

Shenzhen Textile (Holdings) Co., Ltd.

The Semi-Annual Financial Report 2021



August 2021

1. Audit report

Has this semi-annual report been audited?

Yes No

The semi-annual financial report has not been audited.

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

Prepared by: Shenzhen Textile (Holdings) Co., Ltd.

June 30,2021

In RMB

Items	June 30,2021	December 30,2020
Current asset :		
Monetary fund	261,443,764.22	279,087,236.95
Settlement provision		
Outgoing call loan		
Transactional financial assets	648,882,159.51	684,617,260.06
Derivative financial assets		
Note receivable	5,231,381.74	16,813,657.28
Account receivable	538,927,936.19	547,310,217.90
Financing of receivables	50,548,060.18	102,051,314.08
Prepayments	70,098,948.11	16,902,516.39
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	108,479,055.45	5,265,002.71
Including: Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	576,173,756.68	480,847,581.44
Contract assets		
Assets held for sales		

Non-current asset due within 1 year		
Other current asset	8,212,405.21	77,482,083.47
Total of current assets	2,267,997,467.29	2,210,376,870.28
Non-current assets:		
Loans and payment on other' s behalf disbursed		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	132,674,080.11	147,929,137.23
Other equity instruments investment	189,268,802.32	190,607,427.54
Other non-current financial assets	28,500,000.00	30,650,943.40
Real estate investment	109,274,369.86	110,572,471.92
Fixed assets	745,921,085.85	790,183,905.38
Construction in progress	1,567,417,773.55	1,301,750,141.12
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	36,047,158.67	36,048,978.91
Development expenses		
Goodwill		
Long-germ expenses to be amortized	3,405,250.16	2,876,561.53
Deferred income tax asset	5,300,651.26	5,243,425.26
Other non-current asset	95,760,086.27	143,307,689.66
Total of non-current assets	2,913,569,258.05	2,759,170,681.95
Total of assets	5,181,566,725.34	4,969,547,552.23
Current liabilities		
Short-term loans		
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	3,982,302.62	
Account payable	279,982,992.61	329,468,601.90

Advance receipts	3,935,595.88	3,542,394.33
Contract liabilities	21,271.21	279,631.27
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	45,886,423.04	55,642,549.53
Tax payable	7,441,866.20	12,198,522.02
Other account payable	136,833,527.76	156,118,440.42
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	478,083,979.32	557,250,139.47
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	544,588,606.07	343,100,174.35
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	107,233,810.75	110,740,322.21
Deferred income tax liability	58,807,010.27	59,141,666.58
Other non-current liabilities		
Total non-current liabilities	710,629,427.09	512,982,163.14
Total of liability	1,188,713,406.41	1,070,232,302.61
Owners' equity		

Share capital	506,521,849.00	507,772,279.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,961,599,824.63	1,967,514,358.53
Less: Shares in stock		7,525,438.20
Other comprehensive income	111,556,642.65	116,605,932.42
Special reserve		
Surplus reserves	94,954,652.14	94,954,652.14
Common risk provision		
Retained profit	148,319,809.42	86,912,390.50
Total of owner's equity belong to the parent company	2,822,952,777.84	2,766,234,174.39
Minority shareholders' equity	1,169,900,541.09	1,133,081,075.23
Total of owners' equity	3,992,853,318.93	3,899,315,249.62
Total of liabilities and owners' equity	5,181,566,725.34	4,969,547,552.23

Legal Representative: Zhang Jian

Person-in-charge of the accounting work: He Fei

Person-in-charge of the accounting organ: Zhu Jingjing

2. Parent Company Balance Sheet

In RMB

Items	June 30,2021	December 31,2020
Current asset:		
Monetary fund	79,297,562.76	113,560,327.21
Transactional financial assets	568,698,848.39	514,277,000.82
Derivative financial assets		
Note receivable		
Account receivable	2,717,606.50	1,461,400.20
Financing of receivables		
Prepayments	261,750.00	18,706.17
Other account receivable	9,932,178.00	7,450,934.40
Including: Interest receivable		

Dividend receivable		
Inventories	20,509.00	8,808.00
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		
Total of current assets	660,928,454.65	636,777,176.80
Non-current assets:		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	2,088,722,286.20	2,103,977,343.32
Other equity instruments investment	175,803,808.23	177,142,433.45
Other non-current financial assets		
Real estate investment	100,788,551.32	101,644,481.93
Fixed assets	21,059,700.06	21,876,099.34
Construction in progress		
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	419,760.82	492,923.62
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	5,160,286.97	5,097,360.00
Other non-current asset	95,760,086.27	96,871,196.43
Total of non-current assets	2,487,714,479.87	2,507,101,838.09
Total of assets	3,148,642,934.52	3,143,879,014.89
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	411,743.57	411,743.57

Advance receipts	2,875,936.58	2,875,936.58
Contract liabilities		
Employees' wage payable	13,188,552.87	14,824,723.81
Tax payable	4,841,865.28	11,497,591.21
Other account payable	110,541,577.50	95,023,378.12
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	131,859,675.80	124,633,373.29
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	450,000.00	500,000.00
Deferred income tax liability	55,815,761.75	56,150,418.06
Other non-current liabilities		
Total non-current liabilities	56,265,761.75	56,650,418.06
Total of liability	188,125,437.55	181,283,791.35
Owners' equity		
Share capital	506,521,849.00	507,772,279.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,577,392,975.96	1,583,307,509.86
Less: Shares in stock		7,525,438.20
Other comprehensive income	102,582,897.08	107,632,186.85

Special reserve		
Surplus reserves	94,954,652.14	94,954,652.14
Retained profit	679,065,122.79	676,454,033.89
Total of owners' equity	2,960,517,496.97	2,962,595,223.54
Total of liabilities and owners' equity	3,148,642,934.52	3,143,879,014.89

3.Consolidated Income statement

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Income from the key business	1,101,536,407.38	856,313,348.74
Incl: Business income	1,101,536,407.38	856,313,348.74
interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	963,183,000.35	847,649,045.52
Incl: Business cost	863,125,460.07	760,908,303.61
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	4,281,044.79	2,689,728.06
Sales expense	20,493,774.82	13,380,921.28
Administrative expense	55,327,660.76	44,347,465.66
R & D costs	29,170,093.39	24,561,050.95
Financial expenses	-9,215,033.48	1,761,575.96
Including: Interest expense	379,800.97	221,034.71
Interest income	-840,978.40	-1,738,185.54
Add: Other income	8,764,569.01	13,045,221.53
Investment gain ("-" for loss)	10,152,132.35	13,932,825.63
Incl: investment gains from affiliates	-412,713.12	-2,253,932.85

Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value	914,599.37	
Credit impairment loss	-4,347,598.84	-3,807,687.50
Impairment loss of assets	-52,628,070.13	-35,474,634.93
Assets disposal income	-55.96	-6,837.44
III. Operational profit (“-” for loss)	101,208,982.83	-3,646,809.49
Add : Non-operational income	20,437,452.38	20,431.28
Less: Non-operating expense	344,978.92	106,410.77
IV. Total profit(“-” for loss)	121,301,456.29	-3,732,788.98
Less: Income tax expenses	7,878,916.04	5,258,391.87
V. Net profit	113,422,540.25	-8,991,180.85
(I) Classification by business continuity		
1.Net continuing operating profit	113,422,540.25	-8,991,180.85
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	76,603,074.39	719,734.74
2.Minority shareholders’ equity	36,819,465.86	-9,710,915.59
VI. Net after-tax of other comprehensive income	-5,049,289.77	2,075,398.37
Net of profit of other comprehensive income attributable to owners of the parent company.	-5,049,289.77	2,075,398.37
(D)Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-1,003,968.91	1,687,081.80
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-1,003,968.91	1,687,081.80
4. Changes in the fair value of the company’ s credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss.	-4,045,320.86	388,316.57

1. Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Translation differences in currency financial statements	-4,045,320.86	388,316.57
7. Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	108,373,250.48	-6,915,782.48
Total comprehensive income attributable to the owner of the parent company	71,553,784.62	2,795,133.11
Total comprehensive income attributable minority shareholders	36,819,465.86	-9,710,915.59
VIII. Earnings per share		
(I) Basic earnings per share	0.1509	0.0014
(II) Diluted earnings per share	0.1509	0.0014

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0.00, last period the combined party realized RMB0.00.

Legal Representative: Zhang Jian

Person-in-charge of the accounting work: He Fei

Person-in-charge of the accounting organ: Zhu Jingjing

4. Income statement of the Parent Company

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Income from the key business	38,146,662.35	26,969,922.20
Incl: Business cost	5,346,478.59	4,305,058.16
Business tax and surcharge	1,523,347.63	834,883.15
Sales expense		

Administrative expense	19,834,907.43	13,651,499.00
R & D expense		
Financial expenses	162,410.11	-158,395.30
Including: Interest expenses	339,399.60	0.00
Interest income	-171,381.45	176,466.36
Add: Other income	50,000.00	57,638.72
Investment gain ("-" for loss)	9,140,645.27	11,066,543.43
Including: investment gains from affiliates	-412,713.12	-2,253,932.85
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value	914,599.37	
Credit impairment loss	-196,707.89	-357,278.55
Impairment loss of assets		
Assets disposal income		
II. Operational profit ("-" for loss)	21,188,055.34	19,103,780.79
Add : Non-operational income		
Less: Non -operational expenses		27,244.40
III. Total profit("-" for loss)	21,188,055.34	19,076,536.39
Less: Income tax expenses	3,381,310.97	5,102,958.61
IV. Net profit	17,806,744.37	13,973,577.78
1.Net continuing operating profit	17,806,744.37	13,973,577.78
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	-5,049,289.77	2,075,398.37
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-1,003,968.91	1,687,081.80
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-1,003,968.91	1,687,081.80
4. Changes in the fair value of the company' s credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified int	-4,045,320.86	388,316.57

o profit or loss		
1. Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Translation differences in currency financial statements	-4,045,320.86	388,316.57
7. Other		
VI. Total comprehensive income	12,757,454.60	16,048,976.15
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,120,318,752.18	771,604,176.04
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	7,389,955.19	1,315,022.98
Other cash received from business operation	42,020,491.27	91,408,927.56

Sub-total of cash inflow	1,169,729,198.64	864,328,126.58
Cash paid for purchasing of merchandise and services	904,947,382.28	799,466,447.26
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	131,060,141.64	84,518,321.17
Taxes paid	25,418,187.30	31,950,122.40
Other cash paid for business activities	160,947,023.67	84,012,710.98
Sub-total of cash outflow from business activities	1,222,372,734.89	999,947,601.81
Net cash generated from /used in operating activities	-52,643,536.25	-135,619,475.23
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	7,958,287.14	9,408,374.94
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		600.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	779,428,611.40	1,812,790,070.06
Sub-total of cash inflow due to investment activities	787,386,898.54	1,822,199,045.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	195,798,969.38	119,759,298.85
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	732,374,977.65	1,654,000,000.00
Sub-total of cash outflow due to investment activities	928,173,947.03	1,773,759,298.85
Net cash flow generated by investment	-140,787,048.49	48,439,746.15
III. Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	201,089,000.00	
Other financing - related cash received		

Sub-total of cash inflow from financing activities	201,089,000.00	
Cash to repay debts		
Cash paid as dividend, profit, or interests	24,141,288.78	
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	7,820,298.30	8,981,300.40
Sub-total of cash outflow due to financing activities	31,961,587.08	8,981,300.40
Net cash flow generated by financing	169,127,412.92	-8,981,300.40
IV. Influence of exchange rate alternation on cash and cash equivalents	-1,040,300.91	1,220,721.03
V.Net increase of cash and cash equivalents	-25,343,472.73	-94,940,308.45
Add: balance of cash and cash equivalents at the beginning of term	278,337,236.95	268,646,588.18
VI ..Balance of cash and cash equivalents at the end of term	252,993,764.22	173,706,279.73

6. Cash Flow Statement of the Parent Company

In RMB

Items	The first half year of 2021	The first half year of 2020
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	36,947,544.62	19,462,991.54
Tax returned		
Other cash received from business operation	23,757,836.70	2,298,590.45
Sub-total of cash inflow	60,705,381.32	21,761,581.99
Cash paid for purchasing of merchandise and services	5,951,213.89	3,731,669.95
Cash paid to staffs or paid for staffs	15,731,460.61	13,526,840.12
Taxes paid	14,531,396.20	27,458,170.70
Other cash paid for business activities	3,676,889.38	1,020,252.05
Sub-total of cash outflow from business activities	39,890,960.08	45,736,932.82
Net cash generated from /used in operating activities	20,814,421.24	-23,975,350.83
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	5,448,251.42	6,311,044.65
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		

I. Balance at the end of last year	507,772,279.00				1,967,514,358.53	7,525,438.20	116,605,932.42		94,954,652.14		86,912,390.50		2,766,234,174.39	1,133,081.07	3,899,315.24
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II. Balance at the beginning of current year	507,772,279.00				1,967,514,358.53	7,525,438.20	116,605,932.42		94,954,652.14		86,912,390.50		2,766,234,174.39	1,133,081.07	3,899,315.24
III. Changed in the current year	-1,250,430.00				-5,914,533.90	-7,525,438.20	-5,049,289.77				61,407,418.92		56,718,603.45	36,819,465.86	93,538,069.31
(1) Total comprehensive income							-5,049,289.77				76,603,074.39		71,553,784.62	36,819,465.86	108,373,250.48
(II) Investment or decreasing of capital by owners	-1,250,430.00				-5,914,533.90	-7,525,438.20							360,474.30		360,474.30
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other	-1,250,430.00				-5,914,533.90	-7,525,438.20							360,474.30		360,474.30
(III) Profit											-15,19		-15,19		-15,19

surplus reserves												
2. Allotment to the owners (or shareholders)												
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this	506,521,849.0			1,577,392,975.96		102,582,897.08		94,954,652.14	679,065,122.7			2,960,517,496.97

(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	507,835,189.00				1,582,759,174.16	7,525,438.20	112,839,436.11		90,596,923.39	651,208,052.93		2,937,713,337.39

III. Basic Information of the Company

Shenzhen Textile (Group) Co., Ltd. (hereinafter referred to as "Company" or "the Company") is a joint-stock company registered in Guangdong Province with a registered capital of RMB 506.521849 million and a unified social credit code of 91440300192173749Y. The Company has publicly issued RMB common shares (A shares) and domestic listed foreign shares (B shares) to the public at home and abroad, and listed and traded them. The Company is headquartered address are 6/F, Shenzhen Textile Building, No.3 Huaqiang Road. North, Futian District, Shenzhen.

The company was previously the Shenzhen Textile Industry Company, on April 13, 1994, approved by the Letter(1994)No.15 issued by Shenzhen Municipal People's Government, the Company was restructured and named as Shenzhen Textile (Group) Co., Ltd. . As of June 30, 2021, the Company has issued a total of 506,521,849.00 shares.

The Company has established the corporate governance structure of General Meeting of Shareholders, Board of Directors and Board of Supervisors, and currently has the Board Office, Office, Strategic Development Department, Operation and Management Department, Finance Department, Audit Department, Human Resources Department and other departments.

The Company is mainly engaged in high-tech industry focusing on R&D, production and marketing of polarizers for liquid crystal display, management of properties in bustling business districts of Shenzhen and reserved high-class textile and garment business.

The financial statements have been authorized for issuance of the 2n meeting of the 8th Board of Directors of the Group on August 26,2021.

I. Scope of consolidated financial statements

As of June 30, 2021, A total of 9 subsidiaries of the Company are included in the scope of consolidation. For details, please refer to Note IX "Rights and Interests in Other Subjects".

VI. Basis for the preparation of financial statements

(1) Basis for the preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions (collectively referred to as the "Accounting Standards for Business Enterprises"). In addition, the Company also disclosed relevant financial information in accordance with the Rules No.15 for the Information Disclosure and Compilation of Companies Offering Securities Public Issuance - General Provisions on Financial

Report (revised in 2014) issued by China Securities Regulatory Commission.

The financial statements are presented on the basis of going concern.

The accounting of the Company is based on accrual basis. Except for some financial instruments, the financial statements are based on historical costs. In case of asset impairment, impairment provision shall be made in accordance with relevant regulations.

(2)Continuation

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

V. Important accounting policies and estimations

Specific accounting policies and accounting estimates tips:

According to its own production and operation characteristics, the Company determines the policies of depreciation of fixed assets, amortization of intangible assets and revenue recognition. See Note V. 12, Note V. 19, III. 12 and V. 26 for specific accounting policies.

1. Statement on complying with corporate accounting standards

This financial statement conforms to the requirements of Accounting Standards for Business Enterprises, and truly and completely reflects the combination and financial status of the Company on June 30, 2021, as well as the combination and operating results and cash flow of the Company.

2.Fiscal Year

The Company adopts the Gregorian calendar year commencing on January 1 and ending on December 31 as the fiscal year.

3. Operating cycle

The operating cycle of the Company is 12 months.

4. Accounting standard money

The Company and its domestic subsidiaries use RMB as their bookkeeping base currency. The overseas subsidiaries of the Company determine RMB as their bookkeeping base currency according to the currency in the main economic environment in which they operate. The currency used by the Company in preparing the financial statements is RMB.

5. Accounting process method of enterprise consolidation under same and different controlling.

(1) Enterprise merger under same control:

For business combination under the same control, the assets and liabilities of the combined party acquired by the merging party during the combination shall be measured according to the book value of the combined party in the consolidated financial statements of the final controlling party on the combination date, except for the adjustment due to different accounting policies. The difference between the book value of the combination consideration and the book value of the net assets obtained in the combination adjusts the capital reserve. If the capital reserve is insufficient to offset, the retained earnings will be adjusted.

Business combination under the same control shall be achieved step by step through multiple transactions

In individual financial statements, the share of the book value of the net assets of the combined party in the consolidated financial statements of the ultimate controlling party shall be taken as the initial investment cost of the investment on the combination day calculated by the shareholding ratio on the combination day; Adjust the capital reserve for the difference between the initial investment cost and the book value of the investment held before the combination plus the book value of the consideration paid on the new day of the combination. If the capital reserve is insufficient to offset, adjust the retained earnings.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the merging party in the combination shall be measured according to the book value in the consolidated financial statements of the ultimate controlling party on the combination date, except for the adjustment due to different accounting policies; The difference between the book value of the investment held before the combination plus the book value of the consideration paid on the new day of the combination and the book value of the net assets obtained during the combination will be adjusted for capital reserve. If the capital reserve is insufficient to offset, the retained earnings will be adjusted. For the long-term equity investment held by the merging party before obtaining the control right of the combined party, the relevant profits and losses, other comprehensive income and other changes in owner's equity have been recognized from the date of obtaining the original equity and the date when the merging party and the combined party are under the same final control to the combination date, and the initial retained earnings or current profits and losses during the comparative report period shall be offset respectively.

(2) Business combination involving entities not under common control

For business combination not under the same control, the combination cost refers to the assets paid, liabilities incurred or assumed, and fair value of the issued equity securities in order to gain control over the acquiree on the acquisition date. On the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are recognized at fair value.

The difference between the combination cost and the fair value share of identifiable net assets acquired in the combination is recognized as goodwill, and the accumulated impairment provision is deducted by cost for subsequent measurement; The difference between the combination cost and the fair value share of identifiable net assets acquired by the acquiree in the combination shall be recorded into the current profits and losses after review.

Business combination under the same control shall be achieved step by step through multiple transactions

In individual financial statements, the sum of the book value of the equity investment held by the acquiree before the acquisition date and the new investment cost on the acquisition date is taken as the initial investment cost of the investment. Other comprehensive income recognized by the equity investment held before the acquisition date due to accounting by the equity method is not treated on the acquisition date, and accounting treatment is carried out on the same basis as that of the investee's direct disposal of related assets or liabilities; The owner's equity recognized due to the change of owner's equity of the investee except net profit and loss, other comprehensive income and profit distribution shall be transferred to the current profit and loss during the disposal period when the investment is disposed. If the equity investment held before the acquisition date is measured by fair value, the accumulated changes in fair value originally included in other comprehensive income will be transferred to the current profits and losses when accounting by cost method.

In the consolidated financial statements, the consolidated cost is the sum of the consideration paid on the acquisition date and the fair value of the equity of the acquiree held before the acquisition date on the acquisition date. The equity of the acquiree held before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in

the current income; Equity of the acquiree held before the acquisition date involves other comprehensive income, and other changes in owner's equity are converted into current income on the acquisition date, except for other comprehensive income arising from the remeasurement of net liabilities or changes in net assets of the set income plan by the investee.

(3) Treatment of transaction costs in business combination

Intermediary expenses such as auditing, legal services, evaluation and consultation, and other related management expenses incurred for business combination are included in the current profits and losses when they occur. Transaction costs of equity securities or debt securities issued as combination consideration are included in the initial recognition amount of equity securities or debt securities.

6 Compilation method of consolidated financial statements

(1) The scope of consolidation

The consolidation scope of consolidated financial statements is determined on the basis of control. Control refers to that the company has the power over the investee, enjoys variable returns by participating in the related activities of the investee, and has the ability to use the power over the investee to affect its return amount. Subsidiaries refer to subjects controlled by the Company (including enterprises, divisible parts of investee, structured subjects, etc.).

The consolidation scope of consolidated financial statements is determined on the basis of control. Control refers to that the company has the power over the investee, enjoys variable returns by participating in the related activities of the investee, and has the ability to use the power over the investee to affect its return amount. Subsidiaries refer to subjects controlled by the Company (including enterprises, divisible parts of investee, structured subjects, etc.).

(2) Compilation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the Company according to other relevant information. When preparing the consolidated financial statements, the accounting policies and accounting period requirements of the Company and its subsidiaries are consistent, and major transactions and current balances between companies are offset.

During the reporting period, the subsidiaries and businesses increased due to the business combination under the same control shall be deemed to be included in the consolidation scope of the Company from the date when they are controlled by the ultimate controller, and their operating results and cash flows from the date when they are controlled by the ultimate controller shall be included in the consolidated income statement and the consolidated cash flow statement respectively.

During the reporting period, the income, expenses and profits of subsidiaries and businesses increased from the acquisition date to the end of the reporting period due to business combination not under the same control during the reporting period are included in the consolidated income statement, and their cash flows are included in the consolidated cash flow statement.

The part of shareholders' equity of subsidiaries that is not owned by the Company is listed separately as minority shareholders' equity in the consolidated balance sheet; The share of minority shareholders' equity in the current net profit and loss of subsidiaries is listed as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. If the loss of subsidiary shared by minority shareholders exceeds the share enjoyed by minority shareholders in the initial owner's equity of such subsidiary, the balance still offsets minority shareholders' equity.

(3) Acquisition of minority shareholders' equity of subsidiaries

The capital reserve in the consolidated balance sheet shall be adjusted for the difference between the newly acquired long-term equity investment cost due to the acquisition of minority shares and the share of net assets continuously calculated by subsidiaries from the acquisition date or combination date, and the difference between the disposal price obtained from partial disposal of equity investment in subsidiaries without losing control and the share of net assets continuously calculated by subsidiaries from the acquisition date or combination date corresponding to the disposal of long-term equity investment. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Treatment of losing control over subsidiaries

If the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control; The sum of the consideration obtained from the disposal of equity and the fair value of remaining equity, minus the sum of the share of the original subsidiary's book value of net assets calculated continuously from the acquisition date and goodwill calculated according to the original shareholding ratio, and the difference formed is included in the investment income of the current period of loss of control.

Other comprehensive income related to the original subsidiary's equity investment will be transferred to the current profits and losses when the control right is lost, except for other comprehensive income generated by the investee's remeasurement of the net liabilities or changes in net assets of the set income plan.

7. Joint venture arrangements classification and Co-operation accounting treatment

Joint venture arrangement refers to an arrangement under the joint control of two or more participants. The joint venture arrangement of the Company is divided into joint operation and joint venture.

(1) Joint operation

Joint operation refers to the joint venture arrangement in which the Company is entitled to the assets related to the arrangement and bears the liabilities related to the arrangement.

The Company recognizes the following items related to the share of interests in joint operation, and carries out accounting treatment in accordance with the relevant accounting standards for business enterprises:

- A. Recognize assets held separately and assets held jointly according to their shares;
- B. Recognize the liabilities undertaken separately, and recognize the liabilities jointly undertaken according to their shares;
- C. Recognize the income generated from the sale of its share of joint operating output;
- D. Recognize the income generated by the sale of output from joint operation according to their shares;
- E. Recognize the expenses incurred separately, and recognize the expenses incurred in joint operation according to their shares.

(2) Joint venture

A joint venture refers to a joint venture arrangement in which the Company only has rights to the net assets of the arrangement.

The Company shall carry out accounting treatment on the investment of the joint venture in accordance with the provisions on accounting of long-term equity investment by the equity method.

8. Recognition Standard of Cash & Cash Equivalents

Cash refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to

investments held by the Company with short term, strong liquidity, easy conversion into known cash and little risk of value change.

9.Foreign currency transaction

In case of foreign currency business of the Company, the exchange rate determined by a systematic and reasonable method which is similar to the spot exchange rate on the transaction date shall be used to convert it into the bookkeeping base currency amount.

Balance sheet date: foreign currency monetary items shall be converted at the spot exchange rate on the balance sheet date. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date are included in the current profits and losses; For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date is still adopted; Foreign currency non-monetary items measured at fair value are converted at the spot exchange rate on the fair value determination date, and the difference between the converted bookkeeping base currency amount and the original bookkeeping base currency amount is included in the current profits and losses.

10.Financial instruments

Financial instruments refer to contracts that form financial assets of one party and financial liabilities or equity instruments of other parties.

(1) Recognition and derecognition of financial instruments

When the Company becomes a party to a financial instrument contract, a financial asset or financial liability is recognized.

Financial assets that meet one of the following conditions shall be derecognized:

- ① Termination of the contractual right to receive cash flow from the financial asset;
- ② The financial asset has been transferred and the following conditions for derecognition of financial asset transfer are met.

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it shall be derecognized. If the Company (debtor) signs an agreement with the creditor to replace the existing financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized at the same time.

When trading the financial assets in a conventional way, accounting recognition and derecognition shall be carried out according to the trading day.

(2) Classification and measurement of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides financial assets into the following three categories: financial assets measured at amortized cost, financial assets measured at fair value with changes included in other comprehensive income, and financial assets measured at fair value with changes included in current profits and losses.

Financial assets measured at amortized cost

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value with changes included in current profits and losses as financial assets measured at

amortized cost:

- The Company's business model of managing such financial assets is to collect contract cash flow as the goal;
- According to the contract terms of the financial asset, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount.
- After initial recognition, such financial assets are measured in amortized cost by the effective interest rate method. Gains or losses arising from financial assets measured in amortized cost that are not part of any hedging relationship are included in current profits and losses when derecognition, amortization according to the effective interest rate method, or impairment recognition.

Financial assets measured at fair value and changes included in other comprehensive income

The Company classifies financial assets that meet the following conditions and are not designated to be measured at fair value with changes included in current profits and losses as financial assets measured at fair value with changes included in other comprehensive income:

- The company's business model of managing the financial assets aims at both collecting contract cash flow and selling the financial assets;
- According to the contract terms of the financial asset, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount.

After initial recognition, the fair value of such financial assets is subsequently measured. Interest, impairment losses or gains and exchange gains and losses calculated by the effective interest rate method are included in the current profits and losses, while other gains or losses are included in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in current profits and losses.

Financial assets measured at fair value with changes included in current profits and losses

Except for the above financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value with changes included in current profits and losses. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company irrevocably designated some financial assets that should have been measured at amortized cost or at fair value with changes included in other comprehensive income as financial assets measured at fair value with changes included in current profits and losses.

After initial recognition, the financial assets are subsequently measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in the current profits and losses, unless the financial assets are part of the hedging relationship.

However, for non-trading equity instrument investments, the Company can irrevocably designate them as financial assets measured at fair value with changes included in other comprehensive income upon initial recognition. The designation is made on the basis of a single investment, and the relevant investment conforms to the definition of equity instruments from the perspective of the issuer.

After initial recognition, the fair value of such financial assets is subsequently measured. Dividend income that meets the requirements is included in profit or loss, and other gains or losses and changes in fair value are included in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained income.

The business model of managing financial asset refers to how the Company manages financial assets to generate cash flow. The business model determines whether the cash flow of financial assets managed by the Company comes from contract cash flow, sale of financial assets or both. The Company determines the business

model of managing financial assets based on objective facts and specific business objectives of managing financial assets decided by key management personnel.

The Company evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by related financial assets on a specific date is only the payment of principal and interest based on the unpaid principal amount. Where, the principal refers to the fair value of financial assets at initial recognition; Interest includes consideration for the time value of money, credit risk related to the unpaid principal amount in a specific period, and other basic borrowing risks, costs and profits. In addition, the Company evaluates the contract clauses that may cause changes in the time distribution or amount of cash flow of financial assets contracts to determine whether they meet the requirements of the above-mentioned contract cash flow characteristics.

Only when the Company changes its business model for managing financial assets, all affected financial assets shall be reclassified on the first day of the first reporting period after the business model changes, otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value, whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets, relevant transaction costs are included in the initial recognition amount. Accounts receivable arising from the sale of products or the provision of labor services that do not include or take into account significant financing components are initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive.

(3) Classification and measurement of financial liabilities

At initial recognition, the financial liabilities of the Company are classified into: financial liabilities measured at fair value with changes included in current profits and losses, and financial liabilities measured at amortized cost. For financial liabilities that are not classified as measured at fair value with changes included in current profits and losses, relevant transaction costs are included in their initial recognition amount.

Financial liabilities measured at fair value with changes included in the current profits and losses

Financial liabilities measured at fair value with changes included in current profits and losses include transactional financial liabilities and financial liabilities designated at fair value at initial recognition with changes included in current profits and losses. Such financial liabilities are subsequently measured according to fair value, and the gains or losses caused by changes in fair value and dividends and interest expenses related to such financial liabilities are included in current profits and losses.

Financial liabilities measured in amortized cost

Other financial liabilities are subsequently measured according to the amortized cost by the effective interest rate method, and the gains or losses arising from derecognition or amortization are included in the current profits and losses.

Distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① Contract obligation to deliver cash or other financial assets to other parties.
- ② The contractual obligation to exchange financial assets or financial liabilities with other parties under potential unfavorable conditions.
- ③ Non-derivative contracts that need to be settled or can be settled by the enterprise's own equity instruments in the future, for which the enterprise will deliver a variable number of its own equity instruments according to this contract.

④ Derivative contracts that need to be settled or can be settled by the enterprise's own equity instruments in the future, except for derivative contracts that exchange a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets.

Equity instruments refer to contracts that can prove ownership of an enterprise's residual equity in assets after deducting all liabilities.

If the Company can't unconditionally avoid delivering cash or other financial assets to fulfill a contractual obligation, the contractual obligation meets the definition of financial liabilities.

If a financial instrument needs to be settled or can be settled by the Company's own equity instrument, it shall be considered whether its own equity instrument used to settle the instrument is a substitute for cash or other financial assets, or it is to enable the holder of such instrument to be entitled to the remaining equity in the assets after all liabilities are deducted by the issuer. In the former case, the instrument is the financial liability of the Company; In the latter case, the instrument is the equity instrument of the Company.

(4) Derivative financial instruments and embedded derivative instruments

Initially, it is measured at the fair value on the day when the derivative transaction contract is signed, and then measured at its fair value. Derivative financial instruments with positive fair value are recognized as an asset, while those with negative fair value are regarded as a liability. Any gains or losses arising from changes in fair value that do not meet the requirements of hedge accounting are directly included in the current profits and losses.

For mixed instruments including embedded derivative, if the main contract is financial assets, the relevant provisions of financial asset classification shall apply to the mixed instruments as a whole. If the main contract is not a financial asset, and the mixed instrument is not measured at fair value with changes included in the current profits and losses for accounting treatment, the embedded derivative is not closely related to the main contract in terms of economic characteristics and risks, and has the same conditions as the embedded derivative, and if the independent instrument meets the definition of derivative, the embedded derivative is split from the mixed instrument and treated as a separate derivative financial instrument. If the embedded derivative cannot be separately measured at the time of acquisition or on the subsequent balance sheet date, the mixed instruments as a whole are designated as financial assets or financial liabilities measured at fair value with changes included in the current profits and losses.

(5) Fair value of financial instruments

See Note III. 11 for the determination method of the fair value of financial assets and financial liabilities.

(6) Impairment of financial assets

Based on the expected credit loss, the Company will carry out impairment accounting treatment on the following items and recognize the loss reserve:

- ① Financial assets measured at amortized cost;
- ② Receivables and debt investments measured at fair value and included in other comprehensive income;
- ③ Lease receivables;

④ Financial guarantee contracts (except those which are measured at fair value with changes included in current profits and losses, in which the transfer of financial assets does not meet the conditions for derecognition, or those formed by continuing to involve the transferred financial assets).

Measurement of expected credit loss

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between the cash flow of all contracts discounted according

to the original real interest rate and the expected cash flow of all contracts receivable according to the contract, that is, the present value of all cash shortages.

The Company takes into account reasonable and reliable information on historical events, current situation and future economic situation forecasts, and uses the risk of default as the weight to calculate the probability weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received to recognize the expected credit loss.

The Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial recognition, it is in the first stage. The Company measures the loss reserve according to the expected credit loss in the next 12 months; If the credit risk of a financial instrument has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage. The Company measures the loss reserve according to the expected credit loss of the instrument throughout the duration; If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures the loss reserve according to the expected credit loss of the instrument throughout the duration.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since the initial recognition, and measures the loss reserve according to the expected credit loss in the next 12 months.

The expected credit loss in the whole duration refers to the expected credit loss caused by all possible default events in the whole expected duration of financial instruments. The expected credit loss in the next 12 months refers to the expected credit loss caused by the financial instrument default event that may occur within 12 months after the balance sheet date (or within the expected duration if the expected duration of the financial instrument is less than 12 months), which is a part of the expected credit loss in the whole duration.

When measuring the expected credit loss, the longest period that the Company needs to consider is the longest contract period during which the enterprise is subject to credit risk (including the option to renew the contract).

For financial instruments in the first and second stages and with low credit risk, the Company calculates interest income based on the book balance before deducting impairment provisions and the actual interest rate. For financial instruments in the third stage, the interest income shall be calculated according to their book balance minus the amortized cost after impairment provision and the actual interest rate.

For notes receivable and accounts receivable, regardless of whether there is significant financing component, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

When a single financial asset cannot evaluate the expected credit loss information at a reasonable cost, the Company divides the notes receivable and accounts receivable into portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the combinations, and determines the combination on the following basis:

A. Notes receivable

Notes receivable portfolio 1: bank acceptance bill

Notes receivable portfolio 2: commercial acceptance bill

B. Accounts receivable

Accounts receivable portfolio 1: polarizer sales receivable

Accounts receivable portfolio 2: textile and garment sales receivable

Accounts receivable portfolio 3: operating funds receivable from self-own property

Accounts receivable portfolio 4: other receivables

For notes receivable divided into portfolios, the Company refers to the historical credit loss experience, and calculates the expected credit loss through the default risk exposure and the expected credit loss rate of the whole duration based on the current situation and forecasts the future economic situation.

For accounts receivable divided into combinations, the Company refers to the historical credit loss experience, combines the current situation with the forecast of future economic situation, compiles a comparison table of aging/overdue days of accounts receivable and the expected credit loss rate for the whole duration, and calculates the expected credit loss.

Other receivables

The Company classifies other receivables into several combinations according to the credit risk characteristics, and calculates the expected credit losses based on the portfolios. The basis for determining the portfolio is as follows:

Other receivables portfolio: aging portfolio

For other receivables classified as portfolios, the Company calculates the expected credit loss through the default risk exposure and the expected credit loss rate in the next 12 months or the whole duration.

Debt investment and other debt investment

For creditor's rights investment and other creditor's rights investment, the Company calculates the expected credit loss according to the nature of the investment, the counterparty and various types of risk exposure and based on the expected credit loss rate in the next 12 months or the whole duration.

Evaluation of significant increase in credit risk

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the relative change of default risk of financial instruments in the expected duration, and evaluates whether the credit risk of financial instruments has increased significantly since initial recognition.

When determining whether the credit risk has increased significantly since the initial recognition, the company considers to obtain reasonable and reliable information without unnecessary extra costs or efforts, including forward-looking information. Information considered by the Company includes:

- The debtor fails to pay the principal and interest according to the expiration date of the contract;
- Serious deterioration of external or internal credit rating (if any) of financial instruments that has occurred or is expected;
- Serious deterioration of the debtor's operating results that has occurred or is expected;
- Changes in existing or expected technology, market, economic or legal environment, and significant adverse effects on the debtor's repayment ability of the Company.

According to the nature of financial instruments, the Company assesses whether credit risks have increased significantly on the basis of individual financial instruments or financial instrument portfolios. When evaluating on the basis of financial instrument portfolio, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

Financial assets with credit impairment

On the balance sheet date, the Company evaluates whether the financial assets measured at amortized cost and the creditor's rights investments measured at fair value with changes included in other comprehensive income

have suffered credit impairment. When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- The issuer or debtor has major financial difficulties;
- The debtor violates the contract, such as default or overdue payment of interest or principal;
- The Company gives concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or debtor cause the active market of the financial assets to disappear.

Presentation of expected credit loss provision

In order to reflect the change of credit risk of financial instruments after initial recognition, the Company re-measures the expected credit loss on each balance sheet date, and the resulting increase or reversal amount of loss reserve shall be included in the current profits and losses as impairment losses or gains. For financial assets measured in amortized cost, the loss reserve shall be offset against the book value of the financial assets listed in the balance sheet; For creditor's rights investments measured at fair value with changes included in other comprehensive income, the Company recognizes its loss reserve in other comprehensive income, which does not offset the book value of the financial asset.

Cancel after verification

If the Company no longer reasonably expects the contract cash flow of financial assets to be fully or partially recovered, it will directly write down the book balance of the financial assets. This write-down constitutes the derecognition of related financial assets. It usually happens when the Company determines that the debtor has no assets or income sources to generate enough cash flow to repay the amount to be written down. However, according to the Company's procedures for recovering the due amount, the written-down financial assets may still be affected by the implementation activities.

If the written-down financial assets are recovered later, they will be included in profits and losses of the current recovery period as the reversal of impairment losses.

(7) Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to another party (transferee) other than the issuer of the financial assets.

If the company has transferred almost all risks and rewards in the ownership of the financial asset to the transferee, the recognition of the financial asset shall be terminated; If almost all risks and rewards on the ownership of a financial asset are retained, the financial asset shall not be derecognized.

If the Company has neither transferred nor retained almost all risks and rewards in the ownership of financial assets, it shall be dealt with as follows: if the control of the financial assets is abandoned, the financial assets shall be derecognized and the resulting assets and liabilities shall be recognized; If the control of the financial assets is not abandoned, the relevant financial assets shall be recognized according to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

(8) Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, which can be enforced at present, and the Company plans to settle by net amount or at the same time realize such financial assets and pay off such financial liabilities, the financial assets and financial liabilities are listed in the

balance sheet with the amount after offset. In addition, financial assets and financial liabilities are listed separately in the balance sheet and will not be offset against each other.

11. Notes receivable

For notes receivable and accounts receivable, regardless of whether there is significant financing component, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

When a single financial asset cannot evaluate the expected credit loss information at a reasonable cost, the Company divides the notes receivable and accounts receivable into portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the combinations, and determines the combination on the following basis:

Notes receivable portfolio 1: bank acceptance bill

Notes receivable portfolio 2: commercial acceptance bill

For notes receivable divided into portfolios, the Company refers to the historical credit loss experience, and calculates the expected credit loss through the default risk exposure and the expected credit loss rate of the whole duration based on the current situation and forecasts the future economic situation.

12. Accounts receivable

For notes receivable and accounts receivable, regardless of whether there is significant financing component, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

When a single financial asset cannot evaluate the expected credit loss information at a reasonable cost, the Company divides the notes receivable and accounts receivable into portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the combinations, and determines the combination on the following basis:

Accounts receivable portfolio 1: polarizer sales receivable

Accounts receivable portfolio 2: textile and garment sales receivable

Accounts receivable portfolio 3: operating funds receivable from self-own property

Accounts receivable portfolio 4: other receivables

For accounts receivable divided into combinations, the Company refers to the historical credit loss experience, combines the current situation with the forecast of future economic situation, compiles a comparison table of aging/overdue days of accounts receivable and the expected credit loss rate for the whole duration, and calculates the expected credit loss.

13. Receivable financing

For bills receivable and accounts receivable classified as those measured at fair value and whose changes are included in other comprehensive income, the portion with self-financing period within one year (including one year) is listed as receivables financing; If the period of self-acceptance is more than one year, it shall be listed as other creditor's rights investment. For relevant accounting policies, please refer to Note V, (10) "Financial Instruments" and Note V, (10) "Impairment of Financial instruments".

14. Other account receivable

Determination method and accounting treatment method of expected credit loss of other receivables

The Company divides the other receivables into several portfolio according to the credit risk characteristics, and calculates the expected credit losses on the basis of determining the portfolio as follows:

Other receivables portfolio: age portfolio:

For accounts receivable divided into combinations, the Company refers to the historical credit loss experience, combines the current situation with the forecast of future economic situation, compiles a comparison table of aging/overdue days of accounts receivable and the expected credit loss rate for the whole duration, and calculates the expected credit loss.

15. Inventory

1. Inventories class

The Company's inventory includes raw materials, in-process products, low-value consumables, packaging materials, inventory goods, and issued goods.

(2) Pricing method of issued inventory

The Company's inventory is priced at the actual cost when it is acquired. The weighted average method is adopted when raw materials and inventory goods are issued.

(3) Determination basis of net realizable value of inventory and accrual method of inventory depreciation reserve

The net realizable value of inventory is the estimated selling price of inventory minus the estimated costs to be incurred upon completion, estimated sales expenses and related taxes. For determination of the net realizable value of inventories, the solid evidence shall serve as the basis, and the purpose of holding inventories and the influence of events after the balance sheet date shall be considered.

On the balance sheet date, if the inventory cost is higher than its net realizable value, inventory depreciation reserve shall be made. The Company usually accrues the inventory depreciation reserve according to individual inventory items. On the balance sheet date, if the influencing factors of previous inventory value written down have disappeared, the inventory depreciation reserve will be returned within the originally accrued amount.

(4) Inventory system of inventory

Perpetual inventory system is adopted for the Company's inventory system.

(5) Amortization method of low-value consumables and packaging materials

Low-value consumables and packaging materials of the Company are amortized by one-time write-off method.

16. Contract assets

The Company lists the customer's unpaid contract consideration for which the Company has fulfilled its performance obligations according to the contract, and which is not the right to collect money from customers unconditionally (that is, only depending on the passage of time) as a contract asset in the balance sheet. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset.

17.Contract Costs

Contract costs include incremental costs incurred for obtaining contracts and contract performance costs.

The incremental cost incurred for obtaining the contract refers to the cost that the Company will not incur without obtaining the contract (such as sales commission, etc.). If the cost is expected to be recovered, the Company will recognize it as the contract acquisition cost as an asset. Other expenses incurred by the Company to obtain the contract except the incremental cost expected to be recovered are included in the current profits and losses when incurred.

If the cost incurred for the performance of the contract does not fall within the scope of other accounting standards for enterprises such as inventory and meets the following conditions at the same time, the Company will recognize it as the contract performance cost as an asset:

① Such cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only due to this contract;

② Such cost increases the resources of the Company for fulfilling its performance obligations in the future;

③ The cost is expected to be recovered.

Assets recognized by contract acquisition cost and assets recognized by contract performance cost (hereinafter referred to as "Assets Related to Contract Cost") shall be amortized on the same basis as the revenue recognition of goods or services related to the assets, and shall be included in current profits and losses.

When the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will accrue impairment provision of the excess and recognize it as the asset impairment loss:

① The remaining consideration expected to be obtained by the Company due to the transfer of goods or services related to the asset;

② The estimated cost to be incurred for transferring the related goods or services.

The contract performance cost recognized as an asset shall be amortized for no more than one year or one normal business cycle at the time of initial recognition, which shall be listed in "Inventory", and the amortization period for more than one year or one normal business cycle at the time of initial recognition shall be listed in "Other Non-current Assets".

The contract acquisition cost recognized as an asset shall be amortized for no more than one year or one normal business cycle at initial recognition, and shall be listed in "Other Current Assets". The amortization period for initial recognition shall exceed one year or one normal business cycle, and shall be listed in "Other Non-current Assets".

18.Held-for-sale assets

(1) Classification and measurement of non-current assets or disposal groups held for sale

When the book value of a non-current asset or disposal group is recovered by the Company mainly by selling it (including the exchange of non-monetary assets with commercial nation) rather than continuously using it, the non-current asset or disposal group is classified as held for sale.

The above-mentioned non-current assets do not include investment real estate measured by fair value model, biological assets measured by net amount of fair value minus selling expenses, assets formed by employee compensation, financial assets, deferred income tax assets and rights arising from insurance contracts.

The disposal group refers to a group of assets disposed of together by sale or other means in a transaction as a whole, and liabilities directly related to these assets transferred in the transaction. Under certain circumstances, the disposal group includes goodwill obtained in business combination, etc.

Meanwhile, non-current assets or disposal groups that meet the following conditions are classified as held-for-sale: according to the practice of selling such assets or disposal groups in similar transactions, the non-current assets or disposal groups can be sold immediately under the current situation; The sale is very likely to happen, that is, a resolution has been made on a sale plan and a certain purchase commitment has been obtained, and it is expected that the sale will be completed within one year. If the control over subsidiaries is lost due to the sale of investments in subsidiaries, whether or not the Company retains part of the equity investments after the sale, when the investment in subsidiaries to be sold meets the classification conditions of holding for sale, the investment in subsidiaries will be classified as held-for-sale as a whole in individual financial statements, and all assets and liabilities of subsidiaries will be classified as held-for-sale in consolidated financial statements.

When the non-current assets or disposal groups held for sale are initially measured or re-measured on the balance sheet date, the difference between the book value and the net amount after deduction of the sales expenses from the fair value is recognized as the asset impairment loss. For the amount of asset impairment loss recognized by the disposal group held for sale, the book value of goodwill in the disposal group is offset first, and then the book value of non-current assets in the disposal group is offset proportionally.

If the net amount of non-current assets held for sale or disposal group's fair value minus sales expenses increases on the subsequent balance sheet date, the previously written-down amount will be restored and reversed within the amount of asset impairment loss recognized after being classified as held-for-sale, and the reversed amount will be included in the current profits and losses. The book value of offset goodwill shall not be reversed.

Non-current assets held for sale and assets in disposal group held for sale are not depreciated or amortized; Interest and other expenses of liabilities in disposal group held for sale continue to be recognized. All or part of the investments of associated enterprises or joint ventures classified as held for sale shall be accounted for by the equity method for those classified as held for sale, while those retained (not classified as held for sale) shall continue to be accounted for by the equity method; When the Company loses significant influence on the associated enterprises and joint ventures due to the sale, it shall stop using the equity method.

If a certain non-current asset or disposal group is classified as held-for-sale, but the classification conditions of held-for-sale are no longer met, the Company will stop classifying it as held-for-sale and measure it according to the lower of the following two amounts:

- ① The book value of the asset or disposal group before it is classified as held-for-sale, and the amount adjusted according to the depreciation, amortization or impairment that should have been recognized without being classified as held-for-sale;
- ② Recoverable amount.

19.Creditor's rights investment

Creditor's rights investment mainly accounts for bond investment measured by amortized cost, etc. The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk has increased significantly since the initial recognition.

20.Other Creditor's rights investment

For creditor's rights investment and other creditor's rights investment, the Company calculates the expected

credit loss according to the nature of the investment, the counterparty and various types of risk exposure and based on the expected credit loss rate in the next 12 months or the whole duration.

21. Long-term account receivable

None

22. Long-term equity investments

Long-term equity investment includes equity investment in subsidiaries, joint ventures and associated enterprises. If the Company can exert significant influence on the investee, it is an associated enterprise of the Company.

(1) Determination of initial investment cost

Long-term equity investment forming business combination: the long-term equity investment obtained by business combination under the same control shall be taken as the investment cost according to the book value share of the owner's equity of the combined party in the consolidated financial statements of the final controlling party on the combination date; Long-term equity investment obtained by business combination not under the same control shall be regarded as the investment cost of long-term equity investment according to the combination cost.

For long-term equity investment obtained by other means: For long-term equity investment obtained by payment in cash, the actual purchase price is taken as the initial investment cost; For long-term equity investment obtained by issuing equity securities, the fair value of issuing equity securities is taken as the initial investment cost.

(2) Subsequent measurement and profit and loss recognition method

Investment in subsidiaries shall be accounted by cost method, unless the investment meets the conditions of holding for sale; Investment in associated enterprises and joint ventures shall be accounted for by equity method.

For the long-term equity investment calculated by the cost method, except for the cash dividends or profits that have been declared but not yet issued and that included in the actual payment or consideration, the cash dividends or profits declared and distributed by the investee are recognized as investment income and included in the current profits and losses.

If the initial investment cost of long-term equity investment accounted by equity method is greater than the fair value share of identifiable net assets of the investee, the investment cost of long-term equity investment shall not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the investee at the time of investment, the book value of the long-term equity investment shall be adjusted, and the difference shall be included in the profit and loss of the current investment period.

In case of accounting by equity method, the investment income and other comprehensive income are recognized respectively according to the share of net profits and losses and other comprehensive income realized by the investee, and the book value of long-term equity investment is adjusted at the same time; According to the profit or cash dividend declared and distributed by the investee, the part to be entitled to shall be calculated, and the book value of long-term equity investment shall be reduced correspondingly; The investee adjusts the book value of long-term equity investment for other changes in owner's equity except net profits and losses, other comprehensive income and profit distribution and includes them in capital reserve (other capital reserve). When recognizing the share of the net profit and loss of the investee, the fair value of identifiable assets of the investee at the time of investment is taken as the basis, and the net profit of the investee is recognized after adjustment according to the accounting policies and accounting periods of the Company.

If it can exert significant influence on the investee due to additional investment or implement joint control but does not constitute control, on the conversion date, the sum of the fair value of the original equity plus the new investment cost shall be taken as the initial investment cost calculated by the equity method instead. The difference between the fair value and book value of the original equity on the conversion date, as well as the accumulated fair value changes originally included in other comprehensive income, are transferred to the current profits and losses accounted for by the equity method.

If the joint control or significant influence on the investee is lost due to the disposal of some equity investments, the remaining equity after disposal shall be accounted for according to *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments* on the date of loss of joint control or significant influence, and the difference between fair value and book value shall be included in the current profits and losses. Other comprehensive income recognized by the original equity investment due to the adoption of the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is terminated; Changes in other owners' equity related to the original equity investment are transferred into current profits and losses.

If the control over the investee is lost due to the disposal of part of equity investment, and the remaining equity after disposal can jointly control or exert significant influence on the investee, it shall be accounted for according to the equity method instead, and the remaining equity shall be regarded as being adjusted by the equity method when it is acquired; If the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses.

If the Company's shareholding ratio decreases due to capital increase of other investors, causing loss of control, but it can exercise joint control or exert significant influence on the investee, the share of net assets increased by the investee due to capital increase and share expansion shall be recognized according to the new shareholding ratio, and the difference between the original book value of long-term equity investment corresponding to the decreased shareholding ratio shall be included in the current profits and losses; Then, according to the new shareholding ratio, it is regarded as being adjusted by the equity method when the investment is obtained.

For unrealized internal transaction gains and losses between the Company and its associated enterprises and joint ventures, the portion attributable to the Company shall be calculated according to the shareholding ratio, and investment gains and losses shall be recognized on the basis of offset. However, if the unrealized internal transaction losses between the Company and the investee are the impairment losses of the transferred assets, they will not be offset.

(3) Basis for determination of joint control and significant influence on the investee

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of such arrangement must be unanimously agreed by the participants who share the control rights before any decision is made. When judging whether there is common control, firstly, judge whether all participants or a combination of participants collectively control the arrangement, and secondly, judge whether the decision-making of activities related to the arrangement must be unanimously agreed by the participants who collectively control the arrangement. If all participants or a group of participants must act in concert to decide the relevant activities of an arrangement, it is considered that all participants or a group of participants collectively control the arrangement; If two or more participants can collectively control an arrangement, it does not constitute joint control. When judging whether it is joint control, the protective rights entitled to are not considered.

Significant influence means that the investor has the right to participate in the decision-making on the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. When determining whether it can exert significant influence on the investee, the influence of the voting shares of the investee directly or indirectly held by the investor and the current executable potential voting rights held by the investor and other parties shall be considered, including the influence of the current convertible warrants, share options and convertible corporate bonds issued by the investee.

When the Company directly or indirectly owns more than 20% (including 20%) but less than 50% of the voting shares of the investee, it is generally considered to have a significant influence on the investee, unless there is clear evidence that it cannot participate in the production and operation decisions of the investee under such circumstances, in which case it does not have a significant influence; When the Company owns less than 20% (excluding) of the voting shares of the investee, it is generally not considered to have a significant influence on the investee, unless there is clear evidence that it can participate in the production and operation decisions of the investee under such circumstances, in which case it has a significant influence.

(4) Equity investment held for sale

If all or part of the equity investment in an associated enterprise or joint venture is classified as assets held for sale, please refer to Note III. 13 for relevant accounting treatment.

For the remaining equity investments that are not classified as assets held for sale, the equity method is adopted for accounting treatment.

If the equity investment in an associated enterprise or joint venture that has been classified as held for sale no longer meets the classification conditions of assets held for sale, the equity method shall be used for retrospective adjustment from the date that it is classified as assets held for sale.

(5) Test method for impairment and accrual method for impairment provision

For investment in subsidiaries, associated enterprises and joint ventures, please refer to Note III. 21 for the accrual method for impairment provision.

23. Investment real estate

The measurement mode of investment property

The company shall adopt the cost mode to measure the investment property.

Depreciation or Amortization Method

Investment real estate refers to real estate held for rent or capital appreciation, or both. The Company's investment real estate includes leased land use rights, land use rights transferred after holding and preparing for appreciation, and leased buildings.

The Company's investment real estate is initially measured according to the cost at the time of acquisition, and depreciation or amortization is accrued on schedule according to the relevant provisions of fixed assets or intangible assets.

For investment real estate that is subsequently measured by cost model, please refer to Note III. 21 for the accrual method of asset impairment.

The difference between the disposal income from the sale, transfer, scrapping or damage of investment real estate after deduction of its book value and related taxes shall be included in the current profits and losses.

24. Fixed assets

(1) Recognition conditions of fixed assets

The Company's fixed assets refer to tangible assets held for the production of commodities, provision of labor services, leasing or operation and management, with a service life exceeding one fiscal year. Only when the economic benefits related to the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be measured reliably, can the fixed assets be recognized.

The fixed assets of the Company are initially measured according to the actual cost at the time of acquisition. For impairment test methods and impairment provision methods of fixed assets, see this in "Section X Financial Report V. Important Accounting Policies and Accounting Estimates 31. Long-term impairment of assets".

At the end of each year, the Company rechecks the service life, estimated net salvage value and depreciation method of fixed assets.

If the estimated service life is different from the original estimate, the service life of fixed assets shall be adjusted; If the estimated net salvage value is different from the original estimate, the estimated net salvage value shall be adjusted. Major repair cost, The major repair cost incurred by the Company in carrying out regular inspections of fixed assets, if there is conclusive evidence showing that they meet the conditions for recognition of fixed assets, shall be included in the cost of fixed assets, while those that do not meet the conditions for recognition of fixed assets shall be included in the profits and losses of the current period. Fixed assets shall be depreciated during the interval between regular overhaul.

(2) The method for depreciation

Category	The method for depreciation	Expected useful life (Year)	Estimated residual value	Depreciation
House and Building-Production	Straight-line method	35	4.00	2.74
House and Building-Non-Production	Straight-line method	40	4.00	2.40
Decoration of Fixed assets	Straight-line method	10		10.00
Machinery and equipment	Straight-line method	10-14	4.00	9.6-6.86
Transportation equipment	Straight-line method	8	4.00	12.00
Electronic equipment	Straight-line method	8	4.00	12.00
Other equipment	Straight-line method	8	4.00	12.00

(3) Cognizance evidence and pricing method of financial leasing fixed assets

Fixed assets leased by the Company shall be recognized as fixed assets acquired under finance leases when they meet one or more of the following criteria: ① Upon expiration of the lease term, the ownership of the leased

assets shall be transferred to the Company.② The Company has the option right to purchase the leased assets, and the concluded purchase price is expected to be far lower than the fair value of the leased assets when exercising the option right. Therefore, the exercise of this option right by the Company can be determined reasonably on the starting date of the lease.③ Even though the ownership of the assets is not transferred, the lease term accounts for most of the service life of the leased assets.④ The present value of the minimum lease payment of the Company on the lease start date is almost equal to the fair value of the leased assets on the lease start date.⑤ In case of special properties of the leased assets and no large alteration, only the Company can use them. Fixed assets leased by finance lease shall be recorded at the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment. The minimum lease payment is taken as the recorded value of long-term payables, and the difference is taken as unrecognized financing expenses. Initial direct expenses such as handling fees, attorney fees, travel expenses, stamp duty, etc., which occur during the lease negotiation and signing of the lease contract, are included in the value of the leased assets. Unrecognized financing expenses are amortized by the effective interest rate method in each period of the lease term. Fixed assets leased by financing shall be depreciated by adopting policies consistent with the self-owned fixed assets. If it can be reasonably determined that the ownership of the leased asset will be acquired upon the expiration of the lease term, depreciation shall be accrued within the serviceable life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the serviceable life of the leased asset.

25. Construction in progress

The cost of construction in progress of the Company is determined according to the actual project expenditure, including all necessary project expenditures incurred during the construction period, borrowing costs that should be capitalized before the project reaches the intended usable state, and other related expenses.

Construction in progress is transferred to fixed assets when it reaches the scheduled usable state.

See Note III. 21 for the method of depreciation of assets in construction in progress.

26. Borrowing costs

(1) Recognition principle of capitalization of borrowing costs

If the borrowing costs incurred by the Company can be directly attributed to the purchase, construction or production of assets that meet the capitalization conditions, they will be capitalized and included in the relevant asset costs; Other borrowing costs, when incurred, are recognized as expenses according to the amount incurred, and included in current profits and losses. Borrowing costs shall be capitalized if they meet the following conditions at the same time:

① Asset expenditure has already occurred, including the expenditure incurred in the form of payment in cash, transfer of non-cash assets or assumption of interest-bearing debts for the purchase, construction or production of assets that meet the capitalization conditions;

② Borrowing costs have already occurred;

③ The purchase, construction or production activities necessary to make the assets reach the intended usable or saleable state have started.

(2) Capitalization period of borrowing costs

Capitalization of borrowing costs shall be stopped when assets eligible for capitalization acquired, constructed or produced by the Company reach the intended usable or saleable state. Borrowing costs incurred after the assets in line with the capitalization conditions reach the intended usable or saleable state shall be recognized as expenses according to the amount incurred when they occur, and shall be included in current profits

and losses.

If the assets that meet the capitalization conditions are abnormally interrupted in the process of purchase, construction or production, and the interruption lasts exceeds 3 months, the capitalization of borrowing costs shall be suspended; Borrowing costs during normal interruption period continue to be capitalized.

(3) Capitalization rate of borrowing costs and calculation method of capitalization amount

The interest expenses actually incurred in the current period of special borrowing shall be capitalized after deducting the interest income from the unused borrowing funds deposited in the bank or the investment income from temporary investment; The capitalization amount of general borrowings is determined by multiplying the weighted average of the accumulated asset expenditure over the special loan by the capitalization rate of the occupied general borrowings. Capitalization rate is calculated and determined according to the weighted average interest rate of general borrowings.

During the capitalization period, all the exchange differences of special borrowings in foreign currency are capitalized; Exchange differences of general borrowings in foreign currency are included in current profits and losses.

27. Biological Assets

None

28. Oil & Gas assets

None

29. Right to use assets

None

30. Intangible assets

The intangible assets of the Company include land use rights, proprietary technology and software.

Intangible assets are initially measured at cost, and their service life is analyzed and judged when they are acquired. If the service life is limited, the intangible assets shall be amortized within the expected service life by the amortization method that can reflect the expected realization mode of the economic benefits related to the assets from the time when they are available for use; If it is impossible to reliably determine the expected realization mode, they shall be amortized by straight-line method; Intangible asset\ with uncertain service life are not amortized.

Amortization methods of intangible assets with limited service life are as follows:

Items	Useful life (year)	Amortization method	Notes
Land use right	50	Straight	
Special technology	15	Straight	
Software	5	Straight	

At the end of each year, the Company rechecks the service life and amortization method of intangible assets

with limited service life, adjusts the original estimate if it is different from the previous estimate, and handles the change according to the accounting estimate.

On the balance sheet date, if it is estimated that an intangible asset can no longer bring future economic benefits to the enterprise, all the book value of the intangible asset will be transferred to the current profits and losses.

(2) Accounting Policy of Internal Research and Development Expenditure

The Company divides the expenditure of internal research and development projects into expenditures in research stage and expenditures in development stage.

Expenditures in research stage are included in current profits and losses when they occurs.

Expenditures in development stage can only be capitalized if they meet the following conditions: it is technically feasible to complete the intangible assets so that they can be used or sold; There is the intention to complete the intangible assets and use or sell them; The ways in which intangible assets generate economic benefits, including those that can prove the existence of market for products produced by the intangible assets or the existence of market for the intangible assets themselves, and that for the intangible assets that will be used internally, their usefulness can be proved; There are sufficient technical, financial and other resources to complete the development of the intangible assets and the ability to use or sell the intangible assets; Expenditures attributable to the development stage of the intangible assets can be measured reliably. Development expenditures that do not meet the above conditions are included in current profits and losses.

The research and development project of the Company will enter the development stage after the above conditions are met and a project is approved through technical feasibility and economic feasibility study.

Capitalized expenditures in development stage are listed as development expenditures on the balance sheet, and are converted into intangible assets from the date when the project reaches the intended purpose.

31. Long-term Assets Impairment

The asset impairment of long-term equity investment of subsidiaries, associated enterprises and joint ventures, investment real estate, fixed assets, construction in progress, intangible assets, goodwill, etc. (except inventory, investment real estate measured according to fair value model, deferred income tax assets and financial assets) shall be determined according to the following methods:

On the balance sheet date, judge whether there is any sign of possible impairment of assets. If there is any sign of impairment, the Company will estimate its recoverable amount and conduct impairment test. The goodwill formed by business combination, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state are tested for impairment every year regardless of whether there is any sign of impairment.

The recoverable amount is determined according to the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the estimated future cash flow of the asset. The Company estimates its recoverable amount on the basis of individual assets; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. The identification of asset group is based on whether the main cash inflow generated by asset group is independent of cash inflow of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the Company will write down its book value to the recoverable amount, and the written-down amount will be included in the current

profits and losses, and the corresponding asset impairment provision will be accrued at the same time.

As far as the impairment test of goodwill is concerned, the book value of goodwill formed by business combination is amortized to relevant asset groups according to a reasonable method from the acquisition date; If it is difficult to amortize to the related asset group, it shall be amortized to the related asset group portfolio. The related asset group or asset group portfolio is one that can benefit from the synergy effect of business combination, and is not larger than the reporting segment determined by the Company.

In the impairment test, if there are signs of impairment in the asset group or asset group portfolio related to goodwill, firstly, the asset group or asset group portfolio without goodwill shall be tested for impairment, the recoverable amount shall be calculated, and the corresponding impairment loss shall be recognized. Then impairment test shall be carried out on the asset group or asset group portfolio containing goodwill, and its book value shall be compared with the recoverable amount. If the recoverable amount is lower than the book value, the impairment loss of goodwill shall be recognized.

Once the asset impairment loss is recognized, it will not be reversed in future accounting periods.

32.Long-term deferred expenses

The long-term deferred expenses incurred by the Company are priced at actual cost and amortized equally according to the expected benefit period. For long-term deferred expense items that cannot benefit future accounting periods, all their amortized values are included in current profits and losses.

33.Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods to customers for the received or receivable consideration from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional collection right before the Company transfers the goods to the customer, the Company will list the received or receivable amount as the contract liability at the earlier of the actual payment made by the customer and the due date for payment. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset. 39. Income

34.Remuneration

1. Accounting Treatment Method of Short-term Compensation

During the accounting period when employees provide services, the Company recognizes the actual wages, bonuses, social insurance premiums such as medical insurance premiums, work-related injury insurance premiums and maternity insurance premiums paid for employees and housing provident funds as liabilities, and includes them in current profits and losses or related asset costs. If the liability is not expected to be fully paid within twelve months after the end of the annual reporting period when employees provide relevant services, and the financial impact is significant, the liability will be measured at the discounted amount.

2. Accounting Treatment Method of Severance Benefit Plans

After-service benefit plan includes defined contribution plan and defined benefit plans. Where the set deposit plan refers to the post-employment benefits plan in which the enterprise no longer undertakes further payment obligations after paying fixed fees to independent funds; Set benefit plan refers to the post-employment benefits

plan except the set deposit plan.

Set deposit plan

The set deposit plan includes basic old-age insurance, unemployment insurance and enterprise annuity plan, etc.

In addition to the basic old-age insurance, the Company establishes an enterprise annuity plan ("annuity plan") according to the relevant policies of the national enterprise annuity system, and employees can voluntarily participate in the annuity plan. Moreover, the Company has no other significant social security commitments for employees.

During the accounting period when employees provide services, the amount that should be paid according to the set deposit plan is recognized as a liability and included in the current profits and losses or related asset costs.

Set benefit plan

For set benefit plans, an actuarial valuation is conducted by an independent actuary on the annual balance sheet date, and the cost of benefit provision is determined by the expected cumulative benefit unit method. The employee remuneration cost caused by set benefit plans of the Company includes the following components:

① Service cost, including current service cost, past service cost and settlement gain or loss. Where: the current service cost refers to the increase of the present value of set benefit plan obligations caused by the employees providing services in the current period; Past service cost refers to the increase or decrease of the present value of set benefit plan obligations related to employee service in previous period caused by the modification of set benefit plans.

② The net interest of set benefit plan's net liabilities or net assets, including interest income of planned assets, interest expense of set benefit plan obligations and interest affected by asset ceiling.

③ Changes arising from remeasurement of net liabilities or net assets of set benefit plans.

Unless other accounting standards require or allow employee benefit costs to be included in asset costs, the Company will include the above items ① and ② in current profits and losses; Include item ③ in other comprehensive income and such item will not be transferred back to profit or loss in the subsequent accounting period. When the original set benefit plan is terminated, all the parts originally included in other comprehensive income will be carried forward to undistributed profits within the scope of equity.

3. Accounting Treatment Method of Demission Welfare

If the Company provides dismissal benefits to employees, the employee remuneration liabilities arising from the dismissal benefits shall be recognized and included in the current profits and losses on the earlier of the following dates: When the Company cannot unilaterally withdraw the dismissal benefits provided by the termination of labor relations plan or layoff proposal; When the Company recognizes the costs or expenses related to the reorganization involving the payment of dismissal benefits.

If the employee's internal retirement plan is implemented, the economic compensation before the official retirement date is the dismissal benefit. From the day when the employee stops providing services to the normal retirement date, the wages of the retired employees and the social insurance premiums paid will be included in the current profits and losses at one time. Economic compensation after the official retirement date (such as normal pension) shall be treated as post-employment benefits.

4. Accounting Treatment Method of Other Long-term Employee Benefits

If other long-term employee benefits provided by the Company to employees meet the conditions for the set

deposit plan, they shall be handled in accordance with the above-mentioned relevant provisions on the set deposit plan. If it meets the set benefit plans, it shall be handled in accordance with the above-mentioned relevant regulations on set benefit plans, but the part of the related employee remuneration cost, which is "the change caused by remeasurement of set benefit plan's net liabilities or net assets", shall be included in the current profits and losses or related asset costs.

35. Lease liabilities

None

36. Estimated Liabilities

If the obligation related to contingencies meets the following conditions at the same time, the Company will recognize it as estimated liabilities:

- (1) Such obligation is the current obligation undertaken by the Company;
- (2) The performance of such obligation is likely to lead to the outflow of economic benefits from the Company;
- (3) The amount of such obligation can be measured reliably.

Estimated liabilities are initially measured according to the best estimate of expenditure required to fulfill relevant current obligations, and factors such as risks, uncertainties and time value of money related to contingencies are comprehensively considered. If the time value of money has great influence, the best estimate is determined by discounting the related future cash outflow. The Company rechecks the book value of the estimated liabilities on the balance sheet date, and adjusts the book value to reflect the current best estimate.

If all or part of the expenses required to pay off the recognized estimated liabilities are expected to be compensated by a third party or other parties, the compensation amount can only be recognized as an asset when it is basically confirmed that it can be received. The recognized compensation amount shall not exceed the book value of the recognized liabilities.

37. Share payment

(1) Types of share-based payment

The share-based payment of the Company is divided into equity-settled share-based payment and cash-settled share-based payment.

(2) Method for determining fair value of equity instruments

The fair value of equity instruments such as options granted by the Company with active market is determined according to the quoted price in the active market. The fair value of granted equity instruments such as options without active market is determined by option pricing model. The selected option pricing model considers the following factors: A. The exercise price of options; B. The validity period of the option; C. The current price of the underlying shares; D. Estimated volatility of share price; E. Expected dividend of shares; F. Risk-free interest rate within the validity period of the option.

(3) Basis for determining the best estimation of feasible equity instruments

On each balance sheet date during the waiting period, the Company makes the best estimate based on the latest available follow-up information such as changes in the number of employees with feasible rights, and revises the estimated number of equity instruments with feasible rights. On the vesting date, the final estimated

number of vesting rights and interests instruments shall be consistent with the actual number of vesting rights.

(4) Accounting treatment related to implementation, modification and termination of share-based payment plan

Equity-settled share-based payment is measured at the fair value of equity instruments granted to employees. If the right is exercised immediately after the grant, the relevant costs or expenses shall be included in the fair value of equity instruments on the grant date, and the capital reserve shall be increased accordingly. If the rights can be exercised only after the services within the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, based on the best estimate of the number of equity instruments available, the services obtained in the current period shall be included in the relevant costs or expenses and capital reserve according to the fair value on the grant date of equity instruments. After the vesting date, the recognized related costs or expenses and the total owner's equity will not be adjusted.

Equity-settled share-based payment shall be measured according to the fair value of liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company. If the right is exercised immediately after the grant, the fair value of the liabilities assumed by the Company shall be included in the relevant costs or expenses on the grant date, and the liabilities shall be increased accordingly. For cash-settled share-based payment that is feasible only after the service within the waiting period is completed or the specified performance conditions are met, on each balance sheet date within the waiting period, based on the best estimation of the feasibility and according to the fair value of the liabilities assumed by the Company, the services obtained in the current period are included in the costs or expenses and corresponding liabilities. On each balance sheet date and settlement date before the settlement of related liabilities, the fair value of liabilities shall be re-measured, and the changes shall be included in the current profits and losses.

When the Company modifies the share-based payment plan, if the fair value of the granted equity instruments is increased by modification, the increase of the services obtained shall be recognized according to the increase of the fair value of the equity instruments; If the number of granted equity instruments is increased by modification, the fair value of the increased equity instruments will be recognized as the increase in services obtained accordingly. The increase of fair value of equity instruments refers to the difference between the fair values of equity instruments before and after modification on the modification date. If the total fair value of share-based payment is reduced by modification or the terms and conditions of the share-based payment plan are modified in other ways that are unfavorable to employees, the accounting treatment of the obtained services will continue, as if with no changes unless the Company cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are cancelled (except those cancelled due to non-market conditions that do not meet the feasible rights conditions), the Company will treat the cancellation of the granted equity instruments as an accelerated exercise, and immediately record the amount to be recognized in the remaining waiting period into the current profits and losses, and recognize the capital reserve at the same time. If the employee or other party can choose to meet the non-feasible right condition but fails to meet it during the waiting period, the Company will treat it as a cancellation for granting equity instruments.

① Distinction between financial liabilities and equity instruments

According to the contract terms of the issued financial instruments and their economic essence, not only in legal form, but also in combination with the definitions of financial assets, financial liabilities and equity instruments, the Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at the time of initial recognition.

② Accounting treatment of other financial instruments such as preferred shares and perpetual bonds

The financial instruments issued by the Company are initially recognized and measured according to the

financial instrument standards; After that, interest is accrued or dividends are distributed on each balance sheet date, which shall be handled according to relevant accounting standards for specific enterprises. That is, to determine the accounting treatment of interest expense or dividend distribution of such instrument based on the classification of issued financial instruments. For financial instruments classified as equity instruments, their interest expenses or dividend distribution are regarded as the profit distribution of the Company, and their repurchase and cancellation are treated as changes in equity; For financial instruments classified as financial liabilities, the interest expense or dividend distribution shall be treated according to the borrowing costs in principle, and the profit or loss arising from repurchase or redemption shall be included in the current profits and losses.

When the Company issues financial instruments, the transaction expenses such as handling fees and commissions, which are classified as debt instruments and measured in amortized cost, are included in the initial measurement amount of the issued instruments; If it is classified as an equity instrument, it will be deducted from equity.

38. Other financial instruments such as preferred stocks and perpetual bonds

None

39. Revenue

Accounting policies adopted for income recognition and measurement

(1) General principles

The Company has fulfilled the performance obligation in the contract, that is, to recognize the revenue when the customer obtains the control right of related goods or services.

If the contract contains two or more performance obligations, the Company will amortize the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract start date, and measure the income according to the transaction price amortized to each individual performance obligation.

When one of the following conditions is met, the Company will fulfill its performance obligations within a certain period of time; Otherwise, it performs the performance obligation at a certain time:

① The customer obtains and consumes the economic benefits brought by the Company's performance at the same time of the its performance.

② Customers can control the goods under construction during the performance of the Company.

③ The commodities produced during the performance of the Company have irreplaceable uses, and the Company has the right to collect payment for the performance part accumulated so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company recognizes the income according to the performance progress within that period. If the performance progress cannot be reasonably determined, and the cost incurred of the Company is expected to be compensated, the income shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For obligations performed at a certain time, the Company shall recognize the income at the time when the customer obtains control of the relevant goods or services. When judging whether a customer has obtained control of goods or services, the Company will consider the following signs:

① The Company has the current right to receive payment for the goods or services, that is, the customer has the current payment obligation for the goods or services.

② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.

③ The Company has transferred the physical goods to the customer, that is, the customer has physically taken possession of the goods.

④ The Company has transferred the main risks and rewards on the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the goods.

⑤ The customer has accepted the goods.

⑥ Other signs that the customer has obtained control of the goods.

The Company has transferred goods or services to customers and has the right to receive consideration (and the right depends on other factors except the passage of time) as contract assets, and the contract assets are depreciated on the basis of expected credit losses. The right of the Company to collect consideration from customers unconditionally (only depending on the passage of time) is listed as receivables. The obligation of the Company to transfer goods or services to customers for received or receivable consideration from customers shall be regarded as a contractual liability.

Contract assets and contract liabilities under the same contract are listed in net amount. If the net amount is debit balance, they are listed in "Contract Assets" or "Other Non-current Assets" according to their liquidity; If the net amount is the credit balance, it shall be listed in "Contract Liabilities" or "Other Non-current Liabilities" according to its liquidity.

(2) Specific method

The specific method of revenue recognition of the Company is as follows:

Polarizer/Textile and garment sales contract:

Domestic sales: When the goods are delivered to the customer and the customer has accepted the goods, the customer obtains the control of the goods, and the Company recognizes the revenue.

Export: A. When the customer receives goods in China, the revenue recognition is the same as "Revenue Recognition for Domestic Sales"; B. When the delivery place of customer is outside the country, the Company mainly adopts FOB. When the goods are delivered from the warehouse and have been exported for customs declaration, the Company recognizes the revenue.

Revenue from property/accommodation services:

In the process of property/accommodation service provision, the Company recognizes revenue by stages.

The adoption of different business models in similar businesses leads to differences in accounting policies for income recognition

None

40. Government subsidy

Government subsidies are recognized when they meet the conditions attached to government subsidies and can be received.

Government subsidies for monetary assets shall be measured according to the amount received or receivable. Government subsidies for non-monetary assets are measured at fair value; If the fair value cannot be obtained reliably, it shall be measured according to the nominal amount RMB 1.

Government subsidies related to assets refer to government subsidies obtained by the Company for purchasing and building or forming long-term assets in other ways; In addition, as a government subsidy related to income.

Where the government documents do not specify the object of the subsidy, and the subsidy can form long-term assets, the part of the government subsidies corresponding to the value of the assets shall be regarded as the government subsidy related to the assets, and the rest shall be regarded as the government subsidies related to the income; where it is difficult to be distinguished, government subsidies as a whole are treated as income-related government subsidies.

Government subsidies related to assets offset the book value of related assets, or are recognized as deferred income and included in profits and losses by stages according to a reasonable and systematic method within the service life of related assets. Government subsidies related to income, which are used to compensate related costs or losses that have occurred, are included in current profits and losses or offset related costs; If used to compensate related costs or losses in later periods, they will be included in the deferred income, and included in the current profits and losses or offset related costs during the recognition period of related costs or losses. Government subsidies measured in nominal amount are directly included in current profits and losses. The Company adopts a consistent approach to the same or similar government subsidy business.

Government subsidies related to daily activities are included in other income or offset related costs according to the nature of economic business. Government subsidies irrelevant to routine activities shall be included into the non-operating receipt and disbursement.

When the recognized government subsidy needs to be returned, if the book value of related assets is offset during initial recognition, the book value of assets will be adjusted; If there is a relevant deferred income balance, the book balance of the relevant deferred income will be offset, and the excess will be included in the current profits and losses; In other cases, it is directly included in the current profits and losses.

For the discount interest of preferential policy loans, if the finance allocates the discount interest funds to the lending bank, the actually received loan amount is taken as the recorded value of the loan, and the borrowing costs are calculated according to the loan principal and preferential policy interest rate. If the finance directly allocates the discount interest funds to the Company, the discount interest will offset the borrowing costs.

41.The Deferred Tax Assets / The deferred Tax Liabilities

Income tax includes current income tax and deferred income tax. Except for adjusted goodwill arising from business combination or deferred income tax related to transactions or matters directly included in owner's equity, they are all included in current profits and losses as income tax expenses.

According to the temporary difference between the book value of assets and liabilities and the tax basis on the balance sheet date, the Company adopts the balance sheet liability method to confirm deferred income tax.

All taxable temporary differences are recognized as related deferred income tax liabilities, unless the taxable temporary differences are generated in the following transactions:

(1) Initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and the transaction does not affect accounting profits or taxable income when it occurs;

(2) For taxable temporary differences related to investments of subsidiaries, joint ventures and associated enterprises, the time for the temporary differences to be reversed can be controlled and the temporary differences will probably not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax deductions that can be carried forward to

later years, the Company shall recognize the deferred income tax assets arising therefrom to the extent that it is likely to obtain the future taxable income used to offset the deductible temporary differences, deductible losses and tax deductions, unless the deductible temporary differences are generated in the following transactions:

(1) The transaction is not a business combination, and it does not affect accounting profit or taxable income when the transaction occurs;

(2) For deductible temporary differences related to investments of subsidiaries, joint ventures and associated enterprises, corresponding deferred income tax assets are recognized if the following conditions are met at the same time: temporary differences are likely to be reversed in the foreseeable future, and taxable income used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, the Company measures deferred income tax assets and deferred income tax liabilities according to the applicable tax rate during the expected period of recovering the assets or paying off the liabilities, and reflects the income tax impact of the expected way of recovering the assets or paying off the liabilities on the balance sheet date.

On the balance sheet date, the Company rechecks the book value of deferred income tax assets. If it is unlikely that sufficient taxable income will be obtained in the future period to offset the benefits of deferred income tax assets, the book value of deferred income tax assets will be written down. When sufficient taxable income is likely to be obtained, the written-down amount shall be reversed.

42. Lease

1. Accounting Treatment Method of Operating Lease

(1) The Company serves as the lessor

(1) During the operating lease, the company recognizes the lease receipts as rental income by straight-line method or other systematic and reasonable methods in each period of the lease term. The initial direct expenses incurred in connection with the operating lease are capitalized, allocated on the same basis as the rental income recognition during the lease term, and included in the current profits and losses by stages. The variable lease payments related to operating leases that are not included in the lease receipts are included in the current profits and losses when they actually occur.

(2) In the financial lease, at the beginning date of the lease term, The Company takes the net lease investment as the recorded value of the financial lease funds receivable and terminates confirming the financial leasing assets. The net value of the lease investment is the sum of the present value of the lease income not yet received on the starting date of the lease period according to the interest rate contained in the lease. The Company calculates and recognizes the interest income for each period of the lease period at fixed periodic interest rates.

(2) The Company serves as the lessee

On the start date of the lease term, the company shall confirm the right to use assets and lease liabilities for the lease. The right to use assets are initially measured according to cost, including the initial measurement amount of lease liabilities, paid lease payment amount, initial direct expenses, and the estimated costs for dismantling and removing the leased assets, restoring the leased assets' site or restoring the leased assets to the agreed state in the lease terms. Lease liabilities are initially measured according to the present value of unpaid lease payments on the start date of the lease term, including fixed payments, variable lease payments, exercise price of purchase options, payments required to exercise lease termination options, and payments expected to be issued according to the residual value of guarantees provided by the company. When calculating the present value

of lease payments, the company shall adopt the lease inclusive interest rate as the discount rate. If it is impossible to determine the included interest rate of the lease, the company's incremental borrowing rate shall be used as the discount rate.

The company uses the straight-line method to depreciate the right-to-use assets, and calculates the interest expense of the lease liabilities in each period of the lease term according to the fixed periodic interest rate. The variable lease payments that are not included in the measurement of lease liabilities are included in the current profits and losses or related asset costs when they actually occur.

For short-term leases and low-value asset leases, the company does not recognize the right-to-use assets and lease liabilities, and records the relevant lease payments into the current profits and losses or related asset costs according to the straight-line method or other systematic and reasonable methods in each period of the lease term.

2. Accounting Treatment Method of Finance Lease

43. Other important accounting policies and accounting estimates

(1) Change of main accounting policies

Accounting policy changes caused by implementation of new financial instrument standards

(2) Changes in accounting estimates

No significant changes in accounting estimates have occurred in the current period.

44. Change of main accounting policies and estimations

(1) Change of main accounting policies

Applicable Not applicable

The content and reason for change of accounting policy	Approval process	Remarks
In order to adapt to the development of market economy, it standardizes the accounting treatment of related economic business and improves the quality of accounting information. On December 7, 2018, the Ministry of Finance issued the Notice on Revision and Issuance of Accounting Standards for Business Enterprises No.21-Leasing (CS [2018] No.35) (hereinafter referred to as the "New Leasing Standards"). According to the regulations, the Company will implement the New Leasing Standards from January 1, 2021 and adjust the relevant contents of accounting policies.	The examined and Adopted at the 2nd meeting of the 8th Board of Directors	http://www.cninfo.com.cn On March 12, 2021 (Announcement No.: 2021-12)

(2) Change of main accounting estimations

Applicable Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases from year 2021

Applicable

Whether need to adjust the balance sheet account at the beginning of the year

Yes No

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2021

Applicable Not applicable

45.Other

None

VI. Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	The taxable turnover	13%,6%,5%
City construction tax	Turnover tax to be paid allowances	7%
Business income tax	Turnover tax to be paid allowances	25%,20%,16.5%,15%
Education surcharge	Turnover tax to be paid allowances	3%
Local education surcharge	Turnover tax to be paid allowances	2%

In case there exist any taxpayer paying corporate income tax at different tax rates, disclose the information

Name of taxpayer	Income tax rates
Shenzhen Textile (Holdings) Co., Ltd	25%
SAPO Photoelectric Co., Ltd.	15%
Shenzhen Lisi Industrial Co., Ltd.	20%
Shenzhen Shenfang Real Estate Management Co., Ltd.	20%
Shenzhen Huaqiang Hotel	20%
Shenzhen Beauty Century Garment Co., Ltd.	20%
Shenzhen Shenfang Sungang Real estate Management Co.,Ltd.	20%
Shenzhen Textile Imports & Exports Co., Ltd.	25%
Shengtou (HK) Co., Ltd.	16.5%

2. Tax preference

(1) SAPO Photoelectric Co., Ltd., the subsidiary company of our company, has been qualified as national high-tech enterprise since 2019 ,High-tech and enterprise certificate No.: GR201944205666 ,The certificate is valid for three years, The enterprise income tax rate of this year is 15%.

3.Other

None

VII. Notes of consolidated financial statement**1.Monetary Capital**

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	4,054.12	4,127.10
Bank deposit	182,575,694.25	271,085,025.10
Other monetary funds	78,864,015.85	7,998,084.75
Total	261,443,764.22	279,087,236.95
Including : The total amount of deposit abroad	6,069,241.21	7,829,822.78

Other note

Note: At the end of the period, RMB8.450, 000 of other monetary funds of the Company is the L/C security deposit (This part is not regarded as end-of-period cash and cash equivalents when preparing cash flows), except for which there is no mortgage, pledge or freezing, or money deposited abroad with restricted repatriation.

2. Transactional financial assets

In RMB

Items	Year-end balance	Year-beginning balance
Financial assets measured at their fair values and with the variation included in the current profits and losses	648,882,159.51	684,617,260.06
Including:		
Structure deposit	160,695,872.76	200,536,575.34
Monetary fund	488,186,286.75	484,080,684.72
Including		
Total	648,882,159.51	684,617,260.06

Other note

Note

3. Derivative financial assets

Not applicable

4. Notes receivable**(1) Notes receivable listed by category**

In RMB

Items	Year-end balance	Year-beginning balance
Commercial acceptance	5,231,381.74	16,813,657.28
Total	5,231,381.74	16,813,657.28

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Of which:										
Accrual of bad debt provision by portfolio	5,257,670.09	100.00%	26,288.35	0.50%	5,231,381.74	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28
Of which:										
Total	5,257,670.09	100.00%	26,288.35	0.50%	5,231,381.74	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28

Accrual of bad debt provision by single item:: Not applicable

Portfolio accrual items: 26,288.35

In RMB

Name	Amount in year-end		
	Book Balance	Bad debt provision	Proportion (%)
Commercial acceptance	5,257,670.09	26,288.35	0.50%
Total	5,257,670.09	26,288.35	--

Description of determining the combination basis: it is divided into bank acceptance bills and commercial acceptance bills according to the subject of bill acceptance.

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Commercial acceptance	84,490.74		58,202.39			26,288.35
Total	84,490.74		58,202.39			26,288.35

Of which the significant amount of the reversed or collected part during the reporting period

Applicable Not applicable

(3) The current accounts receivable write-offs situation

Not applicable

(4) Accounts receivable financing endorsed or discounted by the Company at the end of the period and not expired yet on the date of balance sheet

In RMB

Items	Amount derecognized at the end of the period	Amount not yet derecognized at the end of the period
Commercial acceptance	172,361,552.75	
Total	172,361,552.75	

(5) Accounts receivable financing transferred to accounts receivable by the Company at the end of the period due to failure of the drawer to perform

Not applicable

(6) The Company had no accounts receivable financing actually written off in the period

None

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

In RMB

Category	Amount in year-end			Amount in year-begin		
	Book balance	Bad debt provision	Book	Book balance	Bad debt provision	Book value

	Amount	Proportion (%)	Amount	Proportion (%)	value	Amount	Proportion (%)	Amount	Proportion (%)	
Accrual of bad debt provision by single item	12,610,585.09	2.19%	12,610,585.09	100.00%	0.00	20,641,002.24	3.52%	13,552,865.25	65.66%	7,088,136.99
Including:										
Accrual of bad debt provision by portfolio	564,115,491.98	97.81%	25,187,555.79	4.46%	538,927,936.19	565,279,517.47	96.48%	25,057,436.56	4.43%	540,222,080.91
Including:										
Total	576,726,077.07	100.00%	37,798,140.88	6.55%	538,927,936.19	585,920,519.71	100.00%	38,610,301.81	6.59%	547,310,217.90

Accrual of bad debt provision by single item: 12,610,585.09 yuan

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Dongguan Yaxing Semiconductor Co., Ltd.	2,797,016.81	2,797,016.81	100.00%	Beyond the credit period for a long time, uncertain recovered.
Dongguan Fair LCD Co., Ltd.	1,698,130.18	1,698,130.18	100.00%	Beyond the credit period for a long time, uncertain recovered.
Guangdong Ruili Baolai Technology Co., Ltd.	1,298,965.36	1,298,965.36	100.00%	Beyond the credit period for a long time, uncertain recovered.
Other	6,816,472.74	6,816,472.74	100.00%	Beyond the credit period for a long time, uncertain recovered.
Total	12,610,585.09	12,610,585.09	--	--

Accrual of bad debt provision by portfolio: 25,187,555.79 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	563,427,233.72	24,992,228.10	4.44%
1-2 years	688,258.26	195,327.69	28.38%
Total	564,115,491.98	25,187,555.79	--

Notes of the basis of recognizing the group:

The combination of the ageing status of accounts receivable as a credit risk feature.

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	563,427,233.72
1-2 years	688,258.26
2-3 years	118,021.31
Over 3 years	12,492,563.78
3-4 years	2,589.73
4-5 years	3,728.70
Over 5 years	12,486,245.35
Total	576,726,077.07

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio:	25,057,436.56	130,119.23				25,187,555.79
Accrual of bad debt provision by single item:	13,552,865.25		942,280.16			12,610,585.09
Total	38,610,301.81	130,119.23	942,280.16			37,798,140.88

Of which the significant amount of the reversed or collected part during the reporting period :None

(3) The actual write-off accounts receivable

None

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

In RMB

Name	Balance in year-end	Proportion(%)	Bad debt provision
First	129,104,524.59	22.39%	5,693,509.53
Second	70,686,914.82	12.26%	3,117,292.94
Third	70,186,875.99	12.17%	3,095,241.23

Fourth	48,871,933.32	8.47%	2,155,252.26
Fifth	41,059,824.45	7.12%	1,810,738.26
Total	359,910,073.17	62.41%	

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

None

Other note: None

6.Receivable financing

In RMB

Items	Closing balance	Opening balance
Note receivable	50,548,060.18	102,051,314.08
Total	50,548,060.18	102,051,314.08

Changes in current period and fair value of receivables financing

Applicable Not applicable

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

Other note

Some subsidiaries of the Company discount and endorse some bank acceptance bills according to the needs of their daily fund management, therefore the bank acceptance bills of the subsidiaries are classified as financial assets measured at fair value with changes included in other comprehensive income.

There is no single bank acceptance bill with impairment provision of the Company. On June 30, 2021, the Company considered that there was no significant credit risk in the bank acceptance bills held by it, and there would be no significant loss due to bank default.

7.Prepayments

(1) List by aging analysis:

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	70,098,948.11	100.00%	14,934,263.03	88.35%
1-2 years			557,043.06	3.30%
2-3 years			540,748.42	3.20%

Over 3 years			870,461.88	5.15%
Total	70,098,948.11	--	16,902,516.39	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time

On June 30, 2021, there was no large prepayment with an accounting age of more than one year in the balance of prepayment .

(2) The ending balance of Prepayments owed by the imputation of the top five parties

(2) The top five ending balances of prepayments collected according to prepaid objects totaled RMB 35,254,897.71, accounting for 50.29 % of the total closing balances of prepayments

Other note: None

8. Other receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	108,479,055.45	5,265,002.71
Total	108,479,055.45	5,265,002.71

(1) Interest receivable

1) Category of interest receivable

None

2) Significant overdue interest

As of June 30,2021,No overdue interest

3) Bad-debt provision

Applicable Not applicable

(2) Dividend receivable

Not applicable

3) Bad debt provision

Applicable Not applicable

Other note

(3) Other accounts receivable**1) Other accounts receivable classified by the nature of accounts**

In RMB

Nature	Closing book balance	Opening book balance
Customs bond	110,021,440.70	
Deposit	1,193,736.70	2,585,585.87
Unit account	17,293,811.80	16,369,395.10
Export rebate	1,024,147.96	1,658,146.29
Reserve fund and staff loans	1,165,706.06	379,477.97
Other	795,538.05	2,069,761.14
Total	131,494,381.27	23,062,366.37

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2021	573,597.01		17,223,766.65	17,797,363.66
Balance as at January 1, 2021 in current	—	—	—	—
Provision in the current period	5,297,682.27			5,297,682.27
Turn back in the current period			79,720.11	79,720.11
Balance as at June 30, 2021	5,871,279.28		17,144,046.54	23,015,325.82

Loss provision changes in current period, change in book balance with significant amount

 Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	113,415,572.52
1-2 years	542,382.95
2-3 years	315,301.22

Over 3 years	17,221,124.58
3-4 years	556,334.81
4-5 years	1,806,460.64
Over 5 years	14,858,329.13
Total	131,494,381.27

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item	17,223,766.65		79,720.11			17,144,046.54
Accrual of bad debt provision by portfolio	573,597.01	5,297,682.27				5,871,279.28
Total	17,797,363.66	5,297,682.27	79,720.11			23,015,325.82

Where the current bad debts back or recover significant amounts:None

(4) Other account receivables actually cancel after write-off

None

(5)Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

Name	Nature	Year-end balance	Aging	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Customs security deposit	73,715,545.21	Within 1 year	56.06%	3,685,777.26
Second	Customs security deposit	20,370,382.12	Within 1 year	15.49%	1,018,519.11
Third	Customs security deposit	13,722,321.42	Within 1 year	10.44%	686,116.07
Fourth	Unit account	11,389,044.60	Over 5 year	8.66%	11,389,044.60
Fifth	Unit account	1,800,000.00	4-5 years	1.37%	1,800,000.00
Total	--	120,997,293.35	--	92.02%	18,579,457.04

(6) Accounts receivable involved with government subsidies

None

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

None

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

None

9. Inventories

Whether the company need to comply with the disclosure requirements of the real estate industry

No

(1) Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	354,292,224.02	17,187,649.60	337,104,574.42	258,191,196.82	13,788,646.60	244,402,550.22
Goods in transit	4,378,802.67	0.00	4,378,802.67	524,698.46	0.00	524,698.46
The low - value consumables	20,509.00	0.00	20,509.00	0.00	0.00	0.00
Finished product	135,033,441.82	31,107,924.48	103,925,517.34	132,780,479.72	43,914,789.90	88,865,689.82
Semi-finished	172,125,892.31	41,381,539.06	130,744,353.25	164,825,774.18	17,771,131.24	147,054,642.94
Total	665,850,869.82	89,677,113.14	576,173,756.68	556,322,149.18	75,474,567.74	480,847,581.44

(2) Inventory falling price reserves and reserves for impairment of contract performance costs

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Raw materials	13,788,646.60	4,242,718.17		843,715.17		17,187,649.60
Finished product	43,914,789.90	7,098,293.08		19,905,158.50		31,107,924.48
Semi-finished product	17,771,131.24	41,287,058.88		17,676,651.06		41,381,539.06
Total	75,474,567.74	52,628,070.13		38,425,524.73		89,677,113.14

Items	Specific basis for determining the net realizable value/remaining consideration and the cost to be incurred	Reversal or resale in current period Reason for provision for inventor
Raw materials	Net realizable value is lower than inventory cost	Use of relevant materials
Finished product	Net realizable value is lower than inventory cost	Sales of related finished products
Semi-finished product	Net realizable value is lower than inventory cost	Sales of related semi-finished products

(3)Description of The closing balance of inventories contain the amount of borrowing costs capitalized

None

(4) Description of amortization amount of contract performance cost in the current period

None

10.Contract assets

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of contract assets is accrued according to the general model of expected credit loss:

Applicable Not applicable

Provision for impairment of contract assets in the current period

Not applicable

11. Assets divided as held-to-sold

Not applicable

12. Non-current assets due within 1 year

Not applicable

13. Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
After the deduction of input VAT	8,212,405.21	77,482,083.47
Total	8,212,405.21	77,482,083.47

Other note: None

14.Creditor's right investment

Not applicable

Loss provision changes in current period, change in book balance with significant amount

Applicable Not applicable

15. Other creditor's rights investment

Not applicable

Loss provision changes in current period, change in book balance with significant amount

 Applicable Not applicable**16. Long-term accounts receivable****(1) List of long-term accounts receivable**

Not applicable

Loss provision changes in current period, change in book balance with significant amount

 Applicable Not applicable**(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial assets**

Not applicable

(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable

Not applicable

17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision	
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other			
I. Joint ventures												
Anhui Huapeng Textile Co.,Ltd.	10,797,023.14		10,797,023.14								0.00	
Shenzhen Guanhua Printing & Dyeing	127,906,165.17			-263,356.48							127,642,808.69	

Co., Ltd.											
Subtotal	138,703,188.31		10,797,023.14	-263,356.48						127,642,808.69	
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	2,706,262.38		136,047.34							2,842,309.72	
Jordan Garment Factory										0.00	
Hongkong Yehui International Co., Ltd.	6,519,686.54		-285,403.98		-4,045,320.86					2,188,961.70	
Subtotal	9,225,948.92		-149,356.64		-4,045,320.86					5,031,271.42	
Total	147,929,137.23		10,797,023.14	-412,713.12	-4,045,320.86					132,674,080.11	

Other note :None

18. Other equity instruments investment

In RMB

Items	Year-end balance	Year-beginning balance
Fuao auto parts co., Ltd. (000030)	8,790,765.62	10,129,390.84
Shenzhen Dailishi Underwear Co., Ltd.	12,315,939.61	12,315,939.61
Union Development Group Co., Ltd.	152,469,200.00	152,469,200.00
Shenzhen Xinfang Knitting Co., Ltd.	2,227,903.00	2,227,903.00
Shenzhen South Textile Co., Ltd.	13,464,994.09	13,464,994.09
Total	189,268,802.32	190,607,427.54

Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized	Accumulating	Accumulating	Amount of other	Reasons for being	Reasons for other

	dividend income	income	losses	comprehensive income transferred to retained earnings	measured at fair value and whose changes are included in other comprehensive income	comprehensive income transferred to retained earnings
Fuao auto parts co., Ltd. (000030)	414,007.80		149,832.69		Long-term holding	
Shenzhen Dailishi Underwear Co., Ltd.	500,000.00	9,756,083.35			Long-term holding	
Union Development Group Co., Ltd.	208,000.00	149,869,200.00			Long-term holding	
Shenzhen Xinfang Knitting Co., Ltd.		1,703,903.00			Long-term holding	
Shenzhen South Textile Co., Ltd.		11,964,994.09			Long-term holding	
Jintian Industry (Group) Co., Ltd.			14,831,681.50		Long-term holding	
Shenzhen Jiafeng Textile Industry Co., Ltd.			16,800,000.00		Long-term holding	

Other note: None

19. Other non-current financial assets

In RMB

Items	Year-end balance	Year-beginning balance
Financial assets measured at fair value with changes included in current profits and losses	28,500,000.00	30,650,943.40
Total	28,500,000.00	30,650,943.40

Other note: None

20. Investment real estate

(1) Investment real estate adopted the cost measurement mode

Applicable Not applicable

In RMB

Items	House, Building	Land use right	Construction in	Total
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			process	
I. Original price				
1. Balance at period-beginning	261,742,940.53			261,742,940.53
2. Increase in the current period	2,135,449.63			2,135,449.63
(1) Purchase				
(2) Inventory\Fixed assets\ Transferred from construction in progress	2,135,449.63			2,135,449.63
(3) Increased of Enterprise Combination				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end	263,878,390.16			263,878,390.16
II. Accumulated amortization				
1. Opening balance	151,170,468.61			151,170,468.61
2. Increased amount of the period	3,433,551.69			3,433,551.69
(1) Withdrawal	3,433,551.69			3,433,551.69
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end	154,604,020.30			154,604,020.30
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				

4. Balance at period-end				
IV. Book value				
1. Book value at period -end	109,274,369.86			109,274,369.86
2. Book value at period-beginning	110,572,471.92			110,572,471.92

(2) Investment property adopted fair value measurement mode

□Applicable√ Not applicable

(3) Investment real estate without certificate of ownership

In RMB

Items	Book balance	Reason
Houses and Building	9,130,371.32	Unable to apply for warrants due to historical reasons

Other note: None

21. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	745,921,085.85	790,183,905.38
Total	745,921,085.85	790,183,905.38

(1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Opening balance	545,896,931.25	1,017,693,432.96	11,379,729.08	42,420,673.14	1,617,390,766.43
2. Increased amount of the period		9,379,425.79	386,129.38	753,719.82	10,519,274.99
(1) Purchase		9,379,425.79	386,129.38	753,719.82	10,519,274.99
(2) Transferred from construction in progress					
(3) Increased of Enterprise Combination					

3. Decreased amount of the period				1,393,162.65	1,393,162.65
(1) Disposal				1,393,162.65	1,393,162.65
4. Balance at period-end	545,896,931.25	1,027,072,858.75	11,765,858.46	41,781,230.31	1,626,516,878.77
II. Accumulated depreciation	159,918,391.99	630,517,504.87	3,217,030.86	27,084,284.60	820,737,212.32
1. Opening balance	159,918,391.99	630,517,504.87	3,217,030.86	27,084,284.60	820,737,212.32
2. Increased amount of the period					
(1) Withdrawal	9,863,865.90	42,870,923.16	500,574.54	1,382,104.27	54,617,467.87
3. Decrease in the reporting period				1,133,192.60	1,133,192.60
(1) Disposal				1,133,192.60	1,133,192.60
4. Closing balance	169,782,257.89	673,388,428.03	3,717,605.40	27,333,196.27	874,221,487.59
III. Impairment provision					
1. Opening balance		6,373,080.81		96,567.92	6,469,648.73
2. Increase in the reporting period					
(1) Withdrawal					
3. Decrease in the reporting period				95,343.40	95,343.40
(1) Disposal				95,343.40	95,343.40
4. Closing balance		6,373,080.81		1,224.52	6,374,305.33
IV. Book value					
1. Book value of the period-end	376,114,673.36	347,311,349.91	8,048,253.06	14,446,809.52	745,921,085.85
2. Book value of the period-begin	385,978,539.26	380,802,847.28	8,162,698.22	15,239,820.62	790,183,905.38

(2) Fixed assets temporarily idled

Not applicable

(3) Fixed assets rented by finance leases

Not applicable

(4) Fixed assets without certificate of title completed

In RMB

Items	Book Value	Reason
Houses and Building	19,224,328.15	Unable to apply for warrants due to historical reasons

Other note

(5) Liquidation of fixed assets

Not applicable

22. Construction in progress

In RMB

Items	Year-end balance	Year-beginning balance
Construction in progress	1,567,417,773.55	1,301,750,141.12
Total	1,567,417,773.55	1,301,750,141.12

(1) List of construction in progress

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Industrialization project of polaroid for super large size TV (Line 7)	1,563,030,177.22		1,563,030,177.22	1,301,693,689.12		1,301,693,689.12
Other	115,596.33		115,596.33	56,452.00		56,452.00

Guangzhou Sharp RTP	3,600,000.00		3,600,000.00			
Medium water recovery & concentrated water treatment project	672,000.00		672,000.00			
Total	1,567,417,773.55		1,567,417,773.55	1,301,750,141.12		1,301,750,141.12

(2) Changes of significant construction in progress

In RMB

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Balance in year-end	Proportion(%)	Progress of work	Capitalisation of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalisation of interest ratio (%)	Source of funds
Industrialization project of polaroid for super large size TV (Line 7)	1,874,770,000.00	1,301,693,689.12	261,336,488.10			1,563,030,177.22	83.37%	The project has been initially completed and entered the commissioning stage and is expected to be fixed in July.	13,305,004.56	9,364,439.27	4.41%	Financial institution loans
Total	1,874,770,000.00	1,301,693,689.12	261,336,488.10			1,563,030,177.22	--	--	13,305,004.56	9,364,439.27	4.41%	--

(3) Impairment provision of construction projects

Not applicable

(4) Engineering material

Not applicable

23. Productive biological assets**(1) Productive biological assets measured at cost methods** Applicable Not applicable**(2) Productive biological assets measured at fair value** Applicable Not applicable**24. Oil and gas assets** Applicable Inapplicable**25. Right to use assets**

Not applicable

26. Intangible assets**(1) Information**

In RMB

Items	Land use right	Patent right	Non-proprietary technology	Software	Total
I. Original price					
1. Balance at period-beginning	48,258,239.00	11,825,200.00		4,079,953.70	64,163,392.70
2. Increase in the current period					
(1) Purchase				830,853.16	830,853.16
(2) Internal R & D					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	48,258,239.00	11,825,200.00		4,910,806.86	64,994,245.86

II. Accumulated amortization					
1. Balance at period-beginning	13,487,191.27	11,825,200.00		2,802,022.52	28,114,413.79
2. Increase in the current period					
(1) Withdrawal	445,782.66			386,890.74	832,673.40
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	13,932,973.93	11,825,200.00		3,188,913.26	28,947,087.19
III. Impairment provision					
1. Balance at period-beginning					
2. Increase in the current period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end					
4. Book value					
1. Book value at period -end	34,325,265.07	0.00		1,721,893.60	36,047,158.67
2. Book value at period-beginning	34,771,047.73	0.00		1,277,931.18	36,048,978.91

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end.

(2) Details of fixed assets failed to accomplish certification of land use right

Not applicable

27. R&D expenses

Not applicable

28. Goodwill**(1) Original book value of goodwill**

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
		The merger of enterprises		disposition		
SAPO Photoelectric	9,614,758.55					9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21					2,167,341.21
Shenzhen Shenzhen Textile Import & Export Co., Ltd.	82,246.61					82,246.61
Total	11,864,346.37					11,864,346.37

(2) Impairment of goodwill

In RMB

Investee	Balance in year-begin	Increased at this period		Decreased at this period		Closing balance
		Provision		disposition		
SAPO Photoelectric	9,614,758.55					9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21					2,167,341.21
Shenzhen Shenzhen Textile Import & Export	82,246.61					82,246.61

Co., Ltd.						
Total	11,864,346.37					11,864,346.37

Information about an asset group or asset group portfolio

None

Explain the goodwill impairment test process, key parameters (such as forecast period growth rate at expected future cash flow, stable period growth rate, profit margin, discount rate, forecast period, etc.) and the confirmation method of goodwill impairment loss

None

Impact of the goodwill impairment test

None

Other note

None

29. Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end
Renovation fee	1,264,954.74	483,312.49	369,303.19		1,378,964.04
Other	1,500,064.94	129,296.00	55,901.52		1,573,459.42
Total	2,876,561.53	980,085.40	451,396.77		3,405,250.16

Other note: None

30. Deferred income tax assets/deferred income tax liabilities

(1) Details of the un-recognized deferred income tax assets

In RMB

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets depreciation reserves	19,040,168.23	4,753,246.77	18,865,669.84	4,709,761.70
Unattained internal sales profits	2,468,270.77	375,736.99	2,413,307.05	361,996.06
Restricted stock repurchase interest	686,670.00	171,667.50	686,670.00	171,667.50
Total	22,195,109.00	5,300,651.26	21,965,646.89	5,243,425.26

(2) Details of the un-recognized deferred income tax liabilities

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in fair value of investments in other equity instruments	173,144,347.73	43,286,086.93	174,482,972.97	43,620,743.24
The difference between the initial recognition cost and tax base of long-term equity investment of Guanhua Company	62,083,693.36	15,520,923.34	62,083,693.36	15,520,923.34
Total	235,228,041.09	58,807,010.27	236,566,666.33	59,141,666.58

(3) Deferred income tax assets or liabilities listed by net amount after off-set

In RMB

Items	Trade-off between the deferred income tax assets and liabilities	End balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		5,300,651.26		5,243,425.26
Deferred income tax liabilities		58,807,010.27		59,141,666.58

(4) Details of income tax assets not recognized

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	141,755,471.97	122,887,462.20
Deductible loss	671,593,115.73	682,013,840.25
Total	813,348,587.70	804,901,302.45

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2023	118,806,219.81	129,226,944.33	

2024	148,095,898.11	148,095,898.11	
2025	83,287,153.64	83,287,153.64	
2026	120,820,767.06	120,820,767.06	
2028	22,594,586.97	22,594,586.97	
2029	100,351,965.47	100,351,965.47	
2030	77,636,524.67	77,636,524.67	
Total	671,593,115.73	682,013,840.25	--

Other note: None

31 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Certificate of deposit for more than 1 year	70,000,000.00		70,000,000.00	70,064,383.56		70,064,383.56
Other	25,760,086.27		25,760,086.27	25,760,086.27		25,760,086.27
Advance payment for equipment fund				47,483,219.83		47,483,219.83
Total	95,760,086.27		95,760,086.27	143,307,689.66		143,307,689.66

Other note: None

32. Short-term borrowings

(1) Categories of short-term loans

Not applicable

(2) Situation of Overdue Outstanding Short-Term Borrowing

Not applicable

33. Transactional financial liabilities

Not applicable

34. Derivative financial liability

Not applicable

35. Notes payable

In RMB

Type	Balance in year-end	Balance in year-begin
Bank acceptance Bill	3,982,302.62	
Total	3,982,302.62	

The total note payable not due at the end of the period is 0.00 yuan.

36. Accounts payable**(1) List of accounts payable**

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	277,064,977.26	325,354,275.46
1-2 years	104,553.98	1,912,000.86
2-3 years	1,916,676.43	96,543.25
3-4 years	483,791.37	1,093,369.87
4-5 years	0.00	37,402.40
Over 5 years	412,993.57	975,010.06
Total	279,982,992.61	329,468,601.90

(2) Significant advance from customers aging over one year

No Significant accounts payable that aged over one year

37. Advance account**(1) List of Advance account**

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	1,059,659.30	666,457.75
1-2 years	2,236,912.00	2,236,912.00
2-3 years		
Over 3 years	639,024.58	639,024.58
Total	3,935,595.88	3,542,394.33

(2) Significant advance from customers aging over one year

None

38.Contract liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Goods	21,271.21	279,631.27
Total	21,271.21	279,631.27

39.Payable Employee wage**(1) List of Payroll payable**

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Short-term employee benefits	55,642,549.53	115,925,105.68	125,681,232.17	45,886,423.04
II. Post-employment benefits		7,352,379.85	7,352,379.85	
Total	55,642,549.53	123,277,485.53	133,033,612.02	45,886,423.04

(2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	decrease in this period	Balance in year-end
1.Wages, bonuses, allowances and subsidies	53,293,551.94	104,837,856.79	114,763,456.46	43,367,952.27
2.Employee welfare	41,093.20	3,508,437.94	3,549,531.14	
3. Social insurance premiums		1,291,947.29	1,291,947.29	
Including: Medical insurance		1,068,467.75	1,068,467.75	
Work injury insurance		99,849.64	99,849.64	
Maternity insurance		123,629.90	123,629.90	
4. Public reserves for housing		3,403,584.93	3,403,584.93	
5.Union funds and staff education fee	2,307,904.39	2,883,278.73	2,672,712.35	2,518,470.77

Total	55,642,549.53	115,925,105.68	125,681,232.17	45,886,423.04
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(3) Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	decrease in this period	Balance in year-end
1. Basic old-age insurance premiums		6,138,507.41	6,138,507.41	
2. Unemployment insurance		134,866.25	134,866.25	
3. Annuity payment		1,079,006.19	1,079,006.19	
Total		7,352,379.85	7,352,379.85	

Other note: None

40. Tax Payable

In RMB

Items	Balance in year-end	Balance in year-begin
VAT	0.00	286,928.75
Enterprise Income tax	3,097,418.69	11,219,726.43
Individual Income tax	994,540.35	469,169.71
City Construction tax	36,029.34	48,751.30
House property tax	2,990,777.86	102,146.02
Land use tax	93,073.00	2,043.30
Education surcharge	24,299.42	33,386.49
Stamp tax	19,446.70	36,370.02
Total	186,280.84	
Total	7,441,866.20	12,198,522.02

Other note

None

41. Other payable

In RMB

Items	Balance in year-end	Balance in year-begin
Other payable	136,833,527.76	156,118,440.42
Total	136,833,527.76	156,118,440.42

(1) Interest payable

Not applicable

(2) Dividends payable

Not applicable

(3) Other accounts payable**(1) Other accounts payable listed by nature of the account**

In RMB

Items	Balance in year-end	Balance in year-begin
Engineering Equipment fund	40,477,970.75	32,713,413.76
Unit account	52,408,759.57	48,394,939.72
Deposit	35,255,520.72	36,130,306.12
Restrictive stock repurchase obligation	0.00	7,844,373.00
Other	8,691,276.72	31,035,407.82
Total	136,833,527.76	156,118,440.42

(2) Other significant accounts payable with aging over one year

Not applicable

42. Liabilities classified as holding for sale

Not applicable

43. Non-current liabilities due within 1 year

Not applicable

44. Other current liabilities

Not applicable

45. Long-term borrowing**(1) List of Long-term borrowing**

In RMB

Items	Balance in year-end	Balance in year-begin
Mortgage-guaranteed loan	544,588,606.07	343,100,174.35
Total	544,588,606.07	343,100,174.35

Description of the long-term loan classification: None

Other note,

46. Bond payable

(1) Bond payable

Not applicable

(2) Changes of bonds payable (Not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

Not applicable

(3) Note to conditions and time of share transfer of convertible bonds

Not applicable

(4) Other financial instruments that are classified as financial liabilities

Not applicable

47. Lease liability

Not applicable

48. Long-term payable

Not applicable

49. Long term payroll payable**(1) Statement of long-term payroll payable**

Not applicable

(2) Change of defined benefit plans

Not applicable

50. Predicted liabilities

Not applicable

51. Deferred income

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term	Reason
Government Subsidy	110,740,322.21	4,888,300.00	8,394,811.46	107,233,810.75	
Total	110,740,322.21	4,888,300.00	8,394,811.46	107,233,810.75	--

Details of government subsidies:

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other changes	End of term	Asset-related or income-related
Grant funds for TFT-LCD polarizer industry project	1,733,333.35			649,999.98			1,083,333.37	Related to assets
Grant funds for TFT-LCD polarizer	1,000,000.00			250,000.02			749,999.98	Related to assets

narrow line (line 5) project								
Subsidy fund of Shenzhen polarizing materials and technical engineering laboratory	2,125,000.00			250,000.02			1,874,999.98	Related to assets
Import equipment and technical subsidy (Line 4)	46,688.06			17,508.00			29,180.06	Related to assets
Import equipment and technical subsidy (Line 5)	280,148.33			70,037.10			210,111.23	Related to assets
Grant from municipal R&D center (technical center)	1,275,000.00			150,000.00			1,125,000.00	Related to assets
Matching funds of Shenzhen polarizing materials and technical engineering laboratory	212,500.00			25,000.02			187,499.98	Related to assets
Matching funds for strategic emerging industry projects of the National Development and Reform	99,999.98			25,000.02			74,999.96	Related to assets

Commission								
2012 Shenzhen encouraged the introduction of advanced technology import subsidy funds	28,776.21			7,194.06			21,582.15	Related to assets
Grant for equipment purchase for Line 6 project	11,250,000.00			750,000.00			10,500,000.00	Related to assets
Payment for production plant and equipment of Line 6	22,500,000.00			1,499,999.98			21,000,000.02	Related to assets
Innovation and venture funds for TFT-LCD polarizer phase II project (Line 6)	375,000.00			25,000.02			349,999.98	Related to assets
Fund for key technology R&D and technical research project of optical compensation film for polarizer	3,125,000.00			250,000.02			2,874,999.98	Related to assets
Funds for pilot projects of regional agglomeratio	15,000,000.00			1,000,000.02			13,999,999.98	Related to assets

n development of strategic emerging industries								
Special fund for strategic emerging industries and future development in Guangdong Province, the third batch of supporting programs in 2016 - supporting programs for national/prov incial projects	3,750,000.00			250,000.02			3,499,999.98	Related to assets
Polarization Industrializati on Project for Super Large-sized TVs (Line 7) Central Budget Investment	30,000,000.00						30,000,000.00	Related to assets
Research & development subsidy for key technologies of ultra-thin IPS polarizer for smart phone terminals	2,000,000.00						2,000,000.00	Related to assets
Finance	6,000,000.00						6,000,000.00	Related to

committee of Shenzhen municipality (R&D of key technology of high-performance polarizer for large size display panel of 2018N007)								assets
Special fund subsidies agreement for improving the quality of atmospheric environment in Shenzhen	1,084,575.43			247,465.76			837,109.67	Related to assets
Subsidy for special technical transformation investment projects for the doubling of technical transformation in 2020	178,916.67			9,499.98			169,416.69	Related to income
Old elevator renovation fund subsidies	862,497.23			55,877.86			806,619.37	Related to assets
Technical renovation equipment subsidy for dyeing project		130,000.00		32,500.00			97,500.00	Related to assets
Textile special funds	285,714.25			71,428.58			214,285.67	Related to assets

Energy saving transformation grant funds	27,172.70						27,172.70	Related to assets
Subsidies for operation in lieu of training in Luohu District		15,500.00		15,500.00				Related to income
Income-related government subsidies		2,242,800.00		2,242,800.00				Related to income
Grant FOR the key technology R&D project of low color partial circular polarizer for AMOLED with fixed curvature of 2020N028		2,500,000.00					2,500,000.00	Related to assets
State subsidy for TFT-LCD polarizer phase II project (Line 6)	7,500,000.00			500,000.00			7,000,000.00	Related to assets

Other note:

(1).According to the "Notice on National Development and Reform Commission to the General Office of the textile project management of the special funds" (Faigaiban [2006]2841), on December 2006, the Company received "Textile special" funds RMB 2,000,000.00 from Shenzhen Finance Bureau. The company will use 14 years as asset depreciation period for amortization with the corresponding equipment in current period. The amortization in accordance with the corresponding equipment, The other income in current period is RMB71, 428. 58, the ending balance of uncompleted amortization is RMB214,285.67 .

2. In accordance with the Notice of Forwarding the Reply of General Office of State Development and Reform Commission Regarding Special Plan for Strategic Transformation and Industrialization of Color TV Industry issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2011) No. 823), State Development and Reform Commission approved including the project of industrialization of polarizer sheet for TFT-LCD of

SAPO Photoelectric into the special plan for strategic transformation and industrialization of color TV industry in 2010 and appropriated national aid of RMB 10,000,000.00 to SAPO Photoelectric for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. On June 2012 and September 2013, the company received the national grants of RMB 10,000,000.00.. According to the Notice of Issuing the Governmental Investment Plan for 2011 Regarding Demonstration Project of High-tech Industrialization Including Specialized Services Such As Disaster Recovery of Financial Information System issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2012) No. 3), the Company received subsidy of RMB 3,000,000.00 for the project of industrialization of polarizer sheet for TFT-LCD in April 2012. Our company will use 10 years as asset depreciation period for amortization in current period. The other income in current period is RMB649,999.98. and the balance amount of unfinished final amortization is RMB 1,083,333.37.

3. According to the Notice about the Plan for Supporting the Second Group of Enterprises in Biological, Internet, New Energy and New Material Industries with Special Development Funds (Shen Fa Gai (2011) No. 1782), the Company received subsidy of RMB 5,000,000.00 for the narrow-width line (line 5) of phase-I project of polarizer sheet for TFT-LCD on February 2012. The Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB749,999.98.

4. On October 2013, The company received the grants for the purchase of imported equipment and technology in 2012 of RMB 1,750,902.00, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB87,545.10 and the balance amount of unfinished final amortization is RMB239,291.29.

5. On December 2013, The company received the funds for innovation and entrepreneurship of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB74,999.96 .

6. On December 2013, The company received the funds for innovation and entrepreneurship of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB187,499.98 .

7. According to the Approval of Application of SAPO Photoelectric for Project Funds for Shenzhen Polarization Material and Technology Engineering Laboratory (Shen Fa Gai (2012) No. 1385), Shenzhen Polarization Material and Technology Engineering Laboratory was approved to be established on the strength of SAPO Photoelectric with total project investment of RMB 24,390,000.00. As approved by Shenzhen Municipal People's Government, this project was included in the plan for supporting the fourth group of enterprises with special fund for the development of strategic new industries in Shenzhen in 2012 (new material industry). According to the Notice of Issuing the Plan for Supporting the Fourth Group of Enterprises with Special Fund for Development of Strategic New Industries in Shenzhen in 2012 (Shen Fa Gai (2012) No. 1241), the Company received subsidy of RMB 5,000,000.00 on December 2012 for purchasing instruments and equipment and improving existing technological equipment and test conditions. The fund gap will be filled by the Company through raising funds by itself. the

Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB1,874,999.98 .

8. According to the “Announcement on the Identification of Technology Centers of 24 Enterprises including Shenzhen Yuanwanggu Information Technology Joint Stock Company Limited as the Municipal Research and Development Centers (Technical Center)” (SJMXXJS [2013] No.137), the research and development center of SAPO has been regarded as 2012 annual municipal R&D center. In December 2013, the company has received the funding subsidy of RMB3 million for the construction of the technical center. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The Other income in current period is RMB150,000.00 and the balance amount of unfinished final amortization is RMB1,125,000.00.

9. On March 2014 the company received the introduction of advanced technology import subsidy funds of RMB 143,881.00 from Shenzhen Finance Committee, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB7,194.06 and the balance amount of unfinished final amortization is RMB21,582.15.

10. According to the "Shenzhen Municipal Development and Reform Commission Reply for SAPO application for local matching funds of TFT-LCD polarizing film II project (Line 6) " (Shenzhen DRC [2013]No. 1771), the company obtained TFT-LCD polarizing film II project (line 6) local matching funds of RMB 15,000,000.00 in April 2014. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, The other income in current period is RMB750,000.00 and the balance amount of unfinished final amortization is RMB10,500,000.00.

11. In December 2014, the company received innovation venture capital (matching funding category) for Ping Shan District Development and Finance Bureau of TFT-LCD polarizing film II project (line 6) of RMB 500,000.00. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 25,000.02 was included into other incomes in the current period and the ending outstanding balance was RMB349,999.98.

12. On Jan. 2015, the company received RMB 5 million of grants for key technology research and development projects of optical compensation film for polarizer from Shenzhen Scientific and Technological Innovation Committee. The company has reached the expected date of use of the assets., the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB2,874,999.98.

13. According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2nd industrial restructuring) notify the central budget for 2014 investment plan" (NDRC Investment [2014] No. 1280), the company obtained TFT- LCD polarizer II project (line 6) state grants of RMB 10,000,000.00 in December 2014. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB500,000.00 元 was included into other incomes in the current period and the ending outstanding balance was RMB7,000,000.00.

14. According to “Reply on Congregating Development in Emerging Industrial Area Strategic Pilot Implement Scheme of Guangdong Province ” (Reform and Development Office High-Tech [2013] No.2552, On

December 2015, the Company received RMB20 million of the pilot project fund(period II project of TFT-LCD polarizer).On October 2016, the Company received RMB 5 million of Shenzhen strategic emerging industries and the future development of industrial matching funds, TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB1,250,000.04 was included into other incomes in the current period and the ending outstanding balance was RMB17,499,999.96.

15. According to Reform and Development Commission of Shenzhen Municipality sending the notice of “Reply of National Reform and Development Office on Investing in Petrification and Medicine Project within Central Budget of 2013 for Industry Structure Adjustment Special Project”(Reform and Development Commission of Shenzhen Municipality [2013]No.1449) , the Company received 30 million RMB of new production line of TFT-LCD polarizer project period II and equipment purchase subsidy in August 2015 ,December 2015 and September 2016. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 1,499,999.99 was included into other incomes in the current period and the ending outstanding balance was RMB 21,000,000.02.

16. In 2015 and In 2016, the Company received the subsidy funds of 202,608.00 RMB and 34,535.45 RMB on energy-saving reconstruction, amortized by 8-year depreciation life of the relevant asset, the Other income was RMB0.00 at the current period, the ending balance without amortization was RMB27,172.70.

17. In 2017, the company received 1,218,640.00 yuan for the old elevator upgrade subsidy, the company received 160,800.00 yuan for the old elevator upgrade subsidy in 2018,which was apportioned according to the depreciation period of the relevant assets. the Other income was RMB130,500.00 at the current period, the ending balance without amortization was RMB856,336.67. Subsidiaries that run property management business were subsidized by RMB 164,580.00 for updating and transforming old and obsolete elevators this year and this subsidy was income-related; RMB55,877.85 was included into the operating income in the current period and the ending outstanding balance was RMB806,619.37.

18. According to the Notice of the Ministry of Industry and Information Technology of the National Development and Reform Commission for Releasing the Central Budgetary Investment Plan of the 2017 of the Technical Transformation of the Electronic Information Industry (NDRC Investment {2017} No. 1649), the company received oversize TV for use in November 2017. In November 2017, the company received an central budgetary investment of RMB 30,000,000.00 of the oversized TV polarizer industry project. The company shall transfer the deferred income to the current profit or loss for the period of depreciation from the date when the relevant assets are ready for their intended use.

19. In accordance with the development plans and policies of Shenzhen Municipality for Strategic emerging Industries, the Management Measures of Shenzhen City on Funds for Scientific and Technological Research and Development, the Management Measures of Shenzhen City on Science and Technology Plan Project and other relevant documents, Shenzhen Science and Technology Innovation Commission and SAPO Photoelectric completed the development of the key technology of the 20170535 ultra-thin polarizer used in IPS smart phone terminal in the Shenzhen Science and Technology Plan issued by SFG [2017] No. 1447 document. In February 2018, the company received funding from Shenzhen Science and Technology Innovation Commission of 2,000,000 yuan for R & D. The company will transfer the deferred income to the current profit and loss according to the depreciation period from the date when the relevant assets reach the expected usable status.

20. According to Measures for Management of Science and Technology Research & Development Funds in Shenzhen, Measures for Management of Projects in Shenzhen Municipal Science and Technology Program and other documents concerned, SAPO Photoelectric Co., Ltd. and Shenzhen Science and Technology Innovation Committee entered into a Contract of Projects in Shenzhen Municipal Science and Technology Program through consultation to complete development of key techniques for high-performance polarizers for 2018N007 jumbo display panels in the program delivered in Shen Fa Gai [2018] No.324 document. The Company was granted with a financial subsidy of RMB 1,000,000.00 this year. The Company amortized and transferred the deferred income into the current profit and loss by period of depreciation after relevant assets hit the expected available state.

21. According to the Measures of Shenzhen Municipality on Subsidy for Improving Atmospheric Environmental Quality (2018-2020) (SRHG [2018] No.2), in December 2019, the Company received a subsidy of 1,033,507.00 yuan from Shenzhen Municipal Human Settlements Committee. The Company completed the transformation of the relevant assets into fixed assets in December 2019. The Company will allocate the relevant assets according to their depreciation years in January 2020, The Company was granted with a financial subsidy of RMB 1,000,000.00 this year. The current period is charged to the current profit and loss of 221,465.76 yuan, the ending balance without amortization was RMB8369,109.67.

22. According to the Shenzhen Action Plan on Implementing Technical Transformation Multiplication Plan to Expand Effective Industrial Investment (2017-2020)" (SFB [2017] No.22) and Shenzhen's Several Measures on Implementing Technical Transformation Multiplication Plan to Expand Effective Industrial Investment (SFBG [2017] No.9), in June 2020, the company received the first subsidy of 190,000.00 yuan for the special technical transformation investment project of technical transformation multiplication in 2020, which was allocated according to the depreciation period of related assets of 10 years. Other income of 9,499.98 yuan was included in the current period, and the undistributed balance at the end of the period was 169,416.69 yuan.

52. . Other non-current liabilities

Not applicable

53. Stock capital

In RMB

	Year-beginning balance	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	507,772,279.00				-1,250,430.00	-1,250,430.00	506,521,849.00

Other note:

On February 7, 2021, the Company repurchased and canceled 13,950 restricted shares held by the employees who resigned and retired, and the share capital decreased by RMB 13,950.00.

On April 13, 2021, the Company repurchased and canceled the restricted stocks that did not meet the conditions for lifting the restriction on sale in the last phase and the restricted stocks held by the incentive objects who left the company, totaling 1,236,480 shares, with the share capital reduced by RMB 1,236,480.00.

54. Other equity instruments**(1) Basic information on the outstanding other financial instruments, including preferred shares, perpetual bonds, etc. at the end of the reporting period**

Not applicable

(2) Movement of the outstanding other financial instruments, including preferred shares, perpetual bonds, etc. at the end of the reporting period

Not applicable

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,967,514,358.53		5,914,533.90	1,961,599,824.63
Total	1,967,514,358.53		5,914,533.90	1,961,599,824.63

Other notes, including the note to its increase/decrease and the cause(s) of its movement in the reporting period:

The change of capital stock premium in the current period is from the repurchase and cancellation of some restricted stocks granted by the Company's restricted stock incentive plan in 2017.

56. Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Treasury stock	7,525,438.20		7,525,438.20	0.00
Total	7,525,438.20		7,525,438.20	

Other notes, including the note to its increase/decrease and the cause(s) of its movement in the reporting period:

The change of capital stock premium in the current period is from the repurchase and cancellation of some restricted stocks granted by the Company's restricted stock incentive plan in 2017.

57. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period						Year-end balance
		Amount incurred before	Less: Amount transferred into profit	Less: Prior period included in other	Less: Income tax	After-tax attribute to the parent	After-tax attribute to minority shareholders	

		income tax	and loss in the current period that recognized into other comprehensive income in prior period	composite income transfer to retained income in the current period	expenses	company	r	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	115,367,833.87	-1,338,625.22			-334,656.31	-1,003,968.91		114,363,864.96
Changes in fair value of investments in other equity instruments	115,367,833.87	-1,338,625.22			-334,656.31	-1,003,968.91		114,363,864.96
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	1,238,098.55	-4,045,320.86				-4,045,320.86		-2,807,222.31
Translation differences of financial statements denominated	1,238,098.55	-4,045,320.86				-4,045,320.86		-2,807,222.31
Total of other comprehensive income	116,605,932.42	-5,383,946.08			-334,656.31	-5,049,289.77		111,556,642.65

Other notes include the valid part of gain and loss of a cash-flow hedge converted into initial amount of arbitrated items for adjustment: None

58. Special reserves

Not applicable

59. Surplus reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	94,954,652.14			94,954,652.14
Total	94,954,652.14			94,954,652.14

Note to surplus reserve, including the note to its increase/decrease and the cause(s) of its movement in the reporting period: None

60. Retained profits

In RMB

Items	Amount of current period	Amount of previous period
Retained earnings before adjustments at the year beginning	86,912,390.50	49,307,764.03
Retained earnings after adjustments at the year end	86,912,390.50	49,307,764.03
Add: Net profit attributable to owners of the Company for the period	76,603,074.39	37,267,995.74
Less: Appropriation to statutory surplus reserve	0.00	3,888,292.80
Common stock dividend payable	15,195,655.47	
Add: Other comprehensive earnings are carried forward to retained earnings		4,224,923.53
Retained profits at the period end	148,319,809.42	86,912,390.50

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

61. Business income, Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	1,097,424,726.81	859,513,585.39	853,157,761.73	758,822,814.42
Other business	4,111,680.57	3,611,874.68	3,155,587.01	2,085,489.19
Total	1,101,536,407.38	863,125,460.07	856,313,348.74	760,908,303.61

Income-related information:

In RMB

Type	Division 1	Division 2	Division 3	Total
Types of goods	1,021,894,566.16	59,978,289.06	19,663,552.16	1,101,536,407.38
Of which				
Polarizer	1,021,894,566.16		0.00	1,021,894,566.16
Property lease management and others		59,978,289.06	0.00	59,978,289.06
Textile	0.00	0.00	19,663,552.16	19,663,552.16
Area	949,528,109.45	152,008,297.93		1,101,536,407.38
Of which				
Domestic	949,528,109.45			949,528,109.45
Overseas		152,008,297.93		152,008,297.93
Of which				
Of which				
Of which				
Of which				
Of which				

Information related to performance obligations: None

Information related to the transaction price apportioned to the residual performance obligation:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB 0.00, of which RMB 0.00 is expected to be recognized as income in the year, RMB 0.00 is expected to be recognized as income in the year, and RMB 0.00 is expected to be recognized as income in the year.

Other note: None

62. Taxes and surcharges

In RMB

Items	Amount of current period	Amount of previous period
Consumption tax		0.00
Urban construction tax	281,149.75	293,203.50
Education surcharge	200,819.41	208,749.85
Resource tax		0.00
Property tax	2,888,631.84	1,431,139.71
Land use tax	184,237.54	50,266.26
vehicle and vessel usage tax	360.00	0.00
Stamp tax	717,598.47	700,759.15

Other	8,247.78	5,609.59
Total	4,281,044.79	2,689,728.06

Other note: None

63.Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	9,298,067.94	3,554,124.69
Transportation changes	0.00	4,551,167.40
Exhibition fee	0.00	0.00
Business expenses	522,657.33	193,747.29
Samples and product loss	751,108.62	305,048.70
Property insurance	2,716,981.13	0.00
Sell	5,768,718.15	4,217,847.51
Travel expenses	485,870.44	388,231.96
Other	950,371.21	170,753.73
Total	20,493,774.82	13,380,921.28

Other note: The salary increase of sales expenses this year is mainly caused by the department adjustment of the subsidiary, SAPO Photoelectric Co., Ltd., the increase of sales service fees is mainly due to the corresponding increase of agent service fees due to the increase of sales volume of some customers, the transportation expenses are included in the operating costs in this period, and the property insurance is mainly the new material insurance purchased in this period.

64. Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	38,236,906.16	29,847,030.96
Depreciation of fixed assets	4,879,277.56	4,973,342.05
Water and electricity	3,022,844.03	893,936.96
Intermediary organ	1,931,057.09	1,931,057.09
Intangible assets amortization	832,673.40	749,763.64
Travel expenses	210,173.80	232,235.49
Office expenses	443,729.99	429,662.27
Business entertainment	588,954.42	150,393.20

Lawsuit expenses	0.00	30,953.77
Repair charge	604,512.02	318,416.19
Property insurance	128,797.77	91,409.02
Low consumables amortization	857,011.20	22,644.20
Board fees	109,620.00	46,687.88
Rental fee	0.00	776,298.48
Other	3,482,103.32	3,853,634.46
Tax	55,327,660.76	44,347,465.66

Other note: None

65.R & D costs

In RMB

Items	Amount of current period	Amount of previous period
Wage	8,134,336.44	5,751,277.54
Material	18,818,987.18	16,679,205.26
Depreciation	1,650,506.69	1,470,406.20
Fuel & Power	423,847.84	553,582.61
Travel expenses	96,760.54	58,048.90
Other	45,654.70	48,530.44
Total	29,170,093.39	24,561,050.95

Other note: None

66.Financial Expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	379,800.97	221,034.71
Interest income	-840,978.40	-1,738,185.54
Exchange loss	-12,318,481.73	1,579,207.02
Fees and other	3,564,625.68	1,699,519.77
Total	-9,215,033.48	1,761,575.96

Other note: None

67. Other income

In RMB

Items	Amount of current period	Amount of previous period
Government Subsidy	8,764,569.01	13,045,221.53

68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment returns accounted for by equity method	-412,713.12	-2,253,932.85
Investment income from the disposal of long-term equity investment	20,779.93	518,152.41
Dividend income earned during investment holdings in other equity instruments	1,122,007.80	1,418,634.82
Structured deposit interest	9,422,057.74	14,249,971.25
Total	10,152,132.35	13,932,825.63

Other note: None

69. Net exposure hedging income

Not applicable

70. Gains on the changes in the fair value

单位: 元

Source	Amount of this period	Amount of last period
Transaction financial assets	914,599.37	
Total	914,599.37	

Other note: None

71. Credit impairment loss

In RMB

Items	Amount of this period	Amount of last period
Loss of bad debts in other receivables	-5,217,962.16	114,166.37
Loss of bad accounts receivable	812,160.93	-3,921,853.87
Loss of bad note receivable	58,202.39	

Total	-4,347,598.84	-3,807,687.50
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Other note: None

72. Losses from asset impairment

In RMB

Items	Amount of current period	Amount of previous period
II. Loss of inventory price and Impairment of contract performance costs	-52,628,070.13	-35,474,634.93
Total	-52,628,070.13	-35,474,634.93

Other note: None

73. Asset disposal income

In RMB

Items	Amount of current period	Amount of previous period
I. Gains & losses on foreign investment in fixed assets	0.00	0.00
II. Gains & losses on the disposal of fixed assets	-55.96	-6,837.44

74. Non-Operation income

In RMB

Items	Amount of current period	Amount of previous period	Recorded in the amount of the non-recurring gains and losses
Other	18,938.83	20,431.28	18,938.83
Return insurance settlement income	3,278,053.95	0.00	3,278,053.95
Payable without payment	17,140,459.60	0.00	17,140,459.60
Total	20,437,452.38	20,431.28	20,437,452.38

Government subsidies recorded into current profits and losses:

In RMB

Items	Issuing body	Issuing reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
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Other note: None

75.Non-current expenses

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Non-current asset Disposition loss	344,978.92	3,275.19	344,978.92
Other	0.00	103,135.58	
Total	344,978.92	106,410.77	344,978.92

Other note: None

76.Income tax expenses**(1)Income tax expenses**

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	7,936,142.04	5,341,193.75
Deferred income tax expense	-57,226.00	-82,801.88
Total	7,878,916.04	5,258,391.87

(2)Reconciliation of account profit and income tax expenses

In RMB

Items	Amount of current period
Total profits	121,301,456.29
Income tax expenses calculated at the applicable tax rate	30,325,364.07
Influence of different tax rates applied by some subsidiaries	-8,211,001.88
Income not subject to tax	-1,981,295.30
Non-deductible costs, expenses and losses	106,703.77
Tax impact by the unrecognized deductible losses and deductible temporary differences in previous years	-10,420,724.52
Tax impact of unrecognized deductible losses and deductible temporary differences	2,903,270.24
Tax impact of research and development fee plus deduction	-4,375,514.01
Impact of income tax relief preferences	-467,886.33
Income tax expense	7,878,916.04

Other note: None

77. Other comprehensive income

Refer to the notes 57

78. Supplementary information to cash flow statement**(1) Other cash received relevant to operating activities**

In RMB

Items	Amount of current period	Amount of previous period
Interest income and other (Not including financing product)	665,366.82	30,410,217.36
Letter of Credit Deposit	13,963,635.17	50,473,165.17
Government Subsidy	7,242,800.00	10,525,545.03
Current account	16,893,575.28	
Insurance claim	3,255,114.00	
Total	42,020,491.27	91,408,927.56

Note to other cash received in connection with operating activities: None

(2) Other cash paid related to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Payment of credit deposit	122,116,897.49	63,184,256.28
Other	38,830,126.18	20,828,454.70
Total	160,947,023.67	84,012,710.98

Note to other cash paid in connection with operating activities: None

(3) Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	779,428,611.40	1,711,990,437.06
L/C margin for purchase of line 7 equipment		100,799,633.00
Total	779,428,611.40	1,812,790,070.06

Note to other cash received related to other investment activities: None

(4).Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structure deposit investment	732,374,977.65	1,654,000,000.00
Total	732,374,977.65	1,654,000,000.00

Note to other Cash paid related to other investment activities: None

(5) Other cash received in relation to financing activities

Not applicable

(6) Cash paid related with financing activities

In RMB

Items	Amount of current period	Amount of previous period
Restricted stock of stock repurchase incentive object	7,820,298.30	8,981,300.40
Total	7,820,298.30	8,981,300.40

Note to other Cash paid related with financing activities: None

79. Supplement Information for cash flow statement**(1) Supplement Information for cash flow statement**

In RMB

Items	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	113,422,540.25	-8,991,180.85
Add: Impairment loss provision of assets	52,628,070.13	39,282,322.43
Depreciation of fixed assets, oil and gas assets and consumable biological assets	58,051,019.56	54,769,598.66
Depreciation of Use right assets		
Amortization of intangible assets	832,673.40	749,763.64
Amortization of Long-term deferred expenses	390,173.02	284,354.60
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	20,779.93	6,837.44

Fixed assets scrap loss	427,672.86	3,275.19
Loss on fair value changes	-914,599.37	
Financial cost	-9,215,033.48	221,034.71
Loss on investment	-10,131,352.42	-13,932,825.63
Decrease of deferred income tax assets	-57,226.00	479,558.70
Increased of deferred income tax liabilities	-334,656.31	-3,892,057.00
Decrease of inventories	-95,326,175.24	-73,812,662.03
Decrease of operating receivables	-84,942,673.31	-86,494,322.83
Increased of operating Payable	-77,494,749.27	-44,293,172.26
Other		
Net cash flows arising from operating activities	-52,643,536.25	-135,619,475.23
II. Significant investment and financing activities that without cash flows:	--	--
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Financing of fixed assets leased		
3. Movement of cash and cash equivalents:	--	--
Ending balance of cash	252,993,764.22	173,706,279.73
Less: Beginning balance of cash equivalents	278,337,236.95	268,646,588.18
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	-25,343,472.73	-94,940,308.45

(2) Net Cash paid of obtaining the subsidiary

Not applicable

(3) Net Cash receive of disposal of the subsidiary

Not applicable

(4) Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	252,993,764.22	278,337,236.95
Including: Cash at hand	4,054.12	4,127.10

Demand bank deposit	182,575,694.25	271,085,025.10
Demand other monetary funds	70,414,015.85	7,248,084.75
III. Balance of cash and cash equivalents at the period end	252,993,764.22	278,337,236.95
Including: Restricted cash and cash equivalents used by parent or Group equivalents	8,450,000.00	750,000.00

Other note: None

80. Note of statement of changes in the owner's equity

Specify the description of the item "others" and the adjusted amount of the balance at the end of last year:

Not applicable

81. The assets with the ownership or use right restricted

In RMB

Items	Book value at the end of the reporting period	Cause of restriction
Monetary fund	8,450,000.00	Deposit for L/C
Intangible assets	44,770,083.00	Mortgage
Construction in process	257,003,447.13	Mortgage
Other receivable	110,021,440.71	Mortgage
Fixed assets	330,744,828.51	Mortgage
Total	750,989,799.35	--

Other note: None

82. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds	--	--	
Including: USD	1,266,921.20	6.4601	8,184,437.64
Euro			
HKD	106,174.11	0.8321	88,347.48
Yen	15,370,067.00	0.0584	898,042.28
Account payable	--	--	
Including: USD	11,884,389.83	6.4601	76,774,346.75

Euro			
HKD	278,280.00	0.8321	231,556.79
Long-term borrowing	--	--	
Including: USD			
Euro			
HKD			
Other receivable			
Including: USD	37,399.02	6.4601	241,601.41
Other payable			
Including: USD	676,686.00	6.4601	4,371,459.23
HKD	3,044.46	0.8321	2,533.30
Yen	3,381,984.00	0.0584	197,602.57
Euro	22,500.00	7.6862	172,939.50
Account payable			
Including: USD	4,660,561.49	6.4601	30,107,693.31
Yen	2,863,312,845.00	0.0584	167,297,642.92

Other note: None

(2) Note to overseas operating entities, including important overseas operating entities, which should be disclosed about its principal business place, function currency for bookkeeping and basis for the choice. In case of any change in function currency, the cause should be disclosed.

Applicable Not applicable

83. Hedging

Arbitrage According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and the arbitrated risk qualitative and quantitative information:

84. Government subsidies

(1) Government subsidies confirmed in current period

In RMB

Items	Amount	Project	Amount included in current profit and loss
Grant funds for TFT-LCD polarizer industry project	13,000,000.00	Deferred income	649,999.98
Grant funds for TFT-LCD polarizer narrow line (line 5) project	5,000,000.00	Deferred income	250,000.02

Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	5,000,000.00	Deferred income	250,000.02
Import equipment and technical subsidy (Line 4 and Line 5)	1,750,902.00	Deferred income	87,545.10
Grant from municipal R&D center (technical center)	3,000,000.00	Deferred income	150,000.00
Matching funds of Shenzhen polarizing materials and technical engineering laboratory (Pingshan)	500,000.00	Deferred income	25,000.02
Matching funds for strategic emerging industry projects of the National Development and Reform Commission (Pingshan)	500,000.00	Deferred income	25,000.02
In 2012, Shenzhen encouraged the introduction of advanced technology import subsidy funds	143,881.00	Deferred income	7,194.06
Local supporting funds for TFT-LCD polarizer Phase II Project (line 6)	15,000,000.00	Deferred income	750,000.00
Payment for production plant and equipment of Line 6	40,000,000.00	Deferred income	1,999,999.98
Innovation and venture funds for TFT-LCD polarizer phase II project (Line 6)	500,000.00	Deferred income	25,000.02
Fund for key technology R&D and technical research project of optical compensation film for polarizer	5,000,000.00	Deferred income	250,000.02
Special fund for strategic emerging industries and future development in Guangdong Province, the third batch of supporting programs in 2016 - supporting programs for national/provincial projects	5,000,000.00	Deferred income	1,250,000.04
Polarization Industrialization Project for Super Large-sized TVs (Line 7) Central Budget Investment	30,000,000.00	Deferred income	0.00
Research & development subsidy for key technologies of ultra-thin IPS polarizer for smart phone terminals	2,000,000.00	Deferred income	0.00
Finance committee of Shenzhen municipality (R&D of key technology of high-performance polarizer for large size display panel of 2018N007)	6,000,000.00	Deferred income	0.00
Special fund subsidies agreement for improving the quality of atmospheric environment in Shenzhen	1,033,507.00	Deferred income	221,465.76
2020 Double subsidies for special technological renovation investment project	190,000.00	Deferred income	9,499.98
Grant FOR the key technology R&D project of low color partial circular polarizer for AMOLED with fixed curvature of 2020N028	2,500,000.00	Deferred income	0.00
Income-related government subsidies	1,387,757.55	Other income	1,387,757.55
Old elevator renovation fund subsidies	325,380.00	Deferred income	55,877.86
Subsidies for operation in lieu of training in Luohu District	15,500.00	Deferred income	15,500.00

Technical renovation equipment subsidy for dyeing project	130,000.00	Deferred income	32,500.00
Special fund subsidies agreement for improving the quality of atmospheric environment in Shenzhen	520,000.00	Deferred income	26,000.00
Textile special funds	2,000,000.00	Deferred income	71,428.58
Enterprises will absorb one-time subsidies for the registered poor labor force	60,000.00	Deferred income	60,000.00
2019 Pingshan District Harmonious Labor Relations Enterprise incentive fund	500,000.00	Other income	500,000.00
The second batch of Science and Technology Innovation Special Fund in 2020 (identification and award for high-tech enterprises)	300,000.00	Other income	300,000.00
The second batch of Science and Technology Innovation Special Fund in 2020 (Intellectual Property Award)	4,800.00	Other income	4,800.00
The second batch of scientific and technological innovation special funds for 2020 (standardization funding)	360,000.00	Other income	360,000.00

(2) Government subsidy return

Applicable Not applicable

85.Other

Not applicable

VIII. Changes of merge scope

1. Business merger not under same control

(1) Business merger not under same control in reporting period

Not applicable

(2) Combined cost and goodwill

Not applicable

(3) The identifiable assets and liabilities of acquiree at purchase date

Not applicable

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again、

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and

gaining the control during the reporting period

Yes No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

Not applicable

(6) Other note

Not applicable

2. Business combination under the same control

(1) Business combination under the same control during the reporting period

Not applicable

(2) Combination cost

Not applicable

(3) The book value of the assets and liabilities of the merged party on the date of consolidation

Not applicable

3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process. Not applicable

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

Yes No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Yes No

5. Other reasons for the changes in combination scope

Note to the change in the consolidation scope (e.g. new subsidiaries, liquidation subsidiaries, etc.) caused by other

reasons and relevant information:

6.Other

Not applicable

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Subsidiary	Main operation	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Domestic trade, Property Management	100.00%		Establish
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Accommodation, restaurants, business center;	100.00%		Establish
Shenzhen Shenfang Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Production of fully electronic jacquard knitting whole shape	100.00%		Establish
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
SAPO Photoelectric	Shenzhen	Shenzhen	Polarizer production and sales	60.00%		Purchase
Shenzhen Textile Import & export Co., Ltd.	Shenzhen	Shenzhen	Operating import and export business		100.00%	Establish
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Production and sales of polarizer		100.00%	Establish
Shenzhen Shengjinlian Technology Co., Ltd.	Shenzhen	Shenzhen	Property leasing		100.00%	Establish

Explanation that the shareholding ratio in subsidiaries is different from the voting right ratio: None

Basis for holding half or less voting rights but still controlling the investee, and holding more than half voting rights but not controlling the investee: None

For the important structured subjects included in the scope of consolidation, the control basis is: None

Basis for determining whether the company is an agent or a principal: None

Other note: Note

(2) Significant not wholly-owned subsidiaries

In RMB

Name	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
SAPO Photoelectric	40.00%	36,819,465.86	0.00	1,169,900,541.09

Other note: None

(3) Main financial information of significant not wholly-owned subsidiaries

In RMB

Subsidiaries	Closing balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
SAPO Photoelectric	1,549,856,788.87	2,350,399,213.55	3,900,256,002.42	352,609,121.70	650,208,839.08	1,002,817,960.78	1,493,449,647.08	2,177,130,756.68	3,670,580,403.76	400,104,999.99	452,171,112.38	852,276,112.37

In RMB

Subsidiaries	Amount of current period				Amount of previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
SAPO Photoelectric	1,026,352,289.62	79,133,750.25	79,133,750.25	-49,132,316.09	802,362,703.39	-28,210,564.14	-28,210,564.14	-114,179,379.34

Other note

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

Not applicable

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Not applicable

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

(1) Note to owner's equity share changed in subsidiary

Not applicable

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

Not applicable

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		The accounting treatment of investment in associates
				direct	indirect	
Shenzhen Guanhua Printing & Dyeing Co., Ltd	Shenzhen	Shenzhen	Property leasing	50.16%		Equity method

Explanation that the shareholding ratio in the joint venture or associated enterprise is different from the voting right ratio: None

Basis for holding less than 20% of voting rights but with significant influence, or holding 20% or more of voting rights but without significant influence: None

(2) The Summarized Financial Information of Joint Ventures

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Current assets	30,735,563.91	19,854,144.21
Non-current assets	234,362,180.35	241,137,964.49
Total assets	265,097,744.26	260,992,108.70
Current liabilities	16,939,397.58	12,261,343.60
Non-current liabilities	37,309,059.12	37,356,444.69

Total liabilities	54,248,456.70	49,617,788.29
Attributable to shareholders of the parent company	210,849,287.56	211,374,320.41
Share of net assets calculated by stake	105,762,002.64	106,025,359.12
--Goodwill	21,595,462.44	21,595,462.44
--Other	285,343.61	285,343.61
Book value of equity investment in joint ventures	127,642,808.69	127,906,165.17
Operating income	8,614,658.31	14,623,800.97
Financial expenses	-53,530.25	-39,339.28
Income tax expenses	1,990,580.05	-2,118,023.83
Net profit	-525,032.86	-3,422,861.88
Total comprehensive income	-525,032.86	-3,422,861.88

(3) Main financial information of significant associated enterprise

Not applicable

(4) Summary financial information of insignificant joint venture or associated enterprise

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture:	--	--
Total amount of the pro rata calculation of the following items	0.00	10,797,023.14
Total amount of the pro rata calculation of the following items	--	--
Associated enterprise:	--	--
Total book value of the investment	5,031,271.42	9,225,948.92
Total amount of the pro rata calculation of the following items	--	--
--Net profit	-149,356.64	-1,228,263.90
--Other Comprehensive income	-4,045,320.86	388,316.57
--Total comprehensive income	-4,194,677.50	-839,947.33

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

Not applicable

(6) The excess loss of joint venture or associated enterprise

Not applicable

(7) The unrecognized commitment related to joint venture investment

Not applicable

(8) Contingent liabilities related to joint venture or associated enterprise investment

Not applicable

4. Significant common operation

Not applicable

5. Equity of structure entity not including in the scope of consolidated financial statements

None

6. Other

None

X. Risks Related to Financial Instruments

The company has the main financial instruments, such as bank deposits, receivables and payables, investments, loans and so on. Please refer to the relevant disclosure in Notes for the details. The risks associated with these financial instruments mainly include credit risk, market risk and liquidity risk. The Company disperses the risks of financial instruments through appropriate diversified investment and business portfolio, and reduces the risks concentrated in a single industry, a specific region or a certain counterparty by formulating corresponding risk management policies.

(I) Credit Risk

(1) Credit risk

Credit risk refers to the risk that the counterparty fails to fulfill its contractual obligations, resulting in financial losses of the Company.

The Company manages credit risk according to portfolio classification. Credit risks mainly arise from bank deposits, notes receivable, accounts receivable and other receivables.

The bank deposits of the Company are mainly deposited in state-owned banks and other large and medium-sized listed banks, and such bank deposits are not expected to have significant credit risks.

For notes receivable, accounts receivable, other receivables and long-term receivables, the Company sets relevant policies to control credit risk exposure. The Company evaluates customers' credit qualifications based on their financial status, credit records and other factors such as current market conditions, and sets corresponding

credit periods. The Company will regularly monitor customers' credit records. For customers with bad credit records, the Company will adopt written dunning, shortening of credit period or cancellation of credit period to ensure that the overall credit risk of the Company is within the controllable range.

Debtors of accounts receivable of the Company are customers distributed in different industries and regions. The Company continuously evaluates the financial status of accounts receivable and purchases credit guarantee insurance when appropriate.

The maximum credit risk exposure the company is subject to is the book amount of each financial asset in the balance sheet. The Company has not provided any other guarantee that may expose the Company to credit risk.

(2) Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company fulfills its obligation to settle by delivering cash or other financial assets.

The member companies of the Company are responsible for their own cash management, including short-term investment of cash surplus and raising loans to meet the estimated cash demand (if the loan amount exceeds certain preset authorization limits, it needs to be approved by the Board of Directors of the Company). In addition, the Company will also consider negotiating with suppliers to reduce part of the debt amount, or obtain funds in advance by selling long-aged accounts receivable, so as to reduce the cash flow pressure of the Company. The Company's policy is to regularly monitor the short-term and long-term liquidity demand and whether it meets the requirements of the loan agreement, so as to ensure that sufficient cash reserves and securities that can be realized at any time are maintained, and at the same time, to obtain sufficient reserve funds that major financial institutions promise to provide, so as to meet the short-term and long-term liquidity demand.

(3) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to market price changes, including interest rate risk, exchange rate risk and other price risks.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates. Interest rate risk can be caused by recognized interest-bearing financial instruments and unrecognized financial instruments (such as certain loan commitments).

The Company's interest rate risk mainly arises from long-term bank loans. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Company to fair value interest rate risk.

The Company pays close attention to the impact of interest rate changes on its interest rate risk. At present, the Company has not adopted interest rate hedging policy. However, the management is responsible for monitoring interest rate risk and will consider hedging significant interest rate risk when necessary.

For financial instruments held on the balance sheet date, which expose the Company to fair value interest rate risk, the impact of net profit and shareholders' equity in the above sensitivity analysis is the impact of remeasuring the financial instruments according to the new interest rate, assuming that the interest rate changes on the balance sheet date. For the floating interest rate non-derivative instruments held on the balance sheet date, which expose the Company to cash flow interest rate risk, the impact of the above sensitivity analysis on net profit and shareholders' equity is the impact of the above interest rate changes on the annual estimated interest expense or income. Last year's analysis was based on the same assumptions and methods.

Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to the change of foreign exchange rate. Exchange rate risk can be derived from financial instruments denominated in foreign currencies other than the functional currency.

Exchange rate risk mainly refers to the impact of foreign exchange rate fluctuations on the financial position and cash flow of the Company. The ratio of foreign currency assets and liabilities held by the Company to the total assets and liabilities is not significant. Therefore, the Company believes that the exchange rate risk it faces is not significant.

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

In RMB

Items	Closing fair value			
	Fir value measurement items at level 1	Fir value measurement items at level 2	Fir value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(1) Transactional Financial Asset	488,186,286.75		160,695,872.76	648,882,159.51
1. Financial assets at fair value through profit or loss	488,186,286.75		160,695,872.76	648,882,159.51
(1) Debt instrument investment	488,186,286.75		160,695,872.76	648,882,159.51
(III) Other equity instrument investment	8,790,765.62		180,478,036.70	189,268,802.32
(II) Receivable financing			50,548,060.18	50,548,060.18
(IV) Other non-current financial asset			28,500,000.00	28,500,000.00
Total liabilities measured at fair value on a non-ongoing basis	496,977,052.37		420,221,969.64	917,199,022.01
II Inconsistent fair value measurement	--	--	--	--

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

Quotes of the same assets or liabilities in active markets (unadjusted). The fair value of the Fuao Stoke held by the Company at the end of the period is measured based on the closing price of Shenzhen Stock Exchange on June 30, 2021.

3. Items measured based on the continuous or uncontinuous level 2nd fair value, valuation technique as used, nature of important parameters and quantitative information

Use observable input values other than the market quotation of assets or liabilities in the Level I directly (i.e. price) or indirectly (i.e. derived from price).

4. Items measured based on the continuous or uncontinuous level 3rd fair value, valuation technique as used, nature of important parameters and quantitative information

Assets or liabilities use any input value that is not based on observable market data (unobservable input value).

1. Financial assets measured at fair value and whose changes are included in the profits and losses of the current period are bank structured deposits held by the Company, which are measured at fair value based on the principal amount due to their short maturity;

2. Accounts receivable financing is a bank acceptance bill with a short face value and a face value close to the fair value, which is measured at the face value as the fair value;

3. Investment in other equity instruments is held by the Company. Investment in non-tradable equity instruments is mainly valued and measured by market method, asset-based method and income method. Among them: Shenzhen Jiafeng Textile Industry Co., Ltd. and Jintian Industry (Group) Co., Ltd. faced with a operating environment and operating conditions and financial status, so the Company uses zero yuan as a reasonable estimate of fair value for measurement; Changxing Junying Equity Investment Partnership (Limited Partnership) has no significant changes in its operating environment, operating conditions and financial status, so the Company measures the investment cost as a reasonable estimate of fair value.

5. Continuous third-level fair value measurement items, adjustment information between initial and final book values and sensitivity analysis of un-observable parameters

Not applicable

6. Continuous fair value measurement items, the conversion between different levels in the current period, the reasons for the conversion and the policy for determining the conversion time

Not applicable

7. Change of valuation technique incurred in the current period and cause of such change

Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

Not applicable

9.Other

None

XII. Related parties and related-party transactions**1.Parent company information of the enterprise**

Name	Registered address	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	RMB 28,009 million	46.21%	46.21%

Note to the parent company:

The company is authorized and approved to be state-owned independent company by Shenzhen Government, and it Executes financial contributor function on state-owned enterprise within authorization scope.

Therefore, the Company's ultimate controller is Shenzhen Investment Holdings Co., Ltd.

Other note: None

2.Subsidiaries of the Company

Details refer to the Note IX-1, Interest in the subsidiary

3. Information on the joint ventures and associated enterprises of the Company

Details refer to the Note IX-3, Interests in joint ventures or associates

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

None

Other note: None

4.Other Related parties information

Other related party	Relationship to the Company
Shenzhen Tianma Microelectronics Co., Ltd.	Chairman of the Board Is the Vice Chairman of the Company
Hangzhou Jinjiang Group Co., Ltd.	The controlling party of SAPO Shareholder
Hangzhou Jinhang Investment Fund Partner ship (LP)	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Shengto (HK) Co., Ltd.	The Company Executives are Director of the company

Zhejiang Hengjie Industry Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Hengmei Photoelectric Co., Ltd.	Sharing Company of Hangzhou Jinjiang Group Co., Ltd.
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company
Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company

Other note

In July 2021, Jinhang Investment and Advantage Ford completed their internal decision-making approval, and the delivery conditions for Advantage Ford to receive 100% partnership shares of Jinhang Investment have been met, and both parties will promote the transfer of partnership shares. After the completion of the transfer procedure, Advantage Ford will directly hold 99.93333% of the partnership share of Jinhang Investment; Meanwhile, Zhejiang Hengjie Industrial Co., Ltd. indirectly holds a partnership share of 0.06667% of Jinhang Investment. As of July 28, 2021, for the above equity transfer, the industrial and commercial change registration procedures have been completed. After the completion of this equity transfer, Advantage Ford holds 40% equity of SAPO Photoelectric through Jinhang Investment, and the strategic investor of SAPO Photoelectric has changed from Jinjiang Group to Advantage Ford. For details, please refer to "Section 6 Important Matters XIV. Important Matters of Company Subsidiaries (V) Matters on Waiver of Preemption Right and Equity Transfer of Holding Subsidiaries" in this report.

5. Related transactions.

(1) Related transactions on purchasing goods and receiving services

Acquisition of goods and reception of labor service

Not applicable

Related transactions on sale goods and receiving services

Not applicable

(2) Related trusteeship/contract

Not applicable

(3) Information of related lease

Not applicable

(4) Related-party guarantee

Related guarantee

In RMB

Guaranteed party	Amount	Guarantee start date	Guarantee end date	Whether the guarantee has been fulfilled
SAPO photoelectric	326,249,400.00	September 8, 2020		No

The Company is the secured party

Not applicable

(5) Inter-bank lending of capital of related parties:

In RMB

Related party	Amount	Start date	Expiring date	Note
Borrowing fund:				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	July 30,2019		The annual lending rate is 0.30%

(6) Related party asset transfer and debt restructuring

Not applicable

(7) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	2,512,499.00	3,067,183.00

(8) Other related transactions

None

6. Receivables and payables of related parties**(1) Receivables**

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Balance of Book	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	1,472,959.68	73,647.98	581,696.96	25,652.84
Account receivable	Hengmei Photoelectric Co., Ltd.	168,472.52	8,423.63	20,879,229.37	920,774.02
Other Account receivable	Anhui Huapeng Textile Company	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00

(2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
------	---------------	--------------------	--------------------------

Account payable	Hengmei Photoelectric Co., Ltd.	336,847.20	35,787,643.44
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Changlianfa Printing & dyeing Co., Ltd.	2,023,699.95	1,580,949.95
Other payable	Yehui International Co.,Ltd.	1,247,236.00	1,143,127.81
Other payable	Shengtou (Hongkong) Co., Ltd.	315,000.00	315,000.00
Other payable	Shenzhen Guanhua Printing & dyeing Co., Ltd.	3,811,240.92	3,811,240.92

7. Related party commitment

Not applicable

8. Other

None

XIII. Share payment

1. Overall situation of share payment

Applicable Not applicable

In RMB

Total amount of various equity instruments granted by the company during the current period	0.00
Total amount of various equity instruments that the company exercises during the period	0.00
Total amount of various equity instruments that have expired in the current period	7,823,298.30
The scope of executive price of the company's outstanding share options at the end of the period and the remaining term of the contract	0 yuan, 0 Year,
The scope of executive price of the company's other equity instruments at the end of the period and the remaining term of the contract	0 yuan, 0 Year,

Other note

On December 14, 2017, the company's 3rd Extraordinary General Meeting of Shareholders in 2017 passed the Proposal on 'Shenzhen Textile (Group) Co., Ltd. 2017 Restricted Stock Incentive Plan (Draft) and Abstract'; on December 14, 2017, the board of directors of the company reviewed and passed the Proposal on Adjusting the List of Incentive Objects of Restricted Stock Incentive Plans and the Number of Equity Granted of 2017, and the Proposal on Granting Restrictive Shares to Incentive Objects. On December 14, 2017, the company granted

4,752,300 restricted shares to the incentive object, the grant price was 5.73 yuan/share. Restrictions shall be lifted at the rate of 40%, 30%, and 30% respectively after 12 months, 24 months, and 36 months after the first transaction date of 24 months after the completion of the registration. The company's performance assessment for the restricted shares granted each period is as follows:

Restriction lifting period	Performance assessment goals
The first restriction lifting period	In 2018, the earnings per share shall be no less than 0.07 yuan, and shall not be lower than the 75 fractiles level of the comparable listed companies in the same industry; the growth rate of operating revenue in 2018 compared with 2016 is not less than 70%, and is not lower than the 75 fractiles level of comparable listed companies in the same industry; in 2018, the proportion of optical film business such as polarizers to operating revenue is no less than 70%.
The second restriction lifting period	In 2019, earnings per share shall be no less than 0.08 yuan, and shall not be lower than the 75 fractiles level of the comparable listed companies in the same industry; the growth rate of operating revenue in 2019 compared with 2016 is not less than 130%, and is not lower than the 75 fractiles level of comparable listed companies in the same industry; in 2019, the proportion of optical film business such as polarizers to operating revenue is not less than 75%.
The third restriction lifting period	In 2020, the earnings per share shall be no less than 0.20 yuan, and shall not be lower than the 75 fractiles level of comparable listed companies in the same industry; the growth rate of operating revenue in 2020 is not less than 200% compared to 2016, and is not lower than the 75 fractiles level of comparable listed companies in the same industry. In 2020, the proportion of optical film business such as polarizers to operating revenue will be no less than 80%.

Note: Earnings per share=net profit/total capital stock attributable to common shareholders of the Company upon deduction of non-recurring profit and loss.

On January 15, 2021, the company held the 35th meeting of the 7th Board of Directors and the 25th meeting of the 7th Board of Supervisors. The board of directors deliberated and approved the "Proposal on Repurchase and Cancellation of Some Restricted Stocks", which intends to repurchase and cancel 7,950 restricted stocks held by an original incentive object who resigned due to personal reasons, at a repurchase price of RMB 5.73 per share; It is proposed to repurchase and cancel the 6,000 restricted shares held by a retired incentive object at a price of 6.23 yuan per share.

On February 2, 2021, the company held the first extraordinary general meeting of shareholders in 2021 to consider and pass the "Proposal on Repurchase and Cancellation of Certain Restricted Stocks", agreeing to the company's total holdings of 1 original incentive object who resigned due to personal reasons 7,950 restricted stocks were repurchased and cancelled at a repurchase price of 5.73 yuan/share; agreed that the company would repurchase and cancel 6,000 restricted stocks held by a retired incentive object at a repurchase price of 6.14 yuan/share, in total 13,950 restricted stocks were repurchased and cancelled

On March 10, 2021, the company held the second meeting of the eighth board of directors and the second meeting of the eighth board of supervisors. The "Proposal on Repurchase and Cancellation of Certain Restricted Stocks" was reviewed and passed, and the company agreed to provide incentives to 102 A total of 1,236,480

restricted stocks held in the third period that did not meet the conditions for lifting the restrictions were repurchased and cancelled. The repurchase price was calculated as the grant price of RMB 6.26 per share plus the interest on bank deposits during the same period.

On April 7, 2021, the company held the 2020 Annual General Meeting of Shareholders to review and approve the Proposal on Repurchase and Cancellation of Some Restricted Stocks, and agreed that the company would repurchase and cancel 1,236,480 restricted stocks held by 102 incentive objects in the third issue that did not meet the conditions for lifting the restrictions on sales, and the repurchase price was RMB 6.26 per share.

2. Equity-settled share-based payment

Applicable Not applicable

In RMB

Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
Determination basis of the number of vesting equity instruments	On each balance sheet date of the waiting period, it is determined based on the latest information such as the change in the number of people that can be released from restrictions and the completion of performance indicators
Equity-settled share-based payment is included in the accumulated amount of capital reserve	0.00
Total amount of fees confirmed by equity-settled share-based payments in the current period	0.00

Other note

3. The Stock payment settled by cash

Applicable Not applicable

4. Modification and termination of the stock payment

None

5. Other

None

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

As of June 30, 2021, The company does not disclose the pension plan undisclosed matter should exist.

2. Contingency

(1) Significant contingency at balance sheet date

As of June 30,2021,The company does not disclose the pension plan undisclosed matter should exist.

(2) The Company have no significant contingency to disclose, also should be stated

None

3.Other

None

XV. Events after balance sheet date

1. Significant events had not adjusted

Not applicable

2. Profit distribution

Not applicable

3. Sales return

Not applicable

4. Notes of other significant events

None

XVI. Other significant events

1. Correction of the accounting errors in the previous period

(1) Retroactive restatement

Not applicable

(2) Prospective application

Not applicable

2. Liabilities restructuring

Not applicable

3. Replacement of assets**(1) Non-monetary assets exchange**

Not applicable

(2) Other assets exchange

Not applicable

4. Pension plan

Not applicable

5. Discontinuing operation

Not applicable

6. Segment information**(1) Basis for determining the reporting segments and accounting policy**

The Company determines its operating divisions based on its internal organizational structure, management requirements and internal reporting system. Based on the operating divisions, the Company confirms four reporting divisions, namely textiles, polarizer, trade and property leasing.

Divisional reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each division when reporting to the management. These measurement basis are consistent with the accounting and measurement basis for financial statement preparation.

(2) Financial information of the report division

In RMB

Items	Polarizer	Textile	Property lease and other	Offset between divisions	Total
Operating income	1,021,894,566.16	19,708,357.76	62,453,579.64	-2,520,096.18	1,101,536,407.38
Including: revenue from foreign transaction	1,021,894,566.16	19,663,552.16	59,978,289.06	0.00	1,101,536,407.38

Revenue from inter-segment transactions	0.00	44,805.60	2,475,290.58	-2,520,096.18	0.00
Including: revenue from main business		44,805.60	786,382.57	-831,188.17	0.00
Operating cost	831,130,678.94	16,154,781.82	17,935,623.64	-2,095,624.33	863,125,460.07
Including: main business cost	831,130,678.94	16,154,781.82	12,634,840.95	-406,716.32	859,513,585.39
Operating profit	72,798,937.77	309,753.35	28,117,665.24	-17,373.53	101,208,982.83
Total assets	3,889,915,366.28	42,066,816.95	3,257,565,182.73	-2,006,330,640.62	5,183,216,725.34
Total indebtedness	1,000,122,983.57	24,312,187.58	207,779,180.41	-43,500,945.15	1,188,713,406.41

(3) In case there is no reporting segment or the total assets and liabilities of the reporting segments cannot be disclosed, explain the reason

(4) Other note

None

7. Other significant transactions and matters that may affect investors' decision making

Not applicable

8. Other

Not applicable

XVII. Notes of main items in the financial statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable classified by category

In RMB

Category	Amount in year-end					Amount in year-beginning				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Including:										
Accrual of bad debt provision by portfolio	2,860,638.42	100.00%	143,031.92	5.00%	2,717,606.50	1,538,316.00	100.00%	76,915.80	5.00%	1,461,400.20

Including:										
Total	2,860,638.42	100.00%	143,031.92	5.00%	2,717,606.50	1,538,316.00	100.00%	76,915.80	5.00%	1,461,400.20

Accrual of bad debt provision by single item

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Accrual of bad debt provision by portfolio: 143,031.92 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	2,860,638.42	143,031.92	5.00%

Notes of the basis of recognizing the group: The combination of the ageing status of accounts receivable as a credit risk feature.

Accrual of bad debt provision by portfolio

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	2,860,638.42
Total	2,860,638.42

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	

Accrual of bad debt provision by portfolio:	76,915.80	66,116.12				143,031.92
Total	76,915.80	66,116.12				143,031.92

Where the significant amount of the reserve for bad debt recovered or reversed: None

(3) The actual write-off accounts receivable

None

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

In RMB

Name	Closing balance	Proportion %	Balance of Bad debt provision
Shenzhen Textile Building & Peripheral rent	2,860,638.42	100.00%	143,031.92
Total	2,860,638.42	100.00%	

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

None

2. Other accounts receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	9,932,178.00	7,450,934.40
Total	9,932,178.00	7,450,934.40

(1) Interest receivable

1) Category of interest receivable

Not applicable

2) Significant overdue interest

Not applicable

3) Bad-debt provision Applicable Not applicable**(2) Dividend receivable****1) Category of Dividend receivable**

Not applicable

2) Significant dividends receivable with age exceeding 1 year

Not applicable

3) Provision for bad debts Applicable Not applicable**(3) Other accounts receivable****1) Other accounts receivable classified by the nature of accounts**

In RMB

Nature	Closing book balance	Opening book balance
Deposit	10,000.00	10,000.00
Unit account	15,769,395.10	16,369,395.10
Internal current account	10,216,001.37	7,175,600.00
Spare funds and employee borrowing	171,434.00	
Other	25,200.01	25,200.01
Total	26,192,030.48	23,580,195.11

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2021	1,018,014.39		15,111,246.32	16,129,260.71
Balance as at January 1, 2021 in current	—	—	—	—

Provision in the current period	130,591.77			130,591.77
Balance as at June 30,2021	1,148,606.16		15,111,246.32	16,259,852.48

Loss provision changes in current period, change in book balance with significant amount

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	8,737,035.38
1-2 years	2,410,316.25
2-3 years	328,819.35
Over 3 years	14,715,859.50
3-4 years	454,759.77
4-5 years	1,800,000.00
Over 5 years	12,461,099.73
Total	26,192,030.48

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item	15,111,246.32					15,111,246.32
Accrual of bad debt provision by portfolio	1,018,014.39	130,591.77				1,148,606.16
Total	16,129,260.71	130,591.77				16,259,852.48

Where the significant amount of the provision for bad debt recovered or reversed: None

4) Accounts receivable actually written off in the reporting period

Not applicable

(5)Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Unit account	11,389,044.60	Over 5 years	43.48%	11,389,044.60
Second	Internal current account	10,216,001.37	Within 2 years	39.00%	1,029,700.07
Third	Unit account	1,800,000.00	4-5 years	6.87%	1,800,000.00
Fourth	Unit account	1,018,295.37	1-4 years	3.89%	1,018,295.37
Fifth		592,420.00	Over 5 years	2.26%	592,420.00
Total	--	25,015,761.34	--	95.50%	15,829,460.04

(6) Accounts receivable involved with government subsidies

Not applicable

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

Not applicable

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Not applicable

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	1,972,630,835.39	16,582,629.30	1,956,048,206.09	1,972,630,835.39	16,582,629.30	1,956,048,206.09
Investments in associates and joint ventures	132,674,080.11	0.00	132,674,080.11	147,929,137.23	0.00	147,929,137.23
Total	2,105,304,915.50	16,582,629.30	2,088,722,286.20	2,120,559,972.62	16,582,629.30	2,103,977,343.32

(1) Investment to the subsidiary

In RMB

Name	Opening balance	Increase /decrease in reporting period				Closing balance	Closing balance of impairment provision
		Add invest	Decreased	Withdrawn	Other		

fa Printing and dyeing Company										
Jordan Garment Factory										
Yehui Internatio nal Co., Ltd.	6,519,686.54		-285,403.98		-4,045,320.86				2,188,961.70	
Subtotal	9,225,948.92		-149,356.64		-4,045,320.86				5,031,271.42	
Total	147,929,137.23		10,797,023.14	-412,713.12	-4,045,320.86				132,674,080.11	0.00

(3) Other note

None

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Income from Main Business	36,457,754.34	3,657,570.58	25,667,881.46	3,003,017.42
Other Business income	1,688,908.01	1,688,908.01	1,302,040.74	1,302,040.74
Total	38,146,662.35	5,346,478.59	26,969,922.20	4,305,058.16

Income-related information:

In RMB

Type	Division 1	Division 2		Total
Types of goods	36,457,754.34	1,688,908.01		38,146,662.35
Including				
Property lease management and others	36,457,754.34			36,457,754.34
Electricity charges		1,688,908.01		1,688,908.01
Area	38,146,662.35			38,146,662.35
Including				
Domestic	38,146,662.35			38,146,662.35

Information related to performance obligations: None

Information related to the transaction price apportioned to the residual performance obligation: None

At the end of the reporting period, the income amount corresponding to the performance obligations that have been signed but not fulfilled or completed is 0.00 yuan. Among them, RMB 0.00 is expected to be recognized as revenue in 0 year, RMB 0.00 is expected to be recognized as revenue in 0 year, and RMB 0.00 is expected to be recognized as revenue in 0 year.

Other note: None

5. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Long-term equity investment returns accounted for by equity method	-412,713.12	-2,253,932.85
Investment income from the disposal of long-term equity investment	20,779.93	518,152.41
Investment income of trading financial assets during the holding period	8,410,570.66	11,383,689.05
Dividend income earned during investment holdings in other equity instruments	1,122,007.80	1,418,634.82
Total	9,140,645.27	11,066,543.43

6. Other

None

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	-55.96	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company' s business and granted under the state' s policies)	8,764,569.01	Other benefits of government subsidies that are confirmed related to the main business.
Other non-business income and expenditures other than the above	20,092,473.46	It is mainly for carrying forward unpaid payables and insurance claims income.
Less :Influenced amount of income tax	4,360,819.11	
Influenced amount of minor shareholders'	9,707,621.90	

equity (after tax)		
Total	14,788,545.50	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public-Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item.

Applicable Not applicable

2. Return on net asset and earnings per share

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	2.74%	0.1509	0.1509
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	2.21%	0.1218	0.1218

3. Differences between accounting data under domestic and overseas accounting standards

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

Applicable Not applicable

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable Not applicable

(3) Explanation of the reasons for the differences in accounting data under domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences, the name of the overseas institution should be indicated

4. Other

None