Shenzhen Textile (Holdings) Co., Ltd.

The Semi-Annual Report 2016

August 26, 2016

I. Important Notice, Table of Contents and Definitions

The Board of Directors，the Supervisory Committee, the directors, the supervisors, and expecutives 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.

All the directors attended the board meeting for reviewing the Semi-Annual Report.

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Mr.Zhu Jun, The Company leader, Mr. Zhu Jun, Chief financial officer and the Mrs.Mu Linying, 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 the semi-report.

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

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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 Holding Co., Ltd.	Refers to	Shenzhen Investment Holding Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
Shengbo Optoelectronic	Refers to	Shenzhen Shengbo Optoelectronic Technology Co., Ltd.
“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	2016 Semi- Annual Report

II. Basic Information of the Company

I. Company Information

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	Zhu Jun		

II. Contact person and contact manner

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

III.Other

(1)Way to contact the Company

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

□ Applicable √ Not Applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2015 Annual Report.

（2）About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

□ Applicable √ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2015 Annual Report.

（3）Registration changes of the Company

Whether registration has changed in reporting period or not

□ Applicable √ Not applicable

Date/place for registration of the Company, registration nmber for enterprise legal license number of taxation registration and organization code have no change in reporting period, found more details in annual report 2015.

III. Summary of Accounting Data and Financial Indicators

I.Summary of accounting /Financial Data

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors.

□Yes √No

	Reporting period	Same period of last year	YoY+/-（%）
Operating income（RMB）	552,157,585.56	620,993,333.48	-11.08%
Net profit attributable to the shareholders of the listed company（RMB）	-30,097,851.40	7,668,027.95	-492.51%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company（RMB）	-32,378,678.35	-33,384,225.47	-3.01%
Cash flow generated by business operation, net（RMB）	-39,316,195.34	4,293,128.00	-1,015.79%
Basic earning per share(RMB/Share)	-0.06	0.015	-500.00%
Diluted gains per share(RMB/Share)(RMB/Share)	-0.06	0.015	-500.00%
Weighted average ROE(%)	-1.40%	0.35%	-1.75%
	As at the end of the reporting period	As at the end of last year	YoY+/-（%）
Total assets（RMB）	2,860,439,753.13	2,969,394,978.70	-3.67%
Net assets attrilutable to shareholder of listed company（RMB）	2,142,462,266.47	2,174,569,545.55	-1.48%

II. 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

No difference .

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

√Applicable □Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-20,770.93	
Govemment subsidies recognized in currentgain and loss(excluding those closely related to the Company’s business and granted under the state’s policies)	2,165,711.40	
Other non-business income and expenditures other than the above	132,449.53	
Less :Influenced amount of income tax	-3,436.95	
Total	2,280,826.95	--

For the Company’s non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Compaines 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/itesm as defined by the information disclosure explanatory Announcement No.1- Non –recurring gain/loss in the report period.

IV. Report of the Board of Directors

I. General

The year-2016 is the first year of the "13th Five-Year", as well as is a crucial year for the company to upgrade technology, improve management and expand scale. During the reporting period, firstly the company continuously improved the operating ability of polarizer business which has been targeted, and improved the technology, raised the production line speed, optimized the product structure and speeded up the R&D of new polarizer products and the bringing in of new materials; secondly the company rolled out the work of introducing strategic investors for the company's subsidiary-Shengbo Optoelectronic Co.,Ltd, which aimed to solve the difficulties in the polarizer business operating, while enriching and expanding the up-stream and down-stream industrial chain and boosting up the overall competence of the polarizer business; thirdly, according to the 2016 key work arrangement of the company, the company fully promoted the second phase construction of No.6 line project; fourthly the company had strengthened the innovation management and cultivated the core team, realized the company's sustainable and healthy development.

During the reporting period, the company has achieved the operating income of RMB 552.1576 million, decreased by 11.08% year on year, Total profit of RMB -25.8607 million, decreased by -202.72% year on year, Net profit of RMB-30.0979 million , decreased by 492.51%. During the reporting period mainly due to the sale of available for sale financial assets Net income significantly reduced compared with the same period last year, at the same time, due to the sharp appreciation of Japanese yen, resulting in raw material costs and exchange losses increased significantly over last year.

II. Analysis on principal Business

Year-on-year changes in major financial statistics

In RMB

	This report period	Same period last year	YOY change（%）	Cause change
Operating income	552,157,585.56	620,993,333.48	-11.08%	
Operating cost	511,249,697.64	588,138,026.03	-13.07%	
Sale expenses	4,516,009.63	5,010,699.03	-9.87%	
Administrative expenses	46,124,255.12	45,057,284.86	2.37%	
Financial expenses	8,972,817.56	-11,273,185.63	179.59%	Due to the sharp appreciation of Japanese yen, a substantial increase in foreign exchange losses.
Income tax expenses	4,237,195.44	17,507,965.25	-75.80%	Due to the sale of stake in Sino Great Wall Co.,

				Ltd. over the same period last year .
R&D investment	15,805,570.17	11,956,715.67	32.19%	Due to the company increased Research & Develop investment.
Net cash flows from operating activities	-39,316,195.34	4,293,128.00	-1,015.79%	Due to customs duties, VAT margin increased.
Net cash flows from investing activities	33,062,688.27	-422,551,442.19	107.82%	Due to the investment in the recovery of part of the structured deposits.
Net cash flows from financing activities	-78,059,653.87	-42,034,848.78	-85.70%	Due to repayment maturing borrowings for this period.
Net increase in cash and cash equivalents	-83,369,088.81	-459,957,122.05	81.87%	Due to the investment in the recovery of part of the structured deposits.

Major changes in profit composition or cources during the report period

□ Applicable √ Not applicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Delay of future development and plan disclosed in Company’s IPO prospectus, fund raising prospectus and capital reorganization report into this report period.

□ Applicable √ Not applicable

No future development and plan disclosed in Company’s IPO prospectus, fund raising prospectus and capital reorganization report into this report period.\

Implementation of business plans disclosed in previous periods in this period.

According to the company's 2016 key work arrangements, the completion statuses of each work in the first half year are as follows:

1. Continuously enhancing the operating capacity for the polarizer business

During the reporting period, firstly the company raised the production line speed, optimized the production process and expanded the product structure to the large-size from small and medium size; secondly the company adhered to the positive and active competitive strategy and the differentiated market sales strategy, newly developed 48 inch, 49 inch, 55 inch TV polarizer which had got client authentication and further expanded the market shares of the product; thirdly boosted up the efforts of R&D for getting independent intellectual property rights, centering on the R&D of ultra-thin polarizer for IPS and the polarizer for OLED display and so forth many of having high added-value products, also, carried out and tracked the work of introducing substitution materials to many raw materials to reduce the product costs.

During the reporting period, the company applied for 6 patents (4 domestic utility model patents, 2 foreign utility model patents), and was authorized with 6 patents (1 domestic invention patents, 5 domestic utility model patents). At present, the company has applied for 66 patents, among them, there were 13 domestic invention patents, 1 foreign invention patent, 47 domestic utility model patents and 5 overseas utility model patents; the company was authorized with 47 patents which included 5 domestic invention patents, 40 domestic utility model patents and 2 overseas utility model patents.

2. Actively promoting the construction of the No. 6 line project

During the reporting period, based on No.6 line construction progress plan, the company has completed the open tender and contract signing for the design and construction of the related engineering and the host equipment, as well as completed the tender work on part of the public engineering, and the related project constructions are under process.

3. The operating status of the property companies was steadily going up

During the reporting period, the property companies centered on the rental rate and the rate of capital return and continued to carry out the improvement plan on the rental proceeds, with the unit rental price in the newly signed leasing contracts all increased a certain extent. The inspection and acceptance of each item of Guanhua Building was completed.

4. Openly introducing strategic investors and further enriching and extending the upstream and downstream industry chain

During the reporting period, in order to solve the current operational difficulties of Shengbo Optoelectronic Co.,Ltd and enhance its technological level, management level and its profitability, the company started the work to introduce strategic investors for Shengbo Optoelectronic Co.,Ltd. By introducing the industrial resource-based strategic investors, enriching and expanding the upstream and downstream industry chain, the overall competiveness of Shengbo Optoelectronic Co.,Ltd was further improved, meanwhile fully utilizing the advantages of mixed ownership to excite the inner vitality. It was planned that the shareholding ratio of the introduced strategic investors will be 40%. Such item was, after the audit, assessment and the appropriate reviewing process performed, publicly listed on Shenzhen United Property Exchange on July 11, 2016, with the duration of 40 working days that will expired on September 2.

5. Perfecting the "13th Five-Year" strategic plan

During the reporting period, with consideration of the work of introducing strategic investors for Shenbo Company, the company adjusted and perfected the key contents in terms of finical indicators, polarizer main business development goals, key projects and supporting measures in the 13th Five-Year" strategic plan, and nailed down that the company will firmly develop the polarizer business in the "13th Five-Year" period.

6. Strengthening the management of innovation and nurturing the core team

During the reporting period, the company strengthened the technological innovation, closely followed up the R&D pace of customer and carried out the prospective study, meanwhile, the company continuously optimized and perfected the salary-incentive system, expanded employee's career promotion channel, enhanced the business training for staff and used many other means to excite the potential of the staff, built up a heavy innovation atmosphere and good institutional environment, thus to shape a good circumstance of good policy for recruiting, good environment for innovation and good career for talents.

7. Stressing the safety production and promoting the safe development for the enterprise

During the reporting period, the company set up the 2016 Monthly Safe Production Activities of Shenzhen Textile Group, which closely centered on the topic of “Enhancing the concept of safety production and all staff’s awareness of safety production”. The company organized the education and training program for safety production, carried out special item overhaul for hidden danger and carried out the emergency drills, cross inspection and patrol and discussions and so forth activities, realized the target of zero major safety production accident in the first half year.

III. Business composition

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of reverue in the same period of the previous year(%)	Increase/decrease of rincipal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Industry						
Domestic and foreign trade	147,028,287.85	145,291,057.27	1.18%	0.29%	0.21%	0.07%
Manufacturing	360,235,885.09	352,526,259.22	2.14%	-15.85%	-17.89%	2.43%
Lease and Management of Property	44,893,412.62	13,432,381.15	70.08%	0.98%	11.97%	-2.93%
Product						
Income from Lease and Management of Property	44,893,412.62	13,432,381.15	70.08%	0.98%	11.97%	-2.93%
Income from textile	10,309,561.05	10,406,068.49	-0.94%	36.92%	-0.81%	38.40%
Polarizer sheet	370,391,808.49	362,176,353.88	2.22%	-15.86%	-17.24%	1.64%
Income from Trading	126,562,803.40	125,234,894.12	1.05%	-0.34%	-0.75%	0.42%
Area						
Domestic	280,793,588.26	261,014,414.19	7.04%	53.74%	62.05%	-4.77%
Overseas	271,363,997.30	250,235,283.45	7.79%	-37.84%	-41.15%	5.20%

IV. Analysis On core Competitiveness

1. Technical Advantage

Shengbo Optoelectronic, with 20 years of operational experience in the polarizer industry, is the state-level of high-tech enterprise that first enters the development and production of polarizing film in China, has mastered the core technology of TN, STN and TFT and various product areas, and has owned whole proprietary technology of polarizer and the proprietary intellectual property rights of various new products that demanded by the customers. As of June 30, 2016, the company totally has 66 patents, including 13 domestic invention patents, 1 foreign invention patent, 47 domestic utility models , 5 foreign utility models；47 authorized patents, including 5 domestic invention patents, 40 domestic utility models and 2 foreign utility models.The company had 2 technology platforms of “Shenzhen Polarizer Materials and Technology Project Lab”and “Municipal Research and Development Center”, which emphasized the enforcement of the development and industrialization of polarizer for LCD’s key production technology, the development and industrialization of polarizer for OLED’s new product and the nationalized research of polarizer’s raw materials. Through introducing various kinds of precise testing equipments, the company completed bench-scale and pilot-scale test means, perfected reward system of research and development and built creative platform with synergy of “Production-Teaching-Research-Utilization”to improve research and development.

2. Talent Advantage

The company has a management team and a senior technical team in the polarizer with strong technical capability, rich experience and international vision, part of the technical experts have studied the technology in the company for 20 years, and has become the industry leader. Meanwhile, The company also employed overseas technicians with advanced experience in polarizer production, built technology management team with mutual complement of own technical team and external technicians. Through the combination of accumulating technology with independent innovation and external team’s technological support, the company made itself establish and accumulate first mover advantages on brand, technology and operation management in domestic polarizer business area, which formed proprietary technology which is exclusive, combining the process feature of company’s equipments and aiming at various kinds of product’s complete set.

3. Market Advantage

The company has good domestic and overseas clients. Compared to the foreign advanced counterparts, the biggest advantage of the company is localization support, which is close to panel market and supported the national policy. Regarding market development, the company centers in controlling production materials, which extends and connects purchase with market for establishing quick response mechanism. In addition, the company provides a series of value-added services to meet the demands for all clients, which helps to form a stable supply chain and increase market share.

4. Quality Advantage

The company has always adhered to the quality policy of “Meet Customer Demand to Pursuit Excellent Quality”, and focused on the product quality control. The company has greater advantage in product quality compared with other similar enterprises. Meanwhile, the company has introduced the modern quality management system and passed ISO9001 quality management system, ISO14001 environmental management system, OHSAS18000, QCO80000 system certification, SGS test and ROHS directive environmental protection requirements for the products. Moreover, the company has standardized whole process from raw materials from supply, manufacturing, marketing and sales of raw materials to the customer service and ensured the stability of product quality. During the reporting period, the company has increased the automatic detection identification equipment, strictly controlled the quality of products and improved the product availability and the product management efficiency.

5. Management Advantage

Shengbo Optoelectrionic has accumulated the rich management experience in the production of polarizing film, and owned the most advanced process control technology in the production management of polarizer, quality management technology and stable raw material procurement channels and many other management systems. During the reporting period, the company has carried out the comprehensive benchmarking works, organized the management personnel to learn advanced experience from customers and peers, improved the forced management, optimized the organizational structure of the company, reduced the management layers and further enhanced the company’s management performance in view of the overseas management experience of polarizer enterprises.

6. Policy Advantage

The polarizer industry belongs to the programs nationally encouraged, which was included in the new emerging strategic industries to lead the economical and social development in the future. The company’s polarizer project has, in many times, won the national and provincial policy supporting and funds supporting. The company actively followed up the introducing work of substitution materials for many kinds of raw materials to further reduce the production costs and raise the product competiveness.

V. Analysis on investment Status

I. Foreign Equity investment

（1）External investment

□ Applicable √ Not applicable

There was no foreign investment of the Company in the reorting period.

Other long-term equity investments described:

Shenzhen Xieli Automobile Enterprise Co., Ltd. is a Sino-foreign joint ventures invested and established by Shenzhen Municipal Light Textile Industry Company processing plant (predecessor company) and the Hong Kong Xieli Maintenance Company on April 14, 1981. The company invested 1.56 million RMB (50% stake), the operating period is from April 14, 1981 until April 14, 2008, did not apply for an extension due to the shareholder dispute, revoke the business sector the company's point of business license in 2014. June 2015, Shenzhen Xieli Automobile Enterprise Co., Ltd. shareholders agreed to dissolve and liquidate the Company in accordance with relevant regulations. In November 2015, the Shenzhen Municipal Market Supervisory Authority approved the filing liquidation group members, liquidation currently underway.

（2）Holding of the equipty in financial enterprises

□ Applicable √ Not applicable

There was no Holding of the equipty in financial enterprises.

（3）Securities investment

□ Applicable √ Not applicable

There was no investment in securities by the Company in the Reporting period.

（4）Shareholdings in other listed companies

√ Applicable □Not applicable

Security category	Security code	Stock abbreviation	Initial investment cost	Number of shares held at the beginning of the reporting period(shares)	Shareholding proportion at the beginning of the reporting period(%)	Number of shares held at the end of the reporting period (shares)	Shareholding proportion at the end of the reporting period(%	Book balance at the end of the reporting period (RMB)	Gain/Loss of the reporting period	Accounting items	Source of the shares
Stock	000030	Fawer	8,940,598.31	985,733	0.34%	985,733	0.34%	7,067,705.61	0	Financial assets available for	Equity debt

										sale	

II.Information of trust management, derivative investment and entrusted loan

（1）Trust management

□ Applicable √Not applicable

There was no trust management of the Company in the Reporting period.

（2）Derivative investment

□ Applicable √ Not applicable

There was no derivative investment of the Company in the reporting period.

（3）Entrusted loan

□ Applicable √ Not applicable

There was no entrusted loan of the Company in the reporting period.

III.Application of the Raised funds

√ Applicable □ Not applicable

（1）General application of the raised funds

√ Applicable □ Not applicable

In RMB'0000

Total amount of the raised capital	96,175.1
Total raised capital invested in the report period	57.92
Total accumulative raised capital invested	1,909.82
Amount of raised capital of which the purpose was changed in the report period	30,927.22
Accumulative amount of raised capital of which the purpose has been changed	30,927.22
Proportion of raised capital of which the purpose has been changed (%)	32.16%
Notes to use of raised capital	
During the reporting period, the accumulated expenditure of the special account for the raised Capital was RMB 579,200 which was totally used for the second phase construction of No.6 line project of TFT-LCD polarizer. As of the end of the reporting period, the cumulative use of the raised capital was RMB 19.0982 million.	

（2）Promised projects of raised capital

√ Applicable □ Not applicable

In RMB'0000

Committed investment projects and investment	Project changed(including partial change)	Total raised capital invested as commited	Total investment after adjustment (1)	Amount inested 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	Yes	96,175.1	70,034	57.92	1,909.82	2.73%	July 1, 2017	0	--	Yes
Subtotal of committeed investment projects	--	96,175.1	70,034	57.92	1,909.82	--	--	0	--	--
Investment orientation for und arising out of plan										
None										
Total	--	96,175.1	70,034	57.92	1,909.82	--	--	0	--	--
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 RMB309.2722 million(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	Not applicable									

unbooked proceeds	
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 capita	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	Applicable On March 29, 2016, the Proposal on Using Part of Idle Raised Funds to Temporarily Supplement the Liquidity was examined and approved in the 20th board meeting of the company's 6th session board of directors, which agreed with using part of the idle raised funds of the amount of RMB 300,000,000 originally for the second phase project of TFT-LCD polarizer to supplement the company's liquidity, with a term of no more than 12 months commenced from the date the board approved the proposal i.e. from March 29, 2016 to March 28, 2017. On March 29, 2016, the amount of RMB 150,000,000 was transferred out from Sheng Bo Optoelectronic Co.,Ltd special account for the raised funds to supplement the liquidity. As the Proposal on Alteration of the Use of Part of the Raised Funds for the Second Phase Project of TFT-LCD Polarizer was approved in the 2015 annual shareholder meeting on April 21, 2016, the afore-said funds had been converted into permanently supplementing the liquidity.
Balance of the proceeds in process of project implementation and the cause	Not applicable
About application and status of the proceeds unused	As of June 30, 2016, the balance of the special account for raised funds was RMB 778,069,100, of which RMB 308,000,000 was the structured deposit, RMB 447,995,000 was the smart fixed deposit and the rest was all deposited in the special account for raised funds.
Problems existing in application of the proceeds and the information disclosure or other issues	As of June 30, 2016, the cumulative investment for the second phase of No.6 line project was RMB 241.634 million which accounted for 34.50% to the total investment of RMB 700.34 million, and there was RMB 19.0982 million from the raised funds and RMB 222.5358 million from self-own funds and governmental funds.

（3）Changes of raised funds projects

√ Applicable □ Not applicable

In RMB

Project after the change	Corresponding original committed project	Total amount invested after adjustment (1)	Virtual amount input in the reporting	Accumulation virtual amount input deadline the end of the reporting (2)	Progress of the investment deadline the end of the reporting (%)(3)=(2)/(1)	Predicted serviceable condition date of project	Income achieved in the reporting	Whether it has come up to the scheduled income (Y/N)	Whether the feasibility of the project changed after the alteratio
-	Phase-II project of polarizer sheet for TFT-LCD (7 Line)	0	0	0	--	--	0	--	No
Total	--	0	0	0	--	--	0	--	--

Changing reason, decision procedure and statement of disclosure(In specific project)	In the light of there was a large funds gap between the actual raised funds and the planned raised funds for the second phase project, then by comprehensive considerations of the company’s production line scale and the operation pressure, the company terminated the project of No.7 line, and the corresponding amount of funds of RMB309.2722 million(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 Funds for the Second Phase Project of TFT-LCD Polarizer was examined and approved in the 2015 annual shareholder meeting. Refer to Company Announcement No. 2016-09 and . Announcement No. 2016-16 on March 25, 2016 and April 22, 2016 at JuChao information network (http://www.cninfo.com.cn)
Not meet the scheduled progress or projected benefits, and reasons for that (based on specific project)	Not applicable
Explanation on significant changes in feasibility of projects	Not applicable

（4）Fund-raising project

Fund-raising project overview	Disclosure date	Disclosure index
The special Report on situation of 2016 semi-annual raise funds on deposit and actual usage .	August 26,2016	Announcement No.:2016-31 （http://www.cninfo.com.cn）

IV. Analysis on principal subsidiaries and Mutual Shareholding Companies

√Applicable □Not applicable

Particulars about the principal subsidiaries and Mutual shareholding companies

In RMB

Company Name	Company type	Sectors engaged in	Leading products and services	Registered capital	Total assets	Net assets	Tumover	Operating profit	Net Profit
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Lease	Domestic Trade, Property management	2,360,000	26,485,329.34	23,105,563.20	3,819,216.37	1,037,860.77	776,976.90
Shenzhen Huaqiang Hotel	Subsidiary	Hotel services	Accommodation, business center;	10,005,300	31,190,455.75	24,348,324.15	5,271,952.67	1,510,724.38	1,126,980.33
Shenfang Property Management Co., Ltd.	Subsidiary	Property management	Property management	1,600,000	8,719,573.18	2,664,788.05	5,050,145.18	178,469.16	133,851.86
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Textile industry	Production of fully electronic jacquard knitting whole shape	25,000,000	39,534,063.39	26,149,686.12	10,309,561.05	-3,208,182.97	-3,208,449.21
Shenzhen Shengbo Opotoelectric Technology Co., Ltd	Subsidiary	Flat display	Production and sales of polarizer	350,000,000	2,027,384,357.62	1,455,831,061.97	370,391,808.49	-50,958,094.80	-488,666,956.37

V. Significant projects of investments with non-raised funds

□ Applicable √ Not applicable

The company has no project invested by raised fund in the reporting period.

VI. Performance Forecast for January to September 2016

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or comparing with the same period of last year, and statement of causations.

☐ Applicable √ Not applicable

VII. Explanation of the Board of Directors and the Supervisor Committee concerning the "Non-standard audit report " issued by the CPAs firm for the reporting period

□ Applicable √ Not applicable

VIII.Explanation by the Board of Directors about the " non-standard audit report " for lastyear.

□ Applicable √ Not applicable

IX. Profit distribution carried out in the report period

Execution or adjustment of profit distribution, especially cash dividend, and capitalizing of reserves in the report period.

□ Applicable √ Not applicable

Previous year's profit distribution plan was no profit distribution and shares converted from capital reserve either

X. Preplan for profit distribution and turning capital reserve into share capital in the reporting period

□ Applicable √ Not applicable

The Company planed that no to distribute cash dividend, bonus shares and there was no turning of capital reserve into share capital.

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

√ Applicable □ Not applicable

Reception time	Reception place	Way of reception	Types of visitors	Vistors rece3ived	Discussion topics and provision of materials
May 12,2016	6/F, Meeting Roomof the Company	Onsite investigatio	Organization	Tenbagger Capital(Beijing)	To know more about the situation of polarizer industry and the situation of the company's production and operation, please see details in "Log of Investor Relation Activities" posted on the interactive platform of investor relation on May 12, 2016.(No.2016-01)

V. Important Events

I.Administrative position

The company, strictly in accordance with the requirements of The Company Law, Securities Law, Stock Listing Rules, Guidelines for the Standard Operations for the Main Board Listed Companies and other related regulations and normative documents, continuously improved the corporate governance structure which was constituted by general shareholder meeting, board of directors, board of supervisors and management layer. During the reporting period, there were 1 general shareholder meeting, 4 board meetings of board of directors and 2 meetings of board of supervisors convened, and the company's organ of power, decision-making organ, supervision organ and the management all have standardized operation norms and clear responsibilities, with mutual cooperation and checks and balances for each other.

As Shenzhen Investment Holding Co., Ltd., the controlling shareholder of the Company, is an enterprise directly under Shenzhen State-owned Assets Commission, the Company implements relevant regulations of the controlling shareholder on management of state-owned assets. The non-open information reported to the controlling shareholders mainly includes: Submit the index report weekly and submit expenses report quarterly, financial asset statement, deposits and financing loan summary statement. To strengthen the management of nonpublic information, the company will be strict in controlling the insider's range and regulate the information-delivery process, and strictly implement in terms of"Management System of Inside Information Insider" to avoid the leak of inside information and the occurrence of inside trading activities.

Except this, there was no difference between the actual conditions of corporate governance and the requirements of the Company Law and relevant regulations of CSRC.

II. Lawsuits affairs

Major lawsuits and Arbitration affairs

□ Applicable √ Not applicable

The Company has no major lawsuit or arbitration in the report period.

Other Lawsuits affairs

√ Applicable □Not applicable

Basic situation of litigation (arbitration)	Involved amount (RMB'0000)	Whether to form expected liability	Progress of the litigation(arbitration(arbitration)	The oucome and effects of litigation(arbitration)	Execution of litigation (arbitration)judgement	Date of disclosure	Index of disclosure
On March 6, 2014,the company received the No.28	3,185.79	No	On July 6, 2016, the company	The verdict has no effect on the company	has been judged	March 31,2015	Annual Report 2014 （http://www

respondent notice issued by Shenzhen Intermediate People's Court (2014) Foreign legislation, the plaintiff association of Hong Kong Xieli Automobile Co., Ltd liability disputes has been formally accepted. The company as the first defendant, Shenzhen Xieli Automobile Co., Ltd. was the second defendant. The plaintiff requested: 1, the economic loss of tort liability by the total amount of RMB 31.8579 million ; 2, the second defendant involved in joint liability of the amount of compensation; 3, the litigation fee paid by two co-defendants.			received the Civil Verdict by Shenzhen Intermediate People's Court-(No.28-2014 Shenzhen Intermediate People's Court Foreign-related Doc), and the claim of the plaintiff-Xieli Maintenance Company was overruled by Shenzhen Intermediate People's Court.				.cninfo.com.cn）

III. Query form media

□ Applicable √ Not applicable

In the reporting year, the Company had no query from media

IV. Bankruptcy or Reorganization Events

□ Applicable √ Not applicable

There Company was not involved in any bankruptcy or reorganization events in the reporting period.

V. Transaction in Assets

1. Purchase of assets

□ Applicable √ Not applicable

There is no purchase of assets in the Company during the reporting period.

2. Sale of assets

□ Applicable √ Not applicable

There is no sale of assets in the Company during the reporting period

3. Business combination

□ Applicable √ Not applicable

There is no Bubiness combination in the Company during the reporting period

VI. Implementation and Influence of Equity Incentive Plan of the Company

□ Applicable √ Not applicable

There is no equity incentive plan and its implementation in the Company during the reporting period.

VII. Significant related-party transactions

I. Related-party transactions concerning routine operation

√Applicable □Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade RMB0'000	Ratio in similar trades	Trading limit approved （RMB'0000）	Whether over the approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Shenzhen Tianma Microelectronics Co.,	The Chairman of the Company was	Sale products to related parties	Sales of polarizer sheet	Market Principle	Agreement price	81.83	0.22%	--	No	Bank transfer	81.83	--	--

Ltd.	Vece Chairman of the company												
Total				--	--	81.83	--	--	--	--	--	--	--
Details of any sales return of a large amount				Not applicable									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				Not applicable									
Reason for any significant difference between the transaction price and the market refernce price (if applicable)				Not applicable									

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

□ Applicable √ Not applicable

The Company was not involved in any related-party transactions arising from asset acquisition or sale during the reporting period.

III. Related-party transitions with joint investments

1. Related-party transactions concerning routine operation

□ Applicable √ Not applicable

The company has no transactions related to daily operations in the reporting period.

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

□ Applicable √ Not applicable

The Company was not involved in any related-party transactions arising from asset acquisition or sale during the reporting period.

3. Related-party transitions with joint investments

□ Applicable √ Not applicable

The Company was not involved in any related-party transaction with joint investments during the reporting period.

IV. Credits and liabilities with related parties

√ Applicable □ Not applicable

Was there any non-operating credit or liability with any related party?

√ Yes □ No

Debts receivable from related party

Related	Relationship	Causes	Whether has non-business capital occupying or not	Balance at period-begin（RMB’0000）	Current newly added（RMB’0000）	Current recovery（RMB’0000）	Interest rate	Current interest（RMB’0000）	Balance at period-end（RMB’0000）
Shenzhen Tianma Microelectronics Co., Ltd.	The Chairman of the Company was Vece Chairman of the company	Sale products	No	34.99	95.75	83.78			46.96
Anhui Huapeng Textile Co., Ltd.	Sharing company	Contract fee	No	360	90				450
Shenzhen Dailishi Underwear Co., Ltd.	Sharing company	Contract fee	No	27.72	42.73				70.45
Influence of the related rights of credit and liabilities upon the company’s operation results and financial position		In the report period,Increase investment income of RMB1.3273 million.							

Debts payable from related party

Related	Relationship	Causes	Balance at period-begin（RMB’0000）	Current newly added（RMB’0000）	Current recovery（RMB’0000）	Interest rate	Current interest（RMB’0000）	Balance at period-end（RMB’0000）
Shenzhen Xinfang Knitting Co., Ltd.	Sharing company	Current amount	24.48					24.48
Shenzhen Xiangjiang Trade Co., Ltd	Sharing company	Current amount	4					4

Shenzhen Changlianfa Printing & dyeing Co., Ltd.	Sharing company	Current amount	91.67					91.67
Shenzhen Haohao Property Leasing Co., Ltd	Sharing company	Current amount	417.95	35				452.95
Yehui International Co., Ltd.	Sharing company	Current amount	113.8					113.8
Shengbo（HK）Co., Ltd.	Sharing company	Current amount	31.5					31.5
Shenzhen Shenchao Technology Investment Co., Ltd.	Controlled by the same party	Interest payable	3,900.06	222.44				4,122.5
Indluence of the related rights of credit and liabilities upon the company's operation results and financial position.		In the report period, Increase financial interest expense of RMB 2.2224 million.						

V. Other related-party transactions

√Applicable □ Not applicable

To ensure the construction progress of polarizer with TFT-LCD, Shenzhen Shengbo Optoelectronic Technology Co., Ltd., Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Development Bank, Shenzhen Branch, First Tower Subbranch signed "Contract on Consigned Loan", of whose main content is: Shenzhen Shenchao Technology Investment Co., Ltd applied to the bank for 200 million RMB of construction of dedicated plant and auxiliary projects for polarizer with TFT-LCD for Shenzhen Shengbo Optoelectronic Technology Co., Ltd The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company. The interest rate of the entrusted loan is the rate of commercial loans with a term of 5 years quoted by People's Bank of China minus 2%. In case of adjustment of such commercial loan rate, the rate of commercial loans with a term of 5 years after adjustment minus 2% shall apply as interest rate of entrusted loan from the first day of the next month after the adjustment of basic interest rate. The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company.As of June 30,2016,The Company actually received a loan of RMB 120 million.

Website for temporary disclosure of the connected transaction

Announcement	Date of disclosure	Website for disclosure
Announcement of related Transactions	December 12, 2009	http//www.cninfo.com.cn. Announcement No.2009-55
Announcement of Resolutions of the Second provisional shareholders' general meeting	December 30,2009	http//www.cninfo.com.cn. Announcement No.2009-57
Announcement of related Transactions progress	July 1, 2010	http//www.cninfo.com.cn. Announcement No.2010-26

VIII. Particulars about the non-operating occupation of funds by the controlling shareholder and other related parties of the Company

□ Applicable √ Not applicable

The Company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the reporting period.

IX. Particulars about significant contracts and their fulfillment

I. Particulars about trusteeship, contract and lease

(1) Trusteeship

□ Applicable √ Not applicable

There was no any trusteeship of the Company in the reporting period.

(2) Contract

□ Applicable √ Not applicable

There was no any contract of the Company in the reporting period.

(3) Lease

□ Applicable √ Not applicable

There was not involved in any lease of the Company in the reporting period.

II. Guarantees provided by the company

□ Applicable √ Not applicable

There was not involved in any guarantees of the Company in the reporting period.

III. Other significant contracts

□ Applicable √ Not applicable

There was no other significant contract of the Company in the reporting period.

IV. Other significant transactions

□ Applicable √ Not applicable

There was no other significant transaction of the Company in the reporting period.

X.Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

√Applicable □ Not applicable

Commitment	Commitment maker	Contents	Time of making commitment	Peiod of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	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	August 4, 2006	Sustained and effective	Under Fulfillment

		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.			
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.	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	October 9, 2009	Sustained and effective	Under Fulfillment

		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 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.	The commitments during the period non-public issuance in 2012: 1. Shenzhen Investment Holdings, as the controlling	July 14, 2012	Sustained and effective	Under Fulfillment

		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. Above commitments will be continuously effective and			

		irrevocable during Shenzhen Investment Holdings as the controlling shareholder of Shenzhen Textile or indirectly controlling Shenzhen Textile.			
	Shenzhen Investment Holdings Co., Ltd.	Commitment to non-public offer ing during the se cond phase proje ct of Shen Textil e shares subscrib ed lock handle, l ocking Shen Tex tile non-public o ffering on the st ock market of 3 6 months.	March 25, 2013	March 25, 2016	Has been Fulfilled
Other commitments made to minority shareholders					
Executed timely or not	Yes				
Detailed person for failing to execute and the next plan(If any)	None				

XI. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

□ Yes √ No

The semi-annual financial report has not been audited.

XII. Punishment and Rectification

□ Applicable √ Not applicable

There was no any punishment and rectification of the Company in the reporting period.

XIII. Reveal of the delisting risks of illegal or violation

□ Applicable √ Not applicable

There was no any delisting risk of illegal or violation of the Company in the reporting period.

XIV. Explanation about other significant matters

√ Applicable □Not applicable

I.The company's subsidiary-Shengbo Optoelectronic Co.,Ltd's introducing of strategic investors by the mean of increasing capital while adding shares

(1) To further enhance the technological level, management level and profit ability of Shengbo Optoelectronic Co.,Ltd, and for making a stronger and bigger main business of optical film such as polarizer, and based on the approval in the 22th board meeting of the company's sixth session board of directors on May16, 2016, the company agreed with the open introducing of the strategic investors by the mean of increasing capital while adding shares upon the basis of the equity assessment value of Shengbo Optoelectronic Co.,Ltd, and the company shall, in accordance with the related requirements of the state-owned asset supervision and company's internal control, openly introduced 1-2 strategic investor(s) on Shenzhen United Property Exchange after the performance of necessary approval procedures. After the completion of increasing capital, the stake proportion held by the company shall be not less than 51%, while the stake held by the strategic investors shall be not more than 49%（Refer to Company Announcement No.2016-19）.

(2) By the approval in the 24th board meeting of the company's six session board of directors on July 1, 2016, it was agreed that Shengbo Optoelectronic Co.,Ltd shall, upon the price basis was determined by the assessed book value of net assets of RMB 2028.9588 million as of the assessment reference date of April 30, 2016 and the stake proportion held by the introduced strategic investors was 40%, openly introduce one strategic investor at the price not less than assessed value of RMB 1352.6392 million on Shenzhen United Property Exchange and waive the priority rights of contributing funds to the subscription in such increasing capital while adding shares but finally through one-to-one competitive negotiation with the strategic investor to determine the price for increasing the capital（Refer to Company Announcement No.2016-20 and 2016-21）.

II. The status of the progress of the second phase project of TFT-LCD polarizer

(1) Speeded up the construction of No.6 line of phase II project. During the reporting period, the company, in accordance with the optimized construction scheme of No.6 line project, completed the open tender and the contract signing for the design and construction of the related engineering and the host equipment, as well as completed the tender work on part of the public engineering, and the related project constructions are under process.

(2) Terminated the originally included No.7 line project invested by the raised funds.

In the light of there was a large funds gap between the actual raised funds and the planned raised funds for the original second phase project of TFT-LCD polarizer(No.6 line project and No.7 line 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 RMB309.2722 million(including interests) for No.7 line project shall be changed for permanently supplementing the liquidity which needed by the company's main business. Such alteration had been examined and approved in the 20th board meeting of the company's 6th session board of directors and the 2015 annual shareholder meeting（Refer to Company Announcement No.2016-09 and 2016-16）.

XV. Issuance of corporate bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not folly cashed on the approval date of annual report.

No.

VI. Change of share capital and shareholding of Principal Shareholders

I.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
1.Shares with conditional subscription	51,527,726	10.17%				-51,457,976	-51,457,976	69,750	0.01%
2.State-owned legal person shares	51,457,976	10.16%				-51,457,976	-51,457,976	0	0.00%
3.Other domestic shares	69,750	0.01%						69,750	0.01%
Domestic Nature shares	69,750	0.01%						69,750	0.01%
II.Shares with unconditional subscription	454,994,123	89.83%				51,457,976	51,457,976	506,452,099	99.99%
1.Common shares in RMB	405,563,873	80.07%				51,457,976	51,457,976	457,021,849	90.23%
2.Foreign shares in domestic market	49,430,250	9.76%						49,430,250	9.76%
III. Total of capital shares	506,521,849	100.00%				0	0	506,521,849	100.00%

Reasons for share changed:

√ Applicable □Not applicable

During the reporting period, the restriction term of the 51,457,976 shares which the company non-publicly issued to the company's controlling shareholder of Shenzhen Investment Holding Co., Ltd in 2013 was expired, thus it shall newly add 51,457,976 tradable shares which were free from the restriction and being tradable on March 29, 2016. Refer to Company Announcement No. 2016-03.on March 25, 2016 at JuChao information network http://www.cninfo.com.cn)

Approval of Change of Shares

□ Applicable √ Not applicable

Ownership transfer of share changes

□ Applicable √ Not applicable

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

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

□ Applicable √ Not applicable

Explanation on changes in aspect of total shares, shareholders structures as well as structure of assets and liability of the Company

□ Applicable √ Not applicable

II. Number of shares and shares held

In shares

Total number of common shareholders at the end of the reporting period	33,921	Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)	0

Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nuture 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 os share pledged/frozen	
							State of share	Amount
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	46.21%	234,069,436	0	0	234,069,436		
Qianhai Life insurance Co., Ltd.－Self funds Huatai Portfolio	Domestic non State-owned Legal person	4.02%	20,384,816	0	0	20,384,816		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032	0	0	16,129,032		
Anhui Guofu Industrial Investment Funds	Domestic non State-owned Legal person	0.73%	3,708,341	0	0	3,708,341		

Mangement Co., Ltd.								
MORGAN STANLEY & CO. INTERNATIONAL PLC	Foreign Legal person	0.57%	2,900,814	211,350	0	2,900,814		
Sun Huiming	Domestic Nature person	0.48%	2,443,526	11,000	0	2,443,526		
Xia Keyun	Domestic Nature person	0.48%	2,412,192	-616,720	0	2,412,192		
Shanghai Chujiang Enterprise Development Co., Ltd.	Domestic non State-owned Legal person	0.40%	2,050,000	710,991	0	2,050,000		
Beijing Shen Zhou Mu Investment Fund Management Co., Ltd.－Hongyamu Fund	Domestic non State-owned Legal person	0.36%	1,831,100	1,831,100	0	1,831,100		
Chongqing International Trust Co., Ltd.－Collective capital trust of No. 2	Domestic non State-owned Legal person	0.24%	1,210,000	1,210,000	0	1,210,000		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if any)(See Notes 3)		N/A						
Explanation on associated relationship or concerted action of the above shareholders		Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holding Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares 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 Companies.						

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	RMB Common shares	234,069,436
Qianhai Life insurance Co., Ltd.—Self funds Huatai Portfolio	20,384,816	RMB Common shares	20,384,816
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	RMB Common shares	16,129,032
Anhui Guofu Industrial Investment Funds Mangement Co., Ltd.	3,708,341	RMB Common shares	3,708,341
MORGAN STANLEY & CO. INTERNATIONAL PLC	2,900,814	Foreign shares placed in domestic exchange	2,900,814
Sun Huiming	2,443,526	Foreign shares placed in domestic exchange	2,443,526
Xia Keyun	2,412,192	RMB Common shares	2,412,192
Shanghai Chujiang Enterprise Development Co., Ltd.	2,050,000	RMB Common shares	2,050,000
Beijing Shen Zhou Mu Investment Fund Management Co., Ltd.—Hongyamu Fund	1,831,100	RMB Common shares	1,831,100
Chongqing International Trust Co., Ltd.—Collective capital trust of No. 2	1,210,000	RMB Common shares	1,210,000
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	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares 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 Companies.		
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	N/A		

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.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

□ Applicable √ Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

□ Applicable √ Not applicable

There was no any change of the actual controller of the Company in the reporting period.

IV. Particulars on shareholding increase scheme during the reporting period proposed or implemented by the shareholders and act-in-concert persons

□ Applicable √ Not applicable

Within the scope known to the Company, there was no any shareholding increase scheme during the reporting period proposed or implemented by the shareholders and act-in-concert persons.

VII. Situation of the Preferred Shares

□Applicable √Not applicable

The Company had no preferred shares in the reporting period.

VIII. Information about Directors, Supervisors and Senior Executives

I. Change in shares held by directors, supervisors and senior executives

√ Applicable □Not applicable

Name	Position	Office status	Shares held at the year-begin (share)	Amount of shares increased at the reporting period(share)	Amount of shares decreased at the reporting period(share)	Shares held at the year-ending（share）	Number of restricted stock granted at the year-begin . share)	Number of restricted stock granted at the reporting period(share)	Number of restricted stock granted at the year-ending(share)
Zhu Jun	Board chairman, General Manager	In office	0	0	0	0	0	0	0
Wang Yongjian	Director	In office	0	0	0	0	0	0	0
Lin Lebo	Director	In office	0	0	0	0	0	0	0
Jin Zhenyuan	Director,CFO	In office	0	0	0	0	0	0	0
Zhang Yong	Independent Director	In office	0	0	0	0	0	0	0
Shi Weihong	Independent Director	In office	0	0	0	0	0	0	0
He Qiang	Independent Director	In office	0	0	0	0	0	0	0
Wang Weixing	Chairman of the supervisory committee	In office	0	0	0	0	0	0	0
Li Wei	Supervisor	In office	0	0	0	0	0	0	0
Zhang Xiaodong	Employee supervisor	In office	0	0	0	0	0	0	0
Feng Junbin	Deputy GM	In office	0	0	0	0	0	0	0

Zhu Meizhu	Deputy GM	In office	93,000	0	0	93,000	0	0	0
Jiang Peng	Secretary to the board of directors	In office	0	0	0	0	0	0	0
Chao Jin	Director	Former	0	0	0	0	0	0	0
Total	--	--	93,000	0	0	93,000	0	0	0

II. Change in shares held by directors, supervisors and senior executives

√ Applicable □Not applicable

Name	Positions	Types	Date	Reason
Chao Jin	Director	Former	April 16, 2016	Submitted resignation for personal reasons

IX. Financial Report

I. Audit report

Has this semi-annual report been audited?

□ Yes √ No

The semi-annual financial report has not been audited.

II. Financial statements

Currency unit for the statements in the notes to these financial statements:RMB

1. Consolidated balance sheet

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

June 30,2016

In RMB

Items	Year-end balance	Year-beginning balance
Current asset：		
Monetary fund	665,289,686.79	752,314,871.53
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	33,652,411.33	18,841,745.16
Account receivable	202,464,073.42	182,766,372.05
Prepayments	30,050,353.97	7,853,818.19
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	23,730,926.13	30,298,938.80
Dividend receivable		
Other account receivable	64,460,893.53	45,133,672.10

Repurchasing of financial assets		
Inventories	293,583,314.51	308,775,044.88
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	421,553,675.47	513,553,675.47
Total of current assets	1,734,785,335.15	1,859,538,138.18
Non-current assets：		
Loans and payment on other’s behalf disbursed		
Disposable financial asset	40,254,753.07	43,241,524.06
Expired investment in possess		
Long-term receivable		
Long term share equity investment	23,610,461.07	22,879,269.06
Property investment	182,936,427.69	134,389,963.05
Fixed assets	756,368,065.28	790,019,487.16
Construction in progress	79,066,981.68	75,803,586.70
Engineering material		
Fixed asset disposal	3,810.00	
Production physical assets		
Gas & petrol		
Intangible assets	40,053,060.79	40,626,936.34
R & D petrol		
Goodwill		
Long-germ expenses to be amortized	857,697.49	633,541.50
Differed income tax asset	2,503,160.91	2,262,532.65
Other non-current asset		
Total of non-current assets	1,125,654,417.98	1,109,856,840.52
Total of assets	2,860,439,753.13	2,969,394,978.70
Current liabilities		
Short-term loans	26,220,880.25	53,866,521.87
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into		

current income account		
Derivative financial liabilities		
Bill payable		
Account payable	191,876,704.78	227,528,808.60
Advance payment	44,472,178.76	28,199,415.11
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	20,166,586.08	35,307,822.40
Tax payable	39,082,682.02	14,682,643.09
Interest payable	41,303,674.48	39,088,887.96
Dividend payable		
Other account payable	126,923,350.93	125,775,723.80
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liability due in 1 year		40,000,000.00
Other current liability		
Total of current liability	490,046,057.30	564,449,822.83
Non-current liabilities：		
Long-term loan	120,000,000.00	120,000,000.00
Bond payable		
Including：preferred stock		
Sustainable debt		
Long-term payable		
Long-term payable employees's remuneration		
Special payable		
Expected liabilities		
Deferred income	97,358,454.18	99,524,165.58
Deferred income tax liability	10,572,975.18	10,851,444.74
Other non-current liabilities		
Total non-current liabilities	227,931,429.36	230,375,610.32
Total of liability	717,977,486.66	794,825,433.15

Owners' equity		
Share capital	506,521,849.00	506,521,849.00
Other equity instruments		
Including：preferred stock		
Sustainable debt		
Capital reserves	1,585,130,057.75	1,585,130,051.37
Less：Shares in stock		
Other comprehensive income	1,202,753.29	3,212,187.35
Special reserves		
Surplus reserves	70,539,319.86	70,539,319.86
Common risk provision		
Undistributed profit	-20,931,713.43	9,166,137.97
Total of owner's equity belong to the parent company	2,142,462,266.47	2,174,569,545.55
Minority shareholders' equity		
Total of owners' equity	2,142,462,266.47	2,174,569,545.55
Total of liabilities and owners' equity	2,860,439,753.13	2,969,394,978.70

Legal Representative:Zhu Jun Person in charge of accounting：Zhu Jun Accounting Dept Leader: Mu Linying

2. Balance sheet of Parent Company

In RMB

Items	Year-end balance	Year-beginning balance
Current asset：		
Monetary fund	305,502,993.90	271,582,749.03
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable		
Account receivable	607,599.49	819,054.57
Prepayments		1,754,880.00
Interest receivable	19,455,292.34	22,294,015.02
Dividend receivable		7,798,378.51

Other account receivable	73,063,909.49	72,543,709.78
Inventories		
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	60,000,000.00	260,000,000.00
Total of current assets	458,629,795.22	636,792,786.91
Non-current assets：		
Disposable financial asset	38,754,753.07	41,741,524.06
Expired investment in possess		
Long-term receivable		
Long term share equity investment	1,987,834,227.68	1,779,103,035.67
Property investment	175,655,377.41	126,873,096.51
Fixed assets	28,294,231.09	26,579,978.92
Construction in progress		38,792,110.90
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	1,252,533.06	1,378,688.61
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	3,028,411.89	2,556,126.29
Other non-current asset		
Total of non-current assets	2,234,819,534.20	2,017,024,560.96
Total of assets	2,693,449,329.42	2,653,817,347.87
Current liabilities		
Short-term loans		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable		
Account payable	411,743.57	411,743.57
Advance payment	639,024.58	639,024.58

Employees' wage payable	4,670,917.51	7,299,686.80
Tax payable	3,742,712.94	12,558,340.06
Interest payable		
Dividend payable		
Other account payable	111,812,374.29	77,332,555.09
Liabilities held for sales		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	121,276,772.89	98,241,350.10
Non-current liabilities：		
Long-term loan		
Bond payable		
Including：preferred stock		
Sustainable debt		
Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Deferred income		
Deferred income tax liability		278,469.57
Other non-current liabilities		
Total of Non-current liabilities		278,469.57
Total of liability	121,276,772.89	98,519,819.67
Owners' equity		
Share capital	506,521,849.00	506,521,849.00
Other equity instrument		
Including：preferred stock		
Sustainable debt		
Capital reserves	1,576,547,075.96	1,576,547,069.58
Less：Shares in stock		
Other comprehensive income	1,202,753.29	3,212,187.35
Special reserves		
Surplus reserves	70,539,319.86	70,539,319.86
Undistributed profit	417,361,558.42	398,477,102.41

Total of owners' equity	2,572,172,556.53	2,555,297,528.20
Total of liabilities and owners' equity	2,693,449,329.42	2,653,817,347.87

3.Consolidated Income Statement

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	552,157,585.56	620,993,333.48
Incl：Business income	552,157,585.56	620,993,333.48
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	582,562,825.44	651,213,247.43
Incl：Business cost	511,249,697.64	588,138,026.03
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	3,126,938.03	3,546,620.66
Sales expense	4,516,009.63	5,010,699.03
Administrative expense	46,124,255.12	45,057,284.86
Financial expenses	8,972,817.56	-11,273,185.63
Asset impairment loss	8,573,107.46	20,733,802.48
Add：Gains from change of fir value（"-"for loss）		
Investment gain（"-"for loss）	2,267,193.29	47,591,946.43
Incl: investment gains from affiliates	711,998.34	1,029,521.87
Gains from currency exchange（"-"for loss）		
III. Operational profit（"-"for loss）	-28,138,046.59	17,372,032.48
Add ：Non-operational income	2,298,220.41	7,876,949.28
Including：Income from disposal of non-current assets		300.00

Less：Non business expenses	20,829.78	72,988.56
Incl：Loss from disposal of non-current assets	20,770.93	72,965.54
IV.Total profit(“-”for loss)	-25,860,655.96	25,175,993.20
Less：Income tax expenses	4,237,195.44	17,507,965.25
V. Net profit	-30,097,851.40	7,668,027.95
Net profit attributable to the owners of parent company	-30,097,851.40	7,668,027.95
Minority shareholders’ equity		
VI. Other comprehensive income	-2,009,434.06	-29,368,461.17
Net of profit of other comprehensive income attributable to owners of the parent company.	-2,009,434.06	-29,368,461.17
（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
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.		
（II） Other comprehensive income that will be reclassified into profit or loss.	-2,009,434.06	-29,368,461.17
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets	-2,240,078.24	-29,362,645.46
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements	230,644.18	-5,815.71
6.Other		
7.Net of profit of other comprehensive income attributable to Minority shareholders’ equity		

VII. Total comprehensive income	-32,107,285.46	-21,700,433.22
Total comprehensive income attributable to the owner of the parent company	-32,107,285.46	-21,700,433.22
Total comprehensive income attributable minority shareholders		
VIII. Earnings per share		
（I）Basic earnings per share	-0.06	0.015
(II)Diluted earnings per share	-0.06	0.015

Legal Representative:Zhu Jun Person in charge of accounting：Zhu Jun Accounting Dept Leader: Mu Linying

4. Income statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	31,599,060.18	31,527,189.03
Incl：Business cost	5,654,104.32	5,403,557.23
Business tax and surcharge	2,262,341.59	2,501,742.00
Sales expense		
Administrative expense	11,602,041.51	11,342,237.91
Financial expenses	-7,662,384.78	-8,502,341.69
Asset impairment loss	16,249.72	48,066.44
Add：Gains from change of fir value（“-”for loss）		
Investment gain（“-”for loss）	2,267,193.29	46,906,601.48
Incl: investment gains from affiliates	711,998.34	1,029,521.87
II. Operational profit（“-”for loss）	21,993,901.11	67,640,528.62
Add ：Non-operational income		1,807,659.21
Including：Income from disposal of non-current assets		
Less：Non business expenses	13,422.71	13,020.92
Incl：Loss from disposal of non-current assets	13,422.71	13,020.92
III.Total profit(“-”for loss)	21,980,478.40	69,435,166.91
Less：Income tax expenses	3,096,022.38	16,610,523.73
IV. Net profit（“-”for net loss）	18,884,456.02	52,824,643.18

V.Net of profit of other comprehensive income	-2,009,434.06	-29,368,461.17
（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
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.		
（II） Other comprehensive income that will be reclassified into profit or loss.	-2,009,434.06	-29,368,461.17
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets	-2,240,078.24	-29,362,645.46
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements	230,664.18	-5,815.71
6.Other		
VI. Total comprehensive income	16,875,021.96	23,456,182.01
VII. Earnings per share：		
（I）Basic earnings per share		
(II)Diluted earnings per share		

5. Consolidated Cash flow statement

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	520,074,236.25	554,835,392.44

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		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Net increase of inter-bank fund received		
Net increase of trade financial asset disposal		
Net increase of repurchasing business		
Tax returned	44,974,078.38	47,475,737.48
Other cash received from business operation	33,073,522.35	26,485,839.63
Sub-total of cash inflow	598,121,836.98	628,796,969.55
Cash paid for purchasing of merchandise and services	491,834,135.65	525,580,359.12
Net increase of client trade and advance		
Net increase of savings n central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	67,312,097.85	68,305,334.11
Taxes paid	21,995,337.06	16,544,484.93
Other cash paid for business activities	56,296,461.76	14,073,663.39
Sub-total of cash outflow from business activities	637,438,032.32	624,503,841.55

Cash flow generated by business operation, net	-39,316,195.34	4,293,128.00
II.Cash flow generated by investing		
Cash received from investment retrieving	460,000,000.00	45,025,998.56
Cash received as investment gains	12,519,210.40	3,097,622.52
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	160.00	300.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	6.38	
Sub-total of cash inflow due to investment activities	472,519,376.78	48,123,921.08
Cash paid for construction of fixed assets, intangible assets and other long-term assets	71,456,688.51	10,618,093.36
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	368,000,000.00	460,057,269.91
Sub-total of cash outflow due to investment activities	439,456,688.51	470,675,363.27
Net cash flow generated by investment	33,062,688.27	-422,551,442.19
III.Cash flow generated by financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans	192,535,253.62	29,117,865.82
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities	192,535,253.62	29,117,865.82
Cash to repay debts	270,594,907.49	71,152,714.60
Cash paid as dividend, profit, or		

interests		
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	270,594,907.49	71,152,714.60
Net cash flow generated by financing	-78,059,653.87	-42,034,848.78
IV. Influence of exchange rate alternation on cash and cash equivalents	944,072.13	336,040.92
V.Net increase of cash and cash equivalents	-83,369,088.81	-459,957,122.05
Add: balance of cash and cash equivalents at the beginning of term	748,658,775.60	1,098,232,359.02
VI ..Balance of cash and cash equivalents at the end of term	665,289,686.79	638,275,236.97

6. Cash flow statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	31,740,661.93	32,013,712.91
Tax returned		
Other cash received from business operation	34,427,040.40	12,681,386.83
Sub-total of cash inflow	66,167,702.33	44,695,099.74
Cash paid for purchasing of merchandise and services	2,618,061.41	1,857,076.51
Cash paid to staffs or paid for staffs	8,966,862.21	7,190,038.46
Taxes paid	15,233,557.86	11,472,508.80
Other cash paid for business activities	3,324,789.03	3,921,092.66
Sub-total of cash outflow from business activities	30,143,270.51	24,440,716.43
Cash flow generated by business operation, net	36,024,431.82	20,254,383.31
II.Cash flow generated by investing		
Cash received from investment	8,863,114.47	45,025,998.56

retrieving		
Cash received as investment gains		3,097,622.52
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	6.38	
Sub-total of cash inflow due to investment activities	8,863,120.85	48,123,621.08
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,967,307.80	4,992,831.00
Cash paid as investment	208,000,000.00	
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		260,000,000.00
Sub-total of cash outflow due to investment activities	210,967,307.80	264,992,831.00
Net cash flow generated by investment	-202,104,186.95	-216,869,209.92
III.Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities		
Cash to repay debts		
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities		
Net cash flow generated by financing		
IV. Influence of exchange rate alternation on cash and cash equivalents		

V.Net increase of cash and cash equivalents	-166,079,755.13	-196,614,826.61
Add: balance of cash and cash equivalents at the beginning of term	531,582,749.03	457,379,886.16
VI ..Balance of cash and cash equivalents at the end of term	365,502,993.90	260,765,059.55

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Amount in this period												
	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrusment			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
		preferred stock	Sustainable debt	Other									
I.Balance at the end of last year	506,521,849.00				1,585,130,051.37		3,212,187.35		70,539,319.86		9,166,137.97		2,174,569,545.55
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of current year	506,521,849.00				1,585,130,051.37		3,212,187.35		70,539,319.86		9,166,137.97		2,174,569,545.55
III.Changed in the current year					6.38		-2,009,434.06				-30,097,851.40		-32,107,279.08
（1）Total comprehensive income							-2,009,434.06						-2,009,434.06
（II）Investment or decreasing of capital by owners											-30,097,851.40		-30,097,851.40

1．Ordinary Shares invested by hareholders													
2．Holders of other equity instruments invested capital													
3．Amount of shares paid and accounted as owners' equity													
4．Other													
（III）Profit allotment													
1.Providing of surplus reserves													
2.Providing of common risk provisions													
3．Allotment to the owners (or shareholders)													
4．Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3．Making up losses by surplus reserves.													

4. Other													
(V). Special reserves													
1. Provided this year													
2．Used this term													
（VI）Other					6.38								6.38
IV. Balance at the end of this term	506,521,849.00				1,585,130,057.75		1,202,753.29		70,539,319.86		-20,931,713.43		2,142,462,266.47

Amount in last year

In RMB

Items	Amount in last year												
	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	share Capita	Other Equity instrusment			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
		preferred stock	Sustainable debt	Other									
I.Balance at the end of last year	506,521,849.00				1,585,130,051.37		33,389,117.46		64,403,027.10		6,805,203.33		2,196,249,248.26
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													

Other													
II.Balance at the beginning of current year	506,521,849.00				1,585,130,051.37		33,389,117.46		64,403,027.10		6,805,203.33		2,196,249,248.26
III.Changed in the current year							-30,176,930.11		6,136,292.76		2,360,934.64		-21,679,702.71
（1）Total comprehensive income							-30,176,930.11				8,497,227.40		-21,679,702.71
（II）Investment or decreasing of capital by owners													
1．Ordinary Shares invested by hareholders													
2．Holders of other equity instruments invested capital													
3．Allotment to the owners (or shareholders)													
4．Other													
(IV) Internal transferring of owners' equity									6,136,292.76		-6,136,292.76		0.00
1. Capitalizing of capital reserves (or to capital shares)									6,136,292.76		-6,136,292.76		0.00
2. Capitalizing of surplus reserves (or to capital shares)													
3．Making up losses by													

surplus reserves.													
4. Other													
(VI)Special reserves													
1. Provided this year													
2． Used this term													
（VII）Other													
IV. Balance at the end of this term													
(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				1,585,130,051.37		3,212,187.35		70,539,319.86		9,166,137.97		2,174,569,545.55

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

Amount in this period

In RMB

Items	Amount in this period										
	Share cpaital	Other Equity instrusment			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Attributable profit	Total of owners' equity
		preferred stock	Sustainable debt	Other							
I.Balance at the end of last year	506,521,849.				1,576,547,069.		3,212,187.35		70,539,319.86	398,477,102	2,555,297,528.

	00				58					.41	20
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	506,521,849.00				1,576,547,069.58		3,212,187.35		70,539,319.86	398,477,102.41	2,555,297,528.20
III.Changed in the current year					6.38		-2,009,434.06			18,884,456.01	16,875,028.33
（1）Total comprehensive income							-2,009,434.06			18,884,456.01	16,875,021.95
（II）Investment or decreasing of capital by owners											
1．Ordinary Shares invested by hareholders											
2．Holders of other equity instruments invested capital											
3．Allotment to the owners (or shareholders)											
4．Other											
（III）Profit allotment											
1.Providing of surplus reserves											

2．Allotment to the owners (or shareholders)											
3．Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3．Making up losses by surplus reserves.											
4. Other											
(V) Special reserves											
1. Provided this year											
2．Used this term											
（VI）Other					6.38						6.38
IV. Balance at the end of this term	506,521,849.00				1,576,547,075.96		1,202,753.29		70,539,319.86	417,361,558.42	2,572,172,556.53

Amount in last year

In RMB

Items	Amount in last year										
	Share Capital	Other Equity instrusment			Capital reserves	Less: Shares in stock	Other Comprehensiv	Specialized reserve	Surplus reserves	Attributable profit	Total of owners' equity
		preferred		Other							

		stock	Sustainable debt				e Income				
I.Balance at the end of last year	506,521,849.00				1,576,547,069.58		33,389,117.46		64,403,027.10	343,250,467.52	2,524,111,530.66
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	506,521,849.00				1,576,547,069.58		33,389,117.46		64,403,027.10	343,250,467.52	2,524,111,530.66
III.Changed in the current year							-30,176,930.11		6,136,292.76	55,226,634.89	31,185,997.54
（1）Total comprehensive income							-30,176,930.11			61,362,927.65	31,185,997.54
（II）Investment or decreasing of capital by owners											
1． Ordinary Shares invested by hareholders											
2．Holders of other equity instruments invested capital											
3．Allotment to the owners (or shareholders)											
4．Other											
（III）Profit allotment									6,136,292.76	-6,136,292.7	

										6	
1.Providing of surplus reserves									6,136,292.76	-6,136,292.76	
2．Allotment to the owners (or shareholders)											
3．Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3．Making up losses by surplus reserves.											
4. 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				1,576,547,069.58		3,212,187.35		70,539,319.86	398,477,102.41	2,555,297,528.20

III. Basic Information of the Company

1.Company Profile

(1)Enterprise registration address, organization mode and headquarter address.

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 (Holdings) Co., Ltd. In the same year, approved by the (1994) No.19 file of Shenzhenshi, the shares of the company were listed in Shenzhen Stock Exchange. The Company has got the corporate business certification of Shensizi No. 440301105031014, Registration address and headquarter address are 6/F,Shenfang Building, Huaqiang Road. North, Futian District, Shenzhen.

(2)Enterprise’s business nature and major business operation.

At present, 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.

(3)Approval of the financial statements reported

The financial statements have been authorized for issuance by the Board of Directors of the Group on August 24,2016.

2.Scope of consolidated financial statements

(1)As of the end of the reporting period, there are 5 subsidiaries companies included in the consolidated financial statements:Shenzhen Shengbo Optoelectronic Technology Co., Ltd.(Shenzhen Shenfang Import & Export Co., Ltd. and Shengtou (Hongkong) Co.,Ltd. were a wholly owned subsidiary of Shenzhen Shengbo Optoelectronic Technology Co., Ltd.), Shenzhen Lisi Industrial Development Co., Ltd.,Shenzhen Huaqiang Hotel, Shenzhen Shenfang Property Management Co., Ltd. and Shenzhen Beaufity Garments Co., Ltd.

(2)The scope of consolidated financial statements this period did not change.

IV.Basis for the preparation of financial statements

（1）Basis for the preparation

The basis of the financial statements was continuous operation assumption, based on actual transactions, in accordance with the relevant provisions of Accounting Standards for Business Enterprises and in accordance with this Note V, "Significant accounting policies and accounting estimates".

（2）Continuation

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

V. Important accounting policies and estimations

Specific accounting policies and accounting estimates tips: N/A

1. Statement on complying with corporate accounting standards

The financial statements prepared by the Company comply with the requirements of corporate accounting standards. They truly and completely reflect the financial situations, operating results, equity changes and cash flow, and other relevant information 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

Normalbusiness cycle is realized by the Companyin cash or cash quivalents from the purchase of assets for mpocessing until.Less than 1 year is for the normal operating cycle in the company.

With regard to less than 1 year for the normal operating cycle, the assets realized or the liabilities repaid at maturity within one year as of the balance sheet date shall be classified into the current assets or the current liabilities.

4. Accounting standard money

The Company takes RMB as the standard currency for bookkeeping.

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

（1）Enterprise merger under same control：

For a business combination involving enterprises under common control, the party that, on the combination date, obtains control of another enterprise participating in the combination is the absorbing party, while that other enterprise participating in the combination is a party being absorbed. Combination date is the date on which the absorbing party effectively obtains control of the party being absorbed.

The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to the capital premium in the capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings.

The cost of a combination incurred by the absorbing party includes any costs directly attributable to the combination shall be recognized as an expense through profit or loss for the current period when incurred.

Accounting Treatment of the Consolidated Financial Statements:

The long-term equity investment held by the combining party before the combination will change if the relevant profit and loss, other comprehensive income and other owner equity are confirmed between the ultimate control date and the combining date for the combining party and the combined party on the acquirement date, and shall respectively offset the initial retained incomes or the profits and losses of the current period during the comparative statement.

(2)Business combination involving entities not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The difference of the merger cost minus the fair value shares of identifiable net assets obtained by the acquiree during the merger on the acquisition date, is recognized as the business reputation. While the merger cost is less than the fair value shares of identifiable net assets obtained by the acquiree during the merger, all the measurement on the identifiable assets, the liabilities, the fair value of liabilities and the merger cost obtained by the acquiree should firstly be rechecked, and the difference shall be recorded into the current profits and costs if the merger cost is still less than the fair value shares of identifiable net assets obtained by the acquiree during the merger after rechecking.

Where the temporary difference obtained by the acquirer was not recognized due to inconformity with the conditions applied for recognition of deferred income tax, if, within the 12 months after acquisition, additional information can prove the existence of related information at acquisition date and the expected economic benefits on the acquisition date arose from deductible temporary difference by the acquiree can be achieved, relevant income tax assets can be recognized, and goodwill offset. If the goodwill is not sufficient, the difference shall be recognized as profit of the current period.

For a business combination not involving enterprise under common control, which achieved in stages that involves multiple exchange transactions, according to “The notice of the Ministry of Finance on the issuance of Accounting Standards Interpretation No. 5” (CaiKuai [2012] No. 19) and Article51 of “Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements” on the “package deal” criterion, to judge the multiple exchange transations whether they are the"package deal". If it belong to the “package deal” in reference to the preceding paragraphs of this section and “long-term investment” accounting treatment, if it does not belong to the “package deal” to distinguish the individual financial statements and the consolidated financial statements related to the accounting treatment:

In the individual financial statements, the total value of the book valueoftheacquiree's equity investment before the acquisition date and the cost of new investment at the acquisition date, as the initial cost of the investment, the acquiree's equity investment before the acquisition date involved in other comprehensive income, in the disposal of the investment will be in other comprehensive income associated with the use of infrastructure and the acquiree directly related to the disposal of assets or liabilities of the same accounting treatment (that is, except in accordance with the equity method of accounting in the defined benefit plan acquiree is remeasured net changes in net assets or liabilities other than in the corresponding share of the lead, and the rest into the current investment income).

In the combination financial statements, the equity interest in the acquiree previously held before the acquisition date re-assessed at the fair value at the acquisition date, with any difference between its fair value and its carrying amount is recorded as investment income.The previously-held equity interest in the acquiree involved in other comprehensive income and other comprehensive income associated with the purchase of the foundation should be used party directly related to the disposal of assets or liabilities of the same accounting treatment (that is, except in accordance with the equity method of accounting in the acquiree is remeasured defined benefit plans other than changes in net liabilities or net assets due to a corresponding share of the rest of the acquisition date into current investment income).

6.Preparation of the consolidated financial statements

(1)The scope of consolidation

The scope of consolidation for the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The relevant events refer to the activities that have significant influence on the return to the invested party. In accordance with the specific conditions, the relevant events of the invested party should conclude the sale and purchase of goods and services, the management of the financial assets, the purchase and disposal of the assets, the research and development activities, the financing activities and so on.

The scope of consolidation includes the Company and all of the subsidiaries. Subsidiary is an enterprise or entity under the control of the Company.

Once the change in the relevant facts and circumstances leading to the definition of the relevant elements involved in the control of the change, the company will be re-evaluated.

(2)Preparation of the consolidated financial statements.

The Company based on its own and its subsidiaries financial statements, in accordance with other relevant information, to prepare the consolidated financial statements.

For a subsidiary acquired through a business combination not under common control, the operating results and cash flows from the acquisition (the date when the control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriated; no adjustment is made to the opening balance and comparative figures in the consolidated financial statements. Where a subsidiary and a party being absorbed in a merger by absorption was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and cash flow are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amounts, from the date that common control was established, and the opening balances and the comparative figures of the consolidated financial statements are restated.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Where a subsidiary was acquired during the reporting period through a business combination not under common control, the financial statements was reconciliated on the basis of the fair value of identifiable net assets at the date of acquisition.

Intra-Group balances and transactions, and any unrealized profit or loss arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Minority interest and the portion in the net profit or loss not attributable to the Company are presented separately in the consolidated balance sheet within shareholders'/ owners' equity and net profit. Net profit or loss attributable to minority shareholders in the subsidiaries is presented separately as minority interest in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders'/equity of the subsidiary, the excess is allocated against the minority interests.

When the Company loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. Other comprehensive income related to the former subsidiary's equity investment, using the foundation and the acquiree directly related to the disposal of the same assets or liabilities are accounted when the control is lost(ie, in addition to the former subsidiary is remeasured at the net defined benefit plan or changes in net assets and liabilities resulting from, the rest are transferred to the current investment income). The retained interest is subsequently measured according to the rules stipulated in the - "Chinese Accounting Standards for Business Enterprises No.2 - Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22 - Determination and measurement of financial instruments".

The company through multiple transactions step deal with disposal of the subsidiary's equity investment until the loss of control, need to distinguish between equity until the disposal of a subsidiary's loss of control over whether the transaction is package deal. Terms of the transaction disposition of equity investment in a subsidiary, subject to the following conditions and the economic impact of one or more of cases, usually indicates that several transactions should be accounted for as a package deal:①these transactions are considered。 simultaneously, or in the case of mutual influence made, ②these transactions as a whole in order to achieve a complete business results; ③the occurrence of a transaction depends on occurs at least one other transaction; ④a transaction look alone is not economical, but when considered together with other transaction is economical.

If they does not belong to the package deal, each of them separately, as the case of a transaction in accordance with "without losing control over the disposal of a subsidiary part of a long-term equity investments"principles applicable accounting treatment. Until the disposal of the equity investment loss of control of a subsidiary of the transactions belonging to the package deal, the transaction will be used as a disposal of a subsidiary and the loss of control of the transaction. However, before losing control of the price of each disposal entitled to share in the net assets of the subsidiary 's investment corresponding to the difference between the disposal, recognized in the consolidated financial statements as other comprehensive income, loss of control over the transferred together with the loss of control or loss in the period.

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

(1)Joint arrangement

A joint arrangement is an arrangement of which two or more partieshave joint control，depending of the rights and obligation of the Company in the joint arrangement. A joint operation is a joint arrangement whereby the Company has rights to the assets, andobligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the Company has rights to the net assets of thearrangement.

(2)Co-operation accounting treatment

When the joint venture company for joint operations, confirm the following items and share common business in terests related to:

（1）Confirm individual assets and common assets held based on shareholdings;

（2）Confirm individual liabilities and shared liabilities held based on shareholdings;

（3）Confirm the income from the sales revenue of co-operate business output

（4）Confirm the income from the sales of the co-operate business output based on shareholdings;

（5）Confirm the individual expenditure and co-operate business cost based on shareholdings.

(3)When a company is a joint ventures, joint venture investment will be recognized as long-term equity investmen ts .

8.Recognition Standard of Cash & Cash Equivalents

Cash and cash equivalents of the Company include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

9.Foreign Currency Transaction

（1）Foreign Currency Transaction

The approximate shot exchange rate on the transaction date is adopted and translated as RMB amount when the foreign currency transaction is initially recognized. On the balance sheet date, the monetary items of foreign currency are translated as per the shot exchange rate on the balance sheet date, the foreign exchange conversion gap due to the exchange rate, except for the balance of exchange conversion arising from special foreign currency borrowings capitals and interests for the purchase and construction of qualified capitalization assets, shall be recorded into the profits and losses of the current period. The non-monetary items of foreign currency measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the RMB amount shall not be changed. The non-monetary items of foreign currency measured at the fair value shall be translated at the spot exchange rate on the fair value recognized date, the gap shall be recorded into the current profits and losses or other comprehensive incomes.

(2) Translation Method of Foreign Currency Financial Statement

For the assets and liabilities in the balance sheet, the shot exchange rate on the balance sheet date is adopted as the translation exchange rate. For the owner's equity, the shot exchange rate on the transaction date is adopted as the translation exchange rate, with the exception of "undistributed profits". The incomes and expenses in the income statement shall be translated at the spot exchange rate or the approximate exchange rate on the transaction date. The translation gap of financial statement of foreign currency converted above shall be listed in other comprehensive incomes under the owner's equity in the consolidated balance sheet.

10.Financial tools

One financial asset or financial liability shall be recognized when the company becomes the party in the financial instrument contract. The financial assets and the financial liabilities are measured at the fair value in the initial recognition. For the financial assets and liabilities that measured at the fair values and the variation included in the current profits and losses, the relative transaction expenses shall be directly recorded into the profits and losses. For the financial assets and liabilities of other categories, the expenses related to transactions are recognized as initial amount.

1.Determination of financial assets and liabilities' fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in the actual transaction. For a financial instrument which does not have an active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

2. Classification, recognition and measurement of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Company's financial assets are classified into including financial assets at fair value though profit or loss, held-to maturity investments, loans and receivables and available-for-trade assets.

（1） Financial assets at fair value through profit or loss:

Including financial assets held-for-trade and financial assets designated at fair value through profit or loss.Financial asset held-for-trade is the financial asset that meets one of the following conditions:

A. the financial asset is acquired for the purpose of selling it in a short term;

B. the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;

C. the financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

Financial asset is designated on initial recognition as at fair value through profit or loss only when it meets one of the following conditions:

A. the designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases.

B. a Group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnels. Formal documentation regarding risk management or investment strategy has prepared。

Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

（2）Investment held-to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Effective interest rate is the rate that exactly discounted estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company shall estimate future cash flow considering all contractual terms of the financial asset or financial liability without considering future credit losses, and also consider all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

（3）Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payment that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include note receivables, account receivables, interest receivable dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

（4）Financial assets available-for-trade

Financial assets available-for-trade include non-derivative financial assets that are designated on initial recognition as available for trade, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or investment held-to-maturity.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss. Interests obtained and dividends declared by the investee during the period in which the financial assets available-for-trade are held, are recognized in investment gains.

3. Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment.

The company shall make an independent impairment test on the financial assets with significant single amounts, and carry out an independent impairment test on the financial assets with insignificant single amounts, or conduct an impairment-related test after they are included in a combination of financial assets with similar credit risk features so as to carry out. Where, upon independent test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it shall be included in a combination of financial assets with similar risk features so as to conduct another impairment test. The financial assets which have suffered from an impairment loss in any single amount shall not be included in any combination of financial assets with similar risk features for any impairment test.

（1）Impairment on held-to maturity investment, loans and receivables

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

（2）Impairment loss on available-for-trade financial assets

Where the fair value of the equity instrument investment drops significantly or not contemporarily according to the integrated relevant factors, an available-for-trade financial asset is impaired. The "serious decline" refers to the cumulative fair value declines more than 30%; "non-temporary decline" refers to the continuous decline in the fair value of time over 12 months.

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value thathad been recognized in capital reserve shall be removed and recognized in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortized cost, current fair value and any impairment loss on that financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognized, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

4. Recognition and measurement of financial assets transfer

The Group derecognizes a financial asset when one of the following conditions is met:

1) the rights to receive cash flows from the asset have expired;

2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a pass-through arrangement; or

3) the enterprise has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred norretained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor control over the asset, the asset is recognized according to the extent it exists as financial asset, and correspondent liability is recognized. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the carrying amount of the financial asset transferred; and the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

The Company uses recourse sale financial assets, or financial assets held endorser, determine almost all of the risks and rewards of ownership of the financial assets have been transferred if. Has transferred the ownership of the financial assets of almost all the risks and rewards to the transferee, the derecognition of the financial asset; retains ownership of the financial assets of almost all of the risks and rewards of financial assets that are not derecognised; neither transfers nor retains ownership of the financial assets of almost all of the risks and rewards, then continue to determine whether the enterprise retains control of the assets and the accounting treatment in accordance with the principles described in the preceding paragraphs.

5. Classification and measurement of financial liabilities

The Group’s financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

(1)Financial liabilities measured by the fair value and the changes recorded in profit or loss

The classification by which financial liabilities held-for-trade and financial liabilities designed at the initial recognition to be measured by the fair value follows the same criteria as the classification by which financial assets held-for-trade and financial assets designed at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognized in profit or loss for the current period.

（2）Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the current period.

6. Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged or cancelled or has expired. An agreement between the Company (an existing borrower) and existing lender to replace original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

7. Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

8. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders’ equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders’ equity. The Group does not recognize any changes in the fair value of equity instruments.

11.Accounts Receivable

1.Accounts receivable with material specific amount and specific provisioned bad debt preparation.

Judgment criteria or amount standard of material specific amount or amount criterial：	The Client Identifies single amount of accounts receivable that is not less than RMB 1 million as account receivable that are individually significant in amount. The Client Identifies single amount of accounts receivable that is not less than RMB 0.5 million as account receivable that are individually significant in amount.
Provision method with material specific amount and provision of specific bad debt preparation：	Making an independent impairment test. If any objective evidence shows that it has been impaired, the impairment-related losses shall be recognized according to the gap between its present value of future cash flow less than its book value, and the several shall be determined to withdraw the bad debt provision. If there exists no the impairment after the impairment test, they shall be included in a combination of the receivables with similar risk features so as to withdraw the bad debt provision.

2.The accounts receivable of bad debt provisions made by credit risk Group

Name	Withdrawing Method
Aging Group	Aging Analysis Method

In Group ,Accounts on age basis in the portfolio：

√ Applicable □ Not applicable

Aging	Rate for receivables(%)	Rate for other receivables(%)
Within 1 year（Included 1 year）	5.00%	5.00%
1－2 years	10.00%	10.00%
2－3 years	30.00%	30.00%
Over 3 years	50.00%	50.00%
3－4 years	50.00%	50.00%
4－5 years	50.00%	50.00%
Over 5 years	50.00%	50.00%

Receivable accounts on which had debt provisions are provided on percentage analyze basis in a portfolio

□Applicable √Not applicable

Receivable accounts on which had debt provisions are provided by other ways in the portfolio

□Applicable √Not applicable

(3)Account receivable with non-material specific amount but specific bad debt preparation

Reasons of Withdrawing Individual Bad Debt Provision	There is any objective evidence shows that it has been impaired.
Withdrawing Method of Bad Debt Provision	The impairment-related losses shall be recognized according to the gap between its present value of future cash flow less than its book value.

12.Inventory

1.Investories class

Inventory shall include the finished products or goods available for sale during daily activities, the products in the process of production, the stuff and material consumed during the process of production or the services offered.

2．Valuation method of inventory issued

The company calculates the prices of its inventories according to the weighted averages method

3. Recognition Criteria for the Net Realizable Value of Different Category of Inventory and Withdrawing Method of Inventory Falling Price Reserves

The inventory shall be measured by use of the lower between the cost and the net realizable value and the inventory falling price reserves shall be withdrawn as per the gap of single inventory cost minus the net realizable value at the balance sheet date. The net realizable value refers to the amounts that the estimated sale price of inventory minus the estimated costs ready to happen till the completion of works, the estimated selling expenses and the relevant expenses of taxation. The company shall recognize the net realizable value of inventory based on the acquired unambiguous evidence and in view of the purpose to hold the inventory, the influence of matters after the balance sheet date and other factors.

The net realizable value of inventory directly for sale shall be recognized according to the amounts of the estimated sale price of the inventory minus the estimated sale expenses and the relevant expenses of taxation during the process of normal production and operation. The net realizable value of inventory that required to conduct processing shall be recognized according to the amounts of the estimated sale price of the finished products minus the estimated costs ready to happen till the completion of works, the estimated selling expenses and the relevant expenses of taxation. On the balance sheet date, the net realizable value shall be respectively defined for the partial agreed with the contract price and others without the contract price in the same inventory, and the amounts of the inventory falling price reserves withdrawn or returned shall be respectively recognized in comparison with their corresponding costs.

4. Inventory System:Adopts the Perpetual Inventory System

5． Amortization method for low cost and short-lived consumable items and packaging materials

（1）Low cost and short-lived consumable items

Low cost and short-lived consumable items are amortized using immediate write-off method。

（2）Packaging materials

Packaging materials are amortized using

13.Held-for-sale assets

A non-current asset is classified as held-for-sale if all of the following conditions are satisfied:

1The asset is immediately sellable at its current condition per usual sales term applicable to the type of assets to which it belongs；

2. the Company's has completed official decision to dispose the asset;

3. the Company has entered into irrevocable sales contract with the purchaser; and

4. the sales will be completed within one year.

Is classified as held for sale and the disposal of non current assets in the group of assets and liabilities, are classifi ed as current assets and current liabilities.

Termination of operation to meet one of the following conditions have been disposed of or classified as held for s ale, in the operation and the preparation of the financial statements to be able to differentiate the components alo ne in the company within:

1. This part of main business represents an independent or a main business area;
2. This part of the proposed disposal plans for a major business independent or a main business area;
3 . This part is just to sell again and made subsidiary.

For the fixed assets held for sale, the company shall adjust the estimated net residual value of the fixed assets in order to make it reflecting the amount after the disposal costs deducted from the fair value, which doesn’t exceed the original book value of the fixed assets when the condition of holding for sale is met. The impairment losses of the assets shall be regarded and recorded into the current profits and losses if the original book value is more than the balance of the estimated net residual value after adjusting.

The assets or the disposal group held for sale no longer meet the recognized requirements of the fixed assets held for sale, the company shall terminate the classification of held-for-sale and measure based on the less one between the following amounts: (1) the amounts after adjusted for the assets or the disposal group classified as the book value before the held-for-sale according to the originally confirmed depreciation, amortization or impairment when supposed that have not classified as the held-for-sale. (2) the returned amounts that can’t be re-sold.

The intangible assets and other non-current assets held for sale shall be treated as per above principles.

14.Long-term equity investments

Long-term equity investments referred to in this section refer to the Company invested entity has control, joint control or significant influence over the long-term equity investments. The Company invested does not have control, joint control or significant influence over the long-term equity investments as financial assets available for sale or at fair value and the changes included financial assets through profit or loss.

Joint control is the Company control over an arrangement in accordance with the relevant stipulations are common, related activities and the arrangement must be after sharing control participants agreed to the decision-making. Significant influence is the Company s financial and operating policies of the entity has the right to participate in decision-making, but can not control or with other parties joint control over those policies.

1. Determination of Investment cost

The cost of a long-term equity investment acquired through business combination under common control is measured at the acquirer's share of the combination date book value of the acquiree's net equity in the ultimate controller's consolidated financial statements. The difference between the cost and book value of cash paid, non-monetary assets transferred and liabilities assumed is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. If the consideration is transferred by way of issuing equity instruments, the face value of the equity instruments issued is recognised in share capital and the difference between the cost of the face value of the equity instruments issued is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient.The cost of a long-term equity investment acquired through business combination not under common control is the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued. (For the equity of the combined party under common control obtained step-by-step through multiple transactions and the business combination under common control ultimately formed, the company should respectively dispose all the transactions if belong to the package deal. For the package deal, all the transactions will be conducted the accounting treatment as the deal with acquisition of control. For the non-package deal, the shares of the book value of the stockholders’ equity/owners’ equity of the combined party in the consolidated financial statements of the ultimate control party shall be as the initial investment cost of the long-term equity investment, and the capital reserves shall be adjusted for the difference between the initial investment cost of long-term equity investment and the sum of the book value of long-term equity investment before merging and that of new consideration payment obtained on the merger date, or the retained earnings shall be adjusted if the capital reserves are insufficient to offset. As for the equity investment held before the merger date, the accounting treatment will not be conducted temporarily for other comprehensive income accounted by equity method or confirmed for the financial assets available for sale.)

All expenses incurred directly associated with the acquisition by the acquirer, including expenditure of audit, legal services, valuation and consultancy and other administrative expenses, are recognised in profit or loss for the period during which the acquisition occurs. For the merger of enterprises not under the same control through gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the sum of book value of the owner's original equity of the merged enterprise and the newly increased investment cost as the initial cost of the long-term equity investment. For the shares originally held by this enterprise accounted for by weighted equity method, the relevant other comprehensive income shall not be accounted for temporarily.If the equity investment held originally can be classified as the financial assets for sale, the difference between the fair value and the book value, and the variation in the accumulative fair value of other comprehensive returns recorded originally will be transferred into the current profits and losses.

All expenses incurred directly associated with the acquisition by the acquirer, including expenditure of audit, legal services, valuation and consultancy and other administrative expenses, are recognised in profit or loss for the period during which the acquisition occurs.

Long-term equity investments acquired not through business combination are measured at cost on initial recognition. Depending on the way of acquisition, the cost of acquisition can be the total cash paid, the fair value of equity instrument issued, the contract price, the fair value or book value of the assets given away in the case of non-monetary asset exchange, or the fair value of the relevant long-term equity investments. The cost of acquisition of a long-term equity investment acquired not through business combination also includes all directly associated expenses, applicable taxes and fees, and other necessary expenses. When the significant impact or the joint control but non-control on the invested party can be implemented due to the additional investment, the long-term equity investment cost is the sum of the fair value of the equity investment originally held and the new investment costs based on the recognition of “Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments”.

2. Subsequent Measurement

To be invested joint control (except constitute common operator) or long-term equity investments significant influence are accounted for using the equity method. In addition, the Company's financial statements using the cost method of accounting for long-term equity can exercise control over the investee.

(1)Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

(2)Equity method of accounting for long-term equity investments

When using the equity method, the initial investment cost of long-term equity investment exceeds the investor's n et identifiable assets of the fair share of the investment value, do not adjust the initial investment cost of long-ter m equity investment; the initial investment cost is less than the investee unit share of identifiable net assets at fair value, the difference is recognized in profit or loss, while the long-term equity investment adjustment costs.

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost. The carrying amount of an long-term equity investment measured using the equity method is adjusted by the Company's share of the investee's net profit and other comprehensive income, which is recognised as investment income and other comprehensive income respectively. The carrying amount of an long-term equity investment measured using the equity method is reduced by profit distribution or cash dividends announced by the investee. The carrying amount of an long-term equity investment measured using the equity method is also adjusted by the investee's equity movement other than net profit, other comprehensive income and profit distribution, which is adjusted to capital reserves。 The net profit of the investee is adjusted by the fair value of the investee's identifiable assets as at acquistion. The financial statements and hence the net profit and other comprehensive income of an investee which does not adopt accounting policies or accounting period uniform with the Company is adjusted by the Company's accounting policies and accounting period. The Company's share of unrealised profit or loss arising from related party transactions between the Company and an associate or joint venture is deducted from investment income. Unrealised loss arising from related party transactions between the Company and an associate or joint venture which is associated with asset impairment is not adjusted. Where assets transferred to an associate or joint venture which form part of the Company's investment in the investee but which does not enable the Company obtain control over the investee, the cost of the additional investment acquired is measured at the fair value of assets transferred and the difference between the cost of the additional investment and the book value of the assets transferred is recognised in profit or loss. Where assets transferred to an associate or joint venture form an operation, the difference between the consideration received and the book value of the assets transferred in recognised in profit or loss. Where assets transferred from an associate or joint venture form an operation, the transaction is accounted for in accordance with CAS 20 - Business Combination, any gain or loss is reocgnised in profit or loss.

The Company's share of an investee's net loss is limited by the sum of the book value of the long-term equity investment and other net long-term investments in the investees. Where the Company has obligation to share additional net loss of the investee, the estimatedshare of loss recognised as accrued liabilities and investment loss. Where the Company has unrecognised share of loss of the investee when the investee generates net profit, the Company's unrecognised share of loss is reduced by the Company's share of net profit and when the Company's unrecognised share or loss is eliminated in full, the Company's share of net profit, if any, is recognised as investment income.

(3)Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against returned earnings.

(4)Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner’s equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note applies. For disposal of long-term equity investments in any situation other than the fore-mentioned situation, the difference between the book value of the investment disposed and the consideration received is recognised in profit or loss.

The investee's equity movement other than net profit, other comprehensive income and profit distribution is reocgnised in profit or loss proportionate to the disposal.

Where a long-term equity investment is measured by the equity method both before and after part disposal of the investment, cumulative other comprehensive income relevant to the investment recognised prior to the acquistion is treated in the same manner that the investee disposes the relevant assets or liabilities proportionate to the disposal. The investee's equity movement other than net profit, other comprehensive income and profit distribution is reocgnised in profit or loss proportionate to the disposal.

Where a long-term equity investment is measured at cost both before and after part disposal of the investment, cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method or recognition and measurement principles applicable to financial instruments, prior to the Company's acquisition of control over the investee is treated in the same manner that the investee disposes the relevant assets or liabilities and recognised in profit or loss proportionate to the disposal.The investee's equity movement other than net profit, other comprehensive income and profit distribution, as a result of accounting by equity method, is reocgnised in profit or loss proportionate to the disposal.

Where the Company's control over an investee is lost due to partial disposal of investment in the investee and the Company continues to have significant influence over the investee after the partial disposal, the investment in measured by the equity method in the Company's separate financial statements; where the Company's control over an investee is lost due to partial disposal of investment in the investee and the Company ceases to have significant influence over the investee after the partial disposal, the investment in measured in accordance with the recognition and measurement principles applicable to financial instruments in the Company's separate financialstatements and the difference between the fair value and the book value of the remaining investment at the date of loss of control is recognised in profit or loss. Cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method or recognition and measurement principles applicable to financial instruments, prior to the Company's acquisition of control over the investee is treated in the same manner that the investee disposes the relevant assets or liabilities on the date of loss of control. The investee's equity movement other than net profit, other comprehensive income and profit distribution, as a result of accounting by equity method, is reocgnised in profit or loss when control is lost. Where the remaining investment is measured by equity method, the fore-mentioned other comprehensive income and other equity movement are recognised in profit or loss proportionate to the disposal; Where the remaining investment is measured in accordance with the recognition and measurement principles applicable to financial instruments, the fore-mentioned other comprehensive income and other equity movement are recognised in profit or loss in full.

Where the Company's joint control or significant influence over an investee is lost due to partial disposal of investment in the investee,the remaining investment in the investee is measured in accordance with the recognition and measurement principles applicable to financial instruments, the difference between the fair value and the book value of the remaining investment at the date of loss of joint control or significant influence is recognised in profit or loss.Cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method, prior to the partial disposal is treated in the same manner that the investee disposes the relevant assets or liabilities on the date of loss of joint control or significant influence. The investee's equity movement other than net profit, other comprehensive income and profit distribution is reocgnised in profit or loss when joint control or significant influence is lost.

Where the Company's control over an investee is lost through multiple disposals and the multiple disposals shall be viewed as one single transaction, the multiple disposals is accounted for one single transaction which result in the Company's loss of control over the investee. Each difference between the consideration received and the book value of the investment disposed is recognised in other comprehensive income and reclassified in full to profit or loss at the time when control over the investee is lost.

15.Investment property

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

The leased buildings of the investment property in the company shall be withdrawn the depreciation by the service life average method, and the depreciation policy is the same with that of the fixed assets. The land use rights held and prepared to transfer after appreciation in the investment property shall be amortized by the line method, and the specific accounting policy is same with that of the intangible assets.

16.Fixed assets

1．The conditions of recognition

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. The fixed assets can be recognized when the following requirements are all met: (1) the economic benefits relevant to the fixed assets will flow into the enterprise. (2) the cost of the fixed assets can be measured reliably.

The fixed assets of the company include the houses and buildings, the decoration of the fixed assets, the machinery equipment, the transportation equipment, the electronic instrument and other devices.

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 years	4%	2.74%
House and Building-Non-Production	Straight-line method	40 years	4%	2.40%
Decoration of Fixed assets	Straight-line method	10 years		10.00%
Machinery and equipment	Straight-line method	10-14 years	4.00%	9.60%-6.86%
Transportation equipment	Straight-line method	8 years	4.00%	12.00%
Electronic equipment	Straight-line method	8 years	4.00%	12.00%
Other equipment	Straight-line method	8 years	4.00%	12.00%

3．Cognizance evidence and pricing method of financial leasing fixed assets

(1) Recognition Criteria of the Fixed Assets under Financing Lease

The financing lease shall be recognized if the following one or several criteria are met: ① the ownership of the leasing assets shall be transferred to the tenant when the expiration of lease term. ② the tenant has the option to purchase the leasing assets, and the made purchase price is expected to be far less than the fair value of the leasing assets in the implementation of the option. Thus, it can be reasonably recognized that the tenant will implement the option on the lease date. ③ the ownership of assets is not transferred, but the lease term shall be the most of the life of the lease assets. ④ the least present value of the lease payment of the tenant and the least present value of the lease receipts on the lease date almost equal to the fair value of the leasing assets on the lease date respectively. ⑤ the leasing assets have the special nature, and only the tenant can use if there is no major modifications.

(2) Valuation of Fixed Assets Acquired under Finance Leases: the fixed assets acquired under finance leases shall be bookkept according to the lower between the fair value of the leasing assets and the least lease payment on the lease date.

(3) Depreciation Method of Fixed Assets Acquired under Finance Leases: the depreciation shall be withdrawn for the fixed assets acquired under finance leases as per the depreciation policy of own fixed assets.

17.Construction in progress

1. The projects under construction shall be recognized when the economic benefits may flow into and the cost can be reliably measured. Meanwhile, the projects under construction shall be measured according to the actual cost occurred before the assets are built to achieve the expected usable condition.

2. The projects under construction shall be transferred into the fixed assets according to the actual project costs when the expected usable condition achieved. For the expected usable condition achieved while the final accounts for completed projects not handled yet, the projects shall be transferred into the fixed assets as per the estimated value. After the final accounts for completed projects handled, the original estimated value shall be adjusted as per the actual cost, but the original withdrawn depreciation shall not be adjusted again.

18.Borrowing costs

1. Recognition principles for capitalizing of loan expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of current term.

2. Duration of capitalization of Loan costs

(1).When a loan expense satisfies all of the following conditions, it is capitalized:

1. Expenditures on assets have taken place.
2. Loan costs have taken place;
3. The construction or production activities to make assets to reach the intended use or sale of state have begun.

（2）Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods recognized as an expense for the current period until the acquisition, construction or production is resumed.

（3）When the construction or production meets the intended use or sale of state of capitalization conditions, the Loan costs should stop capitalization.

3. Computation Method for Capitalization Rate and Amount of Borrowing Costs

With regard to the special borrowings for the purchase and construction of qualified assets, the capitalized interest amount shall be recognized according to the amount of the interest cost for the special borrowings actually occurred during the current period (including the amortization of discount or premium recognized as per the effective interest method) minus the interest income acquired after the borrowings deposit in bank or the investment income obtained from the temporary investment. For the general borrowings for the purchase and construction of qualified assets, the capitalized interest amount of the general borrowings shall be computed and recognized according to the weighted average of accumulative asset expense beyond the expense of the special borrowings, multiplying the capitalization rate of general borrowings.

19.Intangible assets

1. Valuation Method, Service Life and Impairment Test of Intangible Assets

(1) The intangible assets include the land use rights, the professional technology and the software, which are conducted the initial measurement as per the cost.

(2) The service life of intangible assets is analyzed and judged when of the company acquires the intangible assets. For the finite service life of the intangible assets, the years of service life or the quantity of service life formed and the number of similar measurement unit shall be estimated. If the term of economic benefits of the intangible assets brought for the company is not able to be foreseen, the intangible assets shall be recognized as that with the indefinite service life.

(3) Estimation Method of Service life of Intangible Assets

1) For the intangible assets with the finite service life, the company shall generally consider the following factors to estimate the service life: ① the normal service life of products produced with the assets, and the acquired information of the service life of similar assets. ② the estimation of the current stage conditions and the future development trends in the aspects of technology and craft. ③ the demand of the products produced by the assets or the offered services in the market. ④ the expectation of actions adopted by current or potential competitors. ⑤ the expected maintenance expense for sustaining the capacity to economic benefits brought by the assets and the ability to the relevant expense expected. ⑥ the relevant law provision or the similar limit to the control term of the assets, such as the licensed use term and the lease term. ⑦ the correlation with the service life of other assets held by the company.

2) Intangible Assets with Indefinite Service Life, Judgment Criteria on Indefinite Service Life and Review Procedure of Its Service Life

The company shall be unable to foresee the term of economic benefits brought by the assets for the company, or the indefinite term of intangible assets recognized as the indefinite service life of intangible assets.

The judgment criteria of Indefinite service life: ① as from the contractual rights or other legal rights, but the indefinite service life of contract provision or legal provisions. ② unable to judge the term of economic benefits brought by the intangible assets for the company after the integration of information in the same industry or the relevant expert argumentation.

At the end of every year, the review should be made for the service life of the intangible assets with the indefinite service life, and the relevant department that uses the intangible assets, shall conduct the basic review by the method from up to down, in order to evaluate the judgment criteria of the indefinite service life if there is the change.

(4) Amortization Method of Intangible Assets Value

The intangible assets with the finite service life shall be systematically and reasonably amortized according to the expected implementation mode of the economic benefits related to the intangible assets during the service life, and the line method shall be adopted to amortize for the intangible assets unable to reliably recognize the expected implementation mode. The specific service life is as follows:

Items	Amortization life time（Year）
Land use right	50 years
Proprietary technology	15 years
Software	5 years

The intangible assets with the indefinite service life shall not be amortized, and the company shall make the review of the service life of the intangible assets during every accounting period.

(5) If there is the impairment for the intangible assets with the definite service life on the balance sheet date, the corresponding impairment provision shall be withdrawn according to the difference between the book value and the recoverable amount. The intangible assets with the indefinite service life and without the usable condition shall be conducted the impairment test every year whether the impairment exists.

2. Accounting Policy of Internal Research and Development Expenditure

The expenditure for internal research and development project in the study stage shall be recorded into the current profits and losses when occurring. The expenditure for internal research and development project in the development stage shall be recognized as the intangible assets when the following requirements are simultaneously met: (1) the completion of the intangible assets is available for use or sale, and feasible in the technology. (2) the intention to complete the intangible assets and use or sale. (3) the method for the economic benefits produced by the intangible assets, including the evidence that shows there exists the market for the products generated from the intangible assets or the intangible assets have the market. The intangible assets are used internally which shows the serviceability. (4) there are sufficient technology, financial resources and other resources to support the completion of the development of the intangible assets, and there is ability to use or sell the intangible assets. (5) the expenditure belong to the development stage of the intangible assets can be reliably measured.

The specific criteria for the division of the internal research and development projects at the research stage and the development stage of the company is as follows: (1) the investigation stage planned to obtain the new technology and knowledge, shall be recognized as the research stage, which has the features of planning and exploration. (2) before the commercial manufacture and use, the research results or other knowledge should be applied for the plan or design, in order to produce the new or improved stages with substantial materials, devices and products, which should be recognized as the development stage, and this stage has the features of pertinence and more possibility to create the achievement.

20.Long-term Assets Impairment

The company shall make judgment of the long-term assets including the long-term equity investment, the investment property measured by the cost mode, the fixed assets and the projects under construction if there is possible impairment on the balance sheet date. If there exists the evidence shows that the long-term assets have the impairment, the impairment test should be conducted, and the recoverable amount should be estimated. The impairment shall be confirmed if there exists after the comparison of the estimated recoverable amount of the assets and its book value, and if the assets impairment provision shall be withdrawn to recognize the corresponding impairment losses. The estimation of the recoverable amount of assets should be confirmed according to the higher one between the net amount of the fair value minus the disposal costs and the present value of the cash flow of assets expected in the future.

The company shall conduct the impairment test at least every year for the goodwill established by the business combination and the intangible assets with the indefinite service life whether there exists the impairment.

The impairment loss of long-term assets after recognized shouldn’t be reversed in the future accounting period.

21.Long-term amortizable expenses

Deferred charges represent expenses incurred that should be borne and amortized over the current and subsequent period (together of more than one year).

The long-term unamortized expense shall be bookkept as per the actual amount occurred, and shall be averagely amortize within the benefit period or the specified period. If the long-term unamortized expense can’t make the benefits for the future accounting period, the amortized value of the unamortized project shall all be transferred into the current profits and losses.

22.Remuneration

1. Accounting Treatment Method of Short-term Compensation

During the accounting period of service provision of staff, the company shall regard the actual short-term compensation as the liability and record into the current profits and losses or the relevant assets cost as per the beneficiary. Of which, the non-monetary welfare shall be measured as per the fair value.

2. Accounting Treatment Method of Severance Benefit Plans

The severance benefit plans can be divided into the defined contribution plan and the defined benefit plan according to the risk and obligation borne.

(1) The Defined Contribution Plan

The contribution deposits that paid to the individual subject for the services provided by the staffs on the balance sheet date during the accounting period, shall be recognized as the liability, and recorded into the current profits and losses or the relevant asset costs as per the beneficiary.

(2) The Defined Benefit Plan

The defined benefit plan is the severance benefit plans with the exception of the defined contribution plans.

1) Based on the expected cumulative welfare unit method, the company shall adopt unbiased and mutually

consistent actuarial assumptions to make evaluation of demographic variables and financial variables, measure and define the obligations arising from the benefit plan, and determine the period of the relevant obligations. The company shall discount all the defined benefit plan obligations, including the obligation within twelve months after the end of the annual report during the expected services provision of employee. The discount rate adopted in discounting shall be recognized according to the bonds matched with the defined benefit plan obligation term and the currency at the balance sheet date or the market return of high-quality corporate bonds in the active market.

2) If there exist the assets for the defined benefit plan, the deficit or surplus arising from the present value of the defined benefit plan obligations minus the fair value of the defined benefit plan assets are recognized as the net liability or the net assets of the defined benefit plan. If there exists the surplus of the defined benefit plan, the lower one between the surplus of the define benefit plan and the upper limit of assets shall be used to measure the net assets of the defined benefit plan. The upper limit of assets refers to the present value of economic benefits obtained from the refund of the defined benefit plans or the reduction of deposit funds of future defined benefit plans.

3) At the end of period, the employee’s payroll costs arising from the defined benefit plan are recognized as the service costs, the net interests on the net liabilities or the net assets of the defined benefit plan, and the changes caused by the net liabilities and the net assets of the defined benefit plan that re-measured. Of which, the service costs and the net interests on the net liabilities or the net assets of the defined benefit plan shall be recorded into the current profits and losses or the relevant assets costs, the changes caused by the net liabilities and the net assets of the defined benefit plan that re-measured shall be recorded into other comprehensive incomes, which should not be switched back to the profits and losses during the subsequent accounting period, but the amount recognized from other comprehensive incomes can be transferred within the scope of the rights and interests.

4) The profit or loss of one settlement shall be recognized when settling the defined benefit plan.

3. Accounting Treatment Method of Demission Welfare

The employee compensation liabilities generated by the demission welfare shall be recognized on the early date and recorded into the current profits and losses: (1) when the company can’t withdraw the demission welfare provided due to the rundown suggestion or the termination of labor relations plans. (2) when the company recognizes the costs or the expenses related to the reorganization of demission welfare payment.

The earlier one between when the company can’t withdraw the rundown suggestion or the termination of labor relations plans at its side and when the costs relevant to the recombination of dismission welfare payment, shall be recognized as the liabilities arising from the compensation due to the termination of labor relations with staff and shall be recorded into the current profits and losses. Then company shall reasonably predict and recognize the payroll payable arising from the dismission welfare. The dismission welfare, which is expected to finish the payment within twelve months after the end of the annual report recognized, shall apply to the relevant provisions of short-term compensation. The dismission welfare, which is expected to be unfinished for the payment within twelve months after the end of the annual report recognized, shall apply to the relevant provisions of short-term compensation, shall apply to the provisions related to other long-term employee benefits.

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

If other long-term employee benefits of employees provided by the company meet the conditions of the defined contribution plan, the accounting treatment shall be made in accordance with the defined contribution plan.

Except for these, other long-term benefits shall be made the accounting treatment according to the defined benefit plan, but the changes arising from the re-measurement of net liabilities or net assets of other long-term employee benefits shall be recorded into the current profits and losses or the relevant assets costs.

23. Estimated Liabilities

1. Recognition Criteria of Estimated Liabilities

The liabilities shall be recognized when external guarantee, pending litigation or arbitration, product quality assurance, staff reduction plan, loss contract, recombination obligation, disposal obligation of the fixed assets and other pertinent businesses all meet the following requirements:

(1) The obligation is the current obligation borne by the company.

(2) The implementation of the obligation may cause the economic benefits out of the enterprise.

(3) The amount of the obligation can be measured reliably.

2. Measurement Method of Estimated Liabilities

The estimated liabilities shall be made the initial measurement according to the best estimate of the expenditure required to settle the present obligation. There is the continuous scope for the required expenditure, and the best estimate with the same possibilities resulted from various outcomes within the scope shall be recognized as per the intermediate value. The best estimate should be recognize according to the following methods:

(1) The best estimate shall be recognized as per the most possible amount if there are matters involved in the single item.

(2) The best estimate shall be calculated and recognized as per the possible amount if there are matters involved in the multiple item.

If the company pays all the expenses for paying off the estimated liabilities, or partial estimates are compensated by the third party or other parties, the compensation amount should be separately recognized as the assets when the receipt of the compensation amount is basically determined. Meanwhile, the determined compensation amount shall not exceed the book value of the estimated liabilities recognized.

The company shall make review of the book value of estimated liabilities at the balance sheet date. If there is conclusive evidence that the book value cannot really reflect the current best estimate, the adjustment shall be made for the book value in accordance with the current best estimate.

24. Revenue

1. Recognition Principle of Revenue

(1) The Goods for Sale

The revenue of the goods for sale shall be recognized when the following requirements are met simultaneously: the transfer of main risks and rewards on ownership of the goods to the buyers, the continual management rights related to ownership no longer retained by the company and the effective control of the sold goods no longer implemented, the reliable measurement of the revenue amount, the possible inflow of the relevant economic benefits, and the reliable measurement of the relevant costs incurred or to be incurred.

(2) The Service Provision

If the provided services transaction results can be reliably estimated at the balance sheet date (the reliable measurement of the revenue amount, the possible inflow of the relevant economic benefits, the reliable recognition of the completion schedule of transaction, and the reliable measurement of the relevant costs incurred or to be incurred in the transaction), the company shall recognize the relevant service incomes according to the completion percentage method and recognized the completion schedule of the provided service transaction according to the proportion of the costs occurred accounting for the total estimated costs. If the provided services transaction results cannot be reliably estimated at the balance sheet date and the occurred service costs can be expected to have compensation, the company shall recognize to provide the service revenue according to the occurred service cost amount and transfer the service costs as per the same amount. If the occurred service costs cannot be expected to have compensation, the occurred service costs shall be recorded into the current profits and losses and not be recognized as the service revenue.

(3) The Abalienation of the Right to Use Assets

The revenue of abalienation of the right to use assets shall be recognized when the abalienation of the right to use assets meets the requirements of the possible inflow of the relevant economic benefits and the reliable measurement of revenue amount. The interest income shall be calculated and determined according to time and actual interest rate of the monetary capital of the company used by others, and the royalty revenue shall be measured and determined in accordance with the charging time and method appointed in the relevant contract or agr

2. The Specific Recognition Method of Revenue

The company mainly sells the polaroid, textiles and other products. The revenue of the sale of products in domestic market shall be recognized after the following requirements are met: The company has agreed to deliver the goods to the purchaser under the contract and the revenue amount of product sales has been determined, the payment for goods has been withdrawn or the payment vouchers has been obtained and related economic benefits are likely to inflow, and the costs related to the products can be measured reliably. The revenue of the sale of products in foreign market shall be recognized after the following requirements are met: The company has made customs clearance and departure from port under the contract, the bill of landing has obtained and the revenue of the sale of products has been recognized, the payment for goods has been withdrawn or the payment vouchers has been obtained and related economic benefits are likely to inflow, and the costs related to the products can be measured reliably.

25.Government subsidy

1. Judgment Basis and Accounting Treatment Method of Government Grants related to Assets

The government grants of long-term assets that obtained, used for construction or formed by other ways, shall be recognized as the government subsidy related to the assets. The government grants related to assets are recognized as the deferred income, equally distributed within the service life of the relevant assets, and recorded into the current profits or losses.

2. Judgment Basis and Accounting Treatment Method of Government subsidy related to Income

The government subsidy other than that related to income acquired by the company shall be recognized as the government subsidy related to income.

If the grant objects are not explicitly stipulated in the government files, the government subsidy shall be divided into that related to assets and that related to income, and the judgment basis is that: ① if the specific purpose of subsidy is stipulated in the government document, the review and necessary change shall be made at the balance sheet date for the proportion of division according to the relative proportion of assets expense amount and expense amount recorded in the budget of the special item. ② only general expression is made in the government documents, and the government subsidy related to income should be made for the non-particular items.

The government subsidy related to income that used for the compensation of the related expenses or losses in subsequent period, shall be recognized as the deferred income and recorded into the current profits and losses during the period of the confirmation of relevant expenses. The relevant expenses or losses occurred for the purpose of compensation shall be directly recorded into the current profits and losses.

26.The Deferred Tax Assets / The deferred Tax Liabilities

1. Temporary Difference

The temporary difference includes the difference of the book value of assets and liabilities and the tax basis, and the difference of the book value and the tax basis that no confirmation of assets and liabilities but able to confirm the tax basis as per the provisions of tax law. The temporary difference can be classified into the taxable temporary difference and the deductible temporary difference.

2. Recognition Basis of Deferred Tax Assets

For the deductible temporary difference, the deductible loss and the tax payment offset, the company shall recognize the deferred tax assets arising from the future taxable income that obtained to deduce the deductible temporary difference, the deductible loss and the tax payment offset.

The deferred tax assets with the following features and arising from the initial recognition of assets or liabilities in the transaction shall not be recognized: (1) the transaction is not the business combination. (2) the transaction doesn’t influence the accounting profits and the taxable incomes (or the deductible losses).

The company shall recognize the corresponding deferred tax assets for the deductible temporary difference related to the investment of subsidiaries, cooperative enterprises and joint ventures if the following requirements are simultaneously met: (1) the temporary difference is possible to be reversed in the foreseeable future. (2) the taxable income used to offset the deductible temporary difference is possible to be obtained in the future.

1. Temporary Difference

The temporary difference includes the difference of the book value of assets and liabilities and the tax basis, and the difference of the book value and the tax basis that no confirmation of assets and liabilities but able to confirm the tax basis as per the provisions of tax law. The temporary difference can be classified into the taxable temporary difference and the deductible temporary difference.

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The company shall recognize the corresponding deferred tax assets for the deductible temporary difference related to the investment of subsidiaries, cooperative enterprises and joint ventures if the following requirements are simultaneously met: (1) the temporary difference is possible to be reversed in the foreseeable future. (2) the taxable income used to offset the deductible temporary difference is possible to be obtained in the future.

3. Recognition Basis of Deferred Tax Liabilities

All the taxable temporary differences shall be recognized as the deferred tax liabilities.

But the company shall not recognize the taxable temporary differences arising from the following transactions as the deferred tax liabilities: (1) the initial recognition of goodwill. (2) the initial recognition of assets or liabilities arising from the transactions with the following features: this transaction is not the business combination, and the transaction doesn't influence the accounting profits and the taxable incomes (or the deductible losses).

The company shall recognize the corresponding deferred tax liabilities for the taxable temporary difference related to the investment of subsidiaries, cooperative enterprises and joint ventures. Except that the following requirements are simultaneously met: (1) the investment enterprise can control the reversal time of the temporary difference. (2) the temporary difference is possible to not be reversed in the foreseeable future.

4. Impairment of Deferred Tax Assets

The company shall review the book value of the deferred tax assets at the balance sheet date. If it is not possible to obtain sufficient taxable income for the reduction of the benefit of the deferred tax assets in the future, the book value of the deferred tax assets shall be deduced. Except that the deferred tax assets and the reduction amount are recorded into the owner's equity when the original recognition, others shall be recorded into the current income tax expense. The book value of the deferred tax assets reduced can be recovered when sufficient taxable income is possibly obtained.

5. Income Tax Expense

The income tax expense should include the current income tax and the deferred income tax.

Other comprehensive income or the current income tax and the deferred income tax related to the transactions and items directly recorded into the stockholders' equity, shall be recorded into other comprehensive incomes or the stockholders' equity, and the book value of goodwill shall be adjusted by the deferred income tax arising from the business combination, but the rest of the current income tax and the deferred income tax expense or income shall be recorded into the current profits and losses.

27.Lease

1. Accounting Treatment Method of Operating Lease

When the company is as the tenant, the rental within the lease term shall be recorded into the relevant assets cost or recognized as the current profits and losses as per the line method, and the initial direct expense occurred shall be directly recorded into the current profit and loss. The contingent rental shall be recorded into the current profit and loss once the actual occurrence.

When the company is as the leaser, the rental within the lease term shall be recognized as the current profits and losses as per the line method, and the initial direct expense occurred shall be directly recorded into the current profit and loss, except that the large amounts are capitalized and recorded into the profit and loss by stages. The contingent rental shall be recorded into the current profit and loss once the actual occurrence.

2. Accounting Treatment Method of Finance Lease

When the company is as the tenant, the company shall recognize the less one between the fair value of leasing assets and the present value of minimum lease payment at the lease commencement date as the book value of rented assets, recognize the minimum lease payment as the book value of the long-term payables, and the undetermined fiancé expense of the difference and the initial direct costs occurred shall be recorded into the leasing asset value. During each lease period, the current financing charges shall be measured and recognized by the effective interest method.

When the company is as the leaser, the company shall recognize the sum of minimum lease receivables and initial direct expense at the lease commencement date as the book value of finance lease receivables, and record the unguaranteed residual value. Meanwhile, the company shall recognize the difference between the sums of minimum lease receivables, minimum lease receivables and unguaranteed minus the sum of the present value as the unrealized financing income. During each lease period, the current financing charges shall be measured and recognized by the effective interest method.

28.Change of main accounting policies and estimations

(1)Change of main accounting policies

□Applicable √Not applicable

（2）Change of main accounting estimations

□Applicable √Not applicable

VI.Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	Selling goods or providing taxable labor services	3%、5%、6%、17%
Business tax.	The taxable tumover	5%
City construction tax	Turnover tax to be paid allowances	7%
Business income tax	Taxable income	15%、25%

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

Name of taxpayer	Income tax rates
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	15%

2. Tax preference and approval file

(1)Shenzhen Shengbo Optoelectronic Technology Co., Ltd., the subsidiary company of our company, has been qualified as national high-tech enterprise since 2013 ,High-tech and enterprise certificate No.: GF201344200044 ,The certificate is valid for three years,From August 14, 2013 to August 13, 2016, The enterprise income tax rate of this year is 15%.

VII. Notes of consolidated financial statement

1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	12,995.11	8,872.71
Bank deposit	602,045,962.06	750,353,139.33
Other monetary funds	63,230,729.62	1,952,859.49
Total	665,289,686.79	752,314,871.53
Including : The total amount of deposit abroad	1,746,567.52	31,258,353.11

2.Derivative financial assets

□ Applicable √ Not applicable

3.Note receivables

1. Classification Note receivable

In RMB

Items	Year-end balance	Year-beginning balance
Bank acceptance	33,652,411.33	18,841,745.16
Total	33,652,411.33	18,841,745.16

2.Notess dedoresment or discount and undue on balance sheet date

In RMB

Items	Amount derecognition at period –end	Amount nt derecognition at period-end
Bank acceptance	45,535,034.06	28,800,228.87
Total	45,535,034.06	28,800,228.87

4. Account receivable

1.Classification accojunt receivables.

In RMB

Classification	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(%)	
Accounts receivable of individual significance and subject to individual impairment assessment	6,373,036.66	2.86%	4,035,782.60	63.33%	2,337,254.06	6,373,036.66	3.16%	4,035,782.60	63.33%	2,337,254.06
Accounts receivable subjecttoimpairment assessment by credit risk characteristics of a portfolio	209,988,227.91	94.33%	11,037,466.06	5.26%	198,950,761.85	189,029,540.68	93.74%	9,776,480.20	5.17%	179,253,060.48
Accounts receivable of individual insignificance but subject ot individual impairment assessment	6,259,765.85	2.81%	5,083,708.34	81.21%	1,176,057.51	6,259,765.85	3.10%	5,083,708.34	81.21%	1,176,057.51
Total	222,621,030.42		20,156,957.00		202,464,073.42	201,662,343.19	100.00%	18,895,971.14		182,766,372.05

Accounts receivable of individual significance and subject to individual impairment assessment.

√ applicable □ Not applicable

In RMB

Debtor	Amount in year-end			
	Account receivable	Bad debt provision	Rate of alloance(%)	Reason for allowance
Dongguan Fair LCD Co., Ltd.	1,698,528.55	1,698,528.55	100.00%	It has been included in the list of national courts dishonest debtor, unlikely to recover.
Guangdong Ruili Baolai Technology Co., Ltd.	1,418,965.36	709,482.68	50.00%	Beyond the credit period for a long time, uncertain recovered.
Dongguan Yaxing	3,255,542.75	1,627,771.37	50.00%	Beyond the credit period

Semiconductor Co., Ltd.				for a long time, uncertain recovered.
Total	6,373,036.66	4,035,782.60	--	--

√ Applicable □ Not applicable

In RMB

Aging	Balance in year-end		
	Account receivable	Bad debt provision	Rate of alloance(%)
Within item 1 year			
	204,705,684.10	10,235,284.21	5.00%
1-2 years	4,531,250.65	453,125.07	10.00%
2-3 years	132,948.96	39,884.69	30.00%
Over years	618,344.20	309,172.10	50.00%
Total	209,988,227.91	11,037,466.06	

Receivable account in Group on which bad debt provisions were provided on percentage basis：

□Applicable √ Not applicable

（2）Bad debt provision accrual collected or switch back

Bad debt provision accrual was RMB 1,272,115.08 ; The acmount collected or switches back amounting to RMB 11,129.22.

（3）The ending balance of receivable owed by the imputation of the top five parties

Name	Nature	Balance in year-end	Aging	Proportion(%)	Bad debt provision
First	Goods	75,605,593.52	Within 1 year	33.96	3,780,279.68
Second	Goods	18,381,380.72	Within 1 year	8.26	919,069.04
Third	Goods	9,441,552.59	Within 1 year	4.24	472,077.63
Fourth	Goods	8,143,745.25	Within 1 year	3.66	407,187.26
Fifth	Goods	6,972,576.91	Within 1 year	3.13	348,628.85
Total		118,544,848.99		53.25	5,927,242.45

5.Prepayments

1．Disclosure by age

In RMB

Aging	Balance in year-end		Balance in year-begin	
	Amount	Proportion（%）	Amount	Proportion（%）
Within 1 year	26,898,026.98	89.51%	5,027,361.20	64.01%
1-2 years	1,566,890.99	5.21%	1,033,416.99	13.16%
2-3 years	1,554,890.00	5.17%	1,754,880.00	22.34%
Over 3 years	30,546.00	0.10%	38,160.00	0.49%
Total	30,050,353.97	--	7,853,818.19	--

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

Name	Balance in year-end	**Proportion**
First	7,266,310.97	24.18%
Second	4,280,272.24	14.24%
Third	2,000,000.00	6.66%
Fourth	1,584,298.97	5.27%
Fifth	1,551,280.38	5.16%
Total	16,682,162.56	55.51%

6.Interest receivable

1.Category of interest receivable

In RMB

Items	Amount in year-end	Amount in year-beginng
Fixed deposit interest	12,904,469.13	16,472,409.43
Structure deposit interest	10,826,457.00	13,826,529.37
Total	23,730,926.13	30,298,938.80

7.Other receivable

1．Category of Other receivable

In RMB

Classification	Amount in year-end					Amount in year-beginng				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of individual significance and subject to individual impairment assessment	11,981,464.60	14.53%	11,981,464.60	100.00%	0.00	11,981,464.60	19.67%	11,981,464.60	100.00%	
Other accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	69,990,112.41	84.85%	5,529,218.88	7.90%	64,460,893.53	48,425,735.21	79.49%	3,292,063.11	6.80%	45,133,672.10
Other accounts receivable of individual insignificance but subject to individual impairment assessment	511,820.77	0.62%	511,820.77	100.00%	0.00	511,820.77	0.84%	511,820.77	100.00%	
Total	82,483,397.78	100.00%	18,022,504.25		64,460,893.53	60,919,020.58	100.00%	15,785,348.48		45,133,672.10

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

√ Applicable □ Not applicable

In RMB

Debtor	Amount in year-end			
	Other account receivable	Bad debt provision	Rate of alloance(%)	Reason for allowance
Jiangxi Xuanli String	11,389,044.60	11,389,044.60	100.00%	No executable property,

Co., Ltd.				unlikely to recover
Shenzhen Tianlong Induatry& Trade Co., Ltd.	592,420.00	592,420.00	100.00%	Has been conceled,unlikely to recover
Total	11,981,464.60	11,981,464.60	--	--

Other receivable accounts in Group on which bad debt provisions were provided on age analyze basis：

√ Applicable □ Not applicable

In RMB

Aging	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Within item 1 year			
Subtotal within 1 year	52,981,455.22	2,649,072.76	5.00%
1-2 years	12,897,733.63	1,289,773.36	10.00%
2-3 years	2,325,445.12	697,633.54	30.00%
Over 3 years	1,785,478.44	892,739.22	50.00%
Total	69,990,112.41	5,529,218.88	

Other receivable account in Group on which bad debt provisions were provided on percentage basis：

□ Applicable √ Not applicable

Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio：

□ Applicable √ Not applicable

（2）Bad debt provision accrual collected or switch back

Bad debt provision accrual was 1,968,711.63, the acount collected or switches back amounting to RMB 907,806.16.

This period is important for the return or recovery of bad debts

In RMB

Name	Amount	Way
Shenzhen State Taxation Bureau	907,806.16	Export rebate
Total	907,806.16	--

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

In RMB

Category	Year-end balance	Year-beginning balance

The equity transfer	2,276,015.00	2,276,015.00
Export rebate	17,391,551.55	37,916,465.75
Unit account	15,804,560.33	16,318,999.87
Deposit	39,043,603.65	2,024,236.32
Reserve fund and staff loans	1,125,651.37	968,214.01
Other	6,842,015.88	1,415,089.63
Total	82,483,397.78	60,919,020.58

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

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable(%)	Bad debt provision of year-end balance
					1,952,180.18
Second	Export rebate	17,391,551.55	Within 1 year	21.08%	869,577.58
Third	Unit account	11,389,044.60	Over 3 years	13.81%	11,389,044.60
	Unit account	1,800,000.00	Within 1 year	2.18%	90,000.00
Fourth		1,800,000.00	2-3 years	2.18%	540,000.00
Fifth	Unit account	592,420.00	Over 3 years	0.72%	592,420.00
Total	--	72,016,619.80	--		15,433,222.36

8.Inventories

（1）Inventories types

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	130,626,723.11	11,252,693.29	119,374,029.82	150,409,810.60	14,406,278.95	136,003,531.65
Processing products	9,098,633.93	652,923.73	8,445,710.20	6,871,382.66	493,094.77	6,378,287.89
Finished product	204,781,887.30	39,018,312.81	165,763,574.49	219,207,543.28	52,814,317.94	166,393,225.34

Total	344,507,244.34	50,923,929.83	293,583,314.51	376,488,736.54	67,713,691.66	308,775,044.88

（2）Inventory Impairment provision

In RMB

Items	Year-beginning balance	Increased in current period		Decreased in current period		Year-end balance
		Provision	**Other**	Transferred back	**Other**	
Raw materials	14,406,278.95			3,153,585.66		11,252,693.29
Processing products	493,094.77	159,828.96				652,923.73
Finished product	52,814,317.94	140,265.18		13,936,270.31		39,018,312.81
Total	67,713,691.66	300,094.14		17,089,855.97		50,923,929.83

9.Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
Structural Deposit	368,000,000.00	460,000,000.00
After the deduction of input VAT	53,553,675.47	53,553,675.47
Total	421,553,675.47	513,553,675.47

10.Available-for-sale financial assets

(1)Available-for-sale financial assets

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Available-for-sale equity instruments	76,944,741.58	36,689,988.51	40,254,753.07	79,931,512.57	36,689,988.51	43,241,524.06
Measured by fair value	7,067,705.61		7,067,705.61	10,054,476.60		10,054,476.60
Measured by cost	69,877,035.97	36,689,988.51	33,187,047.46	69,877,035.97	36,689,988.51	33,187,047.46
Total	76,944,741.58	36,689,988.51	40,254,753.07	79,931,512.57	36,689,988.51	43,241,524.06

(2)Available-for-sale financial assets measured by fair value at the period-end

In RMB

Type of financial assets available for sale	Equity instrument available for sale	Debt instrument available for sale		Total
Fair value at the end	7,067,705.61			7,067,705.61
Changes in the amount of the cumulative fair value recognized in other com prehensive income	2,240,078.24			2,240,078.24

3. Available-for-sale financial assets measured by cost at the period-end

In RMB

Investee	Book balance				Impairment provision				Shareholding proportion among the investees	Cash bonus of the reporting period
	Period-begin	Increase			Period-begin	Increased	Decreased	Period-end		
Shenzhen Jintian Industry（Group）Co., Ltd.	14,831,681.50			14,831,681.50	14,831,681.50			14,831,681.50	3.68%	
Shenzhen Jiafeng Textile Co., ltd.	16,800,000.00			16,800,000.00	16,800,000.00			16,800,000.00	10.80%	
Shenzhen Guanhua Prnting & dyeing Co., Ltd.	5,491,288.71			5,491,288.71	5,058,307.01			5,058,307.01	45.00%	
Shenzhen Union Development Group Co., Ltd	2,600,000.00			2,600,000.00					2.87%	
Shenzhen Xiangjiang Trade Co.,	160,000.00			160,000.00					20.00%	

Ltd.										
Shenzhen Xinfang Knitting Co., Ltd.	524,000.00			524,000.00					20.00%	80,000.00
Shenzhen Dailisi Knitting Co., Ltd.	2,559,856.26			2,559,856.26					30.00%	
Anhui Huapeng Textile Co., Ltd.	25,410,209.50			25,410,209.50					50.00%	
Shenzhen South Textile Co., Ltd.	1,500,000.00			1,500,000.00					9.84%	
Total	69,877,035.97			69,877,035.97	36,689,988.51			36,689,988.51	--	80,000.00

4.Changes of the impairment of the available-for-sale financial assets during the reporting period

In RMB

Category	Avaliable for sale equity instruments	Avaliableforsale debts instruments		Total
Impairment amount at the beginning period	36,689,988.51			36,689,988.51
Impairment amount at the end of period	36,689,988.51			36,689,988.51

5. Fair value of equity instrument available for sale sharply declined or other-than-temporary declined at period-end without depreciation reserves accrual

In RMB

Items	Investment cost	Fair value	Decline range	Falling time（Month）	Amount	Reason

11. Long-term equity investment

In RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Add investment	Investment decreased	Gains/loss of Investment	Adjustment of other comprehensive income	Chinges of other eqiuty	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint venture											
Shenzhen Haohao Property Leasing Co., Ltd.	4,397,840.88			347,953.35						4,745,794.23	
Shenzhen Xieli Automobile Co., Ltd.	4,061,958.96			181,746.48						4,243,705.44	266,654.99
Subtotal	8,459,799.84			529,699.83						8,989,499.67	266,654.99
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	1,871,377.09			66,776.03						1,938,153.12	
Jordan Garment Factory	3,384,014.49			-557,748.24	67,765.60					2,894,031.85	
Hongkong Yehui International Co.,	9,430,732.63			673,270.72	162,878.58		-211,450.51			10,055,431.42	

Ltd.											
Subtotal	14,686,124.21			182,298.51	230,644.18		-211,450.51			14,887,616.39	
Total	23,145,924.05			711,998.34	230,644.18		-211,450.51			23,877,116.06	266,654.99

Other notes

Shenzhen Xieli Automobile Co., Ltd. Business license has been revoked the business sector. Shareholders agreed to dissolve and liquidate the Company in accordance with the relevant provisions. Currently the company is under liquidation.

12.Investment real estate

（1）Measured by the cost of investment in real estate

√ Applicable □Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	252,285,892.54			252,285,892.54
2.Increase in the current period	52,051,000.00			52,051,000.00
(1) Purchase				
（2） Inventory\Fixed assets\ Transferred from construction in progress	52,051,000.00			52,051,000.00
(3)Increased of Enterprise Combination				
3.Decreased amount of the period				
（1）Dispose				
（2）Other out				
4. Balance at period-end	304,336,892.54			304,336,892.54
II.Accumulated amortization				
1.Opening balance	117,895,929.49			117,895,929.49
2.Increased amount ofthe period	3,504,535.36			3,504,535.36
(1) Withdrawal	3,504,535.36			3,504,535.36
3.Decreased amount of the period				
（1）Dispose				
（2）Other out				

4. Balance at period-end	121,400,464.85			121,400,464.85
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	182,936,427.69			182,936,427.69
2.Book value at period-beginning	134,389,963.05			134,389,963.05

（2）Investment real estate by fair value

□ Applicable √ Not applicable

（3）Investment real estate without certificate of ownership

In RMB

Items	Book value	Reason for certificate not granted
Guanhua Building	52,021,000.00	Need to improve the relevant accreditation information

13. Fixed assets

（1）Fixed assets

In RMB

Items	Houses & buildings	Machinery eqiupment	Transportations	Other	Total

I. Original price					
1.Opening balance	490,052,012.48	652,172,073.90	3,691,157.72	19,463,252.46	1,165,378,496.56
2.Increased amount ofthe period	2,759,267.00	155,128.22		1,004,829.75	3,919,224.97
(1) Purchase	2,759,267.00	155,128.22		1,004,829.75	3,919,224.97
(2) Transferred from construction in progress					
(3)Increased of Enterprise Combination					
3. Decrease in the current period				168,760.34	168,760.34
（1）Disposal				168,760.34	168,760.34
4. Balance at period-end					
II.Accumulated amortization					
1. Balance at period-beginning	84,904,035.93	275,623,640.07	2,728,973.22	12,102,360.18	375,359,009.40
2. Increase in the current period	7,708,745.49	28,959,252.95	146,769.36	775,695.40	37,590,463.20
(1) Withdrawal	7,708,745.49	28,959,252.95	146,769.36	775,695.40	37,590,463.20
3. Decrease in the current period	44,557.28			144,019.41	188,576.69
（1）Disposal	44,557.28			144,019.41	188,576.69
4. Balance at period-end					
III. Impairment provision					

1. Balance at period-beginning					
2.Increased amount of the period					
(1) Withdrawal					
3. Decrease in the current period					
（1）Dispose					
4. Balance at period-end					
IV.Book value					
1.Book value at period -end	400,243,055.34	347,744,309.10	815,415.14	7,565,285.70	756,368,065.28
2.Book value at period-beginning	405,147,976.55	376,548,433.83	962,184.50	7,360,892.28	790,019,487.16

2.Fixed assets with un-completed property certificates

In RMB

Items	Book Value	Reasons for un-completed certificate
TFT-LCD polarizing film project phase I1 fixed assets of houses and buildings	296,998,079.44	Company has submitted materials on 7 June 2016，July 23 began publicity.

14.Project under construction

（1）Project under construction

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
TFT-LCD polarizing film II project (6 line)	79,066,981.68		79,066,981.68	36,212,078.79		36,212,078.79
Guanhua Building Project				39,004,527.58		39,004,527.58

Other				586,980.33		586,980.33
Total	79,066,981.68		79,066,981.68	75,803,586.70		75,803,586.70

（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
TFT-LCD polarizing film II project (6 line)	700,340,000.00	36,212,078.79	42,854,902.89			79,066,981.68	11.29%	11.29%				Share Capital
Total	700,340,000.00	36,212,078.79	42,854,902.89			79,066,981.68	--	--				--

15.Liquidation of fixed assets

In RMB

Items	End of term	Beginning of term
Counterfeit Detector and Longhua solar water heater cleanup scrapped	3,810.00	0.00
Total	3,810.00	

16.Intangible assets

（1）List of intangible assets

In RMB

Items	Land use right	Patent	Non-patent Technology		Total
I. Original price					
1.Opening balance	48,765,130.50	11,825,200.00	1,938,280.00		62,528,610.50

2.Increased amount ofthe period					
(1) Purchase			15,800.00		15,800.00
(2)Internal Development					
(3)Increased of Enterprise Combination					
3.Decreased amount of the period					
（1）Disposal					
4. Balance at period-end	48,765,130.50	11,825,200.00	1,954,080.00		62,544,410.50
II.Accumulated amortization					
1. Balance at period-beginning	9,383,309.73	11,825,200.00	693,164.43		21,901,674.16
2. Increase in the current period					
(1) Withdrawal	468,269.64		121,405.91		589,675.55
3.Decreased amount of the period					
（1）Disposal					
4. Balance at period-end	9,851,579.37	11,825,200.00	814,570.34		22,491,349.71
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	38,913,551.13		1,139,509.66		40,053,060.79
2.Book value at period-beginning	39,381,820.77		1,245,115.57		40,626,936.34

17.Goodwill

（1）Original book value of goodwill

In RMB

Name	Amount at period-beginning	Increase in the current period		Decrease in the current period		Amount at period-end
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21					2,167,341.21
Shenzhen Shenfang Import and Export Co., Ltd.	82,246.61					82,246.61
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	9,614,758.55					9,614,758.55
Total	11,864,346.37					11,864,346.37

（2）Impairment of goodwill

In RMB

Investee	Balance in year-begin	Increased at this period	.Decreased at thisperiod	Balance in year-end

Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21					2,167,341.21
Shenzhen Shenfang Import and Export Co., Ltd.	82,246.61					82,246.61
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	9,614,758.55					9,614,758.55
Total	11,864,346.37					11,864,346.37

18.Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end
Renovation fee	349,029.34		117,500.33		231,529.01
Other	284,512.16	377,760.00	36,103.68		626,168.48
Total	633,541.50	377,760.00	153,604.01		857,697.49

19.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	8,649,341.96	2,162,335.49	7,334,802.71	1,833,700.67
Unattained internal sales profits	1,363,301.68	340,825.42	2,858,879.80	428,831.98
Total	10,012,643.64	2,503,160.91	10,193,682.51	2,262,532.65

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

In RMB

Items	Balance in year-end		Balance in year-begin	
	Temporarily Deductable or Taxable Difference	Deferred Income Tax liabilities	Temporarily Deductable or Taxable Difference	Deferred Income Tax liabilities
Changes in fair value of financial assets available for sale			1,113,878.29	278,469.57
Stock equity disposition of the temporary taxable difference and the taxable income	42,291,900.69	10,572,975.17	42,291,900.69	10,572,975.17
Total	42,291,900.69	10,572,975.17	43,405,778.98	10,851,444.74

(3)Details of un-recognized deferred income tax assets

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		2,503,160.91		2,262,532.65
Deferred income liabilities		10,572,975.18		10,851,444.74

（4）Details of unrecognied deferred income tax assets

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	71,675,618.95	85,512,740.17
Deductible loss	544,272,752.97	495,605,796.60
Total	615,948,371.92	581,118,536.77

(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
2017	134,292,559.16	134,292,559.16	
2018	129,226,944.33	129,226,944.33	
2019	148,095,898.11	148,095,898.11	
2020	83,990,395.00	83,990,395.00	
2021	48,666,956.37		
Total	544,272,752.97	495,605,796.60	--

20. Short-term loan

（1）Categories of short-term loans

In RMB

Items	Balance in year-end	Balance in year-Beinning
Credit loans	26,220,880.25	53,866,521.87
Total	26,220,880.25	53,866,521.87

21.Account payable

（1）Account payable

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	186,167,237.39	221,732,534.76
1-2 years	289,614.18	339,044.59
2-3 years	64,917.00	64,917.00
3-4 years	187,643.43	187,643.43
4-5 years	45,765.20	38,046.00
Over 5 years	5,121,527.58	5,166,622.82
Total	191,876,704.78	227,528,808.60

（2）Significant accounts payable that aged over one year

In RMB

Items	Balance in year-end	The reason for not repaid or carried forward

Will Taco Corporation	5,089,267.83	Quality dispute
Total	5,089,267.83	--

22. Advance account

（1）Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	43,718,167.18	27,505,005.53
1-2 years	104,763.00	45,161.00
2-3 years	10,224.00	10,224.00
3-4 years		
4-5 years		
Over 5 years	639,024.58	639,024.58
Total	44,472,178.76	28,199,415.11

23.Payable Employee wage

(1)Payable Employee wage

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Short-term employee benefits	34,557,822.40	53,140,531.56	67,607,118.08	20,091,235.88
II. Post-employment benefits	750,000.00	4,741,238.89	5,415,888.69	75,350.20
III. Termination benefit		57,400.00	57,400.00	
Total	35,307,822.40	57,939,170.45	73,080,406.77	20,166,586.08

（2）Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
1.Wages, bonuses, allowances and subsidies	32,992,129.09	45,232,258.41	59,805,727.35	18,418,660.15
2.Employee welfare		3,054,018.97	3,054,018.97	

3. Social insurance premiums		848,505.26	848,505.26	
Including：Medical insurance		697,095.73	697,095.73	
Work injury insurance		48,052.73	48,052.73	
Maternity insurance		103,356.80	103,356.80	
4. Public reserves for housing		2,910,218.16	2,910,218.16	
5.Union funds and staff education fee	1,565,693.31	1,095,530.76	988,648.34	1,672,575.73
Total	34,557,822.40	53,140,531.56	67,607,118.08	20,091,235.88

（3）Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
1. Basic old-age insurance premiums		3,895,001.94	3,895,001.94	
2.Unemployment insurance		126,400.07	126,400.07	
3. Annuity payment	750,000.00	719,836.88	1,394,486.68	75,350.20
Total	750,000.00	4,741,238.89	5,415,888.69	75,350.20

24.Tax Payable

In RMB

Items	At end of term	At beginning of term
VAT	32,808,483.37	135,460.12
Business Tax	18,017.11	510,707.45
Enterprise Income tax	3,871,296.55	12,570,466.83
Individual Income tax	876,296.51	480,334.74
City Construction tax	30,580.16	31,836.84
House property Tax	966,223.72	750,607.19
Education surcharge	22,066.84	22,964.43
Other	489,717.76	180,265.49
Total	39,082,682.02	14,682,643.09

25.Interest Payable

In RMB

Items	At end of term	At beginning of term
Interest on long-term borrowings payable	41,225,070.20	39,000,625.75
Interest on short-term borrowings	78,604.28	88,262.21
Total	41,303,674.48	39,088,887.96

26.Other payable

（1）Disclosure by nature

In RMB

Items	At end of term	At beginning of term
Engineering Equipment fund	47,560,714.48	59,222,758.80
Unit account	25,818,977.41	24,819,916.41
Deposit	23,947,245.97	19,151,806.04
Drawing expenses	2,831,312.63	2,879,640.37
Other	26,765,100.44	19,701,602.18
Total	126,923,350.93	125,775,723.80

27.Non-currentliabilitiesdue within 1 year

In RMB

Items	At end of term	At beginning of term
Long-term borrowings due with in 1year	0.00	40,000,000.00
Total		40,000,000.00

28.Long-term borrowings

（1）Long-term term borrowings

In rmb

Items	At end of term	At beginning of term
Credit borrowings	120,000,000.00	120,000,000.00

Total	120,000,000.00	120,000,000.00

29.Deferred income

In RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end	Reason
Govemment Subsidy	99,524,165.58		2,165,711.40	97,358,454.18	
Total	99,524,165.58		2,165,711.40	97,358,454.18	--

Details of govemment subsidy：

In RMB

Items	Balance in year-begin	New grants amount of this period	The non-operating revenue amount of this period	Other changed	Balance in year-end	Income related to assets
Textile special funds	1,000,000.02				1,000,000.02	Related to assets
High-tech Industrialization demonstration projects	800,000.00		100,000.00		700,000.00	Related to assets
National grant fundsfor new flat panel display industry	4,000,000.00		500,000.00		3,500,000.00	Related to assets
Borrowing discount	967,777.64		120,972.24		846,805.40	Related to assets
Grant funds for TFT-LCD polarizer industry project	8,233,333.34		649,999.98		7,583,333.36	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	3,500,000.00		250,000.02		3,249,999.98	Related to assets
Purchase of importedequipme	1,202,287.38		87,545.10		1,114,742.28	Related to assets

nt and technology						
Innovation and venture capital for TFT-LCD polarier project	350,000.00		25,000.02		324,999.98	Related to assets
Shenzzhen Engineering laboratory polarizing material and technical engineeting	462,500.00		25,000.02		437,499.98	Related to assets
Shenzhen polarizingmateria l and technical engineering	4,625,000.00		250,000.02		4,374,999.98	Related to assets
Capital funding for Technology Center	2,775,000.00		150,000.00		2,625,000.00	Related to assets
Subsidy funds to support the introduction of a dvanced technolo gy	100,716.70		7,194.00		93,522.70	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 6) project	15,000,000.00				15,000,000.00	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 6) project	10,000,000.00				10,000,000.00	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 6) project	500,000.00				500,000.00	Related to assets
Imported equipment and	857,705.00				857,705.00	Related to assets

technology of discount interest funds						
key technology research and development projects of optical compensation film for polarizer	5,000,000.00				5,000,000.00	Related to assets
Strategic industries Development fund of Guangdong Province	20,000,000.00				20,000,000.00	Related to assets
Grants of Purchase equipment of TFT-LCD polarizing film phase II project	20,000,000.00				20,000,000.00	Related to assets
Energy saving transformation grant funds	149,845.50				149,845.50	Related to assets
Total	99,524,165.58		2,165,711.40		97,358,454.18	--

Notes：

（1）According to the "Notice on National Development and Reform Commission to the General Office of the textile project management of the special funds" (Faigaiban [2006]2841), on December 22, 2006, the Company received "Textile special" funds RMB 2,000,000.00 from Shenzhen Finance Bureau. The company will use 14 years as asset depreciation period for amortization with the corresponding equipment in current period. The amortization in accordance with the corresponding equipment, The non-operating income in current period is RMB0, the ending balance of uncompleted amortization is RMB 1,000,000.02 .

(2) According to the document of Shenzhen Municipal Development and Reform Commission 【2009】 No. 416 that "The Notice On issued the Governmental Investment Plan in 2009 on Zhong Ke New Industrial Internet Security Audit System and Other High-tech Industrialization Demonstration Project and the Public Testing and Consultation Service of Information Security Industry and other National High-tech Industrial Base Platform Projects", on May 2009, the company received the Shenzhen Municipal Development and Reform Commission high-tech industrialization demonstration project supporting Capital RMB 2 million allocated by Shenzhen City Bureau of Finance for the construction of "The Project of the Construction Line of Polaripiece for TFT-LCD".Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB 100,000.00 and the balance amount of unfinished final amortization is RMB 700,000.00.

(3) According to the document of the Office of the State Development and Reform Commission on "The Office of the State Development and Reform Commission on the Reply of New Flat-Panel Display Industrialization Special Project” (Development and Reform Office High-Tech【2008】No. 2104), the company obtained the state subsidies RMB 10,000,000.00 from the State Development and Reform Commission New Flat-Panel Display Industrialization Special Project for the construction of “The Project of Polaripiece Industrialization for TFT-LCD”. On June 2009, December 2009 and April 2010, the company received the special subsidies of State Development and Reform Commission RMB 10,000,000.00. Our company will use 10 years as asset depreciation period for amortization. The non-operating income in current period is RMB500,000.00, the balance amount of unfinished final amortization is RMB 3,500,000.00;

（4）On December 2009 ,June 2011 and February 2013, the Company received a loan interest discount funds of RMB 992,000.00, RMB 850,000.00 and RMB 483,000.00 allocated by Shenzhen Bureau of Finance for phase-II alteration project. Our company will use 10 years as asset depreciation period for amortization in current period.The non-operating income in current period is RMB 120,972.24 and the balance amount of unfinished final amortization is RMB846,805.40.

（5）In accordance with the Notice of Forwarding the Reply of General Office of State Development and Reform Commission Regarding Special Plan for Strategic Transformation and Industrialization of Color TV Industry issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2011) No. 823), State Development and Reform Commission approved including the project of industrialization of polarizer sheet for TFT-LCD of Shengbo Optoelectronic Company into the special plan for strategic transformation and industrialization of color TV industry in 2010 and appropriated national aid of RMB 10,000,000.00 to Shengbo Optoelectronic Company for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. On June 2012 and September 2013, the company received the national grants of RMB 10,000,000.00.. According to the Notice of Issuing the Governmental Investment Plan for 2011 Regarding Demonstration Project of High-tech Industrialization Including Specialized Services Such As Disaster Recovery of Financial Information System issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2012) No. 3), the Company received subsidy of RMB 3,000,000.00 for the project of industrialization of polarizer sheet for TFT-LCD in April 2012. Our company will use 10 years as asset depreciation period for amortization in current period.The non-operating income in current period is RMB649,999.98. and the balance amount of unfinished final amortization is RMB7,583,333.36.

（6）According to the Notice about the Plan for Supporting the Second Group of Enterprises in Biological, Internet, New Energy and New Material Industries with Special Development Funds (Shen Fa Gai (2011) No. 1782), the Company received subsidy of RMB 5,000,000.00 for the narrow-width line (line 5) of phase-I project of polarizer sheet for TFT-LCD on February 2012. The Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB3,249,999.98.

（7）On October 2013, The company received the grants for the purchase of imported equipment and technology in 2012 of RMB 1,750,902.00, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets.The non-operating income in current period is RMB87,545.10 and the balance amount of unfinished final amortization is RMB1,114,742.28.

（8）On December 2013，The company received the funds for innovation and entrepreneurship of of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB324,999.98.

（9）On December 2013，The company received the funds for innovation and entrepreneurship of of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB437,499.98.

（10）According to the Approval of Application of Shenzhen Shengbo Optoelectronic Technology Co., Ltd. for Project Funds for Shenzhen Polarization Material and Technology Engineering Laboratory (Shen Fa Gai (2012) No. 1385), Shenzhen Polarization Material and Technology Engineering Laboratory was approved to be established on the strength of Shengbo Optoelectronic with total project investment of RMB 24,390,000.00. As approved by Shenzhen Municipal People's Government, this project was included in the plan for supporting the fourth group of enterprises with special fund for the development of strategic new industries in Shenzhen in 2012 (new material industry). According to the Notice of Issuing the Plan for Supporting the Fourth Group of Enterprises with Special Fund for Development of Strategic New Industries in Shenzhen in 2012 (Shen Fa Gai (2012) No. 1241), the Company received subsidy of RMB 5,000,000.00 on December 2012 for purchasing instruments and equipment and improving existing technological equipment and test conditions. The fund gap will be filled by the Company through raising funds by itself. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB4,374,999.98.

（11）According to the “Announcement on the Identification of Technology Centers of 24 Enterprises including Shenzhen Yuanwanggu Information Technology Joint Stock Company Limited as the Municipal Research and Development Centers (Technical Center)” (SJMXXJS [2013] No.137), the research and development center of Shenzhen SAPO Photoelectric Co., Ltd. has been regarded as 2012 annual municipal R&D center. In December 2013, the company has received the funding subsidy of RMB3 million for the construction of the technical center. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB150,000.00 and the balance amount of unfinished final amortization is RMB2,625,000.00.

(12)On March 2014 the company received the introduction of advanced technology import subsidy funds of RMB 143,881.00 from Shenzhen Finance Committee, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB7,194.00 and the balance amount of unfinished final amortization is RMB93,522.70.

（13）According to the "Shenzhen Municipal Development and Reform Commission Reply for Shenzhen Shengbo Optoelectronic Technology Co., Ltd. application for local matching funds of TFT-LCD polarizing film II project (Line 6) " (Shenzhen DRC [2013]No. 1771), the company obtained TFT-LCD polarizing film II project (line 6) local matching funds of RMB 15,000,000.00 in April 2014.The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

（14）According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2nd industrial restructuring) notify the central budget for 2014 investment plan" (NDRC Investment [2014] No. 1280), the company obtained TFT- LCD polarizer II project (line 6) state grants of RMB 10,000,000.00 in December 2014.The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

（15）In December 2014, the company received innovation venture capital (matching funding category) for Ping Shan District Development and Finance Bureau of TFT-LCD polarizing film II project (line 6) of RMB

500,000.00.The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use;

（16）On September 2014，The company received a discount of imported equipment and technology funds of RMB 857,705.00.The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

(17) On Jan. 2015, the company received RMB 5 million of grants for key technology research and development projects of optical compensation film for polarizer from Shenzhen Scientific and Technological Innovation Committee. The company will defer income share transferred in the current profit and loss on the basis of depreciation life as of the date of the predetermined workability state the related assets reach.

(18) According to “Reply on Congregating Development in Emerging Industrial Area Strategic Pilot Implement Scheme of Guangdong Province ”(Reform and Development Office High-Tech [2013] No.2552, the Company received 20 million RMB of the pilot project fund(period II project of TFT-LCD polarizer).The company will defer income share transferred in the current profit and loss on the basis of depreciation life as of the date of the predetermined workability state the related assets reach.

(19) According to Reform and Development Commission of Shenzhen Municipality sending the notice of “Reply of National Reform and Development Office on Investing in Petrifaction and Medicine Project within Central Budget of 2013 for Industry Structure Adjustment Special Project”(Reform and Development Commission of Shenzhen Municipality [2013]No.1449) , the Company received 20 million RMB of new production line of TFT-LCD polarizer project period II and equipment purchase subsidy in August 2015 and December 2015.The company will defer income share transferred in the current profit and loss on the basis of depreciation life as of the date of the predetermined workability state the related assets reach.

(20) In 2015, the Company received the subsidy funds of 202,608.00 RMB on energy-saving reconstruction, amortized by 8-year depreciation life of the relevant asset, the no business income was 52,762.50 RMB at the current period, the ending balance without amortization was 149,845.50 RMB

30.Stock capital

In RMB

	Balance in year-begin	Changed（+，-）					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	506,521,849.00						506,521,849.00

31.Capital reserves

In RMB

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

Share premium	1,574,407,414.34			1,574,407,414.34
Other	10,722,637.03	6.38		10,722,643.41
Total	1,585,130,051.37	6.38		1,585,130,057.75

Other notes:

Dividend income piecemeal shares over the years.

32.Other Comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period					Year-end balance
		Amount for the period before income tax	Less: Previously recognized in profit or loss in other comprehensive income	Less: Income tax	After - tax attributable to the parent company	After - tax attributable to minority shareholders	
2.Other comprehensive income reclassifiable to profit or loss in subsequent periods	3,212,187.35	-2,756,126.81		-746,692.75	-2,009,434.06		1,202,753.29
Gains and losses from changes in fair value of financial assets available for sale	3,045,914.97	-2,986,770.99		-746,692.75	-2,240,078.24		561,867.81
Translation differences of financial statements denominated	166,272.38	230,644.18			230,644.18		396,916.56
Total of other comprehensive income	3,212,187.35	-2,756,126.81		-746,692.75	-2,009,434.06		1,202,753.29

33.Surplus reserve

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	70,539,319.86			70,539,319.86
Total	70,539,319.86			70,539,319.86

34. Retained profits

In RMB

Items	Amount of this period	Amount of last period
Before adjustments: Retained profits at the period end	9,166,137.97	6,805,203.33
After adjustments: Retained profits at the period beginning	9,166,137.97	6,805,203.33
Add: Net profit attributable to owners of the Company for the period	-30,097,851.40	8,497,227.40
Less: Appropriation to statutory surplus reserve		6,136,292.76
Retained profits at the period end	-20,931,713.43	9,166,137.97

35. Business income, Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main Business	549,898,612.98	509,134,763.07	619,165,953.39	586,310,645.92
Other Business	2,258,972.58	2,114,934.57	1,827,380.09	1,827,380.11
Total	552,157,585.56	511,249,697.64	620,993,333.48	588,138,026.03

36. Business tax and subjoin

In RMB

Items	Amount of current period	Amount of previous period
Business tax	1,683,641.93	2,424,634.23
Urban construction tax	175,298.23	123,396.62
Education surcharge	127,629.51	88,140.42
House tax	1,028,950.29	883,482.95
Other	111,418.07	26,966.44
Total	3,126,938.03	3,546,620.66

37.Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	1,204,137.01	1,178,294.41
Exhibition fee	144,038.99	213,381.75

Advertising expenses	0.00	21,367.52
Business expenses	420,563.34	368,414.34
Transportation changes	1,655,766.13	1,717,902.03
Samples and product loss	369,885.00	394,738.08
Other	721,619.16	1,116,600.90
Total	4,516,009.63	5,010,699.03

38.Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	16,718,507.40	19,439,303.33
Property insurance	151,170.29	177,262.23
Repair charge	97,758.00	474,977.18
Business entertainment	718,023.30	744,434.80
Travel expenses	511,070.78	631,874.05
Office expenses	579,632.65	546,116.03
Water and electricity	363,586.77	2,007,974.64
Tax	2,353,718.22	885,760.50
Lawsuit expenses	175,591.27	3,999.00
Agency expenses	1,460,232.39	1,370,706.42
R& D	15,804,933.22	11,956,715.67
Board fees	54,038.00	58,135.00
Other	3,221,999.30	2,891,255.97
Depreciation of fixed assets	3,298,774.50	3,077,101.23
Amorization of intangible assets	589,675.55	616,554.33
Amortization of long-term deferred expenses	15,483.48	89,550.48
Low consumables amortization	10,060.00	85,564.00
Total	46,124,255.12	45,057,284.86

39.Financial Expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	2,623,711.45	3,962,978.70
Interest income	-14,044,416.50	-15,870,335.45
Exchange loss	19,620,000.69	483,171.30
Fees and other	773,521.92	150,999.82
Total	8,972,817.56	-11,273,185.63

40.Loss of assets impairment

In RMB

Items	Amount of current period	Amount of previous period
I .Losses for bad debts	2,320,690.69	2,000,874.24
II. Losses for falling price of inventory	6,252,416.77	18,732,928.24
Total	8,573,107.46	20,733,802.48

41. Investment income

In RMB

Items	Amount of this period	Amount of last period
Investment income from the disposal of long-term equity investment	711,998.34	1,029,521.87
Hold the investment income during from available-for-sale financial assets	1,555,194.95	2,118,237.17
Investment income gain from available for sale financial assets		44,444,187.39
Total	2,267,193.29	47,591,946.43

42. 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

Total gains from disposal of non-current assets		300.00	
Including：Gains from disposal of fixed assets		300.00	
Government Subsidy	2,165,711.40	5,781,523.39	2,165,711.40
Other	132,509.01	2,095,125.89	132,509.01
Total	2,298,220.41	7,876,949.28	2,298,220.41

Government subsidy reckoned into current gains/losses

In RMB

Items	Issuing subject	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
Amortization of government research and development grants		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		3,954,990.00	Related to Income
Amortization of high-tech industrialization demonstration project matching funds		Subsidy	Because company work on specific industry that country encourage and support, the company received	No	No	100,000.00	100,000.00	Related to assets

			grants (according to national policy legally obtained)					
New-style industrialization of flat panel display amortization of State subsidy funds for special projects		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No	500,000.00	500,000.00	Related to assets
Shenzhen municipal financial transfer loan amortization of discount		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No	120,972.24	120,972.21	Related to assets
Amortization of grant funds for phase-I Narrow line project of		Subsidy	Because company work on specific industry that country	No	No	250,000.02	250,000.00	Related to assets

polarizer for TFT-LCD TFT-LCD			encourage and support, the company received grants (according to national policy legally obtained)					
Amortization of subsidy for the industrialization project of polarizer for TFT-LCD		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No	649,999.98	650,000.00	Related to assets
Amortization of purchase of imported equipment and technology grants		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No	87,545.10	87,545.10	Related to assets
Grant funds for TFT-LCD polarizer		Subsidy	Because company work on	No	No	25,000.02	25,000.00	Related to assets

industry project			specific industry that country encourage and support, the company received grants (according to national policy legally obtained)					
Amortization for the introduction of advanced technology import capital funding		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No	7,194.00	7,194.08	Related to assets
Futian District Industrial Development grant funds		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		63,000.00	Related to Income

Economic and Trade Commission 2013 foreign trade structure optimization support funds		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		16,722.00	Related to Income
Exhibition subsidies		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		6,100.00	Related to Income
Shenzhen polarizing materials and Technology Engineering Laboratory Innovation and entrepreneurs hip funds		Subsidy	Because company work on specific industry that country encourage and support, the company received grants	No	No	25,000.02		Related to assets

			(according to national policy legally obtained)					
Shenzhen polarizing plate material technology Engineering Laboratory		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No	250,000.02		Related to assets
Capital funding for Technology Center		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No	150,000.00		Related to assets
Total	--	--	--	--	--	2,165,711.40	5,781,523.39	--

43. Non-current expenses

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & lossed

Total of non-current asset Disposition loss	20,770.93	72,965.54	20,770.93
Incl: loss of fixed assets disposition	20,770.93	72,965.54	20,770.93
Other	58.85	23.02	58.85
Total	20,829.78	72,988.56	20,829.78

44. Income tax expenses

（1）Income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	6,088,398.09	16,871,410.54
Deferred income tax expense	-1,851,202.65	636,554.71
Total	4,237,195.44	17,507,965.25

（2）Reconciliation of account profit and income tax expenses：

In RMB

Items	Amount of current period
Total profits	-25,860,655.96
Income tax computed in accordance with the applicable tax rate	-6,465,163.99
Effect of different tax rateapplicable to the subsidiary Company	4,963,860.82
Influence of income tax before adjustment	-2,185,657.56
Influence of non taxable income	-177,999.59
Impact of non-deductible costs, expenses and losses	8,102,155.76
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	4,237,195.44
Income tax expense	

45.Other comprehensive income

Details refer to the Note 32.

46.Items of Cash flow statement

（1）Other cash received from business operation

In RMB

Items	Amount of current period	Amount of previous period
Government Subsidy	2,165,711.40	5,161,875.00
Bank deposit interest income and other	30,907,810.95	21,323,964.63
Total	33,073,522.35	26,485,839.63

(2).Other cash paid related to oprating activities

In RMB

Items	Amount of current period	Amount of previous period
Research & development expenses	15,804,933.22	1,351,411.41
Office expenses	579,633.65	554,757.31
Business hospitality	1,138,586.64	1,112,849.14
Travel fee	511,070.78	778,192.93
Transportation expnses	1,655,776.13	1,717,902.03
Agency Fee	1,460,232.39	1,370,706.42
Insurance premium	151,170.29	177,262.23
Water and electricity fee	2,258,972.58	2,007,974.64
Repair feee	236,364.98	474,977.18
Exhibition expenses	144,038.99	213,381.75
Other	32,355,682.11	4,314,248.35
Total	56,296,461.76	14,073,663.39

(3)Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Fragmented dividend	6.38	
Total	6.38	

(4)Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structure deposit investment	368,000,000.00	460,000,000.00
Deposited in the fixed deposit account	0.00	57,269.91
Total	368,000,000.00	460,057,269.91

47. 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	-30,097,851.40	7,668,027.95
Add: Impairment loss provision of assets	-13,629,724.46	75,317.28
Depreciation of fixed assets, oil and gas assets and consumable biological assets	37,072,204.67	39,299,556.21
Amortization of intangible assets	589,675.55	616,554.33
Amortization of Long-term deferred expenses	153,604.01	123,701.50
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets		72,361.36
Financial cost	21,494,287.45	-15,048,693.89
Loss on investment	-2,267,193.29	-47,591,946.43
Decrease in deferred income tax assets	-240,628.26	643,238.30
Increased of deferred income tax liabilities	-278,469.57	-9,787,548.52
Decrease of inventories	14,425,655.98	-29,251,840.91
Decease of operating receivables	-77,223,450.49	-29,915,050.88
Increased of operating Payable	10,685,694.47	87,389,451.70
Net cash flows arising from operating activities	-39,316,195.34	4,293,128.00
II. Significant investment and financing activities that without cash flows:	--	--
III．Movement of cash and cash equivalents：	--	--
Ending balance of cash equivalents	665,289,786.79	638,275,236.97
Less: Beginning balance of cash equivalents	748,658,875.60	1,098,232,359.02

Net increase of cash and cash equivalents	-83,369,088.81	-459,957,122.05

(2)Composition of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	665,289,786.79	748,658,875.60
Including：Cash at hand	12,995.11	8,872.71
Demand bank deposit	602,045,962.06	746,697,143.40
Demand other monetary funds	63,230,729.62	1,952,859.49
III. Balance of cash and cash equivalents at the period end	665,289,686.79	748,658,775.60

48. The change of owner's equity statement

Description of the prior year ending balance adjustment "Other" item name and adjust the amount of such matters as:

1, the capital reserve increased by piecemeal share dividend 6.38 yuan;

2, other comprehensive income due to holding financial assets available for sale fair value changes Diaojian 2,253,402.98 yuan;

3, because the first half of undistributed losses Tiaojian 30,097,851.39 yuan.

49.Foreign currency monetary items

(1)Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary fund			
Including：USD	982,693.22	6.6312	6,516,435.28
HKD	116,928.01	0.8547	99,935.34
JPY	172,681.04	0.06449	11,136.37
Account receivable			
Including：USD	8,802,565.98	6.6312	58,371,575.53
HKD	278,280.00	0.8547	237,845.92
JPY			

Other receivable			
Including：USD	37,399.02	6.6312	248,000.38
JPY			
Short –term loans			
Including：USD	2,671,696.23	6.6312	17,716,552.04
JPY	131,868,450.00	0.06449	8,504,328.21
Account payble			
Including：USD	17,804,100.97	6.6312	118,062,554.36
JPY	903,131,060.99	0.06449	58,243,825.20
Other payable			
Including：USD	93,867.50	6.6312	622,454.17
HKD	2,042,954.08	0.8547	1,746,094.86

(2) Note to overseas operating entities, including important overseas operating entities, wich 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

VIII. Equity in other entity

1. Equity in subsidiary

（1）Constitute of 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
Shenfang Property Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenzhen Beauty Century Garment	Shenzhen	Shenzhen	Production of fully electronic jacquard knitting	100.00%		Establish

Co., Ltd.			whole shape			
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	Shenzhen	Shenzhen	Operating import and export business	100.00%		Purchase

2.Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Joint venture or associated enterprise	Place of operation	Place of registration	Nature	Holding proportion(%)		The accounting treatment of investment in associates
				Directly	Indirectly	
Shenzhen Haohao Property Leasing Co., Ltd.	Shenzhen	Shenzhen	Property leasing	50.00%		Equity method
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

(2)Key financial information of significant joint venture or associated enterprise

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture：	--	--
Total book value of the investment		7,521,241.97
Total amount of the pro rata calculation of the following items	--	--
--Net profit		350,367.79
--Other Comprehensive income		350,367.79

Associated enterprise：	--	--
Total amount of the pro rata calculation of the following items	--	--
--Net profit		-5,815.71
--Other Comprehensive income		673,338.37

3. Significant common operation

Name	Main operating place	Registration place	Business nature	Proportion /shareportion	
				Directly	Indirectly
Guanhua Building	Shenzhen	Shenzhen	Cooperate	50.16%	

According to the company along with Hongkong Qiaohui Industries Co.,Ltd. signed "Agreement on cooperative development and construction of Guanhua building", jointly developed Guanhua building construction, the company invested 50.16%, Hong Qiao Hui Industrial Co., Ltd. invested 49.84%, the two sides need to agree matters affecting the cooperation projects. In addition, the two sides agreed to the project is completed in accordance with the ratio of the actual investment allocation or co-operation, specific programs need further deliberations.

As of the reporting period, Guanhua building project has been basically completed, and has been carried over to do real estate investment process.

IX. Risks Related to Financial Instruments

The company has the main financial instruments, such as bank deposits, receivables and payables, investments, loans and so on. Please refer to the relevant disclosure in Notes for the details. The risks associated with these financial instruments mainly include credit risk, market risk and liquidity risk. The company's management shall manage and monitor these risks and ensure above risks to be controlled within certain scope.

（I）Credit Risk

The credit risk of the company is primarily attributable to bank deposits and receivables. Of which, the bank deposits are mainly deposited in the medium and large commercial banks with strength, high credibility. For the receivables, the company has developed the relevant policies to control the credit risk, and set up the corresponding debt and credit limit after the credit status of debtor is evaluated based on financial condition of debtor, credit history, external ratings, possibility of guarantee obtained from the third party. Meanwhile, the company shall regularly monitor the debtor's credit history. With regard to the bad credit record for the debtor, the company shall adopt the written reminder, shortening or cancel of credit period to ensure the overall credit risks within the controllable scope.

（II）Market risk

Market risk of financial instrument arises from changes in fair value or future cash flow of financial instruments affected by market price . Market risks includes foreign exchange risk and interest risk.

(1) Interest Rate Risk

The interest rate risk faced by the company is mainly from the bank borrowings. The company is faced the interest rate risk of the cash flow due to the financial liability of the floating interest rate, and faced the interest rate risk of the fair value due to the financial liability of the fixed interest rate. The company shall determine the relative proportion in the fixed and floating interest rate contracts.

(2) Foreign Exchange Risk

The foreign exchange risks faced by the company are mainly from the financial assets and liabilities based on the price of US dollar and JPY. The company matches the income and expenditure of foreign currency as far as possible in order to reduce the foreign exchange risk.

（III）Liquidity risk

Liquidity risk refers to fund shortage problems when fulfilling obligations settled in cash or other financial assets. The company shall guarantee to have the sufficient funds to repay the debts through monitoring the cash balance, the marketable securities available to be cash and the rolling forecast for the future cash flow.

X. The disclosure of the fair value

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

In RMB

Items	Closing fair value			
	Fir value measurement items at level 1	Fir value measurement items at level 2	Fir value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(1).Available for sale financial assets	7,067,705.61			7,067,705.61
1.Equity instrument investment	7,067,705.61			7,067,705.61
Total of Consistent fair value measurement	7,067,705.61			7,067,705.61
III. Non Consistent fair value measurement	--	--	--	--

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

The fair value of financial assets available for sale at the end of period is measured based on the closing price of Shenzhen Stock Exchange on June 30,2016.

XI. Related parties and related-party transactions

1.Parent company information of the enterprise

Name	Registered address	Nature	Registered capital （RMB’0000）	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	Equityinvestment , RealestateDevelopmentandGuarantee	1,092,599.0674	46.21%	49.39%

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.

The finial control of the Company was Shenzhen People’s Govemment stateownedassetssupervision & AdministrationCommission.

2.Subsidiaries of the Company

Details refer to the Note VIII. Equity in other entity 1.Interest in the subsidiary

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

Details refer to the Note VIII. Equity in other entity 2.Interests in joint ventures or associates

4.Other Related parties information

Other related party	Relationship to the Company
Shenzhen Shenchao Technology Investment Co., Ltd.	Subject to the same party controls
Shenzhen Tianma Microelectronics Co., Ltd.	Chairman of the Board Is the Vice Chairman of the Company
Shenzhen Xiangjiang Trade Co., Ltd.	Sharing Company
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company
Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company
Anhui Huapeng Textile Co., Ltd.	Sharing Company
Shengbo （HK）Co., Ltd.	The Company Executivesare Director of the company

5. Related transactions.

1．Sales of goods and vendering of services

(1) Related party transactions of purchasing goods and services

Selling of goods and services

In RMB

Related parties	Subjects of the related transactions	Occurred current term	Occurred in previous term
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarizer sheet	957,463.47	1,091,908.67

(2)Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	1,869,653.00	1,728,309.00

（3）Other related parties

For the construction of the project of polarizer sheet for TFT-LCD, the Company signed Entrusted Loan Contract with Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. in 2010. According to the contract, Shenzhen Shenchao Technology Investment Co., Ltd. entrusted Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. to extend a loan of RMB 200 million to the Company. The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company. The interest rate of the entrusted loan is the rate of commercial loans with a term of 5 years quoted by People's Bank of China minus 2%. IAS of June 30, 2016, The Company actually received a loan of RMB 120 million.

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	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	477,930.79	23,896.54	349,938.59	17,496.93
Other Account receivable	Anhui Huapeng Textile Company	3,600,000.00	270,000.00	3,600,000.00	270,000.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	837,780.00	41,889.00	277,172.52	13,858.63

（2）Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Xiangjiang Trade Co., Ltd.	40,000.00	40,000.00
Other payable	Shenzhen Changlianfa Printing and dyeing Co., Ltd.	916,673.69	916,673.69
Other payable	Shenzhen Haohao Property Leasing Co., Ltd.	4,529,489.85	4,179,489.85
Other payable	Yehui International Co.,Ltd.	1,137,966.35	1,137,966.35
Other payable	Shenzhen Dailishi Underwear Co., Ltd.	570,686.82	315,000.00
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.	39,000,625.75	39,000,625.75

XII. Notes s of main items in financial reports of parent company

1.Account receivable

(1).Classification accojunt receivables.

In RMB

Classification	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(%)	
Accounts receivable subjecttoimpairment assessment by credit risk characteristics of a portfolio	639,578.40	100.00%	31,978.91	15.00%	607,599.49	862,162.70	100.00%	43,108.13	5.00%	819,054.57
Total	639,578.40		31,978.91		607,599.49	862,162.70		43,108.13		819,054.57

Accounts receivable of individual significance and subject to individual impairment assessment.

□ Applicable √ Not applicable

Account reveivable on which bad debt proisions are provided on age basis in the group

√ Applicable □ Not applicable

In RMB

Aging	Balance in year-end		
	Account receivable	Bad debt provision	Rate of alloance(%)
Within item 1 year			
Within 1 year	639,578.41	31,978.92	5.00%

Receivable account in Group on which bad debt provisions were provided on percentage basis：

□Applicable √ Not applicable

（2）Bad debt provision accrual collected or switch back

Bad debt provision accrual was RMB 10,848.28 ; The acmount collected or switches back amounting to RMB-21,977.50.

2.Other receivable

(1)Category of Other receivable

In RMB

Classification	Amount in year-end					Amount in year-beginng				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of individual significance and subject to individual impairment assessment	11,981,464.60	13.43%	11,981,464.60	100.00%		11,981,464.60	12.98%	11,981,464.60	100.00%	
Other accounts receivable subjecttoimpairment assessment by credit risk characteristics of a portfolio	80,527,202.92	86.22%	7,463,293.43	9.27%	73,063,909.49	79,979,624.27	86.68%	7,435,914.49	9.30%	72,543,709.78
Other accounts	311,486.	0.35%	311,486.	100.00%		311,486	0.34%	311,486.3	100.00%	

receivable of individual insignificance but subject ot individual impairment assessment	35		35			.35		5		
Total	92,820,153.87	100.00%	19,756,244.38		73,063,909.49	92,272,575.22	100.00%	19,728,865.44		72,543,709.78

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

√ Applicable □ Not applicable

In RMB

Debtor	Amount in year-end			
	Other account receivable	Bad debt provision	Rate of alloance(%)	Reason for allowance
Jiangxi Xuanli String Co., Ltd.	11,389,044.60	11,389,044.60	100.00%	Estimates can not be recovered
Shenzhen Tianlong Induatry& Trade Co., Ltd.	592,420.00	592,420.00	100.00%	Estimates can not be recovered
Total	11,981,464.60	11,981,464.60	--	--

Other receivable accounts in Group on which bad debt provisions were provided on age analyze basis：

√ Applicable □ Not applicable

In RMB

Aging	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Within item 1 year			
Subtotal within 1 year	71,289,573.42	3,564,478.68	5.00%
Within 1 year	1,800,000.00	180,000.00	10.00%
Over 3 year	7,437,629.50	3,718,814.75	50.00%
Total	80,527,202.92	7,463,293.43	

Other receivable account in Group on which bad debt provisions were provided on percentage basis：

□ Applicable √ Not applicable

Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio：

□ Applicable √ Not applicable

（2）Bad debt provision accrual collected or switch back

Bad debt provision accrual was RMB0.00, the acount collected or switches back amounting to RMB153,512.27.

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

In RMB

Category	Year-end balance	Year-beginning balance
In Inter-company accounts	75,889,102.97	75,889,102.97
Unit account	16,151,323.38	16,251,300.27
Other	779,727.52	132,171.98
Total	92,820,153.87	92,272,575.22

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	In Inter-company accounts	63,644,822.25	Within 1 year	68.57%	3,182,241.10
Second	Unit account	11,389,044.60	Over 3 years	12.27%	5,694,522.30
Third	Inter-company accounts	7,168,680.72	Over 3 years	7.72%	3,584,340.36
Fouth	Inter-company accounts	5,000,000.00	Within 1 year	5.39%	250,000.00
		75,600.00	Over 3 years	0.08%	37,800.00
Fifth	Unit account	1,800,000.00	Within 1 year	1.94%	90,000.00
		1,800,000.00	1-2 years	1.94%	180,000.00
Total	--	90,878,147.57	--	97.91%	13,018,903.76

3.Long-term equity investment

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment to the subsidiary	1,980,806,395.91	16,582,629.30	1,964,223,766.61	1,772,806,395.91	16,582,629.30	1,756,223,766.61
Investment to joint ventures and associated	23,877,116.06	266,654.99	23,610,461.07	23,145,924.05	266,654.99	22,879,269.06

enterprises						
Total	2,004,683,511.97	16,849,284.29	1,987,834,227.68	1,795,952,319.96	16,849,284.29	1,779,103,035.67

（1）Investment to the subsidiary

In RMB

Name	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Shenzhen Shengbo Optoelectrionc Technology Co., Ltd.	1,716,663,070.03	208,000,000.00		1,924,663,070.03		14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25			8,073,388.25		
Shenzhen Beauty Centruty Garment Co., Ltd.	30,867,400.00			30,867,400.00		2,167,341.21
Shenzhen Huaqiang Hotal	15,489,351.08			15,489,351.08		
Shenfang Property Management Co., Ltd.	1,713,186.55			1,713,186.55		
Total	1,772,806,395.91	208,000,000.00		1,980,806,395.91		16,582,629.30

（2）Investment to joint ventures and associated enterprises

IIn RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											

Shenzhen Haohao Property Leasing Co., Ltd.	4,397,840.88			347,953.35						4,745,794.23	
Shenzhen Xieli Automobile Co., Ltd.	4,061,958.96									4,061,958.96	266,654.99
Subtotal	8,459,799.84			347,953.35						8,807,753.19	266,654.99
II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	1,871,377.09			66,776.03						1,938,153.12	
Jordan Garnent Factory	3,384,014.49			-308,236.16						3,075,778.33	
Yehui International Co., Ltd.	9,430,732.63			836,149.30			-211,450.51			10,055,431.42	
Subtotal	14,686,124.21			594,689.17			-211,450.51			15,069,362.87	
Ttotal	23,145,924.05			942,642.52			-211,450.51			23,877,116.06	266,654.99

4.Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main Business	29,952,072.64	4,007,116.78	29,699,808.94	3,576,177.12
Other Business	1,646,987.54	1,646,987.54	1,827,380.09	1,827,380.11
Total	31,599,060.18	5,654,104.32	31,527,189.03	5,403,557.23

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	80,000.00	
Income from long-term equity investment measured by adopting the Equity method	2,039,333.34	1,029,521.87
Investment income received from holding of available-for –sale financial assets	147,859.95	1,432,892.22
Investment income arising from disposal of long-term eqiuty investments		44,444,187.39
Total	2,267,193.29	46,906,601.48

XIII. 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	-20,770.93	
Govemment subsidies recognized in currentgain and loss(excluding those closely related to the Company's business and granted under the state's policies)	2,165,711.40	
Other non-business income and expenditures other than the above	132,449.53	
Less: Influenced amount of income tax	-3,436.95	
Total	2,280,826.95	--

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 earnngs per share

Profitofreportperiod	Weightedaveragereturеoneqiuty(%)	Earningspershare	
		Basicearningspershare(RMB/share）	Diluted eqrnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	-1.40%	-0.06	-0.06
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-1.51%	-0.0639	-0.0639

3.The differences between domestic and international 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）Discrepancy in net profit and net assets as disclosed in the financial report respectively according to the accounting standards outside Mainland China and CAS

□ Applicable √Not applicable

X. Documents Available for Inspection

1. Accounting statement carrying the signatures and seals of the legal representative, person in charge of accounting and person in charge of accounting organ;
2. The originals of all the Company's documents and the original manuscripts of announcements publicly disclosed on the newspapers 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.

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

August 26，2016