

Shenzhen Textile (Holdings) Co., Ltd.

2021 Annual Report



March 2022

I. Important Notice, Table of Contents and Definitions

The Board of Directors , the Supervisory Committee, the directors, the supervisors, and executives of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Ms. Zhang Jian, The Company leader, Mr. He Fei, Chief financial officer and the Ms.Zhu Jingjing, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

All the directors attended the board meeting for the review of this Report.

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, Investors and related persons shall keep sufficient risk awareness, and shall understand the differences between plans, forecasts and commitments, and remind investors of investment risks.

The company has the macroeconomic risks, market competition risks and raw material risks. Investors are advised to pay attention to investment risks. For details, please refer to the possible risk factors that the company may face in the XI "Risks facing the Company and countermeasures " in the Section III "Management Discussion & Analysis".

The company's profit distribution plan approved by the board of directors this time is: based on 506,521,849 shares, a cash dividend of 0.50 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 shares (tax included) will be given as bonus shares. The capital reserve will not be converted into share capital.

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

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Documents available for inspection

1. Accounting statements carried with personal signatures and seals of legal representative, General Manager, Chief Financial officer.
2. Original of Auditors' Report carried with the seal of Certified Public Accountants as well as personal signatures of certified Public accountants.
3. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period.

The above documents were completely placed at the Office of Secretaries of the Board of Directors of the Company.

Definition

Terms to be defined	Refers to	Definition
Company/The Company/ Shen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holdings Co., Ltd.	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
SAPO Photoelectric	Refers to	Shenzhen SOPO Photoelectric Co., Ltd.
Jinjiang Group	Refers to	Hangzhou Jinjiang Group Co., Ltd.
Nitto Denko	Refers to	Nitto Denko Corporation
Beauty Century	Refers to	Shenzhen Beauty Century Garment Co., Ltd.
Shenzhen Xieli	Refers to	Shenzhen Xieli Automobile Co., Ltd.
Jinxin Investment	Refers to	Lanxi Jinxin Investment Management Co., Ltd.
Changxing Junying	Refers to	Changxing Junying Eqquity Investment Partnership (LP)
Huaiji Investment	Refers to	Hangzhou Huaiji Investment Management Co., Ltd.
Shenzhen Textile Import & Export	Refers to	Shenzhen Textile Import & Export Co., Ltd.
Jinhang Investment	Refers to	Hangzhou Jinhang Investment Fund Partnership (LP)
Advantage ford	Refers to	Suzhou Advantage ford Investment Center (LP)
Line 4	Refers to	T TFT-LCD polarizer II phase Line 4 project
Line 5	Refers to	TFT-LCD polarizer II phase Line 5 project
Line 6	Refers to	TFT-LCD polarizer II phase Line 6 project
Line 7	Refers to	Industrialization project of polaroid for super large size TV
“CSRC”	Refers to	China Securities Regulatory Commission
Company Law	Refers to	Company Law of the People’s Republic of China
Securities Law	Refers to	Securities Law of the People’s Republic of China
The Report	Refers to	2021 Annual Report

II. Company Profile & Financial Highlights

I. Company Profile

Stock abbreviation	Shen Textile A ,Shen Textile B	Stock code	000045,200045
Stock exchange for listing	Shenzhen Stock Exchange		
Name in Chinese	深圳市纺织(集团)股份有限公司		
Chinese abbreviation (If any)	深纺织		
English name (If any)	SHENZHEN TEXTILE (HOLDINGS) CO., LTD		
English abbreviation (If any)	STHC		
Legal Representative	Zhang Jian		
Registered address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen		
Postal code of the Registered Address	518031		
Historical change of the company's registered address	No		
Office Address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen		
Postal code of the office address	518031		
Internet Web Site	http://www.chinasthc.com		
E-mail	szfzjt@chinasthc.com		

II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Jiang Peng	Li Zhenyu
Contact address	6/F, Shenzhen Textile Building, No.3 Huaqiang North Road, Futian District, Shenzhen	6/F, Shenzhen Textile Building, No.3 Huaqiang North Road, Futian District, Shenzhen
Tel	0755-83776043	0755-83776043
Fax	0755-83776139	0755-83776139
E-mail	jiangp@chinasthc.com	lizy@chinasthc.com

III. Information disclosure and placed

Newspapers selected by the Company for information disclosure	Securities Times, China Securities, Shanghai Securities Daily and Hongkong Commercial Daily.
Internet website designated by CSRC for publishing the Annual report of the Company	www.cninfo.com.cn
The place where the Annual report is prepared and placed	Office of the Board of directors

IV. Changes in Registration

Organization Code	19217374-9
Changes in principal business activities since listing (if any)	<p>In July 2012, The business scope of the company is changed to "production, textiles processing, knitwear, clothin g, upholstery fabrics, belts, trademark bands, handicrafts (without restrictions); general merchandise, the special equipment of the textile industry, textile equipment and accessories, instruments, standard parts, raw textile materials, dyes, electronic products, chemical products, mechanical and electrical equipment, light industrial products, office supplies and domestic trade (excluding the franchise, the control and the monopoly of goods) ; operation of import and export business."</p> <p>In December 2018, approved by Shenzhen Market Supervisory Authority, the company's business scope was changed to: production and operation of polarizers and other optical film products; hotel and property leasing and management; production and processing of textiles, knitwear, clothing, and decorative fabrics , Belts, trademark belts, handicrafts (excluding restricted items); department stores, special equipment for the textile industry, textile equipment and accessories, meters, standard parts, textile raw materials, dyes, electronic products, chemical products, electromechanical equipment, textile products, office Supplies and domestic trade (excluding franchise, control, and monopoly commodities); import and export business.</p>
Changes is the controlling shareholder in the past (is any)	<p>In October 2004, In accordance with the Decision on Establishing Shenzhen Investment Holdings Co., Ltd. issued by State-owned Assets Administration Committee of Shenzhen Municipal People's Government (Shen Guo Zi Wei (2004) No. 223 Document), Shenzhen Investment Management Co., Ltd., the controlling shareholder of the Company, and Shenzhen Construction Holding Company and Shenzhen Commerce and Trade Holding Company merged into Shenzhen Investment Holdings Co., Ltd.</p>

V. Other Relevant Information

CPAs engaged

Name of the CPAs	Grant Thornton International Ltd (Special Geneaal Partnership)
Office address:	5/F, Scitech Palace 22 Jianguomenwai Avenue, Chaoyang District, Beijing
Names of the Certified Public Accountants as the signatories	Zhen Zhifang, Liu Duoqi

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

Applicable Not applicable

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

Applicable Not applicable

VI. Summary of Accounting data and Financial index

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

	2021	2020	Changes of this period over same period of Last year(%)	2019
Operating income (Yuan)	2,293,747,892.06	2,108,964,687.80	8.76%	2,158,184,855.71
Net profit attributable to the shareholders of the listed company (Yuan)	61,162,384.25	37,267,995.74	64.12%	19,679,910.43
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	40,650,013.22	18,084,607.04	124.78%	-41,179,849.56
Cash flow generated by business operation, net (Yuan)	-4,436,980.35	1,930,932.76	-329.78%	383,145,788.50
Basic earning per share(Yuan/Share)	0.12	0.07	71.43%	0.04
Diluted gains per share(Yuan/Share)	0.12	0.07	71.43%	0.04
Weighted average ROE(%)	2.19%	1.36%	0.83%	0.75%
	End of 2021	End of 2020	Changed over last year (%)	End of 2019
Gross assets (Yuan)	5,496,647,107.83	4,969,547,552.23	10.61%	4,531,399,885.99
Net assets attributable to shareholders of the listed company (Yuan)	2,816,795,889.89	2,766,234,174.39	1.83%	2,727,764,144.36

The lower of the company's net profit before and after the deduction of non-recurring gains and losses in the last three fiscal years is negative, and the auditor's report of the previous year shows that the Company's going concern ability is uncertain.

Yes No

The lower of the net profit before and after the deduction of the non-recurring gains and losses is negative.

Yes No

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

1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards.

Applicable Not applicable

No difference.

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

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP(Generally Accepted Accounting Principles) in the period.

VIII. Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	552,950,209.39	548,586,197.99	570,752,050.04	621,459,434.64
Net profit attributable to the shareholders of the listed company	42,776,335.85	33,826,738.54	4,921,591.39	-20,362,281.53
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	39,905,925.26	21,908,603.63	815,872.77	-21,980,388.44
Net Cash flow generated by business operation	-75,288,004.27	22,644,468.02	-14,976,407.55	63,182,963.45

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

Yes No

IX. Items and amount of non-current gains and losses

Applicable Not applicable

In RMB

Items	Amount (2021)	Amount (2020)	Amount (2019)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-961,982.35	273,229.58	54,895,878.65	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	19,643,379.33	29,506,252.69	27,547,902.92	Other benefits of government subsidies that are confirmed related to the main business.
Switch back of provision for depreciation of account receivable which was singly taken depreciation test.	989,313.04		469,470.61	
Other non-business income and expenditures other than the above	19,964,046.87	1,310,556.26	4,582,973.27	
Less :Influenced amount of income tax	6,025,891.12	53,313.37	13,886,055.96	
Influenced amount of minor shareholders' equity (after tax)	13,096,494.74	11,853,336.46	12,750,409.50	
Total	20,512,371.03	19,183,388.70	60,859,759.99	--

Details of other profit and loss items that meet the non-recurring profit and loss definition

Applicable Not applicable

None

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Not applicable

None of Non-recurring gain /loss items recorgnized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non -recurring gain/loss in the report period.

III. Management Discussion & Analysis

I. Industry information of the Company during the reporting period

Polarizers are also known as polaroid, which can control the polarization direction of specific light beams. When natural light passes through the polarizer, the light whose vibration direction is perpendicular to the transmission axis of the polarizer will be absorbed, leaving only polarized light whose vibration direction is parallel to the transmission axis of the polarizer. The downstream polarizer is mainly used in the panel industry. According to different panel types, polarizers mainly include TN, STN, TFT and OLED. Currently, the global polarizer market is dominated by polarizers for TFT-LCD panels. Each LCD panel requires two polarizers.

The Company is one of the major R&D, production and sales enterprises of polarizers in China, and the leading enterprise of polarizer industry in China. The Company's polarizer is one of the key basic materials in the display panel industry, and its demand is greatly affected by the fluctuation of the display panel market. In the first half of 2021, due to the strong terminal demand and the shortage of upstream raw materials of various display panels caused by telecommuting and distance learning, the display panel market showed a pattern of short supply, the panel price continued to rise, and the polarizer market witnessed a good prosperity. In the second half of 2021, with the increase of vaccination rate for COVID-19, the pandemic eased, the market demand gradually stabilized, and the supply of raw materials gradually recovered, the display panel market ended its upward cycle, the prices of different types of panels dropped successively, and the market demand for polarizers gradually stabilized.

II. Main Business the Company is Engaged in During the Report Period

(1) The company's main business

The company's main business covered such the high and new technology industry as represented by LCD polarizer, its own property management business and the retained business of high-end textile and garment.

During the reporting period, the Company's main business has not changed significantly. First, the Company focused on adjusting its marketing strategy, continuously promoting the optimization of customer and product structure, balancing the sales share of major panel customers, and enhancing the anti-risk and profitability; Second, it strengthened the production management, improved the production capacity and product quality, further speeded up the elevator, carried out equipment and technical transformation, improved the automation level in the later stage, and continuously improved the production capacity and product quality; Third, it controlled the cost and reduced the cost through a number of measures, such as the import of alternative raw materials and the broadening of procurement channels; Fourth, it continued to overcome the adverse effects of the COVID-19, and made every effort to promote the project construction and ramp up of Line 7. The Line 7 project was put into production in mid-July and entered the ramp up period, with a steady increase in yield and machine speed, laying a solid foundation for the rapid increase of oversized orders in the whole year of 2022 and the realization of production line profitability; Fifth, it built the R&D management system, strengthened the R&D efforts on new products, new materials, production processes and other aspects, and introduced more alternative raw materials, among which, the polarizer for OLED TV successfully achieved mass production, filling the domestic gap; Sixth, it effectively revitalized the existing assets. The Company implemented the transfer liquidation work for some subsidiaries and shareholding enterprises, and concentrated on developing the main business of polarizers; Seventh, it implemented the epidemic prevention and control work, paid attention to safe and green production, focused on rectification, safety and environmental protection issues, and promoted the safe and stable

development of enterprises.

During the reporting period, the Company achieved operating income of RMB 2.294 billion, with a year-on-year increase of 8.76%; Realized a total profit of RMB 86.23 million with a year-on-year increase of 66.79%; And achieved a net profit attributable to shareholders of listed companies of RMB 61.16 million, with a year-on-year increase of 64.12%. During the reporting period, the net profit attributable to shareholders of listed companies increased significantly compared with the same period of last year. The main reasons are as follows: First, in 2021, the polarizer market was generally stable and improved, the Company further optimized the order structure, and the average gross profit margin increased steadily; Second, in order to cope with the COVID-19 in 2020 and support the enterprises to overcome the difficulties together, the Company actively responded to the call of Shenzhen Municipal Party Committee, Municipal Government and State-owned Assets Supervision and Administration Commission to reduce the rent for some tenants in February, March and November 2020, and the rent income of such period increased substantially year on year.

(2) Main products and their purposes

Currently, the Company has 7 mass production lines for polarizers, covering TN, STN, TFT, OLED, 3D, dye sheet, optical film for touch screen and other fields, mainly used in TV, NB, navigator, Monitor, vehicle, industrial control, instruments, smart phones, wearable devices, 3D glasses, sunglasses and other products, the company has become a mainstream panel company such as Huaxing Optoelectronics, BOE, Sharp, LGD, Shenzhen Tianma, Huike, etc. by continuously strengthening sales channel expansion and building its own brand. Qualified suppliers.

The Company's main products made in each polarizer production line and their application are as follows:

Line	Place	Product breadth	Planned capacity	Main project
Line 1	Pingshan	500mm	600, 000 m ²	TN/STN/ Dye sheet
Line 2	Pingshan	500mm	1.2 million m ²	TN/STN/CSTN
Line 3	Pingshan	650mm	1 million m ²	TFT
Line 4	Pingshan	1490mm	6 million m ²	TFT
Line 5	Pingshan	650mm	2 millin m ²	TFT
Line 6	Pingshan	1490mm	10 million m ²	TFT/OLED
Line 7	Pingshan	2500mm	32 millin m ²	TFT/OLED

(3) Company's business model

The polarizer industry has gradually shifted from a traditional business model of R&D, production, and sales to a customer-centric, joint research and development, and comprehensive service business model. By understanding customer needs, joint research and develop, manage high-standard production, manufacture high-quality products, use advanced polarizer roll and attaching equipment to cooperate with downstream panel manufacturers' production lines, reduce production links, reduce production and transportation costs, and create value for customers, win-win.

(4) Major factors for driving the Company's performance

Refer to "III. Analysis on core competitiveness" in this section for details.

(5) Market position of company products

Currently, the Company is one of the major R&D, production and sales enterprises of polarizers in China, and is the leading enterprise in the domestic polarizer industry. The Company mainly focuses on medium and large-sized polarizer products, and meanwhile has the production capacity of multi-size and multi-series products.

In the future, the Company will further adjust and optimize the product structure and customer structure, improve the internal management level, optimize and upgrade the production technology level, improve the production efficiency and product quality, broaden the procurement channels, reduce the production cost and consolidate and improve the market competitiveness.

(6) Advantages and disadvantages in competition

1. Competitive edge

See "III. Analysis of core competitiveness" in this chapter for details.

2. Competitive disadvantage

See "XI. Future development prospect of the Company (III) Possible risks" in this chapter for details.

III. Analysis On core Competitiveness

(1)Technology advantages. SAPO Photoelectric is the first domestic national high-tech company which entered into the R&D and production of the polarizer, We are one of the largest, most technical and professional polarizer R&D teams in the country and has more than 20 years of operating experience in the polarizer industry. Products include TN-type, STN-type, IPS-TFT-type, VA-TFT-type, OLED, vehicle-mounted industrial display, flexible display, 3D stereo and polarizer for sunglasses, and optical film for touch screens, etc.,We have proprietary technology for polarizers and new intellectual property rights for various new products. As of the end of this report, SAPO Photoelectric applied for 115 invention patents and was authorized with 89 items, among which: 36 domestic invention patents(16 patents got authorized); 72 domestic utility model patents(69 patents got authorized); 1 overseas invention patent(0 patents got authorized); 6 overseas utility model patents(4 patents got authorized). There were 4 national standards and 2 industrial standards that were developed by the company are approved and then will be implemented. will be implemented.

SAPO Photoelectric has three innovative platforms: Guangdong Engineering Technology Research Center, Shenzhen Polarizing Materials and Technology Engineering Laboratory and Shenzhen Enterprise Technology Center. It focuses on the R&D and industrialization of LCD polarizer core production technology, the development and industrialization of OLED polarizer new products, and the localization research of polarizer raw materials, among which, mass production has been achieved for OLED TV polarizer products successfully, filling the domestic gap. By introducing all kinds of precision test equipment, it improves lab trial and pilot-scale test methods, and builds a collaborative innovation platform for Industry-University-Research cooperation, to enhance the R&D level comprehensively.

(2)Talents advantages. The Company has a polarizer management team and a team of senior technicians with strong technical ability, long cooperation time, rich experience and international vision. By establishing a technical cooperation relationship with Nitto Denko Corporation, a world-class polarizer manufacturer, the Company learns advanced polarizer production management concepts, and meanwhile accumulates technical experience through independent innovation, improves its core competitiveness, and gradually accumulates its own brand, technology, operation management and other advantages. In 2021, the Company continued to deepen the market-oriented reform, practiced the concept of "Don't race horses", and set a good vane for talent selection and employment; It improved the talent growth channel, established the management method of employee promotion by rank, and helped employees grow and develop; It improved the incentive mechanism of assessment, and fully utilized the incentive and spur role of assessment; Actively explored the long-term incentive and restraint of the Company's management level, employee benefit award distribution mechanism, Employee Stock Ownership Plan (ESOP), etc., and built a value distribution mechanism of benefit sharing and risk pooling.

(3)Market advantages. The company has good customer groups not only in domestic market but in foreign market,

compared with foreign advanced counterparts, the biggest advantage lies in the localization for supporting, close to the panel market, as well as the strong support of the national policy. In terms of market demand, with the mass production of the 10.5/11-generation TFT-LCD panel production lines under construction and planned for the next few years, the production capacity of high-generation TFT-LCD panels in mainland China will increase significantly in the next few years, the corresponding domestic polaroid film market demand has also increased, and the domestic market is the most important market for polaroid manufacturers, especially in the large-size polarizer market. Mainland polarizer manufacturers will usher in important industry opportunities; in terms of market development, the company takes production material control as the core, technology services as the guide, customer needs as the focus, organically combines production and sales, establishes a rapid response mechanism, fully exploits localization advantages, and uses its own accumulated technology and talents, does a good job of peer-to-peer professional services, forms a stable supply chain and increases market share.

(4)Quality advantages. The company always adhered to the quality policy of "Satisfying customer demands and pursuing excellent quality" and focused on product quality control. The company strictly controls product performance indicators, standardizes inspection standards for incoming materials, starts with quality improvement and consumption reduction, and achieves simultaneous increase in output and quality; through the introduction of a modern quality management system, the products have passed ISO9001 Quality Management System and ISO14001 Environmental Management System, OHSAS18000 Occupational Health and Safety Management System, QCO80000 System Certification; the product is tested by SGS and meets the environmental protection ,The company had increased the automatic detecting and marking equipments in the beginning section and the ending section, strictly controlled the product quality and improved the product utilization rate and product management efficiency.

(5)Management advantages. SAPO Photoelectric has accumulated rich management experiences in more than 20 years in the manufacturing of polarizer, possessing the home most advanced control technology of the production management process of the polarizer and quality management technology and the stable raw material procurement channel so forth management systems. The company had carried out comprehensive benchmarking work, organized the management personnel to learn advanced experiences from customers and peers to force the elevation of management ability, and drew on the foreign company's management experiences of polarizer, optimized the company's organizational structure, reduced the managerial hierarchy and further enhanced the company's management efficiency. After the introduction of the strategic investor, Through close cooperation with Jinjiang Group, we complement each other's strengths, absorb the vitality of private enterprises, continue to implement advanced management systems, reasonable incentive mechanisms, etc., improve the efficiency of decision-making, enhance the speed of market response, improve the research and development incentive system, and also realize the deep integration of the value of the company and its employees and stimulates the new vitality of the business.

(6)Policy advantages. Polarizer is seen as an essential part of the panel display industry and SAPO Photoelectric in its development has promoted the supply capacity of national polarizers, greatly lowered the dependence of national panel enterprises on imported polarizers, and safeguarded the national panel industry, which serves as a good facilitator to enhancing the overall competitiveness of China's panel industry chain and coordinated development of the whole industry chain of the panel display industry cluster in Shenzhen. Recognized as a national high-tech enterprise, the Company is entitled to the preferential policy for duty-free import of own productive raw materials that cannot be produced at home and frequently gained national, provincial and municipal policy and financial support in its polarizer projects. Meanwhile, the Company tightened supplier management, improved its overall purchasing strategy, and downsized suppliers while introducing a competitive mechanism, wherein focus was given to introduction of new materials at a competitive price, to further lower its

production cost and improve its product competitiveness.

IV. Main business analysis

(1)General

2021 is the first year of the 14th Five-Year Plan, and it is also a crucial year for the Company to deepen reform, transformation and development. In the past year, challenged by the severe and complicated economic situation, the Company has unified thoughts, strengthened confidence, worked hard together, overcame the difficulties, and made efforts to turn challenges into opportunities. It has made new progress in its project construction of Line 7, operation and management, and exploration in property leasing, laying a solid foundation for the Company's further transformation and development.

During the reporting period, the Company achieved operating income of RMB 2.294 billion, with a year-on-year increase of 8.76%; Realized a total profit of RMB 86.23 million with a year-on-year increase of 66.79%; And achieved a net profit attributable to shareholders of listed companies of RMB 61.16 million, with a year-on-year increase of 64.12%. The company's operating income, total profit and net profit attributable to shareholders of listed companies all increased compared with the same period of last year. The main reasons are as follows: First, in 2021, the polarizer market was generally stable and improved, the Company further optimized the order structure, and the average gross profit margin increased steadily; Second, in 2020, in order to cope with the COVID-19 in 2020 and support the enterprises to overcome the difficulties together, the Company actively responded to the call of Shenzhen Municipal Party Committee, Municipal Government and State-owned Assets Supervision and Administration Commission to reduce the rent for some tenants in February, March and November 2020, and the rent income of such period increased year on year.

Review of the company's key works carried out in 2021 as follows:

1. Achieved sustained profitability in its main polarizer business

In 2021, first, the Company focused on adjusting its marketing strategy, continuously promoting the optimization of customer and product structure, balancing the sales share of major panel customers, and enhancing the anti-risk and profitability; Second, it strengthened the production management, improved the production capacity and product quality, further speeded up the elevator, carried out equipment and technical transformation, improved the automation level in the later stage, and continuously improved the production capacity and product quality; Third, it controlled the cost and reduced the cost through a number of measures, such as the substitution of raw materials and the broadening of procurement channels; Fourth, it increased the introduction and selection of talents and enhanced the competitiveness of the team. Meanwhile, the Company established the R&D management system, strengthened the R&D of new products, new materials, production processes and other aspects and the import of alternative raw materials, and developed, evaluated and promoted 93 kinds of materials in total. In 2021, it had 8 patent applications, including 4 national invention patents and 4 utility model patents; and it was granted with 10 patents, including 2 invention patents and 8 utility model patents.

2. Its textile business remained stable, and its property leasing and management business were steadily improving

In 2021, the Company made great efforts to overcome the influence of exchange rate fluctuation, COVID-19 and rising raw material prices, and took effective measures to strengthen product R&D, expand new market areas, and realize sustained profitability of textile business.

In 2021, the downturn of the real economy brought certain pressure to property leasing and its management business. The Company took the initiative to introduce high-quality new tenants, and strengthened property management, continuously improved service quality, paid close attention to the prevention and control of

COVID-19, and achieved a good situation of double 100% for both rental rate and rental recovery rate, with property leasing and its management business both growing steadily.

3. Strived to promote the construction and ramp up of Line 7

In March 2021, the Company set up a 100-day attack working group for Line 7 project, launched a special activity of "Production of 100 days to pay tribute to the 100th anniversary of the founding of the Party", accelerated the progress of chemical test run of Line 7 project, and finally completed the performance stability test run in July 2021, and started the test run ramp-up. In order to speed up the climbing process of Line 7 project, effectively promote technical upgrading and customer introduction, and achieve better operating results, the Company organized the special work of "Striving for 50 days" for mass production ramp up of Line 7 in mid-November, 2021, focusing on improving the main technical indicators such as speed and yield.

As of December 31, 2021, Line 7 was in the stage of capacity ramp up, the main technical indicators such as speed and yield were continuously improved, and the introduction of major customer products was progressing steadily.

4. Organized epidemic prevention and control effectively, and achieved work safety in a stable and orderly manner

In 2021, the Company attached great importance to epidemic prevention and control and work safety management, strengthened bottom-line thinking, overcame unawareness and fluke mind, and implemented it strictly and tightly. First, it organized the work safety inspection of third-party organizations to investigate and rectify the potential safety hazards of old property equipment assets. Second, it actively implemented the upgrading and transformation of safety and environmental protection, and practiced the sustainable development production concept of green environmental protection, energy saving and consumption reduction. SAPO Industrial Park won the "Outstanding Green Environment-friendly Factory Award" of "Green Asia Pacific 2021 Environmental Protection Achievement Award". Third, it continued to implement the normal management of epidemic prevention and control, strengthened organizational leadership, and built an epidemic prevention network in an all-round way. The epidemic prevention and control work special class conducted and coordinated the effective epidemic prevention mechanism level by level, ensured that all deployment measures were implemented solidly, and effectively protected the life safety of employees.

5. Insisted on strengthening the foundation, and constantly consolidated the grassroots party building work

In 2021, under the strong leadership of the Party Committee of Shenzhen State-owned Assets Supervision and Administration Commission and the Party Committee of Shenzhen Investment Holdings, the Party Committee of the Company adhered to the guidance of Xi Jinping's new era socialism with Chinese characteristics, thoroughly implemented the spirit of the 19th National Congress of the Communist Party of China and its previous plenary sessions, firmly grasped the general requirements of party building in the new era, carried out in-depth study and education of party history, focused on warmly celebrating the 100th anniversary of the founding of the Communist Party of China (CPC), closely focused on the quality improvement actions of listed companies, solidly promoted the deployment and implementation of "six-degree party building", and the Company's high-quality development with high-quality party building.

(2) Revenue and cost

1. Component of Business Income

In RMB

	2021	2020	Increase

	Amount	Proportion	Amount	Proportion	/decrease
Total operating revenue	2,293,747,892.06	100%	2,108,964,687.80	100%	8.76%
On Industry					
Manufacturing	2,154,422,129.35	93.93%	2,012,255,019.03	95.41%	7.07%
Lease and Management of Property	111,568,500.55	4.86%	85,177,866.03	4.04%	30.98%
Other	27,757,262.16	1.21%	11,531,802.74	0.55%	140.70%
On Products					
Lease and Management of Property	111,568,500.55	4.86%	85,177,866.03	4.04%	30.98%
Textile	54,932,578.58	2.39%	60,503,325.78	2.87%	-9.21%
Polarizer sheet	2,099,489,550.77	91.53%	1,951,751,693.25	92.54%	7.57%
Other	27,757,262.16	1.21%	11,531,802.74	0.55%	140.70%
Area					
Domestic	2,039,625,757.16	88.92%	1,768,190,864.75	83.84%	15.35%
Overseas	254,122,134.90	11.08%	340,773,823.05	16.16%	-25.43%
Sub-sale model					
Credit	2,154,422,129.35	93.93%	2,012,255,019.03	95.41%	7.07%
Cash on sale	139,325,762.71	6.07%	96,709,668.77	4.59%	44.07%

2. Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

√ Applicable □ Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Manufacturing	2,154,422,129.35	1,877,251,173.50	12.87%	7.07%	5.10%	1.63%
Lease and Management of Property	111,568,500.55	22,996,155.29	79.39%	30.98%	5.04%	5.09%
On Products						
Polarizer sheet	2,099,489,550.	1,828,737,245.	12.90%	7.57%	5.24%	1.95%

	77	98				
Lease and Management of Property	111,568,500.55	22,996,155.29	79.39%	30.98%	5.04%	5.09%
Textile	54,932,578.58	48,513,927.52	11.68%	-9.21%	0.10%	-8.21%
Area						
Domestic	2,039,625,757.16	1,692,710,152.65	17.01%	15.35%	10.46%	3.67%
Overseas	254,122,134.90	215,809,260.63	15.08%	-25.43%	-23.44%	-2.20%
Sub-sale model						
Credit	2,154,422,129.35	1,877,251,173.50	12.87%	7.07%	5.10%	1.63%
Cash on sale	139,325,762.71	31,268,239.78	77.56%	44.07%	11.28%	6.61%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

Applicable Not applicable

3. Whether the Company's Physical Sales Income Exceeded Service Income

Yes No

Classification	Items	Unit	2021	2020	Changes
Polarizer sheet	Sales	10,000 square meters	2,517.63	2,131.28	18.13%
	Production	10,000 square meters	2,518.62	2,124.96	18.53%
	Stock	10,000 square meters	139.51	121.69	14.64%
Knitted clothing	Sales	10,000 pieces	269	358	-24.86%
	Production	10,000 pieces	280	385	-27.27%
	Stock	10,000 pieces	91	80	13.75%

Explanation for a year-on-year change of over 30%

Applicable Not applicable

4. Degree of Performance of the Significant Sales Contract Signed up to this Report Period

Applicable Not applicable

5. Component of business cost

Industry category

In RMB

Industry classification	Items	2021		2020		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	

Manufacturing	Polarizer sheet, Knitted clothing	1,877,251,173.50	98.36%	1,786,199,780.24	98.45%	5.10%
Lease and Management of Property	Rental, Accommodation	22,996,155.29	1.20%	21,892,925.24	1.21%	5.04%
Other	Other	8,272,084.49	0.43%	6,205,689.54	0.34%	33.30%

In RMB

Classification of products	Items	2021		2020		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Polarizer sheet	Direct materials	1,460,202,220.50	76.51%	1,469,416,728.04	80.99%	-0.63%
Polarizer sheet	Direct labor	56,423,729.38	2.96%	50,884,076.28	2.80%	10.89%
Polarizer sheet	Power cost	49,263,443.02	2.58%	44,834,128.46	2.47%	9.88%
Polarizer sheet	Manufacturing cost	262,847,853.08	13.77%	172,598,639.68	9.51%	52.29%
Knitted clothing	Direct materials	29,157,370.18	1.53%	29,570,175.97	1.63%	-1.40%
Knitted clothing	Direct labor	9,659,820.67	0.51%	10,388,237.67	0.57%	-7.01%
Knitted clothing	Power cost	968,232.62	0.05%	1,256,258.98	0.07%	-22.93%
Knitted clothing	Manufacturing cost	8,728,504.05	0.46%	7,251,535.16	0.40%	20.37%

Note

None

6. Whether Changes Occurred in Consolidation Scope in the Report Period

 Yes No

7. Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period

 Applicable Not applicable

8. Situation of Main Customers and Main Supplier

Information of Main Customers

Total sales amount to top 5 customers (RMB)	1,600,042,900.00
Proportion of sales to top 5 customers in	69.76%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.00%

Information of the Company's top 5 customers

No	Name	Amount (RMB)	Proportion(%)
1	Customer 1	673,734,600.00	29.37%
2	Customer 2	424,287,100.00	18.50%
3	Customer 3	256,965,400.00	11.20%
4	Customer 4	135,380,400.00	5.90%
5	Customer 5	109,675,400.00	4.78%
Total	--	1,600,042,900.00	69.76%

Other note

Applicable Not applicable

Principal suppliers

Total purchase of top 5 Suppliers (RMB)	849,718,112.61
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	44.50%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	0.00%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion(%)
1	Supplier 1	226,545,838.65	11.86%
2	Supplier 2	191,071,560.06	10.01%
3	Supplier 3	151,236,748.24	7.92%
4	Supplier 4	147,731,715.41	7.74%
5	Supplier 5	133,132,250.24	6.97%
Total	--	849,718,112.61	44.50%

Other note

Applicable Not applicable

(3)Expenses

In RMB

	2021	2020	Increase/Decrease(%)	Notes
Sale expenses	37,973,336.39	28,644,230.87	32.57%	Mainly due to attributable to the purchase of new material insurance and the increase in sales staff remuneration.
Administrative	122,088,830.15	105,094,934.36	16.17%	

expenses				
Financial expenses	-130,344.09	8,287,888.28	-101.57%	Mainly due to the year-on-year increase in foreign exchange gains.
R & D expenses	103,508,764.53	67,160,964.22	54.12%	Mainly due to the increase in research and development investment in the current period.

(4) Research and Development

√ Applicable □ Not applicable

Name of main R&D project	Project purpose	Project progress	Goal to be achieved	Expected impact on the future development of the Company
R&D of key technologies of high-performance polarizer for large-size display panel	Achieve mass production of high-performance polarizers for large-size display panels	completed	Realize mass production supply and application of domestically produced TV products	Enrich the company's product categories and enhance the company's product competitiveness
Development of POL Products for TV with large size and high PPI	to satisfy the market's needs	Some products have passed the client optical verification	complete client authentication	With the continuous increase of 4K and 8K products of panel manufacturers, the development of this project can meet the market demand for such polarizers
Development of thin NB products	To achieve large-scale production of the product	completed	Realize mass production supply	Improve market competitiveness in notebook computer field
Product development of vehicle polarizers	Meet product entry-level verification requirements	completed	Stabilize the continuous production process, determine the production process guideline, and meet the entry-level verification requirements of the product	Improve the company's product competitiveness and meet customer needs
Development of OLED TV products	To achieve large-scale production of the product	partially completed	Realize mass production supply	Enrich the company's product categories and enhance the company's product competitiveness; lay the foundation for the subsequent development of high-optical products

Research and application of key technologies of polarizers for IPS mobile phone	To achieve large-scale production of the product	completed	Realize mass production supply	Enrich the company's product categories and enhance the company's product competitiveness
R&D of polarizer technology for OLED mobile phone	Have the production capacity of this product	completed	Technical indicators reach a certain level, with the production capacity of the product	Promote the localization process of polarizer products for OLED mobile phones
Development of OLED wearable application	to satisfy the market's needs	completed	Complete customer verification of a product	enhance the company's product competitiveness
Development of ultra-wide VA products	To achieve large-scale production of the product	completed	Realize mass production supply	enhance the company's product competitiveness
Development of ultra-wide IPS products	Have the production capacity of this product	completed	Technical indicators reach a certain level, with the production capacity of the product	enhance the company's product competitiveness
Product development of black-and-white display polarizer and sunglasses	To achieve large-scale production of the product	completed	Realize mass production supply	Enrich the company's product categories and enhance the company's product competitiveness
Development of environment-friendly PSA adhesive	Fulfill the social responsibility of environmental protection	completed	Complete product development and put into production use	Protect the health of employees and make due contributions to improving the environment; can achieve stable supply to customers and relieve supply risks
R&D of key technology for polarizer extension	satisfy customer's request	completed	The process can meet mass production supply	Increase production capacity and reduce material costs; improve the company's product performance

Company's research and development personnel situation

	2021	2020	Increase /decrease
Number of Research and Development persons (persons)	145	169	-14.20%
Proportion of Research and Development persons	10.61%	12.34%	-1.73%
Academic structure of R&D personnel	---	---	---
Age composition of R&D personnel	---	---	---

The Company's R & D investment situation

	2021	2020	Increase /decrease
Amount of Research and Development Investment (In RMB)	103,508,764.53	67,160,964.22	54.12%
Proportion of Research and Development Investment of Operation Revenue	4.51%	3.18%	1.33%
Amount of Research and Development Investment Capitalization (In RMB)	0.00	0.00	
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	

Reasons and influence of significant changes in R&D personnel composition of the Company

Applicable Not applicable

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

Applicable Not applicable

Reasons for the drastic change of capitalization rate of R&D investment and its rationality explanation

Applicable Not applicable

(5)Cash Flow

In RMB

Items	2021	2020	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	2,433,304,906.36	2,067,129,172.79	17.71%
Subtotal of cash outflow received from operation activities	2,437,741,886.71	2,065,198,240.03	18.04%
Net cash flow arising from operating activities	-4,436,980.35	1,930,932.76	-329.78%
Subtotal of cash inflow received from investing activities	1,154,092,748.71	3,253,008,414.70	-64.52%
Subtotal of cash outflow for investment activities	1,412,622,193.08	3,572,079,379.14	-60.45%
Net cash flow arising from investment activities	-258,529,444.37	-319,070,964.44	18.97%
Subtotal cash inflow received from financing activities	339,219,000.00	342,660,000.00	-1.00%
Subtotal cash outflow for financing activities	50,944,964.13	12,855,758.88	296.28%
Net cash flow arising from financing activities	288,274,035.87	329,804,241.12	-12.59%
Net increase in cash and cash equivalents	24,071,196.77	9,690,648.77	148.40%

Notes to the year-on-year change of the relevant data

Applicable Not applicable

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable Not applicable

During the reporting period, the net cash flow from the Company's operating activities was -4,436,980.35 yuan. The net profit in the consolidated statement of the company was 75,114,666.20 yuan, with significant difference between the two, mainly due to use of credit sales in the form of sales. The difference During the

reporting period between the net cash flow generated by the company's operating activities and the net profit of the consolidated statement is detailed in Section 10, VII, 58 (1) "Supplementary Information on Cash Flow Statement" of this report.

V. Analysis of Non-core Business

√ Applicable □ Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	22,663,013.06	26.28%	Obtaining dividends , contract fees and Money fund investment income, etc.	Have the sustainability
Gains and losses on changes in fair value	2,150,943.40	2.49%	Mainly due to the changes in the non-current financial assets and Structural deposit value	Have the sustainability
Impairment of assets	-83,508,720.33	-96.84%	Mainly from the provision of inventory depreciation loss.	Have the sustainability
Non-operating income	21,285,786.64	24.68%	Mainly insurance claims.	Not sustainable.
Non-operating expense	1,686,263.35	1.96%	Mainly due to the loss of non-current assets being destroyed and scrapped.	Not sustainable.
Other income	19,643,379.33	22.78%	Mainly for government subsidies.	Have the sustainability

VI. Condition of Asset and Liabilities

(1) Condition of Asset Causing Significant Change

In RMB

	End of 2021		End of 2020		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	302,472,828.60	5.50%	279,087,236.95	5.62%	-0.12%	
Accounts receivable	479,998,708.57	8.73%	547,310,217.90	11.01%	-2.28%	
Inventories	667,461,447.03	12.14%	480,847,581.44	9.68%	2.46%	
Investment real estate	106,217,779.76	1.93%	110,572,471.92	2.23%	-0.30%	

Long-term equity investment	133,022,325.77	2.42%	147,929,137.23	2.98%	-0.56%	
Fixed assets	2,424,741,252.86	44.11%	790,183,905.38	15.90%	28.21%	Mainly due to the transfer of the Line 7 project.
Construction in process	71,482,031.08	1.30%	1,301,750,141.12	26.19%	-24.89%	Mainly due to the transfer of the Line 7 project.
Use right assets	9,221,189.37	0.17%			0.17%	
Short-term borrowing	37,575,113.83	0.68%			0.68%	
Contract liabilities	68,955.21	0.00%	279,631.27	0.01%	-0.01%	This was mainly due to the increase in loans borrowed for the Line 7 project during the year.
Long-term borrowing	683,016,243.25	12.43%	343,100,174.35	6.90%	5.53%	
Lease liabilities	4,243,855.71	0.08%			0.08%	
Transaction financial assets	586,540,735.16	10.67%	684,617,260.06	13.78%	-3.11%	
Other receivables	140,185,750.40	2.55%	5,265,002.71	0.11%	2.44%	Mainly due to the payment of customs deposits for newly imported raw materials.

Overseas assets account for a relatively high proportion.

Applicable Not applicable

(2) Asset and Liabilities Measured by Fair Value

Applicable Not applicable

In RMB

Items	Opening amount	Gain/Loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other changes	Closing amount
Financial assets								
1. Financial assets measured at fair value through	684,617,260.06				712,000,000.00	810,076,524.90		586,540,735.16

profit or loss (excluding derivative financial assets)								
4. Other equity Instrument Investment	190,607,427.5 4		-4,573,597.82					186,033,82 9.72
Subtotal of financial assets	875,224,687.6 0		-4,573,597.82	0.00	712,000,000.0 0	810,076,524.9 0	0.00	772,574,56 4.88
non-current financial assets	30,650,943.40	2,150,943.40				2,150,943.40		30,650,943. 40
Total	905,875,631.0 0	2,150,943.40	-4,573,597.82	0.00	712,000,000.0 0	812,227,468.3 0	0.00	803,225,50 8.28
Financial Liability	0.00							0.00

Other changes

None

Did great change take place in measurement of the principal assets in the reporting period ?

Yes No

(3) Restricted asset rights as of the end of this Reporting Period

Subsidiary SAPO Photoelectric uses part of its self-owned properties to apply for a mortgage loan from a syndicate with Bank of Communications Co., Ltd. Shenzhen Branch as the lead bank, and the company provides guarantees for the mortgage loan. For details, please refer to <http://www.cninfo.com.cn> .cninfo.com.cn) "Announcement on the Company's Application for Bank Mortgage Guarantees for Subsidiaries" (No. :2020-19), "Announcement on the Progress of the Company Providing Guarantees for Subsidiaries"(No.:2020-46)

VII. Investment situation

(1) General

Applicable Not applicable

(2) Condition of Acquiring Significant Share Right Investment during the Report Period

Applicable Not applicable

(3) Situation of the Significant Non-equity Investment Undergoing in the Report Period

Applicable Not applicable

(4) Investment of Financial Asset

1. Securities investment

Applicable Not applicable

2. Investment in Derivatives

Applicable Not applicable

The Company had no investment in derivatives in the reporting period.

(5) Application of the raised capital

Applicable Not applicable

1. General application of the raised funds

Applicable Not applicable

In RMB

Year of raising	Way of raising	Total raised capital	Total amount of the raised fund used at the period	Total amount of Raised Funds	Amount of raised capital of which the purpose was changed in the report period	Accumulative amount of raised capital of which the purpose has been changed	Proportion of raised capital of which the purpose has been changed (%)	Total Amount of the Unused Raised Fund at the Current Period	Use and Whereas outs of the Unused Raised Fund	Amount of the Raised Fund with over 2 Years' Idling
2013	Non-public issue	96,175.1	0.26	76,261.7	0	30,927.22	32.16 %	1,228.01	Transfer to the company's own account for permanent replenishment of	

									working capital	
Total	--	96,175.1	0.26	76,261.7	0	30,927.22	32.16 %	1,228.01	--	0
Note to use of raised capital										
During the reporting period, the Company actually used the raised funds of 2,600 yuan, and the accumulated use of raised funds was 762.617 million yuan, of which 100 yuan of raised funds was actually used for the second phase of the line 6 project of TFT-LCD polarizer-and the accumulated use of raised funds for it was 352.6635 million yuan; the actual use of the raised funds for the 7th line project was 2,500 yuan, with the accumulated use of raised funds for it was 409.9535 million yuan.										

2. Promised projects of raised capital

√ Applicable □ Not applicable

In RMB10,000

Committed investment projects and investment	Project changed (including partial change)	Total raised capital invested as committed	Total investment after adjustment (1)	Amount invested in the reporting period	Accumulated amount invested at the end of the reporting period (2)	Investment progress ended the reporting period (%) (3) = (2)/(1)	Date when the project has reached the predicted applicable status	Benefit realized in the reporting period	Has the predicted result be realized	Has any material change taken place in feasibility
Committed investment projects										
Phase-II project of polarizer sheet for TFT-LCD (Line 6)	Yes	96,175.1	70,034	0.01	35,266.35	50.36%	June 7, 2018	6,337.63	No	Yes
The utilization of the surplus raised funds (Line 7 project)	No			0.25	40,995.35		July 11, 2021	-10,718.52	Not applicable	No
Subtotal of committed investment projects	--	96,175.1	70,034	0.26	76,261.7	--	--	-4,380.89	--	--
Subtotal of committed investment										
None										
Total	--	96,175.1	70,034	0.26	76,261.7	--	--	-4,380.89	--	--

Situation about not coming up to schemed progress or expected revenue and the reason (in specific project)	Not applicable
Notes to significant change in feasibility of the project	According to the latest situation of the industry development, the original second phase construction scheme of the TFT-LCD polarizer was optimized, and then according to the results concluded by the experts, the company decided to continue to promote the construction of the No.6 line project. At the same time, in the light of there was a large funds gap between the actual raised capital and the planned raised capital for the second phase project, then by comprehensive considerations of the company's production line scale and the operation pressure, the company decided to terminate the project of No.7 line, and the corresponding amount of funds of 309.2722 million yuan(including interests) for No.7 line project shall be changed for permanently supplementing the liquidity. The Proposal on Alteration of the Use of Part of the Raised Capital for the Second Phase Project of TFT-LCD Polarizer was examined and approved in the 2015 annual shareholder meeting on April 21, 2016..
Amount, application and application progress of the uncooked proceeds	Not applicable
About the change of the implementation site of the projects invested with the proceeds	Not applicable
Adjustment of the implementation way of investment funded by raised capital	Not applicable
About the initial investment in the projects planned to be invested with the proceeds and the replacement	Not applicable
Using the idle proceeds to supplement the working capital on temporary basis	Not applicable
Balance of the proceeds in process	Applicable 1.On August 31, 2018, in the company's second extraordinary shareholders' meeting of 2018, the

of project implementation and the cause	<p>“Proposal on the Use of Surplus Raised Funds to Invest in the Large-scale TV Polarizer Industrialization Project (Line 7)” was reviewed and approved, agreeing to continue to deposit 134.7172 million yuan in the original special account of raised funds for the follow-up expenditure of line 6 project and the remaining surplus raised funds shall be used for the investment of line 7 project, with the amount shall be subject to the interest settlement of the bank on the day the funds are transferred out. According to the use arrangement for the surplus raised funds, on November 12, 2018, the Company transferred the surplus raised funds for the No. 6 line project by 405.8311 million yuan to the newly opened special account of raised funds for project of Line 7, which will be used for the ultra-large-size TV polarizer industrialization project (Line 7), and as of November 12, 2018, the balance of the special account for raised funds of line 6 was 80.3569 million yuan.</p> <p>The reasons for the surplus of the raised funds were as follows: 1. the interest income and the investment income of the bank wealth management products were generated during the deposit of the raised funds; 2. to grasp the opportunity of the rapid development of the domestic polarizer industry and accelerate the construction of the No. 6 line project, the Company had in advance invested some funds in the second phase of the polarizer project of Line 6, and in view of the fact that the funds raised at the time were in place, as there was a large funding gap between the actual raised funds and the planned and the original investment project needed to be re-demonstrated, the Company did not replace the advance investment in time after the raised funds were received; 3. the second phase of the polarizer project was subsidized by the National Development and Reform Commission and the Shenzhen Municipal Government after the project was established ,which had been all put into the project construction according to the requirements, thereby reduced the investment of the raised funds accordingly; 4. to ensure the original investment project to have a good market prospect and profitability, the Company optimized the construction plan of the original raised-funds investment project of No. 6 line, and it adopted the cost control, optimized the production process and took other measures to achieve reasonable savings under the premise of ensuring the original design and technical conditions of the project.</p> <p>2. On March 10, 2021, the Company held the second meeting of the Eighth Board of Directors, which deliberated and approved the <i>Proposal on the Permanent Replenishment of Working Capital with Surplus Raised Funds</i>. In view of the completion of Line 6 of the phase II project of polarizer for TFT-LCD, the surplus raised funds of Line 6 of RMB 12,280,100 (including the accumulated net amount of bank deposit interest minus bank fees and RMB 7,307,100 of equipment balance) will be used to permanently replenish working capital for daily production and operation use.</p> <p>The reasons for the surplus of the raised funds are as follows:</p> <p>1. During the implementation of Line 6 project, the Company strictly followed the relevant regulations on the use of raised funds, carefully used the raised funds, strengthened the cost control, supervision and management during the project construction and initial operation on the premise of ensuring the quality of raised investment projects, reasonably reduced the project investment amount and initial working capital, and saved the expenditure of raised funds;</p> <p style="text-align: center;">During the implementation of the project, idle raised funds generated certain interest income.</p>
About application and status of the proceeds unused	<p>By December 31, 2021, the Line 6 project had been closed, and the surplus raised funds of special account of RMB 12,280,100 was transferred to the Company's own account for permanent replenishment of working capital. On March 29, 2021, the bank cancellation procedure for special account of Line 6 was completed. All the raised funds in the special account of Line 7 project have been used as required, and the bank cancellation procedures for special account of Line 7 were completed on</p>

	March 29, 2021.
Problems existing in application of the proceeds and the information disclosure or other issues	<p>By December 31, 2021, the phase II of Line 6 project had accumulated investment of RMB 699,544,200, accounting for 99.89% of the changed total investment of RMB 700,340,000, of which the actually paid investment was RMB 689,650,000 (RMB 352,663,500 of raised funds and RMB 336,986,500 of self-owned funds and government funds).</p> <p>By December 31, 2021, the accumulative investment contract amount of Line 7 project was RMB 2,091,244,100, and the actual payment was RMB 2,017,518,400 (RMB 409,953,500 of raised funds, RMB 1,607,564,900 of self-owned funds and government funds).</p>

3. Changes of raised funds projects

Applicable Not applicable

None

VIII. Sales of major assets and equity

(1) Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

(2) Sales of major equity

Applicable Not applicable

IX. Analysis of the Main Share Holding Companies and Share Participating Companies

Applicable Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

In RMB

Company name	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Domestic Trade, Property management	2,360,000.00	35,749,173.47	28,821,110.35	9,073,086.79	2,255,295.59	2,356,126.60
Shenzhen Huaqiang Hotel	Subsidiary	Accommodation, business center;	10,005,300.00	22,050,733.79	20,368,204.89	6,926,914.89	298,548.24	285,092.35

Shenzhen Shenfang Real Estate Management Co., Ltd.	Subsidiary	Property managem ent	1,600,400. 00	11,649,993 .83	6,951,045. 03	21,854,935 .99	3,368,024. 11	2,518,397. 08
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Production of fully electronic jacquard knitting whole shape	13,000,000 .00	46,067,490 .40	18,072,122 .93	55,169,650 .79	630,605.93	545,674.66
SAPO Photoelectr ic	Subsidiary	Production and sales of polarizer	583,333,33 3.00	4,237,652, 544.02	2,858,788, 617.26	2,128,258, 070.01	38,497,930 .46	40,484,325 .87
Shenzhen Textile Import & Export Co., Ltd.	Subsidiary	Operating import and export business	5,000,000. 00	0.00	0.00	0.00	-150,452.3 7	12,833,113 .61
Shengtou (HK)Co., Ltd.	Subsidiary	Sales of polarizer	HKD10,00 0	6,009,898. 07	5,984,077. 83	0.00	-155,168.2 0	118,818.86
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	Subsidiary	Property managem ent	1,000,000	10,248,835 .38	8,274,062. 49	4,297,226. 09	2,387,107. 59	2,222,849. 16

Subsidiaries obtained or disposed in the reporting period

√ Applicable □ Not applicable

Company name	Means of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Shenzhen Textile Import & Export Co., Ltd.	Withdraw	The purpose of this cancellation of the subsidiary is to improve the operational efficiency of state-owned assets, and the impact on the current profit and loss of the company is 7.6999 million.

Note

The financial data of SAPO Photoelectric mentioned in the table above are the financial statements data of its

parent company and non-consolidated statements data. Shenzhen Textile Import & Export Co., Ltd. , Shengtou(HK) Co., Ltd. are SAPO Photoelectric.

For details of the fluctuation of subsidiary SAPO Photoelectric's performance and the reasons for the change, please refer to "IV. Analysis of main business" in Section III Management Discussion and Analysis.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Prospect for future development of the Company

1. The Development Trend of the Industry

(1) Industry competition pattern

Polarizer industry is a highly concentrated industry. Currently, there are about 10 major polarizer manufacturers worldwide, mainly in Japan, mainland China, South Korea and Taiwan Province of China. The main market share is occupied by Japanese and Chinese mainland manufacturers, while the overall production capacity of South Korea and Taiwan Province is low.

(2) Industry trends

In recent years, Chinese mainland's new display industry has always maintained positive growth, its overall growth rate has exceeded the global industrial growth rate for many years, its industrial structure has been constantly improved, and its market competitiveness has been steadily improved. Relying on several TFT-LCD panel production lines, the LCD panel industry in mainland China ranks first in the world in terms of revenue and shipping area. Compared with the rapid development of new display industry in mainland China, overseas manufacturers choose to gradually shrink and withdraw, for example, Samsung Display sells its LCD panel production line and LG Chem sells its LCD polarizer business. With the withdrawal of foreign manufacturers, high-quality industrial assets are transferred to mainland China, and the focus of the new display industry is accelerating to concentrate in mainland China. According to the latest research of Omdia, it is estimated that from 2023, the capacity area share of Chinese mainland manufacturers will reach more than 70% of the global total.

Affected by this, the market demand for polarizers in Chinese mainland has increased rapidly in recent years. According to Omdia research, driven by the development of display panel industry, the global total demand area for polarizers is expected to increase from 574 million square meters in 2020 to 669 million square meters in 2025, and the domestic market demand area for polarizers will reach 480 million square meters by 2025, accounting for more than 70% of the global total demand. It is a good development opportunity for mainland polarizer manufacturers with market advantages, policy advantages and geographical advantages.

2. Company development strategy

Relying on the existing business foundation, the Company will actively plan for business innovation and upgrading through two paths of tapping the potential of stock business and increasing business investment and empowerment, vigorously implement the "polarizer+" strategy, promote the core business of polarizers to become better and stronger, and meanwhile, choose the right opportunity to extend to upstream raw materials, promote the development of polarizer integration business, actively expand other advanced new material fields, and strive to build a world-class new material technology group.

3. Possible risks

(1) Macro economic risk

As the COVID-19 is still spreading all over the world, there are still weak links in the prevention and control of domestic pandemic, the foundation of economic recovery is still not solid, the consumption of residents is still restricted, and the domestic demand economy will continue to be under pressure. As a member of the upstream manufacturers in the monitor market, the Company can't rule out the risk that unpredictable macroeconomic fluctuations may affect the Company's performance.

(2) Market risk

The polarizer industry is an important part of China's future manufacturing development. The demand for display panels and the development of corresponding technologies are changing quickly. However, the domestic substitution process of the polarizer industry is under way. With the gradual mass production of the 10.5 generation line, the super-large size market will usher in new changes. If the Company's technology and products can't respond to the needs of application fields in time, the wide polarizer products and applications fall short of expectations, or the market competition intensifies, which leads to the price reduction of display products and the upward transmission of the price reduction pressure to the polarizer market, it will have an adverse impact on the Company.

(3) Risk of raw materials

There is a high barrier in the core production technology of upstream materials of polarizers, which is basically monopolized by foreign manufacturers, with low localization rate. Currently, the key raw materials for manufacturing polarizers, such as PVA film and TAC film, are basically monopolized by Japanese enterprises, and the production line and production technology of upstream supporting raw materials are constrained by Japan, while the prices of major film materials are affected by the supplier's capacity, market demand and yen exchange rate, which affects the unit cost of the Company's products.

(4) Work priorities in 2022

1. Continue to improve the profitability of the main business

Vigorously implement the four measures of "capacity scale, product differentiation, innovation ecology, and lean management". First, further promote the oversized production capacity of the Company's polarizer business and improve the overall production capacity; Second, promote product differentiation, strengthen the technical research on OLED polarizers, vehicle polarizers and other products, and continuously optimize the product structure; Third, promote the ecological innovation and build a standardized and efficient market-oriented R&D management system; Fourth, promote lean management, improve product quality and production efficiency, and adopt diversified measures to reduce costs and increase efficiency.

2. Promote the ramp-up mass production process of Line 7 project

Ensure the maximum continuous production of Line 7 project, make every effort to shorten the ramp up time of the production line, and promote the production with full activation of production line. First, strengthen market expansion and obtain orders for large-size products; Second, continuously improve speed and yield; Third, ensure the supply of raw materials.

3. Ensure the steady growth of property business and provide effective support for the development of the Company

Property management enterprises shall closely follow the changes of the surrounding business types, operate around the rental rate and capital recovery rate, overcome the problems of old property, poor conditions and backward facilities, continue to tap potential and increase efficiency, improve service level and enhance operating

efficiency.

4. Carry out refined management in an all-round way, and create a resource-efficient enterprise

Define the management goal of tapping potential and increasing efficiency, and fully implement refined management. For production, quality, inventory, sales and other aspects, refine management units, improve management methods, achieve refinement, quantification and standardization of management, steadily enhance the Company's market competitiveness, and create a resource-efficient enterprise with "high efficiency, low consumption and fine management".

5. Further deepen the market-oriented talent management mechanism

Reorganize the echelon of reserve talents for key positions, improve the management mechanism of selection, training and assessment of reserve talents, introduce talents through multiple channels, train in multiple ways, conduct multi-directional assessment, innovate the talent management mechanism, build a platform for talent selection and employment, and provide sound human resources support for the sustainable development of the Group.

6. Well ensure epidemic prevention and control and work safety, and maintain the harmony and stability of the enterprise

First, enhance employees' awareness of health protection, insist on fully ensuring epidemic prevention and dynamic data in key places, and well ensure normalized prevention and control of COVID-19 to ensure neglecting neither epidemic prevention nor production. Second, strengthen the boundary line awareness, firmly establish the concept of safe development, solidly carry out safety management, speed up the reform and innovation of safety supervision, implement the safety responsibility system to the letter, deepen the investigation and management of hidden dangers, continuously improve the Company's work safety management level, and build a strong safety management foundation.

7. Strengthen party building and innovate enterprise culture

Guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, fully implement the spirit of the Sixth Plenary Session of the Nineteenth CPC Central Committee and the 20th CPC National Congress, continue to carry out in-depth study of party history, adhere to the guidance of high-quality party building to guarantee high-quality development unswervingly, and further push forward the "six-degree party building" work in a down-to-earth manner to protect the Company's sustained and healthy development.

XII. Particulars about researches, visits and interviews received in this reporting period

√ Applicable □ Not applicable

Reception time	Reception place	The way of reception	Object type of reception	Reception person	The main content of the discussion and the information provided	Index of the basic situation of the survey
March 18, 2021	Meeting room on the sixth floor of the	Field research	Organization	Great Wall securities	The main reasons for the quarter-on-qua	For details, please refer to the "000045 Shenzhen Textile A

	Company				<p>rtter increase in the Company's gross profit margin in the first three quarters and the price of polarizers, the release of production capacity of Line 7, etc.</p>	<p>Research Activity Information 20210319" (No. 2021-01) by the company http://www.cninfo.com.cn.</p>
March 25,2021	Meeting room on the sixth floor of the Company	Other	Other	The majority of investors	<p>The Company's provision for inventory depreciation, the Company's polarizer business gross profit margin, the Company's operating conditions in the first quarter, the main reasons for the increase in the cost of polarizer materials, and the impact of the epidemic on the Company's performance due to the reduction of rent affected by epidemic.</p>	<p>For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20210325" (No. 2021-02) by the company http://www.cninfo.com.cn.</p>
April 2, 2021	Meeting room on the sixth floor of the	Field research	Organization	Great Wall securities	Asset impairment information in	<p>For details, please refer to the "000045 Shenzhen Textile A</p>

	Company				2020 and 2021, reasons for lower gross profit margins than other companies, and the progress of Line 7 production, etc.	Research Activity Information 20210406" (No. 2021-03) by the company http://www.cninfo.com.cn .
April 8,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Fuhua Securities, Sinolink Securities	The Company's production capacity, the production progress of Line 7, the main products produced by Line 7, the Company's advantages in polarizer production, and the overall supply and demand of the polarizer industry.	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20210409" (No. 2021-04) by the company http://www.cninfo.com.cn .
July 15,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Great Wall securities	The future development trend and price trend of the polarizer industry, whether there will be excess production capacity in the polarizer industry, the Company's	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20210716" (No. 2021-05) by the company http://www.cninfo.com.cn .

					measures to reduce costs, the price of upstream raw materials, the progress of Line 7, the progress of the Company's employee stock ownership plan, etc.	
September 1, 2021	Meeting room on the sixth floor of the Company	By phone	Organization	Great Wall securities, China Merchants Fund, Changsheng Fund, Penghua Fund, Shenwan Fund, China International Fund, China Everwin Asset and Dacheng Fund.	The Company's operation in the first half of the year, the impact of panel prices on the price of polarizers, whether polarizers will lead to excess production capacity, the current product structure, and the customers of Line 7 products.	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20210902" (No. 2021-06) by the company http://www.cninfo.com.cn .
September 7, 2021	Meeting room on the sixth floor of the Company	Field research	Organization	Cedar capital, Rongwei Jiye Asset Management	The Company's positioning and development direction in the next few years, the impact of the decline in	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20210908" (No. 2021-07) by the company http://www.cninfo.com.cn .

					panel prices on the trend of polarizer prices, the reasons for the lower gross profit margin compared to other manufacturers, the Company's product structure, etc	om.cn.
September 17,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Fangzheng Securities, Xinda Aoyin Fund	The situation of Line 7 and its main customers, suppliers of upstream raw materials for polarizers, reasons for the Company's low gross profit margin, and the Company's plan to change its name.	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20210922" (No. 2021-08) by the company http://www.cninfo.com.cn .
September 23,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Chuangjin Hexin Fund	The reasons why the Company's performance has increased significantly compared with previous years, the reasons why the Company's gross profit margin is lower than that of	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20210926" (No. 2021-09) by the company http://www.cninfo.com.cn .

					comparable manufacturers, the main factors that affect the relative high price of polarizers.	
October 27,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Great Wall securities, Yinhua Fund, Xinda Aoyin Fund	The Company's measures to deal with the downward revision of the panel market, the Company's main customers, the Company's product structure, the main products of Line 7, the progress of Line 7, etc.	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 202101029" (No. 2021-10) by the company http://www.cninfo.com.cn .
November 2,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Great Wall securities, Yimin Fund, Zheshang Securities , China Everwin Asset, Sinolink Securities, Shenwan Assets Management	Operating conditions in the third quarter of 2021, the impact of the panel price revision on the Company's polarizer price, the ramp-up progress and yield of Line 7, and the Company's development plan in the field of	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20211103" (No. 2021-11) by the company http://www.cninfo.com.cn .

					polarizers.	
November 4,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Cedar capital	The Company's future plan for the development of the polarizer business, the specific products of the Company's polarizers for OLEDTV, the research and development progress of vehicle products, and the Company's cost reduction measures.	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20211104" (No. 2021-12) by the company http://www.cninfo.com.cn .
November 23,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Runyingda, Zhengrui Huadao	Suppliers of upstream raw materials, measures taken by the Company to reduce costs, composition of B-end customers and C-end customers of downstream products, etc.	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20211125" (No. 2021-14) by the company http://www.cninfo.com.cn .
November 24,2021	Meeting room on the sixth floor of the Company	Field research	Organization	Guotai Junan, Lingzhan Capital	The main reasons for the improvement of the Company's operating performance,	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20211125" (No. 2021-15) by the

					<p>the Company's main customers and product structure, the main matching panel production lines of Line 7, the relationship between panel prices and polarizer prices, etc.</p>	<p>company http://www.cninfo.com.cn.</p>
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IV. Corporate Governance

I. General situation

During the reporting period, the Company operated in strict accordance with the requirements of relevant laws, regulations and normative documents, such as Securities Law, Company Law, Governance Guidelines for Listed Companies, Guidelines for Self-discipline Supervision of Listed Companies in Shenzhen Stock Exchange No.1-Standard Operation of Listed Companies on Main Board, and strengthened risk management and control to ensure the healthy and stable development of the Company. At present, the Company is with basically sound governance systems, standardized operation, and refined corporate governance structure, which meets the requirements of the normative documents on the governance of listed companies issued by China Securities Regulatory Commission.

In 2021, company held a total of 4 general meetings, convened general meetings, standardized voting procedures to safeguard the effectiveness and legality in strict accordance with the regulations and requirements of Corporation Law, Articles of Corporation and Rule of Procedure of Shareholders' Meeting. Companies actively protected the voting rights of minority investors, and general meetings were convened in the form of live network to adequately assure small investors of their rights to exercise.

In 2021, the board of directors held 11 meetings, and the convening and voting procedures were all conducted in strict accordance with the Articles of Corporation and Rule of Procedure of Shareholders' Meeting. All the directors performed directors' duties, exercise directors' rights, attended related meetings and actively participated in the training and became familiar with relevant laws and regulations with serious, diligent and honest attitudes. Independent directors independently performed their duties in strict accordance with Articles of Corporation, The independent director system and other relevant laws and regulations, expressed fully their independent opinions on corporate operation, decision-making, and important matters, etc. Strategy, audit, remuneration, evaluation, nomination committees were established under board of directors, all committees functioned properly, and performed duties such as internal audits, compensation assessment, nomination of senior management personnel, and provided scientific and professional advisory opinions for board of directors' decision-making.

In 2021, the board of supervisors held 9 meetings. The board of supervisors strictly followed the requirements of Articles of Corporation and Rules of procedure of the board of supervisors and other relevant laws and regulations, supervised the legal compliance of the duties performed by company's financial personnel and directors, managers and other senior management personnel in the aim of maintaining the legitimate rights and interests of the company and its shareholders. All the supervisors fulfilled their obligations, exercised their rights according to the laws. The convening and voting procedures of the board of supervisors were legal, and the resolutions were legal and valid. The establishment and implementation of board of supervisors played an active role in improving corporate governance structure and regulating corporate operations.

Moreover, the Company carried out the special work Blue Sky Action according to Notification on Implementing Special Work where Investors Protect Blue Sky Action published by Shenzhen Securities Bureau to enhance the quality of information disclosure as the key point, to continuously perfect the communication mechanism and to promote the normative development of the Company. various platforms were made full use of, such as telephone, e-mail, website, especially the interactive platform of investors in Shenzhen Stock Exchange, solved questions brought by investors, and communicated with medium and small investors interactively, and ensure all the investors obtained equal opportunities for informal access. Meanwhile, in the aim of improving the transparency of listed companies, company accepted investors' on-site investigation to have comprehensive

understandings of the company's business situation through face-to-face communication with management, also urged the company established a responsibility to return on investors, improved and enhanced the corporate governance standards. Meanwhile, the Company continued to perfect the voting mechanism for minority investors. In 2021, the minority investors' voting was counted separately at each of the 4 shareholder's meetings, and whose result was disclosed at the decision announcement at the shareholder's meeting, which fully guaranteed the execution of power of the minority investors

In 2021, according to the State Council's Opinions on Further Improving the Quality of Listed Companies (GF [2020] No.14) and the Shenzhen Securities Regulatory Bureau's Notice on Promoting Listed Companies in Jurisdiction to Implement Main Responsibilities, Improve Governance Level and Achieve High Quality Development (SZJGS Zi [2020] No.128), the Company actively formulated self-inspection work plans, organized directors, supervisors and senior management personnel of the Company and important subsidiaries to carry out special study, set up special working groups to implement self-inspection, found out potential risks and outstanding problems that restrict the quality improvement of the Company, and formulated feasible follow-up rectification plans. The Company has reported the Self-inspection Report and Rectification Plan on Implementing Main Responsibility, Improving Governance Level and Achieving High-quality Development to Shenzhen Securities Regulatory Bureau, and will push forward the quality improvement of listed companies according to the above rectification plan.

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

Yes No

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

II. Independence and Completeness in business, personnel , assets, organization and finance

The code of conduct of the controlling shareholders of the company did not go beyond the general meetings directly or indirectly to interfere with the decision-making and business activities, the company had independent and complete business and autonomous operation capacity , achieved “five point separation” in respect of personnel, financial, asset, agencies, business.

III. Competition situations of the industry

Applicable Not Applicable

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

1. Annual General Meeting

Sessions	Type of meeting	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
The First provisional shareholders'	Provisional shareholders' General meeting	49.30%	February 2,2021	February 3,2021	http://www.cninfo.com.cn) Announcement

General meeting of 2021					No.:2021-11
The Second provisional shareholders' General meeting of 2021	Provisional shareholders' General meeting	49.27%	February 10,2021	February 10,2021	http://www.cninfo.com.cn) Announcement No.:2021-14
2020 Shareholders' general meeting	Annual Shareholders' General Meeting	49.31%	April 7,2021	April 8,2021	http://www.cninfo.com.cn) Announcement No.:2021-31
The Third provisional shareholders' General meeting of 2021	Provisional shareholders' General meeting	49.46%	June 9,2021	June 10,2021	http://www.cninfo.com.cn) Announcement No.:2021-40

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Information about Directors, Supervisors and Senior Executives

(1) Basic situation

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin (share)	Stock options	Number of restricted shares granted (shares)	The number of shares held in the current period (shares)	Number of shares reduced in the current period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease of shares
Zhang Jian	Board chairman, Secretary of the party committee	In office	Female	42	February 10, 2021	February 9, 2024	0	0	0	0	0	0	0	
Zhu Meizhu	Deputy Secretary of the Party committee, Director, General Manager	In office	Male	57	July 9, 2017	February 9, 2024	133,500	0	110,250	0	40,500	0	93,000	

	er													
Ning Maozai	Director, Deputy Secretary of the Party committee	In office	Male	46	December 14, 2017	February 9, 2024	36,600	0	36,600	0	36,600	0	0	0
Yin Kefei	Director	In office	Male	47	February 10, 2021	February 9, 2024	0	0	0	0	0	0	0	0
He Fei	Director, CFO	In office	Male	44	January 16, 2020	February 9, 2024	0	0	0	0	0	0	0	0
Sun Minghui	Director	In office	Male	40	February 10, 2021	February 9, 2024	0	0	0	0	0	0	0	0
He Zuowen	Independent Director	In office	Male	59	July 19, 2017	February 9, 2024	0	0	0	0	0	0	0	0
Cai Yuanqing	Independent Director	In office	Male	52	July 19, 2017	February 9, 2024	0	0	0	0	0	0	0	0
Wang Kai	Independent Director	In office	Male	38	January 16, 2020	February 9, 2024	0	0	0	0	0	0	0	0
Ma Yi	Chairman of the super	In office	Male	55	January 16, 2020	February 9, 2024	0	0	0	0	0	0	0	0

	visor y com mitte e, Secre tary of the Com missi on for Disci pline Inspe ction													
Yuan Shuwen	Share holders' Super visor	In office	Male	41	Janua ry 16,20 20	Febru ary 9,202 4	0	0	0	0	0	0	0	
Zhan Lumei	Empl oyee super visor	In office	Fema le	52	Febru ary 10,20 21	Febru ary 9,202 4	16,80	0	16,80	0	16,80	0	0	
Le Kunjiu	Senio r advis er	In office	Male	58	Septe mber 24,20 21	Febru ary 9,202 4	36,60	0	36,60	0	36,60	0	0	
Liu Hong lei	Depu ty GM	Appo intme nt	Male	57	July 19,20 17	Febru ary 9,202 4	39,60	0	38,85	0	36,60	0	3,000	
Guan Fei	Depu ty GM	In office	Male	36	Septe mber 22,20 21	Febru ary 9,202 4	0	0	0	0	0	0	0	
Jiang Peng	Secre tary to the board of	In office	Fema le	51	Janua ry 16,20 15	Febru ary 9,202 4	30,00	0	30,00	0	30,00	0	0	

	direct ors													
Zhu Jun	Boar d chair man	Dimi ssion	Male	58	Janua ry 16,20 15	Febru ary 10,20 21	41,10 0	0	41,10 0	0	41,10 0	0	0	
Huan g Yu	Direc tor	Dimi ssion	Male	47	July 19,20 17	Febru ary 10,20 21	0	0	0	0	0	0	0	
Wang Chua n	Direc tor	Dimi ssion	Male	49	Septe mber 1,201 8	Febru ary 10,20 21	0	0	0	0	0	0	0	
Zhan g Xiao dong	Empl oyee super visor	Dimi ssion	Male	46	Augu st 9,201 3	Febru ary 10,20 21	5,300	0	0	0	0	0	0	
Total	--	--	--	--	--	--	339,5 00	0	310,2 00	0	238,2 00		96,00 0	--

During the reporting period, whether there is dismissal of directors and supervisors and decruitment of senior managers

Yes No

Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Positions	Types	Date	Reason
Zhu Jun	Board chairman	Left for term expiration	February 10,2021	The term of office expires
Huang Yu	Director	Left for term expiration	February 10,2021	The term of office expires
Wang Chuan	Director	Left for term expiration	February 10,2021	The term of office expires
Zhang Xiaodong	Employee supervisor	Left for term expiration	February 10,2021	The term of office expires
Zhan Lumei	Employee supervisor	Elected	February 10,2021	The former employee supervisor Left for term expiration
Le Kunjiu	Senior adviser	Appointment	September 22,2021	The term of the deputy general manager has expired, and he is hired as a senior consultant to continue

				serving in the company and its subsidiaries
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(2) Posts holding

Professional background, work experience and main duties in the Company of existing directors, supervisors and senior management

1. Director

Zhang Jian, female, born in June 1979, master's degree, member of the Communist Party of China. She has served as an office clerk of the marketing department of Shenzhen Postal Savings and Foreign Exchange Reserves Bureau, deputy director of the Finance Department of Shenzhen Development and Reform Commission (formerly Shenzhen Development and Reform Bureau), Senior Staff Member, Principal Staff Member and Deputy Director of the Industrial Coordination Department of Shenzhen Development and Reform Commission, Deputy Director of the Economic System Reform Department of Shenzhen Development and Reform Commission, and Party Member and Deputy General Manager of Shenzhen Kunpeng Equity Investment Management Co., Ltd. She is currently Party Secretary and Chairman of the Company, and concurrently serves as Party Committee Member, Deputy General Manager and Secretary of the Board of Directors of Shenzhen SEG Group Co., Ltd., Director of Shenzhen SEG Co., Ltd., Vice Chairman of Shenzhen Huakong SEG Co., Ltd., Chairman of Shenzhen Daming Electronics Co., Ltd., Chairman of Shenzhen SEG High-tech Investment Co., Ltd. and Chairman of SEG (Hong Kong) Co., Ltd.; He is currently the Party secretary and Chairman of the Company.

Zhu Meizhu, Male, Born in November 1964, Master degree, Senior engineer, once served successively as chief Deputy general Manager of Enterprise Management Dept of the Company, Director of R& D Center, Assistant General Manager and Deputy General Manager, He serves as director and General Manager of the Company, and Board Chairman of SAPO Photoelectric Co., Ltd.

Ning Maozai, male, born in July 1975, bachelor degree, senior administration engineer, Chinese Communist Party member; he has served successively as the office clerk of Shenzhen Guomao Automobile Industry Co., Ltd, the clerk, principal staff member, associate director and director of party-mass office of Shenzhen Property Development (Group) Corp. and hold a concurrent post of deputy human resource Deputy manager and manager; At present he holds the position of company director and the party secretary of the Company.

Yin Kefei, male, born in July 1974, master degree, engineer, member of the Communist Party of China. He has served as Technician and Deputy Director of Customer Service Center of Pipeline Gas Branch of Shenzhen Gas Group Co., Ltd.; Deputy Director, Director of Civil Service Department and Director of General Office of Pipeline Gas Customer Service Branch of Shenzhen Gas Group Co., Ltd.; Deputy General Manager of Shenzhen Gas Group Co., Ltd. Ganzhou Shenran Natural Gas Co., Ltd.; Member of the Party Group and Deputy Director of the State-owned Assets Supervision and Administration Commission of Dongguan City, Guangdong Province, and concurrently the Vice Chairman of Dongguan Water Investment Group Co., Ltd.; Deputy Secretary-General of Dongguan Municipal Government of Guangdong Province, Party Secretary and Director of Dongguan Municipal Government Liaison Office in Beijing, and concurrently Chairman of the Board of Supervisors of Dongguan Biotechnology Industry Development Co., Ltd.; Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Financial Holding Group Co., Ltd., concurrently Director of Dongguan Bank and Director of Dongguan Asset Management Company; He is currently the Deputy General Manager of Shenzhen Investment Holdings Co., Ltd. and Director of the Company.

He Fei, male, born in February 1978, master's degree, member of Communist Party of China, Chinese certified public accountant, accountant. He successively served as accountant of the Planning and Finance Department of Shenzhen Gas Group Co., Ltd., accountant of the Finance Department of Shenzhen Gas Investment Co., Ltd.,

which is affiliated to Shenzhen Gas Group Co., Ltd., and manager of the Finance Department of Hubei Shengjie Clean Energy Co., Ltd., which is affiliated to Shenzhen Gas Investment Co., Ltd.; Director of General Finance Department of Shenzhen Convention & Exhibition Center Management Co., Ltd.; Vice Director of Finance Department (Settlement Center) of Shenzhen Investment Holding Co., Ltd. Currently, he is the company director and chief financial officer of the company and Supervisor of SAPO Photoelectric Co., Ltd.

Sun Minghui, male, born in September 1981, master degree, accountant, member of the Communist Party of China. He has served as Staff Member of the Finance Department of Shenzhen Energy Finance Co., Ltd. and the Financial Management Department of Shenzhen Energy Group Co., Ltd., Finance Management Director of the Financial Budget Department of Shenzhen Investment Holdings Co., Ltd., Senior Director of the Finance Department and the Board Office, and Deputy Director of the Finance Department (Settlement Center). He is currently the Director of Finance Department (Settlement Center) of Shenzhen Investment Holdings Co., Ltd. and Director of the Company.

He Zuowen, male, born in October 1962, MBA, associate professor in accountancy, chartered certified accountant and certified tax agent in securities and futures industry. At present he acts as a partner of Da Hua Certified Public Accountants(Special General Partnership) and secretary of Party General Branch of Shenzhen Branch, meanwhile he holds the position of chairman of Shenzhen Tianye Certified Tax Agents Limited Corporation, consultancy expert of Internal Control Standard Committee of the Ministry of Treasury, judge of Guangdong Senior Accountant Evaluation Committee, member of CPC Shenzhen Social Organization Disciplinary Examination Committee, deputy secretary & secretary of Discipline Inspection Commission of CPC Shenzhen CPA Industry Board, director of Shenzhen Certified Tax Agents Association and independent director of Shenzhen JPT OPTO-ELECTRONICS Co., Ltd., Independent director of Shenzhen Yirui Biology Co., Ltd., the Company's independent directors, Independent director of Shenzhen Special Economic Zone Real Estate (Group) Co., Ltd., and Independent Director of the Company.

Cai Yuanqing, born in 1969, Doctor of Laws of Hiroshima University, professor of Law School of Shenzhen University, director of Company Law Research Center and GSI(Graduate Student Instructor); Meanwhile, he acts as an arbitrator of Shenzhen Arbitration Commission ,independent director of Shenzhen Rongda Photosensitive Science & Technology Co., Ltd., Independent director of Shenzhen Oufei Technology Co., Ltd., Independent director of Ogilvy Medical Supplies Co., ltd. and independent directors of the Company.

Wang Kai, male, born in 1983, Ph.D. of Huazhong University of Science and Technology, Member of the Communist Party of China, associate professor and researcher of Southern University of Science and Technology Department of Electronic and Electrical Engineering, and Outstanding Young Man of Guangdong Province. He has served as a member of the Technical Committee of Beijing Branch of Society for Information Display (SID), a member of the National Standardization Technical Committee of Flat Panel Display Devices, Deputy Director of the Key Laboratory of Energy Conversion and Storage Technology of the Ministry of Education, and Deputy Director of the Key Laboratory of Quantum Dot Advanced Display and Lighting in Guangdong Universities, and independent director of the Company.

2.Supervisor Ma Yi, male, born in August 1966, bachelor's degree, member of Communist Party of China, assistant economist. He has successively served as a cadre of the automobile manufacturing and distribution plant of Hainan automobile transportation corporation, director of the Business Department, assistant to the general manager and manager of the Transportation Department of Shenzhen Shenjiu International Logistics Co., Ltd. Guangzhou Branch, operation director of Cosco Logistics Guangzhou Antaida Logistics Co., Ltd., general manager of Shenzhen Shenjiu International Logistics Co., Ltd. Guangzhou Branch, director of Planning and Development Department, director assistant, chief of Futian station, deputy secretary of the Party Committee, director and general manager of Shenzhen highway passenger and freight transportation service center. He is the

current chairman of the board of supervisors and secretary of Discipline Inspection Committee of the Company..

Yuan Shuwen, male, born in May 1980, master's degree. He has successively served as chief of Shigu management station of Hengshan county rural management bureau, financial director of Shenzhen Fengcheng Iron Wire Products Co., Ltd., project manager of Shenzhen branch of BDO Accounting Firm Co., Ltd., general ledger accountant of Shenzhen Zhenye (Group) Co., Ltd., director of Financial Budget Department and senior director of Assessment and Distribution Department of Shenzhen Investment Holding Co., Ltd. Currently, he is vice director of Assessment and Distribution Department of Shenzhen Investment Holding Co., Ltd. and supervisor of the Company

Zhan Lumei, female, born in June 1969, college degree, Senior Labor Relations Coordinator, Senior Career Instructor, member of the Communist Party of China. She has served as the Administrative Personnel Director of Shenzhen Hualang Garment Co., Ltd., Director and Manager of the Human Resources Department of the Company. Currently, she is the vice chairman of the Federation of Trade Unions, Director of the Party-mass Work Department, and Chairman of the Trade Union and the Employee Supervisor of the Company.

3.Senior Executives

Le Kunjiu, male, born in May 1963, bachelor degree economist professional title and CPC member; he has served successively as the loan officer of the finance department of Zhejiang Ningbo International Trust and Investment Corporation, deputy director and director of the finance department of CITIC Group Corporation, Ningbo Branch, manager of the research department of Hainan Fudao Asset Management Co., Ltd, assistant manager of Shenzhen Leaguer Venture Capital Co., Ltd, vice president & chief financial officer of Shenzhen Leaguer Digital Television Co., Ltd, chairman & general manager of Shenzhen Oriscape Electronic Co., Ltd, vice president of Shenzhen International Technology Transfer Center, Tsinghua University, associate director of the industrial funds preparatory office of Shenzhen Investment Holdings Co., Ltd and Deputy general manager of Shentou Education; At present he acts as Deputy General Manager of the Company, and Director of SAPO Photoelectric Co., Ltd. He is the current a senior consultant of the Company..

Liu Honglei, male, born in May 1964, bachelor degree and CPC member, Senior engineer, He has served Technician , Work director, Deputy director of office of First film factory of Ministry of Chemical Engineering, Director of personnel Education Dept of Education Department of China Lekai Film Group, he has served as the deputy general manager and general manager of SAPO Photoelectric Co., Ltd from June 2012 to May 2013 and the head of the party-mass work department and the manager of the business management department of Shenzhen Textile (Holdings) Co., Ltd; At present he holds the position of deputy general manager of the company. He is also the secretary and director of the party branch of Shenzhen SAPO Photoelectric Technology Co., Ltd.

Guan Fei, male, born in December 1985, in-service postgraduate degree, member of the Communist Party of China, intermediate economist. He has served as the Account Manager of Agricultural Bank of China Shenzhen Branch, Deputy Director of Sichuan Supervision Bureau of China Banking and Insurance Regulatory Commission, Senior Investment Manager of Sichuan Industrial Fund Group and Head of Strategic Investment Department (presiding), First General Manager of Sichuan Innovation and Development Investment Management Co., Ltd., and Deputy General Manager of Shenzhen Infrastructure Investment Fund Management Co., Ltd. He is currently the Deputy General Manager of the Company.

Jiang Peng, Female, born in October 1970, Bachelor Degree, member of communist party, She has served as a Clerk and Deputy Section Chief of the office of Shandong Aquatic Enterprise Group Corporation, Section Chief of the Office of the Board of Directors of Shandong Zhonglu Ocean Fishery Co., Ltd., Deputy Director and Securities Affairs Representative. served as officer of the Secretary Office of Shandong Fishery Group Co.,Ltd., Deputy Director of the Secretary office and Securities affairs Representative of Shandong Zhonglu Oceanic

Fisheries Co., Ltd., Securities Representative of Huafu Holding Co., Ltd., Securities affairs representative and Officer of the Secretariat of the Board of the Company, now serves as the secretary of the Board of the Company Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Yin Kefei	Shenzhen Investment Holdings Co., Ltd.	Deputy GM	January 11,2021		Yes
Sun Minghui	Shenzhen Investment Holdings Co., Ltd.	Director of Financial Dept(Clearing centre)	November 11,2020		Yes
Yuan Shuwen	Shenzhen Investment Holdings Co., Ltd.	Deputy Director of discipline Inspection & Supervision	September 18,2017		Yes

Offices taken in other organizations

√Applicable □Not applicable

Name of the persons in office	Name of other organizations	Titles engaged in the other organizations	Starting date of office term	Expiry date of office term	Does he/she receive remuneration or allowance from other organization
Yin Kefei	Shenzhen Convention and Exhibition Center Management Co., Ltd	Director	April 23,2021		No
Yin Kefei	Shenzhen Environmental Technology Group Co., Ltd.	Director	April 23,2021		No
Yin kefei	Shenzhen Wuzhou Guest House	Director	June 11,2021		No
Yin Kefei	Shenzhen Nanyou (Group) Co., Ltd.	Director, Vice president	August 16,2021		No
Sun Minghui	China Nanshan Development (Group) Co., Ltd.	Supervisor	October 17,2017		No
Sun Minghui	Shenzhen Highway Passenger & Cargo	Supervisor	June 16,2017		No

	Transportation Service Center Co., Ltd.				
Sun Minghui	CASTD	Supervisor	June 27,2017		No
Sun Minghui	ULTRARICH INTERNATIONAL LIMITED	Director	November 11,2020		No
Sun Minghui	Shenzhen Special Economic Zone Real Estate	Director	November 11,2020		No
Sun Minghui	Southern Asset Management Co., Ltd.	Supervisor	November 11,2020	April 28,2021	No
Sun Minghui	Hubei Shentoukong Investment Development Co., Ltd	Director	November 11,2020		No
Sun Minghui	Shenzhen Shengang Technology Innovation Cooperation Zone Development Co., Ltd.	Director	October 18,2021		No
Yuan Shuwen	Shenzhen Textile(Holdings) Co., Ltd.	Supervisor	September 27,2019		No
Yuan Shuwen	Shenzhen International Tendering Co., Ltd.	Supervisor	October 22,2017	June 10,2020	No

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

Applicable Not applicable

(3) Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives In the report period, The remuneration of directors and senior management paid by the company is determined by “Director Compensation Management System” and “Executive Compensation Management and Evaluation System ” , the remuneration of independent directors is determined as per the resolution of shareholders’ meeting, and the remuneration of supervisors paid by the company is determined by their position held in the company.

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

In RMB10,000

Name	Positions	Sex	Age	Office status	Total remuneration received from the Company	Whether to get paid in the company related party
Zhang Jian	Board Chairman	Female	42	In office	60.15	No
Zhu Meizhu	Director, General Manager	Male	57	In Office	140.29	No

Ning Maozai	Director , Secretary of the Party committee	Male	46	In Office	127.16	No
Yin Kefei	Director	Male	47	In office	0	Yes
He Fei	Director ,CFO	Male	44	In Office	111.15	No
Sun Minghui	Director	Male	40	In Office	0	Yes
He Zuowen	Independent Director	Male	59	In Office	12	No
Cai Yuanqing	Independent Director	Male	52	In Office	12	No
Wang Kai	Independent Director	Male	38	In office	12	No
Ma Yi	Chairman of the supervisory committee, Secretary of the Commission for Discipline Inspection	Male	55	In Office	100.62	No
Yuan Shuwen	Shareholders' Supervisor	Male	41	In Office	0	Yes
Zhan Lumei	Employee supervisor	Female	52	In office	57.69	No
Le Kunjiu	Senior adviser	Male	58	In Office	126.51	No
Liu Honglei	Deputy GM	Male	57	In Office	169.43	No
Guan Fei	Deputy GM	Male	36	In Office	19.52	No
Jiang Peng	Secretary to the board of directors	Female	51	In office	102.81	No
Zhu Jun	Board chairman	Male	58	Dimission	61.2	No
Zhang Xiaodong	Employee supervisor	Male	46	Dimission	2.75	Yes
Huang Yu	Director	Male	47	Dimission	0	Yes
Wang Chuan	Director	Male	49	Dimission	0	Yes
Total	--	--	--	--	1,115.28	--

VI. Performance of directors' duties during the reporting period

(1) Information of the board meetings during the reporting period

Session	Convening date	Disclosure date	Meeting resolution
The 35th meeting of the seventh Board of Directors	January 15,2021	January 16,2021	http://www.cninfo.com.c (Announcement No.:2021-01)
The 36th meeting of the seventh Board of Directors	January 25,2021	January 26,2021	http://www.cninfo.com.c (Announcement No.:2021-07)
The first meeting of the Eighth Board of Directors	February 10,2021	February 10,2021	http://www.cninfo.com.c (Announcement No.:2021-151)
The Second meeting of the Eighth Board of directors	March 10,2021	March 12,2021	http://www.cninfo.com.c (Announcement No.:2021-17)
The Third meeting of the Eighth Board of directors	April 26,2021	April 28,2021	http://www.cninfo.com.c (Announcement No.:2021-33)
The Fourth meeting of the Eighth Board of directors	May 24,2021	May 25,2021	http://www.cninfo.com.c (Announcement No.:2021-37)
The Fifth meeting of the Eighth Board of directors	July 13,2021	July 14,2021	http://www.cninfo.com.c (Announcement No.:2021-44)
The sixth meeting of the Eighth Board of directors	August 26,2021	August 28,2021	http://www.cninfo.com.c (Announcement No.:2021-49)
The 7th meeting of the Eighth Board of directors	September 22,2021	September 24,2021	http://www.cninfo.com.c (Announcement No.:2021-55)
The 8th meeting of the Eighth Board of directors	October 28,2021	October 30,2021	http://www.cninfo.com.c (Announcement No.:2021-58)
The 9th meeting of the Eighth Board of directors	December 31,2021	December 31,2021	http://www.cninfo.com.c (Announcement No.:2021-61)

(2) Attendance of directors at the board meetings and the general meeting of shareholders

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings attended during the reporting period	Number of board meetings attended in person	Number of board meetings attended by means of communication	Number of board meetings attended by proxy	Number of board meetings absent from	Whether to attend the board meeting in person twice in a row	General meetings of shareholders attended
Zhang Jian	9	9	0	0	0	No	4
Zhu Meizhu	11	11	0	0	0	No	4
Ning Maozai	11	11	0	0	0	No	4
Yin Kefei	9	9	0	0	0	No	1
He Fei	11	11	0	0	0	No	4
Sun Minghui	9	9	0	0	0	No	1
He Zhuowen	11	3	8	0	0	No	4
Cai Yunqing	11	3	8	0	0	No	4
Wang Kai	11	3	8	0	0	No	3
Zhu Jun	2	2	0	0	0	No	0
Wang Chuan	2	2	0	0	0	No	0
Huang Yu	2	2	0	0	0	No	0

Explanation of failure to attend the board meeting in person twice in a row

None

(3) Directors' objections to related matters of the Company

Whether the director raises any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

(4) Other descriptions of directors' performance of duties

Whether the directors' suggestions on the Company have been adopted

Yes No

The director's statement on whether the relevant suggestions of the Company have been adopted or not

During the reporting period, all directors of the Company worked diligently and conscientiously in strict accordance with the relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, the *Articles of Association*, the *Rules of Procedure of the Board of Directors* and other systems of the Company, paid close attention to the Company's standardized operation and business situation, put forward

relevant opinions on the Company's major governance and business decisions according to the actual situation of the Company, reached a consensus after full communication and discussion, and resolutely supervised and promoted the implementation of the resolutions of the Board of Directors, so as to ensure scientific, timely and efficient decision-making, and protect the legitimate rights and interests of the Company and all shareholders.

VII. Situation of special committees under the Board of Directors during the reporting period

Committee name	Member information	Number of meetings convened	Convening date	Meeting content	Put forward important opinions and suggestions	Other information of duty performance	Details of objections (if any)
Audit Committee	He Zhuowen, Cai Yuanqing, He Fei	6	January 12, 2021	It deliberated the <i>2020 Audit Work Plan for Annual Report, 2020 Main Financial Indicators Express of the Group, 2020 Internal Audit Work Summary and 2021 Internal Audit Work Plan and 2020 Audit Plan of Shenzhen Textile.</i>	The Audit Committee emphasized the need to strengthen the tracking and inspection of audit rectification, enhance the timeliness of internal audit, and reduce the recurrence of problems found in audit, and agreed to the 2020 financial statement indicator express and related work plan.		
			February 5, 2021	The accountant of Grant Thornton reported to the Audit	The Audit Committee worked in strict accordance with the		

				<p>Committee the progress of the audit of the 2020 annual report and the problems concerned in the audit process, and the Audit Department reported the 2020 work summary and the 2021 internal audit work plan of the Company. The Audit Committee put forward suggestions and requirements for the follow-up audit work.</p>	<p><i>Company Law</i>, the regulatory rules of China Securities Regulatory Commission and the <i>Articles of Association</i> and the <i>Rules of Procedure of the Board of Directors</i> in a diligent and dutiful manner, and unanimously passed relevant proposals after full communication and discussion.</p>		
			<p>March 5, 2021</p>	<p>It deliberated the 2020 Financial Final Accounts Report, the 2020 Profit Distribution Plan, the Proposal on Accounting Policy Change, the Special Report on the</p>	<p>The Audit Committee worked in strict accordance with the <i>Company Law</i>, the regulatory rules of China Securities Regulatory Commission and the</p>		

				<p>Deposit and Use of Raised Funds in 2020, and the Proposal on the Permanent Replenishment of Working Capital with Surplus Raised Funds.</p>	<p><i>Articles of Association and the Rules of Procedure of the Board of Directors</i> in a diligent and dutiful manner, and unanimously passed relevant proposals after full communication and discussion.</p>		
			<p>April 26,2021</p>	<p>It listened to the Internal Audit Work Summary for the First Quarter and the Internal Audit Work Plan for the Second Quarter of 2021 reported by the Audit Department, and put forward relevant requirements</p>	<p>The Audit Committee recognized the internal audit work of the Risk Control Audit Department in the first quarter of 2021, and requested the Risk Control Audit Department to continue to carry out work according to the requirements of the annual internal audit work plan for the second quarter of</p>		

					2021.		
			August 13,2021	<p>It listened to the Special Inspection Report on Standardized Operation of Listed Companies in the First Half of 2021, the Summary of Internal Audit Work in the Second Quarter and the Internal Audit Work Plan in the Third Quarter of 2021, which were reported by the Audit Department, deliberated 3 proposals including the Proposal on Hiring Audit Institutions in 2021 and put forward relevant requirements for the audit work.</p>	<p>The Audit Committee recognized the internal audit work of the Risk Control Audit Department in the second quarter of 2021, and requested the Risk Control Audit Department to continue to carry out work according to the requirements of the annual internal audit work plan for the third quarter of 2021. In accordance with the requirements of enterprise internal control standard system and relevant regulations, the Company has maintained effective internal</p>	No	No

					control of financial report and non-financial report in all major aspects. It is unanimously agreed to pass the related proposal.		
			October 28,2021	The Audit Committee listened to the Summary of Audit Work in the Third Quarter and the Internal Audit Work Plan in the Fourth Quarter of 2021 reported by the Risk Control Audit Department, and put forward relevant requirements for internal audit work.	The Audit Committee recognized the internal audit work of the Risk Control Audit Department in the third quarter of 2021, and requested the Risk Control Audit Department to continue to carry out work according to the requirements of the annual internal audit work plan for the fourth quarter of 2021. In accordance with the requirements of enterprise		

					internal control standard system and relevant regulations, the Company has maintained effective internal control of financial report and non-financial report in all major aspects.		
Remuneration and Appraisal Committee	He Zhuowen, Wnag Kai, He Fei	4	January 8,2021	It deliberated matters related to repurchase and cancellation of some restricted stocks.	The Remuneration and Appraisal Committee believed that since the repurchase and cancellation of restricted stocks were in compliance with the Administrative Measures for Equity Incentives of Listed Companies, Memorandum No.3 of Information Disclosure on Main	No	No

					Board-Equity Incentives and Employee Stock Ownership Plan and the Company's 2017 Restricted Stock Incentive Plan (Draft) and other relevant regulations, and the repurchase and cancellation of the Company will not affect the Company's continuing operations or harm the interests of the Company and all shareholders, it is unanimously agreed to pass the proposal.		
			March 8,2021	It deliberated matters related to repurchase and cancellation of some	The Remuneration and Appraisal Committee believed that since this		

				restricted stocks.	<p>repurchase and cancellation were in compliance with the Administrative Measures for Equity Incentives of Listed Companies, Guidelines No.9 for Business Management of Listed Companies of Shenzhen Stock Exchange-Equity Incentives and the Company's 2017 Restricted Stock Incentive Plan and other relevant regulations, and it will not affect the Company's continuing operation or harm the interests of the Company and all shareholders, it is</p>		
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					unanimously agreed to repurchase and cancel such restricted stocks.		
			August 12,2021	It deliberated the Proposal on Formulating the 2020 Annual Business Performance Assessment and Remuneration Management Plan for Senior Managers.	The Remuneration and Appraisal Committee believed that the formulation of the 2020 Business Performance Assessment and Remuneration Management Plan for Senior Managers conformed to the relevant provisions of the Governance Guidelines of Listed Companies, the Articles of Association of the Company and the Working Regulations of the Remuneratio		

					n and Appraisal Committee of the Board of Directors; and it is agreed to submit the 2020 Business Performance Assessment and Remuneration Management Plan for Senior Managers to the Board of Directors of the Company for deliberation.		
			October 9,2021	It deliberated the Proposal on Remuneration Assessment of Senior Managers in 2020.	The Remuneration and Appraisal Committee worked in strict accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission and the Articles of Association	No	No

					and the Rules of Procedure of the Board of Directors in a diligent and dutiful manner, put forward relevant opinions according to the actual situation of the Company, and unanimously passed the proposal after full communication and discussion.		
Nomination Committee	Cai Yuanqing, He Fei, He Zhuowen, Wang Kai	2	August 26,2021	It deliberated the Proposal on Nominating Candidates for Deputy General Manager of the Company and the Proposal on Nominating Candidates for General Manager of the Company.	The Nomination Committee members worked in strict accordance with the Articles of Association of the Company and the Regulations on the Work of the Nomination Committee of the Board of Directors, reviewed the	No	No

					qualifications of candidates and unanimously passed relevant proposals.		
			February 10,2021	It deliberated the nomination of senior managers.	The Nomination Committee members worked in strict accordance with the Articles of Association of the Company and the Regulations on the Work of the Nomination Committee of the Board of Directors, deliberated the qualifications of candidates and unanimously passed relevant proposals.		

VIII.The working status of the board of supervisors

The board of supervisors finds out whether the company has risks during the monitoring activities during the reporting period

Yes No

The Supervisory Committee has no objection to the supervision matters during the reporting period.

IX. Particulars about employees.

(1) Number of staff, professional structure and educational background

Number of in-service staff of the parent company(person)	56
Number of in-service staff of the main subsidiaries(person)	1,575
The total number of the in-service staff(person)	1,631
The total number of staff receiving remuneration in the current period(person)	1,631
Retired staff with charges paid by the parent company and main subsidiaries (person)	0
Professional	
Category	Number of persons (person)
Production	1,158
Sales	29
Technical	231
Financial	33
Administrative	180
Total	1,631
Education	
Category	Number of persons (person)
Holders of master's degree or above	41
Graduates of regular university	265
Colleges	157
Mid-school or below	1,168
Total	1,631

(2) Remuneration policies

In 2021, the Company carried out management for employees' compensation in strict accordance with the state's relevant laws and regulations and guaranteed the fairness and reasonability of the compensation, which offered relevant rewards and incentives to the employees, accelerate them to jointly develop with the Company , and simultaneously reflected humanistic care of the Company.

(3) Training plan

Combining with the Company's development strategy, it continued to strengthen the Company's talent training system to help employees and the company develop together. In 2021, it improved the systematic talent training system to provide solid support for the Company's strategic development. First, it organized the special training of

"Butterfly Change Breakthrough · Win in Execution", comprehensively publicized and implemented the execution culture, and enhanced the execution and combat effectiveness of all employees. Second, it organized a case sharing activity of "Success in Details · Win in Implementation", which enhanced the interaction among employees and cultivated the habit of active thinking and active learning among employees. Third, it organized a series activities of "Get to Know You · Face-to-Face", in which the Chairman of the Company communicated with the core backbones of affiliated enterprises, so as to acquire a deep understanding of the actual situation and existing problems of enterprises and cadres, and better promote the sustained, healthy and high-quality development of the Group. Fourth, it organized the management of training points, established a learning organization, mobilized the enthusiasm of employees in learning and sharing, and promoted employees' active learning. In terms of training, the Company helped employees to open up new horizons of learning in multiple dimensions, and promote their practical work by applying theories.

(4) Outsourcing situation

Applicable No Applicable

X. Specification of profit distribution and capitalizing of common reserves

Formulation, implementation or adjustment of the profit distribution policy, especially the cash dividend policy during the reporting period

Applicable Not applicable

On April 7, 2021, the Company held the 2020 annual general meeting of shareholders to deliberate and pass the 2020 profit distribution plan. The 2020 profit distribution plan of the Company is as follows: based on the profit available for distribution in the consolidated statement, with the total share capital of 507,772,279 shares as the base as of December 31, 2020, a cash dividend of RMB 0.30 (including tax) will be distributed to all shareholders for every 10 shares, with a total cash dividend of RMB 15,233,168.37 (including tax), the remaining undistributed profits will be carried forward to the next year; No bonus shares will be given, and no capital reserve will be used to increase capital. If the total share capital of the Company changes before the implementation of the distribution plan, the total share capital of date of record will be taken as the base when the distribution plan is implemented in the future, and the specific amount will be subject to the actual distribution. The Company's shares held by the Company are not included in profit distribution.

During the period from the disclosure of the distribution plan to its implementation, the total share capital of the Company was reduced from 507,772,279 shares to 506,521,849 shares due to the completion of cancellation procedure of restricted stock repurchase. According to the above profit distribution plan, the Company's 2020 profit distribution plan is adjusted as follows: based on the Company's existing total share capital of 506,521,849, a cash dividend of RMB 0.30 (including tax) will be distributed to all shareholders for every 10 shares.

Special description of cash dividend policy	
Whether it meets the requirements of the Articles of Association or the resolution of the general meeting of shareholders:	Yes
Whether the dividend standard and proportion are explicit and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes

Whether the independent directors have performed their duties and played their due role:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
Whether the cash dividend policy is adjusted or changed, and whether the conditions and procedures are compliant and transparent:	Yes

During the reporting period, the Company made a profit and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was put forward.

Applicable Not applicable

Profit distribution and capitalization of capital reserve during the reporting period

Applicable Not applicable

Bonus shares for every ten shares(Shares)	0
Cash dividend for every ten shares (Yuan)(Tax-included)	0.50
A total number of shares as the distribution basis(shares)	506,521,849
Cash dividend amount (yuan, including tax)	0.50
Other means (such as repurchase of shares) cash dividend amount (yuan)	0.00
Total cash dividend (yuan, including tax)	25,326,092.45
Distributable profit (yuan)	130,746,251.74
Proportion of cash dividend in the distributable profit	100%
Cash dividend distribution policy	
When the company's development stage is in the growth period and there are major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%.	
Detailed explanation of the profit distribution or capital reserve transfer plan	
Based on the distributable profits in the consolidated statement, with the total share capital of 506,521,849 shares as of December 31, 2021 as the base, a cash dividend of RMB 0.5 (including tax) was distributed to every 10 shares of all shareholders, with a total cash dividend of RMB 25,326,092.45 (including tax).	

XI. Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

(1) Equity incentive

On November 27, 2017, the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan (Draft) and summary and the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan was examined and approved in the 7th board meeting of the company's 7th session board of directors, and related proposals agreed to fulfill the relevant procedures and related proposals agreed to fulfill the relevant procedures. Please refer to Announcement No.:2017-57, 2017-58, 2017-62 on www.cninfo.com.cn. The progress during the reporting period is now explained as follows:

1. Regarding the repurchase and cancellation of some restricted stocks

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 May 13, 2021, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd

2. Regarding the repurchase and cancellation of some restricted stocks and the repurchase and cancellation of the third phase of restricted stocks

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.

On May 13, 2021, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

Equity incentives obtained by directors and senior managers of the Company

Applicable Not applicable

Evaluation mechanism and incentives of senior managers

None

(2) Implementation of ESOP

√ Applicable Not applicable

All effective ESOPs during the reporting period

Scope of employees	Quantity of employees	Total number of shares held	Change information	Proportion of total share capital of listed companies	Funding sources for plan implementation
Directors, supervisors, senior managers and other core technical/business/management backbones of the Company (including subsidiaries, the same below).	127	1403600	No	0.28%	The Company employees' legal remuneration, self-raised funds and other legal ways permitted by laws and regulations.

Shareholding of directors, supervisors and senior managers in the ESOP during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion of total share capital of listed companies
Zhang Jian	Chairman of the Board	0	114,206	0.02%
Zhu Meizhu	Director, General Manager	0	114,206	0.02%
Ning Maozai	Director, Secretary of Party Committee and Secretary of Discipline Inspection Commission	0	28,551	0.01%
Le Kunjiu	Deputy GM	0	57,103	0.01%
Liu Honglei	Deputy GM	0	57,103	0.01%
He Fei	Director, CFO	0	57,103	0.01%
Jiang Peng	Secretary of the Board	0	57,103	0.01%
Zhan Lumei	Employee supervisor	0	17,131	0.00%

Changes in asset management institutions during the reporting period

 Applicable Not applicable

Changes in equity caused by holders' disposal of shares during the reporting period

√ Applicable Not applicable

During the reporting period, Huang Weiqi and He Guangdong, the original holders of the Company's first ESOP,

resigned for personal reasons. Upon confirmation by the management committee of the Company's first ESOP, they transferred their 50,000 shares in ESOP to Huo Zhifeng. After the transfer, Huo Zhifeng's share in the first ESOP of the Company was changed from 150,000 to 250,000 shares.

Exercise of shareholders' rights during the reporting period

During the reporting period, the Company's ESOP was not involved in the voting of the Company's general meeting of shareholders and exercise other shareholders' rights.

Other relevant information and description of ESOP during the reporting period

Applicable Not applicable

The membership of the ESOP Management Committee has changed.

Applicable Not applicable

Financial impact of ESOP on listed companies in the reporting period and related accounting treatment

Applicable Not applicable

Termination of ESOP during the reporting period

Applicable Not applicable

Other note

None

(3) Other employee incentives

Applicable Not applicable

XII. Construction and implementation of internal control system during the reporting period

(1) Construction and implementation of internal control

During the reporting period, the Company timely updated and improved the internal control system according to the *Basic Standards for Enterprise Internal Control* and its supporting guidelines, and established a scientific, concise, applicable and effective internal control system. The Audit Committee and the Risk Control Audit Department jointly formed the Company's risk internal control management organization system to supervise and evaluate the Company's internal control management. Through the operation, analysis and evaluation of the Company's internal control system, the risks in operation and management are effectively prevented, and the realization of internal control objectives is promoted.

According to the identification of major internal control defects in the Company's financial report, there were no major internal control defects in the financial report on the base date of the internal control evaluation report. In accordance with the requirements of enterprise internal control standard system and relevant regulations, the Company has maintained effective internal control of financial reports in all major aspects.

According to the identification of major defects in the internal control of the Company's non-financial reports, the Company found no major defects in the internal control of non-financial reports on the base date of the internal control evaluation report.

(2) Details of major internal control defects found during the reporting period

Yes No

XIII. Management and control of the Company's subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered in integration	Measures taken for solution	Solution progress	Subsequent planned solution
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XIV. Internal control self-evaluation report or internal control audit report**(1) Self-evaluation report on internal control**

Disclosure date of appraisal report on internal control	March 17, 2022	
Disclosure index of appraisal report on internal control	Juchao Website: (http://www.cninfo.com.cn) , Self-evaluation report of internal control in 2021	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative standard	The defects related to financial reports were divided into general defects, important defects and significant defects according to their severity. Significant defects referred to one or multiple combinations of controlling defects, which may lead to serious deviation from the controlling objectives. Important defects referred to one or multiple combinations of controlling defects, and their severity and economic consequences were below significant defects, but they could still lead to serious deviation from the controlling objectives. General defects referred to other internal controlling defects which couldn't constitute significant defects or important defects.	In the following circumstances, the company was identified as existing non-financial –reporting related significant defects of internal controlling defects: The business activities of the company seriously violated national laws and regulations; (2) The decision-making process of "Three-Importance& One-Large" were unscientific, leading to major decision errors, and causing major property loses to the company; (3) Massive loss of key posts or technology talents; (4) The controlling system involving important business fields of the company failed; (5) It Caused serious negative effects on business of the company, and the effects couldn't be eliminated; (6) The evaluation results of internal control were significant defects, and couldn't get effective rectification. Important defects referred to one or multiple combinations of controlling defects, and their severity and economic consequences

		were below significant defects, but they could still lead to serious deviation from the controlling objectives. General defects referred to other internal controlling defects which couldn't constitute significant defects or important defects.
Quantitative criteria	<p>Misstatement amount of financial statement fell into the following intervals: significant defects:</p> <p>Misstatement amount \geq 1.5% of total revenue; Misstatement amount \geq 10% of gross profit; Misstatement amount \geq 1% of total asset; Misstatement amount \geq 5% of net asset.</p> <p>significant defects: 0.5% of Total revenue \leq Misstatement amount $<$ 1.5% of total revenue; 5% of gross profit \leq Misstatement amount $<$ 10% of gross profit; 0.5% of Total asset \leq Misstatement amount $<$ 1% of total revenue; 3% of Net assets \leq Misstatement amount $<$ 5% of net assets. General defects: 0% of total revenue $<$ Misstatement amount $<$ 0.5% of Total revenue; 2% of gross profit $<$ Misstatement amount $<$ 5% of total profit; 0% of total assets $<$ Misstatement amount $<$ 0.5 of total assets; 0% of net assets $<$ Misstatement amount $<$ 3% of net assets.</p>	Not applicable
Number of major defects in financial reporting (a)		0
Number of major defects in non financial reporting (a)		0
Number of important defects in financial reporting (a)		0
Number of important defects in non financial reporting (a)		0

(2) Internal Control audit report

√ Applicable Not applicable

Review opinions in the internal control audit report
<p>o all shareholders of Shenzhen Textile (Holdings) Co., Ltd.:</p> <p>According to the relevant requirements of the "Audit Guideline of Enterprise Internal Control" and the Chinese CPA criteria, the company has audited the effectiveness of internal control of the financial statement of Shenzhen Textile (Holdings) Co., Ltd. (Shenzhen Textile) at the date of December 31, 2021.</p> <p>1. The responsibility of enterprise for the internal control. According to the provisions of "Fundamental Norms for Enterprise Internal Control", "Operation Guideline of Enterprise Internal Control" and "Evaluation Guideline of Enterprise Internal Control", the company has established, perfected and effectively implemented the internal control, and made an evaluation for its effectiveness, which are the responsibilities of the Board of Directors of Shenzhen Textile.</p>

<p>2. The responsibility of CPA. The company shall be responsible for the expression of audit opinions on the effectiveness of internal control in the financial statement and the disclosure of serious deficiency of internal control except for the financial statement on the basis of the implementation of audit.</p> <p>3. The inherent limitation of internal control. There is the possibility of unpreventable errors. In addition, due to the change of situation, the inappropriate internal control is maybe shown, or the control policy and the abidance of procedure can be reduced. Based on the audit results of internal control, the future internal control is expected to have a certain risk.</p> <p>4. The audit opinions of internal control in the financial statement. The company believes that Shenzhen Textile has maintained the effective internal control of the financial statement in all the major aspects according to “Fundamental Norms for Enterprise Internal Control” and the relevant provisions on December 31, 2021</p> <p>Grant Thornton International Ltd.(Special General Partnership)</p> <p style="text-align: center;">Chinese C.P.A. Chen Zhifang Chinese C.P.A. Liu Duoqi</p> <p style="text-align: right;">March 15, 2022</p>	
Disclosure date of audit report of internal control (full-text)	Disclosure
Index of audit report of internal control (full-text)	March 17,2022
Internal audit report's opinion	Juchao Website: (http://www.cninfo.com.cn) ;Audit report of internal control of the Company
Type of audit report on internal control	Unqualified auditor's report
Whether there is significant defection non-financial report	No

Has the CPAs issued a qualified auditor's report of internal control .

Yes No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

Yes No

XV. Rectification of self-examination problems in special governance actions of listed companies

According to the deployment of China Securities Regulatory Commission, in 2021, the Company organized the self-inspection of special actions of listed companies' governance. During the self-inspection of governance, the following problems were found: 1. The Company's Board of Directors has not changed when due; 2. The number of independent directors in the Audit Committee of the Company does not exceed half of the total; 3. The directors, supervisors and senior managers of the Company failed to attend (or attend as a nonvoting delegate) or entrust others to attend general meeting of shareholders, meetings of board of Directors and Board of Supervisors as required.

The rectification measures are as follows:

1. Through communication with the controlling shareholder Shenzhen Investment Holdings Co., Ltd., it learned that Shenzhen Investment Holdings received a notice from the superior that in principle, the deliberation of cadre and personnel matters was suspended during the change of Shenzhen Municipal Party Committee. As the Chairman of the Company is appointed and managed by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, and the re-election of Shenzhen Municipal Party Committee has not yet been completed, the postponement of the re-election of the Seventh Board of Directors and Board of Supervisors has been reported to Shenzhen Stock Exchange for records. On November 25, 2020, the Company started the change of office immediately after receiving the recommendation letter from the controlling shareholder, and on February 10, 2021, it completed the change of directors and supervisors;
2. The Audit Committee of the Seventh Board of Directors of the Company consists of 4 members, including 2 independent directors. In the past, the Company routinely added the Chief Financial Officer and the Secretary of the Commission for Discipline Inspection to the Audit Committee of the Board of Directors, resulting in less than half of the independent directors in the Audit Committee. The Audit Committee of the Eighth Board of Directors of the Company consists of 3 members, including 2 independent directors, which have been rectified;
3. When the Company's directors and supervisors are unable to attend the general meeting of shareholders, the meetings of the Board of Directors and the Board of Supervisors of the Company, they have all fulfilled the corresponding leave procedures, and there is no absence from the general meeting of shareholders without reason.

V. Environmental & Social Responsibility

I. Significant environmental issues

Whether the Company or any of its subsidiaries is identified as a key polluter by the environment authorities

Yes No

Company or subsidiary name	Main pollutant and specific pollutant name	Emission way	Emission port number	Emission port distribution condition	Emission concentration (mg/Nm ³)	Implemented pollutant emission standards	Total emission	Verified total emission(Tons)	Excessive emission condition
Shenzhen Beauty Century Garment Co., Ltd.	Effluents : COD	Open channel discharge after treatment	1	Northwest side of plant area	< 60mg/L	60mg/L	<2.43t/a	2.43t/a	No

Prevention and control of pollution facilities construction and operation

The Beauty Century Company wastewater treatment facilities adopt the treatment processes of regulation, hydrolysis acidification, coagulation and air flotation, contact oxidation, coagulation and sedimentation and filtration. It is with stable treatment process, and good effluent effect of wastewater treatment. The wastewater from the production process can meet the environmental protection requirements after being treated by wastewater treatment facilities.

The Company invested RMB 960,000 to build the reuse system of reclaimed water, and now the reuse project of reclaimed water has been accepted and started operation.

Situation of Construction project environmental impact assessment and other environmental protection administrative licenses

The Company complied with relevant environmental protection regulations at such three stages as project design, construction and operation and obtained environmental protection approvals needed at each corresponding stage including EIA report, EIA approval, environmental protection acceptance decision and emission permit among others.

Emergency Plan for Emergency Environmental Incidents

According to the actual situation of the company, the preparation of the emergency plan for emergency environmental incidents was completed, and an emergency environmental emergency plan filing application

Environmental Self-Monitoring Program

According to the environmental management requirements of the pollutant discharge permit, the specific monitoring scheme is as follows: once every 6h for pH value of wastewater, once per day for chroma, once per day for suspended solids, once per week for biochemical oxygen demand in five days, once every 6h for chemical oxygen demand, once per day for total nitrogen, once per day total phosphorus, once per month for sulfide, once per month for aniline, once per year chlorine dioxide, and twice per year for waste gas at factory boundary (once every six months).

Administrative penalties for environmental problems during the reporting period

Name of company or subsidiary	Reasons for punishment	Violation situation	Penalty result	Impact on the production and operation of listed companies	Company's rectification measures
No	No	No	No	No	No

Other Environmental Information That Should Be Disclosed

None

Measures and effects taken to reduce its carbon emissions during the reporting period

Applicable Not applicable

The use of reclaimed water can effectively reduce wastewater discharge, and 2,500 tons of tap water have been saved in the reporting period.

Other Environmental Related Information

None

II. Social responsibilities

1. Protection of shareholders' rights and interests

During the reporting period, the Company abided by laws and regulations, operated in compliance with regulations, and constantly improved its governance structure and further standardized the Company's operation in strict accordance with the requirements of the *Company Law*, the *Securities Law* and the *Governance Guidelines for Listed Companies* and other laws and regulations. It adhered to the procedure system of general meeting of shareholders, Board of Directors, Board of Supervisors and independent directors as the core, further improved the corporate governance structure and various management systems, constantly improved the internal control system in the process of the Company's operation and management, took effective operational risk prevention measures, earnestly safeguarded and protected shareholders' rights and interests, and laid a solid foundation for the healthy and sustainable development of the Company. Independent directors paid close attention to the Company's operation, put forward many valuable professional suggestions for the Company's daily operation and key concerns, and played an important role in improving the supervision mechanism and safeguarding the legitimate rights and interests of the Company and all shareholders. The Company strictly fulfilled its obligation of information disclosure according to law, truly, accurately, completely, timely and fairly disclosed information that has a significant impact on investment decision-making. The disclosure content was concise and easy to understand, fully revealed risks, and facilitated all shareholders to consult. According to regulatory requirements, it further combed and improved relevant systems and enhanced the quality of information disclosure.

During the reporting period, the Company further improved the information disclosure and information transparency, fulfilled the obligation of information disclosure in strict accordance with regulatory requirements, communicated with investors through various channels, answered questions raised by investors in a timely manner, and improved information transparency. Meanwhile, it cooperated with regulatory authorities to safeguard the rights and interests of investors, especially small and medium-sized investors, and realized the benign interaction and harmonious development between investors and listed companies.

2. Protection of employees' rights and interests

According to the enterprise development strategy, the Company further revised and improved the human resource management system. It established labor relations by entering into labor contracts with employees, and implement necessary management for employees according to the *Labor Law* and relevant management regulations of the Company. The Company established a scientific assessment and distribution system according

to the classification of senior managers, department managers and employees, established a systematic and standardized performance assessment and evaluation system, and conducted a comprehensive, objective, fair and accurate assessment of employees' performance of duties and tasks, which is used as the basis for determining employees' remunerations, rewards and punishments and appointments. It conducted market-based selection and employment, created a good environment for talent development, and constantly stimulated innovation vitality and motivation.

In 2021, the Company strived to create a good corporate culture atmosphere, strengthen the psychological care for employees, listen to their inner voices, and enhance employees' sense of gain and belonging; Meanwhile, it further enhanced the Group leaders' understanding of the mind state of grass-roots employees, better cared for and helped employees to grow into talents, and regularly organized face-to-face communication between the Company leaders and the core backbone of the Group employees and subordinate enterprises.

In the meantime, the Company newly revised 3 human resource management systems, namely, the Management Measures of Shenzhen Textile Group's Rank Promotion, the Management System of Shenzhen Textile Group's Staff Performance Appraisal and the Interim Measures of Shenzhen Textile Group's Annual Advanced Selection, and optimized and improved the Company's personnel training, performance compensation management and rank promotion. It actively guided and assisted subordinate enterprises to promote various human resource management norms, and guided enterprises to strengthen remuneration performance management and make reasonable adjustments to employees' remuneration level according to the actual situation of each enterprise. It strengthened the scientific and standardized management of human resources, avoided labor risks, improved the level of human resources management, and further mobilized the enthusiasm of employees.

3. Environmental protection

Striving to build a modern "green enterprise" is the Company's long-term positive responsibility. We insist on building the whole process of green cycle in the industrial chain, realizing the real green cycle economy, improving the quality of the Company's surrounding environment and escorting the Company's production. During the reporting period, the OSBL noise, industrial wastewater and waste gas emissions in the Company's production process all passed the monitoring of the environmental protection department, and complied with the standard requirements of relevant laws and regulations. During the reporting period, the Company's organic waste gas was treated by the rotary RTO treatment process, and the removal rate of VOCs in organic waste gas reached over 99%. On the basis of meeting the discharge standards, the pollutant discharge was further reduced, and no major environmental incidents occurred. In addition, the Company vigorously advocated green office, carried out various forms of environmental protection publicity and education activities, raised employees' awareness of energy conservation and emission reduction, realized the coordinated development of production & operation and environmental protection, and earnestly fulfilled social responsibilities.

4. Protection of consumers' rights and interests

The Company has been adhering to the core values of "honesty oriented and responsibility first". Being responsible for customers is the source of our enterprise value. It is our unremitting pursuit to provide customers with professional, personalized and all-round products and services. With customer demand as the core, continuously innovating to serve customers, and continuously improving and enhancing product quality are the driving force for the Company to achieve good performance and sustainable development, and also an important guarantee to win customers' long-term trust. It has provided active attention to customer needs, quick response to customer feedback, sincere consideration for customers and promotion of long-term cooperative partnership.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

During the reporting year, the Company did not carry out targeted poverty alleviation work, nor did it have a follow-up targeted poverty alleviation plan.

VI. Important Events

I. Commitments to fulfill the situation

1. The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

Applicable Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.	August 4, 2006	Sustained and effective	Under Fulfillment

Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement						
Commitments made upon issuance	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	Shenzhen Investment Holdings Co., Ltd. signed a "Letter of Commitment and Statement on Horizontal Competition Avoidance" when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may constitute direct or indirect competition with Shenzhen Textile; if the operations of Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it compete with Shenzhen Textile in the same industry or contradict the interest of the issuer in the future, Shenzhen Investment Holdings Co., Ltd. shall urge such companies to sell the equity, assets or business to Shenzhen Textile or a third party; when the horizontal competition may occur due to the business expansion concurrently	October 9, 2009	Sustained and effective	Under Fulfillment

			necessary for Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it and Shenzhen Textile, Shenzhen Textile shall have priority.			
	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	The commitments during the period non-public issuance in 2012: 1. Shenzhen Investment Holdings, as the controlling shareholder of Shenzhen Textile, currently hasn't the production and business activities of inter-industry competition with Shenzhen Textile or its share-holding subsidiary. 2. Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights can't be directly and indirectly on behalf of any person, company or unit to engage in the same or similar business in any districts in the future by the form of share-holding, equity participation, joint venture, cooperation, partnership, contract, lease, etc., and ensure not to use the controlling shareholder's status to damage the legitimate rights and interests of Shenzhen Textile and other shareholders, or to gain the additional benefits. 3. If there will be the situation of inter-industry competition with Shenzhen Textile for Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights in the future, Shenzhen Investment Holdings will promote the related enterprises to avoid the inter-industry competition through the transfer of equity, assets, business and other ways. 4.	July 14, 2012	Sustained and effective	Under Fulfillment

			Above commitments will be continuously effective and irrevocable during Shenzhen Investment Holdings as the controlling shareholder of Shenzhen Textile or indirectly controlling Shenzhen Textile.			
Equity incentive commitment	Shenzhen Textile(Holdings) Co., Ltd.	Other commitment	1.The company undertakes not to provide loans, loan guarantees, and any other forms of financial assistance to the incentive objects for obtaining the restricted stocks in the incentive plan; 2. The company undertakes that there is no circumstance that the stock incentive shall be prohibited as stipulated in the provisions of Article 7 of the “Measures for the Management of Stock Incentives of Listed Companies”.	November 27,2017	May 13,2021	Completed
Other commitments made to minority shareholders						
Executed timely or not?	Yes					
If the commitments failed to complete the execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan	Not applicable					

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

Applicable Not applicable

II. Particulars about the non-operating occupation of funds by the controlling shareholder

Applicable Not applicable

None

III. Illegal provision of guarantees for external parties

Applicable Not applicable

None

IV. Explanation of the Board of Directors on the latest "Non-standard Audit Report"

Applicable Not applicable

V.Notes for “non-standard audit report” of CPAs firm during the Reporting Period by board of directors and supervisory board

Applicable Not applicable

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

Applicable Not applicable

None

VII.Explain change of the consolidation scope as compared with the financial reporting of last year.

Applicable Not applicable

As of December 31, 2021, the company has included 8 subsidiaries in the scope of consolidation. For details, please refer to Section 10-9, "Equity in Subsidiaries" of this report. The scope of the company’s consolidation this year has increased by one household compared to the previous year. For details, please refer to Section 10-8 "Changes in Consolidation Scope for Other Reasons" of this report.

VIII. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Grant Thornton International Ltd (Special General
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	Partnership)
Remuneration for domestic accounting firm (Ten thousands yuan)	87.8
Successive years of the domestic CPAs offering auditing services	1
Name of CPA	Chen Zhifang , Liu Duoqi
Continuous years of audit services of certified public accountants of domestic public accounting firms	The continuous service life of Chen Zhifang's audit service is 1 year, and that of Liu Duoqi's audit service is 0 year.

Has the CPAs been changed in the current period

Yes No

Description of the CPAs, financial adviser or sponsor engaged for internal control auditing

Applicable Not applicable

During the reporting period, the company engaged Grant Thornton International Ltd (Special General Partnership) as the company's internal control audit agency for 2021, with an audit remuneration of RMB 878,000 (including travel expenses and other expenses). The related financial statement audit fee is RMB 650,000 (including tax), and the internal control audit fee is RMB 228,000 (including tax).

IX. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report

Applicable Not applicable

X. Relevant Matters of Bankruptcy Reorganization

Applicable Not applicable

None

XI. Matters of Important Lawsuit and Arbitration

Applicable Not applicable

Basic situation of litigation(arbitration)	Amount involved (Ten thousand yuan)	Whether to form estimated liabilities	Litigation (arbitration) progress	Litigation(arbitration) trial results and impact	Implementation of litigation(arbitration) judgments	Disclosure date	Disclosure index
For details of the Company's matters related to arbitration and compensation of its subsidiaries' 2019 annual performance commitments, please refer to	24,478.38	No	The arbitration case was heard at 9:30 on December 1, 2020 in the Seventh	(I) Trial result: Jinjiang Group is exempted from the performance compensation obligation in 2019, and does not need to pay the	Ruled	March 30, 2021	For details, please refer to the company's disclosure on March 30, 2021. (http://www.cninfo.com.cn)

<p>"XVII. Major matters of its subsidiaries" in "Section VI Important Matters".</p>			<p>Arbitration Tribunal of the Arbitration Institute in Shenzhen Stock Exchange, and the arbitration tribunal made a ruling on this case on March 25, 2021.</p>	<p>compensation for the performance difference in 2019 of RMB 244,783,800 to SAPO Photoelectric; The arbitration fee of RMB 2,682,011 and the actual expenses of the arbitrator of RMB 8,000 in this case shall be borne by Jinjiang Group; Other arbitration requests of Jinjiang Group are not supported. This award shall be final and take legal effect from the date it is made. (II) Impact: This arbitration shall be final, and the result of the arbitration will not affect the profit and loss of the Company or the production and operation of SAPO Photoelectric. The Company and Jinjiang</p>			<p>(Announcement No.:2021-29)</p>
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				Group will continue to actively perform their shareholder duties based on the principle of mutual benefit and win-win, and effectively improve the production technology, management level and profitability of SAPO Photoelectric.			
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XII. Situation of Punishment and Rectification

Applicable Not applicable

None

XIII. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers

Applicable Not applicable

No such cases in the Reporting Period.

XIV. Material related transactions

1. Related transactions in connection with daily operation

Applicable Not applicable

None

2. Related-party transactions arising from asset acquisition or sale

Applicable Not applicable

None

3. Related-party transitions with joint investments

Applicable Not applicable

None

4. Credits and liabilities with related parties

Applicable Not applicable

None

5. Transactions with related finance company, especially one that is controlled by the Company

Applicable Not applicable

None

6. Transactions between the financial company controlled by the Company and related parties

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and related parties.

7. Other significant related-party transactions

Applicable Not applicable

None

XV. Significant contracts and execution

1. Entrustments, contracting and leasing

(1) Entrustment

Applicable Not applicable

No such cases in the reporting period.

(2) Contracting

Applicable Not applicable

No such cases in the reporting period.

(3) Leasing

Applicable Not applicable

No such cases in the reporting period.

2. Significant Guarantees

√ Applicable □ Not applicable

In RMB10,000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Guarantee of the company for its subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
SAPO Photoelectric	March 18,2020	48,000	September 8,2020	40,912.74	Guaranteeing of joint liabilities			Two years from the date of expiration of the principal debt	No	No
Total of guarantee for subsidiaries approved in the period(B1)		0		Total of actual guarantee for subsidiaries in the period (B2)		20,353.14				
Total of guarantee for subsidiaries approved		48,000		Total of actual guarantee for		40,912.74				

at period-end(B3)				subsidiaries at period-end(B4)						
Guarantee of the subsidiaries for the controlling subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
The Company's total guarantee(i.e. total of the first three main items)										
Total guarantee quota approved in the reporting period (A1+B1+C1)		0		Total amount of guarantee actually incurred in the reporting period (A2+B2+C2)						20,353.14
Total guarantee quota already approved at the end of the reporting period (A3+B3+C3)		48,000		Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)						40,912.74
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+B4+C4) %										14.52%
Including:										
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)										0
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)										0
Portion of the total guarantee amount in excess of 50% of net assets (F)										0
Total amount of the three kinds of guarantees above (D+E+F)										0

Description of the guarantee with complex method

None

3.Situation of Entrusting Others for Managing Spot Asset

(1) Situation of Entrusted Finance

√ Applicable □ Not applicable

Overview of entrusted wealth-management during the reporting period

In RMB 10,000

Specific type	Source of funds for entrusted financial management	The Occurred Amount of Entrusted Wealth-management	Undue balance	Amount overdue	Un-recovered of overdue amount
Other	Self fund	58,654.07	0	0	0
Total		58,654.07	0	0	0

The detailed information of entrusted wealth-management with significant amount or low safety, poor liquidity or high risk with no promise of principal

√ Applicable □ Not applicable

In RMB10,000

Name of Trustee Organization (or Trustee Name)	Type of Trustee Organization (or Trustee)	Product Type	Amount	Capital Source	Start Date	Expiry Date	Funds Allocation	Method of Reward Determination	Reference Annualized Rate of Return	Expected Income (if any)	Actual profit and loss during the reporting period	The actual recovery of profit and loss during the reporting period	Amount of provision for impairment (if any)	Whether passed the statutory procedure	Whether there is any entrusted financial plan in the future	Summary of events and related search index (if any)
Southern Assets Management Co., Ltd.	Fund	Monetary fund	58,654.07	Self fund	September 8, 2020	December 31, 2021	Other	Redemption on T day, arrival on T+1 day	2.54 %	451.91	451.91	Not expired		Yes	Not applicable	
Total			58,654.07	--	--	--	--	--	--	451.91	451.91	--		--	--	--

Entrusted financing appears to be unable to recover the principal or there may be other circumstances that may result in impairment

Applicable Not applicable

(2) Situation of Entrusted Loans

Applicable Not applicable

None

4. Other significant contract

Applicable Not applicable

Company Name of the Party Making the contract	Company Name of the Other Party of the Contract	Contract Object	Contract Signing Date	Book Value of the Assets Involved by the Contract (Ten thousand yuan)	Assessed Value of the Assets Involved by the Contract (Ten thousand yuan)	Appraisal Agency Name (If Any)	Base Date of Assessment (if any)	Pricing Principle	Transaction Price (Ten thousand)	Whether A Related Transaction	Connection Relation	Execution Condition As Of The End Of The Reporting Period	Date of Disclosure	Disclosure Index
SAP O Photoelectric	Hangzhou Jinjia Group Co., Ltd., Kunshan Zhiqi mei Material Technology Co., Ltd., Japan Nitto Denko Corporation	Nitto Denko provides polarizer manufacturing technology and related corporation.	November 6, 2017			No		Considering the formulation of market price and technical service period, the final transaction price is	86,900	No	With no association relationship with the company	In normal performance	November 7, 2017	Http://www.cninfo.com.cn : (Announcement No. : 2017-53) on November 7, 2017

								based on the com merci al negot iation result s of both partie s.						
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XVI. Explanation on other significant events

√ Applicable □ Not applicable

1. Progress of polarizer industrialization project for ultra-large TV (Line 7)

During the reporting period, the Company strengthened staffing and resource support, overcame the adverse effects caused by the pandemic, accelerated the progress of chemical test run of Line 7 project, and finally completed the performance stability test run and started trial production ramp up in July 2021. As of December 31, 2021, Line 7 was in the stage of capacity ramp up, the main technical indicators such as speed and yield were continuously improved, and the introduction of major customer products was progressing steadily, laying a solid foundation for the rapid increase of oversized orders in 2022 and the realization of production line profitability.

On March 16, 2021, all the funds raised from the special account for raising funds of Line 7 project have been used up according to regulations, and the company has canceled the special account for raising funds. For details, please refer to Announcement No.:2021-30 of cninfo (<http://www.cninfo.com.cn>).

As of December 31, 2021, the accumulated signed contract amount of Line 7 project was RMB 2,091.2441 million, and the actual payment was RMB 2,017.5184 million (with raised funds of RMB 409.9535 million, and its own funds and government funds of RMB 1,607.5649 million).

2. Regarding the investment in the construction of the RTS rear cutting production line

During the reporting period, the company added investment in the construction of a cutting production line for the rear end of the RTS after careful evaluation. The total investment was controlled at 30 million yuan, and the source of funds was its own funds and bank loans. The main reasons for this investment: First, to meet the needs of downstream panel customers, increase the depth of customer cooperation, and seize the market share of high-margin large-size products; second, to improve the overall cutting capacity of the back end; third, to simplify the production process and improve production efficiency. reduce manufacturing cost.

As of December 31, 2021, The Company is building 2 RTP production lines, one of which has been put into mass production, and the other one is subject to mass production ramp-up; 2 RTS production lines have been built, and 1 RTS production line is under construction. It is expected to achieve mass production before the first quarter of 2022.

3. The disposal of assets of the joint venture company Xieli Automobile Co., Ltd.

Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli") is a

Sino-foreign joint venture invested and established by the company and Hong Kong Xieli Maintenance Company in 1981, with a registered capital of 3.12 million yuan, and the company holds 50% of the equity. The company's operating period ended in 2008, and its business license was revoked in 2014. The company's main asset is real estate. The industrial and commercial license of Shenzhen Xieli was cancelled in March 2020, but there are still three properties under its name, the disposal of which is required to be resolved after further consultation between the shareholders of both parties.

On July 26, 2021, the Company filed a lawsuit with Yantian District People's Court in Shenzhen City, Guangdong Province to revoke the cancellation of Shenzhen Xieli Automobilemobile Enterprise Co., Ltd. approved by Shenzhen Administration for Market Regulation on March 9, 2020, on which the court gave a judgment on November 21, 2021 to revoke the cancellation of Shenzhen Xieli Automobilemobile Enterprise Co., Ltd. approved by Shenzhen Administration for Market Regulation.

XVII. Significant event of subsidiary of the Company

√ Applicable □ Not applicable

1. Matters concerning the company's compensation for arbitration and its subsidiaries' annual performance commitments in 2019

On March 9, 2020, the company received the Notice of Arbitration (No.452 -2) from Shenzhen International Arbitration Court and the Application for Arbitration submitted by Hangzhou Jinjiang Group Co., Ltd., which is the applicant of this arbitration while the company is the respondent. Hangzhou Jinjiang Group Co., Ltd. submitted the following arbitration requests: 1. The ruling made the following changes to the Cooperation Agreement: (1) Delete the original Article 3.1 of the Cooperation Agreement and the relevant unfulfilled rights and obligations will no longer be fulfilled (2) Delete the original Article 6.4 of the Cooperation Agreement, and the relevant unfulfilled rights and obligations will no longer be fulfilled; 2. The respondent shall bear the arbitration fee of the case and the actual expenses of the arbitral tribunal. The applicant reserves the right to further modify the arbitration request. For details, please refer to the Announcement of 2020-07 on the website of <http://www.cninfo.com.cn>.

On March 26, 2020, the company received the Notice on Extending the Time Limit Appointed by Arbitrators (2020 SGZS No.452 -3) delivered by Shenzhen International Arbitration Court. Due to the complexity of the dispute and the special epidemic background, the applicant needs extra time to negotiate and communicate the procedural matters of the case with the respondent, so it applies to Shenzhen International Arbitration Court to extend the time limit for appointing arbitrators in this case. Shenzhen International Arbitration Court believes that the applicant's request is reasonable, and both parties are requested to notify Shenzhen International Arbitration Court in writing of the arbitrator's appointment result before March 30, 2020. Therefore, the company shall appoint an arbitrator before March 30, 2020 instead of within 15 days after receiving the arbitration notice on March 9, 2020, and notify the Shenzhen International Arbitration Court of the results in writing. For details, please refer to the Announcement of 2020-21 on the website of <http://www.cninfo.com.cn>.

On April 17, 2020, the company received the Notice of Arbitral Tribunal Composition (2020 SGZS No.452-4) from Shenzhen International Arbitration Court. Both parties to the arbitration informed Shenzhen International Arbitration Court in writing of the results of arbitrator selection according to the arbitration procedure before March 30, 2020, and appointed 1 arbitrator respectively and 1 chief arbitrator together. On April 16, 2020, the arbitration tribunal was formed to hear the case.

On December 1, 2020, the arbitration case was heard in the Seventh Arbitration Tribunal of the Court of Arbitration located at the Shenzhen Stock Exchange.

On March 25, 2021, the company received the *Award* (2020 SGZC No.452) delivered by the arbitral tribunal, and made a ruling on this case: 1. The applicant was exempted from fulfilling the 2019 annual performance

compensation obligation stipulated in Article 3.1 of the *Cooperation Agreement*, and does not need to pay SAPO Photoelectric the compensation for the difference in performance in 2019 of RMB 244,783,800; 2. The arbitration fee of RMB 2,682,011 and the actual expenses of the arbitrator of RMB 8,000 shall be borne by the applicant; 3. The applicant's other arbitration requests are not supported. This award is final and shall come into force as of the date of its making. This arbitration is the final award, and the award result will not affect the company's profit and loss, nor will it affect the production and operation of SAPO Photoelectric. The company and Jinjiang Group will continue to actively perform their shareholders' duties based on the principle of mutual benefit and win-win, and effectively improve the production technology, management level and profitability of SAPO Photoelectric. For details, please refer to the Announcement on Arbitration Results of the Company on Juchao Information Network (<http://www.cninfo.com.cn>) (No.2021-29).

2. Progress in subsidiaries participating in the establishment of industrial funds

On November 16, 2017, the company's controlling subsidiary SAPO Photoelectric signed the Changxing Junying Equity Investment Partnership (Limited Partnership) Agreement with the fund manager Huizhi Investment Management Co., Ltd, general partner Jinxin Investment Co., Ltd and other limited partners, and co-sponsored the establishment of an industrial fund, focusing on the optical film industry chain related projects related to the company's main business, with a fund size of 50 million yuan. SAPO Photoelectric, as one of the limited partners of the industrial fund, subscribed for a capital contribution of 28.5 million yuan.

For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2017--55).

On February 10, 2018, Changxing Junying Equity Investment Partnership completed the industrial and commercial registration and completed the private equity investment fund registration on February 8, 2018. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2018--05).

As of December 31, 2021, Changxing Junying had accumulated 3 investment projects with a total investment of 42 million yuan.

No	Name	Investment	Fund contribution (RMB 10,000)
1	Shenzhen Kaichuang Shijia Technology Co., Ltd.	Optical Film	1,400
2	Shenzhen Shenfuyu Electronic Technology Co., Ltd.	Optical Film	1,300
3	Shenzhen Hengbaoshun Technology Development Co., Ltd.	Optical Film	1,500

3. Matters concerning the subsidiary's accreditation by Guangdong Engineering Technology Research Center

On August 20, 2021, the Guangdong Provincial Department of Science and Technology issued the "Notice of the Guangdong Provincial Department of Science and Technology on Recognizing the 2021 Guangdong Engineering Technology Research Center" (Yue Ke Han San Zi [2021] No. 1021), according to the results of expert review, the "Guangdong Province Shengbo Optoelectronics Engineering Technology Research Center in the Field of New Materials" built by the company's holding subsidiary Shengbo Optoelectronics was identified as the "2021 Guangdong Engineering Technology Research Center".

This recognition fully affirms the company's strong technological innovation and R&D strength, demonstrates the company's significant advantages in technological innovation, technology research and development and talent teams in the field of polarizers, and helps the company to continuously improve the level of scientific research and scientific and technological achievements. The ability to transform and enhance the company's market competitive advantage is the embodiment of the company's comprehensive strength. The company will continue to build the research center, combine the company's business strategy, deepen industry-university-research cooperation, cultivate scientific and technological innovation talents, vigorously promote technological innovation, and provide a favorable platform support for promoting the high-quality development of the polarizer business.

4. Matters on the listing and leasing of some properties in Block C of Shenzhen Textile Building

On July 13, 2021, the company held the fifth meeting of the eighth board of directors to review and approve the Proposal on Listing and Leasing Some Properties in Block C of Shenzhen Textile Building, and agreed that the company will publicly list and lease 6,100 square meters of properties of the 8F-10F and 1F lobby of Block C of Shenzhen Textile Building through Shenzhen United Property and Share Rights Co., Ltd., with a lease term of 10 years (including a rent-free period of 6 months), and the rental price is not lower than 85 yuan/ m² /month (including property management fee). The rent will increase by 5% every three years from the date of contract conclusion, and the final transaction price will be determined according to the listing result. For details, please refer to the Announcement of Resolutions of the Fifth Meeting of the Eighth Board of Directors of the company (No.2021-44) on Juchao Information Network (<http://www.cninfo.com.cn>).

On September 18, 2021, the Company received the *Notice of Lease Result* from Shenzhen United Property and Equity Exchange Co., Ltd., confirming that the lessee was Shenzhen Haizhiguang Hotel Management LTD, with a lease term of 10 years (including 6 months rent-free period), at a transaction price of 86 yuan/m²/month (including property management fee), and the rent will increase by 5% every three years since the signing of the contract; On September 17, 2021, the Company signed the contract with the lessee, and the follow-up leased property was planned to be used for the operation of Atour Hotel.

Regarding partial premises in Block C of Shenzhen Textile Building for lease this time, it will transfer the market risk from self-operated hotels to brand hotel operators through overall external lease, which will help improve the overall operational efficiency of the Company's assets, reduce operational risks, bring stable rental income to the Company and help to maintain and increase the value of state-owned assets.

5. Matters on liquidation and cancellation of Shenzhen Textile Import & Export Co., Ltd.

On July 13, 2021, the company held the fifth meeting of the eighth board of directors to review and approve the Proposal on Liquidation and Cancellation of Shenzhen Textile Import & Export Co., Ltd., and agreed on the Liquidation Report of Shenzhen Textile Import & Export Co., Ltd.. completed by the liquidation group, and liquidated and distributed its assets in accordance with legal procedures, and completed formalities such as industrial and commercial cancellation. The liquidation and cancellation of Shenzhen Textile Import & Export Co., Ltd. (hereinafter referred to as "Shenzhen Textile Import & Export") will change the scope of the company's consolidated financial statements, facilitate the disposal of inefficient assets, reduce management costs, and will not affect the company's production and operation. The impact of the cancellation of Shenzhen Textile Import & Export in this liquidation on the current profits and losses is estimated to be RMB 7.64 million, The annual audit of the audit institution has been confirmed. For details, please refer to the Announcement on Liquidation and Cancellation of Shenzhen Textile Import & Export. (No.2021-45) issued by Juchao Information Network (<http://www.cninfo.com.cn>).

6. Matters on waiver of preemption right and equity transfer of holding subsidiaries

On November 27, 2020, the company received the "Letter" sent by Jinjiang Group, informing the company in writing that it intends to acquire the 40% equity of SAPO Photoelectric held by Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Investment"); On December 21, 2020, the company received the Notice of Equity Transfer from Jinhang Investment, informing the company in writing that Jinhang Investment intends to transfer its 40% equity of SAPO Photoelectric, and according to the Company Law of the People's Republic of China and the Articles of Association of Shenzhen SAPO Photoelectric Technology Co., Ltd., it specially sought the company's opinions on the transfer matters.

On December 25, 2020, after research and decision-making, the company formally replied to Jinhang Investment, and the company gave up the preemptive right to exercise the 40% equity of SAPO Photoelectric, the

holding subsidiary of the company held by Jinhang Investment. For details, please refer to the Announcement on Waiver of Preemptive Rights of Holding Subsidiaries (No.2020-57) on Juchao Information Network (<http://www.cninfo.com.cn>) on December 26, 2020.

In July 2021, the company received the *Letter* from Jinjiang Group, informing the company about the progress of the above-mentioned equity transfer: Jinhang Investment and the intended transferee Suzhou Advantage Ford Investment Center (Limited Partnership) (hereinafter referred to as "Advantage Ford") have completed their internal decision-making examination and approval, and the delivery conditions for Advantage Ford to accept 100% of the partnership share of Jinhang Investment have been met, and both parties will promote the transfer of the partnership share. 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, the shareholders and equity ratio of SAPO Photoelectric, the holding subsidiary of the company, remain unchanged, and the scope of the consolidated statements of the company has not changed. Advantage Ford holds 40% equity of SAPO Photoelectric through Jinhang Investment, and the strategic investor of SAPO Photoelectric will be changed from Jinjiang Group to Advantage Ford. Advantage Ford has rich industrial resources, industrial investment and management experience, and both parties will give full play to their respective advantages to further improve and strengthen the main business of polarizer. For details, please refer to the Progress Announcement on Waiver of Preemptive Rights and Equity Transfer of Holding Subsidiaries (No.2021-47) on Juchao Information Network (<http://www.cninfo.com.cn>).

VII. Change of share capital and shareholding of Principal Shareholders

I. Changes in share capital

(1) Changes in share capital

In shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Shares with conditional subscription	1,326,405	0.26%	0	0	0	-1,254,405	-1,254,405	72,000	0.00%
1.State -owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3.Other domestic shares	1,326,405	0.26%	0	0	0	-1,254,405	-1,254,405	72,000	0.00%
Incl: Domestic legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic Natural Person shares	1,326,405	0.26%	0	0	0	-1,254,405	-1,254,405	72,000	0.00%
4.Foreign share	0	0.00%	0	0	0	0	0	0	0.00%
Incl: Foreign legal person share	0	0.00%	0	0	0	0	0	0	0.00%
Foreign Natural Person shares	0	0.00%	0	0	0	0	0	0	0.00%
II.Shares with unconditional subscription	506,445,874	99.74%	0	0	0	3,975	3,975	506,449,849	1.00%
1.Common shares in RMB	457,017,874	90.00%	0	0	0	3,975	3,975	457,021,849	0.90%
2.Foreign shares in domestic market	49,428,000	9.74%	0	0	0	0	0	49,428,000	0.10%
3. Foreign shares in foreign market	0	0.00%	0	0	0	0	0	0	0.00%
4.Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total of capital shares	507,772	100.00	0	0	0	-1,250,4	-1,250,4	506,52	100.00

	,279	%				30	30	1,849	%
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Reasons for share changed

Applicable Not applicable

The company's performance in 2020 did not meet the conditions for the release of the second sale restriction period stipulated in the 2017 Restricted Stock Incentive Plan, according to the company's Restricted Stock Incentive Plan in 2017, Chapter VIII of the restricted stock grant conditions And the conditions for lifting the sales restriction ,If the conditions for lifting the sales restriction in the current period are not met, the company will repurchase the restricted stocks that can be released for the current year and cancel them in accordance with the provisions of this plan. The second phase held by the company for 102 incentive objects The 1,236,480 restricted stocks that did not meet the conditions for lifting the restrictions were repurchased and cancelled. Secondly , the company's original incentive object Jiang Shengyuan left due to personal reasons,. According to the relevant provisions of the Incentive Plan (Draft), the above-mentioned personnel no longer meet the incentive conditions, and the company shall repurchase and cancel the 7, 950 restricted stocks that have been granted but not yet lifted. Thirdly, the company's original incentive object, Mu Linying, retires. According to the company's "2017 Restricted Stock Incentive Plan", this person no longer meets the incentive conditions, and the company has granted 6,000 restricted stocks that have not been lifted. Cancellation of repurchase. In summary, a total of 1,250,430 restricted stocks were repurchased and cancelled. For details, please refer to the "Announcement on Repurchase and Cancellation of Certain Restricted Stocks" (No. 2021-03 and 2021-25, 2021-30) of the company on www.cninfo.com.cn. On May 13, 2021, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2021--35).

In addition, Zhang Xiaodong, the former employee supervisor of the company, resigned on February 10, 2021, and his 1,325 unrestricted shares were converted into restricted shares. On August 11, 2021, the sales restrictions were lifted, and they were converted into unrestricted shares.

Approval of Change of Shares

Applicable Not applicable

The above repurchase and cancellation of some restricted stocks were approved by the 35th meeting of the seventh Board of Directors of the company, the 25th meeting of the seventh Board of Supervisors, the first provisional shareholders' general meeting of 2021, the second meeting of the eighth Board of Directors, the second meeting of the eighth Board of Supervisors, and the annual shareholders' general meeting of s 2020. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2021--01, 2021-02, 2021-11, 2021-17, 2021-18 and 2021-31).

Ownership transfer of share changes

Applicable Not applicable

Regarding the transfer of the above restricted stocks, Peking Certified Public Accountants (special general partnership) verified some restricted stocks cancelled by the above repurchase and issued the capital verification report QXYZ/2021 0013. On May 13, 2021, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2021--35).

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

After the Company repurchased and cancelled some restricted stocks, the total capital of the Company was changed from 507,772,279 shares to 506,521,849 shares. The impact of this share change on the Company's financial indicators such as basic earnings per share and diluted earnings per share, net assets per share attributable to the company's common shareholders in the latest year and period is as follows:

Items	2020		2021
	According to the original capital	According to the new capital	According to the new capital
Basic earnings per share (yuan/share)	0.07	0.07	0.12
Diluted earnings per share	0.07	0.04	0.08
Net assets per share	5.45	5.46	5.56

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

Applicable Not applicable

(2) Change of shares with limited sales condition

In Shares

Shareholder Name	Initial Restricted Shares	Number of Unrestricted Shares This Term	Number of Increased Restricted Shares This Term	Restricted Shares in the End of the Term	Reason for Restricted Shares	Date of Restriction Removal
Zhang Xiaodong	3,975	1,325	5,300	0	Supervisors shall not transfer their shares in the company within the half year after resignation	August 11, 2021
Total	3,975	1,325	5,300	0	--	--

II. Securities issue and listing

1. Explanation of the Situation of the Security Issue(No Preferred Shares) in the Report Period

Applicable Not applicable

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

Applicable Not applicable

For details, please refer to "XI. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures 1. Equity incentive" in "Section IV Corporate Governance" of this report.

3.About the existing employees' shares

Applicable Not applicable

III. Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

In Shares

Total number of common shareholders at the end of the reporting period	25,021	Total shareholders at the end of the month from the date of disclosing the annual report	24,982	The total number of preferred shareholders voting rights restored at period-end (if any)(Note 8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed(if any)(Note8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	46.21%	234,069,436	0		234,069,436		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032	0		16,129,032		
Sun Huiming	Domestic Nature person	1.19%	6,008,653	2,783,886		6,008,653		
Deng Yan	Domestic Nature person	0.99%	4,993,800	2,716,100		4,993,800		

Su Weipeng	Domestic Nature person	0.56%	2,823,0 66	0		2,823,0 66	Pledge	2,800,000
Mao Yuxia	Domestic Nature person	0.55%	2,792,4 00	2,792,4 00		2,792,4 00		
China Construction Bank -Cinda Australia Bank New Energy Industry Equity Securities Investment Fund	Other	0.49%	2,477,7 20	2,477,7 20		2,477,7 20		
Qi Jianhong	Domestic Nature person	0.44%	2,218,8 00	920,10 0		2,218,8 00		
Li Zengmao	Domestic Nature person	0.41%	2,082,9 97	484,20 0		2,082,9 97		
Zhang Muxiu	Domestic Nature person	0.36%	1,808,8 00	1,808,8 00		1,808,8 00		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (See Notes 3)	None							
Explanation on shareholders participating in the margin trading business	Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the company does not know whether there is an associated relationship among the top 10 ordinary shareholders, and between the top 10 ordinary shareholders and the top 10 shareholders, or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Company.							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	None							
Top 10 shareholders including the special account for repurchase (if any) (see note 10)	None							
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period		Share type					
			Share type	Quantity				
Shenzhen Investment Holdings Co., Ltd.	234,069,436		Common shares in RMB	234,069,436				

Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	Common shares in RMB	16,129,032
Sun Huiming	6,008,653	Foreign shares in domestic market	6,008,653
Deng Yan	4,993,800	Common shares in RMB	4,993,800
Su Weipeng	2,823,066	Common shares in RMB	2,823,066
Mao Yuxia	2,792,400	Common shares in RMB	2,792,400
China Construction Bank -Cinda Australia Bank New Energy Industry Equity Securities Investment Fund	2,477,720	Common shares in RMB	2,477,720
Qi Jianhong	2,218,800	Common shares in RMB	2,218,800
Li Zengmao	2,082,997	Common shares in RMB	2,082,997
Zhang Muxiu	1,808,800	Common shares in RMB	1,808,800
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the company does not know whether there is an associated relationship among the top 10 ordinary shareholders, and between the top 10 ordinary shareholders and the top 10 shareholders, or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Company.		
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	None		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type: Legal person

Name of the Controlling shareholder	Legal representative/ Leader	Date of incorporation	Organization code	Principal business activities
Shenzhen Investment Holdings Co., Ltd.	He Jianfeng	October 13, 2004	76756642-1	Investment and acquisition of financial and similar financial stock rights such as bank, security, insurance, fund and guarantee; Engage in real estate development and management business within the limit of legally-acquired land use right; Carry out investment and service in the field of strategic emerging industry; Carry out investment, operation and management of state-owned stocks of wholly-owned, holding and joint-stock company by reorganization & integration, capital operation and asset disposal; Other businesses undertaken by authorization of municipal SASAC(State Asset Supervision and Administration Commission) (If the above business scope needs to be approved according to national regulations, the business can only be operated after the approval is obtained)
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Shen PropertyA(000011), Quantity of shares 301.41 million, Shareholding ratio: 50.57%; SPGA (000029), Quantity of shares 578.6 million, Shareholding ratio: 57.19%; Shen Universe A(000023), Quantity of shares 9.59 million, Shareholding ratio: 6.91%; Pingan (601318), Quantity of shares 962.72 million, Shareholding ratio: 5.27%; Guosen Securities(002736), Quantity of shares 3,223.11 million, Shareholding ratio: 33.53%; Guotai Junan (601211), Quantity of A shares 609.43 million, Quantity of H shares 103.37 million, Total shareholding ratio: 8.00%; Telling Holding (000829), Quantity of shares 195.03 million, Shareholding ratio: 19.03%; Shenzhen International (00152), Quantity of shares 985.64 million, Shareholding ratio: 43.48%; Beauty Star (002243), Quantity of shares 604.82 million, Shareholding ratio: 49.96%; Hopewell Highway (00737), Quantity of shares 2,213.45 million, Shareholding ratio: 71.83%; Infinova (002528), Quantity of shares 315.83 million, Shareholding ratio: 26.35%; Eternal Asia (002183), Quantity of shares 388.45 million, Shareholding ratio: 14.96%; Shen Energy (000027), Quantity of shares 6.77 million, Shareholding ratio: 0.14%; Bank Communication (601328), Quantity of shares 9.52 million, Shareholding ratio: 0.01%; Tehan Ecological (300197), Quantity of shares 113.98 million, Shareholding ratio: 4.04%; China VANKE (02202), Quantity of shares 77.27 million, Shareholding ratio: 0.66%; Shenzhen Water (301038), Quantity of shares 49.50 million, Shareholding ratio: 37.50%.			

Changes of controlling shareholder in reporting period

Applicable Not applicable

No changes of controlling shareholder for the Company in reporting period.

3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

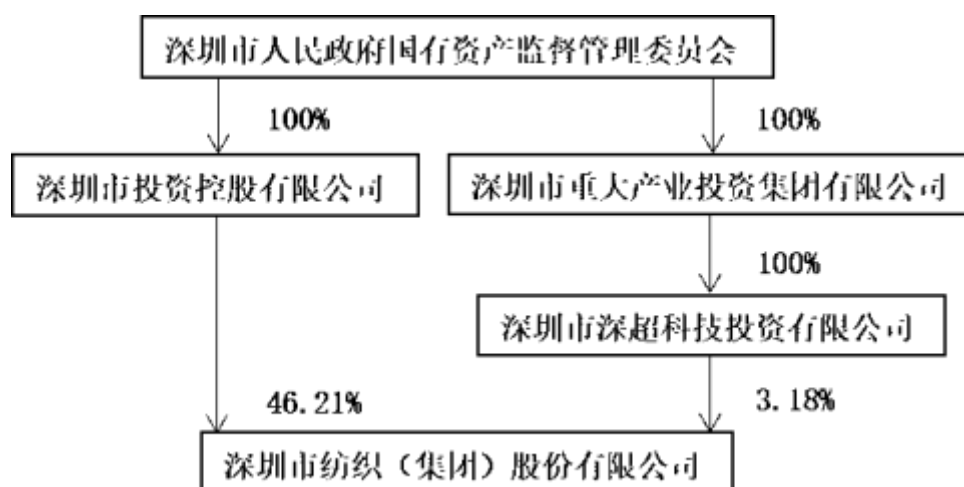
Name of the actual controller	Legal representative /Leader	Date of incorporation	Organization code	Principal business activities
State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government	Wang Yongjian	July 30,2004	K3172806-7	Performing the responsibilities of investors on behalf of the state and supervising and managing state-owned assets according to authorization and law.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	It directly held 40.10% equity of Shenzhen Gas (601139); It directly held 21.93% equity of Shenzhen Zhenye (000006); It directly held 43.91% equity of Shenzhen Energy (000027);			

Changes of controlling shareholder in reporting period

Applicable Not applicable

No changes of controlling shareholder for the Company in reporting period

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



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

Applicable Not applicable

4.The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the company and its person acting in concert accounts for 80% of the number of shares held by the company

Applicable Not applicable

5.Particulars about other legal person shareholders with over 10% share held

Applicable Not applicable

6.Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects

Applicable Not applicable

IV. Specific implementation of share repurchase during the reporting period

Progress in implementation of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

Applicable Not applicable

VIII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period.

IX. Corporate Bond

Applicable Not applicable

X. Financial Report

(1) Audit report

Type of audit opinion	Standard Unqualified opinion
Date of signature of audit report	March 15,2022
Name of audit firm	Grant Thornton International Ltd.(Special General Partnership)
The audit report number	Zi Tong Shen Zi (2022) No.:441A002000
Names of the Certified Public Accountants	Chen Zhifang, Liu Duoqi

Auditors' Report

To all shareholders of Shenzhen Textile (Holdings) Co., Ltd.:

I. Opinion

We have audited the financial statements of Shenzhen Textile (Holdings) Co., Ltd . (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2021, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2021 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

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

III. Key Audit Matters

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

(1) Recognition of revenue

Please refer to Note V, 26 and Note VII, 42 to the financial statement for details of the relevant information disclosure.

1. Description of matters

The operating income of Shenzhen Textile in 2021 was RMB 2,293.7479 million, of which the main business income was RMB 2,265.9906 million, accounting for 98.79%. As revenue is one of the key performance indicators of Shenzhen Textile, there is inherent risk that the Company's management manipulates revenue recognition in order to achieve specific goals or expectations, and since the main business income is large, we identify revenue recognition as a key audit item.

2. Response to the audit

For revenue recognition, we mainly implemented the following audit procedures:

(1) Understand, evaluate and test the design effectiveness and operation effectiveness of internal control related to sales revenue cycle;

(2) Obtain the main sales contracts according to the products and business types, check the relevant clauses related to revenue recognition, and interview the management to evaluate whether the revenue recognition meets the requirements of accounting standards;

(3) Implement analytical procedures, compare the changes of income between this year and last year according to product types, observe the fluctuations of income between months and the changes of important customers in this period, and analyze the rationality of income changes based on factors such as the company's production capacity, market expansion and industry trends;

(4) Perform detailed tests to check whether the basis related to sales revenue recognition is sufficient, including checking sales contracts or performing detailed tests, including checking sales contracts or orders, delivery orders, customs declarations and other supporting documents, evaluate the authenticity and accuracy of revenue recognition, and evaluate the authenticity and accuracy of revenue recognition;

(5) Perform cut-off test to evaluate whether income is recorded in the proper accounting period;

(6) Select samples from major customers on this recognition procedures, and perform alternative tests on the non-replied parts to judge the authenticity of sales revenue.

(2) Inventory falling price reserves

Please refer to Note V, 12 and Note VII, 8 to the financial statement for details of the relevant information disclosure.

1. Description of matters

As of December 31, 2021, the balance of inventory depreciation reserve of Shenzhen Textile is RMB 98.0359 million. As the inventory depreciation reserve and its changes have a significant influence on the financial statements, the determination of the net realizable value of inventory involves the major judgment and estimation of the management, so we identify the inventory depreciation reserve as a key audit item.

2. Response to the audit

The audit process implemented for inventory falling price reserves includes mainly:

(1) Understand, evaluate and test the design and operation effectiveness of internal control related to inventory depreciation reserve;

(2) Understand and evaluate the appropriateness of the Company's accrual policy for inventory depreciation reserve;

(3) Understand and inquire about inventory storage location and inventory accounting method, and determine the scope of inventory supervision; Implement inventory supervision procedures to check whether the inventory is damaged, obsolete, outdated, defective, etc.;

(4) Obtain the inventory year-end inventory age list, and carry out analytical review of inventory age according to the status of products to analyze whether the inventory depreciation reserve is reasonable;

(5) Review and evaluate the rationality of the major estimates made by the management when determining the net realizable value;

(6) Obtain the calculation table of inventory depreciation reserve, check whether the accrual of inventory depreciation reserve is implemented according to relevant accounting policies, and recalculate the inventory depreciation reserve; Check the changes of inventory depreciation accrued in previous years, evaluate the rationality of estimated selling price and estimated related taxes and fees as key parameters of net realizable value, review the sufficiency of basis of estimated selling price, and analyze the rationality of inventory depreciation reserve.

IV. Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 2021, but excludes the financial statements and our auditor's report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

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

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements and bear all liability for the opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton International Ltd.(Special General Partnership)

Chinese C.P.A. Chen Zhifang
(Project Partner)

Beijing China

Chinese C.P.A. Liu Duoqi

March 15, 2022

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

(1) Consolidated balance sheet

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

In RMB

Items	December 31,2021	December 31,2020
Current asset :		
Monetary fund	302,472,828.60	279,087,236.95
Settlement provision		
Outgoing call loan		
Transactional financial assets	586,540,735.16	684,617,260.06
Derivative financial assets		
Note receivable	149,942,880.28	16,813,657.28
Account receivable	479,998,708.57	547,310,217.90
Financing of receivables	21,474,101.07	102,051,314.08
Prepayments	15,406,619.53	16,902,516.39
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	140,185,750.40	5,265,002.71
Including: Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	667,461,447.03	480,847,581.44
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	29,503,352.42	77,482,083.47
Total of current assets	2,392,986,423.06	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	133,022,325.77	147,929,137.23
Other equity instruments investment	186,033,829.72	190,607,427.54
Other non-current financial assets	30,650,943.40	30,650,943.40
Real estate investment	106,217,779.76	110,572,471.92
Fixed assets	2,424,741,252.86	790,183,905.38
Construction in progress	71,482,031.08	1,301,750,141.12
Production physical assets		
Oil & gas assets		
Use right assets	9,221,189.37	
Intangible assets	48,635,160.00	36,048,978.91
Development expenses		
Goodwill		
Long-germ expenses to be amortized	5,387,295.94	2,876,561.53
Deferred income tax asset	3,708,596.78	5,243,425.26
Other non-current asset	84,560,280.09	143,307,689.66
Total of non-current assets	3,103,660,684.77	2,759,170,681.95
Total of assets	5,496,647,107.83	4,969,547,552.23
Current liabilities		
Short-term loans	37,575,113.83	
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	16,682,324.12	
Account payable	283,643,842.23	329,468,601.90
Advance receipts	1,805,311.57	3,542,394.33
Contract liabilities	68,955.21	279,631.27
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	59,719,860.24	55,642,549.53
Tax payable	9,200,627.09	12,198,522.02

Other account payable	201,317,421.35	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	5,175,393.52	
Other current liability	27,523,903.58	
Total of current liability	642,712,752.74	557,250,139.47
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	683,016,243.25	343,100,174.35
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability	4,243,855.71	
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities	30,741,055.00	
Deferred income	110,461,293.15	110,740,322.21
Deferred income tax liability	61,642,660.91	59,141,666.58
Other non-current liabilities		
Total non-current liabilities	890,105,108.02	512,982,163.14
Total of liability	1,532,817,860.76	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	119,682,119.05	116,605,932.42
Special reserve		
Surplus reserves	98,245,845.47	94,954,652.14

Common risk provision		
Retained profit	130,746,251.74	86,912,390.50
Total of owner's equity belong to the parent company	2,816,795,889.89	2,766,234,174.39
Minority shareholders' equity	1,147,033,357.18	1,133,081,075.23
Total of owners' equity	3,963,829,247.07	3,899,315,249.62
Total of liabilities and owners' equity	5,496,647,107.83	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	December 31,2021	December 31,2020
Current asset:		
Monetary fund	130,270,313.58	113,560,327.21
Transactional financial assets	586,540,735.16	514,277,000.82
Derivative financial assets		
Note receivable		
Account receivable	7,935,911.24	1,461,400.20
Financing of receivables		
Prepayments		18,706.17
Other account receivable	14,383,631.68	7,450,934.40
Including: Interest receivable		
Dividend receivable		
Inventories	39,131.60	8,808.00
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		
Total of current assets	739,169,723.26	636,777,176.80
Non-current assets:		
Creditor's right investment		

Other creditor's right investment		
Long-term receivable		
Long term share equity investment	2,089,070,531.86	2,103,977,343.32
Other equity instruments investment	169,974,388.84	177,142,433.45
Other non-current financial assets		
Real estate investment	98,174,132.57	101,644,481.93
Fixed assets	20,255,108.56	21,876,099.34
Construction in progress		
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	454,036.00	492,923.62
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	3,672,545.57	5,097,360.00
Other non-current asset	55,790,497.23	96,871,196.43
Total of non-current assets	2,437,391,240.63	2,507,101,838.09
Total of assets	3,176,560,963.89	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	639,024.58	2,875,936.58
Contract liabilities		
Employees' wage payable	16,712,946.96	14,824,723.81
Tax payable	1,943,470.48	11,497,591.21
Other account payable	116,648,650.39	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	136,355,835.98	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	400,000.00	500,000.00
Deferred income tax liability	58,002,800.69	56,150,418.06
Other non-current liabilities		
Total non-current liabilities	58,402,800.69	56,650,418.06
Total of liability	194,758,636.67	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	108,762,538.39	107,632,186.85
Special reserve		
Surplus reserves	98,245,845.47	94,954,652.14
Retained profit	690,879,118.40	676,454,033.89
Total of owners' equity	2,981,802,327.22	2,962,595,223.54
Total of liabilities and owners' equity	3,176,560,963.89	3,143,879,014.89

(3) Consolidated Income statement

In RMB

Items	Year 2021	Year 2020
I. Income from the key business	2,293,747,892.06	2,108,964,687.80

Incl: Business income	2,293,747,892.06	2,108,964,687.80
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,182,483,548.35	2,030,833,538.40
Incl: Business cost	1,908,519,413.28	1,814,298,395.02
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	10,523,548.09	7,347,125.65
Sales expense	37,973,336.39	28,644,230.87
Administrative expense	122,088,830.15	105,094,934.36
R & D costs	103,508,764.53	67,160,964.22
Financial expenses	-130,344.09	8,287,888.28
Including: Interest expense	14,306,275.13	234,815.67
Interest income	1,655,853.59	3,702,735.59
Add: Other income	19,643,379.33	29,506,252.69
Investment gain (“-”for loss)	22,663,013.06	22,599,670.74
Incl: investment gains from affiliates	33,984.66	-3,446,613.86
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	2,150,943.40	2,687,518.74
Credit impairment loss	-4,981,560.53	-10,394,533.65
Impairment loss of assets	-83,508,720.33	-72,412,477.63
Assets disposal income	-597,458.77	276,544.73
III. Operational profit (“-”for loss)	66,633,939.87	50,394,125.02
Add : Non-operational income	21,285,786.64	1,445,662.38
Less: Non-operating expense	1,686,263.35	138,421.27

IV. Total profit(“-”for loss)	86,233,463.16	51,701,366.13
Less: Income tax expenses	11,118,796.96	8,203,720.98
V. Net profit	75,114,666.20	43,497,645.15
(I) Classification by business continuity		
1.Net continuing operating profit	75,114,666.20	43,497,645.15
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	61,162,384.25	37,267,995.74
2.Minority shareholders' equity	13,952,281.95	6,229,649.41
VI. Net after-tax of other comprehensive income	3,076,186.63	-3,131,850.89
Net of profit of other comprehensive income attributable to owners of the parent company.	3,076,186.63	-3,131,850.89
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	3,275,250.36	-2,815,824.67
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	3,275,250.36	-2,815,824.67
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.	-199,063.73	-316,026.22
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	-199,063.73	-316,026.22
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	78,190,852.83	40,365,794.26
Total comprehensive income attributable to the owner of the parent company	64,238,570.88	34,136,144.85
Total comprehensive income attributable minority shareholders	13,952,281.95	6,229,649.41
VIII. Earnings per share		

(I) Basic earnings per share	0.12	0.07
(II) Diluted earnings per share	0.12	0.07

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	Year 2021	Year 2020
I. Income from the key business	78,159,686.19	61,296,888.21
Incl: Business cost	11,547,944.88	10,666,274.44
Business tax and surcharge	2,968,080.87	2,435,257.11
Sales expense	49,682.40	
Administrative expense	45,821,418.49	38,680,586.21
R & D expense		
Financial expenses	283,692.12	-1,020,628.37
Including: Interest expenses	645,507.87	13,780.96
Interest income	359,182.13	1,012,329.64
Add: Other income	602,709.52	117,006.72
Investment gain (“-”for loss)	20,409,098.48	35,656,479.65
Including: investment gains from affiliates	33,984.66	-3,446,613.86
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		392,767.12
Credit impairment loss	-710,513.74	-799,858.92
Impairment loss of assets	-32,769.22	-95,343.40
Assets disposal income	-386,933.41	286,963.56
II. Operational profit (“-”for loss)	37,370,459.06	46,093,413.55
Add : Non-operational income	283,354.84	562,910.99
Less: Non-operational expenses		27,244.40
III. Total profit (“-”for loss)	37,653,813.90	46,629,080.14

Less: Income tax expenses	5,900,206.38	7,746,152.13
IV. Net profit	31,753,607.52	38,882,928.01
1.Net continuing operating profit		
2.Termination of operating net profit	31,753,607.52	38,882,928.01
V. Net after-tax of other comprehensive income	1,130,351.54	-3,131,850.89
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	1,329,415.27	-2,815,824.67
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	1,329,415.27	-2,815,824.67
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	-199,063.73	-316,026.22
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	-199,063.73	-316,026.22
7.Other		
VI. Total comprehensive income	32,883,959.06	35,751,077.12
VII. Earnings per share		
(I) Basic earnings per share	0	0
(II)Diluted earnings per share	0	0

(5) Consolidated Cash flow statement

In RMB

Items	Year 2021	Year 2020
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,335,256,168.54	1,827,292,276.43
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	9,423,408.29	116,428,895.93
Other cash received from business operation	88,625,329.53	123,408,000.43
Sub-total of cash inflow	2,433,304,906.36	2,067,129,172.79
Cash paid for purchasing of merchandise and services	1,860,349,920.78	1,742,576,211.51
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	250,216,599.00	181,692,353.93
Taxes paid	101,786,653.96	43,712,017.07
Other cash paid for business activities	225,388,712.97	97,217,657.52
Sub-total of cash outflow from business activities	2,437,741,886.71	2,065,198,240.03
Net cash generated from /used in operating activities	-4,436,980.35	1,930,932.76
II. Cash flow generated by investing		
Cash received from investment retrieving	10,817,803.07	6,437,640.00
Cash received as investment gains	14,881,941.03	2,908,856.94
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	83,520.00	2,800,914.39
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,128,309,484.61	3,240,861,003.37
Sub-total of cash inflow due to investment activities	1,154,092,748.71	3,253,008,414.70
Cash paid for construction of fixed assets, intangible assets and other long-term assets	447,622,193.08	564,014,103.94
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	965,000,000.00	3,008,065,275.20
Sub-total of cash outflow due to investment activities	1,412,622,193.08	3,572,079,379.14
Net cash flow generated by investment	-258,529,444.37	-319,070,964.44
III.Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	339,219,000.00	342,660,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	339,219,000.00	342,660,000.00
Cash to repay debts		
Cash paid as dividend, profit, or interests	38,306,691.13	3,511,622.58
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	12,638,273.00	9,344,136.30
Sub-total of cash outflow due to financing activities	50,944,964.13	12,855,758.88
Net cash flow generated by financing	288,274,035.87	329,804,241.12
IV. Influence of exchange rate alternation on cash and cash equivalents	-1,236,414.38	-2,973,560.67
V.Net increase of cash and cash equivalents	24,071,196.77	9,690,648.77
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	302,408,433.72	278,337,236.95

(6) Cash Flow Statement of the Parent Company

In RMB

Items	Year 2021	Year 2020
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	66,467,384.64	64,167,036.73
Tax returned		
Other cash received from business operation	42,417,781.16	6,524,378.62
Sub-total of cash inflow	108,885,165.80	70,691,415.35
Cash paid for purchasing of merchandise and services	13,344,258.31	4,462,365.49
Cash paid to staffs or paid for staffs	34,360,990.56	27,619,751.65
Taxes paid	23,084,768.18	34,788,061.46
Other cash paid for business activities	10,293,028.68	8,944,859.88
Sub-total of cash outflow from business activities	81,083,045.73	75,815,038.48
Net cash generated from /used in operating activities	27,802,120.07	-5,123,623.13

II. Cash flow generated by investing		
Cash received from investment retrieving	10,817,803.07	6,437,640.00
Cash received as investment gains	11,479,752.94	1,957,306.47
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		2,759,267.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	466,820,636.28	1,623,459,188.57
Sub-total of cash inflow due to investment activities	489,118,192.29	1,634,613,402.04
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,247,719.06	2,528,077.97
Cash paid as investment		3,555,968.96
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	475,000,000.00	1,530,015,275.20
Sub-total of cash outflow due to investment activities	477,247,719.06	1,536,099,322.13
Net cash flow generated by investment	11,870,473.23	98,514,079.91
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Other financing –related ash received		6,545,900.00
Sub-total of cash inflow from financing activities		6,545,900.00
Cash to repay debts		
Cash paid as dividend, profit, or interests	15,176,281.23	11,231.64
Other cash paid for financing activities	7,820,298.30	14,344,136.30
Sub-total of cash outflow due to financing activities	22,996,579.53	14,355,367.94
Net cash flow generated by financing	-22,996,579.53	-7,809,467.94
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	16,676,013.77	85,580,988.84
Add: balance of cash and cash equivalents at the beginning of term	113,560,327.21	27,979,338.37
VI ..Balance of cash and cash equivalents at the end of term	130,236,340.98	113,560,327.21

(7) Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Year 2021												Min or shar	Total of own
	Owner's equity Attributable to the Parent Company													
	Share	Other Equity instrument	Capital	Less :	Other	Specializ	Surplus	Common	Retained	Other	Subtotal			

	Ca pita l	Pre fer red sto ck	Su stai na ble de bt	Ot her	reser ves	Shar es in stoc k	Com preh ensi ve Inco me	ed reser ve	reser ves	risk prov ision	profi t			ehol ders' equit y	ers' equit y	
I. Balance at the end of last year	507 ,77 2,2 79. 00				1,96 7,51 4,35 8.53	7,52 5,43 8.20	116, 605, 932. 42		94,9 54,6 52.1 4		86,9 12,3 90.5 0			2,76 6,23 4,17 4.39	1,13 3,08 1,07 5.23	3,89 9,31 5,24 9.62
Add: Change of accounti ng policy																
Correcting of previous errors																
Merger of entities under common control																
Other																
II. Balance at the beginning of current year	507 ,77 2,2 79. 00				1,96 7,51 4,35 8.53	7,52 5,43 8.20	116, 605, 932. 42		94,9 54,6 52.1 4		86,9 12,3 90.5 0			2,76 6,23 4,17 4.39	1,13 3,08 1,07 5.23	3,89 9,31 5,24 9.62
III. Changed in the current year	-1, 250 ,43 0.0 0				-5,9 14,5 33.9 0	-7,5 25,4 38.2 0	3,07 6,18 6.63		3,29 1,19 3.33		43,8 33,8 61.2 4			50,5 61,7 15.5 0	13,9 52,2 81.9 5	64,5 13,9 97.4 5
(I) Total comprehensiv e income							4,23 4,51 2.42				61,1 62,3 84.2 5			65,3 96,8 96.6 7	13,9 52,2 81.9 5	79,3 49,1 78.6 2
(II) Investment or decreasing of	-1, 250 ,43				-5,9 14,5 33.9	-7,5 25,4 38.2								360, 474. 30		360, 474. 30

capital by owners	0.0 0				0	0								
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 allotment								3,175,360.75		-18,371,016.22		-15,195,655.47		-15,195,655.47
1. Providing of surplus reserves								3,175,360.75		-3,175,360.75				
2. Providing of common risk provisions														
3. Allotment to the owners (or shareholders)										-15,195,655.47		-15,195,655.47		-15,195,655.47
4. Other														
(IV) Internal transferring of owners' equity						-1,158,325.79		115,832.58		1,042,493.21				

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							-1,158,325.79		115,832.58		1,042,493.21				
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end of this term	506,521,849.00			1,961,599,824.63		119,682,119.05		98,245,477		130,746,251.74		2,816,795,889.89	1,147,033,357.18	3,963,829,247.07	

Amount in last year

In RMB

Items	Year 2020														
	Owner's equity Attributable to the Parent Company													Minor share holders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
		Preferred stock	Sustainable debt	Other											
I. Balance at the end of last year	509,338,429.00				1,974,922,248.03	16,139,003.40	119,737,783.31		90,596,923.39		49,307,764.03		2,727,764,436	1,126,851,425.82	3,854,615,570.18
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II. Balance at the beginning of current year	509,338,429.00				1,974,922,248.03	16,139,003.40	119,737,783.31		90,596,923.39		49,307,764.03		2,727,764,436	1,126,851,425.82	3,854,615,570.18
III. Changed in the current year	-1,566,150.0				-7,407,889.50	-8,613,565.20	-3,131,850.89		4,357,728.75		37,604,626.47		38,470,300.3	6,229,649.41	44,699,679.44

	0													
(I) Total comprehensive income						1,562,508.59				37,267,995.74		38,830,504.33	6,229,649.41	45,060,153.74
(II) Investment or decreasing of capital by owners	-1,566,000			-7,407,889.50	-8,613,565.20							-360,474.30		-360,474.30
1. Ordinary Shares invested by shareholders														
2. Holders of other equity instruments in vested capital														
3. Amount of shares paid and accounted as owners' equity														
4. Other	-1,566,000			-7,407,889.50	-8,613,565.20							-360,474.30		-360,474.30
(III) Profit allotment								3,888,292.80		-3,888,292.80				
1. Providing of surplus reserves								3,888,292.80		-3,888,292.80				
2. Providing of common risk provisions														

3. Allotment to the owners (or shareholders)															
4. Other															
(IV) Internal transferring of owners' equity						-4,6 94,3 59.4 8		469, 435. 95		4,22 4,92 3.53					
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						-4,6 94,3 59.4 8		469, 435. 95		4,22 4,92 3.53					
6. Other															
(V). Special															

reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end of this term	507,772,279.00			1,967,514,358.53	7,525,438.20	116,605,932.42		94,954,652.14		86,912,390.0		2,766,234,173.39	1,133,081,075.23	3,899,315,249.62	

(8)Statement of change in owner's Equity of the Parent Company

Amount in this period

In RMB

Items	Year 2021											Total of owners' equity
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surpluses reserves	Retained profit	Other	
		Preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	507,772,279.00				1,583,307,509.86	7,525,438.20	107,632,186.85		94,954,652.14	676,454,033.89		2,962,595,223.54
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	507,772,279.00				1,583,307,509.86	7,525,438.20	107,632,186.85		94,954,652.14	676,454,033.89		2,962,595,223.54
III .Changed	-1,25				-5,914,	-7,525,	1,130,		3,291,	14,4		19,207,1

in the current year	0,430.00				533.90	438.20	351.54		193.33	25,084.51		03.68
(I) Total comprehensive income							2,288,677.33			31,753,607.52		34,042,284.85
(II) Investment or decreasing of capital by owners	-1,250,430.00				-5,914,533.90	-7,525,438.20						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
(III) Profit allotment									3,175,360.75	-18,371.02		-15,195,655.47
1. Providing of surplus reserves									3,175,360.75	-3,175.36		
2. Allotment to the owners (or shareholders)										-15,195.54		-15,195,655.47
3. Other												
(IV) Internal transferring of owners' equity							-1,158,325.79		115,832.58	1,042.49		3.21

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							-1,158,325.79		115,832.58	1,042,493.21		
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	506,521,849.00				1,577,392,975.96		108,762,538.39		98,245,845.47	690,879,118.40		2,981,802,327.22

Amount in last year

In RMB

Items	Year 2020
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	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferr ed stock	Sustainable debt	Other								
I. Balance at the end of last year	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74	90,596,923.39	637,234,475.15			2,921,664,361.24
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74	90,596,923.39	637,234,475.15			2,921,664,361.24
III. Changed in the current year	-1,566,150.00				-6,561,989.50	-8,613,565.20	-3,131,850.89	4,357,728.75	39,219,558.74			40,930,862.30
(I) Total comprehensive income							1,562,508.59		38,882,928.01			40,445,436.60
(II) Investment or decreasing of capital by owners	-1,566,150.00				-7,407,889.50	-8,613,565.20						-360,474.30
1. Ordinary Shares invested by shareholders												
2. Holders of other equity i												

instruments in vested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other	-1,56 6,15 0.00				-7,407 ,889.5 0	-8,613 ,565.2 0						-360,474. 30
(III) Profit allotment									3,888 ,292. 80	-3,888, 292.80		
1.Providing of surplus reserves									3,888 ,292. 80	-3,888, 292.80		
2. Allotment to the owners (or shareholders)												
3. Other												
(IV) Internal transferring of owners' equity							-4,694 ,359.4 8		469,4 35.95	4,224,9 23.53		
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 term	507,772,279.00				1,583,307,509.86	7,525,438.20	107,632,186.85		94,954,652.14	676,454,033.89		2,962,595,223.54

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,Shenfang 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 December 31, 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 11st meeting of the 8th Board of Directors of the Group on March 15, 2022.

As of December 31, 2021, A total of 8 subsidiaries of the Company are included in the scope of consolidation. For details, please refer to Section X Financial Report ,IX "Rights and Interests in Other Subjects".

IV. 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 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

This financial statement is presented on the basis of going concern.

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. 16, ,Note V,19 and Note 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 December 31, 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 , According to the nature of non-monetary items, it is included in current profits and losses or other comprehensive income.

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. Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow into the Company and the cost can be measured reliably; Daily repair expenses of fixed assets that do not meet the requirements for subsequent expenditures of capitalization of fixed assets are included in the current profits and losses or the cost of related assets according to the beneficiaries when they occur. For the replaced part, the book value is derecognized.

(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%	9.60%-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%

For the fixed assets with the impairment provision withdrawn, the accumulative amount of the withdrawn fixed assets impairment provision shall be also deducted to calculate and determine the rate of depreciation.

(3) Identification basis, valuation method and depreciation method of fixed assets leased by financing
None

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

(1) Conditions for recognizing the right-to-use assets

The Company's right-to-use assets refers to the right of the Company as the lessee to use the leased assets during the lease term.

On the start date of the lease term, the right-to-use assets is initially measured at cost. The cost includes: the initial measurement amount of lease liabilities; The lease payment amount issued on or before the start date of the lease term, where if there is a lease incentive, the amount related to the entitled lease incentive shall be deducted; The initial direct expenses incurred by the Company as the lessee; The cost expected to be incurred by the Company as the lessee to dismantle and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the state agreed in the lease terms. The Company, as the lessee, recognizes and measures the demolition and restoration costs in accordance with the *Accounting Standards for Business Enterprises No.13-Contingencies*. Subsequent adjustments shall be made to any remeasurement of lease liabilities.

(2) Depreciation method of right-to-use assets

The Company adopts the straight-line method to accrue depreciation. If the Company, as the lessee, can reasonably determine that the ownership of the leased assets is acquired at the expiration of the lease term, depreciation shall be accrued within the remaining service life of the leased assets. If it cannot be reasonably determined that the ownership of the leased assets can be obtained at the expiration of the lease term, depreciation shall be accrued during the lease term or the remaining service life of the leased assets, whichever is shorter.

See Note V. 21 for the impairment test method of the right-to-use assets and the provision method for impairment.

30.Intangible assets

(1) Valuation method, service life and impairment test

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 assets 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.

See Note V. 21 for the method of depreciation of assets for Intangible assets

(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.

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.

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

For rent in operating lease, the Company shall recognize the current profits and losses according to the straight-line method in each period of the lease term. The initial direct expenses related to the operating lease shall be capitalized, apportioned on the same basis as the rental income during the lease term, and included in the current profits and losses by stages. The variable lease payment related to operating lease, which is not included in the lease collection amount, shall be included in the current profits and losses when actually incurred.

(2) Accounting treatment method of financial lease

In 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 receivable, and the net lease investment is the sum of the unsecured residual value and the present value of the lease receipts that have not yet been received on the start date of the lease term discounted according to the interest rate of the lease. As the lessor, the Company calculates and recognizes the interest income of each period in the lease term according to the fixed periodic interest rate. The variable lease payments obtained by the Company as the lessor that are not included in the measurement of net lease investment are included in the current profits and losses when actually incurred.

The derecognition and impairment of financial lease receivables shall be treated according to the provisions of Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments and Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets.

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
<p>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.</p>	<p>The examined and Adopted at the 2nd meeting of the 8th Board of Directors</p>	<p>http://www.cninfo.com.cn On March 12, 2021 (Announcement No.: 2021-12)</p>

① New Leasing Standards

In 2018, the Ministry of Finance issued the revised *Accounting Standards for Business Enterprises No.21-Leasing* (hereinafter referred to as "New Leasing Standards"), which shall come into effect on January 1, 2019 for enterprises listed at home and abroad and those listed overseas and using international financial reporting standards or accounting standards for business enterprises to prepare financial statement, and on January 1, 2021 for other enterprises that implement accounting standards for business enterprises. The Company has implemented the New Leasing Standards since January 1, 2021. According to the relevant provisions of the New Leasing Standards, the Company held the second meeting of the Eighth Board of Directors on March 10, 2021, approved the implementation of the New Leasing Standards from January 1, 2021, and adjusted the relevant contents of the accounting policy. See Notes III. 30 and 31 for the changed accounting policies.

For the contracts existing before the first implementation date, the Company chooses not to re-evaluate whether they are leases or include leases on the first implementation date. For contracts signed or changed after the first implementation date, the Company evaluates whether the contract is a lease or includes a lease according to the definition of lease in the New Leasing Standards.

The definition of lease in the New Leasing Standards does not have any significant impact on the scope of contracts in which the Company meets the definition of lease.

As lessee

The New Leasing Standards require the lessee to recognize the right-to-use assets and lease liabilities for all leases, except for short-term leases and low-value asset leases that are simplified, and to recognize depreciation and interest expenses respectively.

The New Leasing Standards allow the lessee to choose one of the following methods to perform connection accounting treatment on the lease:

According to the *Accounting Standards for Business Enterprises No.28-Accounting Policies, Changes in Accounting Estimates and Error Correction*, retrospective adjustment method is adopted.

According to the cumulative impact of the first implementation of these standards, the amount of retained earnings and other related items in the financial statements at the beginning of the first implementation of these standards are adjusted, and the information of comparable period is not adjusted.

According to the New Leasing Standards, the Company has retroactively adjusted the difference between the first implementation date of New Leasing Standards and the current lease standards into the retained earnings at the beginning of 2021. At the same time, the Company has not adjusted the data of comparative financial statements.

For the financial lease before the first implementation date, the Company measures the right-to-use assets and lease liabilities respectively according to the original book value of the financial lease assets and the financial lease payments payable;

For the operating lease before the first implementation date, the Company measures the lease liabilities according to the present value of the remaining lease payment discounted at the incremental borrowing rate on the first implementation date, and for the lease of houses and buildings, it measures the right-to-use assets according to the amount equal to the lease liabilities, and makes necessary adjustments according to the prepaid rent.

On the first implementation date, the Company conducts impairment test on the right-to-use assets and conducts corresponding accounting treatment according to Notes III. 31.

The Company adopts simplified treatment for the operating lease whose leased assets are low-value assets before the first implementation date or the operating lease that will be completed within 12 months, without recognizing the right-to-use assets and lease liabilities.

The Company adopts the following simplified treatment for the operating lease before the first implementation date:

When measuring lease liabilities, the same discount rate can be adopted for leases with similar characteristics; The measurement of the right-to-use assets may not include the initial direct cost;

If there is an option to renew or terminate the lease, the Company will determine the lease term according to the actual exercise of the option before the first implementation date and other latest information;

As a substitute for the impairment test of the right-to-use assets, the Company evaluates whether the contract

including leases is an onerous contract before the first implementation date, and adjusts the right-to-use assets according to the loss reserve amount included in the balance sheet before the first implementation date;

For the lease change before the first implementation date, the Company makes accounting treatment according to the final arrangement of the lease change.

The impact of the implementation of the New Leasing Standards on the items of consolidated balance sheet as of January 1, 2021 is as follows:

Items	Book balance before adjustment (December 31, 2020)	Reclassification	Re-measurement	Book balance after adjustment (January 1, 2021)
Assets:				
Right to use assets	--	--	13,762,176.74	13,762,176.74
Total of assets	--	--	13,762,176.74	13,762,176.74
Liabilities				
Non-current liabilities due within 1 year	--	--	4,342,927.51	4,342,927.51
Lease liabilities	--	--	9,419,249.23	9,419,249.23
Total of liabilities	--	--	13,762,176.74	13,762,176.74

For the unpaid minimum lease payment of major operating leases disclosed in the 2020 financial statements, the Company adjusted the unpaid minimum operating lease payment disclosed under the original lease standards to the lease liabilities recognized under the New Leasing Standards according to the incremental loan interest rate of the lessee on January 1, 2021, as follows:

Minimum lease payment for major operating lease on December 31, 2020	A	14,740,264.72
Less: Short-term lease with simplified treatment	B	42,452.83
Less: Lease of low-value assets with simplified treatment	C	--
Plus: Re-evaluated adjustment of the minimum lease payment in the lease term	D	--
Plus: Variable lease payment adjustment depending on index or ratio	E	--
Subtotal	F=A-B-C+/-D+/-E	14,697,811.89
Less: VAT	G	--
Adjusted operating lease commitment	H=F-G	14,697,811.89
Present value of operating lease payment on January 1, 2021	I	13,762,176.74
Plus: Financial lease payable on December 31, 2020	J	--
Lease liabilities on January 1st, 2021	K=I+J	13,762,176.74
Including: non-current liabilities due within one year		4,342,927.51

The book value of the right-to-use assets on January 1, 2021 is as follows:

Items	2021.01.01
Right-to-use assets	
For the right-to-use assets recognized by the operating lease before the first implementation date	13,762,176.74
Financing leased assets recognized under the original lease standards	--

Total: 13,762,176.74

The impact of the implementation of the New Leasing Standards on the items of 2021 financial statement is as follows:

Items of consolidated balance sheet	Number of statements as of December 31, 2021	Assuming that according to the original lease standards	Increase/decrease (-)
Assets:			
Construction in process	71,482,031.08	71,510,678.35	-28,647.27
Right to use assets	9,221,189.37	--	9,221,189.37
Total of assets	80,703,220.45	71,510,678.35	9,192,542.10
Liabilities			
Non-current liabilities due within 1 year	5,175,393.52	--	5,175,393.52
Lease liabilities	4,243,855.71	--	4,243,855.71
Total of liabilities	9,419,249.23	--	9,419,249.23

Items of consolidated income statement	Number of statements in 2021	Assuming that according to the original lease standards	Increase/decrease (-)
Business costs	1,908,519,413.28	1,908,686,016.10	-166,602.82
Administration expenses	122,088,830.15	122,170,567.39	-81,737.24
Financial expenses	-130,344.09	-605,391.28	475,047.19

As lessor

According to the New Leasing Standards, the Company does not need to adjust its lease as a lessor according to the connection regulations, but it needs to make accounting treatment according to the New Leasing Standards from the date when the New Leasing Standards are first implemented.

(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 Not applicable

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

Yes No

No reason for adjusting the balance sheet account at the beginning of the year

No related business.

(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
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2. Tax preference

.In accordance with relevant provisions of the Notice of Ministry of Finance, General Administration of Customs and State Taxation Administration Regarding Tax Preference Policies for Further Supporting the Development of New-type Display Device Industry (Cai Guan Shui (2021) No. 19),The Company manufactured key materials and parts for the upstream industry of new-type display devices including colorful light filter coating and polarizer

sheet that comply with the planning for independent development of domestic industries may enjoy the preferential policies of exemption from import tariff for the import of raw materials and consumables for the purpose of self use and production that can not be produced domestically from January 1, 2021 and December 31, 2030.

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%.

Shenzhen Beauty Century Garment Co., Ltd., Shenzhen Huaqiang Hotel Garment Co., Ltd. and Shenzhen Lisi Industrial Development Co., Ltd., subsidiaries of the Company, are all small and low-profit enterprises as stipulated in the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Concession Policy for Small and Micro Enterprises (CS [2019] No.13). For the part of the taxable income of this year that does not exceed RMB 1 million, the taxable income is reduced to 12.5%, and the enterprise income tax is paid at a rate of 20%; For the taxable income of this year that exceeds RMB 1 million but does not exceed RMB 3 million, the taxable income is reduced to 50% and the enterprise income tax is paid at a

rate of 20%.

3.Other

None

VII. Notes of consolidated financial statement

1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	792.64	4,127.10
Bank deposit	302,472,035.96	271,085,025.10
Other monetary funds	--	7,998,084.75
Total	302,472,828.60	279,087,236.95
Including : The total amount of deposit abroad	6,009,898.07	7,829,822.78

Other note

At the end of the period, 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	586,540,735.16	684,617,260.06
Including:		
Structure deposit	0.00	200,536,575.34
Monetary fund	586,540,735.16	484,080,684.72
Including		
Total	586,540,735.16	684,617,260.06

Other note:

3. Derivative financial assets

单位：元

Items	Year-end balance	Year-beginning balance
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Other note:

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	Year-end balance	Year-beginning balance
Bank acceptance	77,296,787.26	0.00
Commercial acceptance	72,646,093.02	16,813,657.28
Total	149,942,880.28	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	138,110,166.17	100.00%	365,055.74	0.24%	149,942,880.28	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28
Of which:										
Commercial acceptance	73,011,148.76	48.57%	365,055.74	0.50%	72,646,093.02	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28
Bank acceptance	65,099,017.41	47.14%	0.00	0.00%	65,099,017.41	0.00	0.00%	0.00	0.00%	0.00
Total	150,307,936.02	100.00%	365,055.74	0.24%	149,942,880.28	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28

Accrual of bad debt provision by single item:

In RMB

Name	Amount in year-end			
	Book Balance	Bad debt provision	Proportion(%)	Reason
Accrual of bad debt provision by portfolio: Commercial acceptance				

Accrual of bad debt provision by portfolio: Commercial acceptance

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion(%)
Commercial acceptance	73,011,148.76	365,055.74	0.50%

Note:

Accrual of bad debt provision by portfolio:

In RMB

Name	Amount in year-end		
	Book balance	Bad debt provision	Proportion(%)

Note:

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

None

(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	
	84,490.74	280,565.00				365,055.74
Total	84,490.74	280,565.00				365,055.74

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

Applicable Not applicable

(3) Notes receivable pledged by the company at the end of the period

In RMB

Items	Amount
-------	--------

(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
Bank acceptance		65,099,017.41
Total		65,099,017.41

(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

In RMB

Items	Amount
-------	--------

Other note

At the end of the term, the Company has no notes to transfer the drawer to the receivables.

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

In RMB

Items	Amount
-------	--------

5. Account receivable

(1) Classification account receivables.

In RMB

Category	Amount in year-end					Amount in year-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accrual of bad debt provision by single item	13,260,307.34	2.57%	13,260,307.34	100.00%		20,641,002.24	3.52%	13,552,865.25	65.66%	7,088,136.99
Including:										
Accrual of bad debt provision by portfolio	502,848,549.97	97.43%	22,849,841.40	4.54%	479,998,708.57	565,279,517.47	96.48%	25,057,436.56	4.43%	540,222,080.91
Including:										
Total	516,108,857.31	100.00%	36,110,148.74	7.00%	479,998,708.57	585,920,519.71	100.00%	38,610,301.81	6.59%	547,310,217.90

Accrual of bad debt provision by single item:

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.	1,697,122.75	1,697,122.75	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.
Huangshan Zhongxianwei Electric Co., Ltd.	902,031.00	902,031.00	100.00%	Beyond the credit period for a long time, uncertain recovered.
Shenzhen Gulida Microelectronics Co., Ltd.	422,178.00	422,178.00	100.00%	Beyond the credit period for a long time, uncertain recovered.
Other	6,142,993.42	6,142,993.42	100.00%	Beyond the credit period for a long time, uncertain recovered.
Total	13,260,307.34	13,260,307.34	--	--

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason

Accrual of bad debt provision by portfolio:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	502,848,447.18	22,849,816.11	4.55%
1-2 years	102.79	25.29	24.60%
Total	502,848,549.97	22,849,841.40	--

Note:

Accrual of bad debt provision by portfolio:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Note:

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)	502,894,801.73
1-2 years	5,702.29
2-3 years	676,153.40
Over 3 years	12,532,199.89
3-4 years	103,011.28
4-5 years	389.73
Over 5 years	12,428,798.88
Total	516,108,857.31

(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	
	38,610,301.81	-1,531,351.49	968,801.58			36,110,148.74
Total	38,610,301.81	-1,531,351.49	968,801.58			36,110,148.74

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

In RMB

Name	Amount	Way

(3) The actual write-off accounts receivable

In RMB

Items	Amount

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

In RMB

Name	Nature	Amount	Reason	Verification procedures performed	Whether the money is generated by related party transactions

Note:

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
TCL CSOT	81,678,407.05	15.83%	3,700,031.84
CSOT	64,415,196.86	12.48%	2,918,008.42
Huijin (Shenzhen) Technology Co., Ltd.	49,476,257.03	9.59%	2,241,274.45
LG Display(China)Co., Ltd.	36,387,596.37	7.05%	1,648,358.12
LG Display (Guangzhou) Co., Ltd.	35,275,590.17	6.83%	1,597,984.24
Total	267,233,047.48	51.78%	

(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

6.Receivable financing

In RMB

Items	Closing balance	Opening balance
Note receivable	21,474,101.07	102,051,314.08
Total	21,474,101.07	102,051,314.08

Changes in current period and fair value of receivables financing

√Applicable □Not applicable

None

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

None

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 December 31, 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	15,157,623.27	98.38%	14,934,263.03	88.35%
1-2 years	248,996.26	1.62%	557,043.06	3.30%
2-3 years			540,748.42	3.20%
Over 3 years			870,461.88	5.15%
Total	15,406,619.53	--	16,902,516.39	--

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

On December 31, 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

The top five ending balances of prepayments collected according to prepaid objects totaled RMB 7,270,639.80, accounting for 47.20 % of the total closing balances of prepayments.

Other note: None

8. Other receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	140,185,750.40	5,265,002.71
Total	140,185,750.40	5,265,002.71

(1) Interest receivable

1) Category of interest receivable

单位：元

Items	Closing balance	Opening balance
Fixed deposit	0.00	0.00
Entrusted loan	0.00	0.00
Bond investment	0.00	0.00

2) Significant overdue interest

In RMB

Items	Balance in year-end	Aging	Reasons for non-recovery	Whether with impairment and the judgment basis
-------	---------------------	-------	--------------------------	------------------------------------------------

Other note:

3) The bad debt provision

 Applicable Not applicable

(2) Dividend receivable

1) Dividend receivable

In RMB

Items	Balance in year-end	Balance Year-beginning
-------	---------------------	------------------------

2) Significant dividend receivable aged over 1 year

In RMB

Items	Balance in year-end	Aging	Reasons for non-recovery	Whether with impairment and the judgment basis
-------	---------------------	-------	--------------------------	------------------------------------------------

3) The bad debt provision

 Applicable Not applicable

Other note:

(3) Other accounts receivable

1) Other accounts receivable classified

In RMB

Nature	Closing book balance	Opening book balance
Reserve Funds and Employee Loans	293,128.97	379,477.97
Deposit and security deposit	144,954,822.31	2,585,585.87
Export tax rebate	1,698,919.82	1,658,146.29

Unit exchanges	16,402,902.33	16,369,395.10
Other	1,834,489.23	2,069,761.14
Total	165,184,262.66	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	7,221,660.06			7,221,660.06
Balance as at December 31, 2021	7,795,257.07		17,203,255.19	24,998,512.26

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)	146,289,172.36
1-2 years	931,075.99
2-3 years	411,482.57
Over 3 years	17,552,531.74
3-4 years	546,382.79
4-5 years	537,717.29
Over 5 years	16,468,431.66
Total	165,184,262.66

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	Write-off	Other	

			collected amount			
	17,797,363.66	7,221,660.06	20,511.46			24,998,512.26
Total	17,797,363.66	7,221,660.06	20,511.46			24,998,512.26

Note

Where the current bad debts back or recover significant amounts:

In RMB

Name	Amount	Mode
------	--------	------

4) Other account receivables actually cancel after write-off

In RMB

Items	Amount
-------	--------

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

In RMB

Name	Nature	Amount	Reason	Verification procedures performed	Whether the money is generated by related party transactions
------	--------	--------	--------	-----------------------------------	--------------------------------------------------------------

Other note

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
Shenzhen Beauty Century Garment Co., Ltd.	Internal current account	143,101,258.40	1-3 years	86.63%	7,155,062.92
Jiangxi Xuanli Thread Co., Ltd.	Unit account	11,389,044.60	Over 5 years	6.89%	11,389,044.60
Anhui Huapeng Textile Company	Unit account	1,800,000.00	Over 5 years	1.09%	1,800,000.00
Shenzhen Dailisi Underwear Co., Ltd	Unit account	1,100,000.00	Within 1 year	0.67%	55,000.00
Shenzhen Xieli	Unit account	1,018,295.37	2-5 years	0.62%	1,018,295.37

Automobile Repair Plant					
Total	--	158,408,598.37	--	95.90%	21,417,402.89

6) Accounts receivable involved with government subsidies

In RMB

Name	Name of the government subsidy project	Year-end balance	Aging	Time, amount and basis of the expected collection
------	----------------------------------------	------------------	-------	---------------------------------------------------

The company has no government subsidies receivable.

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

Other note:

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	349,978,870.87	26,335,509.94	323,643,360.93	258,191,196.82	13,788,646.60	244,402,550.22
Processing products	10,992,072.59		10,992,072.59	2,715,845.96		2,715,845.96
Good in stock	118,034,342.61	36,750,396.02	81,283,946.59	132,780,479.72	43,914,789.90	88,865,689.82
Goods in transit	7,910,629.62	30,573.89	7,880,055.73	524,698.46		524,698.46
Semi-finished	270,743,032.26	34,298,745.28	236,444,286.98	131,069,647.77	14,613,640.62	116,456,007.15
Commissioned materials	7,838,404.74	620,680.53	7,217,724.21	31,040,280.45	3,157,490.62	27,882,789.83
Total	765,497,352.69	98,035,905.66	667,461,447.03	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	19,526,328.72		6,979,465.38		26,335,509.94
Good in stock	43,914,789.90	25,646,269.75		32,810,663.63		36,750,396.02
Semi-finished	14,613,640.62	37,652,098.22		17,966,993.56		34,298,745.28
Goods in transit		30,573.89				30,573.89
Commissioned materials	3,157,490.62	620,680.53		3,157,490.62		620,680.53
Total	75,474,567.74	83,475,951.11		60,914,613.19		98,035,905.66

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

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

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

Other note

11. Assets divided as held-to-sold

Not applicable

Other note:

12. Non-current assets due within 1 year

Not applicable

Other note

13. Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
-------	------------------	------------------------

After the deduction of input VAT	860,153.70	77,482,083.47
Advance payment of income tax	57,448.91	
Returns receivable costs	28,585,749.81	
Total	29,503,352.42	77,482,083.47

Other note:

14. Creditor's right investment

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value

Not applicable

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

Applicable Not applicable

Other note:

15. Other creditor's rights investment

Not applicable

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

Applicable Not applicable

Other note

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

Other note

(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial **assets**

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

Other note

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								
Shenzhen Guanhu Printing & Dyeing Co., Ltd.	127,906,165.17			308,060.37						128,214,225.54	
Subtotal	138,703,188.31		10,797,023.14	308,060.37						128,214,225.54	
2. Affiliated Company											
Shenzhen Changli anfa Printing & dyeing Company	2,706,262.38			265,940.59						2,972,202.97	

Hongkong Yehui International Co., Ltd.	6,519,686.54			-540,016.30	-199,063.73		3,944,709.25			1,835,897.26	
Subtotal	9,225,948.92			-274,075.71	-199,063.73		3,944,709.25			4,808,100.23	
Total	147,929,137.23		10,797,023.14	33,984,666	-199,063.73		3,944,709.25			133,022,325.77	

Other note

18. Other equity instruments investment

In RMB

Items	Year-end balance	Year-beginning balance
Fuao auto parts Co., Ltd. (000030)		10,129,390.84
Shenzhen Dailishi Underwear Co., Ltd.	23,637,000.00	12,315,939.61
Union Development Group Co., Ltd.	144,109,485.84	152,469,200.00
Jintian Industry (Group) Co., Ltd.		
Shenzhen Xinfang Knitting Co., Ltd.	2,227,903.00	2,227,903.00
Shenzhen South Textile Co., Ltd.	16,059,440.88	13,464,994.09
Total	186,033,829.72	190,607,427.54

Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earning
Fuao auto parts	414,007.80	1,158,325.79		1,158,325.79	Disposal	

Co., Ltd. (000030)						
Shenzhen Dailishi Underwear Co., Ltd.	1,037,735.85	21,077,143.74				
Union Development Group Co., Ltd.	208,000.00	141,509,485.84				
Shenzhen Xinfang Knitting Co., Ltd.		1,703,903.00				
Jintian Industry (Group) Co., Ltd.			14,831,681.50			
Shenzhen South Textile Co., Ltd.	892,152.37	14,559,440.88				

Other note:

Note: The amount of the Company's investment in Jintian Industrial (Group) Co., Ltd. is all impaired.

As the above items are investments that the Company plans to hold for a long time for strategic purposes, the Company designates them as financial assets measured at fair value with changes included in other comprehensive income.

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	30,650,943.40	30,650,943.40
Total	30,650,943.40	30,650,943.40

Other note:

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 process	Total
I. Original price				
1. Balance at period-beginning	261,742,940.53			261,742,940.53
2. Increase in the current period	3,028,785.00			3,028,785.00
(1) Purchase	3,028,785.00			3,028,785.00
(2) Inventory\Fixed assets\ Transferred from construction in progress				
(3) Increased of Enterprise Combination				
3. Decreased amount of the period	1,127,850.60			1,127,850.60
(1) Dispose	1,127,850.60			1,127,850.60
(2) Other out				
4. Balance at period-end	263,643,874.93			263,643,874.93
II. Accumulated amortization				
1. Opening balance	151,170,468.61			151,170,468.61
2. Increased amount of the period	6,986,473.75			6,986,473.75
(1) Withdrawal	6,986,473.75			6,986,473.75
3. Decreased amount of the period	730,847.19			730,847.19
(1) Dispose	730,847.19			730,847.19
(2) Other out				
4. Balance at	157,426,095.17			157,426,095.17

period-end				
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	106,217,779.76			106,217,779.76
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	10,658,816.07	Unable to apply for warrants due to historical reasons

Other note

21. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	2,424,741,252.86	790,183,905.38

Total	2,424,741,252.86	790,183,905.38
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(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	258,765,257.28	1,535,123,033.22	3,899,262.59	12,891,530.11	1,810,679,083.20
(1) Purchase	1,569,521.47	29,933,637.96	1,151,689.53	2,588,556.40	35,243,405.36
(2) Transferred from construction in progress	257,195,735.81	1,505,189,395.26	2,747,573.06	10,302,973.71	1,775,435,677.84
(3) Increased of Enterprise Combination					
3. Decreased amount of the period		2,149,210.94		4,933,091.35	7,082,302.29
(1) Disposal		2,149,210.94		4,933,091.35	7,082,302.29
4. Balance at period-end	804,662,188.53	2,550,667,255.24	15,278,991.67	50,379,111.90	3,420,987,547.34
II. Accumulated depreciation					
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	23,052,994.89	147,538,129.77	1,144,752.53	3,394,343.06	175,130,220.25
(1) Withdrawal	23,052,994.89	147,538,129.77	1,144,752.53	3,394,343.06	175,130,220.25
3. Decrease in the reporting		1,608,147.10		4,407,313.58	6,015,460.68

period					
(1) Disposal		1,608,147.10		4,407,313.58	6,015,460.68
4. Closing balance	182,971,386.88	776,447,487.54	4,361,783.39	26,071,314.08	989,851,971.89
III. Impairment provision					
1. Opening balance		6,373,080.81		96,567.92	6,469,648.73
2. Increase in the reporting period				32,769.22	32,769.22
(1) Withdrawal				32,769.22	32,769.22
3. Decrease in the reporting period		11,527.44		96,567.92	108,095.36
(1) Disposal		11,527.44		96,567.92	108,095.36
(2) Other decrease					
4. Closing balance		6,361,553.37		32,769.22	6,394,322.59
IV. Book value					
1. Book value of the period-end	621,690,801.65	1,767,858,214.33	10,917,208.28	24,275,028.60	2,424,741,252.86
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

In RMB

Items	Original price	Accumulated depreciation	Impairment provision	Book value	Remark
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(3) Fixed assets leased out through operating leases

In RMB

Items	Book value
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(4) Fixed assets without certificate of title completed

In RMB

Items	Book Value	Reason
Houses and Building	275,225,966.28	Unable to apply for warrants due to historical reasons

Other note

(5) Liquidation of fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
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Other note

22. Construction in progress

In RMB

Items	Year-end balance	Year-beginning balance
Construction in progress	71,482,031.08	1,301,750,141.12
Total	71,482,031.08	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)				1,301,693,689. 12		1,301,693,689. 12
Other				56,452.00		56,452.00
Installation of machines and equipment	71,482,031.08		71,482,031.08			
Total	71,482,031.08		71,482,031.08	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)	2,106,698.40 0.00	1,301,693.68 9.12	468,844,861.20	1,770,538.55 0.32			99.26%	Investment in fixed assets has been transferred	13,747,732.55	9,807,167.26	4.41%	Other
Total	2,106,698.40 0.00	1,301,693.68 9.12	468,844,861.20	1,770,538.55 0.32			--	--	13,747,732.55	9,807,167.26	4.41%	--

(3) Impairment provision of construction projects

Not applicable

Other note

(4) Engineering material

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value

Other note:

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 Not applicable

25. Right to use assets

In RMB

Items		Total
1. Balance at year beginning	13,762,176.74	13,762,176.74
4. Year-end balance	13,762,176.74	13,762,176.74
2. Increase at this period	4,540,987.37	4,540,987.37
4. Year-end balance	4,540,987.37	4,540,987.37
1. Book value	9,221,189.37	9,221,189.37

Other note:

None

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				17,616,287.32	17,616,287.32
(1) Purchase				17,616,287.32	17,616,287.32
(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		21,696,241.02	81,779,680.02
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	895,391.76			4,134,714.47	5,030,106.23
(1) Withdrawal	895,391.76			4,134,714.47	5,030,106.23
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	14,382,583.03	11,825,200.00		6,936,736.99	33,144,520.02
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	33,875,655.97	0.00		14,759,504.03	48,635,160.00
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

In RMB

Items	Book value	Reason
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Other note:

For intangible assets mortgaged by bank loans, please refer to VII Notes to consolidated financial statements "81. Assets with restricted ownership or use rights".

27. .Development expenses

In RMB

Items	Balance in year-begin	Increase in this period			Decrease in this period			Balance in year-end
		Internal development expenditure	Other		Recognized as intangible assets	Transfer to current profit and loss		
Total								

Other note

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	9,614,758.55					9,614,758.55

Photoelectric						
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21					2,167,341.21
Total	11,782,099.76					11,782,099.76

(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
Total	11,782,099.76					11,782,099.76

Information about an asset group or asset group portfolio

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

Impact of the goodwill impairment test

Other note

29. Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end
Decoration fee	111,541.85	409,932.91	188,830.66		332,644.10
Renovation fee	1,264,954.74	3,224,534.02	714,221.68		3,775,267.08
Other	1,500,064.94	47,430.80	268,110.98		1,279,384.76

Total	2,876,561.53	3,681,897.73	1,171,163.32		5,387,295.94
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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	5,766,782.71	1,440,192.90	18,865,669.84	4,709,761.70
Unattained internal sales profits	2,324,192.50	348,628.88	2,413,307.05	361,996.06
Restricted stock repurchase interest			686,670.00	171,667.50
Salary payable to staff	7,679,100.00	1,919,775.00		
Total	15,770,075.21	3,708,596.78	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	178,849,973.46	44,712,493.37	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
Difference in rent receivable	5,636,976.78	1,409,244.20		
Total	246,570,643.60	61,642,660.91	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		3,708,596.78		5,243,425.26
Deferred income tax liabilities		61,642,660.91		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	151,027,647.77	122,887,462.20
Deductible loss	736,209,989.47	682,013,840.25
Total	887,237,637.24	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	129,226,944.33	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	
2031	54,196,149.22		
Total	736,209,989.47	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
Advance payment for equipment fund	28,769,782.86	0.00	28,769,782.86	47,483,219.83	0.00	47,483,219.83
Certificate of deposit for more than 1 year	30,030,410.96	0.00	30,030,410.96	70,064,383.56	0.00	70,064,383.56
Shenzhen Xieli Automobile Co., ltd.	25,760,086.27	0.00	25,760,086.27	25,760,086.27	0.00	25,760,086.27
Total	84,560,280.09	0.00	84,560,280.09	143,307,689.66	0.00	143,307,689.66

Other note:

None

32. Short-term borrowings

(1) Categories of short-term loans

In RMB

Items	Balance in year-end	Balance Year-beginning
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Note:

(2) Situation of Overdue Outstanding Short-Term Borrowing

Not applicable

Other note:

33. Transactional financial liabilities

In RMB

Items	Balance in year-end	Balance year-beginning
Including:		
Including:		

Other note:

34. Derivative financial liability

In RMB

Items	Balance in year-end	Balance year-beginning
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Other note:

35. Notes payable

In RMB

Type	Balance in year-end	Balance in year-begin
Bank acceptance Bill	16,682,324.12	0.00
Total	16,682,324.12	

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	280,210,281.65	325,354,275.46
1-2 years	1,122,451.76	1,912,000.86
2-3 years	496,309.68	96,543.25
3-4 years	44,629.53	1,093,369.87
4-5 years	983,598.33	37,402.40
Over 5 years	786,571.28	975,010.06
Total	283,643,842.23	329,468,601.90

(2) Significant advance from customers aging over one year

In RMB

Items	Balance in year-end	Reason

Other note:

None

37. Advance account

(1) List of Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	968,394.67	666,457.75
1-2 years	197,892.32	2,236,912.00
2-3 years		

Over 3 years	639,024.58	639,024.58
Total	1,805,311.57	3,542,394.33

(2) Significant advance from customers aging over one year

In RMB

Items	Balance in year-end	Reason
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38.Contract liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Good	68,955.21	279,631.27
Less : Contractual liabilities charged to other non-current liabilities		
Total	68,955.21	279,631.27

Amount and reasons for the significant change in the book value during the reporting period

In RMB

Items	Amount	Reason
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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 compensation	55,642,549.53	235,951,646.92	231,874,336.21	59,719,860.24
II.Post-employment benefits - defined contribution plans		15,705,799.59	15,705,799.59	
III. Dismissal benefits		2,636,463.20	2,636,463.20	
Total	55,642,549.53	254,293,909.71	250,216,599.00	59,719,860.24

(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	53,293,551.94	211,994,691.05	208,173,934.97	57,114,308.03

subsidies				
2.Employee welfare	41,093.20	8,393,472.90	8,434,566.10	
3. Social insurance premiums		2,723,153.85	2,723,153.85	
Including: Medical insurance		2,254,940.97	2,254,940.97	
Work injury insurance		175,636.12	175,636.12	
Maternity insurance		292,576.76	292,576.76	
4. Public reserves for housing		7,339,217.34	7,339,217.34	
5.Union funds and staff education fee	2,307,904.39	5,501,111.78	5,203,463.95	2,605,552.21
Total	55,642,549.53	235,951,646.92	231,874,336.21	59,719,860.24

(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		13,082,445.90	13,082,445.90	
2.Unemployment insurance		278,249.09	278,249.09	
3. Annuity payment		2,345,104.60	2,345,104.60	
Total		15,705,799.59	15,705,799.59	

Other note:

None

40.Tax Payable

In RMB

Items	Balance in year-end	Balance in year-begin
VAT	6,334,093.50	286,928.75
Enterprise Income tax	1,804,277.95	11,219,726.43
Individual Income tax	866,274.38	469,169.71
City Construction tax	43,259.90	48,751.30
House property tax	102,146.02	102,146.02
Education surcharge	31,608.85	33,386.49

Stamp tax	18,966.49	36,370.02
Land use tax	0.00	2,043.30
Total	9,200,627.09	12,198,522.02

Other note:

None

41. Other payable

In RMB

Items	Balance in year-end	Balance in year-begin
Other payable	201,317,421.35	156,118,440.42
Total	201,317,421.35	156,118,440.42

(1) Interest payable

Not applicable

Other note:

(2) Dividends payable

In RMB

Items	Balance in year-end	Balance Year-beginning
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(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	91,213,156.89	32,713,413.76
Unit account	51,681,042.57	48,394,939.72
Deposit	43,277,481.38	36,130,306.12
Restrictive stock repurchase obligation	0.00	7,844,373.00
Other	15,145,740.51	31,035,407.82
Total	201,317,421.35	156,118,440.42

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

In RMB

Items	Balance in year-end	Reason
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Other note

None

42. Liabilities classified as holding for sale

In RMB

Items	Balance in year-end	Balance in year-begin
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Other note:

43. Non-current liabilities due within 1 year

In RMB

Items	Balance in year-end	Balance in year-begin
Lease liabilities due within one year	5,175,393.52	0.00
Total	5,175,393.52	

Other note:

None

44. Other current liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Did not terminate the confirmation bill endorsement, discount	27,523,903.58	0.00
Total	27,523,903.58	

Other note:

None

45. Long-term borrowing

(1) List of Long-term borrowing

In RMB

Items	Balance in year-end	Balance in year-begin
Mortgage-guaranteed loan	683,016,243.25	343,100,174.35
Less: Long-term borrowings due within	0.00	0.00

1 year		
Total	683,016,243.25	343,100,174.35

Description of the long-term loan classification

Other note,

46. Bond payable

(1) Bond payable

In RMB

Items	Balance year-end	Year-beginning balance
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(2) Changes of bonds payable(Not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

In RMB

Name of the bond	Book value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amount	Pay in current period		Closing balance
Total	--	--	--								

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

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

Basic situation of other financial instruments outstanding at the period-end such preferred shares and perpetual bonds

Changes in financial instruments outstanding at the period-end such preferred shares and perpetual liabilities

Other note

47. Lease liabilities

In RMB

Items	Balance year-end	Year-beginning balance
lease liabilities	9,419,249.23	
Less: Lease liabilities due within 1 year	-5,175,393.52	
Total	4,243,855.71	

Other note

The accrued interest expense of lease liabilities in 2021 is RMB 475,000, which is included in the financial expense-interest expense.

48. Long-term payable

In RMB

Items	Balance year-end	Year-beginning balance
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(1) Statement of long-term payroll payable

In RMB

Items	Balance year-end	Year-beginning balance
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Other note:

(2) Special payable

In RMB

Items	Year-beginning balance	Increase	Decrease	Balance year-end	Reason
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Other note:

49. Long term payroll payable

(1) Statement of long-term payroll payable

Not applicable

(2) Change of defined benefit plans

Not applicable

Other note:

50. Estimated liabilities

In RMB

Items	Balance in year-end	Balance in year-begin	Reason
Repayment payable	30,741,055.00		
Total	30,741,055.00		--

Other note:

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	13,660,000.00	13,939,029.06	110,461,293.15	
Total	110,740,322.21	13,660,000.00	13,939,029.06	110,461,293.15	--

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

Other note:

For details of government subsidies included in deferred revenue, please refer to Note XIV. 2. Government subsidies.

52. . Other non-current liabilities

In RMB

Items	Balance year-end	Year-beginning balance

Other note:

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:

Note: This year, 1,250,430.00 restricted shares that have been granted but not yet unlocked were repurchased and cancelled, with a reduction of RMB 1,250,430.00, which has been verified by Peking Certified Public Accountants (special general partnership), and the capital verification report (QXY Zi (2021) No.0013) was issued

on April 27, 2021.

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

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

Other note:

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,832,397,142.44		5,914,533.90	1,826,482,608.54
Other capital reserves	135,117,216.09			135,117,216.09
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	Amount of current period						Year-end balance
		Amount	Less:	Less:	Less:	After-ta	After-ta	

	balance	incurred before income tax	Amount transferred into profit and loss in the current period that recognized into other comprehen sive income in prior period	Prior period included in other composi te income transfer to retained income in the current period	Income tax expense s	x attribute to the parent compan y	x attribute to minority sharehol der	e
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	115,367,833.87	3,237,349.34		-847,238.36	809,337.34	3,275,250.36		118,643,084.23
Changes in fair value of investments in other equity instruments	115,367,833.87	3,237,349.34		-847,238.36	809,337.34	3,275,250.36		118,643,084.23
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	1,238,098.55	-199,063.73				-199,063.73		1,039,034.82
Translation differences of financial statements denominated	1,238,098.55	-199,063.73				-199,063.73		1,039,034.82
Total of other comprehensive income	116,605,932.42	3,038,285.61		-847,238.36	809,337.34	3,076,186.63		119,682,119.05

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

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance

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	3,291,193.33		98,245,845.47
Total	94,954,652.14	3,291,193.33		98,245,845.47

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

Note: The increase amount in the current period is RMB 3,291,193.33, including RMB 3,175,360.75 accrued according to 10% of the current net profit and RMB 115,832.57 accrued from other comprehensive income carry-over retained earnings.

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	61,162,384.25	37,267,995.74
Less: Appropriation to statutory surplus reserve	3,175,360.75	3,888,292.80
Common stock dividend payable	15,195,655.47	
Add: Other comprehensive earnings are carried forward to retained earnings	1,042,493.21	4,224,923.53
Retained profits at the period end	130,746,251.74	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	2,265,990,629.90	1,900,247,328.79	2,097,432,885.06	1,808,092,705.48
Other business	27,757,262.16	8,272,084.49	11,531,802.74	6,205,689.54
Total	2,293,747,892.06	1,908,519,413.28	2,108,964,687.80	1,814,298,395.02

Whether the net profit before and after deducting non-recurring gains and losses is negative after audit

Yes No

Income-related information:

In RMB

Type	Division 1	Division 2		Total
Of which				
Property lease management and others	111,568,500.55			139,325,762.71
Textile		54,932,578.58		54,932,578.58
Polarizer			2,099,489,550.77	2,099,489,550.77
Of which				
Domestic	2,039,625,757.16			2,039,625,757.16
Overseas		254,122,134.90		254,122,134.90
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:

62. Taxes and surcharges

In RMB

Items	Amount of current period	Amount of previous period
Urban construction tax	1,625,005.70	718,695.23
Education surcharge	1,169,628.61	517,483.70
Property tax	5,826,834.91	4,338,584.18
Other	1,902,078.87	1,772,362.54
Total	10,523,548.09	7,347,125.65

Other note:

63. Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	18,266,837.81	12,958,215.67
Business expenses	1,256,926.46	668,407.23
Sales service	12,684,139.28	12,697,476.62
Property insurance	2,716,981.13	
Other	3,048,451.71	2,320,131.35
Total	37,973,336.39	28,644,230.87

Other note:

None

64. Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	80,805,949.97	74,790,949.11
Depreciation of fixed assets	10,728,532.58	9,794,203.66
Water and electricity	2,123,594.28	2,576,447.96
Intermediary organ	8,120,482.28	3,271,775.61
Intangible assets amortization	5,030,106.23	1,612,363.59
Travel expenses	468,553.20	408,221.21
Office expenses	1,192,408.92	946,055.89
Business entertainment	1,754,789.06	615,454.09
Lawsuit expenses	914,353.81	144,161.32

Repair charge	2,057,702.25	1,366,609.60
Property insurance	648,821.25	380,689.81
Other	8,243,536.32	9,188,002.51
Total	122,088,830.15	105,094,934.36

Other note:

None

65.R & D costs

In RMB

Items	Amount of current period	Amount of previous period
Wage	15,697,764.59	13,177,489.03
Material	83,197,051.56	49,679,847.18
Depreciation	3,326,098.79	2,984,978.79
Fuel & Power	976,547.62	1,017,795.21
Travel expenses	177,340.24	226,949.44
Other	133,961.73	73,904.57
Total	103,508,764.53	67,160,964.22

Other note:

None

66.Financial Expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	24,113,442.39	4,175,380.96
Less: Interest capitalized	9,807,167.26	3,940,565.29
Interest income	-1,655,853.59	-3,702,735.59
Exchange loss	-20,976,430.83	8,108,404.80
Discount interest on acceptance bill	1,390,467.41	0.00
Fees and other	6,805,197.79	3,647,403.40
Total	-130,344.09	8,287,888.28

Other note:

None

67. Other income

In RMB

Items	Amount of current period	Amount of previous period
Amortization for subsidies for new production lines and purchase of equipment for the Phase II project of polarizers for TFT-LCD	3,000,000.00	3,000,000.00
Amortization of funds for the pilot project of regional agglomeration development of strategic emerging industries in Guangdong Province	2,500,000.08	2,500,000.00
Amortization of local matching funds for the second phase of TFT-LCD polarizer project (Line 6)	1,500,000.00	1,500,000.00
Amortization of subsidy funds for industrialization project of polarizers for TFT-LCD	1,299,999.96	1,300,000.00
Shenzhen Municipal Finance Committee's polarizer industrialization project for super-sized TVs	1,250,000.00	0.00
Amortization of national subsidy for TFT-LCD polarizer phase II project (Line 6)	1,000,000.00	1,000,000.00
Amortization of subsidy funds for the narrow line (Line 5) of the first-phase project of polarizer for TFT-LCD	500,000.04	500,000.00
Amortization of Shenzhen Polarizing Materials and Technology Engineering Laboratory	500,000.00	500,000.00
Amortization of subsidy funds for R&D equipment for key technologies of optical compensation films for polarizers	500,000.04	500,000.00
Shenzhen Municipal Air Environment Quality Improvement Special Fund Subsidy	494,931.57	468,931.57
2021 Special Major Project Award and Subsidy Support Plan for Technological Transformation and Doubling	367,666.68	0.00
Amortization of funding for technology center construction	300,000.00	300,000.00

Amortization of subsidies for purchase of imported equipment and technology	175,090.20	175,090.20
Amortization of special funds for textiles	142,857.16	142,857.16
Amortization of capital subsidy for change & renovation of old elevators	142,255.72	142,255.72
Amortization of innovative and entrepreneurial funds for the first phase of the TFT-LCD polarizer project	50,000.04	50,000.00
Amortization of innovation and entrepreneurship funds of Shenzhen Polarizing Materials and Technology Engineering Laboratory	50,000.04	50,000.00
Amortization of innovative and entrepreneurial funds for the second phase of the TFT-LCD polarizer project (Line 6)	50,000.04	50,000.00
Dyeing project technical transformation subsidy	39,000.00	0.00
Amortization of energy-saving renovation subsidy funds	27,172.70	29,642.93
Subsidies for investment projects in special technological transformation and doubling for technological transformation in 2020	19,000.00	11,083.33
Funding for key technology research and development of polarizers for ultra-thin IPS smartphone terminals	16,666.67	0.00
Amortization of Funds for Introducing Advanced Technology	14,388.12	14,388.10
Shenzhen Bureau of Industry and Information Technology's 2021 Industrial Enterprises Expansion Capacity Incentive Project Subsidy	2,590,000.00	0.00
Shenzhen Science and Technology Innovation Committee 2020 Enterprise R&D Subsidy	1,018,000.00	0.00
Headquarters Economic Comprehensive Economic Contribution Award (Futian District Enterprise Development Center)	500,000.00	0.00
Shenzhen Pingshan District Finance	500,000.00	0.00

Bureau 2019 Pingshan District Harmonious Labor Relations Enterprise Award Fund		
The second batch of funding of the 2020 Science and Technology Innovation Special Fund of Shenzhen Pingshan District Finance Bureau (standardized funding)	360,000.00	0.00
The second batch of special funds of scientific and technological innovation in 2020 of Shenzhen Pingshan District Finance Bureau (High-tech Enterprise Recognition Award)	300,000.00	0.00
Stable Job Subsidy	118,832.69	160,712.86
Municipal Ecological Environment Bureau Cleaner Production Incentive Support Subsidy	100,000.00	0.00
The sixth batch of pre-job training subsidies by Longgang District of Human Resources Bureau	68,000.00	0.00
Shenzhen Pingshan District Human Resources Bureau's one-time subsidy for enterprises to absorb and file poor laborers	60,000.00	0.00
Received subsidy from Longgang District Human Resources Bureau for work-for-training	27,000.00	0.00
Subsidy from Shenzhen Futian District Human Resources Bureau for work-for-work training	16,500.00	0.00
Subsidy from Luohu district for work-for-work training	15,500.00	0.00
Employee maternity benefits returned by Social Security Administration	10,592.53	32,609.51
Unpaid VAT (input plus deduction)	9,899.54	0.00
The second batch of special funds for scientific and technological innovation by Shenzhen Pingshan District Finance Bureau in 2020 (Intellectual Property Award)	4,800.00	0.00

Tax office fee refund	5,225.51	24,898.73
Sewage fee refund	0.00	597,362.55
Shenzhen Industrial and Commercial Electricity Cost Reduction Subsidy	0.00	6,952,943.71
Social Security Administration premium refund	0.00	1,815.00
Pingshan District Finance Bureau's Second Batch of Epidemic Subsidies		759.00
2019 Water-saving Carrier Award Fund of Shenzhen Water Affairs Bureau		374,102.00
Shenzhen Pingshan District Finance Bureau 2018 Harmonious Labor Relations Enterprise Award Fund		1,000,000.00
Shenzhen Science and Technology Innovation Committee 2018 Enterprise R&D Subsidy		1,278,000.00
Pingshan District Science and Technology Innovation Bureau's 2019 High-tech Enterprise Recognition Award		50,000.00
Pingshan District Subsidy for Work-for-Training		1,645,500.00
Shenzhen Pingshan District Human Resources Bureau trial training subsidy		111,600.00
Shenzhen Pingshan District Finance Bureau subsidy support for the steady growth of foreign trade in Pingshan District in 2020		1,200,000.00
Received refund of unemployment benefits for companies affected by the epidemic from the Social Security Bureau		2,709,874.84
Market Supervision Administration's Second Batch of Patent Subsidies in 2018		9,000.00
Government subsidizes for epidemic protective supplies		10,000.00
Cultural Tourism Stabilization Support Subsidy		100,000.00
The first batch of special funds for		966,000.00

scientific and technological innovation in 2019		
Received subsidies from the Public Employment Service Center for stabilizing jobs		1,425.20
Received the reward for the epidemic prevention effect from the Bureau of Industry and Information Technology		20,000.00
Received subsidy for housing epidemic prevention at 145# Fenghuang Road from Shenzhen Luohu District Housing and Construction Bureau		5,638.00
Received the epidemic prevention subsidy for Shenzhen No. 52 Textile Compound, Tianbei 2nd Road from the Housing and Construction Bureau of Luohu District Shenzhen		8,531.45
Urban construction tax and surcharges halved		1,047.51
Stamp duty halved		183.32
Luohu District Epidemic Prevention Subsidy		10,000.00

68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment returns accounted for by equity method	33,984.66	-3,446,613.86
Investment income from the disposal of long-term equity investment	20,779.93	0.00
Dividend income earned during investment holdings in other equity instruments	2,551,896.02	2,946,592.79
Structured deposit interest	2,749,600.18	18,231,107.84
Interest income on term deposits over 1 year	2,350,000.00	853,205.47
Net monetary gains	14,956,752.27	4,015,378.50
Total	22,663,013.06	22,599,670.74

Other note:

None

69. Net exposure hedging income

In RMB

Items	Amount of this period	Amount of last period
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Other note:

70. Gains on the changes in the fair value

In RMB

Source	Amount of this period	Amount of last period
Transaction financial assets		536,575.34
Other non-current financial assets	2,150,943.40	2,150,943.40
Total	2,150,943.40	2,687,518.74

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	-7,201,148.60	-1,828,410.68
Loss of bad note receivable	-280,565.00	-84,490.74
Loss of bad accounts receivable	2,500,153.07	-8,481,632.23
Total	-4,981,560.53	-10,394,533.65

Other note:

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	-83,475,951.11	-65,942,828.90
V. Impairment loss of fixed assets	-32,769.22	-6,469,648.73
Total	-83,508,720.33	-72,412,477.63

Other note:

73. Asset disposal income

In RMB

Items	Amount of current period	Amount of previous period
I. Gains & losses on foreign investment in fixed assets	-597,458.77	276,544.73

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
Insurance compensation	3,477,438.60		3,477,438.60
Payable without payment		1,371,678.99	
Liquidation profit and loss	17,140,459.60		17,140,459.60
Other	667,888.44	73,983.39	667,888.44
Total	21,285,786.64	1,445,662.38	

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

Other note:

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	369,187.12	3,315.15	369,187.12
Fine expenses	1,309,172.27	115,314.20	1,309,172.27
Other	7,903.96	19,791.92	7,903.96
Total	1,686,263.35	138,421.27	

Other note:

76. Income tax expenses

(1) Income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	8,174,724.28	8,422,038.43
Deferred income tax expense	2,944,072.68	-218,317.45
Total	11,118,796.96	8,203,720.98

(2) Reconciliation of account profit and income tax expenses

In RMB

Items	Amount of current period
Total profits	86,233,463.16
Current income tax expense accounted by tax and relevant regulations	21,558,365.79
Influence of different tax rates applied by some subsidiaries	-7,491,633.67
Non-deductible costs, expenses and losses	4,571,839.81
Tax impact by the unrecognized deductible losses and deductible temporary differences in previous years	8,059,643.49
Profit and loss of joint venture and associated enterprises accounted for by equity method	-53,103.78
Tax impact of research and development fee plus deduction	-15,526,314.68
Income tax fee	11,118,796.96

Other note

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
Letter of Credit Deposit	35,875,977.74	95,971,397.61
Interest income	1,655,853.59	3,702,735.59
Government Subsidy	19,363,739.42	12,029,059.97
Current account	31,729,758.78	11,704,807.26
Total	88,625,329.53	123,408,000.43

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	164,509,022.41	50,257,183.69
Cash	48,012,370.68	37,855,834.17
Current account and other	12,867,319.88	9,104,639.66
Total	225,388,712.97	97,217,657.52

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	1,128,309,484.61	3,112,161,370.37
L/C margin for purchase of line 7 equipment		126,799,633.00
Credit deposit for non-Line 7 equipment		1,900,000.00
Total	1,128,309,484.61	3,240,861,003.37

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
Structured deposits, financial products, principal and income	965,000,000.00	3,004,000,000.00
L/C margin for purchase of line 7 equipment		2,150,000.00
Credit deposit for non-Line 7 equipment		1,900,000.00
Equity transaction expenses		15,275.20
Total	965,000,000.00	3,008,065,275.20

Note to other Cash paid related to other investment activities

(5) Other cash received in relation to financing activities

In RMB

Items	Amount of current period	Amount of previous period
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(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	9,344,136.30
Lease payment	4,817,974.70	
Total	12,638,273.00	9,344,136.30

Note to other Cash paid related with financing activities:

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	75,114,666.20	43,497,645.15
Add: Impairment loss provision of assets	83,508,720.33	82,807,011.28
Depreciation of fixed assets, oil and gas assets and consumable biological assets	182,116,694.00	117,440,111.32
Depreciation of Use right assets	4,540,987.37	
Amortization of intangible assets	5,030,106.23	1,612,363.59
Amortization of Long-term deferred expenses	1,171,163.32	582,518.72
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-597,458.77	-276,544.73
Fixed assets scrap loss	369,187.12	3,315.15
Loss on fair value changes	-2,150,943.40	-2,687,518.74
Financial cost	14,306,275.13	455,850.38

Loss on investment	-22,663,013.06	-22,599,670.74
Decrease of deferred income tax assets	1,534,828.48	374,601.17
Increased of deferred income tax liabilities	2,500,994.33	-10,802,679.08
Decrease of inventories	-270,089,816.70	-39,880,044.30
Decrease of operating receivables	-58,547,894.61	-184,426,504.09
Increased of operating Payable	-25,563,036.85	15,830,477.68
Other	4,981,560.53	
Net cash flows arising from operating activities	-4,436,980.35	1,930,932.76
II. Significant investment and financing activities that without cash flows:	--	
Conversion of debt into capital		
Convertible loan due within 1 year		
Financing of fixed assets leased		
3. Movement of cash and cash equivalents:	--	--
Ending balance of cash	302,408,433.72	278,337,236.95
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	24,071,196.77	9,690,648.77

(2) Net Cash paid of obtaining the subsidiary

In RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other note:

(3) Net Cash receive of disposal of the subsidiary

In RMB

	Amount

Of which:	--
Of which:	--
Of which:	--

Other note:

(4) Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	302,438,856.00	278,337,236.95
Including: Cash at hand	792.64	4,127.10
Demand bank deposit	302,407,641.08	271,085,025.10
Demand other monetary funds		7,248,084.75
III. Balance of cash and cash equivalents at the period end	302,408,433.72	278,337,236.95

Other note:

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:

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
Fixed assets	243,106,926.00	Mortgage
Intangible assets	33,875,655.97	Mortgage
Total	276,982,581.97	--

Other note:

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	3,396,814.97	6.3757	21,657,073.20
Euro			
HKD	806,319.92	0.8176	659,247.17

Yen	15,363,481.00	0.0554	851,136.85
Account payable	--	--	
Including: USD	9,987,772.57	6.3757	63,679,041.57
Euro			
HKD			
Prepayments			
Including: USD	588,809.23	6.3757	3,754,071.01
Yen	30,197,869.00	0.0554	1,673,414.91
Other receivables			
Including: USD	37,399.02	6.3757	238,444.93
accounts payable			
Including: USD	4,122,038.21	6.3757	26,280,879.02
Yen	3,043,388,138.00	0.0554	168,649,353.67
Other payables			
Including: USD	676,686.00	6.3757	4,314,346.93
Yen	3,381,984.00	0.0554	187,361.91
Euro	22,500.00	7.2197	162,443.25

Other note:

(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
Funding subsidy for change and renovation of old elevators	720,241.51	Other income	142,255.72

Textile special funds	142,857.09	Other income	142,857.16
Shenzhen Special Fund Subsidy for Atmospheric Environment Quality Improvement- Shenzhen Beauty Century	442,000.00	Other income	52,000.00
Subsidy for the technical transformation project of dyeing equipment by the Bureau of Industry and Information Technology	91,000.00	Other income	39,000.00
Subsidy funds for industrialization project of polarizers for TFT-LCD	433,333.39	Other income	1,299,999.96
Subsidy funds for the narrow line (Line 5) of the first-phase project of polarizer for TFT-LCD	499,999.96	Other income	500,000.04
Amortization of subsidies for purchase of imported equipment and technology	151,746.19	Other income	175,090.20
Innovative and entrepreneurial funds for the first phase of the TFT-LCD polarizer project	49,999.94	Other income	50,000.04
Introducing advanced technology funding	14,388.09	Other income	14,388.12
Innovation and entrepreneurship funds of Shenzhen Polarizing Materials and Technology Engineering Laboratory	162,499.96	Other income	50,000.04
Funding for technology center construction	975,000.00	Other income	300,000.00
Shenzhen Polarizing Materials and Technology Engineering Laboratory	1,625,000.00	Other income	500,000.00
Subsidy fund for R&D equipment of key technology of optical compensation film for polarizer	2,624,999.96	Other income	500,000.04

Local matching funds for the second phase of TFT-LCD polarizer project (Line 6)	9,750,000.00	Other income	1,500,000.00
Funds for the pilot project of regional agglomeration development of strategic emerging industries in Guangdong Province	16,249,999.92	Other income	2,500,000.08
Local matching funds for the second phase of TFT-LCD polarizer project (Line 6)	6,500,000.00	Other income	1,000,000.00
Subsidies for new production lines and purchase of equipment for the Phase II project of polarizers for TFT-LCD	19,500,000.00	Other income	3,000,000.00
Innovative and entrepreneurial funds for the second phase of the TFT-LCD polarizer project (Line 6)	324,999.96	Other income	50,000.04
Investment funds within the central budget of the polarizer industrialization project for super-large TVs (Line 7)	28,750,000.00	Other income	1,250,000.00
Funding for key technology research and development of polarizers for ultra-thin IPS smartphone terminals	1,983,333.33	Other income	16,666.67
Shenzhen Municipal Finance Committee (2018N007 Major Research and development of key technologies for high-performance polarizers for large-size display panels)	6,000,000.00	Other income	
Shenzhen Special Fund Subsidy for Atmospheric Environment Quality Improvement- SAPO Photoelectric	147,643.86	Other income	442,931.57
Subsidies for investment	159,916.67	Other income	19,000.00

projects in special technological transformation for technological transformation and doubling in 2020			
Funding by Shenzhen Municipal Bureau of Finance 2020N028 Key technology research and development project of low-color polarized circular polarizer for fixed-curvature AMOLED	2,500,000.00	Other income	
Awards support by 2021 special major projects of technological transformation and doubling	10,662,333.32	Other income	367,666.68
Subsidy funds for energy-saving renovation		Other income	27,172.70

(2) Government subsidy return

Applicable Not applicable

Other note:

85.Other

(1) Arbitration matters between the Company and Jinjiang Group

At the end of 2016, the Company introduced Jinjiang Group as a strategic investor for the capital increase and share expansion of SAPO Photoelectric. The Company, SAPO Photoelectric, Jinjiang Group and Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership), a limited partnership established by the former Jinjiang Group as the actual controller, jointly signed the *Cooperation Agreement*. Jinjiang Group made a commitment to the performance of SAPO Photoelectric from 2017 to 2019, and Jinjiang Group promised that if the promised income and net profit were not fulfilled, it would make a difference between the promised net profit and the actual profit. In 2018 and 2019, Jinjiang Group failed to fulfill its performance commitments as agreed, and the performance compensation in 2018 was received by the Company in 2019 as agreed, totaling RMB 197,268,700; For the performance compensation in 2019, Jinjiang Group believes that it can't lead the operation and management of SAPO Photoelectric, which leads to the failure to realize the contractual purpose of the *Cooperation Agreement*, and applies to Shenzhen Court of International Arbitration for arbitration.

On March 25, 2021, the arbitration tribunal made the following ruling on this case: (I) The applicant is exempted from the performance compensation obligation in 2019 agreed in Article 3.1 of the *Cooperation Agreement*, and does not need to pay SAPO Photoelectric the compensation for the performance difference in 2019 of RMB 244,783,800; (II) The arbitration fee of RMB 2,682,011 and the actual expenses of the arbitrator of RMB 8,000 in

this case shall be borne by the applicant; (III) Other arbitration claims of the applicant are not supported. This award shall be final and take legal effect from the date it is made.

(2) Shenzhen Xieli Automobile Enterprise Co., Ltd. (property not yet disposed of)

Shenzhen Xieli Automobile Co., Ltd. is a Sino-foreign joint venture invested by the Company and Hong Kong Xieli Maintenance Co. Ltd. in 1981, with a registered capital of RMB 3.12 million, 50% of whose equity is held the Company. The operating period of the Company ended in 2008, and its business license was revoked in 2014. The main assets of the Company are real estate. The industrial and commercial license of Shenzhen Xieli was cancelled in March 2020, but there are still three properties under its name, the disposal of which is required to be resolved after further consultation between the shareholders of both parties.

On July 26, 2021, the Company filed a lawsuit with Yantian District People's Court in Shenzhen City, Guangdong Province to revoke the cancellation of Shenzhen Xieli Automobile Enterprise Co., Ltd. approved by Shenzhen Administration for Market Regulation on March 9, 2020, on which the court gave a judgment on November 21, 2021 to revoke the cancellation of Shenzhen Xieli Automobile Enterprise Co., Ltd. approved by Shenzhen Administration for Market Regulation.

VIII. Changes of merge scope

1. Business merger not under same control

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

In RMB

Name	Time and place of gaining the stock right	Cost gaining the stock rights	Proportion of stock rights	Way to gain the stock rights	Purchase date	Recognition basis of purchase date	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period-end

Other note:

(2) Combined cost and Goodwill

In RMB

Combined cost	
---------------	--

Other note

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

In RMB

--	--

	Fair value of the purchase date	Book value of the purchase date
--	---------------------------------	---------------------------------

Other note

(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

(6) Other note

2. Business combination under the same control

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

Not applicable

Other note:

(2) Combination cost

Not applicable

Other note:

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

Not applicable

Other note:

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

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	60.00%		

			sales			
Shenzhen Shengjinlian Technology Co., Ltd.	Shenzhen	Shenzhen	Polarizer production and sales		100.00%	Establish
Shengtou (Hongkong) Co., Ltd.	Hongkong	Hongkong	Sales of polarizer		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%	15,173,715.28		1,142,495,431.83

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	1,622,715.94	2,581,716.14	4,204,432.09	521,127.167	827,066.348	1,348,193.51	1,493,320.59	2,177,130.75	3,670,451.34	399,975.943	452,171.112	852,147.055
	7.38	8.26	5.64	55	51	6.06	0.48	6.68	7.16	39	38	77

In RMB

Subsidiaries	Amount of current period				Amount of previous period			
	Operating	Net profit	Total	Cash flow	Operating	Net profit	Total	Cash flow

	revenue		comprehen sive income	from operating activities	revenue		comprehen sive income	from operating activities
SAPO Photoelectr ic	2,126,851, 011.63	37,934,288 .19	37,934,288 .19	-11,450,77 1.90	1,961,577, 740.37	16,768,253 .29	16,768,253 .29	-1,921,942. 93

Other note:

None

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

None

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

None

Other note:

None

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

None

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

Other note

None

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	
Joint venture:						
Shenzhen Guanhua Printing &	Shenzhen	Shenzhen	Property leasing	50.16%		Equity method

Dyeing Co.,Ltd.						
Anhui Huapeng Textile Co., Ltd.	Anhui	Anhui	Manufacturing	50.00%		Equity method
Associated enterprise						
Shenzhen Changlianfa Printing and dyeing Company	Shenzhen	Shenzhen	Property leasing	40.25%		Equity method
Jordan Garment Factory	Jordan	Jordan	Manufacturing	35.00%		Equity method
Yehui International Co., Ltd.	Hongkong	Hongkong	Manufacturing	22.75%		Equity method

Explanation that the shareholding ratio in the joint venture or associated enterprise is different from the voting right ratio:

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:

(2) The Summarized Financial Information of Joint Ventures

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
	Shenzhen Guanhua Printing & Dyeing Co.,Ltd.	
Current assets	37,787,147.72	19,854,144.21
Non-current assets	228,639,403.03	241,137,964.49
Total assets	266,426,550.75	260,992,108.70
Current liabilities	18,194,214.40	12,261,343.60
Non-current liabilities	35,190,853.69	37,356,444.69
Total liabilities	53,385,068.09	49,617,788.29
Attributable to shareholders of the parent company	213,041,482.67	211,374,320.41

Share of net assets calculated by stake	106,861,607.70	106,025,359.12
--Goodwill	21,595,462.44	21,595,462.44
--Other	285,343.61	285,343.61
Operating income	21,404,639.29	14,623,800.97
Financial expenses	-174,304.72	-39,339.28
Income tax expenses	499,490.10	-2,118,023.83
Net profit	614,155.44	-3,422,861.88
Total comprehensive income	614,155.44	-3,422,861.88

Other note

(3) Main financial information of significant associated enterprise

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period

Other note

(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	--	--
Associated enterprise:	--	--
Total amount of the pro rata calculation of the following items	--	--

Other note

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

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

Other note

(7) The unrecognized commitment related to joint venture investment

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

4. Significant common operation

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

Related notes to structure entity not including in the scope of consolidated financial statements

6. Other

X. Risks Related to Financial Instruments**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	--	--	--	--
II Inconsistent fair value measurement	--	--	--	--

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	2,800,900.00	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

For details of the subsidiary of the Company, see "Section X Financial Report IX. Interests in other subjects

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

For important joint ventures or joint ventures of the Company, see the notes to the joint venture and joint ventures of the Company. See " Section X Financial Report IX. Interests in other entities.

Other note

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
Suzhou Advantage Ford Investment Center (Limited partnership)	The controlling party of SAPO Shareholder
Shengto (HK) Co., Ltd.	The Company Executives are Director of the company
Hengmei Photoelectric Co., Ltd.	Sharing Company of Suzhou Advantage Ford Investment Center (Limited partnership)
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company
Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company

Other note

None

5. Related transactions.

(1) Related transactions on purchasing goods and receiving services

Acquisition of goods and reception of labor service

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period	Over the trading limit or not?	Amount of last period
Hengmei Photoelectric Co., Ltd.	Technical service	0.00	0.00	No	1,415,263.58
Hengmei Photoelectric Co.,	Polarized	0.00	0.00	No	204,282,036.36

Ltd.					
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Related transactions on sale goods and receiving services

In RMB

Related party	Content	Amount of current period	Amount of previous period
Shenzhen Tianma Microelectronics Co., Ltd.	Polarized	1,441,975.42	1,485,995.60
Hengmei Photoelectric Co., Ltd.	Polarized	0.00	110,545,214.28

Note

None

(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	409,127,400.00	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 interest rate is 0.30%
Loaned				

(6) Related party asset transfer and debt restructuring

(7) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	11,152,800.00	9,175,000.00

(8) Other related transactions

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.	412,495.18	18,686.03	581,696.96	25,652.84
Account receivable	Hengmei Photoelectric Co., Ltd.	0.00	0.00	20,879,229.37	920,774.02
Other Account receivable	Anhui Huapeng Textile Company	0.00	0.00	1,800,000.00	1,800,000.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	1,100,000.00	55,000.00	0.00	0.00

(2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Account payable	Hengmei Photoelectric Co., Ltd.	170,977.53	35,787,643.44
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Changlianfa	2,023,699.95	1,580,949.95

	Printing & dyeing Co., Ltd.		
Other payable	Yehui International Co.,Ltd.	1,124,656.60	1,143,127.81
Other payable	Shengtou (Hongkong) Co., Ltd.	315,000.00	315,000.00
Other payable	Shenzhen Guanhua Printing & dyeing Co., Ltd.	3,806,454.17	3,811,240.92

7. Related party commitment

None

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	1,250,430.00
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	5.73 /yuan/share, 1 year

Other note

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 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; It was agreed that the Company repurchase and cancel 6,000 restricted shares held by one original incentive object who had failed to meet the incentive conditions due to retirement at 6.23 yuan/share.

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
Reasons for the significant difference between the current period estimate and the previous period estimate	None
Equity-settled share-based payment is included in the	0.00

accumulated amount of capital reserve	
Total amount of fees confirmed by equity-settled share-based payments in the current period	0.00

Other note

None

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 December 31, 2021, The company does not disclose the pension plan undisclosed matter should exist.

2. Contingency

(1) Significant contingency at balance sheet date

As of December 31, 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

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2. Profit distribution

Not applicable

3. Sales return

None

4. Notes of other significant events

As of December 31,2021,The company does not disclose the pension plan undisclosed matter should exist.

XVI. Other significant events

1. Correction of the accounting errors in the previous period

(1) Retroactive restatement

(2) Prospective application

2. Liabilities restructuring

None

3. Replacement of assets

(1) Non-monetary assets exchange

None

(2) Other assets exchange

None

4. Pension plan

None

5. Discontinuing operation

None

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	Property lease and other	Textile	Trade	Offset between divisions	Total
Operating income	2,117,717,019.48	129,445,842.10	55,169,650.79		-8,584,620.31	2,293,747,892.06
Including: revenue from foreign transaction	2,117,717,019.48	121,098,294.00	54,932,578.58		0.00	2,293,747,892.06
Revenue from inter-segment transactions	0.00	8,347,548.10	237,072.21		-8,584,620.31	-8,584,620.31
Including: revenue from main business	2,099,489,550.77	114,363,911.23	55,169,650.79		-3,032,482.89	2,265,990,629.90
Operating cost	1,828,378,235.90	38,998,238.06	48,686,874.43		-7,543,935.11	1,908,519,413.28
Including: main business cost	1,828,378,235.90	26,709,964.52	48,686,874.43		-3,527,746.06	1,900,247,328.79
Operating profit	28,041,538.58	53,280,168.22	815,378.80	-15,576,656.93	73,511.20	66,633,939.87
Total assets	4,204,357,864.87	3,296,896,012.57	46,233,785.98		-2,050,840,555.59	5,496,647,107.83
Total indebtedness	1,380,985,834.98	211,828,635.06	27,995,367.47		-87,991,976.75	1,532,817,860.76

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

None

(4) Other note

None

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

None

8. Other

None

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	8,353,590.78	100.00%	417,679.54	5.00%	7,935,911.24	1,538,316.00	100.00%	76,915.80	5.00%	1,461,400.20
Including:										
Total	8,353,590.78	100.00%	417,679.54	5.00%	7,935,911.24	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: 417,679.54 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	6,815,274.78	340,763.74	5.00%

1-2 years	1,538,316.00	76,915.80	5.00%
Total	8,353,590.78	417,679.54	--

Accrual of bad debt provision by portfolio

In RMB

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)	6,815,274.78
1-2 years	1,538,316.00
2-3 years	0.00
Over 3 years	0.00
3-4 years	0.00
Total	8,353,590.78

(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	
	76,915.80	340,763.74				417,679.54
Total	76,915.80	340,763.74				417,679.54
Total	76,915.80	66,116.12				143,031.92

Where the significant amount of the reserve for bad debt recovered or reversed:

In RMB

Name	Amount	Mode
------	--------	------

None

(3) The actual write-off accounts receivable

In RMB

Items	Amount
-------	--------

(4) The ending balance of other receivables owed by the imputation of the top five parties

In RMB

Name	Closing balance	Proportion %	Balance of Bad debt provision
Shenzhen Guangsheng Development Industry Co., Ltd.	5,610,352.81	67.16%	280,517.64
Shenzhen Beauty Century Garment Co., Ltd.	2,485,076.00	29.75%	124,253.80
Shenzhen Yuehao Hotel Management Co., Ltd.	245,621.97	2.94%	12,281.10
Cao Cheng	9,300.00	0.11%	465.00
Ma Yue	3,240.00	0.04%	162.00
Total	8,353,590.78	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	14,383,631.68	7,450,934.40
Total	14,383,631.68	7,450,934.40

(1) Interest receivable

1) Category of interest receivable

In RMB

Items	Closing balance	Opening balance
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2) Significant overdue interest

In RMB

Items)	Balance in year-end	Aging	Reasons for non-recovery	Whether or not the impairment and the basis for its determination
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Other note:

3) Bad-debt provision

√Applicable □ Not applicable

In RMB

Bad debt provision	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 In current	---	---	---	---

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

□ Applicable √ Not applicable

(2) Dividend receivable

1) Category of Dividend receivable

(2) Dividend receivable

1) Category of Dividend receivable

In RMB

Items	Closing balance	Opening balance
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2) Significant dividends receivable with age exceeding 1 year

In RMB

Items)	Balance in year-end	Aging	Reasons for non-recovery	Whether or not the impairment and the basis for its
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				determination
--	--	--	--	---------------

3) Bad-debt provision

√Applicable □ Not applicable

In RMB

Bad debt provision	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	369,750.00			369,750.00
Balance as at December 31,2021	1,387,764.39		15,111,246.32	16,499,010.71

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

□ 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
Other receivable	14,383,631.68	7,450,934.40
Total	14,383,631.68	7,450,934.40

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	1,018,014.40		15,111,246.32	16,129,260.71
Balance as at January 1,2021 In current	---	---	---	---
Provision in the current	369,750.00			369,750.00

period				
Balance as at December 31,2021	1,387,764.39		15,111,246.32	16,499,010.71

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)	15,603,247.29
1-2 years	0.00
2-3 years	234,716.25
Over 3 years	15,044,678.85
3-4 years	328,819.35
4-5 years	454,759.77
Over 5 years	14,261,099.73
Total	30,882,642.39

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	
Internal current account	877,680.00	365,000.00				1,242,680.00
Deposit	5,000.00					5,000.00
Other	1,260.00	122.36				1,382.36
Unit account	15,245,320.71	4,627.64				15,249,948.35
Total	16,129,260.71	369,750.00				16,499,010.71

Where the significant amount of the provision for bad debt recovered or reversed

In RMB

Name	Amount	Mode
------	--------	------

4) Accounts receivable actually written off in the reporting period

In RMB

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

In RMB

Name	Nature	Amount	Reason	Verification procedures performed	Whether the money is generated by related party transactions
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(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
Shenzhen Beauty Century Garment Co., Ltd.	Internal current account	14,475,600.00	1-3 years	46.87%	1,242,680.00
Jiangxi Xuanli Thread Co., Ltd.	Unit account	11,389,044.60	Over 5 years	36.88%	11,389,044.60
Anhui Huapeng Textile Company	Unit account	1,800,000.00	Over 5 years	5.83%	1,800,000.00
Shenzhen Dailisi Underwear Co., Ltd	Unit account	1,100,000.00	Within 1 year	3.56%	55,000.00
Shenzhen Xieli Automobile Repair Plant	Unit account	1,018,295.37	2-5 years	3.30%	1,018,295.37
Total	--	29,782,939.97	--	96.44%	15,505,019.97

6) Accounts receivable involved with government subsidies

In RMB

Name	Name of the government subsidy project	Year-end balance	Aging	Time, amount and basis of the expected collection
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The company has no government subsidies receivable.

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

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

Other note:

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	133,022,325.77	0.00	133,022,325.77	147,929,137.23	0.00	147,929,137.23
Total	2,105,653,161.16	16,582,629.30	2,089,070,531.86	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 investment	Decreased investment	Withdrawn impairment provision	Other		
SAPO Photoelectric	1,910,247,781.94					1,910,247,781.94	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25					8,073,388.25	
Shenzhen Beauty Century Garment Co., Ltd.	14,696,874.34					14,696,874.34	2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08					15,489,351.08	

Shenzhen Shenfang Real Estate Management Co., Ltd.	1,713,186.55									1,713,186.55	
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	5,827,623.93									5,827,623.93	
Total	1,956,048,20 6.09									1,956,048,20 6.09	16,582,629.3 0

(2) Investment to joint ventures and associated enterprises

In RMB

Name	Openin g balance	Increase /decrease in reporting period								Closing balance	Closing balance of impair ment provisi on
		Add investm ent	Decreas ed investm ent	Gain/lo ss of Investm ent	Adjust ment of other compre hensive income	Other equity changes	Declara tion of cash dividen ds or profit	Withdr awn impair ment provisi on	Other		
I. Joint ventures											
Anhui Huapen g Textile Co.,Ltd .	10,797, 023.14		10,797, 023.14								
Shenzh en Guanhu a Printin g & Dyeing Co., Ltd.	127,90 6,165.1 7			308,06 0.37							128,21 4,225.5 4
Subtota l	138,70 3,188.3		10,797, 023.14	308,06 0.37							128,21 4,225.5

	1									4	
II. Associated enterprises											
Shenzhen Changli anfa Printing and dyeing Company	2,706,262.38			265,940.59						2,972,202.97	
Jordan Garment Factory											
Yehui International Co., Ltd.	6,519,686.54			-540,016.30	-199,063.73		3,944,709.25			1,835,897.26	
Subtotal	9,225,948.92			-274,075.71	-199,063.73		3,944,709.25			4,808,100.23	
Total	147,929,137.23									133,022,325.77	0.00

(3) Other note

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	74,272,555.42	7,660,814.11	57,649,817.53	7,019,203.76
Other Business income	3,887,130.77	3,887,130.77	3,647,070.68	3,647,070.68
Total	78,159,686.19	11,547,944.88	61,296,888.21	10,666,274.44

Income-related information:

In RMB

Type	Division 1	Division 2		Total
Of which:				
Of which:				

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: 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
Income from long-term equity investment measured by adopting the Cost method		18,304,138.91
Income from long-term equity investment measured by adopting the equity method	33,984.66	-3,446,613.86
Investment income from the disposal of long-term equity investment	20,779.93	
Dividend income earned during investment holdings in other equity instruments	1,659,743.65	1,995,042.32
Structured deposit interest	4,036,968.43	14,919,678.58
Net monetary gains	14,657,621.81	3,884,233.70
Total	20,409,098.48	35,656,479.65

6. Other

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	-961,982.35	

Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	19,643,379.33	Other benefits of government subsidies that are confirmed related to the main business.
Switch back of provision for depreciation of account receivable which was singly taken depreciation test.	989,313.04	
Other non-business income and expenditures other than the above	19,964,046.87	
Less :Influenced amount of income tax	6,025,891.12	
Influenced amount of minor shareholders' equity (after tax)	13,096,494.74	
Total	20,512,371.03	--

Details of other profit and loss items that meet the non-recurring profit and loss definition

Applicable Not applicable

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.	2.24%	0.12	0.12
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	1.46%	0.08	0.08

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

None

4. Other

None

The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.

March 17, 2021