>	<u>128,157,730,995</u>
At the beginning of the year	<u>23,271,490,118</u>	<u>64,192,038,283</u>	<u>1,161,768,360</u>	<u>88,625,296,761</u>

On January 16, 2018, the Company signed a debt exemption agreement with Fuzhou Municipal People's Government, Fuzhou Chengtou BOE Investment Co., Ltd. and Fuzhou Construction & Investment Group Co., Ltd. for the investment framework agreement of Fuzhou 8.5th new semiconductor display device production line project. The loan exempted for the construction of Fuzhou's 8.5th generation new semiconductor display device production line project totaled RMB 6.3 billion. In accordance with the accounting policies set out in note III 25, the group has simultaneously reduced the total book value of long-term loans and related fixed assets by RMB 6.3 billion in the consolidated financial statements.



(2) Fixed assets acquired under finance leases

Item	2018				2017			
	Original book value	Accumulated depreciation	Provision for impairment	Carrying amount	Original book value	Accumulated depreciation	Provision for impairment	Carrying amount
Plant & buildings	11,291,665	4,357,005	-	6,934,660	11,291,665	4,103,316	-	7,188,349
Equipment	111,358,145	4,815,787	-	106,542,358	-	-	-	-
Total	122,649,810	9,172,792	-	113,477,018	11,291,665	4,103,316	-	7,188,349

The Group's fixed assets under finance leases represented a youth apartment under finance lease for the Company, which is used for the purposes of the staff dormitory and machinery and equipment under finance leases.

(3) Fixed assets pending certificates of ownership

On 31 December 2018, fixed assets pending certificates of ownership totalled RMB 12,554,907,996 and certificates of ownership is still being processed.

11 Construction in progress

(1) Construction in progress

(a) Analysis of the Group's construction in progress is as follows:

Item	2018			2017		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
The 6th generation AMOLED project	23,065,639,272	-	23,065,639,272	-	-	-
The 6th generation LTPS / AMOLED project	15,759,483,392	-	15,759,483,392	19,099,729,823	-	19,099,729,823
The 10.5th generation TFT-LCD project	5,599,769,733	-	5,599,769,733	19,778,218,499	-	19,778,218,499
Others	11,998,462,490	-	11,998,462,490	11,883,302,104	-	11,883,302,104
Total	56,423,354,887	-	56,423,354,887	50,761,250,426	-	50,761,250,426

(b) Movements of major construction in progress during the year

Item	Budget	Balance at the beginning of the year	Additions due to business combinations involving entities not under common control	Increase during the year	fixed assets during the year	Transfer to Intangible assets during the year	Balance at the end of the year	Percentage of actual cost to budget (%)	Accumulated capitalized interest at the end of the year	Interest capitalized in 2018	Percentage of interest capitalized in 2018 (%)	Sources of funding
The 6th generation AMOLED project	44,500,000,000	-	2,389,530,479	21,094,477,912	(418,369,119)	-	23,065,639,272	57.08%	56,276,871	56,276,871	3.88%	Self-raised funds and borrowings
The 6th generation LTPS / AMOLED project	44,800,000,000	19,099,729,823	-	12,724,032,041	(16,059,831,316)	(4,447,156)	15,759,483,392	71.53%	382,974,096	582,748,988	4.68%	Self-raised funds and borrowings
The 10.5th generation TFT-LCD project	42,937,000,000	19,778,218,499	-	15,109,135,590	(29,283,568,179)	(4,016,177)	5,599,769,733	82.86%	-	424,792,676	5.06%	Self-raised funds and borrowings

## 12 Intangible assets

### (1) Intangible assets

	<i>Land use rights</i>	<i>Patent and proprietary technology</i>	<i>Computer software</i>	<i>Others</i>	<i>Total</i>
Original book value					
Balance at the beginning of the year	1,822,280,424	1,744,517,311	776,387,468	343,837,159	4,687,022,362
Additions during the year					
- Additions due to business combinations involving entities not under common control	589,657,038	1,347,085,497	28,569	840,703,062	2,777,474,166
- Minority shareholder's rights	-	200,000,000	-	-	200,000,000
- Purchases	236,594,905	-	68,627,737	42,184,921	347,407,563
- Transfer from construction in progress	37,170,534	-	60,291,004	-	97,461,538
Interest subsidies from policy-related preferential loans	-	(973,500)	-	-	(973,500)
Disposals during the year	-	-	(2,963,479)	(96,525)	(3,060,004)
Balance at the end of the year	<u>2,685,702,901</u>	<u>3,290,629,308</u>	<u>902,371,299</u>	<u>1,226,628,617</u>	<u>8,105,332,125</u>
Less: Accumulated amortisation					
Balance at the beginning of the year	178,337,119	1,024,064,866	443,322,429	58,633,640	1,704,358,054
Charge during the year	50,136,183	261,569,806	93,961,098	59,406,685	465,073,772
Disposals during the year	-	-	(1,729,224)	(49,871)	(1,779,095)
Balance at the end of the year	<u>228,473,302</u>	<u>1,285,634,672</u>	<u>535,554,303</u>	<u>117,990,454</u>	<u>2,167,652,731</u>
Carrying amounts					
At the end of the year	<u>2,457,229,599</u>	<u>2,004,994,636</u>	<u>366,816,996</u>	<u>1,108,638,163</u>	<u>5,937,679,394</u>
At the beginning of the year	<u>1,643,943,305</u>	<u>720,452,445</u>	<u>333,065,039</u>	<u>285,203,519</u>	<u>2,982,664,308</u>

### (2) Land use rights pending certificates of ownership

As at 31 December 2018, the company has land use rights pending certificates of ownership RMB 121,648,077 in total, which have been obtained on February 26 2019.

### 13 Goodwill

#### (1) Changes in goodwill

<i>Name of investee</i>	<i>Note</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Balance at the end of the year</i>
Original book value				
Beijing Yinghe Century Co., Ltd.		42,940,434	-	42,940,434
K-Tronics (Suzhou) technology Co., Ltd.		8,562,464	-	8,562,464
Beijing BOE Optoelectronics Technology Co., Ltd.		4,423,876	-	4,423,876
BOE Healthcare Investment & Management Co., Ltd.		146,460,790	-	146,460,790
SES Imagotag SA Co.Ltd.	(a)	-	706,406,821	706,406,821
Sub-total		202,387,564	706,406,821	908,794,385
Provision for impairment		4,423,876	-	4,423,876
Carrying amounts		<u>197,963,688</u>	<u>706,406,821</u>	<u>904,370,509</u>

(a) As at 6 February 2018, the Group achieving actual control of SES Imagotag SA Co. Ltd (SES). The excess of the combination cost over the Group's interest in the fair value of SES's identifiable assets and liabilities, amounting to RMB 706,406,821, was recognized as goodwill attributable to SES.

#### (2) Provision for impairment of goodwill

The recoverable amount of Yinghe Century, Suzhou K-Tronics, Health Investment and SES is determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the most recent approved five-year financial budgets of the management and a pre-tax discount rate of 8.44%、6.62%、6.80% and 23.01% respectively. The cash flows beyond the five-year budget period were assumed to keep stable. The key assumptions adopted in the forecasting may change. If management consider the key assumption will have negative changes, the book value of the relevant asset group will exceed the recoverable amount.

### 14 Long-term deferred expenses

	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Reductions during the year</i>	<i>Balance at the end of the year</i>
Payment for public facilities construction and use	113,443,013	-	(15,370,224)	98,072,789
Cost of operating lease assets improvement	18,931,332	13,630,236	(12,210,115)	20,351,453
Others	<u>247,455,085</u>	<u>109,089,264</u>	<u>(114,327,738)</u>	<u>242,216,611</u>
Total	<u>379,829,430</u>	<u>122,719,500</u>	<u>(141,908,077)</u>	<u>360,640,853</u>

## 15 Deferred tax assets / deferred tax liabilities

### (1) Deferred tax assets and liabilities

Item	2018		2017	
	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)
Deferred tax assets:				
Provisions for impairment losses of assets	391,727,136	69,662,802	404,563,258	72,783,228
Depreciation of fixed assets	125,811,735	22,699,045	79,460,328	11,970,733
Assessed value added by investing real estate in subsidiaries	142,110,808	35,527,702	147,664,660	36,916,165
Accumulated losses	230,110,593	67,447,589	48,749,683	8,043,698
Advances from customers	290,000,000	43,500,000	-	-
Others	219,548,492	42,572,983	34,900,387	8,725,096
Sub-total	<u>1,399,308,764</u>	<u>281,410,121</u>	<u>715,338,316</u>	<u>138,438,920</u>
Amount offset		<u>(29,036,499)</u>		<u>(32,183,263)</u>
Balance after offset		<u>252,373,622</u>		<u>106,255,657</u>
Deferred tax liabilities:				
Revaluation due to business combinations involving entities not under common control	(2,777,250,385)	(835,036,150)	(1,099,980,193)	(272,308,392)
Depreciation of fixed assets	(3,248,856,623)	(517,769,740)	(1,246,406,521)	(213,674,259)
Changes in fair value of available-for-sale financial assets	(53,218,430)	(8,058,902)	(145,163,930)	(25,783,777)
Long-term equity investments	(360,863,027)	(54,129,454)	(360,863,027)	(54,129,454)
Bond interest	(71,525,943)	(10,728,891)	(71,532,514)	(10,729,877)
Others	(223,118,577)	(22,686,907)	(204,034,820)	(18,860,414)
Sub-total	<u>(6,734,832,985)</u>	<u>(1,448,410,044)</u>	<u>(3,127,981,005)</u>	<u>(595,486,173)</u>
Amount offset		<u>29,036,499</u>		<u>32,183,263</u>
Balance after offset		<u>(1,419,373,545)</u>		<u>(563,302,910)</u>

(2) Details of unrecognized deferred tax assets

	2018	2017
Deductible temporary differences	9,073,884,112	7,974,238,271
Deductible losses	<u>6,752,930,780</u>	<u>1,888,693,158</u>
Total	<u>15,826,814,892</u>	<u>9,862,931,429</u>

As at 31 December 2018, the deductible temporary differences are mainly provisions for the subsidiaries' impairment of assets. Due to the uncertainty that there will be sufficient taxable income to cover these deductible differences in future periods, the deferred income tax assets were not recognized in consideration of prudence.

(3) Expiration of deductible tax losses for unrecognized deferred tax assets:

Year	Note	2018	2017
2018		-	45,598,745
2019		38,076,038	47,515,768
2020		59,149,932	130,498,173
2021		52,190,671	73,876,573
2022		528,642,251	524,338,212
2023		669,677,506	67,648,332
2024		125,649,689	125,649,689
2025		512,243,532	512,977,493
2026		233,283,462	233,283,463
2027		133,672,001	127,306,710
2028		4,296,683,816	-
Others	(a)	<u>103,661,882</u>	<u>-</u>
Total		<u>6,752,930,780</u>	<u>1,888,693,158</u>

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Extending the Loss Carry-over Period of High-Tech Enterprises and High-Tech SMEs (Cai Shui [2018] No. 76), qualified enterprises in 2018, regardless of whether they are qualified from 2013 to 2017, the losses that have not been remedied from 2013 to 2017 are all allowed to be repaid after the carry-over, and the longest carry-over period is 10 years. In order to facilitate the corresponding comparison, comparative figures in 2017 are restated.

(a) According to the applicable local tax laws, Loss of some overseas subsidiaries of the Group has indefinite carry-over period to deduct the future taxable income.

## 16 Other non-current assets

	2018	2017
Deferred VAT for imported equipment	3,187,164,914	1,401,435,788
Prepayment for fixed assets	2,896,176,554	2,062,240,060
VAT on tax credits	1,488,605,413	321,022,343
Prepayment for projects	155,970,966	289,231,537
Others	165,084,206	115,837,526
	<u>7,893,002,053</u>	<u>4,189,767,254</u>
Total		

## 17 Short-term loans

2018				
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited / collateralised guaranteed / pledged
Bank loans				
- RMB			110,033,961	Pledged
- RMB			<u>1,399,800,000</u>	Credited
Sub-total			<u>1,509,833,961</u>	
Foreign currency bank loans				
- USD	314,573,510	6.8632	2,158,980,914	Pledged
- USD	47,369,984	6.8632	325,109,671	Collateralised
- USD	139,129,343	6.8632	954,872,507	Credited
- JPY	313,000,000	0.0619	19,370,631	Collateralised
- JPY	7,784,950,000	0.0619	<u>481,787,201</u>	Credited
Sub-total			<u>3,940,120,924</u>	
Total			<u>5,449,954,885</u>	
2017				
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited / collateralised guaranteed / pledged
Bank loans				
- RMB			350,578,748	Pledged
- RMB			<u>418,499,999</u>	Credited
Sub-total			<u>769,078,747</u>	
Foreign currency bank loans				
- USD	161,181,026	6.5342	1,053,189,061	Pledged
- USD	53,679,291	6.5342	350,751,222	Credited
- EUR	138,000,000	7.8023	<u>1,076,717,400</u>	Pledged
Sub-total			<u>2,480,657,683</u>	
Total			<u>3,249,736,430</u>	

The interest rate of short-term loans for the Group ranged from 1.28% to 4.95% in 2018 (2017: 0.35% to 5.20%).

As at 31 December 2018, no short-term loan was past due (2017: nil).

# 18 Bills payable and accounts payable

	Note	2018	2017
Bills payable	(1)	591,109,272	543,798,835
Accounts payable	(2)	<u>22,213,956,616</u>	<u>16,205,788,698</u>
Total		<u>22,805,065,888</u>	<u>16,749,587,533</u>

## (1) Bills payable

	2018	2017
Bank acceptance bills	326,575,254	481,852,311
Commercial acceptance bills	<u>264,534,018</u>	<u>61,946,524</u>
Total	<u>591,109,272</u>	<u>543,798,835</u>

There is no due but unpaid bill payable at the end of the year. The above bills are all due within one year.

## (2) Accounts payable

(a) The Group's accounts payable by category are as follows:

	2018	2017
Payables to related parties	30,361,810	14,532,494
Payables to third parties	<u>22,183,594,806</u>	<u>16,191,256,204</u>
Total	<u>22,213,956,616</u>	<u>16,205,788,698</u>

(b) The Group's accounts payable by currency are as follows:

	2018			2017		
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Amount in original currency	Exchange rate	RMB / RMB equivalents
- RMB			14,305,998,594			11,174,717,229
- USD	959,572,576	6.8632	6,585,738,505	658,301,225	6.5342	4,301,456,276
- JPY	13,279,275,766	0.0619	821,987,170	11,718,379,068	0.0579	678,364,509
- Other foreign currencies			<u>500,232,347</u>			<u>51,250,684</u>
Total			<u>22,213,956,616</u>			<u>16,205,788,698</u>

As at 31 December 2018, the Group had no individually significant accounts payable ageing more than one year.



## 19 Advances from customers

<i>Item</i>	<i>2018</i>	<i>2017</i>
Advances from related parties	1,111	141,921
Advances from third parties	<u>1,218,933,632</u>	<u>781,182,601</u>
Total	<u>1,218,934,743</u>	<u>781,324,522</u>

As at 31 December 2018, the Group had no individually significant advances from customers ageing more than one year.

## 20 Employee benefits payable

### (1) Employee benefits payable:

	<i>Note</i>	<i>Balance as of January 1 2018</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance as of December 31 2018</i>
Short-term employee benefits	(2)	2,167,235,414	10,681,611,152	10,673,038,901	2,175,807,665
Post-employment benefits - defined contribution plans	(3)	34,854,644	860,558,928	861,059,727	34,353,845
Termination benefits		<u>14,976,886</u>	<u>6,091,402</u>	<u>6,298,627</u>	<u>14,769,661</u>
Total		<u>2,217,066,944</u>	<u>11,548,261,482</u>	<u>11,540,397,255</u>	<u>2,224,931,171</u>

	<i>Note</i>	<i>Balance as of January 1 2017</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance as of December 31 2017</i>
Short-term employee benefits	(2)	1,497,068,752	9,211,333,761	8,541,167,099	2,167,235,414
Post-employment benefits - defined contribution plans	(3)	30,746,554	707,946,622	703,838,532	34,854,644
Termination benefits		<u>15,036,960</u>	<u>5,497,883</u>	<u>5,557,957</u>	<u>14,976,886</u>
Total		<u>1,542,852,266</u>	<u>9,924,778,266</u>	<u>9,250,563,588</u>	<u>2,217,066,944</u>

### (2) Short-term employee benefits

	<i>Balance as of January 1 2018</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance as of December 31 2018</i>
Salaries, bonuses and allowances	1,840,923,550	8,737,680,189	8,760,657,228	1,817,946,511
Staff welfare	-	776,550,030	776,550,030	-
Social insurance	33,561,796	436,106,436	438,357,908	31,310,324
Medical insurance	30,110,821	384,231,011	387,191,648	27,150,184
Work-related injury insurance	1,419,661	31,115,109	30,485,856	2,048,914
Maternity insurance	2,031,314	20,760,316	20,680,404	2,111,226
Housing fund	17,201,305	430,417,142	425,536,787	22,081,660
Labour union fee, staff and workers' education fee	246,372,990	242,263,166	214,158,506	274,477,650
Staff bonus and welfare fund	7,282,591	-	-	7,282,591
Other short-term employee benefits	<u>21,893,182</u>	<u>58,594,189</u>	<u>57,778,442</u>	<u>22,708,929</u>
Total	<u>2,167,235,414</u>	<u>10,681,611,152</u>	<u>10,673,038,901</u>	<u>2,175,807,665</u>

	<i>Balance as of January 1 2017</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance as of December 31 2017</i>
Salaries, bonuses and allowances	1,178,080,434	7,500,609,836	6,837,766,720	1,840,923,550
Staff welfare	-	742,718,924	742,718,924	-
Social insurance	66,779,153	357,701,317	390,918,674	33,561,796
Medical insurance	63,337,669	310,634,444	343,861,292	30,110,821
Work-related injury insurance	1,631,421	26,846,859	27,058,619	1,419,661
Maternity insurance	1,810,063	20,220,014	19,998,763	2,031,314
Housing fund	20,607,756	339,557,027	342,963,478	17,201,305
Labour union fee, staff and workers' education fee	214,936,641	186,435,492	154,999,143	246,372,990
Staff bonus and welfare fund	7,282,591	-	-	7,282,591
Other short-term employee benefits	9,382,177	84,311,165	71,800,160	21,893,182
Total	<u>1,497,068,752</u>	<u>9,211,333,761</u>	<u>8,541,167,099</u>	<u>2,167,235,414</u>

(3) Post-employment benefits - defined contribution plans

	<i>Balance as of January 1 2018</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance as of December 31 2018</i>
Basic pension insurance	28,831,475	815,071,236	814,696,438	29,206,273
Unemployment insurance	1,155,250	25,252,494	25,442,851	964,893
Annuity	4,867,919	20,235,198	20,920,438	4,182,679
Total	<u>34,854,644</u>	<u>860,558,928</u>	<u>861,059,727</u>	<u>34,353,845</u>

	<i>Balance as of January 1 2017</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance as of December 31 2017</i>
Basic pension insurance	24,629,016	664,045,399	659,842,940	28,831,475
Unemployment insurance	1,219,162	26,548,521	26,612,433	1,155,250
Annuity	4,898,376	17,352,702	17,383,159	4,867,919
Total	<u>30,746,554</u>	<u>707,946,622</u>	<u>703,838,532</u>	<u>34,854,644</u>

21 Taxes payable

	<i>2018</i>	<i>2017</i>
Value-added tax	112,292,699	7,384,437
Corporate income tax	387,053,187	501,685,626
Individual income tax	39,659,862	41,968,486
City construction tax	205,222,860	84,932,308
Education surcharges and local education surcharges	148,544,558	61,375,167
Others	<u>77,335,132</u>	<u>78,275,122</u>
Total	<u>970,108,298</u>	<u>775,621,146</u>

## 22 Other payables

	Note	2018	2017
Interest payable		1,016,761,921	847,955,186
Dividends payable	(1)	23,648,778	9,651,170
Others	(2)	<u>21,916,569,129</u>	<u>15,264,806,774</u>
Total		<u>22,956,979,828</u>	<u>16,122,413,130</u>

### (1) Dividends payable

Dividends not paid this year were mainly due to dividends not yet available to non-tradable shareholders and cash dividends of non-controlling shareholders who have not paid individual subsidiaries.

### (2) Others

(a) The Group's other payables by category are as follows:

	2018	2017
Projects and equipment	18,042,357,713	12,772,388,210
Deferred VAT for imported equipment	1,400,000,000	675,815,849
Accrued water and electricity charges and freight	606,071,394	430,803,905
Deposits	440,792,988	380,789,096
External agency fee	53,393,714	34,108,132
Others	<u>1,373,953,320</u>	<u>970,901,582</u>
Total	<u>21,916,569,129</u>	<u>15,264,806,774</u>

The Group's significant other payables aged over one year are payables of projects and equipment.

(b) The Group's other payables by currency are as follows:

	2018			2017		
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Amount in original currency	Exchange rate	RMB / RMB equivalents
RMB			15,064,792,480			10,281,873,020
USD	724,117,103	6.8632	4,969,760,500	574,115,354	6.5342	3,751,384,540
JPY	29,183,294,045	0.0619	1,806,445,901	20,695,199,824	0.0579	1,198,039,317
Other foreign currencies			<u>75,570,248</u>			<u>33,509,897</u>
Total			<u>21,916,569,129</u>			<u>15,264,806,774</u>

## 23 Non-current liabilities due within one year

As at 31 December, the non-current liabilities due within one year for the Group were long-term loans and long-term payables due within one year.

2018				
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited /collateralised guaranteed /pledged
Bank loans				
- RMB			37,743,750	Pledged
- RMB			1,702,180,000	Collateralised
- RMB			990,000,000	Credited
- USD	378,624,409	6.8632	2,598,575,044	Collateralised
- EUR	3,694,262	7.8473	28,989,985	Credited
- EUR	3,950,000	7.8473	30,996,836	Pledged
Long-term payables			209,077,589	Collateralised
Total			<u>5,597,563,204</u>	
2017				
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited /collateralised guaranteed /pledged
Bank loans				
- RMB			2,725,000,000	Credited
- RMB			915,745,064	Collateralised
- RMB			1,000,000	Pledged
- USD	200,000,000	6.5342	1,306,840,000	Credited
- USD	609,380,700	6.5342	3,981,815,370	Collateralised
Long-term payables			<u>179,308,077</u>	Collateralised
Total			<u>9,109,708,511</u>	

The interest rate of RMB long-term loans due within one year for the Group ranged from 0% to 5.88% in 2018 (2017: from 0% to 5.64%).

## 24 Other current liabilities

The other current liabilities of the Group were warranty provision. The warranty provision mainly relates to the expected after-sales repair warranty to the customers. The provision is estimated by the Management, based on historical claim experience and current actual sales outcomes.

## 25 Long-term loans

2018				
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited /collateralised guaranteed /pledged
Bank loans				
- RMB			640,180,000	Pledged
- RMB			32,190,024,533	Collateralised
- RMB			660,000,000	Guaranteed
- RMB			27,697,000,000	Credited
- USD	5,422,274,409	6.8632	37,214,153,724	Collateralised
- EUR	7,172,652	7.8473	56,285,953	Credited
- EUR	218,025,000	7.8473	1,710,919,269	Pledged
Less: Long-term loans due within one year			<u>5,388,485,615</u>	
Total			<u>94,780,077,864</u>	
2017				
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited /collateralised guaranteed /pledged
Bank loans				
- RMB			26,676,070,000	Credited
- RMB			18,725,264,133	Collateralised
- RMB			508,585,000	Pledged
- USD	308,062,697	6.5342	2,012,943,277	Credited
- USD	5,950,391,285	6.5342	38,881,046,734	Collateralised
- EUR	141,000,000	7.8023	1,100,124,300	Pledged
Less: Long-term loans due within one year			<u>8,930,400,434</u>	
Total			<u>78,973,633,010</u>	

The interest rate of RMB long-term loans for the Group ranged from 0% to 5.88% in 2018 (2017: from 0% to 6.60%).

## 26 Bonds payable

### (1) Bonds payable

Item	2018	2017
Debentures payable	10,288,666,233	9,966,467,496
Less: Bonds payable due within one year	<u>-</u>	<u>-</u>
Total	<u>10,288,666,233</u>	<u>9,966,467,496</u>

(2) Increase and decrease of bonds payable:

Name of bond	Par value	Issuance date	Maturity	Issuance amount	Balance at the beginning of the year	Additions due to business combinations involving entities not under common control	Interest recognized based on par value	Amortization to discounts or premium	Translation differences	Repayment during the period	Balance at the end of the year
16BOE01	RMB 10,000,000,000	As at 21/03/2016	5	RMB 10,000,000,000	9,966,467,496	-	315,000,000	10,065,929	-	(315,000,000)	9,976,533,425
Euro PP	EUR10,000,000	As at 29/12/2016	7	EUR10,000,000	-	78,035,000	2,738,890	-	435,471	(2,738,890)	78,470,471
Euro PP	EUR30,000,000	As at 29/03/2017	6	EUR30,000,000	-	232,249,600	8,216,670	106,324	1,306,413	(8,216,670)	233,662,337
Total					9,966,467,496	310,284,600	325,955,560	10,172,253	1,741,884	(325,955,560)	10,288,666,233

From 21 March 2016 to 22 March 2016, with the Approval document No. 469 [2016] of CSRC, the Group successfully issued a corporate bond of RMB 10 billion to qualified investors via Shenzhen Stock Exchange. The full name of the bond was Corporate Bond Issued Publicly by BOE Technology Group Co., Ltd. to Qualified Investors in 2016 (the First Phase), which referred to as 16BOE01.

The total amount of the bond in the current period is RMB 10 billion issued at a par value of RMB 100, with a maturity of 5 years from 21 March 2016 to 21 March 2021. Interest starts to accrue on 21 March 2016 and the interest payments are made annually. The company will pay out the last interest payment with the principle amount of the bond when it becomes mature. The coupon rate is 3.15% which is fixed in the first 3 years, after which the company has a right to raise the rate and so are the investors to sell back the bond to the company. On 30 January 2019, the company has decided that the coupon rate remains unchanged and the investors may exercise the put option considering the market environment at the time. A number of 96,705,976 bonds were sold back to the company at a total value of RMB 9,975,221,424.40 with interests included while 3,294,024 bonds remains held by the investors. As at 20 March 2019, the company has made a payment that includes both the principles and the interests of the put-back bonds to the designated bank account of China Securities Depository and Clearing Co., Ltd Shenzhen branch (CSDC Shenzhen), the payment then went through the clearing system of CSDC Shenzhen to the investors' registered reserve deposit account. As on 21 March 2019, the payments were allocated to investors' account with CSDC.

SES issued two private placement bonds with a total face value of 40 million euro to institutional investors on 29 December 2016 and 29 March 2017. The coupon rate of the bonds is 3.5% and the maturity date is 29 December 2023. Interest payments are made annually and the principle amount will be paid when the bonds become due.

## 27 Long-term payables

<i>Item</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
Financial lease payables	(1)	1,625,169,828	1,355,559,059
Less: Financial lease payable due within one year		<u>209,077,589</u>	<u>179,308,077</u>
Total		<u>1,416,092,239</u>	<u>1,176,250,982</u>

### (1) Details of obligations under finance leases included in long-term payables

As at 31 December, the total future minimum lease payments under finance leases were as follows:

<i>Minimum lease payments</i>	<i>2018</i>	<i>2017</i>
Within 1 year (inclusive)	310,816,661	256,663,314
After 1 year but within 2 years (inclusive)	362,741,342	283,747,221
After 2 years but within 3 years (inclusive)	345,762,549	307,743,543
Over 3 years	<u>1,096,208,635</u>	<u>825,636,817</u>
Sub-total	2,115,529,187	1,673,790,895
Less: Unrecognized finance fees	<u>490,359,359</u>	<u>318,231,836</u>
Total	<u>1,625,169,828</u>	<u>1,355,559,059</u>

The Group leased back some of its sold machinery equipment and constructions in progress. The sales of the assets are related to the leases, and the Group basically can ensure to buy back the asset after lease term. Therefore, the Group adopts the accounting treatment of collateral loans.

## 28 Provisions

<i>Name of investee</i>	<i>2018</i>	<i>2017</i>
Pending implementation of the agreement	<u>16,457,010</u>	<u>16,457,010</u>

In 2009, the Group ceased producing several products and stopped fulfilling the purchase contract related to production. Due to the indemnity incurred accordingly, the Group accrued provisions according to reasonable estimation of loss.

## 29 Deferred income

<i>Item</i>	<i>Balance at the beginning of the year</i>	<i>Government grants newly increased during the year</i>	<i>Amount included in other income</i>	<i>Other changes</i>	<i>Balance at the end of the year</i>
Government grants related to assets	2,028,326,953	570,687,312	(446,432,359)	(232,830,923)	1,919,750,983
Related to income	<u>233,628,354</u>	<u>210,252,793</u>	<u>(176,073,597)</u>	<u>-</u>	<u>267,807,550</u>
Total	<u>2,261,955,307</u>	<u>780,940,105</u>	<u>(622,505,956)</u>	<u>(232,830,923)</u>	<u>2,187,558,533</u>

## 30 Other non-current liabilities

<i>Item</i>	<i>Note</i>	<i>2018</i>	<i>2017</i>
Convertible debt	(1)	4,175,131,508	3,985,192,661
Contribution of minority shareholders with redemption provisions	(2)	3,700,737,154	3,629,616,046
Deferred VAT for imported equipment		3,187,164,914	1,401,435,788
Others		<u>271,839,746</u>	<u>114,000,000</u>
Total		<u>11,334,873,322</u>	<u>9,130,244,495</u>

### (1) Convertible debt

Convertible debt arise from the Company's capital commitment and conversion obligations to the minority shareholders of Hefei Xinsheng. In December 31 2018, the balance of the convertible debt includes principal and interest measured according to amortized cost totalled RMB 4,104,131,508 and financial liabilities based on fair value totalled RMB 71,000,000 which its fair value change is recognised in the gains from changes in fair value (Note V. 45).

### (2) Contribution of minority shareholders with redemption provisions

The Contribution of minority shareholders with redemption provisions is mainly due to the redemption obligation of the company to the minority shareholders of Fuzhou BOE and BOE Smart Retail (Hong Kong) Co., Ltd. The company recognizes the above minority shareholder contribution as a financial liability which is subsequently measured at the cost of amortization. The book balance on December 31 2018 is RMB 3,700,737,154.

## 31 Share capital

	<i>Balance at the beginning of the year</i>	<i>Balance at the end of the year</i>
Total shares	<u>34,798,398,763</u>	<u>34,798,398,763</u>



### 32 Capital reserve

<i>Item</i>	<i>Share premiums</i>	<i>Other capital reserves</i>	<i>Total</i>
Balance at the beginning of the year	37,546,517,053	1,038,998,069	38,585,515,122
Add: Equity movements arising from investment increase in non-wholly owned subsidiaries	-	3,754,159	3,754,159
Other movements in equity of investee	-	2,424,598	2,424,598
Less: Equity changes arising from acquisition of non-controlling interests	-	378,593,283	378,593,283
	<u>-</u>	<u>378,593,283</u>	<u>378,593,283</u>
Closing balance	<u>37,546,517,053</u>	<u>666,583,543</u>	<u>38,213,100,596</u>

In December 2017, BOE Smart Retail (Hong Kong) Co., Ltd., a subsidiary of the Company, acquired over 50.01% of SES Imagotag SA Co.Ltd. at a price of 30 Euro per share through block trading, and get control of SES Imagotag SA Co. Ltd. in February 6, 2018. The block trading triggered a comprehensive tender offer obligation for SES Imagotag SA Co. Ltd. As of March 16, 2018 (the date of completion of the tender offer), BOE Smart Retail (Hong Kong) Co., Ltd. had a total offer of 3,582,490 shares, and pay consideration of RMB 837,507,347. The acquisition of non-controlling shareholders' equity above leads to the reduction of capital reserve of RMB 378,593,283.

### 33 Other comprehensive income

<i>Item</i>	<i>Balance at the beginning of the year attributable to shareholders of the parent company</i>	<i>Movements during the year</i>					<i>Balance at the end of the year attributable to shareholders of the parent company</i>
		<i>Before-tax amount during the year</i>	<i>Less: Previously recognized amount transferred to profit or loss</i>	<i>Less: Income tax expenses</i>	<i>After-tax amount attributable to the parent company</i>	<i>After-tax amount attributable to the non-controlling shareholders</i>	
Other comprehensive income that will be reclassified to profit or loss							
Including: Share of other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss	144,614,667	(202,778,999)	219,616	-	(202,998,615)	-	(58,383,948)
Gains or losses arising from changes in fair value of available-for-sale financial assets	120,396,369	(121,965,782)	38,312,453	(17,724,875)	(136,009,652)	(6,543,708)	(15,613,283)
Translation differences arising from translation of foreign currency financial statements	(114,408,103)	95,737,106	-	-	63,147,082	32,590,024	(51,261,021)
Total	<u>150,602,933</u>	<u>(229,007,675)</u>	<u>38,532,069</u>	<u>(17,724,875)</u>	<u>(275,861,185)</u>	<u>26,046,316</u>	<u>(125,258,252)</u>

### 34 Surplus reserve

<i>Item</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Reductions during the year</i>	<i>Balance at the end of the year</i>
Statutory surplus reserve	599,969,166	262,985,835	-	862,955,001
Discretionary surplus reserve	<u>289,671,309</u>	<u>-</u>	<u>-</u>	<u>289,671,309</u>
Total	<u>889,640,475</u>	<u>262,985,835</u>	<u>-</u>	<u>1,152,626,310</u>

### 35 Retained earnings

<i>Item</i>	<i>2018</i>	<i>2017</i>
Retained earnings at the beginning of the year	10,385,659,084	4,011,055,487
Add: Net profits for the year attributable to shareholders of the Company	3,435,127,975	7,567,682,493
Less: Appropriation for statutory surplus reserve	262,985,835	146,500,620
Dividends to ordinary shares	<u>1,739,919,938</u>	<u>1,046,578,276</u>
Retained earnings at the end of the year	<u>11,817,881,286</u>	<u>10,385,659,084</u>

According to the Annual Shareholders' Meeting for 2017 held on 28 May 2018, the Company distributed cash dividends to all shareholders on 26 June 2018, with RMB 0.5 every 10 shares (2017: RMB 0.3) and a total dividend of RMB 1,739,919,938 (2017: RMB 1,046,578,276) distributed.

As at 31 December 2018, the consolidated retained earnings attributable to the Company included an appropriation of RMB 2,028,756,975 (2017: RMB 870,170,635) to surplus reserve made by the subsidiaries.

### 36 Operating income and operating costs

<i>Item</i>	<i>2018</i>		<i>2017</i>	
	<i>Income</i>	<i>Cost</i>	<i>Income</i>	<i>Cost</i>
Principal activities	94,629,547,884	75,771,556,938	91,648,854,762	68,916,418,783
Other operating activities	<u>2,479,317,051</u>	<u>1,534,667,350</u>	<u>2,151,624,453</u>	<u>1,366,058,802</u>
Total	<u>97,108,864,935</u>	<u>78,206,224,288</u>	<u>93,800,479,215</u>	<u>70,282,477,585</u>

Details of operating income:

	<i>2018</i>	<i>2017</i>
Operating income from principal activities		
- Sale of goods	94,629,547,884	91,648,854,762
Other operating income		
- Sales of raw materials	936,524,913	985,858,732
- Rental income of investment properties	1,023,141,383	878,867,829
- Others	<u>519,650,755</u>	<u>286,897,892</u>
Total	<u>97,108,864,935</u>	<u>93,800,479,215</u>

Information on income, expenses and profit of principal activities has been included in Note XIII.

37 Taxes and surcharges

	2018	2017
Property tax	311,354,873	237,646,244
Urban maintenance and construction tax	192,007,248	173,249,514
Education surcharges and local education surcharges	137,643,535	124,162,574
Stamp duty	84,381,357	69,998,977
Land use tax	28,005,681	37,247,474
Others	<u>25,213,432</u>	<u>66,076,746</u>
Total	<u>778,606,126</u>	<u>708,381,529</u>

38 Selling and distribution expenses

	2018	2017
Warranty provisions	1,068,015,463	1,200,437,455
Staff cost	582,456,239	536,623,384
Logistics	530,295,839	452,572,779
Others	<u>710,289,428</u>	<u>402,292,180</u>
Total	<u>2,891,056,969</u>	<u>2,591,925,798</u>

39 General and administrative expenses

	2018	2017
Staff cost	2,304,932,925	1,886,440,369
Repair expense	1,155,436,163	1,076,177,465
Depreciation and amortisation	445,659,627	256,406,262
Others	<u>1,053,155,482</u>	<u>849,751,849</u>
Total	<u>4,959,184,197</u>	<u>4,068,775,945</u>

40 Research and development costs

	2018	2017
Staff cost	2,337,224,942	1,256,769,303
Material expenses	888,449,869	751,707,490
Depreciation and amortisation	662,379,702	524,292,457
Others	<u>1,151,872,922</u>	<u>644,998,145</u>
Total	<u>5,039,927,435</u>	<u>3,177,767,395</u>

41 Financial expenses

	2018	2017
Interest expenses from loans	4,566,725,543	3,143,654,626
Less: Borrowing costs capitalised	1,300,993,229	664,318,467
Interest income from bank deposits	(748,004,557)	(665,076,391)
Net exchange losses	544,018,382	19,922,620
Other financial expenses	<u>134,949,751</u>	<u>113,842,472</u>
Total	<u>3,196,695,890</u>	<u>1,948,024,860</u>

The interest rate per annum, at which the borrowing costs were capitalized by the Group, was 3.88% ~ 5.06% (2017: 2.66% ~ 4.74% for the year).

42 Impairment losses

	2018	2017
Provision losses for bad debts	4,499,724	282,200,188
Impairment losses of inventories	1,201,958,587	1,903,973,944
Impairment losses of fixed assets	-	43,350,550
Available-for-sale financial assets	<u>33,130,452</u>	<u>-</u>
Total	<u>1,239,588,763</u>	<u>2,229,524,682</u>

43 Other income

	2018	2017
Government grants related to assets	514,836,515	386,080,172
Government grants related to income	<u>1,485,737,116</u>	<u>346,469,940</u>
Total	<u>2,000,573,631</u>	<u>732,550,112</u>

The amount of government subsidies received by the Group in 2018 and directly included in other income was RMB 1,378,067,675.

44 Investment income

	2018	2017
Long-term equity investments gains/(loss) under equity method	(13,925,731)	169,034
Investment income from disposal of long-term equity investment	(3,948,640)	-
Investment income from holding available-for-sale financial assets	11,543,726	12,671,679
Investment income from wealth management products on maturity	313,218,224	102,761,970
Including: Reversal of other comprehensive income	<u>38,312,453</u>	<u>356,146</u>
Total	<u><u>306,887,579</u></u>	<u><u>115,602,683</u></u>

45 Gains from changes in fair value

Item	2018	2017
Financial liabilities at fair value through profit or loss	2,061,153	32,048,211
Including: Gains from changes in fair value of derivative financial instruments	<u>2,061,153</u>	<u>32,048,211</u>
Total	<u><u>2,061,153</u></u>	<u><u>32,048,211</u></u>

As stated in Note V.30 (1), the Group assessed the fair value of the financial liability - the acquisition duty during the current year and recognized the gains from changes in fair value amounting to RMB 2,061,153.

46 Gains/ (Losses) from disposal of assets

Item	2018	2017	Amount recognized in extraordinary gain and loss in 2018
Gains/ (Losses) from disposal of fixed assets	<u>1,067,273</u>	<u>(69,145)</u>	<u>1,067,273</u>
Total	<u><u>1,067,273</u></u>	<u><u>(69,145)</u></u>	<u><u>1,067,273</u></u>

#### 47 Non-operating income and non-operating expenses

##### (1) Non-operating income by item is as follows:

<i>Item</i>	<i>2018</i>	<i>2017</i>	<i>Amount recognized in extraordinary gain and loss in 2018</i>
Government grants	73,136,030	108,695,893	73,136,030
Others	<u>96,293,485</u>	<u>71,722,965</u>	<u>96,293,485</u>
Total	<u>169,429,515</u>	<u>180,418,858</u>	<u>169,429,515</u>

##### Government grants recognized in current profit or loss

<i>Item</i>	<i>2018</i>	<i>2017</i>
Policy incentives and others	<u>73,136,030</u>	<u>108,695,893</u>

##### (2) Non-operating expenses

	<i>2018</i>	<i>2017</i>	<i>Amount recognized in extraordinary gain and loss in 2018</i>
Donations provided	8,931,099	18,829,148	8,931,099
Losses from scrapping of non-current assets damage	25,378,178	87,861,553	25,378,178
Others	<u>21,000,974</u>	<u>6,389,900</u>	<u>21,000,974</u>
Total	<u>55,310,251</u>	<u>113,080,601</u>	<u>55,310,251</u>

48 Income tax expenses

	Note	2018	2017
Current tax expense based on tax law and regulations		1,114,931,211	1,746,755,541
Changes in deferred tax	(1)	<u>127,484,883</u>	<u>133,904,439</u>
Total		<u>1,242,416,094</u>	<u>1,880,659,980</u>

(1) The analysis of changes in deferred tax assets / liabilities is set out below:

	2018	2017
Origination and reversal of temporary differences	<u>127,484,883</u>	<u>133,904,439</u>

(2) Reconciliation between income tax expense and accounting profit is as follows:

	2018	2017
Profit before taxation	4,122,290,167	9,741,071,539
Expected income tax expense at tax rate of 15%	618,343,525	1,461,160,731
Add: Effect of different tax rates applied by subsidiaries	(8,605,091)	(27,391,522)
Effect of non-deductible costs, expense and losses	57,787,173	43,112,436
Tax effect of weighted deduction and tax preference	(326,776,754)	(167,780,559)
Utilisation of prior year tax losses	(42,090,199)	(55,457,681)
Tax effect of deductible losses of deferred tax assets not recognized	801,853,138	160,554,413
Tax effect of deductible temporary differences of deferred tax assets not recognized	167,943,845	490,319,923
Recognized temporary differences of previous years	-	(23,857,761)
Effect of tax rates changes on deferred tax	<u>(26,039,543)</u>	<u>-</u>
Income tax expense	<u>1,242,416,094</u>	<u>1,880,659,980</u>

According to the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology Finance and Taxation [2018] No. 99 *Notice on Increasing the Pre-tax Deduction Ratio of Research and Development Expenses*, in order to further encourage enterprises to increase investment in research and development, support scientific and technological innovation, enterprises actually carry out research and development activities. The research and development expenses which are not resulted in intangible assets but in the current profits and losses, are deducted on the basis of the regulations truthfully. Besides, during January 1, 2018 and December 31 2020, extra deduction will be added to the research and development expenses before taxation according to 75% of the actual amount.

#### 49 Basic earnings per share and diluted earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The Group does not have any potential dilutive ordinary shares for the listed years.

	2018	2017
Consolidated net profit attributable to ordinary shareholders of the Company	3,435,127,975	7,567,682,493
Weighted average number of ordinary shares outstanding (share)	34,798,398,763	34,888,807,218
Basic earnings per share (RMB / share)	0.10	0.22

Weighted average number of ordinary shares is calculated as follows:

	2018	2017
Issued ordinary shares at the beginning of the year	34,798,398,763	35,020,526,918
Weighted average effect of shares repurchased	<u>-</u>	<u>(131,719,700)</u>
Weighted average number of ordinary shares at 31 December	<u>34,798,398,763</u>	<u>34,888,807,218</u>



## 50 Supplementary information on cash flow statement

### (1) Supplement to cash flow statement

	2018	2017
(a) Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,879,874,073	7,860,411,559
Add: Impairment loss	1,239,588,763	2,229,524,682
Depreciation of fixed assets and investment property	13,335,938,485	11,582,379,561
Amortisation of intangible assets	439,474,291	283,359,395
Amortisation of long-term deferred expenses	141,908,077	78,774,292
(Losses) / gains from disposal of fixed assets, intangible assets, and other long-term assets	(3,694,057)	69,145
Losses from scrapping of fixed assets and intangible assets	25,378,178	87,861,553
Financial expenses	2,568,053,826	1,446,546,521
Gains from changes in fair value	(2,061,153)	(32,048,211)
Investment income	(306,887,579)	(115,602,683)
Change in deferred income	87,642,739	153,536,921
(Increase) / decrease in deferred tax assets	(97,760,872)	40,282,908
Increase in deferred tax liabilities	841,185,989	93,600,350
Increase in inventories	(3,709,307,660)	(3,028,554,792)
Decrease in operating receivables	828,109,193	2,126,578,448
Increase in operating payables	7,416,604,903	3,920,210,006
Net cash inflow from operating activities	<u>25,684,047,196</u>	<u>26,726,929,655</u>

### (b) Significant investing and financing activities not requiring the use of cash:

On January 16, 2018, the Company signed a debt exemption agreement with Fuzhou Municipal People's Government, Fuzhou Chengtou BOE Investment Co., Ltd. and Fuzhou Construction & Investment Group Co., Ltd. for the investment framework agreement of Fuzhou 8.5th new semiconductor display device production line project. The loan exempted for the construction of Fuzhou's 8.5th generation new semiconductor display device production line project totaled RMB 6.3 billion.

In 2018, Hefei Display Technology, a subsidiary of the Group, signed *the Overseas Payment Financing Contract* with the China Development Bank. The China Development Bank arranged the Payment Bank to pay RMB47,369,984 and JPY313,000,000 in advance for imports on behalf of Hefei Display Technology. At the agreed financing maturity date, Hefei Display Technology will repay the principal and interest of the financing and related costs to the China Development Bank, which will return the relevant funds to the paying bank on behalf of the China Development Bank.

In 2018, Chengdu Optoelectronics, a subsidiary of the Group, signed *the Overseas Payment Financing Contract* with the China Development Bank, which arranged by the China Development Bank to pay USD163,440,859 in advance for imports of Chengdu Optoelectronics on behalf of the Bank. At the agreed financing maturity date, Chengdu Optoelectronics will repay the financing principal, interest and related costs to the China Development Bank, and the China Development Bank will repay the relevant funds to the paying bank. In 2018, Chengdu Optoelectronics has paid a total of USD148,905,859.

In 2018, Mianyang BOE, a subsidiary of the Group, signed *the Overseas Payment Financing Contract* with the China Development Bank, which arranged by the China Development Bank to pay the import money of USD 48,271,469 and JPY 7,784,950,000 in advance on behalf of Mianyang BOE. At the agreed financing maturity date, Mianyang BOE will repay the principal and interest of the financing and related expenses to the China Development Bank, and the relevant funds will be returned by the China Development Bank to the paying bank.

In 2018, Kunming BOE, a subsidiary of the company, received a minority shareholder's investment in patents and proprietary technology, and accounted for RMB 200,000,000 according to the assessed bookkeeping value.

In 2018, BOE Energy, a subsidiary of the Group, leased fixed assets. The financial leasing company directly paid for the purchase of suppliers. The total amount was RMB 111,358,145.

(c) Changes in cash and cash equivalents:

	2018	2017
Cash and cash equivalents at the end of the year	43,350,696,520	47,913,287,583
Less: Cash and cash equivalents at the beginning of the year	<u>47,913,287,583</u>	<u>49,354,810,388</u>
Net Decrease in cash and cash equivalents	<u>(4,562,591,063)</u>	<u>(1,441,522,805)</u>

(2) Information on acquisition or disposal of subsidiaries and other business units during the year

Information on acquisition of subsidiaries and other business units:

	2018	2017
Cash and cash equivalents paid during the year for acquiring subsidiaries	-	-
Less: Cash and cash equivalents held by acquired subsidiaries	<u>6,801,508,810</u>	<u>-</u>
Net cash paid for the acquisition	<u>(6,801,508,810)</u>	<u>-</u>

Note: Details on the acquisition of subsidiaries the year, refer to Note VI.1(1).

(3) Details of cash and cash equivalents

	2018	2017
Cash on hand	537,805	526,764
Bank deposits available on demand	43,340,146,382	47,912,760,611
Other monetary funds available on demand	<u>10,012,333</u>	<u>208</u>
Cash and cash equivalents at the end of the year	<u>43,350,696,520</u>	<u>47,913,287,583</u>

Note: Cash and cash equivalents disclosed above exclude other monetary fund with restricted usage.

51 Assets with restrictive ownership title or right of use

Item	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year	Reason for restriction
Cash at bank and on hand	9,215,371,993	5,150,842,367	6,235,371,169	8,130,843,191	Pledged as collateral and margin deposit
Bills receivable	503,406,676	208,324,414	503,406,676	208,324,414	Discounted with recourse, endorsed with resource and pledged for drawing bill
Investment properties	188,015,432	37,889,470	8,469,341	217,435,561	Mortgaged as collateral
Fixed assets	56,639,021,799	50,921,156,278	9,308,311,371	98,251,866,706	Mortgaged as collateral
Construction in progress	8,275,020,678	72,197,786,830	46,354,833,254	34,117,974,254	Mortgaged as collateral
Intangible assets	<u>958,034,967</u>	<u>279,067,185</u>	<u>20,174,667</u>	<u>1,216,927,485</u>	Mortgaged as collateral
Total	<u>75,778,871,545</u>	<u>128,795,066,544</u>	<u>62,430,566,478</u>	<u>142,143,371,611</u>	

52 Details of provision for impairment of assets

Item	Note	Balance at the beginning of the year RMB Yuan	Additions during the year RMB Yuan	Reductions during the year		Translation differences RMB Yuan	Balance at the end of the year RMB Yuan
				Move Back RMB Yuan	Transferred out RMB Yuan		
Provision for bad and doubtful debts	V. 2, 4	305,196,374	6,279,434	1,779,710	3,917,581	13,883,825	319,662,342
Provision for impairment of inventories	V. 5	1,989,915,833	2,022,017,881	820,059,294	1,502,889,490	2,650,454	1,691,635,384
Provision for impairment of available-for-sale financial assets	V. 7	150,279,655	33,130,452	-	-	1,185,500	184,595,607
Provision for impairment of held-to-maturity investments		17,960,946	-	-	-	-	17,960,946
Provision for impairment of long-term equity investments	V. 8	537,136,972	-	-	-	-	537,136,972
Provision for impairment of fixed assets	V. 10	673,709,754	-	-	20,847,412	-	652,862,342
Provision for impairment of goodwill	V. 13	<u>4,423,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,423,876</u>
Total		<u>3,678,623,410</u>	<u>2,061,427,767</u>	<u>821,839,004</u>	<u>1,527,654,483</u>	<u>17,719,779</u>	<u>3,408,277,469</u>

For reasons of recognition of impairment losses, refer to the notes of relevant assets.



## VI. Change of consolidation scope

### 1 Business combinations involving entities not under common control

#### (1) Material business combinations involving entities not under common control occurred during the year

	Acquisition date of equity investment	Basis for determination of acquisition date	Acquiree from acquisition date to 31 December 2018		
			Income	Net profit / (loss)	Net cash inflow/ (outflow)
SES Imagotag SA Co.Ltd.	6 February 2018	Achieving actual control by holding more than half of the Board of Directors of acquiree	1,420,775,536	(130,954,351)	(68,101,987)
Mianyang BOE Optoelectronics Technology Co., Ltd.	3 May 2018	Achieving actual control by holding more than half of the Board of Directors of acquiree	-	(111,309,141)	(3,086,584,881)
Wuhan BOE Optoelectronics Technology Co., Ltd.	25 December 2018	Achieving actual control by signing a concerted action agreement	-	-	1,099,140,725

- (a) SES Imagotag SA Co.Ltd. was established in France in 1992, listed on the Euronext Paris in 2006, and headquartered in Nanterre of France. SES Imagotag SA Co.Ltd. is mainly engaged in the research and development and sales of electronic shelf labels and digital signage. On December 20, 2017 (delivery date), BOE Smart Retail (Hong Kong) Co., Ltd., a subsidiary of the Company, paid a total of 7,156,696 shares through the block trading at a price of 30 euros per share. The total consideration is 200,075,280 euros, accounting for 54.40% of the shares outstanding on the SES delivery date. After the completion of the block transaction, the board of directors consists of five directors and the company recommends two of them. According to the company's articles of association, material business and financial decision-making matters must be approved by more than the majority of the members of the board of directors. Therefore, the company has a significant impact on SES from the delivery date, and it is accounted for as an associate by the equity method. On February 6, 2018 (the purchase date), SES held a general meeting of shareholders. The meeting decided to increase the number of board members to nine, of which the number of directors of the Company increased to five. From that date, the Company has control over SES and SES will be included in the scope of consolidation. The book value of the original shareholding of the Company on the date of purchase was RMB 1,685,720,539, and the fair value was RMB 1,684,309,084, the balance between the book value and the fair value was RMB 1,411,455, which was recognised in the investment loss in consolidated financial statements.
- (b) Mianyang BOE Optoelectronics Technology Co., Ltd. (Mianyang BOE) was established in Mianyang in 2016. It is mainly engaged in the investment, construction, research and development, production and sales of semiconductor display device related products and related products. Before the purchase date, the shareholding ratio of the Company and Mianyang Science and Technology City Development Investment (Group) Co., Ltd. to Mianyang BOE was 61.54% and 38.46% respectively. On May 3, 2018, the Mianyang BOE Shareholders' Meeting passed a resolution to amend the Articles of Association, in which material business and financial decision-making matters were revised to be approved by more than one-half of the board of directors. Mianyang BOE's board of directors consists of 5 directors, of which 3 are recommended by the company. Therefore, on May 3, 2018, the company has control over Mianyang BOE and included it in the consolidated financial statement. The book value and fair value of the original shareholding of the Company on the purchase date were RMB 5,096,980,083.

- (c) Wuhan BOE Optoelectronics Technology Co., Ltd. (Wuhan BOE) was established in Wuhan in 2017. It is mainly engaged in the investment, construction, research and development, production and sales of thin film transistor liquid crystal display device related products and related products. Before the purchase date, the Company, Wuhan Airt Economic Development Zone Industrial Development Investment Group Co., Ltd. and Hubei Changbai Industrial Investment Fund Partnership (Limited Partnership) held shares of Wuhan BOE at 14.58%, 65.30% and 20.12% respectively. On December 25, 2018, the Company and the shareholder of Wuhan BOE, Wuhan Airt Economic Development Zone Industrial Development Investment Group Co., Ltd. signed a concerted action agreement, Wuhan Airt Economic Development Zone Industrial Development Investment Group Co., Ltd. agreed to act as a concerted action according to the wishes of the Company, and exercised the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Since that date, the company has control of Wuhan BOE and included it in the consolidated financial statement. The book value and fair value of the original shareholding of the Company on the date of purchase were RMB 1,230,860,516.

(2) Acquisition cost and goodwill

	<i>SES Imagetag SA Co.Ltd.</i>		<i>Mianyang BOE Optoelectronics Technology Co., Ltd.</i>		<i>Wuhan BOE Optoelectronics Technology Co., Ltd.</i>	
	<i>Carrying amounts</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
<i>Acquisition cost</i>						
Cash	-	-	-	-	-	-
Equity interests held before acquisition date	1,685,720,539	<u>1,684,309,084</u>	5,096,980,083	<u>5,096,980,083</u>	1,230,860,516	<u>1,230,860,516</u>
Total acquisition cost		<u>1,684,309,084</u>		<u>5,096,980,083</u>		<u>1,230,860,516</u>
Less: share of the fair value of the identifiable net assets acquired		977,902,263		5,096,980,083		1,230,860,516
Amount of acquisition cost more than share of the fair value of the identifiable net assets acquired		<u>706,406,821</u>		<u>-</u>		<u>-</u>

The fair value of the equity held before the purchase date in the above-mentioned acquisition of SES Imagetag SA Co.Ltd. in the merger cost is determined according to the stock price of SES Imagetag SA Co.Ltd.

(3) Identifiable assets and liabilities of the acquiree at the acquisition date

	<u>SES Imagotag SA Co.Ltd.</u>		<u>Mianyang BOE Optoelectronics Technology Co., Ltd.</u>		<u>Wuhan BOE Optoelectronics Technology Co., Ltd.</u>	
	<i>Carrying amounts</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
Assets						
Current assets	1,206,351,591	1,206,351,591	5,361,878,464	5,361,878,464	2,012,249,472	2,012,249,472
Non-current assets	489,972,401	2,338,548,994	3,249,053,667	3,249,053,667	8,158,163,711	8,158,163,711
Liabilities:						
Current liabilities	577,892,138	577,892,138	251,707,967	251,707,967	1,724,095,238	1,724,095,238
Non-current liabilities	534,566,084	1,150,696,662	77,190,000	77,190,000	4,201,925	4,201,925
Net assets	583,865,770	1,816,311,785	8,282,034,164	8,282,034,164	8,442,116,020	8,442,116,020
Less: Non-controlling interests	269,512,440	838,409,522	3,185,054,081	3,185,054,081	7,211,255,504	7,211,255,504
Net assets acquired	314,353,330	977,902,263	5,096,980,083	5,096,980,083	1,230,860,516	1,230,860,516

The Company assessed the fair value of the identifiable assets and liabilities of SES Imagotag SA Co. Ltd. on the acquisition date. If there is an active market for the above identifiable assets, the quoted prices in the active market are used to establish their fair value; if there is no active market, their fair values are estimated based on the market prices of the same or similar types of assets which have an active market; if there is no active market for the same asset or similar types of assets, valuation techniques are used to determine the fair value. For the above identifiable liabilities, the payable amount or the present value of the payable amount is its fair value.

Mianyang BOE Optoelectronics Technology Co., Ltd. and Wuhan BOE Optoelectronics Technology Co., Ltd are both in the construction period on the purchase date and have no major business activities. Therefore, the above-mentioned purchased parties have no significant difference between the fair value and the book value of identifiable assets and liabilities on the date of combination.

2 Other reasons for change of consolidation scope

The Company has set up a new subsidiary this year, which is Beijing BOE Sensing Technology Co., Ltd. The Company holds 100% of the shares of the subsidiary.

## VII. Interests in other entities

### 1 Interests in subsidiaries

#### (1) Composition of the Group

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding (or similar equity interest) percentage		Acquisition method
					Direct	Indirect	
Beijing BOE Optoelectronics Technology Co., Ltd.	Beijing, China	Beijing, China	Research and development, design and manufacture of TFT-LCD	USD 649,110,000	82.49%	17.51%	Founded by investment Business combinations involving entities not under common control
Chengdu BOE Optoelectronics Technology Co., Ltd.	Chengdu, China	Chengdu, China	Research and development, design, manufacture, and sale of new display devices and components	RMB 22,000,000,000	100%	-	Business combinations involving entities not under common control
Hefei BOE Optoelectronics Technology Co., Ltd.	Hefei, China	Hefei, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	RMB 9,000,000,000	100%	-	Business combinations involving entities not under common control
Beijing BOE Display Technology Co., Ltd.	Beijing, China	Beijing, China	Development of TFT-LCD, manufacture and sale of LCD	RMB 17,882,913,500	97.17%	2.83%	Founded by investment Business combinations involving entities not under common control
Hefei Xinsheng Optoelectronics Technology Co., Ltd.	Hefei, China	Hefei, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	RMB 19,500,000,000	84.59%	0.03%	Founded by investment Business combinations involving entities not under common control
Ordos Yuansheng Optoelectronics Co., Ltd.	Ordos, China	Ordos, China	The production and operation of AMOLED and relevant products	RMB 11,804,000,000	100%	-	Founded by investment Business combinations involving entities not under common control
Chongqing BOE Optoelectronics Co., Ltd.	Chongqing, China	Chongqing, China	Research, development, manufacture and sales of semiconductor display devices, machine and relevant products, import and export of goods and technical consulting	RMB 19,226,000,000	100%	-	Business combinations involving entities not under common control
Fuzhou BOE Optoelectronics Technology Co., Ltd.	Fuzhou, China	Fuzhou, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	RMB 17,600,000,000	81.25%	-	Business combinations involving entities not under common control
Beijing BOE Vision-electronic Technology Co., Ltd.	Beijing, China	Beijing, China	Research, manufacture and sales of terminal products of LCD monitor and TV etc.	RMB 3,720,600,000	100%	-	Founded by investment Business combinations involving entities not under common control
Beijing BOE Vacuum Electronics Co., Ltd.	Beijing, China	Beijing, China	Manufacture and sales of vacuum electronic products	RMB 35,000,000	55%	-	Founded by investment Business combinations involving entities not under common control
Beijing BOE Vacuum Technology Co., Ltd.	Beijing, China	Beijing, China	Manufacture and sales of vacuum tubes	RMB 32,000,000	100%	-	Founded by investment Business combinations involving entities not under common control



Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding (or similar equity interest) percentage		Acquisition method
					Direct	Indirect	
Beijing BOE Special Display Technology Co., Ltd.	Beijing, China	Beijing, China	Development of display products and sales of electronic products	RMB 100,000,000	100%	-	Founded by investment
Beijing Yinghe Century Co., Ltd.	Beijing, China	Beijing, China	Engineering project management, real estate development, mobile vehicle parking lot services and marketing research	RMB 233,105,200	100%	-	Founded by investment
BOE Optical Science and technology Co., Ltd.	Suzhou, China	Suzhou, China	Development, manufacture and sales of backlight and related parts and components for LCD	RMB 826,714,059	95.17%	-	Founded by investment
BOE Hyundai LCD Inc.	Beijing, China	Beijing, China	Development of display products and sales of electronic products	USD 5,000,000	75%	-	Founded by investment
BOE (Hebei) Mobile Technology Co., Ltd.	Langfang, China	Langfang, China	Manufacture and sales of mobile flat screen display technical products and related services	RMB 1,358,160,140	100%	-	Founded by investment
Beijing BOE multimedia Technology Co., Ltd.	Beijing, China	Beijing, China	Sales of computer software and Hardware, the numeral regards the audio frequency technology	RMB 400,000,000	100%	-	Founded by investment
Beijing BOE Energy Technology Co., Ltd.	Beijing, China	Beijing, China	Design, consultation and services of solar battery, photovoltaic system, wind turbine system and photo-thermal system, and energy saving service	RMB 850,000,000	100%	-	Founded by investment
Beijing BOE Smart Commercial Co., Ltd.	Beijing, China	Beijing, China	Technology poromotion services, property management, sales of electronic products	RMB 10,000,000	100%	-	Founded by investment
Beijing Zhongxiangying Technologies Co.,Ltd.	Beijing, China	Beijing, China	Technology poromotion services, property management, sales of electronic products	RMB 10,000,000	100%	-	Founded by investment
Ordos City Haosheng Energy Investment Co., Ltd.	Ordos, China	Ordos, China	Investment in enegy Processing, production, and sales of goods, primarily comprising sales of precision electronic metal parts and semiconductor devices, in addition to micromodules, microelectronic devices and electronic materials; import and export of goods	RMB 30,000,000	20%	80%	Founded by investment
BOE Semi-conductor Co., Ltd.	Beijing, China	Beijing, China	Design, manufacturing and sales of electronic-information industry related products, investment and financing businesses	RMB 11,700,000	80.77%	-	Founded by investment
BOE Optoelectronics Holding Co.,Ltd.	Hong Kong, China	British Virgin Islands		USD 260,809,100	100%	-	Founded by investment
Beijing Asahi Electronic Materials Co.,Ltd.	Beijing, China	Beijing, China	Sales of Supports and glass bar for TV and CTV low melting sealing frit	RMB 61,576,840	100%	-	Business combinations involving entities not under common control
BOE Health Investment & Management Co., Ltd.	Beijing, China	Beijing, China	Investment management and investment	RMB 3,000,000,000	100%	-	Business combinations involving entities not under common control

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding (or similar equity interest) percentage		Acquisition method
					Direct	Indirect	
Beijing-Matsushita Color CRT Co., Ltd.	Beijing, China	Beijing, China	Color TV, display tube, color rear projection TV projection tube and electronic component materials, property management, parking services, etc.	RMB 670,754,049	88.80%	-	Business combinations involving entities not under common control
Hefei BOE Display Technology Co.,Ltd.	Hefei, China	Hefei, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	RMB 24,000,000,000	8.33%	-	Business combinations involving entities not under common control
Beijing BOE Technology Development Co., Ltd.	Beijing, China	Beijing, China	Development, transfer, consultation and services of technologies	RMB 1,000,000	100%	-	Founded by investment
BOE Intelligent Technology Co.,Ltd.	Beijing, China	Beijing, China	Development, transfer, consultation, services and promotion of technologies	RMB 100,000,000	100%	-	Founded by investment
Hefei BOE Zhuoyin Technology Co., Ltd.	Hefei, China	Hefei, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	RMB 800,000,000	75%	-	Founded by investment
Beijing BOE Land Co.,Ltd.	Beijing, China	Beijing, China	Development, construction, property management and supporting services of industrial plants and supporting facilities, information and consultation of real estates, lease of commercial facilities, service staff and other supporting facilities and public parking area services for vehicles	RMB 55,420,000	70%	-	Founded by investment
Beijing BOE Sales Co.,Ltd.	Beijing, China	Beijing, China	Sales of communication devices, computer hardware and software and accessory devices and electronic products and equipment maintenance; development, transfer, consultation and services of technologies; import and export of goods, import and export agency, import and export of technologies; Consigned processing of electronic products and LCD	RMB 50,000,000	100%	-	Founded by investment
Kunming BOE Display Technology Co., Ltd.	Yunnan, China	Yunnan, China	Development, promotion, transfer, consultation and services of display technology; computer software, hardware and network system services; the construction, operations and management of e-commerce platform; product design; conference services; undertaking exhibitions and presentation activities; computer animation design; production, R&D and sales of OLED microdisplays and AR/VR complete machines; warehousing services; I-type Xuanmu investment and management of investment projects	RMB 1,000,000,000	45.11%	-	Founded by investment
Mianyang BOE Optoelectronics Technology Co., Ltd.	Mianyang, China	Mianyang, China	research and development, production and sales of flexible AMOLED, the products are mainly used in smart phones, wearable devices, car display, AR/VR, etc.	RMB 20,800,000,000	81.35%	-	Business combinations involving entities not under common control

Name of the Subsidiary	Principal place of business	Registered place	Business nature	Registered capital	Shareholding (or similar equity interest) percentage		Acquisition method
					Direct	Indirect	
Beijing BOE Sensing Technology Co., Ltd.	Beijing, China	Beijing, China	Formation of X-ray sensors, microfluidic chips, biochemical chips, gene chips, security sensors, microwave antennas, biosensors, logistics network technology and other semiconductor sensors, technology testing, technical consulting, technical services, technology transfer	RMB 50,000,000	100%	-	Founded by investment
Beijing BOE Yiyun Science & Technology Co., Ltd.	Beijing, China	Beijing, China	Technology development, technology transfer, technical consulting, technical services; technology intermediary services; information system integration; basic software services; application software services; software development	RMB 200,000,000	95.92%	-	Business combinations involving entities not under common control
Wuhan BOE Optoelectronics Technology Co., Ltd.	Wuhan, China	Wuhan, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	RMB 17,573,000,000	14.58%	-	Business combinations involving entities not under common control
Chongqing BOE Display Technology Co., Ltd. (Chongqing BOE Display)	Chongqing, China	Chongqing, China	Research, development, manufacture and sales of semiconductor display devices, machine and relevant products, import and export of goods and technical consulting	RMB 510,000,000	38.46%	-	Business combinations involving entities not under common control
SES Imagotag SA Co.Ltd.	Nanterre, France	Nanterre, France	Supports color electronic paper, segment LCD, TFT-LCD display, covering ESL multi-frequency protocol, Wi-Fi, BLE and NFC; multiple communication methods, integrated electronic paper supply chain resources and downstream software around electronic shelf labels Platform, image recognition and big data analytics resources to create a complete solution for the retail industry	EUR 10,789,186	-	73.93%	Business combinations involving entities not under common control

The Company and the shareholder of Hefei Display, Hefei Core Screen Industrial Investment Fund (Limited Partnership) signed a concerted action agreement on November 30, 2016, Hefei Core Screen Industrial Investment Fund (Limited Partnership) agreed to act as a concerted action according to the wishes of the Company, and exercised the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the Company's voting right ratio to Hefei is 71.67%.

The Company and Shareholder of Wuhan BOE, Wuhan Airport Economic Development Zone Industrial Development Investment Group Co., Ltd. signed a concerted action agreement on December 25, 2018. Wuhan Airport Economic Development Zone Industrial Development Investment Group Co., Ltd. agreed to follow the Company's will to act as a concerted action, unconditionally and irrevocably exercising voting rights in accordance with the opinions of the company, the voting rights of the Company to Wuhan BOE is 79.88%.

The Company and shareholders of Chongqing BOE Display, Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Yuzi Optoelectronic Industry Investment Co., Ltd. signed a concerted action agreement on December 25, 2018, Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Yuzi Optoelectronic Industry Investment Co., Ltd. agreed to act as a concerted action according to the will of the Company, and exercise the voting rights unconditionally and irrevocably in accordance with the opinions of the Company. Therefore, the proportion of voting rights displayed by the Company on Chongqing BOE is 100%.

(2) Material non-wholly owned subsidiaries

<i>Name of subsidiaries</i>	<i>Shareholding percentage of non-controlling interests</i>	<i>Losses attributable to non-controlling interests during the year</i>	<i>Dividend declared to non-controlling shareholders during the year</i>	<i>Balance of non-controlling interests at the end of the year</i>
Hefei BOE Display Technology Co.,Ltd.	91.67%	(372,612,785)	-	21,615,961,309

(3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made for the fair value adjustment at the acquisition date and any differences in accounting policies:

	<i>Hefei BOE Display Technology Co.,Ltd.</i>	
	<i>2018</i>	<i>2017</i>
Current assets	11,725,102,123	10,186,968,292
Non-current assets	<u>36,531,775,939</u>	<u>22,403,727,292</u>
Total assets	<u>48,256,878,062</u>	<u>32,590,695,584</u>
Current liabilities	7,708,059,063	3,935,813,860
Non-current liabilities	<u>16,968,627,760</u>	<u>9,109,930,632</u>
Total liabilities	<u>24,676,686,823</u>	<u>13,045,744,492</u>
Operating income	3,318,954,798	242,505,228
Net loss	(406,216,942)	(7,117,515)
Total comprehensive income	(412,759,853)	11,524,506
Cash flows from operating activities	407,026,027	(62,244,174)

2 Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control

(1) Changes in the Group's interests in subsidiaries:

	<i>Before changes of interests</i>	<i>After changes of interests</i>
Hefei BOE Display Technology Co., Ltd.	7.94%	8.33%
Hefei BOE Zhuoyin Technology Co., Ltd.	75.05%	75.00%
Kunming BOE Display Technology Co., Ltd.	81.25%	45.11%
Mianyang BOE Optoelectronics Technology Co., Ltd.	61.54%	81.35%
Beijing BOE Yiyun Science & Technology Co., Ltd.	51.00%	95.92%
SES Imagotag SA Co. Ltd.	53.84%	73.93%

(2) Impact from transactions with non-controlling interests and equity attributable to the shareholders of the Company:

BOE Smart Retail (Hong Kong) Co., Ltd., a subsidiary of the Company, acquired of non-controlling shareholders' equity through comprehensive tender offer obligation, which results to the reduction of capital reserve of RMB 378,593,283 (Note V. 32).

The changes in the shareholding of the Company in the owners of above-mentioned other subsidiaries were caused by the capital increase of the Company and its non-controlling interests, which results to the increase of capital reserver by RMB 3,754,159.

3 Interests in joint ventures or associates

Please see Note V.8 (2) for details of the summarized financial information of the associates and joint ventures.

No material restrictions on transfers of funds from investees to the Group. The judgment basis of the Company and its subsidiaries to hold lower than 20% of the voting rights of other entities but have significant influence on the entity is due to the fact that the Company and its subsidiaries have seats in the board of directors of the entity, and the Company and Subsidiaries of the Company may have significant influence on the entity through the representation of the directors in the process of formulating financial and operating policies.

## VIII. Risk related to financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risks

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

### (1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and the record of previous transactions. Receivables are due within 15 to 120 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company's accounts receivable and other receivables due from the top five customers account for 40% and 0.06% of the total accounts receivables respectively (2017: 37% and 0.2%). In addition, the accounts receivable not overdue or impaired is mainly related to many clients who don't have payment in arrears records recently.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As mentioned in Note XII, as at 31 December 2018 the Group does not provide any external guarantees which would expose the Group or the Company to credit risk.

## (2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands (subject to approval by the Company's board when the borrowings exceed certain predetermined levels). The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

	2018 Contractual undiscounted cash flow					Carrying amount of balance sheet
	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years but less than 5 years	More than 5 years	Total	
Financial liabilities						
Short-term loans	5,542,824,867	-	-	-	5,542,824,867	5,449,954,885
Bills payable and accounts payable	22,805,065,888	-	-	-	22,805,065,888	22,805,065,888
Other payables	22,956,979,828	-	-	-	22,956,979,828	22,956,979,828
Non-current liabilities due within one year	6,081,520,241	-	-	-	6,081,520,241	5,597,563,204
Long-term borrowings	4,283,202,579	9,376,015,293	14,959,103,283	92,225,178,032	120,843,499,187	94,780,077,864
Long-term payables	-	708,503,891	399,396,820	696,811,815	1,804,712,526	1,416,092,239
Bonds payable	325,986,220	10,651,972,440	335,864,440	-	11,313,823,100	10,288,666,233
<b>Total</b>	<b>61,995,579,623</b>	<b>20,736,491,624</b>	<b>15,694,364,543</b>	<b>92,921,989,847</b>	<b>191,348,425,637</b>	<b>163,294,400,141</b>

  

	2017 Contractual undiscounted cash flow					Carrying amount of balance sheet
	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years but less than 5 years	More than 5 years	Total	
Financial liabilities						
Short-term loans	3,267,011,755	-	-	-	3,267,011,755	3,249,736,430
Bills payable and accounts payable	16,749,587,533	-	-	-	16,749,587,533	16,749,587,533
Other payables	16,122,413,130	-	-	-	16,122,413,130	16,122,413,130
Non-current liabilities due within one year	9,620,665,187	-	-	-	9,620,665,187	9,109,708,511
Long-term borrowings	2,884,011,291	8,571,300,399	6,211,128,059	78,338,069,603	96,004,509,352	78,973,633,010
Long-term payables	-	591,490,764	411,613,803	414,023,014	1,417,127,581	1,176,250,982
Bonds payable	315,000,000	630,000,000	10,315,000,000	-	11,260,000,000	9,966,467,496
<b>Total</b>	<b>48,958,688,896</b>	<b>9,792,791,163</b>	<b>16,937,741,862</b>	<b>78,752,092,617</b>	<b>154,441,314,538</b>	<b>135,347,797,092</b>

### (3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) As at 31 December, the Group held the following interest-bearing financial instruments:

#### Fixed rate instruments:

Item	2018		2017	
	Effect interest rate	Amount	Effective interest rate	Amount
Financial assets				
- Cash at bank and on hand	0.20% ~ 3.74%	21,898,508,469	0.20% ~ 2.75%	22,137,189,508
Financial liabilities				
- Short-term loans	1.28% ~ 4.95%	(2,927,190,124)	1.43% ~ 5.20%	(2,172,993,056)
- Non-current liabilities due within one year	0% ~ 5.88%	(2,967,991,325)	0% ~ 5.64%	(3,404,283,141)
- Debentures payable	3.15% ~ 3.50%	(10,288,666,233)	3.15%	(9,966,467,496)
- Long-term payables	3.56% ~ 7.09%	(1,416,092,239)	4.17% ~ 7.02%	(1,176,250,982)
- Long-term loans	0% ~ 5.88%	(58,484,576,750)	0% ~ 6.60%	(35,926,709,530)
Total		<u>(54,186,008,202)</u>		<u>(30,509,514,697)</u>

#### Variable rate instruments:

Item	2018		2017	
	Effect interest rate	Amount	Effective interest rate	Amount
Financial assets				
- Cash at bank and on hand	0.0001% ~ 3.90%	29,582,493,437	0.0001% ~ 2.75%	34,990,943,302
Financial liabilities				
- Short-term loans	3.44% ~ 4.39%	(2,522,764,761)	0.35%	(1,076,743,374)
- Non-current liabilities due within one year	5.37% ~ 7.18%	(2,629,571,879)	4.02% ~ 5.62%	(5,705,425,370)
- Long-term loans	1.04% ~ 7.18%	(36,295,501,114)	1.07% ~ 5.62%	(43,046,923,480)
Total		<u>(11,865,344,317)</u>		<u>(14,838,148,922)</u>



(b) Sensitivity analysis

As at 31 December 2018, it is estimated that a general increase / decrease of 100 basis points in interest rates of variable rate instrument, with all other variables held constant, would decrease / increase the Group's net profit and equity by RMB 104,380,000 (2017: RMB 123,360,000).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

(4) Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) The Group's exposure as at 31 December to currency risk arising from recognized foreign currency assets or liabilities is mainly denominated in US dollar. The amount of the USD exposure is net liabilities exposure USD 2,098,686,634 (2017 net liabilities exposure: USD 2,282,216,777), translated into RMB 14,403,706,106 (2017: RMB 14,912,460,861), using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

(b) The following are the exchange rates for Renminbi against US dollar applied by the Group:

	<u>Average rate</u>		<u>Reporting date mid-spot rate</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
USD	6.6987	6.7356	6.8632	6.5342

Assuming all other risk variables remained constant, a 5% strengthening / weakening of the Renminbi against the US dollar at 31 December would have increased / decreased both the Group's equity and net profit by the amount RMB 506,911,356 (2017: RMB 199,436,178).

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

(5) Other price risks

Other price risks include stock price risk, commodity price risk and others.

IX. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

		31 December 2018			
Assets	Notes	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Recurring fair value measurements					
- Wealth management products	V, 6	-	-	5,534,413,566	5,534,413,566
- Available-for-sale financial assets	V, 7				
Including: Available-for-sale debt instrument		-	-	12,866,432	12,866,432
Available-for-sale equity instrument		378,636,117	-	-	378,636,117
Total assets measured at fair value on a recurring basis		378,636,117	-	5,547,279,998	5,925,916,115
- Equity of redemption terms-Swap obligation		-	-	(71,000,000)	(71,000,000)
Total liabilities measured at fair value on a recurring basis		-	-	(71,000,000)	(71,000,000)
31 December 2017					
Assets		Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Recurring fair value measurements					
- Wealth management products	V, 6	-	-	9,791,137,808	9,791,137,808
- Available-for-sale financial assets	V, 7				
Including: Available-for-sale debt instrument		4,328,710	-	10,583,436	14,912,146
Available-for-sale equity instrument		512,838,390	-	-	512,838,390
Total assets measured at fair value on a recurring basis		517,167,100	-	9,801,721,244	10,318,888,344
- Equity of redemption terms-Swap obligation		-	-	(73,061,153)	(73,061,153)
Total liabilities measured at fair value on a recurring basis		-	-	(73,061,153)	(73,061,153)

The fair value of available-for-sale equity instruments and available-for-sale equity instruments is determined by market price on the balance sheet date. The fair value of financial products is determined using discounted cash flow method, whose amortized cost is not significantly different from the fair value on the balance sheet date. The fair value of Equity of redemption terms-Swap obligation is determined by Monte Carlo method.

During 2018, there were no changes in valuation technique of fair value. As at 31 December, there were no significant discrepancies between the book value and fair value of all the financial assets and financial liabilities except the above available-for-sale equity instrument and wealth management products measured at fair value.

## X. Related parties and related party transactions

### 1 Information about the parent of the Company

<i>Company name</i>	<i>Registered place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage (%)</i>	<i>Percentage of voting rights (%)</i>	<i>Ultimate controlling party of the Company</i>
Beijing Electronics Holding Co., Ltd.	No. 12, Jiuxianqiao Road Chaoyang District, Beijing	Operation and management of state-owned assets within authorization, etc.	RMB 2,418,350,000	0.79%	11.32%	Yes

### 2 Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII.1.

### 3 Information about joint ventures and associates of the Company

Associates and Joint ventures that have related party transactions with the Group during this year or the previous year are as follows:

<i>Name of entity</i>	<i>Relationship with the Company</i>
Beijing Nittan Electronic Co., Ltd.	Associate of the Group and the Company
TPV Display Technology (China) Limited	Associate of the Group and the Company
Beijing Xindongneng Investment Management Co., Ltd.	Associate of the Group and the Company
Shenzhen Yunyinggu Technology Co., Ltd.	Associate of the Group and the Company
Cnoga Medical Co.Ltd.	Associate of the Group
Mianyang BOE Optoelectronics Technology Co., Ltd.*	Joint venture of the Group and the Company
Chongqing BOE Display Technology Co., Ltd.*	Associate of the Group and the Company
Wuhan BOE Optoelectronics Technology Co., Ltd.*	Joint venture of the Group and the Company
Beijing BOE Yiyun Science &Technology Co., Ltd.*	Joint venture of the Group and the Company

\*The above-mentioned Companies became subsidiaries of the Company in 2018, and Note X. only disclosed the related party transactions of companies above the before the acquisition.

#### 4 Information on other related parties

##### *Name of other related parties*

##### *Related party relationship*

Beijing NAURA Microelectronics Equipment Co.,Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Zhengdong Electronic Power Group Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Yandong Microelectronic Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Dongdian Industrial Development Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Sevenstar PV Group Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Sevenstar Semiconductor Technologies Co.,Ltd.

Enterprises that are controlled by the Company's ultimate holding company

NAURA Technology Group Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Zhaowei Electronic Group Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Zhaowei Technology Development Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing BBEF Science & Technology Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing C&W Intelligent Equipment Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

New Vision Micro.(Hong Kong) Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Ether Electronics Group co. , Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Yansong Economic and Trade Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing BOE Investment Development Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Ripeness Sanyuan Instrumentation Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

Beijing Electronics Holding & SK Technology Co., Ltd.

Enterprises that are controlled by the Company's ultimate holding company

BAIC Motor Corporation., Ltd.

Other related parties

## 5 Transactions with related parties

The transactions below with related parties were conducted under normal commercial terms or agreements.

### (1) Purchase of goods, equipments, and receiving of services (excluding remuneration of key management personnel)

#### The Group

<i>Nature of transaction</i>	<i>2018</i>	<i>2017</i>
Purchase of goods	141,966,350	41,887,513
Procurement of equipment	601,680,874	488,196,010
Receiving services	<u>19,901,930</u>	<u>14,049,102</u>
Total	<u><u>763,549,154</u></u>	<u><u>544,132,625</u></u>

#### The Company

<i>Nature of transaction</i>	<i>2018</i>	<i>2017</i>
Purchase of goods	11,854,329	-
Receiving services	96,670,167	17,850,493
Payment of interest expenses	<u>544,410,236</u>	<u>138,968,179</u>
Total	<u><u>652,934,732</u></u>	<u><u>156,818,672</u></u>

### (2) Sale of goods / rendering of services

#### The Group

<i>Nature of transaction</i>	<i>2018</i>	<i>2017</i>
Sales of goods	45,676,373	74,184,881
Provision of services	<u>10,166,253</u>	<u>25,676</u>
Total	<u><u>55,842,626</u></u>	<u><u>74,210,557</u></u>

The Company

<i>Nature of transaction</i>	2018	2017
Provision of services	3,864,353,230	2,638,703,536
Interest income received	<u>511,825</u>	<u>173,360,989</u>
Total	<u>3,864,865,055</u>	<u>2,812,064,525</u>

(3) Leases

(a) As the lessor

The Group

<i>Type of assets leased</i>	<i>Lease income recognized in 2018</i>	<i>Lease income recognized in 2017</i>
Investment properties	<u>2,485,506</u>	<u>4,129,082</u>

The Company

<i>Type of assets leased</i>	<i>Lease income recognized in 2018</i>	<i>Lease income recognized in 2017</i>
Investment properties	<u>17,972,397</u>	<u>18,700,067</u>

(b) As the lessee

The Group

<i>Type of assets leased</i>	<i>Lease expense recognized in 2018</i>	<i>Lease expense recognized in 2017</i>
Fixed assets	<u>2,441,711</u>	<u>51,292</u>

The Company

<i>Type of assets leased</i>	<i>Lease expense recognized in 2018</i>	<i>Lease expense recognized in 2017</i>
Fixed assets	<u>1,936,219</u>	<u>-</u>

(4) Funding from related party

The Company

<i>Name of related party</i>	<i>Amount of funding</i>	<i>Inception date</i>	<i>Maturity date</i>
Funds from			
Subsidiary of the parent company	2,000,000,000	09/06/2017	09/06/2020
Subsidiary of the parent company	700,000,000	13/04/2018	13/04/2020
Subsidiary of the parent company	500,000,000	13/09/2015	Non-fixed term
Subsidiary of the parent company	1,200,000,000	30/09/2015	Non-fixed term
Subsidiary of the parent company	650,000,000	25/04/2018	25/04/2020
Subsidiary of the parent company	3,500,000,000	01/08/2018	01/08/2023
Subsidiary of the parent company	200,000,000	28/07/2017	28/07/2019
Subsidiary of the parent company	1,600,000,000	04/12/2017	04/06/2019
Subsidiary of the parent company	3,800,000,000	19/07/2018	19/07/2023
Subsidiary of the parent company	1,000,000,000	23/12/2018	23/12/2019
Subsidiary of the parent company	4,000,000,000	09/06/2017	09/06/2020
Subsidiary of the parent company	3,000,000,000	28/05/2018	28/05/2020
Subsidiary of the parent company	600,000,000	19/12/2018	19/12/2023
Subsidiary of the parent company	2,250,000,000	28/05/2018	28/05/2020

<i>Related parties</i>	<i>Amount of funding</i>	<i>Inception date</i>	<i>Maturity date</i>
Funds to			
Subsidiary of the parent company	30,000,000	06/01/2016	21/01/2022
Subsidiary of the parent company	50,000,000	27/03/2015	26/12/2021
Subsidiary of the parent company	5,000,000	19/08/2016	Non-fixed term
Subsidiary of the parent company	2,000,000	16/12/2016	Non-fixed term
Subsidiary of the parent company	50,000,000	28/04/2016	28/04/2019
Subsidiary of the parent company	25,000,000	05/05/2016	28/04/2019
Subsidiary of the parent company	25,000,000	08/06/2016	07/06/2019
Subsidiary of the parent company	100,000,000	22/11/2016	21/05/2019
Subsidiary of the parent company	100,000,000	22/11/2016	15/11/2019
Subsidiary of the parent company	9,375,000	19/01/2017	18/01/2019
Subsidiary of the parent company	9,375,000	19/01/2017	18/07/2019
Subsidiary of the parent company	9,375,000	19/01/2017	17/01/2020
Subsidiary of the parent company	40,625,000	20/01/2017	18/01/2019
Subsidiary of the parent company	40,625,000	20/01/2017	18/07/2019
Subsidiary of the parent company	40,625,000	20/01/2017	17/01/2020
Subsidiary of the parent company	350,000,000	28/12/2018	28/12/2019
Subsidiary of the parent company	50,000,000	16/03/2018	16/09/2019
Subsidiary of the parent company	50,000,000	16/03/2018	16/03/2020
Subsidiary of the parent company	50,000,000	16/03/2018	16/09/2020
Subsidiary of the parent company	50,000,000	16/03/2018	12/03/2021



(5) Remuneration of key management personnel

The Group and the Company

<i>Item</i>	2018	2017
Remuneration of key management personnel	<u>65,765,000</u>	<u>40,609,000</u>

6 Receivables from and payables to related parties

Receivables from related parties

The Group

<i>Item</i>	2018		2017	
	<i>Book value</i>	<i>Provision for bad and doubtful debts</i>	<i>Book balance</i>	<i>Provision for bad and doubtful debts</i>
Accounts receivable	52,246	-	9,600,724	-
Prepayments	2,814,000	-	5,007,430	-
Other receivables	12,148	-	27,591,317	-

The Company

<i>Item</i>	2018		2017	
	<i>Book value</i>	<i>Provision for bad and doubtful debts</i>	<i>Book balance</i>	<i>Provision for bad and doubtful debts</i>
Accounts receivable	36,108,800	473,228	40,255,999	473,228
Prepayments	79,660	-	3,723,049	-
Dividends receivable	14,115,915	-	10,404,147	-
Other receivables	1,967,828,693	-	1,792,487,745	-
Other non-current assets	280,000,000	-	480,000,000	-
Non-current assets due within one year	450,000,000	-	3,648,840,000	-

## Payables to related parties

### The Group

<i>Item</i>	<i>2018</i>	<i>2017</i>
Accounts payable	30,361,810	14,532,494
Advances from customers	1,111	141,921
Other payables	294,554,788	133,821,563

### The Company

<i>Item</i>	<i>2018</i>	<i>2017</i>
Accounts payable	3,119,036	1,856,219
Advances from customers	1,563,300,806	1,353,212,276
Other payables	7,690,814,090	9,472,440,978
Other non-current liabilities	20,954,104,125	7,600,000,000

## 7 Commitments of the related parties

As at balance sheet date, the commitments of the related parties, which are signed but not listed in financial statement are as following:

	<i>2018</i>	<i>2017</i>
Procurement of equipment	370,768,209	107,208,907

## XI. Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity, less unaccrued proposed dividends. The balances of related party transactions are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio (total liabilities divided by total assets). The capital management strategies exerted by the Group remained unchanged from 2017. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, request new loans, issue new shares, or sell assets to reduce debt.

As at 31 December 2018 and 31 December 2017, the Group's asset-liability ratios are as follows:

	2018	2017
Asset-liability ratio	60.41%	59.28%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## XII. Commitments and contingencies

### 1 Significant commitments

#### (1) Capital commitments

<i>The Group</i>	2018	2017
Contracts entered into but not performed or partially performed	61,515,573,632	51,309,042,746
Contracts authorized but not entered into	<u>84,789,129,465</u>	<u>37,485,065,035</u>
Total	<u>146,304,703,097</u>	<u>88,794,107,781</u>

The Group's contracts authorised but not entered into mainly included the fixed assets that Chengdu Optoelectronics, BOE (Chengdu) Digital Medical Center, Chongqing Display Technology, Mianyang BOE and Wuhan BOE planned to purchase in 2018 and project equipment that the Group planned to purchase in 2018.

<i>The Company</i>	2018	2017
Contracts entered into but not performed or partially performed	39,666,849,756	40,532,322,288

The Company's contracts entered into but not performed or partially performed mainly included guaranteed investments in Chengdu Optoelectronics, BOE (Chengdu) Digital Medical Center, Chongqing Display Technology, Mianyang BOE and Wuhan BOE.

(3) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of the Group's properties were payable as follows:

<i>Item</i>	<i>2018</i>	<i>2017</i>
Within 1 year (inclusive)	53,187,055	31,054,096
After 1 year but within 2 years (inclusive)	30,220,405	27,481,454
After 2 years but within 3 years (inclusive)	21,345,206	20,499,253
Over 3 years	<u>82,499,050</u>	<u>87,810,970</u>
Total	<u>187,251,716</u>	<u>166,845,773</u>

As at 31 December 2018, the Company had no significant operating lease commitments.

2 Guarantee

(1) The Group as the guarantor

As at 31 December 2018, the Group did not have guarantees provided for external enterprises.

(2) The Company as the guarantor

On December 31, 2018, Chengdu Optoelectronics used the equipment with a book value of RMB 13,180,966,120 and the construction in progress of RMB 12,119,027,108 as collateral to obtain long-term loans of RMB 11,150,000,000 and USD 670,000,000, and letter of credit issued but not accepted of USD 4,463,271 and JPY 4,965,422,733, the overseas payment of USD 14,535,000 and the long-term guarantee of RMB 2,318,500,000. The Company provides joint and several liability guarantee for the above loans.

On December 31, 2018, Hefei BOE used other monetary funds with a book value of RMB1,300,000, land use rights with a book value of RMB 77,725,970, and plants and buildings of RMB 1,710,957,610 and RMB 1,104,270,142 to obtain a long-term loan of USD 43,444,409. The company provided a joint liability guarantee for the above loans.

On December 31, 2018, Yuansheng Optoelectronics used its plant and construction of RMB 2,612,115,325, machinery and equipment of RMB 4,814,248,015, land use rights of RMB 47,804,118 and The Company used 20% of the equity of BOE Energy Investment Co., Ltd. (BOE Energy Investment) and 20% of Ordos City Haosheng Energy Investment Co., Ltd. (Haosheng Energy), Hefei BOE used 65% of the shares of Haosheng Energy and BOE OT used 15% of the shares of Haosheng Energy to enable Yuansheng Optoelectronics to obtain syndicated loans of RMB 633,330,000 and USD 96,000,000 ( syndicated loan phase I). The company provided a joint liability guarantee for the above loans. At the same time, Yuansheng Optoelectronics used its machinery and equipment with a book value of RMB 8,356,950,447 as collateral. The collateral of the first syndicated loan was continued as a collateral after the repayment of the first syndicated loan, so that Yuan Sheng Optoelectronics obtained a second-phase II syndicated loan of RMB 3,500,000,000 and USD 121,000,000, and the Company provided a third-party joint liability guarantee.

On December 31, 2018, Hefei Xinsheng secured the land use right of RMB 119,560,942, the plant and building of RMB 3,674,066,918, and the equipment of RMB 7,392,380,002 to obtain the long-term loans due within one year of USD 254,560,000 and the long-term loans of USD 820,440,000, the Company provides joint liability guarantee for the above loans.

On December 31, 2018, Chongqing BOE secured the land use right of RMB 169,407,160 and the machinery and equipment and buildings of RMB 14,553,397,523, and the pledge of the deposit of USD 18,500,000 to obtain the long-term loans of USD 952,030,000 and RMB 823,000,000, the Company provides joint and several liability guarantee for the above loans.

On December 31, 2018, Fuzhou BOE secured the land use right of RMB 216,323,878, the machinery and equipment of RMB 15,898,593,435, and the construction in progress of RMB 106,603,967 as collateral to obtain USD 984,000,000 and for long-term loans of RMB 5,002,990,000, the Company provided joint and several liability guarantees for the above-mentioned loans. In addition, the Company provided joint and several liability guarantees for the long-term guarantees of RMB 338,600 and JPY 95,200,000 for the opening of un-accepted letters of credit and RMB 1,800,000,000.

On December 31, 2018, Hefei Display Lighting secured the land use right with a book value of RMB 299,402,850, the machinery and equipment of RMB 23,173,261,703 and the construction in progress of RMB 5,136,944,836 for long-term loans of RMB 5,001,721,200 and US\$1,470,800,000. The Company provided joint and several liability guarantee for the above loans. In addition, The Company provides joint and several liability guarantee for unsecured letter of credit of RMB 14,142,912 and JPY 3,607,400,000 and a long-term guarantee of RMB 2,860,000,000.

On December 31, 2018, Mianyang BOE secured its long-term borrowings of USD 10,000,000 and RMB 6,000,000,000 with its land use rights of RMB 279,067,185, the property, plant, and equipment of RMB 108,538,569 and the construction in progress of RMB 16,597,768,730. The Company provided joint liability guarantee for the above-mentioned loans. In addition, the Company provided joint liability guarantee for the RMB 2,960,000,000 issued guarantee letters, USD 148,827,295 and JPY 4,011,006,903 for the issuance of unaccepted letters of credit, and USD 48,271,469 and JPY 7,784,950,000 overseas payment.

### XIII. Segment reporting

#### (1) Segment reporting considerations

The Group management reviews the operation performance and allocates resources according to the business segments below.

- (a) Display and Sensor Devices — This business mainly leading the innovation and development of TFT-LCD technologies, has been committed to speeding up the development of AMOLED, flexible display, VR/AR and other new display devices and sensors, promoting the development of gene sequencing, molecular antenna, multi-sign sensor, photoelectric sensing, fingerprint identification and security, and upgrading information exchange ports and related sensors on the basis of the display, so as to offer better products and services in smart phones, tablet PCs, laptops, displays, televisions, industrial control, health care, VR/AR and other applications.

- (b) Smart systems — This business mainly expanding its business in digital art exhibition, supermarket retailing services, financial retailing services, smart equipment design and manufacturing services, photovoltaic facilities construction and operation & maintenance, vehicle-based display and Internet of Vehicles (IoV). It provides smart solutions for smart retailing, smart manufacturing services, smart energy and smart Internet of Vehicles.
- (c) Healthcare service — This business mainly accumulate the display, sensor, artificial intelligence and large data four years core technology and medicine, life science combination, the integration of medical innovation, build, including artificial intelligence, life data detection, cell engineering, medical technology innovation transformation And other innovative technology platform, focusing on the development of mobile health, digital hospitals, regenerative medicine and health park four business, for human health to provide intelligent port products and professional services.
- (d) Others — Other service mainly includes technical development service and patent maintenance service.

The main reason to separate the segments is that the Group independently manages the port devices business, the smart IoT business, and healthcare service businesses and other businesses. Because the business segments manufacture and distribute different products, apply different manufacturing processes and specifies in gross profit, the business segments are managed independently. The management evaluates the performance and allocates resources according to the profit of each business segment and does not take financing cost and investment income into account.

(2) Accounting policy for the measurements of segment profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's management regularly reviews the assets, liabilities, revenue, expenses and financial performance, attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible, other non-current and current assets, such as accounts receivable, with the exception of deferred tax assets and other unallocated corporate assets. Segment liabilities include payables, bank borrowings and other long-term liabilities attributable to the individual segments, but exclude deferred tax liabilities and other unallocated corporate liabilities.

Financial performance is operating income (including operating income from external customers and inter-segment operating income) after deducting expenses, depreciation, amortisation, impairment losses, gains or losses from changes in fair value, investment gain, non-operating income and expenses and income tax expenses attributable to the individual segments. The transfer pricing of inter-segment sales are determined with reference to prices charged to external parties for similar orders.

	2018						
	Port devices business	Smart IoT business	Healthcare business	Others	Elimination	Remaining items	Total
Operating income	86,688,426,362	17,499,500,352	1,151,844,468	3,569,024,583	(11,799,930,830)	-	97,108,864,935
Including: Operating income from external customers	81,265,815,692	14,734,461,467	1,108,587,776	-	-	-	97,108,864,935
Inter-segment operating income	5,422,610,670	2,765,038,885	43,256,692	3,569,024,583	(11,799,930,830)	-	-
Operating cost	83,977,714,485	17,397,663,021	862,984,461	2,197,359,466	(11,483,372,588)	1,048,345,187	93,100,694,032
Operating profit / (loss)	2,710,711,877	101,837,331	288,860,007	1,371,665,117	(316,558,242)	(1,048,345,187)	4,008,170,903
Total profit / (loss)	2,818,100,703	106,837,228	296,075,661	1,366,180,004	(316,558,242)	(1,048,345,187)	4,122,290,167
Income tax expense	624,917,163	16,151,805	90,102,577	234,879,588	276,364,961	-	1,242,416,094
Net profit / (Net loss)	2,193,183,540	90,685,423	205,973,084	1,131,300,416	(592,923,203)	(1,048,345,187)	2,879,874,073
Total assets	306,849,853,351	21,967,564,757	5,852,144,685	151,623,442,496	(182,516,887,526)	252,373,622	304,028,491,385
Total liabilities	122,453,918,956	13,679,315,017	2,384,123,956	103,650,272,046	(59,915,809,696)	1,419,373,545	183,671,193,824
Other items:							
- Impairment losses for the current period	1,198,177,937	39,528,417	1,882,409	-	-	-	1,239,588,763
- Depreciation and amortization expenses	13,511,852,315	507,380,278	92,219,472	238,099,764	(156,607,616)	-	14,192,944,213
- Long-term equity investments in associates	-	-	-	2,389,166,886	-	-	2,389,166,886
- Capital outlay	55,330,404,250	1,672,461,272	815,566,097	232,876,486	(283,237,527)	-	57,768,070,578
- Losses from investment in associates and joint ventures	-	-	-	(13,925,731)	-	-	(13,925,731)
- Net interest expenses	2,409,003,425	161,469,304	9,616,358	197,583,788	-	623,009,190	3,400,682,065

	2017						
	Port devices business	Smart IoT business	Healthcare business	Others	Elimination	Remaining items	Total
Operating income	85,149,888,634	15,620,915,713	1,023,905,566	2,225,609,340	(10,219,840,038)	-	93,800,479,215
Including: Operating income from external customers	80,120,037,284	12,663,489,516	1,016,952,415	-	-	-	93,800,479,215
Inter-segment operating income	5,029,851,350	2,957,426,197	6,953,151	2,225,609,340	(10,219,840,038)	-	-
Operating cost	75,230,477,664	15,722,416,289	670,105,169	1,892,185,869	(10,023,810,470)	635,371,412	84,126,745,933
Operating profit / (loss)	9,919,410,970	(101,500,576)	353,800,397	333,423,471	(196,029,568)	(635,371,412)	9,673,733,282
Total profit / (loss)	9,939,734,442	(43,269,543)	357,160,920	318,689,267	(195,872,135)	(635,371,412)	9,741,071,539
Income tax expense	1,651,714,228	2,686,594	83,168,222	143,090,936	-	-	1,880,659,980
Net profit / (Net loss)	8,288,020,214	(45,956,137)	273,992,698	175,598,331	(195,872,135)	(635,371,412)	7,860,411,559
Total assets	252,310,396,239	12,835,279,534	3,517,599,267	133,049,382,316	(145,710,171,164)	106,255,657	256,108,741,849
Total liabilities	106,262,096,277	9,450,107,994	384,374,814	81,468,098,461	(46,304,097,806)	563,899,276	151,824,479,016
Other items:							
- Impairment losses for the current period	2,184,895,069	42,940,013	1,689,600	-	-	-	2,229,524,682
- Depreciation and amortization expenses	11,567,593,359	231,141,413	69,857,531	244,966,959	(169,046,014)	-	11,944,513,248
- Long-term equity investments in associates	-	-	-	6,928,854,415	-	-	6,928,854,415
- Capital outlay	46,574,510,032	2,248,086,802	643,076,998	248,554,284	(579,340,067)	-	49,134,888,049
- Income from investment in associates and joint ventures	-	-	-	169,034	-	-	169,034
- Net interest expenses	2,029,955,478	92,655,402	12,635,399	83,953,305	-	373,979,047	2,593,178,631

From 2018, when the Group's management assessing segment performance and allocating resources between segments, Varitronix International Group Ltd is classified as Port devices business part. To make information comparable, 2017 segment reporting is adjusted corresponding.



(3) Secondary segment reporting (regional segments)

- (a) The geographical information is based on the location of customers receiving services or goods.

The information of the Group's external transactions based by locations is as follows:

	<i>Operating income from external customers</i>	
	<i>2018</i>	<i>2017</i>
Chinese mainland	42,942,349,994	44,077,183,105
Other Asian countries and regions	44,256,356,951	44,260,377,203
Europe	3,488,264,284	2,185,981,332
America	6,354,884,816	3,198,611,737
Other regions	67,008,890	78,325,838
Total	<u>97,108,864,935</u>	<u>93,800,479,215</u>

- (b) Divided based on asset locations

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and jointly controlled enterprises. Most of the non-current assets in the Group are located in Chinese mainland.

(4) Major customers

Operating income of Display and Sensor Devices from which is over 10% of the Group's total operating income ended up with one customer. The operating income from this customer represented RMB 16,287,833,781 (2017: RMB 18,838,046,705), which was approximately 17% (2017: 20%) of the Group's total operating income.

#### XIV. Notes of financial statements of the Company

##### 1 Cash at bank and on hand

	2018			2017		
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Amount in original currency	Exchange rate	RMB / RMB equivalents
Cash on hand:						
RMB			339			1,178
USD	5	6.8632	34	5	6.5342	31
HKD	165	0.8762	145	165	0.8359	138
JPY	51,325	0.0619	3,176	51,325	0.0579	2,971
KRW	420,000	0.0061	2,562	420,000	0.0061	2,566
Other foreign currencies			<u>16,337</u>			<u>16,009</u>
Sub-total			<u>22,593</u>			<u>22,893</u>
Bank Deposits:						
RMB			1,333,209,249			1,991,214,902
USD	363,428,749	6.8632	2,494,284,193	152,685,791	6.5342	997,679,497
HKD	2,622,706	0.8762	<u>2,298,015</u>	2,254,086	0.8359	<u>1,884,209</u>
Sub-total			<u>3,829,791,457</u>			<u>2,990,778,608</u>
Total			<u>3,829,814,050</u>			<u>2,990,801,501</u>

Including: Total overseas deposits were equivalent to RMB 158,521 (2017: RMB 149,395).

##### 2 Bills receivable and accounts receivable

	Note	2018	2017
Bills receivable		1,500,000	-
Accounts receivable	(1)	<u>36,952,623</u>	<u>39,897,385</u>
Total		<u>38,452,623</u>	<u>39,897,385</u>

(1) Accounts payable

(a) The Company's accounts receivable by customer type:

	2018	2017
Amounts due from subsidiaries	36,108,800	40,249,695
Amounts due from other related parties	-	6,304
Amounts due from other customers	<u>3,733,689</u>	<u>2,531,252</u>
Sub-total	39,842,489	42,787,251
Less: Provision for bad and doubtful debts	<u>2,889,866</u>	<u>2,889,866</u>
Total	<u>36,952,623</u>	<u>39,897,385</u>

(c) The ageing analysis of accounts receivable is as follows:

Ageing	2018	2017
Within 1 year (inclusive)	3,889,195	829,805
1 to 2 years (inclusive)	-	2,506,960
2 to 3 years (inclusive)	-	5,795,247
Over 3 years	<u>35,953,294</u>	<u>33,655,239</u>
Sub-total	39,842,489	42,787,251
Less: Provision for bad and doubtful debts	<u>2,889,866</u>	<u>2,889,866</u>
Total	<u>36,952,623</u>	<u>39,897,385</u>

The ageing is counted starting from the date when accounts receivable are recognized.

(c) Accounts receivable by category

Category	2018					2017				
	Book value		Provision for bad and doubtful debts		Carrying amounts	Book balance		Provision for bad and doubtful debts		Carrying amounts
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivables that are collectively assessed for impairment based on credit risk characteristics*	25,743,537	65%	-	-	25,743,537	25,391,284	59%	-	-	25,391,284
Individually insignificant but assessed for impairment individually	14,098,952	35%	2,889,866	20%	11,209,086	17,395,967	41%	2,889,866	17%	14,506,101
Total	39,842,489	100%	2,889,866	7%	36,952,623	42,787,251	100%	2,889,866	7%	39,897,385

Note\*: This category includes accounts receivable having been individually assessed but not impaired.

The Company has no individually significant accounts receivable and individually for impairment this year.

As at 31 December 2018, the Company collectively assessed accounts receivable having been individually assessed but not impaired for impairment and did not recognize impairment loss against this amount of accounts receivable (2017: nil).

(d) Additions and recoveries of provision for bad and doubtful debts during the year:

	2018	2017
Balance at the beginning of the year	2,889,866	2,889,866
Charge during the year	-	-
Write-offs during the year	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>2,889,866</u>	<u>2,889,866</u>

For the year ended 31 December 2018, the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially made in prior years.

(e) Five largest accounts receivable by debtor at the end of the year

The five largest accounts receivable of the Company amounted to RMB 38,947,850, amounting to 98% of the total accounts receivable at the end of the year, and the corresponding balance of provision for bad and doubtful debts is RMB 2,889,866.

3 Other receivables

	Note	2018	2017
Interest receivable		9,659,279	-
Dividends receivable	(1)	14,115,915	10,404,147
Others	(2)	<u>1,992,053,266</u>	<u>1,824,727,573</u>
Total		<u>2,015,828,460</u>	<u>1,835,131,720</u>

(1) Dividends receivable

	2018	2017
Yinghe Century	8,204,147	8,204,147
Vacuum Electronics	2,200,000	2,200,000
Beijing Electronics Zone Investment and Development Co., Ltd.	<u>3,711,768</u>	<u>-</u>
Balance at the end of the year	<u>14,115,915</u>	<u>10,404,147</u>

(2) Others

(a) The Company's other receivables by customer type:

Customer type	2018	2017
Amounts due from subsidiaries	1,967,828,693	1,775,667,804
Amounts due from other related parties	-	16,819,941
Amounts due from other customers	<u>24,224,573</u>	<u>32,239,828</u>
Total	<u>1,992,053,266</u>	<u>1,824,727,573</u>

(b) The Company's other receivables by currency:

	2018			2017		
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Amount in original currency	Exchange rate	RMB / RMB equivalents
RMB			1,992,041,781			1,824,727,573
HKD	13,107	0.8762	<u>11,485</u>			<u>-</u>
Sub-total			<u>1,992,053,266</u>			<u>1,824,727,573</u>
Less: Provision for bad and doubtful debts			<u>-</u>			<u>-</u>
Total			<u>1,992,053,266</u>			<u>1,824,727,573</u>

(c) The ageing analysis of other receivables of the Company is as follows:

	2018	2017
Within 1 year (inclusive)	1,649,255,313	1,290,921,174
1 to 2 years (inclusive)	94,152,814	169,386,864
2 to 3 years (inclusive)	11,422,640	65,663,702
Over 3 years	<u>237,222,499</u>	<u>298,755,833</u>
Total	<u>1,992,053,266</u>	<u>1,824,727,573</u>

The ageing is counted starting from the date when other receivable are recognized.

(d) Other receivables categorized by nature

<i>Nature of other receivables</i>	2018	2017
Transaction amount	305,938,861	702,635,642
Rent	227,919,843	211,037,415
Royalty fee	1,441,130,049	878,653,588
Others	<u>17,064,513</u>	<u>32,400,928</u>
Total	<u>1,992,053,266</u>	<u>1,824,727,573</u>

(e) Five largest other receivables by debtor at the end of the year

Other receivables at the end of the year due from the top five debtors of the Company amounted to RMB 1,611,402,222 in total, most of which are borrowings and royalty fees. No provision is made for bad and doubtful debts after assessment.

4 Other current assets

	2018	2017
VAT on tax credits	1,127,650	40,631,837
Others	<u>46,677,446</u>	<u>20,450,238</u>
Total	<u>47,805,096</u>	<u>61,082,075</u>

5 Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	2018			2017		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Available-for-sale equity instruments						
- Measured at fair value	259,708,877	150,099,655	109,609,222	280,680,730	150,099,655	130,581,075
- Measured at cost	<u>124,689,635</u>	<u>106,001,603</u>	<u>18,688,032</u>	<u>124,689,635</u>	<u>106,001,603</u>	<u>18,688,032</u>
Total	<u>384,398,512</u>	<u>256,101,258</u>	<u>128,297,254</u>	<u>405,370,365</u>	<u>256,101,258</u>	<u>149,269,107</u>

(2) Available-for-sale financial assets at fair value at the end of the year:

	2018
Cost	224,818,586
Fair Values	109,609,222
Accumulated fair value movements in other comprehensive income	34,890,291
Provision for impairment	(150,099,655)



(3) Available-for-sale financial assets at cost at the end of the year

Investee	Book value				Provision for impairment	Percentage of shareholding in investees (%)
	Balance at the beginning of the year	Increase during the year	Reductions during the year	Balance at the end of the year	Balance at the beginning and the end of the year	
Teralane Semiconductor Inc.	11,868,000	-	-	11,868,000	-	7.29%
Zhejiang BOE Display Technology Co., Ltd.	59,959,709	-	-	59,959,709	59,638,453	7.03%
Zhejiang Qiusheng Photoelectric Technology Co., Ltd.	46,431,926	-	-	46,431,926	46,183,150	5.09%
National Engineering Laboratory of Digital Television (Beijing) Co., Ltd.	6,250,000	-	-	6,250,000	-	12.50%
Others	180,000	-	-	180,000	180,000	
Total	124,689,635	-	-	124,689,635	106,001,603	

6 Long-term equity investments

(1) The Company's long-term equity investments by category:

	2018	2017
Investments in subsidiaries	141,883,775,023	116,691,267,854
Investments in associates and joint ventures	1,675,958,462	4,562,412,537
Sub-total	143,559,733,485	121,253,680,391
Less: Provision for impairment	60,000,000	60,000,000
Total	143,499,733,485	121,193,680,391

In previous year, the Company provided full impairment losses for investments in its subsidiary, Special Display, which amounted to RMB 60,000,000.

(2) Investments in subsidiaries:

Subsidiary	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year	Opening balance of provision for impairments	Closing balance of provision for impairments
Beijing BOE Optoelectronics Technology Co., Ltd.	4,172,288,084	-	-	4,172,288,084	-	-
Chengdu BOE Optoelectronics Technology Co., Ltd.	14,733,149,991	4,550,000,000	-	19,283,149,991	-	-
Hefei BOE Optoelectronics Technology Co., Ltd.	9,000,000,000	-	-	9,000,000,000	-	-
Beijing BOE Display Technology Co., Ltd.	17,418,713,599	-	-	17,418,713,599	-	-
Hefei Xinsheng Optoelectronics Technology Co., Ltd.	16,575,150,000	-	-	16,575,150,000	-	-
Ordos Yuansheng Optoelectronics Co., Ltd.	11,804,000,000	-	-	11,804,000,000	-	-
Beijing BOE Vision-electronic Technology Co., Ltd.	2,170,000,000	850,000,000	-	3,020,000,000	-	-
Chongqing BOE Optoelectronics Co., Ltd.	19,565,354,599	-	-	19,565,354,599	-	-
Beijing BOE Vacuum Electronics Co., Ltd.	19,250,000	-	-	19,250,000	-	-
Beijing BOE Vacuum Technology Co., Ltd.	32,000,000	-	-	32,000,000	-	-
Beijing BOE Special Display Technology Co., Ltd.	100,000,000	-	-	100,000,000	60,000,000	60,000,000
Beijing Yinghe Century Co., Ltd.	333,037,433	-	-	333,037,433	-	-
BOE Optical Science and technology Co., Ltd.	658,961,914	-	-	658,961,914	-	-
BOE Hyundai LCD (Beijing) Display Technology Co., Ltd.	31,038,525	-	-	31,038,525	-	-
BOE (Hebei) Mobile Technology Co., Ltd.	1,053,651,020	300,000,000	-	1,353,651,020	-	-
Beijing BOE multimedia Technology Co., Ltd.	400,000,000	-	-	400,000,000	-	-
Beijing BOE Energy Technology Co., Ltd.	850,000,000	-	-	850,000,000	-	-
Beijing BOE Smart Commerce Co., Ltd.	10,000,000	-	-	10,000,000	-	-
Beijing Zhongxiangying Technology Co., Ltd.	10,000,000	-	-	10,000,000	-	-
Erdos Haosheng Energy Investment Co., Ltd.	2,000,000	-	-	2,000,000	-	-
BOE Semi-conductor Co., Ltd.	9,450,000	-	-	9,450,000	-	-
BOE Optoelectronics Holding Co., Ltd.	1,743,602,824	1,025,059,200	-	2,768,662,024	-	-
Beijing Asahi Electronic Materials Co., Ltd.	30,888,470	-	-	30,888,470	-	-
Beijing BOE Land Co., Ltd.	7,731,474	-	-	7,731,474	-	-
BOE KOREA Co., Ltd.	788,450	-	-	788,450	-	-
Beijing BOE Marketing Co., Ltd.	20,500,000	10,000,000	-	30,500,000	-	-
Fuzhou BOE Optoelectronics Technology Co., Ltd.	12,666,042,079	1,634,000,000	-	14,300,042,079	-	-
Healthcare Investment	1,193,154,069	550,000,000	-	1,743,154,069	-	-
Hefei Display Technology Development	1,550,765,323	448,000,000	-	1,998,765,323	-	-
Smart Science & Technology	1,000,000	-	-	1,000,000	-	-
Zhuoyin Science & Technology	50,000,000	-	-	50,000,000	-	-
Kunming BOE Display Technology Co., Ltd.	400,750,000	199,250,000	-	600,000,000	-	-
Sensing Technology	78,000,000	124,800,000	-	202,800,000	-	-
Wuhan BOE Optoelectronics Technology Co., Ltd.	-	50,000,000	-	50,000,000	-	-
Chongqing BOE Display Technology Co., Ltd.	-	1,230,860,516	-	1,230,860,516	-	-
Mianyang BOE Optoelectronics Technology Co., Ltd.	-	193,557,370	-	193,557,370	-	-
Beijing BOE Yiyun Science & Technology Co., Ltd.	-	13,936,980,083	-	13,936,980,083	-	-
Beijing BOE Yiyun Science & Technology Co., Ltd.	-	90,000,000	-	90,000,000	-	-
Total	116,691,267,854	25,192,507,169	-	141,883,775,023	60,000,000	60,000,000

For information about the major subsidiaries of the Company, refer to Note VII. 1.

(3) Investments in associates and joint ventures:

Investee	Movements during the year							Closing balance of provision for impairments
	Balance at the beginning of the year	Increase in investments	Investment income recognized under equity method	Other comprehensive income	Other changes in equity	Cash dividends or profit declared	Acquired as subsidiaries during the year	
Joint ventures								
Wuhan BOE Optoelectronics Technology Co., Ltd.	91,590,309	1,140,000,000	(729,793)	-	-	-	(1,230,860,516)	-
Mianyang BOE Optoelectronics Technology Co., Ltd.	2,698,378,093	2,400,000,000	(1,398,010)	-	-	-	(5,096,980,083)	-
Beijing BOE Yiyun Science & Technology Co., Ltd.	3,763,783	-	(3,763,783)	-	-	-	-	-
Sub-total	2,793,732,185	3,540,000,000	(5,891,586)	-	-	-	(6,327,840,599)	-
Associates								
Beijing Nissin Electronics Precision Component Co., Ltd.	-	-	(1,886,109)	-	2,424,598	-	-	538,489
Beijing Nittan Electronic Co., Ltd.	53,786,835	-	10,946,250	-	-	(3,000,000)	-	61,733,085
Erdos BOE Energy Investment Co., Ltd.	9,458,312	-	-	-	-	-	-	9,458,312
Beijing Infi-Hailin Venture Investment Co., Ltd.	373,361	-	62,467	-	-	-	-	435,828
Beijing Infi-Hailin Venture Investment (Limited Partnership)	137,448,451	-	22,591,316	(47,702,834)	-	(30,000,000)	-	82,336,933
TPV Display Technology (China) Limited	27,190,533	-	(4,189,174)	-	-	-	-	23,001,359
Beijing Xindongneng Investment Fund (Limited Partnership)	1,472,249,231	150,000,000	(11,778,573)	(155,295,781)	-	-	-	1,455,174,877
Beijing Xindongneng Investment Management Co., Ltd.	4,861,735	-	2,327,127	-	-	(2,000,000)	-	5,188,862
Shenzhen Yunyinggu Technology Co., Ltd.	35,483,897	-	(20,002,391)	-	-	-	-	15,481,506
Beijing Xloong Technologies Co., Ltd.	23,981,997	-	(1,372,786)	-	-	-	-	22,609,211
Chongqing BOE Display Technology Co., Ltd.	3,846,000	192,300,000	(2,808,246)	219,616	-	-	(193,557,370)	-
Sub-total	1,768,680,352	342,300,000	(6,110,119)	(202,778,999)	2,424,598	(35,000,000)	(193,557,370)	1,675,958,462
Total	4,562,412,537	3,882,300,000	(12,001,705)	(202,778,999)	2,424,598	(35,000,000)	(6,521,397,969)	1,675,958,462

## 7 Deferred tax assets / deferred tax liabilities

Item	2018		2017	
	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets / (liabilities)
Deferred tax assets:				
Provisions for impairment losses of assets	342,108,420	51,316,263	342,108,420	51,316,263
Depreciation of fixed assets	87,117,936	13,067,690	76,472,749	11,470,912
Advances from customers	1,551,798,448	232,769,767	797,348,485	119,602,273
Others	151,182,178	22,677,327	-	-
Sub-total	<u>2,132,206,982</u>	<u>319,831,047</u>	<u>1,215,929,654</u>	<u>182,389,448</u>
Amount offset		<u>(29,036,499)</u>		<u>(32,183,263)</u>
Balance after offset		<u>290,794,548</u>		<u>150,206,185</u>
Deferred tax liabilities:				
Bond interest	(71,525,943)	(10,728,891)	(71,532,514)	(10,729,877)
Others	<u>(122,050,720)</u>	<u>(18,307,608)</u>	<u>(143,022,573)</u>	<u>(21,453,386)</u>
Sub-total	<u>(193,576,663)</u>	<u>(29,036,499)</u>	<u>(214,555,087)</u>	<u>(32,183,263)</u>
Amount offset		<u>29,036,499</u>		<u>32,183,263</u>
Balance after offset		<u>-</u>		<u>-</u>

As at 31 December 2018, the Company estimated that the amount of taxable income is expected to be available in the future period that the deductible temporary differences are reversed, thereby confirming the relevant deferred tax assets.

## 8 Employee benefits payable

### (1) Employee benefits payable:

	Note	Balance as of January 01, 2018.	Increase during the year	Reductions during the year	Balance on 31 December 2018
Short-term employee benefits	(2)	271,338,126	807,603,371	887,781,188	191,160,309
Post-employment benefits					
- defined contribution plans	(3)	11,662,067	77,656,828	79,339,943	9,978,952
Termination benefits		-	547,277	547,277	-
Total		<u>283,000,193</u>	<u>885,807,476</u>	<u>967,668,408</u>	<u>201,139,261</u>
	Note	Balance as of January 01, 2017.	Increase during the year	Reductions during the year	Balance on 31 December 2017
Short-term employee benefits	(2)	162,208,573	761,394,639	652,265,086	271,338,126
Post-employment benefits					
- defined contribution plans	(3)	7,708,530	56,247,103	52,293,566	11,662,067
Termination benefits		-	43,597	43,597	-
Total		<u>169,917,103</u>	<u>817,685,339</u>	<u>704,602,249</u>	<u>283,000,193</u>

(2) Short-term employee benefits

	<i>Balance as of January 01, 2018.</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance on 31 December 2018</i>
Salaries, bonuses and allowances	232,610,577	622,616,346	705,728,418	149,498,505
Staff welfare	-	37,159,393	37,159,393	-
Social insurance				
Medical insurance	13,533,102	36,532,908	37,038,227	13,027,783
Work-related injury insurance	963,123	2,603,687	2,627,503	939,307
Maternity insurance	1,363,607	2,921,927	2,840,340	1,445,194
Housing fund	3,136,970	43,830,388	44,121,341	2,846,017
Labour union fee, staff and workers' education fee	19,730,747	29,224,557	25,551,801	23,403,503
Others	-	32,714,165	32,714,165	-
Total	<u>271,338,126</u>	<u>807,603,371</u>	<u>887,781,188</u>	<u>191,160,309</u>
	<i>Balance as of January 01, 2017.</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance on 31 December 2017</i>
Salaries, bonuses and allowances	124,332,853	636,782,785	528,505,061	232,610,577
Staff welfare	-	33,701,495	33,701,495	-
Social insurance				
Medical insurance	14,421,576	26,055,881	26,944,355	13,533,102
Work-related injury insurance	991,072	2,108,621	2,136,570	963,123
Maternity insurance	1,142,898	2,171,760	1,951,051	1,363,607
Housing fund	5,160,816	30,942,311	32,966,157	3,136,970
Labour union fee, staff and workers' education fee	16,159,358	21,661,709	18,090,320	19,730,747
Others	-	7,970,077	7,970,077	-
Total	<u>162,208,573</u>	<u>761,394,639</u>	<u>652,265,086</u>	<u>271,338,126</u>

(3) Post-employment benefits - defined contribution plans

	<i>Balance as of January 01, 2018</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance on 31 December 2018</i>
Basic pension insurance	11,238,473	69,320,207	70,786,273	9,772,407
Unemployment insurance	249,227	2,917,729	2,960,411	206,545
Annuity	174,367	5,418,892	5,593,259	-
Total	<u>11,662,067</u>	<u>77,656,828</u>	<u>79,339,943</u>	<u>9,978,952</u>

  

	<i>Balance as of January 01, 2017</i>	<i>Increase during the year</i>	<i>Reductions during the year</i>	<i>Balance on 31 December 2017</i>
Basic pension insurance	7,035,905	49,445,579	45,243,011	11,238,473
Unemployment insurance	300,444	2,080,473	2,131,690	249,227
Annuity	372,181	4,721,051	4,918,865	174,367
Total	<u>7,708,530</u>	<u>56,247,103</u>	<u>52,293,566</u>	<u>11,662,067</u>

9 Other payables

	<i>Note</i>	<i>2018</i>	<i>2017</i>
Interest payable		330,964,989	312,029,252
Dividends payable		6,451,171	6,451,170
Others	(1)	<u>7,872,319,930</u>	<u>9,713,912,548</u>
Total		<u>8,209,736,090</u>	<u>10,032,392,970</u>

(1) Others

(a) The Company's other payables by category are as follows:

	<i>2018</i>	<i>2017</i>
Projects, equipment and intangible assets	52,308,258	143,778,196
External agency fee	17,476,002	21,106,470
Advanced disbursement	7,690,628,499	9,472,358,381
Others	<u>111,907,171</u>	<u>76,669,501</u>
Total	<u>7,872,319,930</u>	<u>9,713,912,548</u>

(b) The Company's other payables by currency:

	2018			2017		
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Amount in original currency	Exchange rate	RMB / RMB equivalents
RMB			5,082,657,694			9,321,901,661
USD	406,452,150	6.8632	2,789,562,393	59,993,708	6.5342	392,010,887
JPY	1,612,973	0.0619	99,843			-
Total			<u>7,872,319,930</u>			<u>9,713,912,548</u>

10 Long-term loans

	2018			
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited /collateralised guaranteed /pledged
Bank loans				
- RMB			27,510,000,000	Credited
Less: Long-term loans due within one year			<u>990,000,000</u>	Credited
Total			<u>26,520,000,000</u>	
	2017			
	Amount in original currency	Exchange rate	RMB / RMB equivalents	Credited /collateralised guaranteed /pledged
Bank loans				
- RMB			26,668,000,000	Credited
- USD	200,000,000	6.5342	1,306,840,000	Credited
Less: Long-term loans due within one year			<u>4,031,840,000</u>	Credited
Total			<u>23,943,000,000</u>	

The interest rate of RMB long-term loans for the Company ranged from 0% to 4.75% in 2018 (2017: 0% to 4.75%). The Company had no renewed long-term loans because of overdue loans (2017: nil).

11 Deferred income

Item	Balance at the beginning of the year	Additions during the year	Amount included in other income	Other changes	Balance at the end of the year
Government grants					
- Government grants related to assets	6,407,437	6,324,630,210	(913,120,098)	(973,500)	5,416,944,049
- Government grants related to income	<u>124,244,690</u>	<u>64,925,367</u>	<u>(82,164,265)</u>	-	<u>107,005,792</u>
Total	<u>130,652,127</u>	<u>6,389,555,577</u>	<u>(995,284,363)</u>	<u>(973,500)</u>	<u>5,523,949,841</u>

## 12 Capital reserve

<i>Item</i>	<i>Share premiums</i>	<i>Other capital reserves</i>	<i>Total</i>
Balance at the beginning of the year	37,546,517,053	42,024,540	37,588,541,593
Add: Changes in other equity of investees	-	2,424,598	2,424,598
Closing balance	<u>37,546,517,053</u>	<u>44,449,138</u>	<u>37,590,966,191</u>

## 13 Other comprehensive income

<i>Item</i>	<i>Opening balance of other comprehensive income at the beginning of the year</i>	<i>Movements during the year</i>		<i>Closing balance of other comprehensive income at the beginning of the year</i>
		<i>Before-tax amount during the year</i>	<i>Less: Income tax expenses</i>	
Other comprehensive income that will be reclassified to profit or loss				
Including: Gains or losses arising from changes in fair value of available-for-sale financial assets	47,482,822	(20,971,853)	(3,145,778)	29,656,747
Share of the other comprehensive income of the equity-accounted investee that may be reclassified to profit or loss	<u>144,614,667</u>	<u>(202,778,999)</u>	-	<u>(58,164,332)</u>
Total	<u>192,097,489</u>	<u>(223,750,852)</u>	<u>(3,145,778)</u>	<u>(28,507,585)</u>

## 14 Retained earnings

<i>Item</i>	<i>2018</i>	<i>2017</i>
Retained earnings at the beginning of the year	1,765,291,136	1,493,363,829
Add: Net profits for the year	2,629,858,350	1,465,006,203
Less: Appropriation for statutory surplus reserve	262,985,835	146,500,620
Less: Cash dividends declared	<u>1,739,919,938</u>	<u>1,046,578,276</u>
Retained earnings at the end of the year	<u>2,392,243,713</u>	<u>1,765,291,136</u>



15 Operating income

	2018	2017
Rental income of investment properties	180,927,207	148,470,813
Technology development income	3,326,012,588	2,344,168,358
Others	<u>541,409,893</u>	<u>322,922,350</u>
Total	<u><u>4,048,349,688</u></u>	<u><u>2,815,561,521</u></u>

16 Taxes and surcharges

	2018	2017
Property tax	36,681,107	34,628,574
Land use tax	2,864,304	2,864,304
Stamp duty	2,218,487	1,046,438
Urban maintenance and construction tax	706,057	913,638
Education surcharges and local education surcharges	343,357	183,462
Others	<u>1,316,562</u>	<u>12,900</u>
Total	<u><u>44,129,874</u></u>	<u><u>39,649,316</u></u>

17 Financial expenses

	2018	2017
Interest expenses from loans	1,055,792,484	556,880,963
Interest income from bank deposits	(44,583,524)	(58,850,619)
Net exchange losses	1,797,658	5,408,147
Other financial expenses	<u>1,414,091</u>	<u>2,441,048</u>
Total	<u><u>1,014,420,709</u></u>	<u><u>505,879,539</u></u>

18 Other income

	2018	2017
Government grants related to assets	913,120,098	9,017,759
Government grants related to income	<u>82,164,265</u>	<u>14,495,697</u>
Total	<u><u>995,284,363</u></u>	<u><u>23,513,456</u></u>

19 Investment income

	2018	2017
Income from long-term equity investments accounted for using cost method	936,394,420	949,318,351
Long-term equity investments (loss) / gains under equity method	(12,001,705)	169,034
Investment income from holding available-for-sale financial assets	<u>3,917,184</u>	<u>792,018</u>
Total	<u>928,309,899</u>	<u>950,279,403</u>

20 Non-operating income and non-operating expenses

(1) Non-operating income by item is as follows:

Item	2018	2017	Amount recognized in extraordinary gain and loss in 2018
Government grants	-	771,051	-
Others	<u>4,336,405</u>	<u>2,781,521</u>	<u>4,336,405</u>
Total	<u>4,336,405</u>	<u>3,552,572</u>	<u>4,336,405</u>

(2) Non-operating expenses

Item	2018	2017	Amount recognized in extraordinary gain and loss in 2018
Donations provided	7,830,588	18,004,947	7,830,588
Others	<u>837,822</u>	<u>3,187</u>	<u>837,822</u>
Total	<u>8,668,410</u>	<u>18,008,134</u>	<u>8,668,410</u>

21 Income tax expenses

	Note	2018	2017
Current tax expense based on tax law and regulations		372,322,173	124,006,061
Changes in deferred tax	(1)	<u>(137,442,585)</u>	<u>(110,905,862)</u>
Total		<u>234,879,588</u>	<u>13,100,199</u>

(1) The analysis of changes in deferred tax assets / liabilities is set out below:

	2018	2017
Origination and reversal of temporary differences	<u>(137,442,585)</u>	<u>(110,905,862)</u>

(2) Reconciliation between income tax expense and accounting profit is as follows:

Item	2018	2017
Profit before taxation	2,864,737,938	1,478,106,402
Expected income tax expense at tax rate of 15%	429,710,691	221,715,960
Add: Non-deductible expenses	4,554,071	3,141,493
Non-taxable income	(139,246,485)	(142,663,108)
Tax deduction for R&D activities	(60,138,689)	(29,911,193)
Recognized temporary differences of previous years	-	(32,857,761)
Changes of deductible temporary differences unrecognized	<u>-</u>	<u>(6,325,192)</u>
Income tax expense	<u>234,879,588</u>	<u>13,100,199</u>

## 22 Supplementary information on cash flow statement

### (1) Supplement to cash flow statement

	2018	2017
(a) Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,629,858,350	1,465,006,203
Add: Depreciation of fixed assets and investment property	125,672,901	106,857,117
Amortisation of intangible assets	112,898,414	109,446,190
Amortisation of long-term deferred expenses	34,008,232	30,511,433
Losses from disposal of fixed assets, intangible assets, and other long-term assets	-	157,430
Finance expenses	1,041,426,618	503,438,491
Investment income	(928,309,899)	(950,279,403)
increase in deferred tax assets	(140,588,363)	(110,905,862)
Decrease / (increase) in inventories	3,462,706	(681,982)
Increase in operating receivable items	(315,481,253)	(549,268,534)
Increase / (decrease) in operating payable items	898,567,740	(4,307,629,184)
Net cash inflow from operating activities	<u>3,461,515,446</u>	<u>(3,703,348,101)</u>
(b) Net changes in cash and cash equivalents:		
	2018	2017
Cash and cash equivalents at the end of the year	3,829,814,050	2,990,801,501
Less: Cash and cash equivalents at the beginning of the year	<u>2,990,801,501</u>	<u>7,548,700,412</u>
Net increase / (decrease) in cash and cash equivalents	<u>839,012,549</u>	<u>(4,557,898,911)</u>

(2) Details of cash and cash equivalents

	2018	2017
Cash on hand	22,593	22,893
Bank deposits available on demand	<u>3,829,791,457</u>	<u>2,990,778,608</u>
Cash and cash equivalents at the beginning of the year	<u>3,829,814,050</u>	<u>2,990,801,501</u>

Note: Cash and cash equivalents disclosed above exclude other monetary fund with restricted usage.

23 Assets with restrictive ownership title

As at 31 December 2018, the Company pledged its 20% equity of BOE Energy Investment and 20% equity of Haosheng Energy as security for the syndicated loans of RMB 633,330,000 and USD 96,000,000 for Yuansheng Optoelectronics, which will expire on 9 June 2021.

The Company has no other asset with restrictive ownership title.

XV. Extraordinary gains and losses in 2018

	2018	2017
Losses from long-term equity investments	(3,948,640)	-
Losses from disposal of non-current assets	(21,684,121)	(87,930,698)
Government grants recognized in current profit or loss (except for government subsidies that are closely related to the normal business operations of the company and that are in compliance with national policies and are subject to constant or fixed amount according to certain standards)	2,073,709,661	962,283,001
Fair value changes in derivative financial liabilities, and income from available-for-sale financial assets and wealth management products on maturity	315,279,377	134,810,181
Reversal of provision for bad and doubtful debts assessed on an individual basis	1,779,710	2,616,024
Other non-operating income and expenses besides items above	63,734,628	46,503,917
Less: Tax effect	<u>328,634,385</u>	<u>126,533,931</u>
Total	<u>2,100,236,230</u>	<u>931,748,494</u>
Including: Extraordinary gains affecting net profit of equity shareholders of the Company	1,917,425,622	888,471,355
Extraordinary gains affecting net profit of equity shareholders of the non-controlling shareholders	182,810,608	43,277,139

Notes: Extraordinary gain and loss item listed above are presented in the amount before taxation.

#### XVI. Return on net assets and earnings per share

In accordance with *Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share (2010 revised)* issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

<i>Profit for the reporting period</i>	<i>Weighted average return on net assets (%)</i>	<i>Basic earnings per share</i>	<i>Diluted earnings per share</i>
Net profit attributable to the Company's ordinary equity shareholders	4.00%	0.10	0.10
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	1.77%	0.04	0.04