

Shenzhen Textile (Holdings) Co., Ltd.

Auditor's Report

Qin Xin Shen Zi[2018]No. 0393

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Auditors' Report

Qin Xin Shen Zi[2018]No. 0393

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

II. Auditors' Opinion

We have audited the financial statements of Shenzhen Textile (Holdings) Co., Ltd. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2017, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2017 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

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

III. Key Audit Matters

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

(I) Recognition of revenue

1. Description of matters

As indicated in Remark V(35) of the financial statement, the revenues of the period of Shenzhen Textile (Holdings) Co., Ltd is RMB1, 475, 545, 719.72, which are mainly sourced from sales revenue of diffuser and textiles, rental income and trade income. As the revenue is one KPI of Shenzhen Textile (Holdings) Co., Ltd, appropriate recognition of the revenue will have an effect on the company's operating results and shall be confirmed as one key item of audit.

2. Response to the audit

The audit process implemented for revenue recognition includes mainly: Test and evaluate the effectiveness of internal control in relation to revenue recognition; re-check on the basis of product and business type the

consistency of accounting policy used for various revenue recognition with Accounting Standard for Business Enterprises; perform analytical procedure on the revenue and evaluate the rationality of revenue recognition; sample the recognized revenue and check sales contract, shipping order, sales invoice and other supportive documents to evaluate if the revenue has been recognized according to revenue recognition policy; Sample the revenue recognized before or after the balance sheet date and check relevant supportive documents to evaluate if the revenue has been recognized in an appropriate period; Sample the recognized accounts receivable and revenue, perform confirmation procedure to evaluate the veracity of the revenue.

(II) Inventory falling price reserves

1. Description of matters

As indicated in Remark V(7) of the financial statement, the balance of inventory falling price reserves of Shenzhen Textile (Holdings) Co., Ltd at the end of the report period is RMB52, 018, 026.82; as the inventory falling price reserves and any variation will play a great influence on the financial statement and the process of confirming net realizable value of inventory will involve major judgment and estimate of the management, we shall confirm inventory falling price reserves as one key item of audit.

2. Response to the audit

The audit process implemented for inventory falling price reserves includes mainly: Test and evaluate the effectiveness of internal control in relation to inventory falling price reserves; Supervise inventory taking and check the quantity, condition of inventory; get a year-end inventory list and conduct analytical review on the conditions of various inventories; get the calculating table for inventory falling price reserves and check it; Check any changes of the accrual of inventory falling price reserves in this period.

IV. Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 2017, but excludes the financial statements and our auditor's report.

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

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

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

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

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

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

realistic alternative but to do so.

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

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

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

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

Peking Certified Public Accountants(Special General Partnership)

Chinese C.P.A. Li Yong

Chinese C.P.A. Lan Tao

March 27,2018

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

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

In RMB

Items	Notes	At the end of term	Beginning of term
Current asset:			
Monetary fund	(1)	1,165,048,108.83	933,856,912.73
Settlement provision			
Outgoing call loan			
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Bill receivable	(2)	44,207,119.00	41,908,315.45
Account receivable	(3)	192,503,077.70	220,222,019.41
Prepayments	(4)	13,755,152.05	6,773,323.14
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			
Interest receivable	(5)	15,728,872.62	6,652,883.11
Dividend receivable			
Other account receivable	(6)	12,925,984.45	67,272,556.72
Repurchasing of financial assets			
Inventories	(7)	275,615,176.16	283,371,714.07
Assets held for sales			
Non-current asset due in 1 year			
Other current asset	(8)	1,148,689,874.10	1,428,043,157.76
Total of current assets		2,868,473,364.91	2,988,100,882.39
Non-current assets :			
Loans and payment on other's behalf disbursed			
Disposable financial asset	(9)	66,035,733.04	41,565,777.96
Expired investment in possess			

Long-term receivable			
Long term share equity investment	(10)	20,380,734.56	24,849,311.00
Property investment	(11)	173,105,806.27	179,324,547.77
Fixed assets	(12)	656,133,200.19	723,685,287.56
Construction in progress	(13)	322,570,173.73	119,804,231.43
Engineering material			
Fixed asset disposal			
Production physical assets			
Gas & petrol			
Intangible assets	(14)	38,870,673.40	39,698,654.32
R & D petrol			
Goodwill	(15)		
Long-germ expenses to be amortized	(16)	1,035,290.08	973,081.68
Deferred income tax asset	(17)	1,974,536.90	1,584,492.36
Other non-current asset	(18)	47,166,994.48	
Total of non-current assets		1,327,273,142.65	1,131,485,384.08
Total of assets		4,195,746,507.56	4,119,586,266.47
Current liabilities			
Short-term loans	(19)	88,638,181.45	12,335,695.77
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	(20)	97,104,697.18	175,461,715.72
Advance payment	(21)	34,952,567.83	30,297,446.49
Selling of repurchased financial assets			
Fees and commissions receivable			
Employees' wage payable	(22)	29,503,260.65	27,379,719.86
Tax payable	(23)	6,935,262.57	13,995,726.19
Interest payable	(24)	45,799,544.04	42,842,605.52

Dividend payable			
Other account payable	(25)	155,026,799.54	147,108,590.19
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	(26)	40,000,000.00	40,000,000.00
Other current liability			
Total of current liability		497,960,313.26	489,421,499.74
Non-current liabilities :			
Long-term loan	(27)	40,000,000.00	80,000,000.00
Bond payable			
Including: preferred stock			
Sustainable debt			
Long-term payable			
Long-term payable employees's remuneration			
Special payable			
Expected liabilities			
Deferred income	(28)	134,767,064.72	110,045,784.62
Deferred income tax liability			
Other non-current liabilities			
Total non-current liabilities		174,767,064.72	190,045,784.62
Total of liability		672,727,377.98	679,467,284.36
Owners' equity			
Share capital	(29)	511,274,149.00	506,521,849.00
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	(30)	1,866,001,475.17	1,837,205,251.95
Less : Shares in stock	(31)	27,230,679.00	
Other comprehensive income	(32)	2,218,703.87	3,392,222.07
Special reserves			
Surplus reserves	(33)	77,477,042.19	73,710,682.05

Common risk provision			
Undistributed profit	(34)	-32,266,087.44	-81,275,828.76
Total of owner's equity belong to the parent company		2,397,474,603.79	2,339,554,176.31
Minority shareholders' equity		1,125,544,525.79	1,100,564,805.80
Total of owners' equity		3,523,019,129.58	3,440,118,982.11
Total of liabilities and owners' equity		4,195,746,507.56	4,119,586,266.47

Legal Representative: Zhu Jun

Person-in-charge of the accounting work: Zhu Meizhu

Person-in -charge of the accounting organ: Mu Linying

2. Balance sheet of Parent Company

In RMB

Items	Notes XV	Year-end balance	Year-beginning balance
Current asset:			
Monetary fund		413,700,327.95	440,685,610.11
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Bill receivable			1,000,000.00
Account receivable	(1)	449,536.21	492,974.01
Prepayments		10,000.00	120,000.00
Interest receivable		13,660,866.80	3,218,526.94
Dividend receivable			
Other account receivable	(2)	5,782,620.63	12,524,256.75
Inventories			
Assets held for sales			
Non-current asset due in 1 year			
Other current asset		120,000,000.00	30,000,000.00
Total of current assets		553,603,351.59	488,041,367.81
Non-current assets :			
Disposable financial asset		36,035,733.04	40,065,777.96
Expired investment in possess			
Long-term receivable			
Long term share equity investment	(3)	1,984,849,008.23	1,989,073,077.61
Property investment		165,607,900.07	172,279,313.75
Fixed assets		28,119,990.58	27,403,189.39
Construction in progress			
Engineering material			
Fixed asset disposal			
Production physical assets			
Gas & petrol			
Intangible assets		1,413,305.67	1,345,846.59
R & D petrol			

Goodwill			
Long-germ expenses to be amortized			
Differed income tax asset		1,526,871.33	1,919,804.30
Other non-current asset		493,620.44	
Total of non-current assets		2,218,046,429.36	2,232,087,009.60
Total of assets		2,771,649,780.95	2,720,128,377.41
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		8,495,538.21	6,533,138.24
Tax payable		3,247,028.64	4,398,387.25
Interest payable			
Dividend payable			
Other account payable		134,018,771.57	120,954,892.58
Liabilities held for sales			
Non-current liability due in 1 year			
Other current liability			
Total of current liability		146,812,106.57	132,937,186.22
Non-current liabilities :			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Long-term payable			
Employees' wage payable			
Special payable			
Expected liabilities			
Differed income		800,000.00	

Deferred income tax liability			
Other non-current liabilities			
Total of Non-current liabilities		800,000.00	
Total of liability		147,612,106.57	132,937,186.22
Owners' equity			
Share capital		511,274,149.00	506,521,849.00
Other equity instrument			
Including: preferred stock			
Sustainable debt			
Capital reserves		1,599,381,854.96	1,576,547,075.96
Less : Shares in stock		27,230,679.00	
Other comprehensive income		2,218,703.87	3,392,222.07
Special reserves			
Surplus reserves		77,477,042.19	73,710,682.05
Undistributed profit		460,916,603.36	427,019,362.11
Total of owners' equity		2,624,037,674.38	2,587,191,191.19
Total of liabilities and owners' equity		2,771,649,780.95	2,720,128,377.41

Legal Representative: Zhu Jun

Person-in-charge of the accounting work: Zhu Meizhu

Person-in -charge of the accounting organ: Mu Linying

3.Consolidated Income statement

In RMB

Items	Notes V	Report period	Same period of the previous year
I. Income from the key business		1,475,545,719.72	1,198,200,216.42
Incl : Business income	(35)	1,475,545,719.72	1,198,200,216.42
Interest income			
Insurance fee earned			
Fee and commission received			
II. Total business cost		1,455,500,581.34	1,296,343,917.53
Incl : Business cost	(35)	1,299,603,719.37	1,128,134,488.54
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	(36)	13,962,996.87	10,337,248.55
Sales expense	(37)	9,940,696.87	10,161,699.85
Administrative expense	(38)	114,356,601.65	106,901,733.12
Financial expenses	(39)	-31,171,160.81	-1,678,136.65
Asset impairment loss	(40)	48,807,727.39	42,486,884.12
Add : Gains from change of fir value (“-”for loss)			
Investment gain (“-”for loss)	(41)	53,555,819.95	5,223,413.76
Incl: investment gains from affiliates		1,101,479.62	1,467,403.29
Gains from currency exchange			
Assets dispose loss			
Other income	(42)	12,567,426.98	
III. Operational profit (“-”for loss)		86,168,385.31	-92,920,287.35
Add : Non-operational income	(43)	787,567.93	15,072,447.15
Less : Non business expenses	(44)	2,015,456.96	138,691.94

IV.Total profit("-"for loss)		84,940,496.28	-77,986,532.14
Less : Income tax expenses	(45)	11,278,818.41	9,284,072.40
V. Net profit		73,661,677.87	-87,270,604.54
1.Net continuing operating profit		73,661,677.87	-87,270,604.54
2.Termination of operating net profit			
Net profit attributable to the owners of parent company		52,776,101.46	-87,270,604.54
Minority shareholders' equity		20,885,576.41	
VI. Other comprehensive income	(46)	-1,173,518.20	180,034.72
Net of profit of other comprehensive income attributable to owners of the parent company.		-1,173,518.20	180,034.72
(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.		-1,173,518.20	180,034.72
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		-288,326.89	-1,256,809.58
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		-885,191.31	1,436,844.30
6.Other			
Net of profit of other comprehensive income attributable to Minority shareholders' equity			

VII. Total comprehensive income		72,488,159.67	-87,090,569.82
Total comprehensive income attributable to the owner of the parent company		51,602,583.26	-87,090,569.82
Total comprehensive income attributable minority shareholders		20,885,576.41	
VIII. Earnings per share			
(I) Basic earnings per share		0.10	-0.17
(II) Diluted earnings per share		0.10	-0.17

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

Legal Representative: Zhu Jun

Person in charge of accounting: Zhu Meizhu

Accounting Dept Leader: Mu Linying

4. Income statement of the Parent Company

In RMB

Items	Notes XV	Report period	Same period of the previous year
I. Income from the key business		65,474,614.36	63,923,286.07
Incl : Business cost		14,205,521.55	12,754,930.31
Business tax and surcharge		5,875,973.65	3,823,490.12
Sales expense			
Administrative expense		29,587,958.60	28,068,523.83
Financial expenses		-13,663,222.04	-12,288,105.49
Asset impairment loss		5,554,598.81	-3,107,155.76
Add : Gains from change of fir value (“-”for loss)			
Investment gain (“-”for loss)		22,719,665.90	4,545,773.24
Incl: investment gains from affiliates		1,101,479.62	1,467,403.29
Assets disposal income			
Other income		5,638.35	
II. Operational profit (“-”for loss)		46,639,088.04	39,217,376.30
Add : Non-operational income		1,510.00	23,692.50
Less : Non business expenses		477,949.40	117,153.06
III.Total profit(“-”for loss)		46,162,648.64	39,123,915.74
Less : Income tax expenses		8,499,047.25	7,410,293.85
IV. Net profit (“-”for net loss)		37,663,601.39	31,713,621.89
1.Net continuing operating profit		37,663,601.39	31,713,621.89
2.Termination of operating net profit			
V.Net of profit of other comprehensive income		-1,173,518.20	180,034.72
(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 c hanges in net debt or net assets			
2.Other comprehensive income under the equity method investee can not be reclassified into pro fit or loss.			
(II)		-1,173,518.20	180,034.72

Other comprehensive income that will be reclassified into profit or loss.			
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		-288,326.89	-1,256,809.58
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		-885,191.31	1,436,844.30
6.Other			
VI. Total comprehensive income		36,490,083.19	31,893,656.61
VII. Earnings per share :			
(I) Basic earnings per share			
(II)Diluted earnings per share			

Legal Representative: Zhu Jun

Person in charge of accounting: Zhu Meizhu

Accounting Dept Leader: Mu Linying

5. Consolidated Cash flow statement

In RMB

Items	Notes V	Report period	Same period of the previous year
I.Cash flows from operating activities			
Cash received from sales of goods or rendering of services		1,587,525,262.02	1,151,157,518.74
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 trade financial asset disposal			
Cash received as interest, processing fee and commission			
Net increase of inter-bank fund received			
Net increase of repurchasing business			
Tax returned		47,028,145.81	69,122,511.24
Other cash received from business operation	(47)	112,007,561.78	68,307,793.54
Sub-total of cash inflow		1,746,560,969.61	1,288,587,823.52
Cash paid for purchasing of merchandise and services		1,511,459,801.99	1,085,677,364.56
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		133,551,583.94	129,329,006.02
Taxes paid		77,287,145.15	47,012,479.57
Other cash paid for business activities	(47)	52,781,140.84	81,833,439.21

Sub-total of cash outflow from business activities		1,775,079,671.92	1,343,852,289.36
Cash flow generated by business operation, net		-28,518,702.31	-55,264,465.84
II.Cash flow generated by investing			
Cash received from investment retrieving			2,366,612.87
Cash received as investment gains		5,921,598.83	3,633,486.12
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		6,740.00	160.00
Net cash received from disposal of subsidiaries or other operational units			
Other investment-related cash received	(47)	3,566,066,407.98	845,568,256.74
Sub-total of cash inflow due to investment activities		3,571,994,746.81	851,568,515.73
Cash paid for construction of fixed assets, intangible assets and other long-term assets		254,484,019.80	114,577,108.61
Cash paid as investment		28,500,000.00	
Net increase of loan against pledge			
Net cash received from subsidiaries and other operational units			
Other cash paid for investment activities	(47)	3,093,000,000.00	1,766,000,000.00
Sub-total of cash outflow due to investment activities		3,375,984,019.80	1,880,577,108.61
Net cash flow generated by investment		196,010,727.01	-1,029,008,592.88
III.Cash flow generated by financing			
Cash received as investment		27,230,679.00	1,352,640,000.00
Incl: Cash received as investment from minor shareholders			1,352,640,000.00
Cash received as loans		189,660,085.68	228,579,582.43
Cash received from bond placing			
Other financing –related ash received			6.38
Sub-total of cash inflow from financing activities		216,890,764.68	1,581,219,588.81
Cash to repay debts		150,340,039.30	315,726,235.45
Cash paid as dividend, profit, or interests		1,048,268.16	850,946.99

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		151,388,307.46	316,577,182.44
Net cash flow generated by financing		65,502,457.22	1,264,642,406.37
IV. Influence of exchange rate alternation on cash and cash equivalents		-1,868,779.16	1,086,213.32
V.Net increase of cash and cash equivalents		231,125,702.76	181,455,560.97
Add: balance of cash and cash equivalents at the beginning of term		930,114,436.57	748,658,875.60
VI ..Balance of cash and cash equivalents at the end of term		1,161,240,139.33	930,114,436.57

Legal Representative: Zhu Jun

Person in charge of accounting: Zhu Meizhu

Accounting Dept Leader: Mu Linying

6. Cash Flow Statement of the Parent Company

In RMB

Items	Notes XV	Amount in this period	Amount in last period
I.Cash flows from operating activities			
Cash received from sales of goods or rendering of services		66,552,835.48	66,944,479.62
Tax returned			
Other cash received from business operation		14,836,257.91	104,001,892.47
Sub-total of cash inflow		81,389,093.39	170,946,372.09
Cash paid for purchasing of merchandise and services		5,055,450.06	6,013,836.98
Cash paid to staffs or paid for staffs		17,811,799.19	17,161,992.17
Taxes paid		18,156,899.52	20,714,808.63
Other cash paid for business activities		7,297,312.65	23,027,843.36
Sub-total of cash outflow from business activities		48,321,461.42	66,918,481.14
Cash flow generated by business operation, net		33,067,631.97	104,027,890.95
II.Cash flow generated by investing			
Cash received from investment retrieving			
Cash received as investment gains		5,087,575.52	10,754,224.11
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		1,510.00	
Net cash received from disposal of subsidiaries or other operational units			
Other investment-related cash received		262,490,733.61	326,615,158.57
Sub-total of cash inflow due to investment activities		267,579,819.13	337,369,382.68
Cash paid for construction of fixed assets, intangible assets and other long-term assets		4,857,553.44	4,300,131.91
Cash paid as investment			208,000,000.00
Net cash received from subsidiaries and other operational units			
Other cash paid for investment activities		350,000,000.00	60,000,000.00
Sub-total of cash outflow due to investment activities		354,857,553.44	272,300,131.91

Net cash flow generated by investment		-87,277,734.31	65,069,250.77
III. Cash flow generated by financing			
Cash received as investment		27,230,679.00	
Cash received as loans			
Cash received from bond placing			
Other financing –related ash received			6.38
Sub-total of cash inflow from financing activities		27,230,679.00	6.38
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		27,230,679.00	6.38
IV. Influence of exchange rate alternation on cash and cash equivalents		-5,858.82	5,712.98
V. Net increase of cash and cash equivalents		-26,985,282.16	169,102,861.08
Add: balance of cash and cash equivalents at the beginning of term		440,685,610.11	271,582,749.03
VI ..Balance of cash and cash equivalents at the end of term		413,700,327.95	440,685,610.11

Legal Representative: Zhu Jun

Person in charge of accounting: Zhu Meizhu

Accounting Dept Leader: Mu Linying

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 instrument			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				1,837,205,251.95		3,392,222.07		73,710,682.05		-81,275,828.76	1,100,564,805.80	3,440,118,982.11
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				1,837,205,251.95		3,392,222.07		73,710,682.05		-81,275,828.76	1,100,564,805.80	3,440,118,982.11
III.Changed in the current year	4,752,300.00				28,796,223.22	27,230,679.00	-1,173,518.20		3,766,360.14		49,009,741.32	24,979,719.99	82,900,147.47
(1) Total comprehensive income							-1,173,518.20				52,776,101.46	20,885,576.41	72,488,159.67
(II) Investment or decreasing of capital by owners	4,752,300.00				22,762,870.54	27,230,679.00							284,491.54
1. Ordinary Shares invested by shareholders	4,752,300.00				22,478,379.00	27,230,679.00							
2. Holders of other equity instruments invested capital													

3. Amount of shares paid and accounted as owners' equity					284,491.54								284,491.54
4. Other													
(III) Profit allotment									3,766,360.14		-3,766,360.14		
1.Providing of surplus reserves									3,766,360.14		-3,766,360.14		
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					6,033,352.68							4,094,143.58	10,127,496.26
IV. Balance at the end of this term	511,274,149.				1,866,001,475.	27,230,679.00	2,218,703.87		77,477,042.19		-32,266,087.44	1,125,544,525.	3,523,019,129.

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Amount in last year

In RMB

Items	Amount in last year												
	Owner’s equity Attributable to the Parent Company										Minor shareho lders’ equity	Total of owners’ equity	
	Share Capita l	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Compre hensive Income	Speciali zed reserve	Surplus reserves	Commo n risk provisio n			Attribut able profit
		prefer red stock	Sustai nable 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					252,075,200.58		180,034.72		3,171,362.19		-90,441,966.73	1,100,564,805.80	1,265,549,436.56
（1）Total comprehensive income							180,034.72				-87,270,604.54		-87,090,569.82
（II）Investment or decreasing of capital by owners					252,075,194.20							1,100,564,805.80	1,352,640,000.00
1. Ordinary Share s invested by share holders													
2. Holders of oth													

er equity instruments invested capital													
3 .Allotment to the owners (or shareholders)													
4. Other					252,075,194.20							1,100,564,805.80	1,352,640,000.00
(III) Profit allotment									3,171,362.19		-3,171,362.19		
1.Providing of surplus reserves									3,171,362.19		-3,171,362.19		
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	506,52 1,849. 00				1,837,2 05,251. 95		3,392,2 22.07		73,710, 682.05		-81,275, 828.76	1,100,5 64,805. 80	3,440,1 18,982. 11
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Legal Representative: Zhu Jun

Person in charge of accounting: Zhu Meizhu

Accounting Dept Leader: Mu Linying

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

Amount in this period

In RMB

Items	Amount in this period										
	Share Capital	Other Equity instrument			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	506,521,849.00				1,576,547,075.96		3,392,222.07		73,710,682.05	427,019,362.11	2,587,191,191.19
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	506,521,849.00				1,576,547,075.96		3,392,222.07		73,710,682.05	427,019,362.11	2,587,191,191.19
III.Changed in the current year	4,752,300.00				22,834,779.00	27,230,679.00	-1,173,518.20		3,766,360.14	33,897,241.25	36,846,483.19
(I) Total comprehensive income							-1,173,518.20			37,663,601.39	36,490,083.19
(II) Investment or decreasing of capital by owners	4,752,300.00				22,834,779.00	27,230,679.00					356,400.00
1. Ordinary Shares invested by shareholders	4,752,300.00				22,478,379.00	27,230,679.00					
2. Holders of other equity instruments invested capital											

3.Amount of shares paid and accounted as owners' equity					356,400.00						356,400.00
4. Other											
(III) Profit allotment									3,766,360.14	-3,766,360.14	
1.Providing of surplus reserves									3,766,360.14	-3,766,360.14	
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	511,274,149.00				1,599,381,854.96	27,230,679.00	2,218,703.87		77,477,042.19	460,916,603.36	2,624,037,674.38

Amount in last year

In RMB

Items	Amount in last year										
	Share Capital	Other Equity instrument			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	506,521,849.00				1,576,547,069.58		3,212,187.35		70,539,319.86	398,477,102.41	2,555,297,528.20
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		180,034.72		3,171,362.19	28,542,259.70	31,893,662.99
(I) Total comprehensive income							180,034.72			31,713,621.89	31,893,656.61
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Amount of shares paid and accounted as owners' equity											
4. Other											

(III) Profit allotment									3,171,362.19	-3,171,362.19	
1. Providing of surplus reserves									3,171,362.19	-3,171,362.19	
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		3,392,222.07		73,710,682.05	427,019,362.11	2,587,191,191.19

Legal Representative: Zhu Jun

Person in charge of accounting: Zhu Meizhu

Accounting Dept Leader: Mu Linying

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 Shenzhen City, the shares of the company were listed in Shenzhen Stock Exchange. The company now holds a unified social credit code for the 91440300192173749Y business license, Registration address and headquarter address are 6/F, Shenfang Building, No.3 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 March 27, 2018.

(2) Scope of consolidated financial statements

1. As of the end of the reporting period, there are 7 subsidiaries companies included in the consolidated financial statements: Shenzhen Shengbo Optoelectronic Technology Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd., Shenzhen Huaqiang Hotel, Shenzhen Shenfang Property Management Co., Ltd. Shenzhen Beaufity Garments Co., Ltd., Shenzhen Shenfang Import & Export Co., Ltd., and Shengtou (Hongkong) 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

This company's financial statements is based on going-concern assumption and worked out according to actual transactions and matters, Accounting Standard for Business Enterprises--Basic Standard(issued by No.33 Decree of the Ministry of Finance and revised by No.76 Decree of the Ministry of Finance) issued by the Ministry of Finance, 42 special accounting standards enacted and revised on and after Feb 15, 2006, guideline for application of accounting standard for business enterprises, ASBE interpretations and other relevant regulations(hereinafter collectively referred to as "Accounting Standard for Business Enterprises") and No.15 of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public-- General Provisions of Financial Reports (revised in 2014) issued by China Securities Regulatory Commission.

(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

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

Normal business cycle is realized by the Company in cash or cash equivalents from the purchase of assets from processing 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 Article 51 of “Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements” on the “package deal” criterion, to judge the multiple exchange transactions 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 value of the acquiree'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 partly 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: ① these transactions are considered simultaneously, or in the case of mutual influence made, ② these transactions as a whole in order to achieve a complete business results; ③ the occurrence of a transaction depends on occurs at least one other transaction; ④ a 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 parties have 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, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the Company has rights to the net assets of the arrangement.

(2) Co-operation accounting treatment

When the joint venture company for joint operations, confirm the following items and share common business interests 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 investments .

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 spot 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 spot 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 spot exchange rate on the balance sheet date is adopted as the translation exchange rate. For the owner's equity, the spot 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 through 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 that had 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 nor retained 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 and 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

(1) Recognition Criteria for the Group and Withdrawing Method of Bad Debt Provision

Name	Recognition Criteria	Withdrawing Method
Aging Group	Division by Aging	Aging Analysis Method

(2)Accounts on age basis in the portfolio:

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)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.Inventory 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. Available-for-sale non-current asset and disposal group

If the company recovers its book value mainly by sale of non-current asset (including exchange of non-monetary assets of commercial nature and similarly hereinafter), instead of continued use of one non-current asset or disposal group, which shall be included into available-for-sale. In specific standards, the following conditions shall be met at the same time: One non-current asset or disposal group is available for sale at all times under current status depending on standard practice of selling them in similar transactions; the company has made a resolution on the sale plan and gained definitive purchase commitments; the sale is expected to be finished within one year. In which, the disposal group refers to one set of assets that may be disposed as a whole along with other assets by sale or other ways in one deal and the liability transferred and related directly to such assets. If the asset group or combination of asset group under account title disposal group amortizes the goodwill obtained from business combination in accordance with No.8 of Accounting Standards for Business Enterprises-- Asset Impairment, the disposal group shall include the goodwill amortized to it.

When the company's initial measurement or re-measurement on the balance sheet date is classified into available-for-sale non-current asset and disposal group, the book value shall be written down to the net amount of fair value minus selling expenses if it is higher than the net amount of fair value minus selling expenses, the write-down shall be confirmed as the assets impairment loss and included in current profits and losses, meanwhile the available-for-sale asset depreciation reserves shall be accrued. For the disposal group, the asset impairment loss shall be written off pro rata the book value of each non-current asset that is applicable to No.42 of Accounting Standards for Business Enterprises: Available-for-sale Non-current Assets, Disposal Group and Discontinued Operations (hereinafter referred to as "Available-for-sale rule for measurement") after deducting the book value of goodwill in it.

If the net amount of the fair value of available-for-sale disposal group minus selling expenses increases after the balance sheet date, the previous write-downs shall be recovered and reversed in asset impairment loss of non-current assets that are applicable to available-for-sale rule for measurement after being included into available-for-sale account title, the amount of reversal shall be included in current profits and losses and increased pro rata its book value based on the proportion of the book value of each non-current asset in the disposal group that is applicable to available-for-sale rule for measurement except for goodwill; the book value of written-off goodwill and the asset impairment loss confirmed before the non-current asset specified in available-for-sale rule for measurement is classified into available-for-sale asset must not be reversed.

The available-for-sale non-current assets or the non-current assets in the disposal group shall not be accrued depreciation or amortization, the interest of debit in available-for-sale disposal group and other expenses shall continue to be confirmed.

The non-current asset will no longer be included into available-for-sale category or will be removed from the available-for-sale disposal group if it or the disposal group has no longer satisfied

the conditions for classifying available-for-sale assets and measured as per the lower of: (1) book value of the non-current asset before being classified into available-for-sale asset adjusted on the basis of the depreciation, amortization or impairment that shall be confirmed on the assumption that the non-current asset is not included into available-for-sale account title; (2) Recoverable amount.

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 net identifiable assets of the fair share of the investment value, do not adjust the initial inve

stment cost of long-term 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 a 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 a 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 a 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 acquisition. 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 is 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 recognised 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 estimated share 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 recognised 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 acquisition 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 recognised 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 recognised 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 is 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 is measured in accordance with the recognition and measurement principles applicable to financial instruments in the Company's separate financial statements 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 recognised 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 recognised 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

1. The measurement mode of investment property

The investment property of the company includes the leased land use rights, the leased buildings, the land use rights held and prepared to transfer after appreciation.

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

2. Depreciation or Amortization Method by Use of Cost Mode

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. Initial Measurement and Subsequent Measurement of the Fixed Assets

The fixed assets shall be book kept as per the acquired actual cost, and the depreciation shall be withdrawn from the subsequent month after the usable status reserved and achieved.

3. 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 year	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%	9.60%-6.86%
Transportation equipment	Straight-line method	8 years	4%	12.00%
Electronic equipment	Straight-line method	8 years	4%	12.00%
Other equipment	Straight-line method	8 years	4%	12.00%

4. 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 book kept 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

The employee benefits of the company include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

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 defined 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

dismissal 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 dismissal welfare. The dismissal 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 dismissal 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. Share payment

1.Accounting Treatment Methods of Share Payment

Share payment is a transaction which is for obtaining the service provided by employees or other parties, where thus the equity instrument is granted , or for bearing the liability confirmed basing on the equity instrument. Share payment is divided into the payment settled by equities and the payment settled by cash.

(1)Shared Payment settled by Equities

The share payment settled by equities, which is used for exchanging the service provided by employees, will be measured according to the fair value of the equity instrument granted to employees on date of grant. The amount of such fair value, under the situation that the rights can only be exercised after the service is finished and the set performance is achieved within the waiting period, and basing on the optimum estimation for the number of equity instrument which exercise rights within the waiting period, will be measured according to straight-line method and counted into relevant costs and expenses. When the rights can be exercised immediately after being granted, the payment will be counted into relevant costs and expenses, and the capital reserve will be increased correspondingly.

On each and every balance sheet date within the waiting period, the Company will make optimum estimations according to the newly-obtained subsequent information after the changes occurred in the number of employees who exercise rights so as to modify the predicted number of the equity instrument of exercising rights. The influence from above-mentioned estimations will be counted into relevant costs and expenses at the current period, and the corresponding adjustment will be made for the capital reserve.

If the fair value of the other parties' service can be reliably measured, the share-based payment settled by equities which is used for exchanging the service of other parties will be measured according to that fair value on date of acquisition. If not, but the fair value of the equity instrument can be reliably measured, the payment will be counted according to the fair value of the equity instrument on date of service acquisition, and it will be counted into relevant costs and expenses, and the equity of the shareholders will be increased correspondingly.

(2) Share Payment settled by Cash

The share payment settled by cash will be measured according to the fair value of the liability confirmed basing on the shares borne by the Company and other equity instruments. If the rights can be exercised immediately after being granted, the payment will be counted into relevant costs or expenses and the liability will be increased correspondingly. If the rights can only be exercised after the situation that service within the waiting period is completed and set performance is achieved, the service obtained at the current period, according to the fair value amount of the liability borne by the Company, and basing on the optimum estimation for the condition of exercising rights, will be counted into costs or expenses on each and every balance sheet date during the waiting period, and the liability will be increased correspondingly.

Each and every balance sheet date and settlement before relevant liability settlement, the fair value of liability will be remeasured, of which changes occurred will be counted into the current

period.

2. Relevant Accounting Treatment of Modification and Termination for Share-based Payment Plan

When the Company modifies the share payment plan, if the fair value of the equity instrument granted is increased after the modification, the increase in the service obtained will be correspondingly confirmed according to the increase in the fair value of equity instrument. The increase in the fair value of equity instrument means the balance between the equity instrument before modification and the equity instrument after modification on modification date. If decrease occurred in the total fair value of the equity instrument after the modification or methods which are unbeneficial to employees are adopted in the modification, accounting treatment will still continue to be made for the service obtained, and such changes will be regarded as changes that have never occurred unless the Company has canceled partial or all equity instruments.

During the waiting period, if the granted equity instrument is cancelled, the company will treat the cancelled equity instrument as the accelerated exercise of power, and immediately include the balance that should be recognized in the remaining waiting period into the current profit and loss, and simultaneously confirm the capital reserve. If the employee or other party can choose to satisfy the non-exercisable condition but not satisfied in the waiting period, then the company will treat it as cancellation of the granted equity instrument.

3. Accounting treatment involving the share payment transaction between the Company and the shareholders or the actual controller of the Company

Where involves the share payment transaction between the Company and the shareholders or the actual controller of the Company and one of the parties of the settlement company and the service-accepting company is within the company and the other is not within the company, then the company performs the accounting treatment in the consolidated financial statements of the company according to the following provisions:

(1) If the settlement company settles in its own equity instrument, then it treats the equity payment transaction as the equity-settled equity payment; otherwise, it treats as the cash-settled equity payment.

If the settlement company is an investor to the service-accepting company, it shall be recognized as a long-term equity investment in the service-accepting company in accordance with the fair value of the equity instrument or the fair value of the liability it is assumed to bear on the grant date, and the capital reserve (other capital reserve) or liabilities shall be recognized at the same time.

(2) If the service-accepting company has no settlement obligation or confers its own equity tools on the employees of the company, then such equity payment transaction shall be treated as equity-settled equity payment; if the service-accepting company has the settlement obligation and confers the employees of the company with not its own equity instrument, then such equity payment transaction shall be treated as cash-settled equity payment;

In the case of the equity payment transaction occurs between the companies within the company, and the service-accepting company and the settlement company are not the same company, then the confirmation and measurement of the equity payment transaction shall be carried out respectively in the financial report of the service-accepting company and the settlement company, with the same analogy of the above-said principle.

25. 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 agree.

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.

26. Government subsidy

Government grants are monetary assets and non-monetary assets that the company has obtained free of charge from the government and are divided into government grants related to assets and government grants related to income. Asset-related government grants refer to government grants obtained by the company that are used to purchase or construct or otherwise form long-term assets. Income-related government subsidies refer to government subsidies other than government subsidies related to assets.

If there is evidence at the end of the period that the company is able to meet the relevant conditions stipulated in the financial support policy and it is expected to receive financial support funds, the government subsidies shall be recognized according to the amount receivable. In addition, government grants are confirmed upon actual receipt.

Asset-related government grants are recognized as deferred income and are charged to profit or loss for the current period in a reasonable and systematic manner over the useful life of the relevant assets. Revenue-related government subsidies, which are used to compensate for the related costs or losses of the Company in the future period, are recognized as deferred income, and are recognized in the profits and losses of the current period in the period in which the relevant costs, expenses or losses are recognized. The relevant costs, expenses or losses that have been used to compensate the Company have been directly recorded in the current profits and losses. Government grants related to the company's daily activities are included in other income; those unrelated to the daily activities of the company are included in non-operating income.

For the policy-subsidized discounted loans obtained by the company, the accounting treatment is divided into the following two cases: when the finance allocates the interest-subsidy funds to the loan bank and the loan bank provides the company with a policy-based preferential interest rate, the company uses the actual amount of the loan received as the entry value of the loan, and calculates the relevant borrowing costs according to the loan principal and the preferential policy interest rate; if the finance allocates the interest-free funds directly to the company, the company will reduce the relevant borrowing costs by the corresponding discount interest.

27. 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.

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 deducted. 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.

28. 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.

29.Change of main accounting policies and estimations

(1)Change of main accounting policies

On April 28, 2017, the Ministry of Finance issued the "No. 42 Accounting Standard for Business Enterprises-Non-current Assets for Sale, Disposal Groups, and Termination of Operations", which will take effect from May 28, 2017; On May 10, 2017, the Ministry of Finance issued the "No. 16 Accounting Standards for Business Enterprises-Government Grants (Revised in 2017)", which will take effect from June 12, 2017; in 2017, the Ministry of Finance issued the "Notice on the Issuance of the Revised Format of Financial Statements for General Enterprises", which has revised the format for the Financial Statements of General Enterprises, and thus it shall applied to the financial statements in the year of 2017 and subsequent periods. The above changes in accounting policies were adopted at the third meeting of the seventh board of directors and the tenth meeting of the seventh board of directors of the company, therefore the Company began to implement the above provisions in accordance with the time required by the Ministry of Finance.

The main impact of the Company's implementation of the above three provisions is as follows:

No	Name	Amount	
		2017	2016

No	Name	Amount
1	Non –operating income	-12,567,426.98
2	Other income	12,567,426.98

(2) Change of main accounting estimations

Nil

VI.Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	The taxable turnover	17%、 5%
Business tax.	The taxable turnover	5%
City construction tax	Turnover tax to be paid allowances	7%
Education surcharge	Turnover tax to be paid allowances	3%
Local education surcharge	Turnover tax to be paid allowances	2%
Business income tax	Taxable income	25%、 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 2016 ,High-tech and enterprise certificate No.: GR201644201276 ,The certificate is valid for three years, The enterprise income tax rate of this year is 15%.

(2).In accordance with relevant provisions of the Notice of Ministry of Finance, General Administration of Customs and State Taxation Administration Regarding Tax Preference Policies for Further Supporting the Development of New-type Display Device Industry (Cai Guan Shui (2016) No. 62), Shenzhen Shengbo Optoelectronic Technology Co., Ltd. manufactured key materials and parts for the upstream industry of new-type display devices including colorful light filter coating and polarizer sheet that comply with the planning for independent development of domestic industries may enjoy the preferential policies of exemption from import tariff for the import of raw materials and consumables for the purpose of self use and production that can not be produced domestically from January 1, 2016 and December 31, 2020.

VII. Notes of consolidated financial statement

Unless otherwise stated, the meaning of "B/f", "C/f", The beginning of the financial statements is the number of financial statements as of January 1, 2017, and the end of the period is the number of financial statements as at 31 December 2017. This term refers to January 1, 2017 - December 31, 2017, The same period refers to January 1, 2016 - December 31, 2016.

1. Monetary Capital

Items	Year-end balance	Year-beginning balance
Cash at hand	17,771.09	22,807.86
Bank deposit	1,163,010,967.65	932,021,522.23
Other monetary funds	2,019,370.09	1,812,582.64
Total	1,165,048,108.83	933,856,912.73
Including : The total amount of deposit	9,044,548.79	23,329,496.78

Notes :As of December 31, 2017, The fixed-term deposit balance of money fund is RMB 3,807,969.50 , this part will not be treated as closing cash or closing cash equivalent in preparing cash flow statement. Monetary unit is RMB yuan

2. Bill receivables

(1). Classification Bill receivable

Items	Year-end balance	Year-beginning balance
Bank acceptance	44,207,119.00	41,908,315.45
Total	44,207,119.00	41,908,315.45

(2). As of December 31, 2016, The company has no Bill receivable pledged.

(3)Notes endorsement or discount and undue on balance sheet date

Items	Amount derecognizing at period	Amount derecognizing at
Bank acceptance	44,145,469.61	
Total	44,145,469.61	

(4). Bill transferred to account receivable for the issuer is not able to execute the liability at the end of period.

3. Account receivable

(1).Classification account receivables.

Classification	Amount in year-end		
	Book balance	Bad debt provision	Book value

	Amount	Proportion (%)	Amount	Proportion(%)	
Accounts receivable of individual significance and subject to individual impairment assessment	6,301,057.07	2.97	3,998,803.02	63.46	2,302,254.05
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	199,198,855.51	93.99	10,386,734.84	5.21	188,812,120.67
Accounts receivable of individual insignificance but subject to individual impairment assessment	6,448,803.57	3.04	5,060,100.59	78.47	1,388,702.98
Total	211,948,716.15	100.00	19,445,638.45		192,503,077.70

Classification	Amount in year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion(%)	
Accounts receivable of individual significance and subject to individual impairment assessment	6,302,912.11	2.61	4,000,658.05	63.47	2,302,254.06
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	228,090,819.33	94.56	11,596,924.13	5.08	216,493,895.20
Accounts receivable of individual insignificance but subject to individual impairment assessment	6,816,189.64	2.83	5,390,319.49	79.08	1,425,870.15
Total	241,209,921.08	100.00	20,987,901.67		220,222,019.41

(1)Accounts receivable of individual significance and subject to individual impairment assessment.

Debtor	Amount in year-end			
	Account receivable	Bad debt provision	Proportion(%)	Reason for allowance
Dongguan Fair LCD Co., Ltd.	1,696,548.96	1,696,548.96	100.00	It has been included in the list of national courts

				dishonest debtor, unlikely to recover.
Guangdong Ruili Baolai Technology Co., Ltd.	1,348,965.36	674,482.68	50.00	Beyond the credit period for a long time, uncertain recovered.
Dongguan Yaxing Semiconductor Co., Ltd.	3,255,542.75	1,627,771.38	50.00	Beyond the credit period for a long time, uncertain recovered.
Total	6,301,057.07	3,998,803.02		

(2) Account receivable on which bad debt provisions are provided on age basis in the group

Aging	Balance in year-end		
	Account receivable	Bad debt provision	Proportion(%)
Within 1 year	194,367,620.15	9,718,381.00	5.00
1-2 years	4,221,077.13	422,107.71	10.00
2-3 years	294,164.88	88,249.46	30.00
Over 3 years	315,993.35	157,996.67	50.00
Total	199,198,855.51	10,386,734.84	

(2). Recognition , recovery or reversal of allowance for bad debt:

(1) The account of allowance for bad debts recognised during the period is RMB-1,542,263.22, The amount collected or switches back amounting to RMB332,073.93.

(3)The company has no account receivables written off this period.

(4).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	84,934,396.47	Within 1 year	40.07	4,246,719.82
Second	Goods	15,387,796.03	Within 1 year	7.26	769,389.80
Third	Goods	11,842,590.55	Within 1 year	5.59	592,129.53
Fourth	Goods	10,595,933.74	Within 1 year	5.00	529,796.69
Fifth	Goods	7,931,696.50	Within 1 year	3.74	396,584.83
Total		130,692,413.29		61.66	6,534,620.67

4.Prepayments

(1). Disclosure by age

Aging	Balance in year-end		Balance in year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	13,705,047.27	99.63	5,108,950.81	75.43
1-2 years	11,944.78	0.09	592,795.34	8.75
2-3 years			1,033,416.99	15.26
Over 3 years	38,160.00	0.28	38,160.00	0.56
Total	13,755,152.05	100.00	6,773,323.14	100.00

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

Name	Balance in year-end	Proportion
First	4,561,414.73	33.16
Second	2,021,331.57	14.70
Third	1,616,000.00	11.75
Fourth	1,500,000.00	10.91
Fifth	857,565.69	6.23
Total	10,556,311.99	76.75

5.Interest receivable

(1)Category of interest receivable

Items	Amount in year-end	Amount in year-beginning
Trust income	1,627,397.26	
Fixed deposit interest	12,676,572.40	4,925,279.45
Structure deposit interest	1,418,738.58	1,599,384.48
Other financing product	6,164.38	128,219.18
Total	15,728,872.62	6,652,883.11

6. Other receivable

(1) Category of Other receivable

Classification	Amount in year-end				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of individual significance and subject to individual impairment assessment	13,781,464.60	47.54	13,781,464.60	100.00	
Other accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	14,596,383.53	50.35	1,670,399.08	11.44	12,925,984.45
Other accounts receivable of individual insignificance but subject to individual impairment assessment	611,820.77	2.11	611,820.77	100.00	
Total	28,989,668.90	100.00	16,063,684.45		12,925,984.45

Classification	Amount in year-beginning				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of individual significance and subject to individual impairment assessment	11,981,464.60	14.20	11,981,464.60	100.00	
Other accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	71,842,367.36	85.19	4,569,810.64	6.36	67,272,556.72

Classification	Amount in year-beginning				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of individual insignificance but subject to individual impairment assessment	511,820.77	0.61	511,820.77	100.00	
Total	84,335,652.73	100.00	17,063,096.01		67,272,556.72

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

Unit	Amount in year-end			
	Other account	Bad debt provision	Withdrawal	Reason for allowance
Jiangxi Xuanli String Co., Ltd.	11,389,044.60	11,389,044.60	100.00	No executable property, unlikely to
Anhui Huapeng Textile Co.,Ltd.	1,800,000.00	1,800,000.00	100.00	Estimated irrecoverable
Shenzhen Tianlong Induatry& Trade Co., Ltd.	592,420.00	592,420.00	100.00	Has been conceled, unlikely to recover
Total	13,781,464.60	13,781,464.60		

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

Aging	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Within 1 year	11,352,480.28	567,626.77	5.00
1-2 years	597,886.88	59,788.69	10.00
2-3 years	1,400,122.83	420,036.85	30.00
Over 3 years	1,245,893.54	622,946.77	50.00
Total	14,596,383.53	1,670,399.08	

2.The current amount of provision for bad debts is RMB-999,411.56, no withdraw or return for bad debts.

(3)The company has no other receivables written off this period.

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

Category	Year-end balance	Year-beginning balance
Customs bond	1,454,781.62	44,643,087.38
Export rebate	7,804,119.33	18,179,211.88
Unit account	15,211,367.96	16,812,275.87
Deposit	1,752,199.92	1,858,126.16
Reserve fund and staff loans	849,212.52	900,116.01
Other	1,917,987.55	1,942,835.43
Total	28,989,668.90	84,335,652.73

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

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable(%)	Bad debt provision Closing balance
First	Unit account	11,389,044.60	Over 5 years	39.29	11,389,044.60
Second	Export rebate	7,095,090.85	Within 1 year	24.47	354,754.54
		709,028.48	2-3 years	2.45	212,708.54
Third	Unit account	1,800,000.00	1-2 years	6.21	1,800,000.00
Fourth	Deposit	1,209,290.24	Within 1 year	4.17	60,464.51
Fifth	Deposit	980,461.06	Over 5 years	3.38	490,230.53
Total		23,182,915.23		79.97	14,307,202.72

7.Inventories

(1) Inventories types

Items	Year-end balance	Year-beginning balance
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	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	134,843,713.96	12,679,234.15	122,164,479.81	107,814,144.09	9,148,167.24	98,665,976.85
Processing products	3,234,902.35		3,234,902.35	4,519,927.47	279,390.02	4,240,537.45
Finished product	108,902,736.97	24,036,100.64	84,866,636.33	139,369,316.72	32,193,843.63	107,175,473.09
Semi-finished product	79,495,655.06	15,302,692.03	64,192,963.03	91,137,927.46	19,961,869.86	71,176,057.60
Consigned processing	1,156,194.64		1,156,194.64	2,113,669.08		2,113,669.08
Total	327,633,202.98	52,018,026.82	275,615,176.16	344,954,984.82	61,583,270.75	283,371,714.07

(2) Inventory Impairment provision

Items	Year-beginning balance	Increased in current period		Decreased in current period		Year-end balance
		Provision	Other	Transferred back	Other	
Raw materials	9,148,167.24	10,916,215.70		7,385,148.79		12,679,234.15
Processing products	32,193,843.63	23,435,920.64		31,593,663.63		24,036,100.64
Semi-finished product	19,961,869.86	9,374,606.33		14,033,784.16		15,302,692.03
Finished product	279,390.02			279,390.02		
Total	61,583,270.75	43,726,742.67		53,291,986.60		52,018,026.82

8. Other current assets

Items	Year-end balance	Year-beginning balance
Structural Deposit	210,000,000.00	428,000,000.00
Trust financing	800,000,000.00	
Other financing product	10,000,000.00	1,000,000,000.00
After the deduction of input VAT	128,689,874.10	43,157.76
Total	1,148,689,874.10	1,428,043,157.76

9. Available-for-sale financial assets

(1) Available-for-sale financial assets

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	110,615,036.04	44,579,303.00	66,035,733.04	78,255,766.47	36,689,988.51	41,565,777.96
Measured by fair value	7,994,294.63		7,994,294.63	8,378,730.50		8,378,730.50
Measured by cost	102,620,741.41	44,579,303.00	58,041,438.41	69,877,035.97	36,689,988.51	33,187,047.46
Total	110,615,036.04	44,579,303.00	66,035,733.04	78,255,766.47	36,689,988.51	41,565,777.96

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

Items	Cost	Fair value
Equity instrument available for sale		
Fawer (000030)	8,940,598.31	7,994,294.63
Total	8,940,598.31	7,994,294.63

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

Investee	Book balance				Impairment provision				Shareholding proportion among the investees	Cash bonus of the reporting period
	Period-begin	Increase	Decrease	Period-end	Period-begin	Increase	Decrease	Period-end		
Shenzhen Jintian Industry	14,831,681.50			14,831,681.50	14,831,681.50			14,831,681.50	2.39	
Shenzhen Jiafeng Textile Co.,	16,800,000.00			16,800,000.00	16,800,000.00			16,800,000.00	10.80	
Shenzhen Guan Hua Printing &	5,491,288.71			5,491,288.71	5,058,307.01			5,058,307.01	45.00	
Shenzhen Union Development	2,600,000.00			2,600,000.00					2.87	208,000.00
Shenzhen Xiangjiang Trade	160,000.00			160,000.00					20.00	329,439.84
Shenzhen Xinfang Knitting	524,000.00			524,000.00					20.00	
Shenzhen Dailisi Knitting Co.,	2,559,856.26			2,559,856.26					30.00	894,510.00
Anhui Huapeng Textile Co.,	25,410,209.50			25,410,209.50		7,622,659.50		7,622,659.50	50.00	
Shenzhen South Textile Co.,	1,500,000.00			1,500,000.00					9.84	834,023.31
Shenzhen Xieli Automobile Co., Ltd.		4,243,705.44		4,243,705.44		266,654.99		266,654.99	50.00	
Changxing Junying Investment Partnership (LP)		28,500,000.00		28,500,000.00					57.00	

Total	69,877,035.97	32,743,705.44		102,620,741.41	36,689,988.51	7,889,314.49		44,579,303.00		2,265,973.15
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During the reporting period, Shenzhen Delis Underwear Co., Ltd. contracted for foreign operations. (2) On November 13, 2017, Anhui Huapeng Textile Co., Ltd. convened the board of directors, and the original contractor proposed to terminate the contracting operation and adjust the proposal for joint operation of the shareholders of the parties. Thereafter, the original contractor sent a letter to the company stating that it was unable to perform some of the terms of the contract, and the company would further negotiate with the original contractor. (3) The business license of Shenzhen Xieli Automobile Enterprise Co., Ltd. has been revoked by the industry and commerce department. The main asset of the company is the land use right. The liquidation group decided that the Hong Kong shareholders should be responsible for the disposal of the company's asset package. The matter is still in progress at the end of the period.

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

Category	Available for sale equity instruments	Available for sale debts instruments	Total
Impairment amount at the beginning period	36,689,988.51		36,689,988.51
Current provision	7,889,314.49		7,889,314.49
Including: Transferred from other comprehensive income			
Decreased of this period			
Including;transferred from the increased fair value			
Impairment amount at the end of period	44,579,303.00		44,579,303.00

10.Long-term equity investment

(1)Long-term equity investment

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Add investment			Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint venture											
Shenzhen Haohao Property Leasing Co., Ltd.	5,106,487.57			262,962.99						5,369,450.56	
Shenzhen Xieli Automobile Co., Ltd.	3,977,050.45								-3,977,050.45		
Subtotal	9,083,538.02			262,962.99					-3,977,050.45	5,369,450.56	
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	1,968,358.12			138,796.89						2,107,155.01	
Jordan Garment Factory	2,574,327.77			-196,831.05	-143,594.08					2,233,902.64	

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Add investment			Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
Hongkong Yehui International Co., Ltd.	11,223,087.09			896,550.79	-741,597.23		707,814.30			10,670,226.35	
Subtotal	15,765,772.98			838,516.63	-885,191.31		707,814.30			15,011,284.0	
Total	24,849,311.00			1,101,479.62	-885,191.31		707,814.30		-3,977,050.45	20,380,734.5	

11. Investment real estate

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

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	304,648,938.91			304,648,938.91
2. Increase in the current period	1,817,783.00			1,817,783.00
3. Decrease in the current period				
4 Year-end balance	306,466,721.91			306,466,721.91
II. Total accumulated depreciation accumulated amortization				
1. Year-begin balance	125,324,391.14			125,324,391.14
2. Increase in the current period	8,036,524.50			8,036,524.50
(1). Provision or amortization	8,036,524.50			8,036,524.50
3. Decrease in the current period				
4 Year-end balance	133,360,915.64			133,360,915.64
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
3. Decrease in the current period				
4. Balance at period-end				
IV. Book value				
1. Book value at period -end	173,105,806.27			173,105,806.27
2. Book value at period-beginning	179,324,547.77			179,324,547.77

(2) Investment real estate without certificate of ownership

Items	Book value	Reason for certificate not granted
Guan Hua Building	48,580,933.33	Settlement audit has not been completed

12. Fixed assets

(1) Fixed assets

Items	Houses & buildings	Machinery equipment	Transportations	Other	Total
I. Original price					
1. Opening balance	492,709,415.27	655,711,038.75	3,691,157.72	20,981,709.48	1,173,093,321.22
2. Increased amount of the period		4,658,269.68		1,491,553.04	6,149,822.72
(1) Purchase		3,298,016.81		1,491,553.04	4,789,569.85
(2) Transferred from construction in progress		1,360,252.87			1,360,252.87
3. Decrease in the current period		1,067,412.90		212,667.94	1,280,080.84
(1) Disposal		22,331.61		211,426.19	233,757.80
4. Balance at period-end	492,709,415.27	659,301,895.53	3,691,157.72	22,260,594.58	1,177,963,063.10
II. Accumulated amortization					
1. Balance at period-beginning	99,253,511.93	333,568,124.02	3,015,711.94	13,570,685.77	449,408,033.66
2. Increase in the current period	14,310,487.48	56,345,813.18	252,738.72	1,687,676.23	72,596,715.61
(1) Withdrawal	14,310,487.48	56,345,813.18	252,738.72	1,687,676.23	72,596,715.61
3. Decrease in the current period		12,014.27		162,872.09	174,886.36
(1) Disposal		12,014.27		162,872.09	174,886.36
4. Balance at period-end	113,563,999.41	389,901,922.93	3,268,450.66	15,095,489.91	521,829,862.91

Items	Houses & buildings	Machinery equipment	Transportations	Other	Total
III. Impairment provision					
1. Balance at period-beginning					
2. Increased amount of the period					
3. Decrease in the current period					
4. Balance at period-end					
IV. Book value					
1. Book value at period-end	379,145,415.86	269,399,972.60	422,707.06	7,165,104.67	656,133,200.19
2. Book value at period-beginning	393,455,903.34	322,142,914.73	675,445.78	7,411,023.71	723,685,287.56

Current depreciation is RMB72,596,715.61 .

13. Project under construction

(1) Project under construction

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for	Book Net value	Book balance	Provision for	Book Net value
TFT-LCD polarizing film II project	315,430,810.41		315,430,810.41	116,849,202.46		116,849,202.46
2500mm width production line	500,168.25		500,168.25			
Engineering transformation	4,629,218.20		4,629,218.20			
Other	2,009,976.87		2,009,976.87	2,955,028.97		2,955,028.97
Total	322,570,173.73		322,570,173.73	119,804,231.43		119,804,231.43

(2) Changes of significant construction in progress

Name	Budget	Amount at year beginning	Increase at this period	Transfer red 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	700340	116,849,202.46	198,581,607.95			315,430,810.41	45.04					Collect and Self-
Total		116,849,202.46	198,581,607.95			315,430,810.41	45.04					

14.Intangible assets

(1) List of intangible assets

Items	Land use right	Proprietary technology	Software	Total
I. Original price				
1.Opening balance	48,822,064.61	11,825,200.00	2,143,580.00	62,790,844.61
2.Increased amount of the period			448,200.00	448,200.00
(1) Purchase			448,200.00	448,200.00
3.Deceased at thisperiod				
4. Balance at period-end	48,822,064.61	11,825,200.00	2,591,780.00	63,239,044.61
II.Accumulated amortization				
1. Balance at period-beginning	10,323,775.51	11,825,200.00	943,214.78	23,092,190.29
2. Increase in the current period	960,098.28		316,082.64	1,276,180.92
(1) Withdrawal	960,098.28		316,082.64	1,276,180.92
3.Deceased amount of the period				
4. Balance at period-end	11,283,873.79	11,825,200.00	1,259,297.42	24,368,371.21
III. Impairment provision				
1. Balance at period-beginning				
2. Increase in the current period				
3.Deceased amount of the period				
4. Balance at period-end				
IV. Book value				
1.Book value at period -end	37,538,190.82		1,332,482.58	38,870,673.40
2.Book value at period-beginning	38,498,289.10		1,200,365.22	39,698,654.32

15. Goodwill

(1) Detail

Investee	Balance in year-begin	Increased at this period	Decreased at this period	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 Optoelectronic Technology Co., Ltd	9,614,758.55			9,614,758.55
Total	11,864,346.37			11,864,346.37

(2) Impairment of goodwill

Investee	Balance in year-begin	Increased at this period	Decreased at this period	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 Optoelectronic Technology Co., Ltd	9,614,758.55			9,614,758.55
Total	11,864,346.37			11,864,346.37

16. Long term amortize expenses

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end

Renovation fee	735,718.08	372,906.32	266,911.17		841,713.23
Other	237,363.60		43,786.75		193,576.85
Total	973,081.68	372,906.32	310,697.92		1,035,290.08

17. Deferred income tax assets/deferred income tax liabilities

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

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets depreciation reserves	5,190,838.04	1,297,709.51	4,114,242.48	1,028,560.61
Unattained internal sales profits	2,680,650.70	402,097.62	2,769,765.25	415,464.80
Changes in fair value of available for sale financial assets	946,303.68	236,575.93	561,867.81	140,466.95
Temporary differences in the formation of equity incentives	152,615.37	38,153.84		
Total	8,970,407.79	1,974,536.90	7,445,875.54	1,584,492.36

(2) Details of unrecognized deferred income tax assets

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	80,615,487.41	85,972,557.55
Deductible loss	486,014,140.23	620,306,699.39
Total	566,629,627.64	706,279,256.94

Due to the uncertainty which exists in whether sufficient taxable income can be obtained in the future , therefore, delay-tax capital has not been confirmed.

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

Year	Balance in year-end	Balance in year-begin	Remark
2017		134,292,559.16	

Year	Balance in year-end	Balance in year-begin	Remark
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	124,700,902.79	124,700,902.79	
Total	486,014,140.23	620,306,699.39	

18. Other non-current assets

Items	Balance in year-end	Balance in year-begin
Advance payment for equipment fund	2,772,114.56	
Advance payment for technical services	44,394,879.92	
Total	47,166,994.48	

19. Short-term loan

(1) Categories of short-term loans

Items	Balance in year-end	Balance in year-Beginning
Credit loans	88,638,181.45	12,335,695.77
Total	88,638,181.45	12,335,695.77

20. Account payable

(1) Account payable

Items	Balance in year-end	Balance in year-begin
Within 1 year	96,043,721.23	174,417,235.90
1-2 years	37,402.40	57,989.27
2-3 years	37,083.00	300,642.80
3-4 years	300,642.80	37,090.00
4-5 years	37,090.00	161,238.93
Over 5 years	648,757.75	487,518.82

Total	97,104,697.18	175,461,715.72
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21. Advance account

(1) Advance account

Items	Balance in year-end	Balance in year-begin
Within 1 year	33,708,344.84	29,225,153.57
1-2 years	240,275.96	433,268.34
2-3 years	364,922.45	
Over 5 years	639,024.58	639,024.58
Total	34,952,567.83	30,297,446.49

22. Payable Employee wage

(1) Payable Employee wage

Items	Balance in year-begin	<u>Increase in this period</u>	Payable in this period	Balance in year-end
I. Short-term employee benefits	27,379,719.86	134,810,437.72	132,686,896.93	29,503,260.65
II. Post-employment benefits		10,035,108.48	10,035,108.48	
III. Termination benefit		195,715.00	195,715.00	
Total	27,379,719.86	145,041,261.20	142,917,720.41	29,503,260.65

(2) Short-term remuneration

Items	Balance in year-begin	<u>Increase in this period</u>	Payable in this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	25,906,098.18	117,837,482.42	115,897,239.12	27,846,341.48
2. Employee welfare		6,463,527.44	6,463,527.44	
3. Social insurance premiums		2,765,780.46	2,765,780.46	
Including: Medical insurance		2,233,692.36	2,233,692.36	
Work injury insurance		259,364.21	259,364.21	
Maternity insurance		272,723.89	272,723.89	

Items	Balance in year-begin	<u>Increase in this period</u>	Payable in this period	Balance in year-end
4. Public reserves for housing		4,994,974.05	4,994,974.05	
5.Union funds and staff education fee	1,473,621.68	2,748,673.35	2,565,375.86	1,656,919.17
Total	27,379,719.86	134,810,437.72	132,686,896.93	29,503,260.65

(3) Defined contribution plans listed

Items	Balance in year-begin	<u>Increase in this period</u>	Payable in this period	Balance in year-end
1. Basic old-age insurance premiums		7,903,171.61	7,903,171.61	
2.Unemployment insurance		335,333.49	335,333.49	
3. Annuity payment		1,796,603.38	1,796,603.38	
Total		10,035,108.48	10,035,108.48	

23.Tax Payable

Items	At end of term	At beginning of term
VAT	548,014.78	6,142,344.63
City Construction tax	34,389.37	523,339.31
Enterprise Income tax	3,912,084.91	4,152,120.51
Individual Income tax	704,212.04	428,263.53
House property Tax	1,541,424.38	1,538,122.93
Education surcharge	22,055.75	373,812.63
Other	173,081.34	837,722.65
Total	6,935,262.57	13,995,726.19

24.Interest Payable

Items	At end of term	At beginning of term
Interest on long-term borrowings payable	45,570,662.08	42,805,384.31
Interest on short-term borrowings	228,881.96	37,221.21

Items	At end of term	At beginning of term
Total	45,799,544.04	42,842,605.52

25.Other payable

(1) Disclosure by nature

Items	At end of term	At beginning of term
Engineering Equipment fund	34,977,749.54	46,903,714.95
Unit account	48,697,613.74	49,538,660.22
Deposit	25,090,664.49	24,625,922.69
Restrictive stock repurchase obligation	27,230,679.00	
Other	19,030,092.77	26,040,292.33
Total	155,026,799.54	147,108,590.19

26.Non-currentliabilitiesdue within 1 year

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

The long-term borrowings at the end of period are the borrowings extended to the Company by Pingan Bank.Shenzhen Jiangsu Building Branch. Entrusted by Shenzhen Shenchao Technology Investment Co.,Ltd.

27.Long-term borrowings

(1) Long-term term borrowings

Items	At end of term	At beginning of term
Credit borrowings	40,000,000.00	80,000,000.00
Total	40,000,000.00	80,000,000.00

The long-term borrowings at the end of period are the borrowings extended to the Company by Pingan Bank.Shenzhen Jiangsu Building Branch. Entrusted by Shenzhen Shenchao Technology Investment Co.,Ltd.

28.Deferred income

Items	Balance in	Increase at this	Decrease at this	Balance in year-end
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	year-begin	period	period	
Government Subsidy	110,045,784.62	31,488,137.00	6,766,856.90	134,767,064.72
Total	110,045,784.62	31,488,137.00	6,766,856.90	134,767,064.72

Details of government subsidy:

Items	Balance in year-begin	New grants amount of this period	Profit and loss amount recorded in the current period	Other transfer amount	Balance in year-end	Income related to assets
Textile special funds	857,142.88		142,857.15		714,285.73	Related to assets
High-tech Industrialization demonstration projects	600,000.00		200,000.00		400,000.00	Related to assets
National grant funds for new flat panel display industry	3,000,000.00		1,000,000.00		2,000,000.00	Related to assets
Grant funds for TFT-LCD polarizer industry project	6,933,333.34		1,300,000.00		5,633,333.34	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	3,000,000.00		500,000.00		2,500,000.00	Related to assets
Purchase of imported equipment and technology	1,027,197.18		175,090.20		852,106.98	Related to assets
Innovation and venture capital for TFT-LCD polarizer I project	300,000.00		50,000.00		250,000.00	Related to assets
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	412,500.00		50,000.00		362,500.00	Related to assets
Shenzhen Engineering laboratory polarizing material and technical engineering	4,125,000.00		500,000.00		3,625,000.00	Related to assets

Capital funding for Technology Center	2,475,000.00		300,000.00		2,175,000.00	Related to assets
Subsidy funds to support the introduction of advanced technology	86,328.60		14,388.09		71,940.51	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
key technology research and development projects of optical compensation film for polarizer	5,000,000.00		375,000.00		4,625,000.00	Related to assets
Strategic industries Development fund of Guangdong Province	25,000,000.00				25,000,000.00	Related to assets
Grants of Purchase equipment of TFT-LCD polarizing film phase II project	30,000,000.00				30,000,000.00	Related to assets
Energy saving transformation grant funds	145,744.42		29,642.93		116,101.49	Related to assets
Polarization Industrialization Project for Super Large-sized TVs (Line 7) Central Budget Investment		30,000,000.00			30,000,000.00	Related to assets
Old Elevator Renovation Fund Subsidy		1,218,640.00	276,843.33		941,796.67	Related to assets
Loan interest	725,833.20			725,833.20		Related to assets

Imported equipment and technology discount funds	857,705.00			857,705.00		Related to assets
In 2016, the National Foreign Trade and Economic Cooperation Commission developed a special fund to import interest subsidies		269,497.00		269,497.00		Related to assets
Total	110,045,784.62	31,488,137.00	4,913,821.70	1,853,035.20	134,767,064.72	

(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 RMB142,857.88, the ending balance of uncompleted amortization is RMB714,285.73 .

(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 200,000.00 and the balance amount of unfinished final amortization is RMB 400,000.00.

(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 RMB100,000.00, the balance amount of unfinished final amortization is RMB2,000,000.00.

(4). 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 RMB1,300,000.00. and the balance amount of unfinished final amortization is RMB5,633,333.34.

(5). 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 RMB5,000,000.00 and the balance amount of unfinished final amortization is RMB2,500,000.00.

(6). 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 RMB175,090.20 and the balance amount of unfinished final amortization is RMB852,106.98.

(7). On December 2013, The company received the funds for innovation and entrepreneurship of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB50,000.00 and the balance amount of unfinished final amortization is RMB250,000.00.

(8)On December 2013, The company received the funds for innovation and entrepreneurship of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB50,000.00 and the balance amount of unfinished final amortization is RMB362,500.00.

(9). 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 RMB500,000.00 and the balance amount of unfinished final amortization is RMB3,625,000.00.

(10). 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 RMB300,000.00 and the balance amount of unfinished final amortization is RMB2,175,000.00.

(11)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 RMB14,388.09 and the balance amount of unfinished final amortization is RMB71,940.51.

(12). 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.

(13). According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2nd industrial restructuring) notify the central budget for 2014 investment plan" (NDRC Investment [2014] No. 1280), the company obtained TFT- LCD polarizer II project (line 6) state grants of RMB 10,000,000.00 in December 2014.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). 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;

(15) On Jan. 2015, the company received RMB 5 million of grants for key technology research and development projects of optical compensation film for polarizer from Shenzhen Scientific and Technological Innovation Committee. The company has reached the expected date of use of the assets., the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB375,000.00 and the balance amount of unfinished final amortization is RMB4,625,000.00.

(16). According to “Reply on Congregating Development in Emerging Industrial Area Strategic Pilot Implement Scheme of Guangdong Province ”(Reform and Development Office High-Tech [2013] No.2552, On December 2015, the Company received RMB20 million of the pilot project fund(period II project of TFT-LCD polarizer). On October 2016, the Company received RMB 5 million of Shenzhen strategic emerging industries and the future development of industrial matching funds, 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

(17). According to Reform and Development Commission of Shenzhen Municipality sending the notice of “Reply of National Reform and Development Office on Investing in Petrification and Medicine Project within Central Budget of 2013 for Industry Structure Adjustment Special Project”(Reform and Development Commission of Shenzhen Municipality [2013]No.1449) , the Company received 30 million RMB of new production line of TFT-LCD polarizer project period II and equipment purchase subsidy in August 2015 ,December 2015 and September 2016. 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). In 2015 and In 2016, the Company received the subsidy funds of 202,608.00 RMB and 34,535.45 RMB on energy-saving reconstruction, amortized by 8-year depreciation life of the relevant asset, the Other income was RMB 29,642.93 at the current period, the ending balance without amortization was RMB 116,101.49.

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

20. In 2017, the company received 1,218,640.00 yuan for the old elevator upgrade subsidy, which was apportioned according to the depreciation period of the relevant assets. The current period was included in other income of 276,843.33 yuan, and the unassessed balance at the end of the period was 941,796.67 yuan.

29. Stock capital

	<u>Year-beginning balance</u>	<u>Changed (+, -)</u>					Year-end balance
		Issuance of new share	Bonus shares	Capitali zation of public reserve	Other	Subtotal	
Total shares	506,521,849.00	4,752,300.00				4,752,300.00	511,274,149.00

According to the Proposal on '2017 Restricted Stock Incentive Plan (Draft) and its Abstract of Shenzhen Textile (Group) Co., Ltd.' adopted by the company in the resolution of the 3rd Extraordinary General Meeting of 2017, On December 14, 2017, the company granted 4,752,300 shares of restricted stock to the incentive target, and the grant price was 5.73 yuan/share. A total of 27,230,679.00 yuan of investment funds were received, of which 4,752,300.00 yuan was included in share capital, 22,478,379.00 yuan was included in the capital reserve. Restricted stock incentive plans will be lifted at the rates of 40%, 30%, and 30% for the 12 months, 24 months, and 36 months on the first trading day after 24 months from the date of registration is granted. After the lifting of the restricted sales, the company handles the lifting of sales restrictions for the incentive objects that satisfy the conditions for releasing restrictions on sales, and the restricted stocks held by the incentive objects that do not satisfy the conditions for lifting restrictions on sales are cancelled by the company's repurchase. As of December 31, 2017, the company confirmed that the restricted stock treasury shares with repurchase obligations were RMB 27,230,679.00.

30. Capital reserve

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,826,482,608.54	22,478,379.00		1,848,960,987.54
Other	10,722,643.41	6,317,844.22		17,040,487.63
Total	1,837,205,251.95	28,796,223.22		1,866,001,475.17

The capital (equity) premium increased by RMB 22,478,379.00 in the current period, see Note 5 (29). The increase in other capital reserves includes: The increase in other capital reserves includes: confirmation of 284,491.54 yuan of restricted stock incentive expenses of current period; an increase of 6,033,352.68 yuan of other capital reserve due to changes in other equity of long-term equity investment units.

31. Treasury stock

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Treasury stock		27,230,679.00		27,230,679.00

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Total		27,230,679.00		27,230,679.00

See to Note V(29)

32. Other Comprehensive income

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	
1. Other comprehensive income will be reclassified into income or loss in the future							
Including: remeasurement of net assets or net liabilities of defined benefit plans							
Share of other comprehensive income of the investee that cannot be transferred to profit or loss accounted for using the equity method							
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	3,392,222.07	-1,269,627.18		-96,108.98	-1,173,518.20	-	2,218,703.87
Including: Share of other comprehensive income of the investee that cannot be transferred to profit or loss accounted for using the equity method							
Gains and losses from changes in fair value of financial assets available for sale	1,789,105.39	-384,435.87		-96,108.98	-288,326.89		1,500,778.50
Held-to-maturity investment that is reclassified as financial							

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	
assets available for sale							
Effective gains(losses) arising from cash flow hedging instruments							
Translation differences of financial statements denominated	1,603,116.68	-885,191.31			-885,191.31		717,925.37
Total of other comprehensive income	3,392,222.07	-1,269,627.18		-96,108.98	-1,173,518.20		2,218,703.87

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	

33.Surplus reserve

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	73,710,682.05	3,766,360.14		77,477,042.19
Total	73,710,682.05	3,766,360.14		77,477,042.19

The increase in the surplus reserves for the current period is caused by the legal surplus reserves withdrawn as per 10% of the net profits of the parent company.

34.Retained profits

Items	Amount of this period	Amount of last period
Before adjustments: Retained profits at the period end	-81,275,828.76	9,166,137.97
Adjustment: Total unappropriated profits at the beginning of the year		
After adjustments: Retained profits at the period beginning	-81,275,828.76	9,166,137.97
Add: Net profit attributable to owners of the Company for the period	52,776,101.46	-87,270,604.54
Less: Appropriation to statutory surplus reserve	3,766,360.14	3,171,362.19
Appropriation to discretionary surplus reserve		
Appropriation to Common risk provision		
Common stock dividend payable		
Common stock dividends Converted to shares		
Retained profits at the period end	-32,266,087.44	-81,275,828.76

35.Business income, Business cost

(1) Business income, Business cost

Items	Amount of current period	Amount of previous period
Income from Main Business	1,453,285,358.21	1,194,070,877.33
Other Business income	22,260,361.51	4,129,339.09
Total	1,475,545,719.72	1,198,200,216.42
Main business cost	1,294,313,208.94	1,124,006,316.97
Other business cost	5,290,510.43	4,128,171.57

Total	1,299,603,719.37	1,128,134,488.54
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(2) Main business (Industry)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic and foreign trade	490,391,227.85	481,342,760.55	335,055,650.00	331,069,725.53
Manufacturing	869,112,546.94	786,401,813.99	766,658,201.79	766,963,524.67
Property management, leasing	93,781,583.42	26,568,634.40	92,357,025.54	25,973,066.77
Total	1,453,285,358.21	1,294,313,208.94	1,194,070,877.33	1,124,006,316.97

(3) Main business (Production)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Property and rental income	93,781,583.42	26,568,634.40	92,357,025.54	25,973,066.77
Textile income	41,273,987.57	37,280,504.80	29,011,426.03	29,754,708.71
Polaroid income	851,531,250.79	771,786,016.96	798,562,759.96	796,982,437.95
Trade income	466,698,536.43	458,678,052.78	274,139,665.80	271,296,103.54
Total	1,453,285,358.21	1,294,313,208.94	1,194,070,877.33	1,124,006,316.97

(4) Main Business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic	1,081,489,243.21	937,367,743.11	735,985,879.85	666,419,200.41
Oversea	371,796,115.00	356,945,465.83	458,084,997.48	457,587,116.56
Total	1,453,285,358.21	1,294,313,208.94	1,194,070,877.33	1,124,006,316.97

(5) Operating income from top five clients

Name	Income	Proportion
First	331,163,008.11	22.44%

Second	239,193,499.55	16.22%
Third	160,533,333.31	10.88%
Fourth	94,020,137.88	6.37%
Fifth	53,901,190.74	3.65%
Total	878,811,169.59	59.56%

36.Business tax and subjoin

Items	Amount of current period	Amount of previous period
Business tax	2,582,286.91	1,715,285.95
Urban construction tax	2,614,191.92	1,661,949.35
Education surcharge	1,867,281.00	1,189,198.70
House taxes	5,654,961.18	4,255,454.46
Other	1,244,275.86	1,515,360.09
Total	13,962,996.87	10,337,248.55

According to the No. 53 Notice of SAT on Several Management Problems on Pilot of the Policy to Replace the Business Tax with a Value-Added Tax of SAT at 2016, the company paid a sales tax of 2,582,286.91 yuan for the sale of stock, a city maintenance and construction tax of 180,760.08 yuan, an additional education fee of 129,114.35 yuan for the local education fee.

37.Sales expenses

Items	Amount of current period	Amount of previous period
Wage	3,964,710.67	3,526,911.70
Transportation changes	3,658,484.53	3,597,049.16
Exhibition fee	128,319.69	144,038.99
Advertising expenses	1,028,166.65	1,500,682.28
Business expenses	546,124.92	658,449.42
Samples and product loss	614,890.41	734,568.30
Other	9,940,696.87	10,161,699.85
Total		

38.Administrative expenses

Items	Amount of current period	Amount of previous period
Wage	47,129,961.42	37,908,622.64
Including : Equity incentive fee	356,400.00	
R & D	39,036,089.05	39,308,762.42
Depreciation of fixed assets	7,515,631.05	6,334,069.36
Water and electricity	3,207,271.84	3,691,710.81
Agency expenses	2,463,731.11	3,622,603.75
Intangible assets amortization	1,276,180.92	1,190,516.13
Travel expenses	1,200,930.15	1,263,416.46
Office expenses	1,056,086.57	1,275,950.04
Business entertainment	987,917.92	1,266,522.93
Lawsuit expenses	797,131.31	213,591.27
Repair charge	670,928.38	588,210.55
Property insurance	448,304.56	482,301.29
Low consumables amortization	205,480.20	39,235.00
Board fees	57,031.35	66,038.00
Other	8,303,925.82	7,388,191.76
Tax		2,231,023.75
Low consumables amortization		30,966.96
Total	114,356,601.65	106,901,733.12

39.Financial Expenses

Items	Amount of current period	Amount of previous period
Interest expenses	4,130,427.79	4,387,599.58
Interest income	-34,831,809.25	-25,566,161.61
Exchange loss	-2,979,397.55	17,779,034.00
Fees and other	2,509,618.20	1,721,391.38
Total	-31,171,160.81	-1,678,136.65

40. Loss of assets impairment

Items	Amount of current period	Amount of previous period
I. Losses for bad debts	-2,541,674.78	3,369,678.06
II. Losses for falling price of inventory	43,726,742.67	39,117,206.06
III. Impairment losses on financial assets available for sale	7,622,659.50	
Total	48,807,727.39	42,486,884.12

41. Investment income

(1). Detail

Items	Amount of this period	Amount of last period
Investment income from the disposal of long-term equity investment	1,101,479.62	1,467,403.29
Hold the investment income during from available-for-sale financial assets	2,568,609.75	3,756,010.47
Trust income	49,885,730.58	
Total	53,555,819.95	5,223,413.76

(2). Long-term equity investment income by Equity method

Name	Amount of current period	Amount of previous period
Shenzhen Haohao Property Leasing Co., Ltd.	262,962.99	708,646.69
Shenzhen Xieli Automobile Co., Ltd.		181,746.48
Shenzhen Changlianfa Printing and dyeing Company	138,796.89	96,981.03
Jordan Garment Factory	-196,831.05	-1,007,494.50
Yehui International Co., Ltd.	896,550.79	1,487,523.59
Total	1,101,479.62	1,467,403.29

42. Other income

Name	Amount of current period	Amount of previous period

Name	Amount of current period	Amount of previous period
Government subsidy	12,567,426.98	
Total	12,567,426.98	

Governmentsubsidy projects:

Items	Amount of this period	Amount of last period	Assets-related/ income -related
Subsidy amortization of the project of TFT-LCD polarizer industrialization	1,300,000.00		Related to assets
National grant fundsfor new flat panel display industry	1,000,000.00		Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	500,000.00		Related to assets
Shenzhen polarizing material and technical engineering	500,000.00		Related to assets
Amortization of funds for the Development of key Technology of Optical compensation Film for Polarizer	375,000.00		Related to assets
Subsidy funds to support the introduction of advanced technolog	300,000.00		Related to assets
Old Elevator Renovation Fund Subsidy	276,843.33		Related to assets
National grant fundsfor new flat panel display industry	200,000.00		Related to assets
Imported equipment and technology discount funds	175,090.20		Related to assets
Textile special funds	142,857.15		Related to assets
Innovation entrepreneurship fund amortization of TFT-LCD polarizer period I project for Pingshan New District Development and Finance Bureau	50,000.00		Related to assets
Shenzhen Engineering laboratory polarizing material and technical engineering	50,000.00		Related to assets
Energy saving transformation grant funds amortization	29,642.93		Related to assets
Financing aid amortization of introducing advanced technique	14,388.09		Related to assets
2016 Finance Committee subsidies for productive utilities	4,027,500.00		Related to income

2016 Enterprise R & D funding	2,892,000.00		Related to income
Shenzhen Science & Technology Innovation Committee allocated 2016 annual science and technology award	500,000.00		Related to income
Stable employment subsidies	189,605.28		Related to income
Patent funding	27,000.00		Related to income
Subsidy of the exhibition	17,500.00		Related to income
Total	12,567,426.98		

43. Non-Operation income

1. Detail

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	1,510.00		1,510.00
Including: Gains from disposal of fixed assets	1,510.00		1,510.00
Government Subsidy		9,578,484.46	
Other	786,057.93	5,493,962.69	786,057.93
Total	787,567.93	15,072,447.15	787,567.93

2. Government subsidy

Items	Amount of this period	Amount of last period	Assets-related/ income -related
Grant funds for TFT-LCD polarizer narrow line (line 5) project		500,000.00	Related to assets
Purchase of imported equipment and technology		175,090.20	Related to assets
Textile special funds		142,857.14	Related to assets
Government R & D subsidies		200,000.00	Related to assets

High-tech Industrialization demonstration projects		1,000,000.00	Related to assets
Loan subsidy interest allocated by Finance Commission of Shenzhen Municipality		241,944.44	Related to assets
Subsidy amortization of the project of TFT-LCD polarizer industrialization		1,300,000.00	Related to assets
Innovation entrepreneurship fund amortization of TFT-LCD polarizer period I project for Pingshan New District Development and Finance Bureau		50,000.00	Related to assets
Financing aid amortization of introducing advanced technique		14,388.10	Related to assets
Innovation entrepreneurship subsidy of Pingshan New District Development and Finance Bureau		177,600.00	Related to income
Stable employment subsidies		770,617.05	Related to income
Longgang Bureau of subsidies		20,000.00	Related to income
Subsidy of the exhibition		27,300.00	Related to income
Interest subsidy		38,851.00	Related to income
Patent funding		2,000.00	Related to income
Financial subsidy funds for recycling projects in the park		89,000.00	Related to income
High-tech major projects Special funds		3,940,200.00	Related to income
Shenzhen Engineering laboratory polarizing material and technical engineering		50,000.00	Related to assets
Shenzhen polarizing material and technical engineering		500,000.00	Related to assets
Capital funding for Technology Center		300,000.00	Related to assets
Energy saving transformation grant funds amortization		38,636.53	Related to assets
Total		9,578,484.46	

44. Non-current expenses

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Total of non-current asset Disposition loss	53,641.44	138,610.37	53,641.44

Incl: loss of fixed assets disposition	53,641.44	138,610.37	53,641.44
Other	1,961,815.52	81.57	1,961,815.52
Total	2,015,456.96	138,691.94	2,015,456.96

45. Income tax expenses

(1) Income tax expenses

Items	Amount of current period	Amount of previous period
Current income tax expense	11,572,753.97	8,465,565.16
Deferred income tax expense	-293,935.56	818,507.24
Total	11,278,818.41	9,284,072.40

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

Items	Amount of current period
Total profits	84,940,496.28
Income tax computed in accordance with the applicable tax rate	21,235,124.08
Effect of different tax rate applicable to the subsidiary Company	-7,259,676.43
Influence of income tax before adjustment	19,332.03
Influence of non taxable income	-595,469.40
Impact of non-deductible costs, expenses and losses	359,315.09
Affect the use of deferred tax assets early unconfirmed deductible losses	3,479,680.00
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	-1,080,138.26
Other	-4,879,348.70
Income tax expense	11,278,818.41

46. Other comprehensive income

(1). Other comprehensive income items and income tax effects and transferred to profit and loss

Items	Amount of current period	Amount of previous period
I. Net amount included in other comprehensive income that cannot be transferred to profit or loss in the future		

Items	Amount of current period	Amount of previous period
I.Share of other comprehensive income of the investee that cannot be transferred to profit or loss accounted for using the equity method		
II. Net amount included in other comprehensive income that can be transferred to profit or loss in the future	-1,173,518.20	180,034.72
1.Share of other comprehensive income of the investee that can be transferred to profit or loss accounted for using the equity method		
Less: Previously recognized in other comprehensive income, Profit or loss in current period		
Subtotal		
2. The income gains (losses) amount of available for sale financial assets	-384,435.87	-1,675,746.10
Less: Recognized in other comprehensive income that tax effect amount	-96,108.98	-418,936.52
Less: Previously recognized in other comprehensive income, Profit or loss in current period		
Subtotal	-288,326.89	-1,256,809.58
3.Translation differences of financial statements denominated in foreign currencies	-885,191.31	1,436,844.30
Less: Previously recognized in other comprehensive income, Profit or loss in current period		
Subtotal	-885,191.31	1,436,844.30
III.Total of other comprehensive income	-1,173,518.20	180,034.72

(2).Adjustment process of accounting profit and income tax expense

Items	Gains and losses from changes in fair value of available for sale financial assets	Foreign currency translation differences of financial statements	Subtotal
I. Beginning balance last year	3,045,914.97	166,272.38	3,212,187.35
II.Changes in the amount last year	-1,256,809.58	1,436,844.30	180,034.72
III.Beginning balance this year	1,789,105.39	1,603,116.68	3,392,222.07
IV.Changes in the amount this year	-288,326.89	-885,191.31	-1,173,518.20
V.The year-end balance	1,500,778.50	717,925.37	2,218,703.87

47.Items of Cash flow statement

(1)Other cash received from business operation

Items	Amount of current period	Amount of previous period
Government Subsidy	39,141,742.28	20,100,103.50
Customs bonds	62,147,586.38	
Bank deposit interest income and other	10,718,233.12	48,207,690.04
Total	112,007,561.78	68,307,793.54

(2).Other cash paid related to operating activities

Other cash paid relating to operating activities this period was 52, 781, 140. 84, mainly for the payment of the cost of sales and administration expenses and Customs bond.

(3).Other Cash received related to investment activities

Items	Amount of current period	Amount of previous period
Principal and income	3,566,066,407.98	819,808,170.47
Temporary transfer of Xieli assets		25,760,086.27
Total	3,566,066,407.98	845,568,256.74

(4)Cash paid related to other investment activities

Items	Amount of current period	Amount of previous period
Financing investment	3,093,000,000.00	1,766,000,000.00
Total	3,093,000,000.00	1,766,000,000.00

48.Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	73,661,677.87	-87,270,604.54
Add: Impairment loss provision of assets	-4,484,259.21	-2,760,742.85

Supplement Information	Amount of current period	Amount of previous period
Depreciation of fixed assets, oil and gas assets and consumable biological assets	80,633,240.11	81,816,714.90
Amortization of intangible assets	1,276,180.92	1,190,516.13
Amortization of Long-term deferred expenses	310,697.92	346,972.72
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets		
Loss on scrap of fixed assets	52,131.44	138,610.37
Loss on fair value changes		
Financial cost	-13,705,106.94	-746,916.53
Loss on investment	-53,555,819.95	-5,223,413.76
Decrease in deferred income tax assets	-293,935.56	818,507.24
Increased of deferred income tax liabilities		
Decrease of inventories	17,321,781.84	31,533,751.72
Decrease of operating receivables	24,700,270.54	-76,300,478.05
Increased of operating Payable	-165,297,549.09	1,192,616.81
Other	10,861,987.80	
Net cash flows arising from operating activities	-28,518,702.31	-55,264,465.84
II. Significant investment and financing activities that without cash flows:		
Debt-to-capital conversion		
Convertible loan due within 1 year		
Fixed assets acquired under financial lease		
3. Movement of cash and cash equivalents:		
Ending balance of cash	1,161,240,139.33	930,114,436.57
Less: Beginning balance of cash equivalents	930,114,436.57	748,658,875.60
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		

Supplement Information	Amount of current period	Amount of previous period
Net increase of cash and cash equivalents	231,125,702.76	181,455,560.97

(2)Composition of cash and cash equivalents

Items	Year-end balance	Year-beginning balance
I. Cash	1,161,240,139.33	930,114,436.57
Including: Cash at hand	17,771.09	22,807.86
Demand bank deposit	1,159,202,998.15	928,279,046.07
Demand other monetary funds	2,019,370.09	1,812,582.64
Payments to the central bank for payment		
Depositing performs		
Loan to performs		
II. Cash equivalents		
Including: Debt instrument matured within three months		
III. Balance of cash and cash equivalents at the period end	1,161,240,139.33	930,114,436.57

49.Foreign currency monetary items

(1)Foreign currency monetary items

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds			
Including: USD	1,323,907.97	6.5342	8,650,679.46
JPY	2,281,957.00	0.057883	132,087.16
HKD	595,484.74	0.83591	497,766.68
Account receivable			
Including: USD	3,331,963.34	6.5342	21,771,714.86
JPY	4,053,216.00	0.057883	234,612.30
HKD	278,280.00	0.83591	232,617.03

Other receivable			
Including: USD	37,399.02	6.5342	244,372.68
Account payable			
Including: USD	3,427,854.34	6.5342	22,398,285.81
JPY	823,311,943.13	0.057883	47,655,765.20
Other payable			
Including: USD	17,980.00	6.5342	117,484.92
JPY	972,000.00	0.057883	56,262.28
Euro	22,500.00	7.8023	175,551.75
Short –term loans			
Including: USD	1,688,052.20	6.5342	11,030,070.69
JPY	1,340,775,543.00	0.057883	77,608,110.76
Interest payable			
Including: USD	7,781.28	6.5342	50,844.44
JPY	3,075,817.08	0.057883	178,037.52

VIII. Change in consolidation scope

No change of scope of consolidation from last year.

IX. Equity in other entity

1. Equity in subsidiary

(1) Constituted 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
Shenfeng Property Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00		Establish

Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Production of fully electronic jacquard knitting whole shape	100.00		Establish
Shenzhen Shengbo Ophoelectric Technology Co., Ltd	Shenzhen	Shenzhen	Operating import and export business	60.00		Purchase
Shenzhen Shenfang Import & export Co., Ltd.	Shenzhen	Shenzhen	Operating import and export business		100.00	Establish
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Production and sales of polarizer		100.00	Establish

(3).Equity in joint venture arrangement or associated enterprise

1. Joint venture 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

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture:		
Total book value of the investment	5,369,450.56	9,083,538.02
Total amount of the pro rata calculation of the following items		
--Net profit	262,962.99	890,393.17
--Other Comprehensive income		
--Total comprehensive income	262,962.99	890,393.17

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Dividends received from joint ventures this period		
Associated enterprise:		
Total book value of the investment	15,011,284.00	15,765,772.98
Total amount of the pro rata calculation of the following items		
--Net profit	838,516.63	577,010.12
--Other Comprehensive income	-885,191.31	1,436,844.30
--Total comprehensive income	-46,674.68	2,013,854.42
Dividends received from joint ventures this period	707,814.30	934,205.65

X. Risks Related to Financial Instruments

The company has the main financial instruments, such as bank deposits, receivables and payables, investments, loans and so on. Please refer to the relevant disclosure in Notes for the details. The risks associated with these financial instruments mainly include credit risk, market risk and liquidity risk. The company'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.

XI. The disclosure of the fair value

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

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	7,994,294.63			7,994,294.63
1.Equity instrument investment	7,994,294.63			7,994,294.63
Total of Consistent fair value measurement	7,994,294.63			7,994,294.63

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 December 29,2017.

XII. Related parties and related-party transactions

1.Parent company information of the enterprise

Name	Registered address	Nature	Registered capital	The parent company of the Company's	The parent company of the Company's vote
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			(RMB'0000)	shareholding ratio	ratio
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	2,158,000.00	45.78	48.94

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 final control of the Company was Shenzhen People's Government state owned assets supervision & Administration Commission.

2.Subsidiaries of the Company

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

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

Details refer to the Note VII-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
Shengbo (HK) Co., Ltd.	The Company Executives are Director of the company
Hangzhou Jinjiang Group Co., Ltd.	The controlling party of Shengbo Optoelectronics Shareholder
Kunshan Linlin Optoelectronic Material Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Zhejiang Jinhao Optoelectronic Material Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Lan Xi Jinxin Investment Management Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Zhejiang Hengjie Industry Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
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

5. Related transactions.

1. Sales of goods and vendering of services

Related party	Content	Amount of current period	Amount of previous period
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarizer sheet	4,835,900.92	1,546,092.92

2. Providing services to related parties

Related party	Contents of related transaction	The amount of the current period (tax included)	The amount of the previous period
Zhejiang Jinhao Optoelectronic Material Co., Ltd.	Project construction service fee	13,000,000.00	
Kunshan Jinlin Optoelectronic Material Co., Ltd.	Project construction service fee	15,000,000.00	
Total		28,000,000.00	

Shenzhen Shengbo Optoelectronics Technology Co., Ltd. (hereinafter referred to as “Shengbo Optoelectronics”), the company's subsidiary, provides construction services for the light guide plate production line (Phase 1) of Kunshan Jinlin Optoelectronic Materials Co., Ltd. , and the liquid crystal reflective film production line project (Phase 1) of Zhejiang Jinhao Optoelectronic Material Co., Ltd. Shengbo Optoelectronics received a total construction service fee of 28,000,000.00 yuan in this period. After deducting the output tax amount, 16,359,506.64 yuan was included in other business income of Shengbo Optoelectronic, and 10,055,587.80 yuan was included in capital reserve of Shengbo Optoelectronic. In addition, Shengbo Optoelectronics invested a total of 127,339,160.50 yuan in these two projects in this period, which was fully recovered by the end of the period.

3. Establishing an industrial fund together with related parties

On November 16, 2017, Shengbo Optoelectronics signed a Partnership Agreement of Changxing Junying Equity Investment Partnership (limited partnership) with Hangzhou Huaiji Investment Management Co., Ltd., Lanxi Jinxin Investment Management Co., Ltd. (hereinafter referred to as Jinxin Investment) and other limited partners, and jointly initiated the establishment of Changxing Junying Equity Investment Partnership (Limited Partnership). The total investment of the industrial fund is 50,000,000.00 yuan, of which, the Jinxin Investment (general partner) subscribed for 6,500,000.00 yuan, accounting for 13.0% of the total; and Shengbo Optoelectronics (limited partner) subscribed for 28,500,000.00 yuan, accounting for 57.00% of the total; others limited partners subscribed for 15,000,000.00 yuan, accounting for 30.00% of the total. As of the end of the deadline, Shengbo Optoelectronics had paid the capital of 28,500,000.00 yuan.

The distribution order of the partnership's income is as follows: (1) Shengbo Optoelectronics

obtains the actual capital contribution amount and expected annualized revenue (the expected annualized return rate is 8%); (2) Jinxin Investment and other limited partners obtain the actual capital contribution amount and expected investment income (excess income out of the annualized rate of return 8%). In addition, according to the Balance Supplement Agreement signed by Shengbo Optoelectronics and Zhejiang Hengjie Industrial Co., Ltd., if Shengbo Optoelectronics cannot obtain investment equity funds after the expiration of the duration of the partnership business, Zhejiang Hengjie Industrial Co., Ltd. unconditionally pays Shengbo Optoelectronics for its loss of the investment principal and expected return differential.

4. Entrusted loans of related party

In order to carry out TFT-LCD polarizer project construction, the company signed an entrusted loan contract with Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Jiangsu Building Branch of Ping An Bank in 2010. The contract stipulates that Shenzhen Shenchao Science & Technology Investment Co., Ltd. entrusts Shenzhen Jiangsu Building Branch of Ping An Bank to loan 200,000,000.00 yuan to the Company. The term of the loan was 108 months from the date the first entrusted loan was issued to the company's account. The entrusted loan interest rate was lowered by 2% based on the 5-year commercial loan interest rate announced and issued by the People's Bank of China. In case of adjustments to the 5-year commercial loan interest rate of the People's Bank of China, from the first day of the next month of the benchmark interest rate adjustment, the entrusted loan interest rate will be lowered by two percentage points according to the adjusted 5-year commercial loan interest rate. As of December 31, 2017, the balance of the company's borrowings was 80,000,000.00 yuan.

5. Rewards for the key management personnel

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	482.48 million	3.8905 million

6. Receivables and payables of related parties

(1) Receivables

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.	1,555,500.44	77,775.02	256,427.69	12,821.38
Other Account receivable	Anhui Huapeng Textile Company	1,800,000.00	1,800,000.00	3,600,000.00	270,000.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	440,508.46	22,025.42	300,048.12	15,002.41

(2) Payables

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.	1,178,449.95	846,503.89
Other payable	Shenzhen Haohao Property Leasing Co., Ltd.	4,104,489.85	4,954,489.85
Other payable	Yehui International Co.,Ltd.	1,135,399.49	1,214,994.65
Other payable	Shengbo (Hongkong) Co., Ltd.	315,000.00	315,000.00
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.	45,570,662.08	42,805,384.31

XIII.Share payment

1. Overall situation of share payment

Items	Related content
Total amount of various equity instruments granted by the company during the current period	4.7523 million shares
Total amount of various equity instruments that the company exercises during the period	
Total amount of various equity instruments that have expired in the current period	
The scope of executive price of the company's outstanding share options at the end of the period and the remaining term of the contract	The company issued 4,752,300 restricted stocks at the end of the period, and the grant price was 5.73 yuan/share. Restrictions shall be lifted at the rate of 40%, 30%, and 30% respectively after 12 months, 24 months, and 36 months after the first transaction date of 24 months after the completion of the registration. The period of validity of the entire plan shall not exceed 60 months from the date of granting the restricted stock to the date on which the restricted stocks granted to the incentive object are all released from restrictions on sale or cancelled by
The scope of executive price of the company's other equity instruments at the end of the period and the remaining term of the contract	

Items	Related content
	repurchase.

On December 14, 2017, the company's 3rd Extraordinary General Meeting of Shareholders in 2017 passed the Proposal on 'Shenzhen Textile (Group) Co., Ltd. 2017 Restricted Stock Incentive Plan (Draft) and Abstract'; on December 14, 2017, the board of directors of the company reviewed and passed the Proposal on Adjusting the List of Incentive Objects of Restricted Stock Incentive Plans and the Number of Equity Granted of 2017, and the Proposal on Granting Restrictive Shares to Incentive Objects. On December 14, 2017, the company granted 4,752,300 restricted shares to the incentive object, the grant price was 5.73 yuan/share. Restrictions shall be lifted at the rate of 40%, 30%, and 30% respectively after 12 months, 24 months, and 36 months after the first transaction date of 24 months after the completion of the registration. The company's performance assessment for the restricted shares granted each period is as follows:

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

2. Equity-settled share-based payment

Items	Related contents
Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
Determination basis of the number of vesting equity instruments	On each balance sheet date of the waiting period, it is determined based on the latest information such as the change in the number of people that can be released from restrictions and the completion of performance indicators
The reasons for the significant difference between the current estimate and the previous estimate	
Equity-settled share-based payment is included in the accumulated amount of capital reserve	284,491.54
Total amount of fees confirmed by equity-settled share-based payments in the current period	356,400.00

XIV. Subsequent events

Nil

XV. Post-balance-sheet events

According to the dividend distribution preplan made by the board of directors of the Company, the Company will neither distribute profits nor capitalize capital surplus for the current period.

XVI. Other Important matters

According to the cooperation agreement signed by the company with Hangzhou Jinjiang Group Co., Ltd. and Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership), Hangzhou Jinjiang Group Co., Ltd. had made a performance commitment to Shenzhen Shengbo Optoelectronics Technology Co., Ltd. that the 2017 annual performance was as follows: The sales revenue and net profit in 2017 are not less than RMB 1.5 billion/50 million respectively. In principle, the proportion of sales revenue of polarizers and related optical film products to total revenue will not be less than 70% in 2017.

Sales revenue and net profit of Shenzhen Shengbo Optoelectronics Technology Co., Ltd. in 2017 were RMB1.338 billion / RMB53.325 million respectively, and sales ratio of polarizers and related optical film products accounted for 61.89% of total revenue. Therefore, the 2017 net profit index has already reached the performance commitment amount, the two performance indicators of sales revenue and sales revenue of polarizers and related optical film products as a percentage of total revenue were not fulfilled.

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

(1) Account receivable

1. Classification account receivables.

Classification	Year-end balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion(%)	
Accounts receivable of individual significance and subject to individual impairment assessment					
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	473,196.00	100.00	23,659.79	5.00	449,536.21
Accounts receivable of individual insignificance but subject to individual impairment assessment					
Total	473,196.00	100.00	23,659.79		449,536.21

Classification	Year-beginning				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion(%)	
Accounts receivable of individual significance and subject to individual impairment assessment					
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	518,920.00	100.00	25,945.99	5.00	492,974.01
Accounts receivable of individual insignificance but subject to individual impairment assessment					
Total	518,920.00	100.00	25,945.99		492,974.01

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

Aging	Balance in year-end		
	Account receivable	Bad debt provision	Proportion(%)

Aging	Balance in year-end		
	Account receivable	Bad debt provision	Proportion(%)
Within 1 year	473,196.00	23,659.79	5.00

2.Other receivable

(1)Category of Other receivable

Classification	Year-end balance				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion(%)	
Other Accounts receivable of individual significance and subject to individual impairment assessment	13,781,464.60	67.70	13,781,464.60	100.00	
Other Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	6,262,767.01	30.77	480,146.38	7.67	5,782,620.63
Other Accounts receivable of individual insignificance but subject to individual impairment assessment	311,486.35	1.53	311,486.35	100.00	
Total	20,355,717.96	100.00	14,573,097.33		5,782,620.63

Classification	Year-beginning				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion(%)	
Other Accounts receivable of individual significance and subject to individual impairment assessment	11,981,464.60	41.08	11,981,464.60	100.00	
Other Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	16,870,177.62	57.85	4,345,920.87	25.76	12,524,256.75

Classification	Year-beginning				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion(%)	
Other Accounts receivable of individual insignificance but subject to individual impairment assessment	311,486.35	1.07	311,486.35	100.00	
Total	29,163,128.57	100.00	16,638,871.82		12,524,256.75

(1) Other Receivable accounts with large amount individually and bad debt provisions were provided

Other receivable (Unit)	Balance at year-end			
	Other receivable	Provision for bad debts	Proportion%	Reason
Jiangxi Xuanli String Co., Ltd.	11,389,044.60	11,389,044.60	100.00	No executable property, unlikely to recover.
Anhui Huapeng Textile Co.,Ltd.	1,800,000.00	1,800,000.00	100.00	Estimated irrecoverable
Shenzhen Tianlong Induatry& Trade Co., Ltd.	592,420.00	592,420.00	100.00	Has been conceled, unlikely to recover
Total	13,781,464.60	13,781,464.60		

(2) In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

Aging	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Within 1 year	4,993,818.23	249,690.91	5.00
1-2 years	1,010,047.30	101,004.73	10.00
Over 3 year	258,901.48	129,450.74	50.00
Total	6,262,767.01	480,146.38	

2.The amount of allowance for bad debt recovered or reversed during the current year is RMB-2,065,774.49.

3.Other accounts receivable classified by the nature of accounts

Category	Year-end balance	Year-beginning balance
Internal current account	5,075,600.00	12,244,280.72
Unit account	15,206,367.96	16,806,675.87
Other	73,750.00	112,171.98
Total	20,355,717.96	29,163,128.57

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

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision
					Year-end balance
First	Unit account	11,389,044.60	Over 5 years	55.95	11,389,044.60
Second Third	Internal current account	4,000,000.00	Within 1 year	19.65	200,000.00
		1,000,000.00	1-2 years	4.91	100,000.00
		75,600.00	Over 5 years	0.37	37,800.00
		1,800,000.00	1-2 years	8.84	1,800,000.00
Fourth	Unit account	592,420.00	Over 5 years	2.91	592,420.00
		454,759.77	Withn 1 year	2.24	22,737.99
Fifth	Unit account	19,311,824.37		94.87	14,142,002.59
Total					

3.Long-term equity investment

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	1,981,050,902.97	16,582,629.30	1,964,468,273.67	1,980,806,395.91	16,582,629.30	1,964,223,766.61
Investment to joint ventures and associated enterprises	20,380,734.56		20,380,734.56	25,115,965.99	266,654.99	24,849,311.00
Total	2,001,431,637.53	16,582,629.30	1,984,849,008.23	2,005,922,361.90	16,849,284.29	1,989,073,077.61

(1) Investment to the subsidiary

Name	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	1,924,663,070.03	179,771.15		1,924,842,841.18		14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25	7,199.55		8,080,587.80		
Shenzhen Beauty Centruy Garment Co., Ltd.	30,867,400.00	27,988.23		30,895,388.23		2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08	10,079.36		15,499,430.44		
Shenfang Property Management Co., Ltd.	1,713,186.55	19,468.77		1,732,655.32		
Total	1,980,806,395.91	244,507.06		1,981,050,902.97		16,582,629.30

(2) Investment to joint ventures and associated enterprises

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.	5,106,487.57			262,962.99						5,369,450.56	
Shenzhen Xieli Automobile Co., Ltd.	3,977,050.45								-3,977,050.45		
Subtotal	9,083,538.02			262,962.99					-3,977,050.45	5,369,450.56	
II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	1,968,358.12			138,796.89						2,107,155.01	
Jordan Garment Factory	2,574,327.77			-196,831.05	-143,594.08					2,233,902.64	
Yehui International Co., Ltd.	11,223,087.09			896,550.79	-741,597.23		707,814.30			10,670,226.35	
Subtotal	15,765,772.98			838,516.63	-885,191.31		707,814.30			15,011,284.00	

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment	Decre ased invest ment	Gain/loss of Investment	Adjustment of other comprehensiv e income	Other equity chang es	Declaration of cash dividends or profit	Withdra wn impairm ent provisio n	Other		
Total	24,849,311.00			1,101,479.62	-885,191.31		707,814.30		-3,977,050.45	20,380,734.56	

4.Business income and Business cost

(1) Business income and Business cost

Items	Amount of current period	Amount of previous period
Income from Main Business	61,363,107.31	59,795,114.50
Other Business income	4,111,507.05	4,128,171.57
Total	65,474,614.36	63,923,286.07
Cost from Main Business	10,094,014.49	8,626,758.74
Other Business cost	4,111,507.06	4,128,171.57
Total	14,205,521.55	12,754,930.31

(2) Main business (Industry)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental industry	61,363,107.31	10,094,014.49	59,795,114.50	8,626,758.74
Total	61,363,107.31	10,094,014.49	59,795,114.50	8,626,758.74

(3) Main business (Production)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental industry	61,363,107.31	10,094,014.49	59,795,114.50	8,626,758.74
Total	61,363,107.31	10,094,014.49	59,795,114.50	8,626,758.74

(4) Main business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Shenzhen	61,363,107.31	10,094,014.49	59,795,114.50	8,626,758.74
Total	61,363,107.31	10,094,014.49	59,795,114.50	8,626,758.74

(5) Operating income from top five clients

Name	Business Income	Proportion(%)
First	27,344,114.10	41.76%

Second	1,800,057.14	2.75%
Third	1,644,285.71	2.51%
Fourth ⁴	1,230,190.72	1.88%
Fifth	1,165,515.60	1.78%
Total	33,184,163.27	50.68%

5. Investment income

1. Detail

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the cost method	19,883,599.84	
Income from long-term equity investment measured by adopting the Equity method	1,101,479.62	1,467,403.29
Investment income received from holding of available-for –sale financial assets	1,734,586.44	3,078,369.95
Total	22,719,665.90	4,545,773.24

6. Supplement information of Cash Flow Statement

Supplement information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	37,663,601.39	31,713,621.89
Add : Impairment loss provision of assets	5,554,598.81	-3,107,155.76
Depreciation of fixed assets, oil and gas assets and consumable biological assets	9,163,495.84	8,930,779.65
Amortization of intangible assets	380,740.92	295,076.13
Amortization of long-term deferred expenses		
Loss on disposals of fixed assets, intangible assets and other long-term assets(“-“for gains)		
Loss on discard of fixed assets	15,020.65	117,153.06
Loss on fair value changes		
Financial expenses	-3,413,625.17	-3,555,607.51

Supplement information	Amount of current period	Amount of previous period
Loss on investment	-22,719,665.90	-4,545,773.24
Decrease of deferred income tax assets	489,041.95	776,788.94
Increase of deferred income tax assets		
Decrease in inventories		
Decrease of operating receivable	-2,355,629.65	75,279,729.66
Increase of operating receivable	7,728,160.19	-1,876,721.87
Other	561,892.94	
Net cash flows arising from operating activities	33,067,631.97	104,027,890.95
II. Significant investment and financing activities that without cash flows		
Debt-to –capital conversion		
Convertible loan due within 1 year		
Fixed assets acquired under financial lease		
III. Net Changes of cash and cash equivalents		
Ending balance of cash	413,700,327.95	440,685,610.11
Less: Beginning balance of cash	440,685,610.11	271,582,749.03
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	-26,985,282.16	169,102,861.08

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	-52,131.44	
Government subsidies recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	12,567,426.98	

Gain/loss on entrusting others with investment or asset management	49,885,730.58	
Single impairment test for impairment of receivables transferred back to preparation	332,073.93	
Net amount of non-operating income and expense except the aforesaid items	-1,175,757.59	
Other non-recurring Gains/loss items	23,068,858.53	
Less: .Amount of influence of income tax	1,828,395.90	
Amount of influence of minority interests	33,162,149.89	
Total	49,635,655.20	--

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

☐ Applicable ☒ Not applicable

2. Return on net asset and earnings per share

Profit of report period	Weighted average return on equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	2.23%	0.10	0.10
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	0.13%	0.01	0.01

3. 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

(1) Differences of net profit and net assets disclosed in financial reports prepared under overseas and

Chinese accounting standards

☐ Applicable ☒ Not applicable

(2) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions.

Shenzhen Textile (Holdings) Co., Ltd.

March 27, 2018

编号: 104319328



营业执照

(副本)⁽⁶⁻¹⁾

统一社会信用代码 91110102089698790Q

名称 中勤万信会计师事务所（特殊普通合伙）

类型 特殊普通合伙企业

主要经营场所 北京市西城区西直门外大街110号11层

执行事务合伙人 胡柏和

成立日期 2013年12月13日

合伙期限 2013年12月13日至 2043年12月12日

经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）



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登记机关

提示：每年1月1日至6月30日通过企业信用信息公示系统报送上一年度年度报告并公示。

2018



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企业信用信息公示系统网址：

中华人民共和国国家工商行政管理总局监制

证书序号: 0000068

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关: 北京市财政局

二〇一八年三月五日

中华人民共和国财政部制

会计师事务所

执业证书

名称:

中勤万信会计师事务所(普通合伙)

首席合伙人: 胡柏和

主任会计师:

经营场所: 北京市西城区西直门外大街110号11层

组织形式: 特殊普通合伙

执业证书编号: 11000162

批准执业文号: 京财会许可(2013) 0083号

批准执业日期: 2013年12月11日



证书序号: 000412

会计师事务所 证券、期货相关业务许可证

经财政部、中国证监会审查，批准
中勤万信会计师事务所(特殊普通合伙) 执行证券、期货相关业务。

首席合伙人: 胡柏和



证书号: 05

发证时间: 二〇一九年十二月二十六日

证书有效期至: 二〇一九年十二月二十六日