
Shenzhen Textile (Holdings) Co., Ltd.

2019 Annual Report



March 2020

I. Important Notice, Table of Contents and Definitions

The Board of Directors , Supervisory Committee, All Directors, Supervisors and Senior executives of the Company hereby guarantees that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

Mr.Zhu Jun, The Company leader, Mr. He Fei, Person in charge of accounting works, Ms. Mu Linying,the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

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

I. Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, investors should be cautious with investment risks .

II. The company has the macroeconomic risks, market competition risks and raw material risks. Investors are advised to pay attention to investment risks. For details, please refer to the possible risk factors that the company may face in the “IX Prospects for the future development of the company” in the “Section IV Discussion and Analysis of Business Operation” .

III. The company to remind the majority of investors, Securities Time, China Securities Journal, Securities Daily, Shanghai Securities News , Hongkong Commercial Daily and Juchao Website(<http://www.cninfo.com.cn>) are the media for information disclosure appointed by the Company, all information under the name of the Company disclosed on the above said media shall prevail, and investors are advised to exercise caution of investment risks.

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

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

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Definition

Terms to be defined	Refers to	Definition
Company/The Company/ Shen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holding Co., Ltd.	Refers to	Shenzhen Investment Holding Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
SAPO Photoelectric	Refers to	Shenzhen SAPO Photoelectric Co., Ltd.
Jinjiang Group	Refers to	Hangzhou Jinjiang Group Co., Ltd.
Jinhang Investment	Refers to	Hangzhou Jinhang Equity Investment Fund Partnership (LP)
Shenzhen City Consturction Group	Refers to	Shenzhen City Construction Development (Group) Co., Ltd.
Nitto Denko	Refers to	Nitto Denko Corporation
Kunshan Zhiqimei	Refers to	Kunshan Zhiqimei Material Technology Co., Ltd.
Haohao Property Company	Refers to	Shenzhen Haohao Property Leasing Co., Ltd.
Guanhua Company	Refers to	Shenzhen Guanhua Printing & Dyeing Co., Ltd.
Line 6	Refers to	TFT-LCD polarizer II phase Line 6 project
Line 7	Refers to	Industrialization project of polaroid for super large size TV

“CSRC”	Refers to	China Securities Regulatory Commission
Company Law	Refers to	Company Law of the People’ s Republic of China
Securities Law	Refers to	Securities Law of the People’ s Republic of China
The Report	Refers to	2019 Annual Report

II. Basic Information of the Company and Financial index

I .Company Information

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

II .Contact person and contact manner

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

III. Information disclosure and placed

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

IV.Changes in Registration

Organization Code	19217374-9
Changes in principal business activities since listing (if any)	In July 2012, The business scope of the company is changed to "production, textiles processing, knitwear, clothing, upholstery fabrics, belts, trademark bands, handicrafts (without restrictions); general merchandise, the special equipment of the textile industry, textile equipment and accessories, instruments, standard parts, raw textile materials, dyes, electronic products, chemical products, mechanical and electrical equipment, light industrial products, office supplies and domestic trade (excluding the franchise, the control and the monopoly of goods) ; operation of import and export business." after approval of Shenzhen Market Supervisory Authority .
Changes is the controlling shareholder in the past (is any)	In October 2004,In accordance with the Decision on Establishing Shenzhen Investment Holdings Co., Ltd. issued by State-owned Assets Administration Committee of Shenzhen Municipal People's Government (Shen Guo Zi Wei (2004) No. 223 Document), Shenzhen Investment Management Co., Ltd., the controlling shareholder of the Company, and Shenzhen Construction Holding Company and Shenzhen Commerce and Trade Holding Company merged into Shenzhen Investment Holdings Co., Ltd.

V. Other Relevant Information

CPAs engaged

Name of the CPAs	Peking Certified Public Accountants (Special Geneaal Partnership)
Office address:	11/F, Zhongtang Building , No.110, Xihimen Street , Beijing
Names of the Certified Public Accountants as the signatories	Long Zhe, Liu Ru

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

Applicable Not applicable

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

Applicable Not applicable

VI.Summary of Accounting data and Financial index

May the Company make retroactive adjustment or restatement of the accounting data of the previous years

Yes No

	2019	2018	Changed over last year (%)	2017
Operating income (RMB)	2,158,184,855.71	1,272,356,771.34	69.62%	1,475,545,719.72
Net profit attributable to the shareholders of the listed company (RMB)	19,679,910.43	-22,980,624.93	185.64%	52,776,101.46
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-41,179,849.56	-65,404,429.81	37.04%	3,140,446.26
Cash flow generated by business operation, net (RMB)	383,145,788.50	-460,494,321.15	183.20%	-28,518,702.31
Basic earning per share(RMB/Share)	0.04	-0.04	200.00%	0.10
Diluted gains per share(RMB/Share)(RMB/Share)	0.04	-0.04	200.00%	0.10
Weighted average ROE(%)	0.75%	-0.96%	1.71%	2.23%
	End of 2019	End of 2018	Changed over last year (%)	End of 2017
Gross assets (RMB)	4,531,399,885.99	4,619,203,416.79	-1.90%	4,195,746,507.56
Net assets attributable to shareholders of the listed company (RMB)	2,727,764,144.36	2,373,329,991.86	14.93%	2,397,474,603.79

VII.The differences between domestic and international accounting standards

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

Applicable Not applicable

Nil

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

Applicable Not applicable

Nil

VIII.Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	592,839,958.12	416,023,337.38	631,655,475.88	517,666,084.33
Net profit attributable to the shareholders of the listed company	10,381,938.06	-2,549,650.08	9,061,067.98	2,786,554.47
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	7,034,190.76	-17,582,772.96	-1,542,112.46	-29,089,154.90
Net Cash flow generated by business operation	23,567,172.13	259,190.22	262,706,321.30	96,613,104.85

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

Yes No

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

Applicable Not applicable

In RMB

Items	Amount (2019)	Amount (2018)	Amount (2017)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	54,895,878.65	-97,477.14	-52,131.44	Mainly due to the disposal of long-term equity investments.
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	27,547,902.92	17,228,202.21	12,567,426.98	Mainly due to recognize other income from government subsidies related to the main business.
Gain/loss on entrusting others with investment or asset management		52,271,862.25	49,885,730.58	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets other than valid period value instruments related to the Company's common businesses.				

Switch back of provision for depreciation of account receivable which was singly taken depreciation test.	469,470.61		332,073.93	
Net amount of non-operating income and expense except the aforesaid items	4,582,973.27	1,143,552.02	-1,175,757.59	Mainly due to the return of new material
Other non-recurring Gains/loss items			23,068,858.53	
Less :Influenced amount of income tax	13,886,055.96	48,007.18	1,828,395.90	
Influenced amount of minor shareholders' equity (after tax)	12,750,409.50	28,074,327.28	33,162,149.89	
Total	60,859,759.99	42,423,804.88	49,635,655.20	--

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

Applicable Not applicable

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

III. Business Profile

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

1.Main Business the Company

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

In the report period, no significant change happened to the main business of the Company. Firstly, driven by innovation, the company has continuously improved the production capacity and product quality of polarizer through a series of measures such as reforming the production line equipment, increasing the speed of the production line, optimizing the process by taking advantage of the production line, and prolonging the service life of liquid medicine. Secondly, it took multiple measures to reduce costs and speed up the introduction of new customers. It has effectively reduced the comprehensive loss rate, completed the introduction and replacement of various protective films and chemical materials, and controlled the production cost by optimizing the process of liquid replenishment concentration; Under the severe market environment and the situation that customer production reduction and inventory control, it has actively developed high margin orders and new panel customers such as LGD, SDP and HKC, which effectively improved the sales profit of products and the stability of customer structure. Thirdly, the Company has actively promoted the construction of Line 7 project: it has further strengthened the monitoring and management of budget, progress, quality and other aspects, and actively promoted the technical exchange with Nitto Denko and Kunshan Zhiqimei. The civil engineering construction of Line 7 started on April 18, 2019, and the main factory building has been capped on December 30, 2019 as planned. Fourthly, the property companies have strengthened its management services and improved their efficiency. Although the downturn in the real economy has caused some pressure to property leasing, all property companies have increased their management efforts to improve service quality, and the rental situation is stable with a rental rate up to 100%. Fifthly, due to the impact of Sino-US trade friction, orders have decreased sharply. The textile industry has stepped up its innovation efforts, actively explored new customers, exploited its potential in depth, and achieved sustained profits for two years. Sixthly, it has strengthened safety and environmental protection, maintained the harmony and stability of enterprises, always put safety and environmental protection production in a prominent position, implemented the responsibility system of work safety, pursued safe and green production, and actively fulfilled social responsibilities.

As a type of upstream raw materials of LCD panels and one of essential and fundamental materials in the panel display industry, polarizers are widespread used in a variety of areas, LCD panels and OLED panels for smart phones, tablet PCs and TV sets, instruments, apparatuses, sunglasses, and light filters of camera equipment, to name a few. At the moment, the Company has 6 mass polarizer production lines for making products that cover such areas as TN, STN, TFT, OLED, 3D, dye films, and optical films for touch screens and are primarily used in TV, NB, navigators, Monitor, vehicle-mounted, industrial control, instruments, apparatuses, smart phones, wearable equipment, 3D glasses, sunglasses and other products, based on which, the Company has become a qualified supplier to China Star Optoelectronics Technology (CSOT), BOE, Infovision Optoelectronics (IVO), Shenchao Optoelectronic, LGD, Tianma and other major panel enterprises through constant extension of its marketing channels and building of its own brand.

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

Line	Place	Product breadth	Planned capacity	Main products
Line 1	Pingshan	500mm	600,000 m ²	TN/STN/ dye film
Line 2	Pingshan	500mm	1.2 million m ²	TN/STN/CSTN
Line 3	Pingshan	650mm	1 million m ²	TN/STN/CSTN/TFT
Line 4	Pingshan	1490mm	6 million m ²	TN/STN/CSTN/TFT
Line 5	Pingshan	650mm	2 million m ²	TFT
Line 6	Pingshan	1490mm	10 million m ²	TFT/OLED
Line 7 (Under construction)	Pingshan	2500mm	32 million m ²	TFT/OLED

(II) Company's business model

The priority of the polarizer industry is gradually shifting from the conventional research & development-production-sales business model to the customer-oriented business model of joint research & development and full service. The Company reduced production links and costs and created value for customers and a win-win situation through cooperation by understanding customers' needs, making high-quality products through joint research & development and high-standard production management and using advanced polarizer rolling and attaching equipment in conjunction with downstream panel manufacturers' production lines.

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

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

(IV) Development stage and periodic characteristics of the industry where the Company is involved and the Company's position in the industry

Refer to "IX. Company's outlook for future development" in Section IV for details.

In the future, the Company will deepen driving the mixed-ownership reform work and strengthen strategic cooperation based on more than 20 years of industrial operation experience and regional advantages. To be specific, the Company will further optimize its equity structure, invigorate its operation and promote its production technology and business management standards through integration of resources in the polarizer and optical film industries; meanwhile, the Company will spare no effort to push forward the construction of an ultra-wide polarizer production line to occupy the highly lucrative jumbo LCD TV polarizer product market; in addition to working on the polarizer industry, the Company will make a leaping development towards the optical film industry to make SAPO Photoelectric a bigger and stronger enterprise.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes

Construction in process	Construction in progress increased by 824.245 million yuan year on year, with an increase of 5276.42%, mainly due to the increase in construction investment in progress of the polarizer industrialization project for ultra-large television (Line 7).
Monetary funds	Monetary funds decreased by 732,194,500 yuan year on year, with a decrease of 64.13%, mainly due to: firstly, the investment in the construction of Line 7 of the polarizer industrialization project for ultra-large TV; Secondly, the repayment of loan and interest, and thirdly, the purchase of financial products.
Notes receivable	Notes receivable increased by 39,538,200 yuan year on year, with an increase of 4460.37%, mainly due to the substantial increase in sales acceptance and settlement of customers this year.
Account receivable	Accounts receivable decreased by 163.129 million yuan year on year, with a decrease of 30.87%, mainly due to the recovery of trade receivables in the previous year.
Prepayment	repayments decreased by 210,582,900 yuan year on year, with a decrease of 91.95%, mainly due to the 207.74 million yuan of trade repayments carried forward from the previous year.
Other account receivable	Other current assets decreased by 498,976,300 yuan year on year, with an Increase of 77.99%, mainly due to the reclassification of other current assets to transactional financial assets under the new financial instrument standards for the first time.
Long-term equity investment	Long-term equity investment increased by 119,257,800 yuan year on year, with an increase of 361.91%, mainly due to the change of the effect on Guanhua company, converting it from a non-tradable equity instrument to a long-term equity investment, and the increase in capital of the company with investment real estate
Real estate Investment	Investment real estate decreased by 55,267,600 yuan year on year, with a decrease of 32.90%, mainly due to the capital increase of Shenzhen Guanhua Printing and Dyeing Co., Ltd. by the Company's investment real estate.
Other non-current assets	Other non-current assets decreased by 326,373,300 yuan year on year, with a decrease of 99.07%, mainly due to the transfer of prepayments from other non-current assets to projects under construction in the current year before the main body of Line 7 project has not been constructed.

2. Main Conditions of Overseas Assets

Applicable Not applicable

III. Analysis On core Competitiveness

(1) Technology advantages. SAPO Photoelectric is the first domestic national high-tech company which entered into the R&D and production of the polarizer. We are one of the largest, most technical and professional polarizer R&D teams in the country and has more than 20 years of operating experience in the polarizer industry. Products include TN-type, STN-type, IPS-TFT-type, VA-TFT-type, OLED, vehicle-mounted industrial display, flexible display, 3D stereo and polarizer for sunglasses, and optical film for touch screens, etc., We have proprietary technology for polarizers and new intellectual property rights for various new products. By the end of the

reporting period, the company applied for 99 invention patents and was authorized with 75 items, among which: 30 domestic invention patents(11 patents got authorized); 62 domestic utility model patents(60 patents got authorized); 1 overseas invention patent(0 patents got authorized); 6 overseas utility model patents(4 patents got authorized). There were 4 national standards and 2 industrial standards that were developed by the company are approved and then will be implemented. The company, possessing the two technology platforms “Shenzhen polarizing materials and engineering laboratory” and “Municipal research and development center”, focused on the R&D and the industrialization of the core production technology of LCD polarizer, the developing and industrialization of the new products of OLED polarizer and the “domestication” research on the production materials of polarizer. Through the introduction of various types of sophisticated testing equipments to perfect the test means of small-scale test and medium-scale test, further by improving the incentive system of research and development and building the collaborative innovation platform of “Industry-Study-Research-Utilization” and so forth means, the company comprehensively enhanced the level of research and development.

(2) Talents advantages. The Company has a polarizer management team and a team of senior technicians with strong technical ability, long-term cooperation, rich experience and international vision. Through open market selection, the Company has hired professional senior management personnel, built a team of professional managers, cultivated a professional manager culture and enhanced the core competitiveness of the enterprise. The Company has established a technical cooperation relationship with Nitto Denko Corporation, a world-class polarizer manufacturer, to learn advanced polarizer production management concepts. Meanwhile, the Company has accumulated technical experience through independent innovation, improved its core competitiveness, and gradually accumulated its own advantages in brand, technology, operation and management. Through improving the salary assessment management system, enriching the connotation of learning-based organizations, and implementing institutional and cultural construction such as medium-term and long-term incentive and restraint mechanisms, the Company has deeply bound the interests of employees with the Company, and fully stimulated the subjective initiative of talents.

In 2019, in order to improve the operating conditions of SSAPO Photoelectric, a subsidiary of the Company, further promote the implementation of specialization, professionalization and marketization of management personnel and optimize the management team, SAPO Photoelectric openly organized market-oriented selection of management teams for talents of the whole society in accordance with the relevant spirit of Shenzhen Municipal State-owned Assets Supervision and Administration Commission regarding the promotion of professional manager team construction and in combination with the management situation of SAPO Photoelectric. As of the end of this reporting period, SAPO Photoelectric has completed the organization registration, qualification examination and interview selection of the marketing selection management team. The 3 professional managers selected in the market have been deployed for post in January 2020.

(3) Market advantages. The company has good customer groups not only in domestic market but in foreign market, compared with foreign advanced counterparts, the biggest advantage lies in the localization for supporting, close to the panel market, as well as the strong support of the national policy. In terms of market demand, with the mass production of the 10.5/11-generation TFT-LCD panel production lines under construction and planned for the next few years, the production capacity of high-generation TFT-LCD panels in mainland China will increase significantly in the next few years, the corresponding domestic polaroid film market demand has also increased, and the domestic market is the most important market for polaroid manufacturers, especially in the large-size polarizer market. Mainland polarizer manufacturers will usher in important industry opportunities; in terms of market development, the company takes production material control as the core, technology services as the guide, customer needs as the focus, organically combines production and sales, establishes a rapid response mechanism, fully exploits localization advantages, and uses its own accumulated technology and talents, does a good job of

peer-to-peer professional services, forms a stable supply chain and increases market share.

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

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

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

IV. Management's Discussion and Analysis

I. General

In 2019, facing the challenges and tests of repeated Sino-US trade frictions and increasingly severe polarizer business situation, the Company took reducing losses and increasing profits of the main polarizer business as its work focus, led all employees to overcome difficulties, and did solid work to improve business. While fully pushing forward the construction of ultra-wide polarizer project and improving the main polarizer business, the Company revitalized its stock assets, stimulated business vitality, ensured the continuous growth of property leasing's revenue and maintained a steady and orderly development trend.

In 2019, the Company realized the operating income of 2.158 billion yuan, an increase of 69.62% over the same period of the previous year; the total profit of 9.5324million yuan, an increase of 117.84% over the same period of the previous year; the net profit attributable to owners of the parent company of RMB 19.6799 million, a an increase of 185.84% over the same period of the previous year. Phase II Line 6 in the second half of 2018, the release of production capacity in the current year, and the year-on-year increase in sales; Imports of equipment that had been prepaid in 2018 were completed during the reporting period, and commodity trade revenue increased year on year. The net profit attributable to shareholders of listed companies increased significantly year on year, mainly due to the increase in non-recurring profits and losses, with an impact amount of 78,913,700 yuan, mainly including non-current asset disposal income, investment and wealth management income and government subsidy income, among which, the Company transferred 50% of the equity of Haohao Property to realize an after-tax net profit of 41,611,400 yuan; The selling price of polarizer products has been low since the sharp drop in 2018. The order structure adjustment of major products has not met expectations, plus the selling price of TN/STN products fallen sharply due to the shrinking sales in the end product market, and the increase in purchasing cost and exchange loss caused by the devaluation of RMB exchange rate have offset the contribution of the sales increase to net profit.

Review of the company's key works carried out in 2019 as follows:

(I) Polarizer's operating capability has been improved

In 2019, firstly the Company, oriented by the market, optimized the product structure, and further released the production capacity, with a great increase in polarizer sales area; Secondly, it has actively explored the market, strengthened communication with key customers and sped up the certification of new products. In 2019, it has explored new panel customers such as LGD, SDP and HKC. While effectively improving the sales profit of Line 4/6 products, it has further expanded the customer base and maintained the stability of the customer structure; Thirdly, it has taken innovation as the motive force to improve the product quality and reduce the production cost by continuously optimizing the production process; Fourthly, it has actively striven for support funds for scientific research policies, with a total of 68.27 million yuan.

Meanwhile, the Company continued to explore R&D innovation and intensify the development of independent intellectual property rights. Its research and development were combined with the actual market conditions to carry out product development and market promotion and import, so as to improve product performance. In 2019, 8 coating materials and 4 protective films were successfully introduced through new product development; A total of 8 patents have been applied, including 7 invention patents and 1 utility model patent; A total of 9 patents have been authorized, including 3 patents for inventions and 6 patents for utility

models.

(II) Turned losses into profits for textile business, while property enterprises rose steadily.

In 2019, under the circumstance that the Sino-US trade friction led to a sharp drop in domestic demand and export orders for textile and clothing, the Company, on the one hand, stabilized its existing customers and actively exploited the market; On the other hand, optimized internal management, intensified R&D and innovation efforts, developed high-margin products, enhanced income-generating capacity, and realized the profitability of textile business for two consecutive years.

In 2019, the Company further strengthened various management and service concepts of property enterprises, scientifically coped with the adverse effects of the economic downturn and the downturn in the market on the rental and management of various properties, and made every effort to well ensure rental management. It strove to increase rental income through vigorously improving service quality, implementing standardized management, strengthening rectification of potential safety hazards, refining management processes, saving expenses and increasing efficiency. The leasing situation of all property enterprises is stable, with a rental rate up to 100%.

(III) Facilitated construction of jumbo TV polarizer industrialization project with effort

In 2019, the Company actively promoted the construction of the polarizer industrialization project for ultra-large TV (Line 7). Firstly, the main factory building of the Line 7 project was capped, and the factory acceptance, customs declaration and import of equipment, transportation to the factory and other related work were carried out simultaneously; Secondly, the Company further strengthened the monitoring and management of budget, schedule, quality and other aspects in the process of project construction; Thirdly, it actively promoted the research and development of some raw materials, basically determined the supply of main raw materials corresponding to the 2,500mm width production line, and solved the supply problem of raw materials matching the 2,500mm ultra-wide polarizer production in 2020.

(IV) Revitalized the existing assets, optimized the allocation of resources, and concentrated resources on developing the main business of polarizer

In order to further revitalize the Company's existing assets, concentrate resources on its main business and fully support the development of main business of polarizer, the Company has listed and transferred its 50% equity in Haohao Property through Shenzhen United Property and Share Rights after deliberation and approval by the 22nd meeting of the 7th Board of Directors and the 2nd Extraordinary General Meeting in 2019. The 50% equity of Haohao Property has been publicly listed on Shenzhen United Property and Share Rights from November 14, 2019 to December 18, 2019 and as of the expiration of the listing announcement, an intended transferee, Urban Construction Group emerged. Both parties have signed the Property Rights Transaction Contract on December 19, 2019. This transaction realized an investment income of 55,481,800 yuan, which had a positive impact on the company's annual performance in 2019.

(V) Strengthened safety awareness and earnestly well ensured safety and environmental protection

Firstly, it has attached great importance to the work safety, implemented the main responsibility system for work safety, and implemented the responsibility for work safety to each individual, so that the responsibility is specific and the division of labor is clear. Secondly, by centralized rectification and focused investigation, it has eliminated potential safety hazards, and carried out on-site surprise inspections for 7 times in all affiliated enterprises. 196 potential safety hazards and problems were found in the inspections, and rectification has been completed. Thirdly, it has actively promoted the construction of safety standardization and dual prevention mechanisms, and implemented cross-checking and rectification. Fourthly, it has focused on supervising the construction of Line 7 project and prevented safety accidents; It has standardized the safety management of hazardous chemicals in enterprises, actively carried out fire emergency drills, and established and improved safety

management files for special equipment. In 2019, it has continued to well ensure environment-friendly treatment in waste water and waste gas, discharged them according to standards and achieved zero complaints.

(VI) Constant reinforcement of foundation and strengthening of primary Party building work

The Company has fully implemented Xi Jinping's new era characteristic socialism thought and the spirit of the 19th National Congress of the Communist Party of China, insisted on strengthening Party self-discipline and developing democracy, continuously strengthened the party organization's political guidance to the enterprise, strengthened the ideological & political and organizational construction, continuously tamped the party construction foundation, and earnestly performed the main responsibility; The superior and bottom levels worked together to carry out in-depth education activities on the theme of "Stay true to the mission" and continuously strengthened the "four consciousnesses", firmly established the "four self-confidence" and achieved the "two maintenance".

II .Main business analysis

1. General

Refer to relevant contents of “1.Summarization” in “Discussion and Analysis of Management” .

2. Revenue and cost

(1)Component of Business Income

In RMB

	2019		2018		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	2,158,184,855.71	100%	1,272,356,771.34	100%	69.62%
On Industry					
Manufacturing	1,475,804,647.66	68.38%	879,409,830.28	69.12%	67.82%
Lease and Management of Property	106,372,055.25	4.93%	98,327,018.46	7.73%	8.18%
Domestic and foreign trade	517,020,991.54	23.96%	288,744,806.35	22.69%	79.06%
Other	58,987,161.26	2.73%	5,875,116.25	0.46%	904.02%
On Products					
Lease and Management of Property	106,372,055.25	4.93%	98,327,018.46	7.73%	8.18%
Textile	46,047,351.10	2.13%	47,188,632.17	3.71%	-2.42%
Polarizer sheet	1,429,757,296.56	66.25%	832,221,198.11	65.41%	71.80%

Trade	517,020,991.54	23.96%	288,744,806.35	22.69%	79.06%
Other	58,987,161.26	2.73%	5,875,116.25	0.46%	904.02%
Area					
Domestic	1,981,314,469.39	91.80%	944,994,550.59	74.27%	109.66%
Overseas	176,870,386.32	8.20%	327,362,220.75	25.73%	-45.97%

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

√ Applicable □ Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Manufacturing	1,475,804,647.66	1,408,148,827.10	4.58%	67.82%	67.75%	0.04%
Domestic and foreign trade	517,020,991.54	483,603,729.67	6.46%	79.06%	78.11%	0.50%
Lease and Management of Property	106,372,055.25	24,128,173.53	77.32%	8.18%	-6.62%	3.60%
On Products						
Polarizer sheet	1,429,757,296.56	1,368,981,862.95	4.25%	71.80%	71.48%	0.18%
Trade	517,020,991.54	483,603,729.67	6.46%	79.06%	78.11%	0.50%
Lease and Management of Property	106,372,055.25	24,128,173.53	77.32%	8.18%	-6.62%	3.60%
Textile	46,047,351.10	39,166,964.15	14.94%	-2.42%	-4.69%	2.02%
Area						
Domestic	1,981,314,469.39	1,751,836,922.09	11.58%	109.66%	112.36%	-1.12%
Overseas	176,870,386.32	164,043,808.21	7.25%	-45.97%	-48.30%	4.18%

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

□ Applicable √ Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

Yes No

Classification	Items	Unit	2019	2018	Changes
Polarizer sheet	Sales	(0000' square meters)	1,797.1	1,079.2	66.52%
	Production	(0000' square meters)	1,806.66	1,110.26	62.73%
	Stock	(0000' square meters)	128.01	118.45	8.07%
Knitted clothing	Sales	0000' pieces	257	295	-12.88%
	Production	0000' pieces	261	296	11.82%
	Stock	0000' pieces	53	49	8.16%

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

Applicable Not applicable

The production volume of polarizers was 62.73% and the Sales volume increased by 62.73%, TFT-LCD Phase II Line 6 was put into production in the second half of 2018. The production capacity was released in the same year, with a year-on-year increase on sales volume.

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

Applicable Not applicable

(5) Component of business cost

Industry and product classification

In RMB

Industry	Items	2019		2018		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Domestic and foreign trade	Polarizer sheet, Textile	483,603,729.67	24.50%	271,514,631.70	23.77%	78.11%
Manufacturing	Polarizer sheet, Knitted clothing	1,408,148,827.10	71.35%	839,415,041.00	73.49%	67.75%
Lease and Management of Property	Rental, Accommodation	24,128,173.53	1.22%	25,838,344.67	2.26%	-6.62%
Other	Other	57,614,878.05	2.92%	5,482,267.30	0.48%	950.93%

In RMB

Classification of products	Items	2019		2018		Increase/Decrease (%)
		Amount	Proportion in operation costs(%)	Amount	Proportion in operation costs(%)	
Polarizer sheet	Direct materials	1,094,486,243.59	55.46%	633,828,818.77	55.49%	72.68%
Polarizer sheet	Direct labor	46,306,446.19	2.35%	31,895,556.85	2.79%	45.18%
Polarizer sheet	Power costs	46,800,313.93	2.37%	23,825,672.61	2.09%	96.43%
Polarizer sheet	Manufacturing costs	181,388,859.24	9.19%	108,772,108.14	9.52%	66.76%
Knitted clothing	Direct materials	20,014,843.33	1.01%	21,024,776.26	1.84%	-4.76%
Knitted clothing	Direct labor	9,480,251.60	0.48%	9,321,761.79	0.82%	1.70%
Knitted clothing	Power costs	1,370,323.40	0.07%	1,851,454.61	0.16%	-25.99%
Knitted clothing	Manufacturing costs	8,301,545.82	0.42%	8,903,943.69	0.78%	-6.77%

Note

(6) Whether Changes Occurred in Consolidation Scope in the Report Period

Yes No

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

Applicable Not applicable

(8) Situation of Main Customers and Main Supplier

Information of Main Customers

Total sales amount to top 5 customers (RMB)	1,320,649,873.11
Proportion of sales to top 5 customers in the annual sales(%)	61.20%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	6.54%

Information of the Company's top 5 customers

No	Name	Amount(RMB)	Proportion(%)
1	Customer 1	725,983,985.65	33.64%
2	Customer 2	256,086,053.64	11.87%
3	Customer 3	141,106,466.92	6.54%

4	Customer 4	129,050,621.86	5.98%
5	Customer 5	68,422,745.04	3.17%
Total	--	1,320,649,873.11	61.20%

Other Note :

Applicable Not applicable

In the report period, the Company bore a relation with the Third biggest client of the top five clients but the Company's directors, supervisors, senior executives, key management and technical personnel, shareholders with more than 5% of shares, actual controllers and other related parties had no direct or indirect rights or interests in any key client.

Principal suppliers

Total purchase of top 5 Suppliers (RMB)	567,207,701.48
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	42.38%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	10.75%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Supplier 1	159,308,563.81	11.90%
2	Supplier 2	143,888,209.10	10.75%
3	Supplier 3	120,450,278.57	9.00%
4	Supplier 4	72,692,651.77	5.43%
5	Supplier 5	70,867,998.23	5.29%
Total	--	567,207,701.48	42.38%

Other Notes :

Applicable Not applicable

In the report period, the Company bore a relation with the first suppliers of the top five suppliers but the Company's directors, and the directors, supervisors and senior management, core technical staff, shareholders with holding of more than 5% stocks, actual controllers and other affiliated parties do not have direct or indirect equity of the major suppliers.

3.Expenses

In RMB

	2019	2018	Increase/Decrease(%)	Notes

Sale expenses	20,785,078.66	9,636,559.05	115.69%	Mainly due to the increase in new material insurance premiums year-on-year, the expansion of new customers through channel dealers, channel dealer service commissions increased year-on-year, and sales revenue increased due to increased transportation costs.
Administration expenses	96,870,842.37	88,590,439.30	9.35%	
Financial expenses	15,862,799.64	-971,661.37	-1,735.54%	Mainly due to the exchange loss increased year-on-year.
R & D cost	53,178,714.33	41,951,786.15	26.76%	

4.R& D Expenses

Applicable Not applicable

In 2019, the R&D Department carried out a total of 10 R&D projects, involving the application and development of IPS-TV products, TN- MNT products, IPS-MNT, thin IPS mobile phone products, etc., and achieved fruitful results.

1. It completed the development and verification of three TV products of L branch throughout the year and achieved smooth mass production;
2. It completed the development of IPS-MNT products of L branch and achieved smooth mass production;
3. It realized small batch supply for 55 inch new compensation film NR01;
4. Thin brightening products for mobile phones have been imported into clients to realize mass production and supply;
5. The technology of high permeability and high bias achieved a technological breakthrough, which is the technical basis for the identification of high permeability and high bias products in the future.

Situation of Research and Development Input by the Company

	2019	2018	Increase/Decrease(%)
Number of Research and Development persons (persons)	117	107	9.35%
Proportion of Research and Development persons	10.89%	10.18%	0.71%
Amount of Research and Development Investment (RMB)	53,178,714.33	41,951,786.15	26.76%
Proportion of Research and Development Investment of Operation Revenue	2.46%	3.30%	-0.84%

Amount of Research and Development Investment Capitalization (RMB)	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

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

Applicable Not applicable

Explanation of the Reason for Substantial Changes in the Research and Development Input's Capitalization Rate and Its Reasonableness

Applicable Not applicable

5.Cash Flow

In RMB

Items	2019	2018	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	2,339,186,620.64	1,573,802,884.38	48.63%
Subtotal of cash outflow received from operation activities	1,956,040,832.14	2,034,297,205.53	-3.85%
Net cash flow arising from operating activities	383,145,788.50	-460,494,321.15	183.20%
Subtotal of cash inflow received from investing activities	4,231,006,091.64	4,176,293,175.68	1.31%
Subtotal of cash outflow for investment activities	5,175,229,656.48	4,006,115,720.59	29.18%
Net cash flow arising from investment activities	-944,223,564.84	170,177,455.09	-654.85%
Subtotal cash inflow received from financing activities	289,808,607.92	630,493,275.82	-54.03%
Subtotal cash outflow for financing activities	593,817,393.81	367,419,548.31	61.62%
Net cash flow arising from financing activities	-304,008,785.89	263,073,727.51	-215.56%
Net increase in cash and cash equivalents	-864,927,647.04	-27,665,904.11	3,026.33%

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

√Applicable Not applicable

1. The net cash flow from operating activities increased by RMB 843,640,109.65 compared with the previous period, a decrease of 183.2%, It was mainly due to the recovery of trade receivables in the previous year.

2. The net cash flow from investment activities decreased by RMB-1,114,401,019.93 from the previous period, a decrease of 654.85%, It was mainly due to the investment in the construction of Line 7 project and the purchase and financing of idle funds.

3. The net cash flow from financing activities decreased by RMB -567,082,513.40 from the previous period, a decrease of 215.56%, It was mainly due to repayment of loans and interest.

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

√Applicable Not applicable

During the reporting period, the net cash flow from the Company's operating activities was 383,145,788.5 yuan, The net profit in the consolidated statement of the company was -18,526,678.63 yuan, with significant difference between the two, mainly because the increase in the net cash flow from operating activities in the current year was mainly affected by the "recovery of trade receivables in the previous year" and the recovery of trade receivables in the current year was 495 million yuan.

III. Analysis of Non-core Business

√Applicable Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	78,038,530.25	818.67%	The dividends, contract fees and interest on structured deposits from participating enterprises were obtained; Investment income from disposal of long-term equity investment was obtained. Mainly non-current assets damaged and scrapped losses.	Share-holding enterprises' dividends and contract fees were sustainable; Interest on structured deposits and investment income from disposal of long-term equity investments were not sustainable.
Impairment of assets	-97,172,532.71	-1,019.39%	Loss of inventory price falling,	Have the sustainability
Non-operating income	5,003,548.34	52.49%	Mainly due to the insurance claims	Not sustainable.
Non-operating expenses	420,575.07	4.41%	Mainly non-current assets damage and scrap losses	Not sustainable.
Other income	27,547,902.92	288.99%	Mainly government subsidies	Have the sustainability

IV. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

In RMB

	End of 2019		End of 2018		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	409,564,847.52	9.04%	1,141,759,374.60	23.31%	-14.27%	Mainly due to the construction investment of large-size TV polarizer industrialization project (line 7), repayment of short-term loans and interest, and purchase of wealth management products.
Accounts receivable	365,325,029.38	8.06%	528,454,015.59	10.79%	-2.73%	Mainly due to the repayment of trade business.
Inventories	391,717,935.12	8.64%	439,752,718.77	8.98%	-0.34%	
Investment real estate	112,730,320.90	2.49%	167,997,941.98	3.43%	-0.94%	Mainly due to the investment in real estate in Shenzhen Guanhua Printing & Dyeing Co., Ltd.
Long-term equity investment	152,209,929.72	3.36%	32,952,085.66	0.67%	2.69%	Mainly due to the changes in the ability of Shenzhen Guanhua Printing and Dyeing Co., Ltd., the conversion of non-trading equity instruments into long-term equity investment, and investment in real estate to increase the capital of Shenzhen Guanhua Printing & Dyeing Co., Ltd.
Fixed assets	903,229,077.83	19.93%	987,876,247.55	20.17%	-0.24%	
Construction in process	839,866,275.92	18.53%	15,621,286.64	0.32%	18.21%	Mainly due to the construction investment of Line 7 projects.
Short-term loans		0.00%	411,522,111.40	8.40%	-8.40%	Mainly due to repayment of working capital loans and foreign exchange
Long-term loans		0.00%	0.00			
Non-current liabilities due within 1 year			40,000,000.00	0.82%	-0.82%	Mainly due to the repayment of Shenzhen Chaochao's long-term loans, as of the end of the reporting period

2.Asset and Liabilities Measured by Fair Value

√ Applicable □ Not applicable

In RMB

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other change	Amount at year end
Financial assets								
1. Financial assets measured at fair value through profit or loss (excluding derivative financial assets)	540,000,000.00				290,000,000.00			830,000,000.00
4. Other equity Instrument Investment	324,561,120.30		7,364,036.51			83,143,210.08		248,781,946.73
Subtotal of financial assets	864,561,120.30		7,364,036.51		290,000,000.00	83,143,210.08		1,078,781,946.73
Total	864,561,120.30		7,364,036.51		290,000,000.00	83,143,210.08		1,078,781,946.73
Financial Liability	0.00							0.00

Other change

Whether the measurement attribute of the Company's main assets changed significantly during the reporting period

√ Yes □ No

Reasons for major changes in the measurement attributes of the Company's main assets during the reporting period and their impact on its operating results and financial status

Since January 1, 2019, the Company has implemented the new financial instrument standards. The impact on major assets was as follows:

1. The structural deposits held by the Company were originally classified as other current assets, measured in

amortized cost, reclassified as financial assets measured at fair value and recorded in current profits and losses on or after January 1, 2019, and reported as transactional financial assets, reducing other current assets by 540 million yuan and increasing transactional financial assets by 540 million yuan.

2. Non-tradable equity investments held by the Company, originally classified as available-for-sale financial assets, are reclassified as financial assets measured at fair value and included in other comprehensive income on or after January 1, 2019, and are reported as investments in other equity instruments, resulting in a decrease of 45,373,784.87 yuan in available-for-sale financial assets, an increase of 324,561,120.30 yuan in investments in other equity instruments, a decrease of 66,663.75 yuan in deferred income tax assets and an increase of 279,120,671.68 yuan in total assets.

3. Restricted asset rights as of the end of this Reporting Period

Not applicable

V. Investment situation

1. General

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

4. Investment of Financial Asset

(1) Securities investment

Applicable Not applicable

Nil

(2) Investment in Derivatives

Applicable Not applicable

Nil

5. Application of the raised capital

Applicable Not applicable

(1) General application of the raised funds

√ Applicable □ Not applicable

In RMB10,000

Year of Raising	Way of Raising	Total raised capital	Total Amount of the Raised Fund Used at the	Total amount of Raised Funds	Amount of raised capital of which the purpose was changed in the report period	Accumulative amount of raised capital of which the purpose has been changed	Proportion of raised capital of which the purpose has been changed (%)	Total Amount of the Unused Raised Fund at the Current Period	Use and Whereabouts of the Unused Raised Fund	Amount of the Raised Fund with over 2 Years' Idling
2013	Non-public issue	96,175.1	29,303.51	75,970.5	0	30,927.22	32.16%	1,496.52	All deposited in the special account for the raised funds.	0
Total	--	96,175.1	29,303.51	75,970.5	0	30,927.22	32.16%	1,496.52	--	0

Note to use of raised capital

During the reporting period, the Company actually used the raised funds of 293.0351 million yuan, and the accumulated use of raised funds was 759.705 million yuan, of which 34.2356 million yuan of raised funds was actually used for the second phase of the line 6 project of TFT-LCD polarizer-and the accumulated use of raised funds for it was 349.9369 million yuan; the actual use of the raised funds for the 7th line project was 258.8025 million yuan, with the accumulated use of raised funds for it was 409.7681 million yuan.

(2) Promised projects of raised capital

√ Applicable □ Not applicable

In RMB10,000

Committed investment projects and investment	Project changed(including partial change)	Total raised capital invested as committed	Total investment after adjustment (1)	Amount invested in the reporting period	Accumulated amount invested at the end of the reporting period(2)	Investment progress ended the reporting period(%)(3)=(2)/(1)	Date when the project has reached the predicted applicable status	Benefit realized in the reporting period	Has the predicted result be realized	Has any material change taken place in feasibility
Committed investment projects										

Phase-II project of polarizer sheet for TFT-LCD (Line 6)	Yes	96,175.1	70,034	3,423.26	34,993.69	49.97%	June 7, 2018	-5,867.21	No	Yes
The utilization of the surplus raised funds (Line 7 project)	No			25,880.25	40,976.81				Not applicable	No
Subtotal of committed investment projects	--	96,175.1	70,034	29,303.51	75,970.5	--	--	-5,867.21	--	--
Subtotal of committed investment projects										
No										
Total	--	96,175.1	70,034	29,303.51	75,970.5	--	--	-5,867.21	--	--
Situation about not coming up to schemed progress or expected revenue and the reason (in specific project)	Not applicable									
Notes to significant change in feasibility of the project	According to the latest situation of the industry development, the original second phase construction scheme of the TFT-LCD polarizer was optimized, and then according to the results concluded by the experts, the company decided to continue to promote the construction of the No.6 line project. At the same time, in the light of there was a large funds gap between the actual raised capital and the planned raised capital for the second phase project, then by comprehensive considerations of the company's production line scale and the operation pressure, the company decided to terminate the project of No.7 line, and the corresponding amount of funds of 309.2722 million yuan(including interests) for No.7 line project shall be changed for permanently supplementing the liquidity. The Proposal on Alteration of the Use of Part of the Raised Capital for the Second Phase Project of TFT-LCD Polarizer was examined and approved in the 2015 annual shareholder meeting on April 21, 2016..									
Amount, application and application progress of the unbooked proceeds	Not applicable									
About the change of the implementation site of the projects invested with the proceeds	Not applicable									
Adjustment of the implementation way of investment funded by raised capital	Not applicable									
About the initial	Not applicable									

investment in the projects planned to be invested with the proceeds and the replacement	
Using the idle proceeds to supplement the working capital on temporary basis	Not applicable
Balance of the proceeds in process of project implementation and the cause	Applicable
	<p>On August 31, 2018, in the company's second extraordinary shareholders' meeting of 2018, the "Proposal on the Use of Surplus Raised Funds to Invest in the Large-scale TV Polarizer Industrialization Project (Line 7)" was reviewed and approved, agreeing to continue to deposit 134.7172 million yuan in the original special account of raised funds for the follow-up expenditure of line 6 project and the remaining surplus raised funds shall be used for the investment of line 7 project, with the amount shall be subject to the interest settlement of the bank on the day the funds are transferred out. According to the use arrangement for the surplus raised funds, on November 12, 2018, the Company transferred the surplus raised funds for the No. 6 line project by 405.8311 million yuan to the newly opened special account of raised funds for project of Line 7, which will be used for the ultra-large-size TV polarizer industrialization project (Line 7), and as of November 12, 2018, the balance of the special account for raised funds of line 6 was 80.3569 million yuan. The reasons for the surplus of the raised funds were as follows: 1. the interest income and the investment income of the bank wealth management products were generated during the deposit of the raised funds; 2. to grasp the opportunity of the rapid development of the domestic polarizer industry and accelerate the construction of the No. 6 line project, the Company had in advance invested some funds in the second phase of the polarizer project of Line 6, and in view of the fact that the funds raised at the time were in place, as there was a large funding gap between the actual raised funds and the planned and the original investment project needed to be re-demonstrated, the Company did not replace the advance investment in time after the raised funds were received; 3. the second phase of the polarizer project was subsidized by the National Development and Reform Commission and the Shenzhen Municipal Government after the project was established, which had been all put into the project construction according to the requirements, thereby reduced the investment of the raised funds accordingly; 4. to ensure the original investment project to have a good market prospect and profitability, the Company optimized the construction plan of the original raised-funds investment project of No. 6 line, and it adopted the cost control, optimized the production process and took other measures to achieve reasonable savings under the premise of ensuring the original design and technical conditions of the project.</p>
About application and status of the proceeds unused	As of December 31, 2019, the balance of the raised funds was 14.9652 million yuan, of which 14.7799 million yuan was deposited in the special account of raised funds for project of the line 6, and the special account of raised funds for project of the line 7 had 185,300 yuan.

Problems existing in application of the proceeds and the information disclosure or other issues	As of December 31, 2019, the accumulated investment for the second phase of Line 6 project was 699.5442 million yuan, accounting for 99.89% of the total investment of 700.34 million yuan after the change, of which the actual investment payment was 686.7019 million yuan (using the raised funds of 349.9369 million yuan, using its own funds and government funds of 336.7650 million yuan). As of December 31, 2019, the cumulative investment to the Line 7 project was 1,321.7555 million yuan, of which the actual investment payment was 923.6872 million yuan (using the raised funds of 409.7681 million yuan, using its own funds and government funds of 513.9191 million yuan).
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(3) Changes of raised funds projects

Applicable Not applicable

Nil

VI. Significant Asset and Right Offering

1. Situation of Significant Asset Sale

Applicable Not applicable

Nil

2. Situation of Substantial Stake Sale

Applicable Not applicable

Counter party	Sold equities	Sold date	Transaction price(RMB 10,000)	Net profits contributed by the equities to the listed companies from the period-begin to the sold date (RMB 10,000)	Influence of the selling of the Company	Proportion of the net profits of the contributed amount of the equities selling to the listed companies to the total amount of the net profits	Pricing principles of the equities selling	Whether was the related transaction	Relationship with the center party	Whether the involved equities all completed the ownership transfer	Whether execute as scheduled and if failed, should state the reasons and the adopted measurements of the company	Disclosure date	Disclosure Index
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Shenzhen City Construction Development (Group) Co., Ltd.	50% equity of Shenzhen Haohao Property Leasing Co., Ltd.	December 19, 2019	6,055.41	4,161.14	211.44%	Market Principle	Yes	Shenzhen Investment Holdings Co., Ltd., the sole shareholder of the Urban Construction Group, is the controlling shareholder of the company	Yes	Implemented as scheduled	December 21, 2019	December 21, 2019, Announcement No.:2019-70 (http://www.cninfo.com.cn) on
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VII. Analysis of the Main Share Holding Companies and Share Participating Companies

√ Applicable □ Not applicable

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

In RMB

Company Name	Company type	Sectors engaged in	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shenzhen Lisi Industrial Development Co., Ltd.	Subsidiary	Domestic trade, Lease	2,360,000.00	37,905,725.48	31,606,145.18	8,444,486.72	3,778,948.49	3,546,590.92
Shenzhen Huaqiang Hotel	Subsidiary	Accommodation, business center;	10,005,300.0	33,127,173.66	26,774,498.82	12,169,563.25	5,127,931.15	3,860,999.02
Shenfang Property Management Co., Ltd.	Subsidiary	Property management	1,600,400.00	10,950,617.02	3,934,546.90	18,123,677.11	481,655.68	451,324.87
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Production of fully electronic jacquard knitting whole shape	13,000,000.0	36,020,394.08	16,327,291.75	48,879,762.97	2,866,904.51	2,866,904.51
SAPO Photoelectric Co., Ltd.	Subsidiary	Production and sales of polarizer	583,333,333.00	3,233,730,220.23	2,801,536,038.10	1,840,279,083.06	-92,982,192.22	-89,030,335.68
Shenzhen Shenfang Import & export Co., Ltd.	Subsidiary	Operating import and export business	5,000,000.00	38,834,438.24	9,660,856.07	112,741,877.80	3,272,716.24	2,445,665.57
Shengtou (HK) Co., Ltd.	Subsidiary	Sales of polarizer	HKD10,000	7,968,871.14	6,306,112.31	40,429,303.65	358,171.79	800,885.41

Acquirement and disposal of subsidiaries in the Reporting period

 Applicable Not applicable

Note

The financial data of SAPO Photoelectric mentioned in the table above are the financial statements data of its parent company and non-consolidated statements data. Shenzhen Shenzhen Textile Import and Export Co., Ltd. and Shengbo Photoelectric Company Limited are SAPO Photoelectric. The fluctuation of subsidiary SAPO Photoelectric Performance and the reasons for its change are described in detail in Section IV Operating Situation Discussions and Analysis and Section V Important Matters. Section III: Performance of Commitments. The commitment made by shareholders and counterparties in reporting annual operating performance.

VIII.Special purpose vehicle controlled by the Company

Applicable Not applicable

IX.Prospect for future development of the Company

1. The Development Trend of the Industry

In recent years, the new production capacity of Chinese panel manufacturers has been continuously released, and the production capacity has gathered in mainland China. The global competition pattern of LCD TV panel production capacity has changed dramatically. In 2019, the area of LCD TV panel production capacity in China's panel factories has reached nearly 50%, which is expected to exceed 50% in 2020.

In 2019, due to the escalation of trade tensions between China and the United States and the slowdown of global economic growth, the demand for flat panel displays failed to meet the expectations of the consumer market, and the area demand for flat panel displays increased by only 1.5% compared with 2018. Considering that panel prices hit a record low in 2019 and the impact of various sports events held in even-numbered years (such as the 2020 Tokyo Olympics), the demand for flat panel displays is expected to increase, and the global demand for flat panel displays is expected to grow by 9.1%, up to 245 million square meters in 2020, which is higher than 224 million square meters in 2019. It is expected that the weighted average size of LCD TVs will increase from 45.1 inches in 2019 to 47.6 inches in 2020. The gradual mass production of 10.5 generation lines will drive the supply capacity of large-size panels to steadily increase and accelerate the popularization of large-size TVs.

Polarizer is one of the key raw materials for flat panel displays. The development of polarizer industry is accompanied by the development of flat panel display industry, which shows a certain periodicity. Most panel display terminal products are consumables in a stable annual demand but as electronic products, they are to be substituted by new techniques in 2-3 years in average in the long run. As a result, the polarizer industry will basically keep pace with such products in upgrading. Currently, China has become the development focus of the global panel industry. With the gradual production of several 10.5 generation liquid crystal panel production lines in China in recent years, the demand for polarizers has increased dramatically, which has also driven the development of the polarizer industry.

At the moment, the global polarizer industry mainly comprises three echelons: major manufacturers in Japan and South Korea stand in the first echelon; some famous Japanese and Korean enterprises and enterprises in Taiwan, P. R. China stand in the second echelon; the Company stands in the third echelon and serves as the predominant enterprise of polarizer research & development, production and sales in China.

2.The company's development strategy

In 2019, the Company took reducing losses and increasing profits of polarizer, its main business as its work focus, continuously improved its management capability and production technology, fully promoted the construction of polaroid Line 7 project, optimized the allocation of resources, stimulated business vitality and improved the overall operation capability of the company's assets.

In the period of the "13th Five-Year Plan", the Company will keep quickly driving the polarizer industry to go professional, mass and efficient, seize the good opportunity of great development in the industry, make full use of policies of the state and Shenzhen in favor of development of the polarizer industry, further deepen the mixed-ownership reform, boost industrial integration, accelerate ultra-wide production line construction, raise the production technology and business management standards with effort, enhance talent team building, give full play to effects of the long-term incentive mechanism and inspire its vitality to boost a constant growth of its main

business--polarizers.

3.Possible risks

1. Macroeconomic Risks

In 2020, China will maintain economic stability and focus on regulating and controlling domestic demand. Firstly, it will expand consumption and stabilize manufacturing investment; Secondly, it will adhere to the monetary policy of "moderate tightening" and "maintaining reasonable and abundant liquidity"; Thirdly, fiscal policy will implement measures of reducing taxes and fees to ease the burden of enterprises; Fourthly, it will make clear the direction of investment in infrastructure and maintain overall economic stability. Under the background of the introduction of science and technology innovation board and the long-term game of Sino-US trade frictions, the state proposes to implement the strategy of "manufacturing power", encourages core technology to be autonomous and controllable and to realize import substitution. As an important part of the electronic information industry, the industry where the Company lies in will be strongly supported by national policies, but it can not be ruled out that unpredictable macroeconomic fluctuations may cause risks to the Company's performance.

2. Market risks

Polarizer industry is an important part of China's future manufacturing industry and the demand for display panels and the development of relevant technologies are changing with each passing day. The process of domestic substitution of polarizer industry is in progress. With the gradual mass production of Generation 10.5 Line, the market for super-large size will encounter with new changes. If the Company's technology and products fail to respond to the demand of application field, wide polarizer products and applications are not developed as expected, or the intensification of market competition leads to the price decline of display products and the pressure of price reduction in the polarizer market, negative impacts will be caused inevitably on the Company.

3. Raw-material risks

The core patents of polarizer terminal materials have high technical barriers and are basically monopolized by foreign manufacturers. Thus, patents are the main reason for limiting the localization of luminescent materials. Currently, the key raw materials for manufacturing polarizers, PVA film and TAC film, are basically monopolized by Japanese companies and the production line and production technology of upstream supporting raw materials are constrained by the Japanese side. Compared with the international manufacturer's complete industrial chain model from upstream raw materials to polarizers to display panels, the Company does not have the corresponding complete industrial support to play the role in industrial integration while the price of major membrane materials is affected by the supplier's production capacity, market demand and the yen exchange rate, which influences the unit cost of the Company's products.

4.The key work in 2020

1. Multiple measures to improve the current situation of main business operation

Firstly, it gave full play to the role of multiple special research teams, explored management optimization, AOI improvement, foreign cooperation for Line 7, progress of Line 7 project, market development, research and development, and studied the solution measures for key and difficult problems that affect the loss reduction and profit increase in main business so as to promote business improvement; Secondly, it controlled the ratio of production to sales and actively eliminated inventory. Thirdly, it opened up the market for valid orders. Fourthly, it intensified R&D and innovation, sped up the import of domestic materials, reduced costs and ensured the supply of raw materials. Fifthly, it continued to train talents in a targeted way and formed a technical support centered by its own team. Sixthly, it strengthened overall risk management, improved risk control and response capabilities, and further ensured a safe, sound and sustainable development.

2. Push forward the construction of Line 7 to ensure its timely completion

Work has been carried out in strict accordance with the requirements of the project implementation schedule, equipment installation has been completed as soon as possible, all links have been connected well, and technical reserve and talent planning have been well ensured in advance. With the cooperation of the cooperating party Jinjiang Group, it actively promoted the technical cooperation with Kunshan Zhiqimei Material Technology Co., Ltd., earnestly learned from the technical team the experience in equipment installation, production operation, operation management, etc., strengthened the production and manufacturing technology exchange with Japan Nitto Denko Corporation, and made full preparations for smooth trial production. Moreover, it was necessary to strengthen the organizational guidance, quality management and fund management of the project, to build the project into an efficient and clean project, and to make every effort to ensure that the project's development goals are completed on schedule.

3. Ensure the stable growth of property business and provide effective support for the development of the company

Property companies will continue to tap potential and increase efficiency, overcome adverse effects, stabilize the rental rate of Shenfang Building and peripheral factories, further improve service quality and realize steady growth of rental income based on the rental rate and capital recovery rate.

4. Continue to explore ways to deepen reform and development and optimize the system and mechanism

The cooperation period between the Company and Jinjiang Group has reached three years. Based on the original intention of win-win cooperation, the Company should continue to insist on deepening reform and development, further explore the market-oriented mechanism under the mixed ownership mode, and realize the reform goal of "mix and change". It will continue to promote the improvement of SAPO Photoelectric's operation, management optimization and the establishment of a market-oriented mechanism. It will optimize the corporate governance structure, sort out the list of authorities, improve the basic process system, optimize inventory management, establish and improve the system of checks and balances on rights and responsibilities, effectively play a supervisory role, and strengthen the ability to prevent risks.

5. Enhance talent echelon building and reinforce core competitiveness of company

Currently, the Company is in a critical period of deepening reform and development, with fast business development and insufficient existing talent reserve. It should continuously improve the quality of the existing talent team, continuously optimize and improve the evaluation and appointment system and incentive system of professional and technical ranks of the company according to the company's future development strategy, increase the incentive and training of key reserve talents through various forms of training, improve the stability and enthusiasm of key reserve talents, and gradually establish reserve talent echelons for key positions of the Company, thus continuously improving the core competitiveness and sustainable development capability of the enterprise.

6. Well ensure work safety and maintain the harmony and stability of enterprise

The construction of polarizer Line 7 project of the Company has entered the final critical period. The Company's work safety task is very arduous, and it must pay constant attention to work safety, so as to ensure both project construction and work safety. The Company will regularly carry out large-scale inspections of work safety, comprehensively inspect the implementation of the responsibility system for work safety, the implementation of laws and regulations on work safety, standard procedures, potential hazard investigation and rectification, and emergency management, and formulate and implement effective rectification measures to eliminate potential safety hazards.

7. Strengthen party building and innovating enterprise culture

The Company's Party Committee will continue to carry out in-depth special education activities of "Two Studies and One Activity", strictly implement the "Three Meetings and One Lesson" system, and strengthen the construction of the Party building system and the Party member team. Conscientiously implement the "two responsibilities" and pay close attention to the construction of a clean and honest party. The Commission for Discipline Inspection of the Company should conscientiously perform its duties of supervision, discipline and accountability, strengthen the clean construction of enterprises, strengthen the supervision and inspection of the construction of Line 7 project, and well ensure the project construction.

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

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

Applicable Not applicable

The company did not receive researches, visits and interviews received in this reporting period.

V. Important Events

I Specification of profit distribution of common shares and capitalizing of common reserves

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

Applicable Not applicable

The profit distribution preplan or proposal and the preplan or proposal of conversion of the capital reserve into share capital in the past three years(with the reporting period inclusive):

Based on the needs of the construction of Polarizer for oversized TV project and the company business development, there were no cash dividends and there were no capital reserves converted into share capital in the last three years.

Dividend distribution of the latest three years

In RMB

Year for bonus shares	Amount for cash bonus(tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways(i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus(other ways included)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2019	0.00	19,679,910.43	0.00%	0.00	0.00%	0.00	0.00%
2018	0.00	-22,980,624.93	0.00%	0.00	0.00%	0.00	0.00%
2017	0.00	52,776,101.46	0.00%	0.00	0.00%	0.00	0.00%

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

Applicable Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

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

III. Commitments to fulfill the situation

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

√ Applicable □ Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.	August 4, 2006	Sustained and effective	Under Fulfillment
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement						
Commitments made upon issuance	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance” when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen	October 9, 2009	Sustained and effective	Under Fulfillment

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

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

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

Applicable Not applicable

Asset or Project Name of Earnings Forecast	Start date of the forecasting period	End date of the forecasting period	Forecast earnings(RMB 10,000)	Actual earnings(RMB 10,000)	Reason for less than forecast	Disclosure date of the Forecast	Reference for the Forecast

Subsidiary- SAPO Photoelectric Introduces strategic investors	January 1,2019	December 31,2019	15,000	-9,478.38	See on http://www.cninfo.com.cn	December 31,2019	See on http://www.cninfo.com.cn announcement (Announcement No.:2016-67)
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Commitments made by shareholders or counterparties in reporting annual operating results

✓ Applicable □ Not applicable

I. Basic Information

In order to improve the operation situation of SAPO Photoelectric, By the end of 2016, the company introduced Hangzhou Jinjiang Group Co., Ltd. (hereinafter referred to as "Jinjiang group") as a strategic investor through the capital increase and share expansion in the SAPO Photoelectric. The company, SAPO Photoelectric ,Jinjiang Group and Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Investment")-whose actual controller is Jinjiang Group-jointly signed the "SAPO Photoelectric Capital Increase Agreement" , of which Jinhang Investment, as the principal body of the capital increase, subscribed for 40% equity of SAPO Photoelectric with that the increased capital was RMB 1,352.64 million. In order to give full play to the advantages of the private enterprise's institutional mechanism and state-owned enterprises' resources, the company and the Jinjiang Group reached a consensus on the future operation, management and development of SAPO Photoelectric , and signed the "Cooperation Agreement", whereby the Jinjiang Group made a commitment to the business performance of SAPO Photoelectric in order to achieve better results after the introduction of the strategic investor.

II. Information of Business Performance Commitment and Compensation Arrangements

According to the "Cooperation Agreement" , after Jinjiang Group' s investment in SAPO Photoelectric through Jinhang Investment, Jinjiang Group' s advantages in system, mechanism, industry, management, etc. and successful experience in industry integration will be fully utilized, and it has made the business performance commitment to SAPO Photoelectric , with details as follow:

The sales revenue and net profits for 2017, 2018 and 2019 shall be not less than RMB 1.5 billion/50 million, RMB 2 billion/100 million, and RMB 2.5 billion/150 million respectively. In principle, the sales revenue of polarizers and related optical film products shall account for not less than 70 % of the total revenue in 2017 and not less than 80 % of the total revenue after 2018. If fail to achieve the above-said business performance, Jinjiang Group shall make a cash supplement for the difference less than the net profits within 10 days from the completion of the statistical data of annual sales revenue and annual net profit.

The method of calculating the actual profit for the above-mentioned years shall be based on the current effective accounting standards in China, and shall be calculated and determined based on the special audit results issued by a qualified accounting firm engaged by the company.

III. Completion of SAPO Photoelectric 2019 performance commitments

In 2019, faced with the adverse effects of intensified market competition, large fluctuations in exchange rate, relocation of some production lines, aging of some equipment, and low product prices, SAPO Photoelectric cooperated with Jinjiang Group and actively responded to the adverse effects. Under severe external conditions, the Company is guaranteed to operate stably and the impact of adverse factors on the Company is reduced through continuous optimization of product sales structure, active promotion of inventory de-stocking, continuous

exploration of research and development innovation and other measures.

Audited by Zhongqin Wanxin Accounting Firm (Special General Partnership), SAPO Photoelectric realized business income of 1.953 billion yuan in 2019, net profit of - 90.78 million yuan, and sales revenue of polarizers and related optical film products accounted for 73.21% of the total revenue.

IV. Reasons for why the business performance commitment was not fully realized

Although operating income increased significantly compared with the same period last year, the selling price of polarizer products has been low since the sharp decline in 2018. The order structure adjustment of major products was not as expected, plus the selling price of TN/STN products decreased significantly due to the shrinking market sales, and the increase in purchasing cost and exchange loss caused by the devaluation of RMB offset the contribution of the sales increase to the performance. The difference between the percentages of actual sales revenue, net profit and the sales revenue of polarizer and related optical film products in the total revenue in this year and the target is 547 million yuan, 244,783,800 yuan and 6.79% respectively. According to the *Cooperation Agreement*, Jinjiang Group is required to make up the difference in net profit in cash.

IV. The follow-up solution measures to the not fully achieved in the business performance commitment

1. In view of the fact that the Jinjiang Group has filed an arbitration with the Shenzhen International Arbitration Court on January 14th, 2020, in accordance with the dispute settlement method agreed in the *Cooperation Agreement* signed with the company, regarding the performance commitments of 2019, the company received The "Arbitration Notice" served by Shenzhen International Arbitration Court and the "Application for Arbitration" submitted by Jinjiang Group as the applicant are detailed on the Juchao Information Network on March 11th, 2020 (<http://www.cninfo.com.cn>) "Announcement on Companies Involved in Arbitration" (No. 2020-07). At present, the company is preparing a written reply and relevant supporting materials.

2. In accordance with the principles of objectivity, fairness, and respect for facts, the company will actively resolve the issue of performance commitment compensation on the premise that it is beneficial to both parties' cooperation. At the same time, in order to effectively protect the interests of the company and all shareholders, the company will hire special lawyers to represent the arbitration.

Fulfillment of performance commitment and impact on goodwill impairment test

Not applicable

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

Applicable Not applicable

No non-operating occupation from controlling shareholders and its related party in the period.

V. Explanation of the Supervisory Committee and Independent Directors (If applicable) on the Qualified Auditor's Report Issued by the CPAs.

Applicable Not applicable

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

Applicable Not applicable

I. Changes in accounting policies

(I) Accounting policy changes caused by implementation of new financial instrument standards

In 2017, the Ministry of Finance revised and promulgated the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No.24-Hedge Accounting and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (the above four standards are collectively referred to as "New Financial Instrument Standards"), which are required to come into force on January 1, 2019 for domestic listed enterprises. According to the regulations, the Company will implement the new financial instrument standards from January 1, 2019 and adjust the relevant contents of accounting policies. The Company began to implement the new financial instrument standards at the time required by the Ministry of Finance after adopting a proposal at the 18th meeting of the 7th board of directors of the Company on April 25, 2019.

The Company retrospectively applies the new financial instrument standards, but for classification and measurement (including impairment) involving the inconsistency between the previous comparative financial statement data and the new financial instrument standards, the Company chooses not to repeat. Therefore, for the cumulative impact of the first implementation of this standard, the Company adjusted the retained earnings or other comprehensive earnings at the beginning of 2019 and the amount of other related items in the financial statements, which were not restated in the financial statements of 2018.

The main changes and impacts of the implementation of the new financial instrument guidelines on our Company are as follows:

- The structural deposits held by the Company were originally classified as other current assets, reclassified by the Company as financial assets measured at fair value and recorded in current profits and losses on or after January 1, 2019, and reported as transactional financial assets;

- On January 1, 2019 and beyond, the Company designated non-tradable equity investments held as financial assets measured at fair value and included their changes in other comprehensive income, and reported them as investments in other equity instruments;

-In its daily fund management, the Company endorsed or discounted some bank acceptance bills, aiming at both receiving the contract cash flow and selling financial assets. Therefore, the Company reclassified these bills receivable into financial asset categories measured at fair value with changes included in other comprehensive income and reported them as receivables financing on or after January 1, 2019.

(II) Other accounting policy changes

1. The Company prepared 2019 annual financial statements in accordance with the requirements of the Ministry of Finance's Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2019 (CK [2019] No.6), Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition) (CK [2019] No.16) and the Accounting Standards for Enterprises. Retroactive adjustment method is adopted for such accounting policy changes.

2. The Company will implement the revised Accounting Standards for Business Enterprises No.7-Exchange of Non-monetary Assets from June 10, 2019 and the revised Accounting Standards for Business Enterprises No.12-Debt Restructuring from June 17, 2019. The accounting policy change shall be handled by the future applicable method.-

II. Changes in accounting estimates

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

VII. Explain retrospective restatement due to correction of significant accounting errors in the reporting period

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

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

Applicable Not applicable

No changes in consolidation statement's scope for the Company in the period.

IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Peking Certified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firm (RMB10,000)	65
Continuous life of auditing service for domestic accounting firm	9
Name of domestic CPA	Long Zhe, Liu Rlu
Continuous fixed number of year for the auditing service provided by CPA in domestic CPA Firms	2

Has the CPAs been changed in the current period

Yes No

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

Applicable Not applicable

During the reporting period, the company engaged Peking Certified Public Accountants(Special General Partnership) as the company's internal control audit agency for 2019, with an audit remuneration of RMB 250,000 (including travel expenses and other expenses).

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

Applicable Not applicable

XI.Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XII.Significant lawsuits and arbitrations of the Company

Applicable Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

XIII. Situation of Punishment and Rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

During reporting period, there was no effective judgment of a court and large amount of debt maturity that the company, its controlling shareholders and actual controller failed to perform or pay off.

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

Applicable Not applicable

(I) Formulation of Restricted Stock Incentive Plan

On November 27, 2017, the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan (Draft) and summary and the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan was examined and approved in the 7th board meeting of the company's 7th session board of directors, and related proposals agreed to fulfill the relevant procedures and related proposals agreed to fulfill the relevant procedures

On December 11, 2017, the SASAC agreed in principle to implement the restricted stock incentive plan.

On December 14, 2017, the company held the third extraordinary shareholders' general meeting in 2017, which reviewed and approved the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan (Draft) and summary and Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan and other issues.

(II) Information on granting the restricted stock

On December 14, 2017, the company held the 8th meeting of the 7th Board of Directors, which reviewed and approved the "Proposal on Adjusting the List of Incentive Objects and Granting Quantity of the 2017 Restricted Stock Incentive Plan" and the "Proposal on Granting the Restricted Stocks to Incentive Objects". The restricted shares actually granted by this stock incentive plan totaled 4,752,300 shares, and 119 incentive objects were granted, with the granting price was 5.73 yuan per share.

On December 27, 2017, the company's restricted stock completed the grant registration formalities at China Securities Depository and Clearing Corporation Shenzhen Branch.

(III) Progress of restricted stock

1. Regarding the repurchase and cancellation of some restricted stocks, i.e. the repurchase and cancellation of restricted stocks in Phase II and held by 3 original incentive objects

On June 4, 2019, the Company convened the 19th meeting of the 7th board of directors and the 13th meeting of the 7th board of supervisors to consider and pass the Proposal on Repurchase and Cancellation of Some Restricted Share, agreeing to repurchase and cancel the 1,877,720 restricted shares held by the Company for 116 incentive objects at a repurchase price of 5.92 yuan/share, which did not meet the conditions for lifting the restriction on sale in phase I. The buyback price of 5.73 yuan per share was used to cancel 58,000 restricted shares held by 3 original incentive subjects who left the company for personal reasons, and a total of 1,935,720 restricted shares were repurchased and canceled.

On June 26, 2019, the Company held its 2018 annual shareholders' meeting to consider and pass the Proposal on Repurchase and Cancellation of Some Restricted Shares, agreeing to repurchase and cancel the 1,877,720 restricted shares held by 116 incentive objects at a repurchase price of 5.92 yuan per share in phase I and 58,000 restricted shares held by 3 original incentive objects who left the company for personal reasons at a repurchase price of 5.73 yuan per share, and a total of 1,935,720 restricted shares were repurchased and canceled.

On September 12, 2019, the above-mentioned restricted stock companies completed the repurchase and cancellation procedures in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

On September 12, 2019, the above-mentioned restricted stock companies completed the repurchase and cancellation procedures in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

2. Regarding the repurchase and cancellation of some restricted stocks, i.e. the repurchase and cancellation of restricted stocks held by 3 original incentive objects

On December 30, 2019, the Company held the 25th meeting of the 7th board of directors and the 17th meeting of the 7th board of supervisors to consider and pass the Proposal on Repurchase and Cancellation of Some Restricted Shares, agreeing that the company will repurchase and cancel 69,900 restricted shares held by 3 original incentive objects who left the company for personal reasons at a repurchase price of 5.73 yuan per share.

On January 16, 2020, the Company convened the first extraordinary shareholders' meeting in 2020 to consider and pass the Proposal on Repurchase and Cancellation of Some Restricted Shares and agreed to repurchase and cancel 69,900 shares of restricted shares held by 3 original incentive objects who left the company for personal reasons at a repurchase price of 5.73 yuan per share.

On January 17, 2020, the Company's registered capital will be reduced due to the repurchase and cancellation of some restricted stocks. According to the Company Law and other relevant laws and regulations, the Company discloses the Announcement on Reduction of Capital for Repurchase and Cancellation of Some Restricted Stocks (No 2020-02), and creditors are hereby notified that they have the right to require the Company to repay debts or provide corresponding guarantees within 45 days from the date of this announcement. If the creditor fails to exercise the above rights within the prescribed time limit, the repurchase and cancellation will continue to be implemented according to legal procedures.

XVI. Material related transactions

1. Related transactions in connection with daily operation

√Applicable □ Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade (RMB10,000)	Ratio in similar trades	Trading limit approved (RMB '0000)	Whether over the approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure

Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjian Group's shareholding company	Purchase of products from related parties	Purchase of optical film products and relevant materials	Market Principle	Agreement price	14,388.82	11.75%	20,880	No	Transfer	14,388.82	April 27, 2019	http://www.cninfo.com.cn On April 27, 2019 (Announcement No.2019-19)
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjian Group's shareholding company	Sale of goods to related parties	Purchase of optical film products and relevant materials	Market Principle	Agreement price	14,110.65	11.01%	21,996	No	Transfer	14,110.65	April 27, 2019	http://www.cninfo.com.cn On April 27, 2019 (Announcement No.2019-19)
Total				--	--	28,499.47	--	42,876	--	--	--	--	--
Details of any sales return of a large amount				Not applicable									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				Normal performance									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

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

√ Applicable □ Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Book value of assets transferred (RMB 10,000)	Valuation of transferred assets (RMB 10,000)	Transfer price (RMB 10,000)	Way of payment	Transaction gain or loss (RMB 10,000)	Date of disclosure	Index of information disclosure
Shenzhen City Construction Development (Group) Co., Ltd.	Shenzhen Investment Holdings Co., Ltd., the sole shareholder of the Urban Construction Group, is the controlling shareholder of the company	Equity transfer	50% equity of Shenzhen Haohao Property Leasing Co., Ltd.	Market principle	435.55	6,055.41	6,055.41	Transfer	5,548.18	December 21, 2019	http://www.cninfo.com.cn December 21, 2019 (Announcement No. 2019-70)
Reasons for the difference between the transfer price and the book value or valuation value (If any)				The transfer price is consistent with the assessed value.							
Impact on the company's operating results and financial status				Have a positive impact on the company's 2019 annual results.							
If the relevant transaction involves performance agreement, the performance of the report during the reporting period				Not applicable							

3. Related-party transactions with joint investments

Applicable Not applicable

No main related transactions of joint investment outside for the Company in reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

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

Yes No

Due from related parties

Related parties	Relationship	Causes of formation	Does there exist non-operation capital occupancy?	Opening balance (RMB 10,000)	Newly increased amount in the reporting period (RMB 10,000)	Amount recovered in the reporting period (RMB 10,000)	Interest rate	Interest in the reporting period (RMB 10,000)	Ending balance (RMB 10,000)
Shenzhen Dailishi Underwear Co., Ltd.	Sharing company	Investment dividend	No	41.64	98.84	100			40.48
Anhui Huapeng Textile Co., Ltd.	Joint venture	Investment dividend	No	180					180
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Sale products	No	8,406.26	14,110.65	17,127.53			5,389.38
Shenzhen Tianma Microelectronics Co., Ltd.	The Chairman of the Company was Vice Chairman of the company	Sale products	No	89.44	144.43	160.57			73.3
Influence of the related rights of credit and liabilities upon the company's operation results and financial position	During the reporting period, the creditor's rights of related parties were formed by normal production, operation and investment activities. There was no financial risk caused by the occupation of funds by related parties, nor was there any damage to the company's interests caused by unfair prices of related transactions.								

Due to related parties

Related parties	Relationship	Causes of formation	Opening balance (RMB 10,000)	Amount newly increased in the reporting period (RMB 10,000)	Amount repaid in the reporting period (RMB 10,000)	Interest rate	Interest in the reporting period (RMB 10,000)	Ending balance (RMB 10,000)
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Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Purchase	1,740.57	14,388.82	10,504.89			5,624.5
Shenzhen Xinfang Knitting Co., Ltd.	Sharing company	Current amount	24.48					24.48
Shenzhen Changlianfa Printing & dyeing Co., Ltd.	Sharing company	Current amount	117.84	40.25				158.09
Shenzhen Haohao Property Leasing Co., Ltd	Sharing company	Current amount	445.45		104.69			340.76
Yehui International Co., Ltd.	Sharing company	Current amount	119.01	2.66				121.67
SAPO (HK) Co., Ltd.	Sharing company	Current amount	31.5					31.5
Shenzhen Shenchao Technology Investment Co., Ltd.	Controlled by the same party	Interest payable	3,722.07	53.47	3,774.54			0
Shenzhen Guanhua Pringing & Dyeing Co., Ltd.	Sharing company	Current amount		381.11				381.11
Influence of the related rights of credit and liabilities upon the company' s operation results and financial position	During the reporting period, the debts of related party was caused by normal production and operation activities, and there was no act damaging the interests of the Company and its shareholders.							

5. Other significant related-party transactions

Applicable Not applicable

Nil

XVII.Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Applicable Not applicable

No trusteeship, contract or leasing for the Company in reporting period.

(2) Contract

Applicable Not applicable

No any contract for the Company in the reporting period.

(3) Lease

Applicable Not applicable

No any lease for the Company in the reporting period..

2.Guarantees

Applicable Not applicable

No any guarantees for the Company in the reporting period..

3.Situation of Entrusting Others for Managing Spot Asset

(1)Situation of Entrusted Finance

Applicable Not applicable

Overview of entrusted wealth-management during the reporting period

In RMB 10,000

Specific type	Source of funds for entrusted financial management	The Occurred Amount of Entrusted Wealth-management	Undue balance	Un-recovered of overdue amount
Bank financial products	Self fund	383,000	5,000	0
Bank financial products	Raise fund	95,000	0	0
Total		478,000	5,000	0

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

Applicable Not applicable

In RMB10,000

Name of Trustee Organization (or Trustee Name)	Type of Trustee Organization (or Trustee)	Product Type	Amount	Capital Source	Start Date	Expiry Date	Funds Allocation	Method of Reward Determination	Reference Annualized Rate of Return	Expected Income (if any)	Actual profit and loss during the reporting period	The actual recovery of profit and loss during the reporting period	Amount of provision for impairment (if any)	Whether passed the statutory procedure	Whether there is any entrusted financial plan in the future	Summary of events and related search index (if any)
China Merchants Bank Co., Ltd. Shenzhen Shenfaling Building Branch	Bank	Structure Deposit	16,000	Raise fund	May 8, 2019	June 10, 2019	Bank financial products	Due payment at a time	3.50%	50.63	50.63	The principal of 160 million yuan and interest of 506,300.00 yuan have been recovered on the maturity date.		Yes	Not applicable	http://www.cninfo.com.cn (Announcement No.2019-22, 2019-29)

China Merchants Bank Co., Ltd. Shenzhen Shenfa ng Building Branch	Bank	Structure Deposit	12,000	Raise fund	June 19,2019	July 19,2019	Bank financial products	Due payment at a time	3.45%	34.03	34.03	The principal of 120 million yuan and interest of 340,300 yuan have been recovered on the maturity date.	Yes	Not applicable	http://www.cninfo.com.cn (Announcement No.2019-29, 2019-33)
SPD Bank Co., Ltd. Shenzhen Pingshan Branch	Bank	Structure Deposit	12,000	Self Fund	May 23,2019	June 24,2019	Bank financial products	Due payment at a time	3.65%	38.4	37.72	The principal of 120 million yuan and interest of 377,200 yuan have been recovered on the maturity date.	Yes	Not applicable	

China Merchants Bank Co., Ltd. Shenzhen Shenfang Building Branch	Bank	Structure Deposit	22,000	Self Fund	October 9, 2018	January 7, 2019	Bank financial products	Due payment at a time	3.93%	213.19	213.19	The principal of 220 million yuan and interest of 2.1319 million yuan have been recovered on the maturity date.	Yes	Not applicable
China Merchants Bank Co., Ltd. Shenzhen Shenfang Building Branch	Bank	Structure Deposit	22,000	Self Fund	January 29, 2019	July 29, 2019	Bank financial products	Due payment at a time	3.86%	421.11	421.11	The principal of 220 million yuan and interest of 4.2111 million yuan have been recovered on the maturity date.	Yes	Not applicable

SPD Bank Co., Ltd. Fenghuang Building Branch	Bank	Structure Deposit	22,000	Self Fund	July 30, 2019	January 31, 2020	Bank financial products	Due payment at a time	4.05%	457.88	455.4	The principal of 220 million yuan and interest of 4.554 million yuan have been recovered on the maturity date.	Yes	Not applicable	
Total			106,000	--	--	--	--	--	--	1,215.24	1,212.08	--	--	--	--

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

Applicable Not applicable

(2) Situation of Entrusted Loans

Applicable Not applicable

No any Entrusted loans for the Company in the reporting period..

4. Other significant contract

Applicable Not applicable

Company Name of the Party Making the contract	Company Name of the Other Party of the Contract	Contract Object	Contract Signing Date	Book Value of the Assets Involved by the Contract (RMB10,000) (If Any)	Assessed Value of the Assets Involved by the Contract (RMB10,000) (If Any)	Appraisal Agency Name (If Any)	Base Date of Assessment (if any)	Pricing Principle	Transaction Price (RMB10,000)	Whether A Related Traction	Connection Relation	Execution Condition As Of The End Of The Reporting Period	Date of Disclosure	Disclosure Index

SAPO Photoelectric	Hangzhou Jinjiang Group Co., Ltd., Kunshan Zhiqimei Material Technology Co., Ltd., Japan Nitto Denko Corporation	Nitto Denko provides polarizer manufacturing technology and related corporation.	November 6, 2017					Considering the formulation of market price and technical service period, the final transaction price is based on the commercial negotiation results of both parties.	86,900	No	With no association relationship with the company	In normal performance	November 7, 2017	Http://www.cninfo.com.cn (Announcement No. :2017-53) on November 7, 2017
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XVIII. Social responsibilities

1. Performance of poverty relieving responsibilities

(1)The protection of shareholder' s rights and interests

During the reporting period, the company operated with in accordance with laws and strictly conformed to the requirements of laws and regulations such as The Company Law, The Securities Law and Corporate Governance Guidelines for Listed Companies, and the company continuously perfected the governance structure and further standardized the operation of the company. Adhered to the core system constituted by shareholders' meeting, board of directors, board of supervisors and the independent director system, further improved the corporate governance structure and the management system, constantly improved the company's internal control system in the process of business management, adopted effective measures to prevent operational risks and soundly safeguarded and protected the rights and interests of shareholders to lay a solid foundation for the company's healthy, sustainable development. Independent directors have paid close attention to the company's operation, put forward many valuable professional suggestions for the company's daily operation and key concerns, and played an important role in improving the company's supervision mechanism and protecting the legitimate rights and interests of the company and all shareholders.

The company strictly enforces information disclosure obligations in accordance with the law, and truthfully,

accurately, completely, timely, and fairly discloses information that has a significant impact on investment decisions, the disclosure content is concise and easy to understand, and fully reveals risks, facilitates access for all shareholders. And according to regulatory requirements, the company further sort out and improve relevant systems and improve the quality of information disclosure.

During the reporting period, the company further improved information disclosure and information transparency, strictly fulfilled the obligation of information disclosure in accordance with regulatory requirements, communicated and communicated with investors through multiple channels, answered questions raised by investors in a timely manner, improved information transparency, and cooperated with regulatory authorities and at the same time, cooperated with the regulatory authorities to purify the market space, safeguard the interests of investors, especially small and medium-sized investors, and achieve positive interaction and harmonious (2) The protection of legal right of staff

(2) The protection of legal right of staff

Subject to the enterprise development strategy, the Company worked out a compliance, legitimate, scientific and reasonable human resources management system. The Company established a labor relation with each employee by concluding an employment contract and made necessary management on employees pursuant to *Labor Law* and relevant management regulations in the Company. The Company formulated assessment management systems separately geared to senior executives, middle management and regular employees and established a systematic and standardized performance assessment and evaluation system for a comprehensive, objective, fair and accurate assessment on all the employees regarding performance of duties and completion of tasks, results of which were seen as the basis for determination of the employee compensation, reward or punishment and appointment.

In 2019, according to the principle of "strategic guidance, performance oriented, fairness and justice", the company revised the Measures for Annual Performance Appraisal and Salary Management of Senior Management Personnel of Shenzhen Textile, and revised and improved the Performance Appraisal Management System of Employees of Shenzhen Textile and the Salary Management System of Shenzhen Textile. A performance-based salary assessment and distribution mechanism has been established, which "priorities efficiency, considers fairness, rewards excellence and punishes inferiority, maintain flexibility, and combines incentives and constraints". The salary structure and level have been reasonably determined and an incentive and constraint mechanism in which value creation determines value distribution has been formed. The Leave Management System Shenzhen Textile for Going Abroad and Leaving Shenzhen has been revised and improved, in which the management responsibilities, management principles and examination and approval authority for going abroad have been clarified, and the management process for leaders' leaving Shenzhen has been improved. In addition, the Measures for the Administration of Enterprise Annuity of Shenzhen Textile has been revised, and subordinate enterprises have been instructed to revise and improve the measures for the administration of enterprise annuities. The company's human resources-related work such as personnel training, performance appraisal and recruitment management has been optimized and improved, thus improving the level of human resources management and further mobilizing the enthusiasm of employees.

(3) The protection of environment

Building a modern "green enterprise" with effort is a permanent responsibility which the Company keeps taking. For that end, the Company holds firm to building a green and recycled industry chain throughout the entire process to realize green and recycling economy in real means and improves quality of environment surrounding the Company to facilitate its production. In the report period, the Company's out-of-boundary noise, industrial waste water and gas emission passed the surveillance of the environmental protection administration and met standard requirements in relevant laws and regulations. In the report period, through a rotary RTO treatment

process, more than 99% of VOCs were removed from the Company's organic waste gas and on the ground of up-to-standard emission, the Company further reduced emission of pollutants to practically fulfill the social responsibility as a listed company and inflicted no major environmental protection accident. Furthermore, the Company advocated for green office with effort and carried out environmental protection publicity and education activities in a variety of forms to enhance the energy-saving and emission reduction awareness among employees and coordinate production & operation and environmental protection in production to fulfill its social responsibility literally.

(4) The protection of consumer rights and interests

The company always sticks to the core values of "honesty, responsibility first". As the responsibility to the customer is the source of enterprise value, the company committed to provide customers with professional, personalized, full range of products and services. Sustainable customer-oriented service and impeccable product quality motive our performance and sustainable development and guarantee long-term customers. And our long-term partnership is established on the basis of initiative attention, quick responding and sincere care to customers.

2. Execution of social responsibility of targeted poverty alleviation

(1) Precision poverty alleviation program

The company has no precise social responsibility for poverty alleviation in the period and has no follow-up plan either.

(2) Annual precision poverty alleviation

(3) Accuracy of poverty alleviation

Index	Measurement unit	Quantity / Status
I. General situation	——	——
II. Breakdown Input	——	——
1. Poverty alleviation by industrial development	——	——
2. Poverty alleviation by transfer employment	——	——
3. Poverty alleviation by relocation	——	——
4. Educational poverty alleviation	——	——
5. Health poverty alleviation	——	——
6. Ecological protection poverty alleviation	——	——
7. Guarantee of all the details	——	——
8. Social poverty alleviation	——	——
9. Other projects	——	——
III. Awards (Content and level)	——	——

(4) Subsequent targeted poverty alleviation program

3. Information on environmental protection

The Listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Yes

Company or subsidiary name	Main pollutant and specific pollutant name	Emission way	Emission port number	Emission port distribution condition	Emission concentration	Implemented pollutant emission standards	Total emission	Verified total emission	Excessive emission condition
SAPO Photoelectric	Exhaust gas:non-methane total hydrocarbons	Altitude emission	2	The discharge port is located on the east side of the roof of Building No. 1	<100mg/m ³	120mg/m ³	840kg/d	1728kg/d	No
SAPO Photoelectric	Waste water: COD	Open channel discharge after treatment	1	Southeast side of plant area	<60mg/L	70mg/L	37.5804t/a	43.8438t/a	No

Prevention and control of pollution facilities construction and operation

(1) Organic exhaust emission

The waste gas treatment facility adopted the RTO waste gas regenerative incineration process of SAPO Photoelectric. which can fully meet the emission requirements of discharge gas. The removal rate of organic waste gas VOCs reached more than 99%,Meanwhile, the equipment adopted the imported thermal storage material, with the heat storage effect reached 90%, so that the equipment operation had low energy consumption; after RTO treatment, the exhaust gas produced by the production process can meet the discharge standard.

(2) Wastewater discharge:

The wastewater treatment facility adopts fenton + biological method + physicochemical method +MBR membrane wastewater treatment process. The equipment has the advantages of stable operation, low energy consumption, low maintenance cost, high degree of automation, good wastewater treatment effect and strong impact resistance. The waste water produced in the production process can meet the environmental protection requirements of standard discharge after being treated by waste water treatment facilities.

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

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

others.

Emergency Plan for Emergency Environmental Incidents

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

Environmental Self-Monitoring Program

Surveillance done subject to surveillance requirements made by the surveillance station and operation needs of all systems of SAPO, the specific monitoring programs are as follows: organic exhaust gas is 8 times per year (2 per quarter), wastewater discharge is 4 times per year (once per quarter), boiler exhaust gas is 2 times per year (once every six months), and canteen fume is 2 times per year (once every six months), the noise at the plant boundary is 2 times per year (once every six months).

Other Environmental Information That Should Be Disclosed

Nil

Other Environmental Related Information

Nil

XIX. Other material events

Applicable Not applicable

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

The construction of Line 7 project has been delayed for about 3 months due to changes in the planned land use of Pingshan Government and other factors. The Company's Line 7 project construction team rescheduled the construction to ensure that all work is completed on schedule with good quality. In the process of project construction, the Company further strengthened the monitoring and management of budget, schedule and quality, actively promoted the technical exchange with Nitto Denko and Kunshan Zhiqimei, and promoted the research and development of raw materials for Line 7 project to cope with the demand of large-scale products. Through field investigation and negotiation with major Japanese raw material manufacturers, the Company basically determined the supply of main raw materials for 2,500mm wide production line, and solved the problem of raw materials supply for matching 2,500mm ultra-wide polarizer production by 2020.

The Company pushed forward the construction of Line 7 project as planned, started the construction of civil engineering on April 18, 2019, and completed the capping of the main factory building on December 30, 2019. The project is expected to be completed and accepted in July 2020, and the arrival acceptance, storage, installation, commissioning and trial production of extension machines, coaters, AGV and other equipment are expected to be completed in 2020.

As of December 31, 2019, the total investment contract amount of the Line 7 project was 1,321,755,500 yuan, and the actual paid-in investment was 923,687,200 yuan (with raised funds of 409,768,100 yuan, and its own funds and government funds of 513,919,100 yuan used).

(II) Progress of Renting of Guanhua Building

In order to improve the capital contribution obligations of the Guanhua shareholders, on February 28, 2019, the Company and Qiaohui respectively increased the capital of Guanhua in the same proportion with the buildings of Guanhua Mansion according to the proportion of 50.16% and 49.84% of their equity in the buildings of Guanhua Mansion. After the capital increase is completed, Guanhua is an enterprise jointly controlled by the Company and Qiaohui.

On February 14, 2019, Guanhua obtained the Real Estate Rights Registration Certificate of Guanhua Mansion, and has completed the industrial and commercial registration formalities for equity change and increase of registered capital. Due to the fact that the winning bidder determined by Guanhua Mansion through invitation for lease has given up the lease qualification, and in view of the characteristics of Guanhua Mansion's blank without decoration and short lease period, the Company has actively sought potential customers and made great efforts to promote it. In May 2019, Guanhua Mansion issued another public notice of public listing for lease at Shenzhen United Property and Share Rights and confirmed the lessee in the same month, thus obtaining high rental returns, successfully solving the historical problems of Guanhua Mansion and completely activating the state-owned assets.

In order to further revitalize the Company's existing assets, concentrate resources on its main business and stimulate the vitality of the enterprise, the Proposal on Transfer of 50.16% Equity of Shenzhen Guanhua Printing and Dyeing Co., Ltd. was deliberated and passed at the 22nd meeting of the 7th Board of Directors and the 2nd Extraordinary General Meeting in 2019. It was agreed that the Company would transfer 50.16% of Guanhua equity held by the Company through public listing at a price of not less than 340,468,300 yuan in Shenzhen United Property and Share Rights, which was approved by the state-owned assets management department for filing. However, due to market reasons and changes in relevant conditions, after comprehensive consideration by the Company, the shares of Guanhua are not listed on Shenzhen United Property and Share Rights, and the Company will choose a suitable time to list within the validity period of the underlying equity evaluation report (August 30, 2020) according to market conditions and in combination with the actual operation of the Company. For details, please refer to the Announcement of 2019-55,2019-63 and 2019-71 on the website of <http://www.cninfo.com.cn>.

XX. Material events of subsidiaries

Applicable Not applicable

(I) Progress of cooperation with strategic investors

In 2019, the Company actively promoted the business cooperation with Jinjiang Group and properly solved the running-in problem in the cooperation. After auditing by Peking, SAPO Photoelectric realized a net profit of -97,268,700 yuan in 2018. The proportion of net profit, operating income, sales income of polarizer and related optical film products to total income did not reach the set performance commitment. Jinjiang Group should make up the difference of 197,268,700 yuan in SAPO Photoelectric net profit in 2018 in cash. Based on the principles of objectivity, impartiality and truth, and in order to protect the interests of listed companies and all shareholders, the Company held several rounds of communication and negotiations with Jinjiang Group, and the two parties finally signed the Payment Agreement for the Performance Commitment Compensation for 2018, agreeing that Jinjiang Group would pay the performance commitment compensation in three phases by November 30, 2019, totaling 197,268,700 yuan. During the reporting period, Jinjiang Group has fulfilled its 2018 performance commitment compensation obligation in accordance with the Payment Agreement. For details, please refer to the Announcement of 2019-21,2019-41 2019-45,2019-47,2019-51,2019-52,2019-62 and 2019-68 on the website of <http://www.cninfo.com.cn>.

The Company has reached a preliminary consensus with Jinjiang Group on follow-up cooperation. The two parties will focus on the construction of Line 7 project, the operation improvement and management optimization of SAPO Photoelectric. On the basis of the above two tasks, the two parties will carry out follow-up cooperation and negotiation of cooperation paths according to the actual situation.

(III) Progress in subsidiaries participating in the establishment of industrial funds

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

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

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

As of December 31, 2019, Changxing Junying had accumulated 3 investment projects with a total investment of 42 million yuan. The profit during the reporting period was 2,150,900 yuan.

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

VI. Change of share capital and shareholding of Principal Shareholders

I. Changes in share capital

1. Changes in share capital

In Shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1. Shares with conditional subscription	4,829,550	0.94%				-1,935,720	-1,935,720	2,893,830	0.57%
1. State -owned shares	0	0.00%				0	0	0	0.00%
2. State-owned legal person shares	0	0.00%				0	0	0	0.00%
3. Other domestic shares	4,829,550	0.94%				-1,935,720	-1,935,720	2,893,830	0.57%
Incl: Domestic legal person shares	0	0.00%				0	0	0	0.00%
Domestic Natural Person shares	4,829,550	0.94%				-1,935,720	-1,935,720	2,893,830	0.57%
4. Foreign share	0	0.00%				0	0	0	0.00%
Incl: Foreign legal person share	0	0.00%				0	0	0	0.00%
Foreign Natural Person shares	0	0.00%				0	0	0	0.00%
II. Shares with unconditional subscription	506,444,599	99.06%				0	0	506,444,599	99.43%
1. Common shares in RMB	457,016,599	89.39%				0	0	457,016,599	89.73%
2. Foreign shares in domestic market	49,428,000	9.67%				0	0	49,428,000	9.70%
3. Foreign shares in foreign market	0	0.00%				0	0	0	0.00%

4.Other	0	0.00%				0	0	0	0.00%
III. Total of capital shares	511,274,149	100.00%				-1,935,720	-1,935,720	509,338,429	100.00%

Reasons for share changed

Applicable Not applicable

The reasons for this share change are as follows: Firstly, the Company's 2018 annual performance failed to meet the conditions for lifting the restriction on sale for the first time stipulated in the Incentive Plan for Restricted Stock in 2017 (Draft). According to Chapter VIII of the Incentive Plan for Restricted Stock in 2017 (Draft), the conditions for granting restricted stock and the conditions for lifting the restriction on sale that "if the conditions for lifting the restriction on sale in the current period are not met, the Company will repurchase and cancel the restricted stocks that can be released in the current year in accordance with the provisions of this plan", the Company repurchased and canceled the 1,877,720 restricted stocks held by 116 incentive objects that did not meet the conditions for releasing the restricted stocks in phase I. Secondly, three original incentive objects Zhang Yu, Hu Kaihua and Luo Chengxia left the Company for personal reasons. According to the relevant provisions of the company's Incentive Plan for Restricted Stock in 2017 (Draft), the above personnel no longer meet the incentive conditions, and the Company has repurchase and cancelled 58,000 restricted stocks that it has been granted but has not yet lifted the restriction on sale. To sum up, a total of 1,935,720 restricted stocks were repurchased and canceled.

For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2019--27).

Approval of Change of Shares

Applicable Not applicable

The repurchase and cancellation of some restricted stocks were reviewed and approved by the 19th meeting of the seventh board of directors, the 13th meeting of the seventh board of supervisors and the 2018 annual general meeting of shareholders. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2019--24,2019-25 and 2019-30).

Ownership transfer of share changes

Applicable Not applicable

Regarding the transfer of the above restricted stocks, ShineWing Accounting Firm (special general partnership) verified some restricted stocks cancelled by the above repurchase and issued the capital verification report XYZH/2019SZA20370. The Company completed the repurchase and cancellation procedures in Shenzhen branch of China Securities Depository and Clearing Co., Ltd on September 12, 2019. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2019--42).

Progress on any share repurchase:

Applicable Not applicable

For details, please refer to Section V, "XV. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures (III) Progress of Restricted Stock".

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

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

Applicable Not applicable

After the Company repurchased and cancelled some restricted stocks, the total capital of the Company was

changed from 511,274,149 shares to 509,338,429 shares. The impact of this share change on the Company's financial indicators such as basic earnings per share and diluted earnings per share, net assets per share attributable to the company's common shareholders in the latest year and period is as follows:

Items	Year 2018		Year 2019
	According to the original capital	According to the new capital	According to the new capital
Basic earnings per share (yuan/share)	-0.04	-0.05	0.04
Diluted earnings per share	-0.04	-0.05	0.04
Net assets per share	4.64	4.66	5.36

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

Applicable Not applicable

2. Change of shares with limited sales condition

Applicable Not applicable

II. Issuing and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. About the existing employees' shares

Applicable Not applicable

III. Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

In Shares

Total number of common shareholders at the end of the reporting period	31,622	Total shareholders at the end of the month from the date of disclosing the annual report	32,552	The total number of preferred shareholders voting rights restored at period-end(if any)(See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report(if any)(See Notes 8)	0
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Particulars about shares held above 5% by shareholders or top ten shareholders

Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	45.96%	234,069,436	0		234,069,436		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.17%	16,129,032	0		16,129,032		
Lu Yunlong	Domestic Nature person	0.67%	3,400,450	3,400,450		3,400,450		
Sun Huiming	Domestic Nature person	0.63%	3,224,767	32,000		3,224,767		
Li Songqiang	Domestic Nature person	0.56%	2,873,078	0		2,873,078		
Kuang Guowei	Domestic Nature person	0.29%	1,452,800	-4,200		1,452,800		
Zhang Ling	Domestic Nature person	0.27%	1,400,000	1,400,000		1,400,000		
Zhu Ye	Domestic Nature person	0.27%	1,360,545	228,600		1,360,545		
Hong Fan	Domestic Nature person	0.26%	1,338,900	310,000		1,338,900		
Jiang Zilan	Domestic Nature person	0.23%	1,187,500	1,187,500		1,187,500		

Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (See Notes 3)	No		
Explanation on shareholders participating in the margin trading business	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd., According to the decision of the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, Shenzhen Shenchao Technology Investment Co., Ltd was transferred to Shenzhen Major Industrial Investment Group Co., Ltd in June 2019. Shenzhen Investment Holdings Co., Ltd and Shenzhen Shenchao Technology Investment Co., Ltd are both controlled by the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government, so they are persons acting in concert. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares and the top 10 shareholders or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Companies.		
Shareholding of top 10 shareholders of unrestricted shares			
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type	
		Share type	Quantity
Shenzhen Investment Holdings Co., Ltd.	234,069,436	Common shares in RMB	234,069,436
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	Common shares in RMB	16,129,032
Lu Yunlong	3,400,450	Common shares in RMB	3,400,450
Sun Huiming	3,224,767	Foreign shares in domestic market	3,224,767
Li Songqiang	2,873,078	Common shares in RMB	2,873,078
Kuang Guowei	1,452,800	Common shares in RMB	1,452,800
Zhang Ling	1,400,000	Common shares in RMB	1,400,000
Zhu Ye	1,360,545	Common shares in RMB	1,360,545
Hong Fan	1,338,900	Common shares in RMB	1,338,900
Jiang Zilan	1,187,500	Common shares in RMB	1,187,500

Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd., According to the decision of the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, Shenzhen Shenchao Technology Investment Co., Ltd was transferred to Shenzhen Major Industrial Investment Group Co., Ltd in June 2019. Shenzhen Investment Holdings Co., Ltd and Shenzhen Shenchao Technology Investment Co., Ltd are both controlled by the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government, so they are persons acting in concert. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares and the top 10 shareholders or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Companies.
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	The Company Shareholder Li Songqiang holds 2,872,653 shares of the Company through stock account with credit transaction ; The Company Shareholder Zhu Ye holds 1,182,045 shares of the Company through stock account with credit transaction; The Company Shareholder Jiang Zilan holds 1,187,500 shares of the Company through stock account with credit transaction.

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

Yes No

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

2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative/Leader	Date of incorporation	Organization code	Principal business activities
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Shenzhen Investment Holdings Co., Ltd.	Wang Yongjian	October 13,2004	76756642-1	<p>Investment and acquisition of financial and similar financial stock rights such as bank, security, insurance, fund and guarantee; Engage in real estate development and management business within the limit of legally-acquired land use right; Carry out investment and service in the field of strategic emerging industry; Carry out investment, operation and management of state-owned stocks of wholly-owned, holding and joint-stock company by reorganization & integration, capital operation and asset disposal; Other businesses undertaken by authorization of municipal SASAC(State Asset Supervision and Administration Commission) (If the above business scope needs to be approved according to national regulations, the business can only be operated after the approval is obtained).</p>
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Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Shen Property A (000011), Quantity of shares 380.38 million, Shareholding ratio: 63.82%; SPGA (000029), Quantity of shares 642.88 million, Shareholding ratio: 63.55%; Shen Universe A (000023), Quantity of shares 12.27 million, shareholding ratio: 8.85%; Pingan (601318), Quantity of shares 962.72 million, shareholding ratio: 5.27%; Guosen Securities (002736), Quantity of shares 2749.53 million, shareholding ratio: 33.53%; Guotai Junan (601211), Quantity of shares 609.24 million, H shareholding ratio: 103.37%, Total shareholding ratio :8.00%; Telling holding (000829), Quantity of shares 195.03 million, shareholding ratio: 18.8%; Shenzhen International (00152), Quantity of shares: 952.01 million, shareholding ratio: 44.04%; Beauty Star (002243), Quantity of shares: 604082 million, shareholding ratio: 51.93%; Hopewell Highway (00737), Quantity of shares: 2213.45 million, shareholding ratio: 71.83%; Infinova (002528), Quantity of shares: 315.83 million, shareholding ratio: 26.35%; Eternal Asia (002183), Quantity of shares: 388.45 million, shareholding ratio: 18.3%; Shen Enerty (000027), Quantity of shares: 5.64 million, shareholding ratio: 0.14%; Bank Communication (601328) Quantity of shares: 9.52 million, shareholding ratio: 0.01%; Tehan Ecological (300197) Quantity of shares: 113.98 million, shareholding ratio: 4.86% and CHINA VANKE (02202) Quantity of shares: 77.278 million, shareholding ratio: 0.68%.
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Change of the actual controller in the reporting period

Applicable Not applicable

Nil

3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

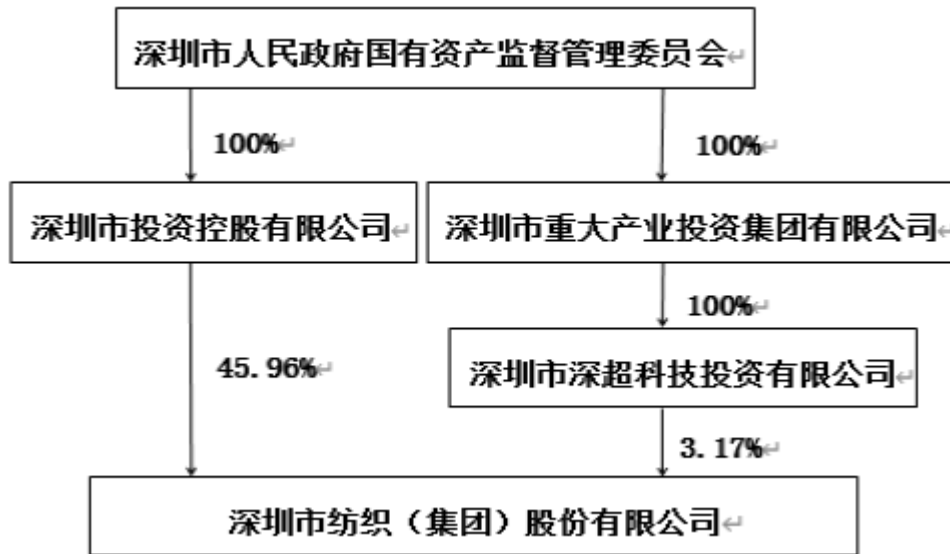
Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Principal business activities
State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government	Yu Gang	July 31, 2004	K3172806-7	Performing the responsibilities of investors on behalf of the state and supervising and managing state-owned assets according to authorization and law.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Except for Shenzhen Holdings Co., Ltd., the holding shareholder of the company, other domestic and foreign listed companies of the equity held by the actual controller haven't been shown in the list of the top ten shareholders of the company.			

Changes of the actual controller in the reporting period

Applicable Not applicable

No Changes of the actual controller in the reporting period

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



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

VII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period.

VIII Information about convertible corporate bonds

Applicable Not applicable

During the reporting period, the company did not have convertible corporate bonds.

IX. Information about Directors, Supervisors and Senior Executives

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

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Other changes increase/decrease	Shares held at the year-end (share)
Zhu Jun	Board chairman	In office	Male	56	January 16, 2015	July 18, 2020	137,000		54,800		82,200
Zhu Meizhu	Director, General Manager	In office	Male	55	July 19, 2017	July 18, 2020	228,000		54,000		174,000
Ning Maozai	Director, Deputy Secretary of the Party committee and Secretary of the Commission for Discipline	In office	Male	44	December 14, 2017	July 18, 2020	122,000		48,800		73,200
Huang Yu	Director	In office	Male	45	July 19, 2017	July 18, 2020	0		0		0
He Fei	Director	In office	Male	41	January 16, 2020	July 18, 2020	0		0		0
He Fei	CFO	In office	Male	41	December 2, 2019	July 18, 2020	0		0		0
Wang Chuan	Director	In office	Male	47	September 1, 2018	July 18, 2020	0		0		0

He Zhuowen	Independent Director	In office	Male	57	July 19,2017	July 18,2020	0	0	0
Cai Yuanqing	Independent Director	In office	Male	50	July 19,2017	July 18,2020	0	0	0
Wang Kai	Independent Director	In office	Male	36	January 16,2020	July 18,2020	0	0	0
Ma Yi	Chairman of the supervisory committee	In office	Male	53	January 16,2020	July 17,2020	0	0	0
Yan Shuwen	Shareholders' Supervisors	In office	Male	39	January 16,2020	July 18,2020	0	0	0
Zhang Xiaodong	Employee supervisor	In office	Male	44	August 9,2013	July 18,2020	7,000	1,700	5,300
Le Kunjui	Deputy GM	In office	Male	56	April 28,2017	July 18,2020	122,000	48,800	73,200
Liu Honglei	Deputy GM	In office	Male	55	July 19,2017	July 18,2020	125,000	48,800	76,200
Jiang Peng	Secretary to the board of directors	In office	Female	49	January 16,2015	July 18,2020	100,000	40,000	60,000
Di Yan	Director, CFO	Dimission	Female	49	April 28,2017	November 27,2019	0	0	0
He Qiang	Independent Director	Dimission	Male	67	August 16,2013	January 16,2020	0	0	0
Wang Weixing	Chairman of the supervisory committee	Dimission	Male	51	May 20,2015	January 16,2020	0	0	0

Zou Zhiwei	Shareholders' Supervisors	Dimission	Male	37	December 14,2017	June 26,2019	0	0	0	
Li Lei	Shareholders' Supervisors	Dimission	Male	44	June 26,2019	January 16,2020	0	0	0	
Total	--	--	--	--	--	--	841,000	0	296,900	544,100

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

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Di Yan	Director,CFO	Dimission	November 27,2019	Job change
He Qiang	Independent Director	Dimission	January 16,2020	The term of office expires.
Wang Weixing	Chairman of the supervisory committee	Dimission	January 16,2020	Job change
Li Lei	Shareholders' Supervisors	Dimission	January 16,2020	Job change
Zou Zhiwei	Shareholders' Supervisors	Dimission	June 26,2019	Job change

III. Posts holding

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

(1) Director

Zhu Jun, Male, Born in 1963, Master degree, senior engineer, member of the Communist party, He served successively as secretary of Lige Village, Yutai County, Shandong Province, workshop director of Shandong Jining Cotton Mill, deputy factory director of Jining Chemical Fibre Factory, office director of Jining Textile Industry Company, deputy county head of Wenshang County, Shandong Province, office director of Shandong Textile Department, chief of Personnel Education Division, manager, general manager assistant, Deputy General Manager, General Manager of Enterprise management Dept of the Company. He served as secretary of Party Committee, Board Chairman of the Company, Director and Vice Board chairman of Tianma Microelectronic Co., Ltd.

Zhu Meizhu, Male, Born in 1964, Master degree, Senior engineer, once served successively as chief Deputy general Manager of Enterprise Management Dept of the Company, Director of R& D Center, Assistant General

Manager and Deputy General Manager, He serves as director and General Manager of the Company, and Board Chairman of SAPO Photoelectric Co., Ltd.

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

Huang Yu, male, born in 1974, postgraduate, senior accountant, Chinese Communist Party member; he has served successively as the manger of audit department II of Shenzhen Hengdaxin Accounting Firm and assistant director, senior staff member of the audit department of Shenzhen Commerce Trading Invest-holding Company, senior staff member and principal staff member of the social undertaking division of Shenzhen SASAC, principal staff member of the business division II of Shenzhen SASAC, vice minister and minister of the financial budget department of Shenzhen Investment Holdings Co., Ltd, office director of Shenzhen Investment Holdings Co., Ltd; At present he holds the position of chief accountant and director of Shenzhen Investment Holdings Co., Ltd.and director of the Company.

He Fei, male, born in February 1978, master's degree, member of Communist Party of China, Chinese certified public accountant, accountant. He successively served as accountant of the Planning and Finance Department of Shenzhen Gas Group Co., Ltd., accountant of the Finance Department of Shenzhen Gas Investment Co., Ltd., which is affiliated to Shenzhen Gas Group Co., Ltd., and manager of the Finance Department of Hubei Shengjie Clean Energy Co., Ltd., which is affiliated to Shenzhen Gas Investment Co., Ltd.; Director of General Finance Department of Shenzhen Convention & Exhibition Center Management Co., Ltd.; Vice Director of Finance Department (Settlement Center) of Shenzhen Investment Holding Co., Ltd. Currently, he is the company director and chief financial officer of the company and is the company's financial chief.

Mr. Wang Chuan, male, was born in 1972 with a master's degree, economist, engineer, CCP. He had served successively as deputy minister, minister and assistant director to the cooperation and development department of Shenzhen National High-tech Industry Innovation Center, served as chairman and general manager of Shenzhen Innovation Start Technology Co., Ltd., and served as deputy general manager of Shenzhen Tongchan Group Co., Ltd. He is currently the Minister of Industry Management Department of Shenzhen Investment Holdings Co., Ltd and director of the Company.

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

Cai Yuanqing, born in 1969, Doctor of Laws of Hiroshima University, professor of Law School of Shenzhen University, director of Company Law Research Center and GSI(Graduate Student Instructor); Meanwhile, he acts as an arbitrator of Shenzhen Arbitration Commission ,independent director of Shenzhen Rongda Photosensitive

Science & Technology Co., Ltd., Independent director of Shenzhen Oufei Technology Co., Ltd., Independent director of Ogilvy Medical Supplies Co., Ltd. and independent directors of the Company.

Wang Kai, male, born in 1983, Ph.D. of Huazhong University of Science and Technology, Member of the Communist Party of China, associate professor and researcher of Southern University of Science and Technology Department of Electronic and Electrical Engineering. He served as a member of the National Technical Committee for Standardization of Flat Panel Display Devices, deputy director of Shenzhen Quantum Dot Advanced Display and Lighting Key Laboratory, director of the 9th Council of Shenzhen Young Science and Technology Talents Association, science and technology expert of Shenzhen Science and Technology Innovation Committee, member of Guangdong Branch of IEEE Photonics Association, and founding member of International Energy Photonics Association. He was an independent director of the Company.

(2) Supervisor

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

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

Zhang Xiaodong, male, born in 1975, postgraduate degree and CPC member. He began to work for this company in August 1999 and had served successively as the assistant manager and manager of subsidiary of this company, manager of business management department of this company and manager of Shenzhen Meibainian Garment Co., Ltd; At present he acts as the employee supervisor of this company and the head of business management department. He is the current secretary of the party branch, Deputy Manager and employee supervisor of the company.

(3) Senior Executives

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

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

Jiang Peng, Female, born in 1970, Bachelor Degree, member of communist party, She served as officer of the Secretary Office of Shandong Fishery Group Co.,Ltd., Deputy Director of the Secretary office and Securities affairs Representative of Shandong Zhonglu Oceanic Fisheries Co., Ltd., Securities Representative of Huafu Holding Co., Ltd., Securities affairs representative and Officer of the Secretariat of the Board of the Company, now serves as the secretary of the Board of the Company.

Office taking in shareholder companies

Applicable Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Huang Yu	Shenzhen Investment Holdings Co., Ltd.	Chief accountant	March 4,2017		Yes
Wang Chuan	Shenzhen Investment Holdings Co., Ltd.	Minister of Industry Management Department	May 23,2018		Yes
Yuan Shuwen	Shenzhen Investment Holdings Co., Ltd.	Deputy Director of discipline Inspection & Supervision Office	September 18,2017		Yes

Offices taken in other organizations

Applicable Not applicable

Name of the persons in office	Name of other organizations	Titles engaged in the other organizations	Starting date of office term	Expiry date of office term	Does he/she receive remuneration or allowance from other organization
Zhu Jun	Tianma Microelectronic Co., Ltd.	Vice Chairman	February 28,2013	July 7,2022	No

Zhu Jun	Tianma Microelectronic Co., Ltd.	Director	February 19,2013	July 7,2022	No
Huang Yu	Shenzhen General Institute of Architectural Design and Research Co., Ltd.	Director	October 12,2009		No
Huang Yu	Shenzhen Kunpeng Equity Investment Management Co., Ltd.	Director	December 23,2016		No
Huang Yu	Shenzhen City Construction Development(Group) Co., Ltd.	Director	April 7,2017		No
Huang Yu	SIHC International Capital Ltd	Director	August 20,2018		No
Huang Yu	Shenzhen Investment Control East China Sea Investment Co., Ltd.	Board Chairman	December 18,2019		No
Wang Chuan	Shenzhen Shenfubao(Group) Co., Ltd.	Director	June 21,2018		No
Wang Chuan	Shenzhen Shentou Environment Technology Co., Ltd.	Director	June 27,2018		No
Wang Chuan	Shenzhen Shentou Education Co., Ltd.	Director	July 27,2018		No
Wang Chuan	Shenzhen International Tendering Co., Ltd.	Director	July 27,2018		No
Wang Chuan	ULTRARICH INTERNATIONAL LIMITED	Director	June 27,2018		No
He Zuowen	Dahua certified public accountants (special general partnership) Shenzhen branch	Partner	December 1,2002		Yes
He Zuowen	Shenzhen Certified Tax Agents Association	GM, Chairman	December 1,2008		Yes
He Zuowen	Shenzhen Tongyi Industry Co., Ltd.	Independent director	October 11,2018		Yes
He Zuowen	Shenzhen JPT OPTO-ELECTRONICS Co., Ltd.	Independent director	June 1,2017		Yes
He Zuowen	Shenzhen Yirui Biology Co., Ltd.,	Independent director	October 1,2017		Yes
Cai Yuanqing	Shenzhen University,	Law professor	April 1,2001		Yes
Cai Yuanqing	Shenzhen arbitration commission	Arbitrator	April 1,2007		Yes
Cai Yuanqing	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Independent director	September 12,2018	September 11,2021	Yes
Cai Yuanqing	Shenzhen Rongda Photosensitive & Technology Co.,Ltd.	Independent director	December 31,2014	August 30,2020	Yes
Cai Yuanqing	Shenzhen Oufei Technology Co., Ltd.	Independent director	July 28,2017	November 24,2020	Yes
Cai Yuanqing	Ogilvy Medical Supplies Co., ltd.	Independent director	September 20,2016	September 18,2022	Yes

Wang Kai	South University of Science and Technology	Associate professor, Researcher	December 1,2018		Yes
Wang Kai	Shenzhen Planck Innovation Technology Co., Ltd.	Director	October 1,2016		Yes
Yuan Shuwen	Shenzhen International Tendering Co., Ltd.	Supervisor	October 22,2017		No
Le Kunjiu	Shenzhen Guanhua Printing & Dyeing Co.,Ltd.	Board Chairman	June 6,2017		No

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

Applicable Not applicable

IV. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives

In the report period, The remuneration of directors and senior management paid by the company is determined by “Director Compensation Management System” and “Executive Compensation Management and Evaluation System”, the remuneration of independent directors is determined as per the resolution of shareholders’ meeting, and the remuneration of supervisors paid by the company is determined by their position held in the company.

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

In RMB10,000

Name	Positions	Sex	Age	Office status	Total remuneration received from the shareholder	Remuneration actually receives at the end of the reporting period
Zhu Jun	Board Chairman	Male	56	In Office	74.57	No
Zhu Meizhu	Director , GM	Male	55	In office	72.25	No
Ning Maozai	Director, Deputy Secretary of the Party committee and Secretary of the Commission for Discipline	Male	44	In Office	59.75	No
Huang Yu	Director	Male	45	In office	0	Yes
He Fei	Director, CFO	Male	41	In office	3.21	Yes
Wang Chuan	Director	Male	47	In office	0	Yes
He Zhuowen	Independent Director	Male	57	In office	11.03	No

Cai Yuanqing	Independent Director	Male	50	In office	11.03	No
Wang Kai	Independent Director	Male	36	In office	0	No
Ma Yi	Chairman of the supervisory committee	Male	53	In office	0	No
Yuan Shuwen	Shareholder's supervisor	Male	39	In office	0	Yes
Zhang Xiaodong	Employee supervisor	Male	44	In office	37.86	Yes
Le Kunjiu	Deputy GM	Male	56	In office	61.06	No
Liu Honglei	Deputy GM	Male	55	In office	55.24	No
Jiang Peng	Secretary to the board of directors	Female	49	In office	57.72	No
Di Yan	Director, CFO	Female	49	Dimission	75.96	No
He Qiang	Independent Director	Male	67	Dimission	11.03	No
Wang Weixing	Chairman of the supervisory committee	Male	51	Dimission	85.68	No
Zou Zhiwei	Shareholder's supervisor	Male	37	Dimission	0	Yes
Li Lei	Shareholder's supervisor	Male	44	Dimission	0	Yes
Total	--	--	--	--	616.39	--

Note: The salaries of directors, supervisors and senior managers who are paid in the company are composed of basic salary and annual performance appraisal salary. Among them, director and CFO He Fei joined the company on December 2, 2019, and his salary is calculated from December 2019. The salary of independent directors during the reporting period was adjusted to 120,000 yuan from 100,000 yuan.

Incentive equity to directors, supervisors or/and senior executives in the reporting period

√ Applicable □ Not applicable

In shares

Name	Position	Number of vested shares during the report period	Number of exercise stocks during the report period	Exercise price of the stock during the report period (Yuan per share)	Market price at the end of the report period (Yuan per share)	Number of restrictive stock held at the beginning of the report period	Number of shares unlocked in the current period	Number of newly-awarded restrictive stock during the report period	Granting price of restrictive stock (Yuan per share)	Number of restrictive stock held at the end of the report period
Zhu Jun	Board Chairman	0	0		7.45	137,000	54,800	0	5.73	82,200
Zhu Meizhu	Director , GM	0	0		7.45	135,000	54,000	0	5.73	81,000
Ning Maozai	Director, Deputy Secretary of the Party committee and Secretary of the Commission for Discipline	0	0		7.45	122,000	48,800	0	5.73	73,200
Le Kunjiu	Deputy GM	0	0		7.45	122,000	48,800	0	5.73	73,200
Liu Honglei	Deputy GM	0	0		7.45	122,000	48,800	0	5.73	73,200
Jiang Peng	Secretary to the board of directors	0	0		7.45	100,000	40,000	0	5.73	60,000
Total	--	0	0	--	--	738,000	295,200	0	--	442,800

Remark (if any)	The reasons for the decrease in restricted stock holdings by directors and senior managers during the reporting period are as follows: Firstly, the Company's 2018 annual performance failed to meet the conditions for lifting the restriction on sale for the first time stipulated in the Incentive Plan for Restricted Stock in 2017 (Draft). According to Chapter VIII of the Incentive Plan for Restricted Stock in 2017 (Draft), the conditions for granting restricted stock and the conditions for lifting the restriction on sale that "if the conditions for lifting the restriction on sale in the current period are not met, the Company will repurchase and cancel the restricted stocks that can be released in the current year in accordance with the provisions of this plan", the Company repurchased and canceled the restricted stocks held by the incentive objects of the 2017 restricted stock incentive plan that do not meet the conditions for releasing the restricted stocks in phase I. For details Juchao Website: (http://www.cninfo.com.cn . (Announcement No.2019--27,2019-31 and 2019-42).
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V. Particulars about employees.

1. Staff jobs, education, job title number and proportion refer to the following pie chart:

Number of in-service staff of the parent company (person)	47
Number of in-service staff of the main subsidiaries (person)	1,291
Total number of the in-service staff (person)	1,338
Total number of staff receiving remuneration in the current period (person)	1,338
The number of the parent company and the main subsidiary's retired staffs who need to bear the cost (person)	0
Professional	
Classified according by Professions	Number of persons (person)
Production	937
Sales	34
Technical	194
Financial	49
Administrative	124
Total	1,338
Education	
Classified according by education background	Number of persons (person)
Postgraduate or above	33
Universities	222
Colleges	113
Mid-school or below	970

Total	1,338
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2. Remuneration policies

In 2019, the Company carried out management for employees' compensation in strict accordance with the state's relevant laws and regulations and guaranteed the fairness and reasonability of the compensation, which offered relevant rewards and incentives to the employees, accelerate them to jointly develop with the Company, and simultaneously reflected humanistic care of the Company.

3. Training plan

According to the Company's development strategy, combined with the actual needs of employees' continuous development related to the Company's business operations, the Company paid more attention to optimizing the Company's training system and further refining the training content on the basis of the original training work in 2019. Firstly, it upgraded the "Shenzhen Textile Group Network College" to further expand the range of students, increased quality courses and improved the quality of online courses; Secondly, it innovated online knowledge contest activities and enriched training forms and contents; Thirdly, it continued to promote "reading after practice", created a good atmosphere for reading and learning, and strengthened the construction of learning organization; Fourthly, it broadened the sharing content of "Shenzhen Textile Forum" and deepened the sharing and communication among enterprises on a regular basis; Fifthly, it promoted the company's "Elite Plan" and "Baby Eagle Plan" and trained and improved the quality and ability of talents according to different groups of employees.

4. Outsourcing situation

Applicable Not applicable

X. Administrative structure

I. Basic state of corporate governance

In the reporting period, the company regulated operations and strengthen risk control in strict accordance with Securities Law, Corporation Law, the Shenzhen Stock Exchange Standard Operation Instructions for Main-Board Listed Companies, Corporate Governance Standards for Listed Companies and other related laws and regulations, to ensure a healthy and stable development. At present, the basically sound governance system, normative business operation and impeccable corporate governance structure meet the requirements of the normative documents for regarding corporate governance of listed companies issued by the China Securities Regulatory Commission.

In 2018, company held a total of 3 general meetings, convened general meetings, standardized voting procedures to safeguard the effectiveness and legality in strict accordance with the regulations and requirements of Corporation Law, Articles of Corporation and Rule of Procedure of Shareholders' Meeting. Companies actively protected the voting rights of minority investors, and general meetings were convened in the form of live network to adequately assure small investors of their rights to exercise.

In 2019, the board of directors held 10 general meetings, and the convening and voting procedures were all conducted in strict accordance with the Articles of Corporation and Rule of Procedure of Shareholders' Meeting. All the directors performed directors' duties, exercise directors' rights, attended related meetings and actively participated in the training and became familiar with relevant laws and regulations with serious, diligent and honest attitudes. Independent directors independently performed their duties in strict accordance with Articles of Corporation, The independent director system and other relevant laws and regulations, expressed fully their independent opinions on corporate operation, decision-making, and important matters, etc. Strategy, audit, remuneration, evaluation, nomination committees were established under board of directors, all committees functioned properly, and performed duties such as internal audits, compensation assessment, nomination of senior management personnel, and provided scientific and professional advisory opinions for board of directors' decision-making.

In 2019, the board of supervisors held 6 meetings. The board of supervisors strictly followed the requirements of Articles of Corporation and Rules of procedure of the board of supervisors and other relevant laws and regulations, supervised the legal compliance of the duties performed by company's financial personnel and directors, managers and other senior management personnel in the aim of maintaining the legitimate rights and interests of the company and its shareholders. All the supervisors fulfilled their obligations, exercised their rights according to the laws. The convening and voting procedures of the board of supervisors were legal, and the resolutions were legal and valid. The establishment and implementation of board of supervisors played an active role in improving corporate governance structure and regulating corporate operations.

In 2019, we further increased information transparency, accomplished investors' protection and propaganda work. In the reporting period, except disclosing information in a real accurate, timely, fair and complete manner in accordance with the regulatory requirements,

Moreover, the Company carried out the special work Blue Sky Action according to Notification on Implementing Special Work where Investors Protect Blue Sky Action published by Shenzhen Securities Bureau to

enhance the quality of information disclosure as the key point, to continuously perfect the communication mechanism and to promote the normative development of the Company. Meanwhile, the Company continued to perfect the voting mechanism for minority investors. In 2018, the minority investors' voting was counted separately at each of the two shareholder's meetings, and whose result was disclosed at the decision announcement at the shareholder's meeting, which fully guaranteed the execution of power of the minority investors.

Moreover, the Company carried out the special work Blue Sky Action according to Notification on Implementing Special Work where Investors Protect Blue Sky Action published by Shenzhen Securities Bureau to enhance the quality of information disclosure as the key point, to continuously perfect the communication mechanism and to promote the normative development of the Company. various platforms were made full use of, such as telephone, e-mail, website, especially the interactive platform of investors in Shenzhen Stock Exchange, solved questions brought by investors, and communicated with medium and small investors interactively, and ensure all the investors obtained equal opportunities for informal access. Meanwhile, in the aim of improving the transparency of listed companies, company accepted investors' on-site investigation to have comprehensive understandings of the company's business situation through face-to-face communication with management, also urged the company established a responsibility to return on investors, improved and enhanced the corporate governance standards. Meanwhile, the Company continued to perfect the voting mechanism for minority investors. In 2018, the minority investors' voting was counted separately at each of the 3 shareholder's meetings, and whose result was disclosed at the decision announcement at the shareholder's meeting, which fully guaranteed the execution of power of the minority investors.

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

Yes No

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

Shenzhen Investment Holdings Co., Ltd., the holding shareholder of the company, is a Shenzhen SASAC enterprise. The company has complied with the relevant provisions on the state-owned asset management of holding shareholders to report non-public information to holding shareholders, mainly including: Letters submitted monthly index table; fee schedule during the reporting, financial assets table, summary quarterly deposits and borrowings and financing. In order to strengthen the management of non-public information, the company has strictly controlled the scope of learners, standardized the process of information delivery and strictly implemented as per the "Management System on Learner of Insider Information" , took practical measures to prevent inside information leaks and insider trading.

In addition, there is no difference among the governance of the company, "Company Law" and the relevant provisions of China Securities Regulatory Commission.

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

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

III. Competition situations of the industry

Applicable Not Applicable

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

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
Annual General Meeting of 2018	Shareholders' General Meeting	49.00%	June 26,2019	June 27,2019	(http://www.cninfo.com.cn) Announcement No.:2019-30
The first provisional shareholders' General meeting in 2019	Provisional shareholders' General Meeting	49.19%	October 9,2019	October 10,2019	(http://www.cninfo.com.cn) Announcement No.:2019-51
The second provisional shareholders' General meeting in 2019	Provisional shareholders' General Meeting	49.15%	November 4,2019	November 5,2019	(http://www.cninfo.com.cn) Announcement No.:2019-64

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

Applicable Not applicable

V. Responsibility performance of independent directors in report period

1. The attending of independent directors to board meetings and shareholders' general meeting

The attending of independent directors							
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)	Number of attendance at general meetings of shareholders
He Qiang	10	2	8	0	0	No	0
He Zuowen	10	2	8	0	0	No	3

Cai Yuanqing	10	2	8	0	0	No	3
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Notes to failure to personally attend Board Meetings Successively Twice

No

2. Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

Yes No

Independent directors proposed no objection against the relevant matters in the reporting period.

3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

Yes No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

In the report period, the independent directors of the Company seriously fulfilled duties according to the requirement of supervision laws and regulations and System of the Company's Independent Director:

(1) Attend the board of directors convened by the Company on time and attend the shareholders' meeting and other relevant meetings. Before the meeting, the independent directors carefully reviewed the meeting materials, made full use of their professional advantages and business management experience, and put forward reasonable opinions and suggestions on the proposal. They also expressed independent opinions on related parties' fund occupation, internal control, changes in accounting policies, profit distribution, appointment of audit institutions, appointment of directors and independent directors, appointment of senior management personnel, use of idle raised funds, cash management of self-owned funds, related party transactions, repurchase and cancellation of some restricted stocks, insurance of directors, supervisors and senior management personnel, signing of the Payment Agreement for the Performance Commitment Compensation for 2018 and equity transfer, giving full play to the guidance and supervision role of independent directors.

(2) The independent directors actively participated in the work of the board's special committee, and gave independent comments for events involved with the Company's periodical report, duty performance and further employment of annual audit institution, self-assessment report of internal control, To express opinions on such matters as nomination of candidates for directors, which factually maintained the interest of the Company and the shareholders', especially the public shareholder's, and which benefited the board's core function at corporate governance.

(3) It kept communication with the management of the Company, listened to the reports of relevant personnel in detail, and focused on the trade, trust financing, fund investment operation of subsidiary SAPO Photoelectric during 2017-2018, performance commitment compensation matters of subsidiary SAPO Photoelectric, polarizer industrialization project for super-large TV, entrusted financing and daily related transactions with some of its own funds, so as to timely understand and master the progress of major issues of the Company.

(4) The Company checked management and use of funds raised and supervised compensation and performance of duties of directors and senior executives, commitments of the Company and related parties and their performance to practically safeguard the interest of the Company as a whole and prevent any harm on legitimate rights and interests of minority shareholders.

Refer to the announcement of the <http://www.cninfo.com.cn> disclosure on March 14, 2020

VI. Duty Performance of Special Committees under the Board of Directors in the Reporting Period

The independent directors of the company are the key members of all professional committees of the Board of Directors, and are in the majority and the conveners of Audit Committee, Remuneration and Appraisal Committee and Nomination Committee. Also, all the three independent directors can attend the daily meeting held by every special committee on time.

(I) Audit Committee: during the reporting period, the Audit Committee has held 2 meetings, carefully examined the regular reports of the company and effectively implemented the work schedule of annual reports. Also, the Audit Committee has reviewed the internal control of the company, supervised the effective implementation of internal control, the self-assessment of internal control. It listened to the report made by the Company's management team on the production, operation and the financial situation. Before the meeting of the board of directors is held to review the annual report, it met with the annual accountant to communicate the audit opinions and understand the audit situation, and made a comprehensive and objective evaluation on the auditor's completion of this year's work and the quality of his practice; During the reporting period, it held meetings and made resolutions on financial final accounts report, profit distribution plan, proposal to hire an audit institution, fund raising report, internal control self-evaluation report, financial final accounts report, proposal to hire an audit institution and revision of the internal audit system. The Audit Committee also specially deliberated the work plan of the internal audit department, listened to reports on the implementation of the internal audit plan and problems found in the internal audit work, and guided and supervised the internal audit work of the Company.

(II) Remuneration and Assessment Committee: During the reporting period, the Remuneration and Assessment Committee held 3 meetings to discuss the repurchase and cancellation of some restricted stocks of the Company and the remuneration assessment of the Company's senior management in 2018 and to formed a resolution.

(III) Nomination Committee: During the reporting period, the Nomination Committee held 2 meetings to hold meetings and formulate resolutions on the nomination of independent director candidates, nomination of non-independent director candidates, and appointment of senior management personnel.

VII. Work of the supervisory Committee

Did the supervisory Committee find any risk existing in performing the supervision activities in the reporting period

Yes No

The supervisory Committee has no objection opinion any matters under supervision in the reporting period

VIII. Assessment and incentive Mechanism for Senior executives

The company complies with “Executive Compensation Management and Evaluation System” to conduct the evaluation for the accomplishment of annual work of the senior executives. The salaries of the senior executives are determined according to the duty scope, post value, individual ability, wages level on the market, economic profits of the company and operation goal accomplishment of senior executives with adhering to the principle of market orientation, responsibility with unified right, and incentive and equal restriction. According to the actual situation of the Company, the 2019 annual senior management assessment plan will be implemented from March to June 2020.

IX. Internal control situations

1. Specific situations on major defects of internal control discovered during report period

Yes No

About the significant Defects of the internal control found in the internal control self-assessment report in the reporting period
<p>The identification and rectification of deficiency of the internal control:</p> <p>1. The identification and rectification of deficiency of the internal control in the financial statement In accordance with above identification standard of deficiency of the internal control in the financial statement, there is no the serious and important deficiency of internal control in the financial statement during the reporting period.</p> <p>2. The identification and rectification of deficiency of the internal control except for that of the financial statement in accordance with above identification standard of deficiency of the internal control except for that of the financial statement, there is no the serious and important deficiency of internal control except for that of the financial statement during the reporting period.</p>

2. Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	March 14, 2020	
Disclosure index of appraisal report on internal control	Juchao Website: (http://www.cninfo.com.cn), Self-evaluation report of internal control	
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company	100.00%	
Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company	100.00%	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report

<p>Qualitative standard</p>	<p>The defects related to financial reports were divided into general defects, important defects and significant defects according to their severity. Significant defects referred to one or multiple combinations of controlling defects, which may lead to serious deviation from the controlling objectives. Important defects referred to one or multiple combinations of controlling defects, and their severity and economic consequences were below significant defects, but they could still lead to serious deviation from the controlling objectives. General defects referred to other internal controlling defects which couldn't constitute significant defects or important defects.</p>	<p>In the following circumstances, the company was identified as existing non-financial – reporting related significant defects of internal controlling defects:</p> <p>The business activities of the company seriously violated national laws and regulations; (2) The decision-making process of "Three-Importance& One-Large" were unscientific, leading to major decision errors, and causing major property loses to the company; (3) Massive loss of key posts or technology talents; (4) The controlling system involving important business fields of the company failed; (5) It Caused serious negative effects on business of the company, and the effects couldn't be eliminated; (6) The evaluation results of internal control were significant defects, and couldn't get effective rectification. Important defects referred to one or multiple combinations of controlling defects, and their severity and economic consequences were below significant defects, but they could still lead to serious deviation from the controlling objectives. General defects referred to other internal controlling defects which couldn't constitute significant defects or important defects.</p>
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Quantitative criteria	<p>Misstatement amount of financial statement fell into the following intervals: significant defects: Misstatement amount $\geq 1.5\%$ of total revenue; Misstatement amount $\geq 10\%$ of gross profit; Misstatement amount $\geq 1\%$ of total asset; Misstatement amount $\geq 5\%$ of net asset. significant defects: 0.5% of Total revenue \leq Misstatement amount $< 1.5\%$ of total revenue; 5% of gross profit \leq Misstatement amount $< 10\%$ of gross profit; 0.5% of Total asset \leq Misstatement amount $< 1\%$ of total revenue; 3% of Net assets \leq Misstatement amount $< 5\%$ of net assets. General defects: 0% of total revenue $<$ Misstatement amount $< 0.5\%$ of Total revenue; 2% of gross profit $<$ Misstatement amount $< 5\%$ of total profit; 0% of total assets $<$ Misstatement amount $< 0.5\%$ of total assets; 0% of net assets $<$ Misstatement amount $< 3\%$ of net assets.</p>	Not applicable
Number of major defects in financial reporting (a)	0	
Number of major defects in non financial reporting (a)	0	
Number of important defects in financial reporting (a)	0	
Number of important defects in non financial reporting (a)	0	

X. Internal Control audit report

Applicable Not applicable

Review opinions in the internal control audit report

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

According to the relevant requirements of the “Audit Guideline of Enterprise Internal Control” and the Chinese CPA criteria, the company has audited the effectiveness of internal control of the financial statement of Shenzhen Textile (Holdings) Co., Ltd. (Shenzhen Textile) at the date of December 31, 2019.

1. The responsibility of enterprise for the internal control. According to the provisions of “Fundamental Norms for Enterprise Internal Control”, “Operation Guideline of Enterprise Internal Control” and “Evaluation Guideline of Enterprise Internal Control”, the company has established, perfected and effectively implemented the internal control, and made an evaluation for its effectiveness, which are the responsibilities of the Board of Directors of Shenzhen Textile.

2. The responsibility of CPA. The company shall be responsible for the expression of audit opinions on the effectiveness of internal control in the financial statement and the disclosure of serious deficiency of internal control except for the financial statement on the basis of the implementation of audit.

3. The inherent limitation of internal control. There is the possibility of unpreventable errors. In addition, due to the change of situation, the inappropriate internal control is maybe shown, or the control policy and the abidance of procedure can be reduced. Based on the audit results of internal control, the future internal control is expected to have a certain risk.

4. The audit opinions of internal control in the financial statement. The company believes that Shenzhen Textile has maintained the effective internal control of the financial statement in all the major aspects according to “Fundamental Norms for Enterprise Internal Control” and the relevant provisions on December 31, 2019.

Peking Certified Public Accountants(Special General Partnership)

Chinese C.P.A.

(Project partner)

Long Zhei Yong

Chinese C.P.A.

Liu Ru

March 12, 2020

Disclosure date of audit report of internal control (full-text)	Disclosure
Index of audit report of internal control (full-text)	March 14,2020
Internal audit report’s opinion	Juchao Website: (http://www.cninfo.com.cn) ;Audit report of internal control of Peking Certified Public Accountants (QXSZ(20209)No.: 0127
Type of audit report on internal control	Unqualified auditor’s report
Whether there is significant defection non-financial report	No

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

Yes No

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

Yes No

XI. Corporation bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No

XII. Financial Report

I. Audit report

Type of audit opinion	Standard Unqualified opinion
Type of audit opinion	March 12,2020
Name of audit firm	Peking Certified Public Accountants(Special General Partnership)
The audit report number	Qin Xin Zi 【2020】 No.0124
Name of the certified accountants	Long Zhe, Liu Ru

Auditors' Report

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

I. Opinion

We have audited the financial statements of Shenzhen Textile (Holdings) Co., Ltd . (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2019, 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, 2019 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(36) of the financial statement, the revenues of the period of Shenzhen

Textile (Holdings) Co., Ltd is 2,158,184,855.71 yuan, 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 audit item.

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(8) 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 124,724,169.76 yuan; 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 2019, 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. Long Zhe (Project Partner)

Chinese C.P.A. Liu Ru

March 12,2020

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

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

December 31,2019

In RMB

Items	December 31,2019	December 31,2018
Current asset :		
Monetary fund	409,564,847.52	1,141,759,374.60
Settlement provision		
Outgoing call loan		
Transactional financial assets	830,000,000.00	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	40,424,601.97	886,432.06
Account receivable	365,325,029.38	528,454,015.59
Financing of receivables	17,933,597.98	

Prepayments	18,445,857.53	229,028,791.15
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	12,440,761.13	14,846,896.50
Including: Interest receivable	7,610,043.19	5,589,704.44
Dividend receivable		
Repurchasing of financial assets		
Inventories	391,717,935.12	439,752,718.77
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	140,821,609.72	639,797,959.30
Total of current assets	2,226,674,240.35	2,994,526,187.97
Non-current assets :		
Debt investment		
Available for sale of financial assets		45,373,784.87
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	152,209,929.72	32,952,085.66
Other equity instruments investment	248,781,946.73	
Other non-current financial assets		
Property investment	112,730,320.90	167,997,941.98
Fixed assets	903,229,077.83	987,876,247.55
Construction in progress	839,866,275.92	15,621,286.64
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	36,517,996.34	37,880,815.85
Development expenses		
Goodwill		
Long-term expenses to be amortized	2,692,750.67	1,486,209.03
Deferred income tax asset	5,618,026.43	6,036,198.23
Other non-current asset	3,079,321.10	329,452,659.01

Total of non-current assets	2,304,725,645.64	1,624,677,228.82
Total of assets	4,531,399,885.99	4,619,203,416.79
Current liabilities		
Short-term loans		411,522,111.40
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	241,297,770.64	180,239,452.90
Advance receipts	30,530,117.62	120,702,951.37
Contract liabilities		
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	38,556,180.20	32,506,267.08
Tax payable	22,545,550.33	7,745,128.99
Other account payable	152,645,780.14	229,015,279.98
Including: Interest payable		39,044,044.39
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Contract Liabilities		
Liabilities held for sales		
Non-current liability due within 1 year		40,000,000.00
Other current liability		
Total of current liability	485,575,398.93	1,021,731,191.72
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan		

Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	121,264,571.22	137,991,698.33
Deferred income tax liability	69,944,345.66	
Other non-current liabilities		
Total non-current liabilities	191,208,916.88	137,991,698.33
Total of liability	676,784,315.81	1,159,722,890.05
Owners' equity		
Share capital	509,338,429.00	511,274,149.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,974,922,248.03	1,865,716,983.63
Less: Shares in stock	16,139,003.40	27,230,679.00
Other comprehensive income	119,737,783.31	1,339,208.41
Special reserve		
Surplus reserves	90,596,923.39	80,004,803.23
Common risk provision		
Retained profit	49,307,764.03	-57,774,473.41
Total of owner's equity belong to the parent company	2,727,764,144.36	2,373,329,991.86
Minority shareholders' equity	1,126,851,425.82	1,086,150,534.88
Total of owners' equity	3,854,615,570.18	3,459,480,526.74
Total of liabilities and owners' equity	4,531,399,885.99	4,619,203,416.79

Legal Representative: Zhu Jun

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

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

2. Balance sheet of Parent Company

In RMB

Items	December 31,2019	December 31,2018
Current asset :		
Monetary fund	27,979,338.37	85,416,567.74
Transactional financial assets	650,000,000.00	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable		
Account receivable	522,931.04	541,948.21
Financing of receivables		
Prepayments	768,099.94	17,436.00
Other account receivable	17,039,506.00	13,856,382.02
Including: Interest receivable		
Dividend receivable		
Inventories		
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		500,000,000.00
Total of current assets	696,309,875.35	599,832,333.97
Non-current assets:		
Debt investment		
Available for sale of financial assets		15,373,784.87
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	2,102,430,511.88	1,997,175,852.27
Other equity instruments investment	206,816,952.64	
Other non-current financial assets		
Property investment	107,199,622.80	161,053,628.71
Fixed assets	25,500,695.77	26,565,399.91
Construction in progress	19,552.00	
Production physical assets		

Oil & gas assets		
Use right assets		
Intangible assets	659,937.75	1,012,374.75
Development expenses		
Goodwill		
Long-term expenses to be amortized	800,858.17	
Deferred income tax asset	5,466,478.06	5,818,069.48
Other non-current asset		
Total of non-current assets	2,448,894,609.07	2,206,999,109.99
Total of assets	3,145,204,484.42	2,806,831,443.96
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	411,743.57	411,743.57
Advance receipts	2,878,936.58	639,024.58
Contract Liabilities		
Employees' wage payable	11,910,175.11	9,760,306.51
Tax payable	20,801,961.18	5,494,627.33
Other account payable	119,984,209.60	141,746,352.67
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	155,987,026.04	158,052,054.66
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		

Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	600,000.00	700,000.00
Deferred income tax liability	66,953,097.14	
Other non-current liabilities		
Total non-current liabilities	67,553,097.14	700,000.00
Total of liability	223,540,123.18	158,752,054.66
Owners' equity		
Share capital	509,338,429.00	511,274,149.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,589,869,499.36	1,599,025,454.96
Less: Shares in stock	16,139,003.40	27,230,679.00
Other comprehensive income	110,764,037.74	1,339,208.41
Special reserve		
Surplus reserves	90,596,923.39	80,004,803.23
Retained profit	637,234,475.15	483,666,452.70
Total of owners' equity	2,921,664,361.24	2,648,079,389.30
Total of liabilities and owners' equity	3,145,204,484.42	2,806,831,443.96

3.Consolidated Income Statement

In RMB

Items	Year 2019	Year 2018
I. Income from the key business	2,158,184,855.71	1,272,356,771.34
Incl: Business income	2,158,184,855.71	1,272,356,771.34
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,168,659,186.75	1,289,499,545.42
Incl: Business cost	1,973,495,608.35	1,142,250,284.67
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	8,466,143.40	8,042,137.62
Sales expense	20,785,078.66	9,636,559.05
Administrative expense	96,870,842.37	88,590,439.30
R & D expense	53,178,714.33	41,951,786.15
Financial expenses	15,862,799.64	-971,661.37
Including: Interest expense	4,893,018.58	14,179,121.73
Interest income	8,593,894.58	27,438,299.41
Add: Other income	27,547,902.92	17,228,202.21
Investment gain (“-” for loss)	78,038,530.25	51,793,705.47
Including: investment gains from affiliates	-7,404,083.27	1,260,154.95
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	7,005,890.93	
Impairment loss of assets	-97,172,532.71	-106,348,320.75
Assets disposal income	3,967.97	
III. Operational profit (“-” for loss)	4,949,428.32	-54,469,187.15
Add : Non-operational income	5,003,548.34	1,265,178.66
Less: Non-operating expense	420,575.07	219,103.78
IV. Total profit (“-” for loss)	9,532,401.59	-53,423,112.27
Less: Income tax expenses	28,059,080.22	8,879,595.11
V. Net profit	-18,526,678.63	-62,302,707.38
(I) Classification by business continuity		
1.Net continuing operating profit	-18,526,678.63	-62,302,707.38
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	19,679,910.43	-22,980,624.93
2.Minority shareholders’ equity	-38,206,589.06	-39,322,082.45

VI. Net after-tax of other comprehensive income	-52,500,997.28	-879,495.46
Net of profit of other comprehensive income attributable to owners of the parent company.	-52,500,997.28	-879,495.46
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-52,715,913.64	
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-52,715,913.64	
4. Changes in the fair value of the company' s credit risks		
5.Other		
(II) Other comprehensive income that will be reclassified into profit or loss.	214,916.36	-879,495.46
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3.Gains and losses from changes in fair value available for sale financial assets		-1,500,778.50
4. Other comprehensive income arising from the reclassification of financial assets		
5.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8.Translation differences in currency financial statements	214,916.36	621,283.04

9.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	-71,027,675.91	-63,182,202.84
Total comprehensive income attributable to the owner of the parent company	-32,821,086.85	-23,860,120.39
Total comprehensive income attributable minority shareholders	-38,206,589.06	-39,322,082.45
VIII. Earnings per share		
(I) Basic earnings per share	0.04	-0.04
(II) Diluted earnings per share	0.04	-0.04

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

Legal Representative: Zhu Jun

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

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

4. Income statement of the Parent Company

In RMB

Items	Year 2019	Year 2018
I. Income from the key business	123,585,753.10	68,327,680.40
Incl: Business cost	60,654,551.98	14,479,527.62
Business tax and surcharge	3,088,345.17	2,907,383.37
Sales expense		
Administrative expense	38,275,813.43	31,726,924.70
R & D expense		
Financial expenses	-2,114,743.82	-16,480,997.63
Including: Interest expenses	476,191.57	571,844.26
Interest income	2,611,348.37	17,084,555.65
Add: Other income	106,720.83	107,858.68
Investment gain (“-” for loss)	68,053,467.35	-3,527,451.56
Including: investment gains from affiliates	-7,404,083.27	1,260,154.95

Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	-194,490.83	
Impairment loss of assets		-1,488,429.82
Assets disposal income	280.00	
II. Operational profit (“-” for loss)	91,647,763.69	30,786,819.64
Add : Non-operational income	146,868.07	24,597.81
Less: Non -operational expenses		5,061.99
III. Total profit(“-” for loss)	91,794,631.76	30,806,355.46
Less: Income tax expenses	25,628,936.32	5,528,745.08
IV. Net profit	66,165,695.44	25,277,610.38
1.Net continuing operating profit		
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	-52,500,997.28	-879,495.46
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-52,715,913.64	
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-52,715,913.64	
4. Changes in the fair value of the company’ s credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss.	214,916.36	-879,495.46
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		

3. Gains and losses from changes in fair value available for sale financial assets		-1,500,778.50
4. Other comprehensive income arising from the reclassification of financial assets		
5. Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8. Translation differences in currency financial statements	214,916.36	621,283.04
9. Other		
VI. Total comprehensive income	13,664,698.16	24,398,114.92
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Year 2019	Year 2018
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,239,603,149.40	1,178,134,497.59
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		

Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	37,887,179.50	96,325,044.45
Other cash received from business operation	61,696,291.74	299,343,342.34
Sub-total of cash inflow	2,339,186,620.64	1,573,802,884.38
Cash paid for purchasing of merchandise and services	1,664,396,359.07	1,459,074,751.17
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	163,768,856.39	146,910,083.29
Taxes paid	31,514,698.29	45,580,651.00
Other cash paid for business activities	96,360,918.39	382,731,720.07
Sub-total of cash outflow from business activities	1,956,040,832.14	2,034,297,205.53
Net cash generated from /used in operating activities	383,145,788.50	-460,494,321.15
II. Cash flow generated by investing		
Cash received from investment retrieving	60,428,769.00	
Cash received as investment gains	5,821,323.94	5,359,325.16
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	298,580.00	13,045.98
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	4,164,457,418.70	4,170,920,804.54
Sub-total of cash inflow due to investment activities	4,231,006,091.64	4,176,293,175.68
Cash paid for construction of fixed assets, intangible assets and other long-term assets	618,799,656.48	380,415,720.59

Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	4,556,430,000.00	3,625,700,000.00
Sub-total of cash outflow due to investment activities	5,175,229,656.48	4,006,115,720.59
Net cash flow generated by investment	-944,223,564.84	170,177,455.09
III.Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	86,033,453.75	630,493,275.82
Other financing - related cash received	203,775,154.17	
Sub-total of cash inflow from financing activities	289,808,607.92	630,493,275.82
Cash to repay debts	536,552,100.76	347,609,345.87
Cash paid as dividend, profit, or interests	43,473,617.45	19,810,202.44
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	13,791,675.60	
Sub-total of cash outflow due to financing activities	593,817,393.81	367,419,548.31
Net cash flow generated by financing	-304,008,785.89	263,073,727.51
IV. Influence of exchange rate alternation on cash and cash equivalents	158,915.19	-422,765.56
V.Net increase of cash and cash equivalents	-864,927,647.04	-27,665,904.11
Add: balance of cash and cash equivalents at the beginning of term	1,133,574,235.22	1,161,240,139.33
VI ..Balance of cash and cash equivalents at the end of term	268,646,588.18	1,133,574,235.22

6. Cash flow statement of the Parent Company

In RMB

Items	Year 2019	Year 2018
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I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	76,051,827.26	70,428,184.75
Tax returned		
Other cash received from business operation	16,144,244.57	22,064,255.92
Sub-total of cash inflow	92,196,071.83	92,492,440.67
Cash paid for purchasing of merchandise and services	5,479,277.51	5,684,253.84
Cash paid to staffs or paid for staffs	22,463,068.76	19,166,726.43
Taxes paid	20,712,126.49	15,493,316.47
Other cash paid for business activities	25,827,850.33	6,553,493.05
Sub-total of cash outflow from business activities	74,482,323.09	46,897,789.79
Net cash generated from /used in operating activities	17,713,748.74	45,594,650.88
II. Cash flow generated by investing		
Cash received from investment retrieving	72,428,769.00	
Cash received as investment gains	2,715,003.90	2,310,030.38
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	34,500.00	
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,448,303,833.93	566,305,459.40
Sub-total of cash inflow due to investment activities	1,523,482,106.83	568,615,489.78
Cash paid for construction of fixed assets, intangible assets and other long-term assets	10,991,096.71	2,493,900.87
Cash paid as investment		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	1,580,000,000.00	940,000,000.00
Sub-total of cash outflow due to investment activities	1,590,991,096.71	942,493,900.87
Net cash flow generated by investment	-67,508,989.88	-373,878,411.09
III. Cash flow generated by financing		

Cash received as investment		
Cash received as loans		
Other financing – related cash received	3,806,454.17	
Sub-total of cash inflow from financing activities	3,806,454.17	
Cash to repay debts		
Cash paid as dividend, profit, or interests	356,766.80	
Other cash paid for financing activities	11,091,675.60	
Sub-total of cash outflow due to financing activities	11,448,442.40	
Net cash flow generated by financing	-7,641,988.23	
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	-57,437,229.37	-328,283,760.21
Add: balance of cash and cash equivalents at the beginning of term	85,416,567.74	413,700,327.95
VI. Balance of cash and cash equivalents at the end of term	27,979,338.37	85,416,567.74

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Year 2019														Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company												Subtotal			
	share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surpluses reserves	Common risk provision	Retained profit	Other				
	preferred stock	Sustainable debt	Other													
I. Balance at the end of last year	511,274,149.00				1,865,716,983.63	27,230,679.00	1,339,208.41		80,004,803.23		-57,774,473.41		2,373,329.991.86	1,086,150,534.88	3,459,480,526.74	
Add: Change of accounting policy							170,899,572.18		3,975,550.61		35,779,955.53		210,655,078.32		210,655,078.32	
Correcting of previous errors																

Merger of entities under common control															
Other															
II. Balance at the beginning of current year	511,274,149.00			1,865,716,983.63	27,230,679.00	172,238,780.59		83,980,353.84		-21,994,517.88		2,583,985.07	1,086,150.53	3,670,135.60	
III. Changed in the current year	-1,935,720.00			109,205,264.40	-11,091,675.60	-52,500,997.28		6,616,569.55		71,302,281.91		143,779,074.18	40,700,890.94	184,479,965.12	
(I) Total comprehensive income						5,737,943.75				19,679,910.43		25,417,854.18	-38,206.06	-12,788,734.88	
(II) Investment or decreasing of capital by owners	-1,935,720.00			-9,155,955.60	-11,091,675.60										
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other	-1,935,720.00			-9,155,955.60	-11,091,675.60										
(III) Profit allotment								6,616,569.55		-6,616,569.55					
1. Providing of surplus reserves								6,616,569.55		-6,616,569.55					
2. Providing of common risk provisions															
3. Allotment to the owners (or shareholders)															
4. Other															

(IV) Internal transferring of owners' equity							-58,238,941.03				58,238,941.03				
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings							-58,238,941.03				58,238,941.03				
6. Other															
(V) Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other					118,361,220.00							118,361,220.00	78,907,480.00	197,268,700.00	
IV. Balance at the end of this term	509,338,429.00				1,974,922,248.03	16,139,003.40	119,737,783.31	90,596,923.39	49,307,764.03	2,727,764.43	1,126,851.42	3,854,615.57			

Amount in last year

In RMB

Items	Year 2018														
	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	Surpluses	Comm on risk provision	Retained profit	Other			Subtotal
		preferred stock	Sustainable debt	Other											
I. Balance at the end of last year	511,274,149.00				1,866,001,475.17	27,230,679.00	2,218,703.87		77,477,042.19		-32,266,087.44		2,397,474,603.79	1,125,544,525.79	3,523,019,129.58
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II. Balance at the beginning of current year	511,274,149.00				1,866,001,475.17	27,230,679.00	2,218,703.87		77,477,042.19		-32,266,087.44		2,397,474,603.79	1,125,544,525.79	3,523,019,129.58
III. Changed in the current year					-284,491.54		-879,495.46		2,527,761.04		-25,508,385.97		-24,144,611.93	-39,393,990.91	-63,538,602.84
(I) Total comprehensive income							-879,495.46				-22,980,624.93		-23,860,120.39	-39,322,082.45	-63,182,202.84
(II) Investment or decreasing of capital by owners					-284,491.54								-284,491.54		-284,491.54
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															

6. Other																	
(V). Special reserves																	
1. Provided this year																	
2. Used this term																	
(VI) Other																-71,908.46	-71,908.46
IV. Balance at the end of this term	511,274,149.00				1,865,716,983.63	27,230,679.00	1,339,208.41		80,004,803.23		-57,774,473.41		2,373,329.99	1,086,150,534.88		3,459,480,526.74	

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

Amount in this period

In RMB

Items	Year 2019												Total of owners' equity
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other		
		preferred stock	Sustainable debt	Other									
I. Balance at the end of last year	511,274,149.00				1,599,025,454.96	27,230,679.00	1,339,208.41		80,004,803.23	483,666,452.70			2,648,079,389.30
Add: Change of accounting policy							161,925,826.61		3,975,550.61	35,779,955.53			201,681,332.75
Correcting of previous errors													
Other													
II. Balance at the beginning of current year	511,274,149.00				1,599,025,454.96	27,230,679.00	163,265,035.02		83,980,353.84	519,446,408.23			2,849,760,722.05
III. Changed in the current year	-1,935,720.00				-9,155,955.60	-11,091,675.60	-52,500,997.28		6,616,569.55	117,788,066.92			71,903,639.19
(I) Total comprehensive income							5,737,943.75			66,165,695.44			71,903,639.19

(II) Investment or decreasing of capital by owners	-1,935,720.00				-9,155,955.60	-11,091,675.60						
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3. Amount of shares paid and accounted as owners' equity												
4. Other	-1,935,720.00				-9,155,955.60	-11,091,675.60						
(III) Profit allotment								6,616,569.55	-6,616,569.55			
1. Providing of surplus reserves								6,616,569.55	-6,616,569.55			
2. Allotment to the owners (or shareholders)												
3. Other												
(IV) Internal transferring of owners' equity							-58,238,941.03		58,238,941.03			
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												

4. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74		90,596,923.39	637,234,475.15		2,921,664,361.24

Amount in last year

In RMB

Items	Year 2018											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	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
Add: Change of accounting policy												
Correcting of previous errors												
Other												

II. Balance at the beginning of current year	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
III. Changed in the current year					-356,400.00		-879,495.46		2,527,761.04	22,749,849.34		24,041,714.92
(I) Total comprehensive income							-879,495.46			25,277,610.38		24,398,114.92
(II) Investment or decreasing of capital by owners					-356,400.00							-356,400.00
1. Ordinary Shares invested by shareholders												
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									2,527,761.04	-2,527,761.04		
1. Providing of surplus reserves									2,527,761.04	-2,527,761.04		
2. Allotment to the owners (or shareholders)												
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												

3. Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	511,274,149.00				1,599,025,454.96	27,230,679.00	1,339,208.41		80,004,803.23	483,666,452.70		2,648,079,389.30

III. Basic Information of the Company

(1) Company Profile

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

The company was previously the Shenzhen Textile Industry Company, on April 13, 1994, approved by the Letter(1994)No.15 issued by Shenzhen Municipal People's Government, the Company was restructured and named as Shenzhen Textile (Holdings) Co., Ltd. In the same year, approved by the (1994) No.19 file of Shenzhenshi, the shares of the company were listed in Shenzhen Stock Exchange. The company 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 12, 2020.

(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: SAPO Photoelectric Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd., Shenzhen Huaqiang Hotel, Shenzhen Shenfeng Property Management Co., Ltd. Shenzhen Beaufity Garments Co., Ltd., Shenzhen Shenfeng 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 form 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 transitions 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 party directly related to the disposal of assets or liabilities of the same accounting treatment (that is, except in accordance with the equity method of accounting in the acquiree is remeasured defined benefit plans other than changes in net liabilities or net assets due to a corresponding share of the rest of the acquisition date into current investment income).

6. Preparation of the consolidated financial statements

(1) The scope of consolidation

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

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

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

(2) Preparation of the consolidated financial statements.

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

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

are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amounts, from the date that common control was established, and the opening balances and the comparative figures of the consolidated financial statements are restated.

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

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

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

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

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

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

If they does not belong to the package deal, each of them separately, as the case of a transaction in accordance with "without losing control over the disposal of a subsidiary part of a long-term equity investments"principles applicable accounting treatment. Until the disposal of the equity investment loss of

control of a subsidiary of the transactions belonging to the package deal, the transaction will be used as a disposal of a subsidiary and the loss of control of the transaction. However, before losing control of the price of each disposal entitled to share in the net assets of the subsidiary's investment corresponding to the difference between the disposal, recognized in the consolidated financial statements as other comprehensive income, loss of control over the transferred together with the loss of control or loss in the period.

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

(1) Joint arrangement

A joint arrangement is an arrangement of which two or more 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 instruments

When the company becomes a party to the financial instrument contract, the relevant financial assets or financial liabilities are confirmed.

(1) Classification, recognition and measurement of financial assets

In accordance with the characteristics of business model for managing financial assets and the contractual cash flow of financial assets, the Company classifies financial assets into: financial assets measured in amortized cost; financial assets measured at fair value and their's changes are included in other comprehensive income; financial assets measured at fair value and their's changes are included in current profits and losses.

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

① Financial assets measured at amortized cost

The business model of the Company's management of financial assets measured by amortized cost is aimed at collecting the contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the Company adopts the method of real interest rate and makes subsequent measurement according to the cost of amortization. The profits or losses resulting from amortization or impairment are included in current profits and losses.

② Financial assets measured at fair value and changes included in other comprehensive income

The Company's business model for managing such financial assets is to collect the contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures such financial assets at fair value and their changes are included in other comprehensive gains, but impairment losses or gains, exchange gains and losses and interest income calculated according to the actual interest rate method are included in current profits and losses.

In addition, the Company designated some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company includes the relevant dividend income of such financial assets in current profits and losses, and the changes in fair value in other comprehensive gains. When the financial asset ceases to be recognized, the accumulated gains or losses previously included in other comprehensive gains shall be transferred into retained income from other comprehensive income, and not be included in current profit and loss.

③ Financial assets measured at fair value and changes included in current profits and losses

The Company includes the above-mentioned financial assets measured at amortized cost and those measured at fair value and their's changes in financial assets other than financial assets of comprehensive income and classifies them as financial assets measured at fair value and their's changes that are included in current profits and losses. In addition, the Company designates some financial assets as financial assets measured at fair value and includes their changes in current profits and losses in order to eliminate or significantly reduce accounting mismatches during initial recognition. In regard with such financial assets, the Company adopts fair value for subsequent measurement, and includes changes in fair value into current profits and losses.

2. Classification and measurement of financial liabilities

Financial liabilities are classified as financial liabilities and other financial liabilities measured at fair value at the time of initial recognition and their changes are included in the current profits and losses. For financial liabilities measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses, and relevant transaction costs for other financial liabilities are included in their initial recognition amount.

① Financial liabilities measured at fair value, whose changes are included in current profits and losses

Financial liabilities measured at fair value and whose changes are included in current profits and losses include transactional financial liabilities (including derivatives which are financial liabilities) and financial liabilities designated at fair value at initial recognition and whose changes are included in current profits and losses.

Transactional financial liabilities (including derivatives belonging to financial liabilities) are

subsequently measured according to fair value. Except for hedging accounting, changes in fair value are included in current profits and losses.

Financial liabilities designated as financial liabilities that are measured at fair value and their's changes are included in current profits and losses. The liabilities are included in other comprehensive gains due to changes in fair value caused by changes in the Company's own credit risk, and when the liabilities are terminated, the changes in fair value caused by changes in its own credit risk of other comprehensive gains are included in the cumulative changes in its fair value caused by changes in its own credit risk of other comprehensive gains. The amount is transferred to retained earnings. The remaining changes in fair value are included in current profits and losses. If the above-mentioned way of dealing with the impact of the changes in the credit risk of such financial liabilities will result in or expand the accounting mismatch in the profits and losses, the Company shall include all the profits or losses of such financial liabilities (including the amount of the impact of the changes in the credit risk of the enterprise itself) into the current profits and losses.

② Other financial liabilities

In addition to the transfer of a financial asset is not in conformity with the conditions to stop the recognition or formed by its continuous involvement in the transferred financial asset, financial liabilities and financial guarantee contract of other financial liabilities classified as financial liabilities measured at the amortized cost, measured at the amortized cost for subsequent measurement, recognition has been stopped or amortization of the profit or loss is included in the current profits and losses.

3. 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.

4. Termination confirmation of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof). If the Company (the debtor) signs an agreement with the lender to replace the original financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities are substantially different from those of the original financial liabilities, it shall terminate the recognition of the original financial liabilities and at the same time confirm a new financial liabilities. If the Company substantially amends the contract terms of the original financial liabilities (or part thereof), it shall terminate the confirmation of the original financial liabilities and at the same time confirm a new financial liabilities in accordance with the revised terms.

If the financial liabilities (or part thereof) are terminated, the difference between their book value and the consideration paid (including the transferred non-cash assets or liabilities assumed) shall be included in the profits and losses of the current period.

5. 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.

6. Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant must pay to sell or transfer a liability in an orderly transaction that occurs on the measurement date. If there is an active market for financial instruments, the Company will determine their fair value by quoting prices in the active market. Quotes in active markets refer to prices that are easily obtained from exchanges, brokers, trade associations, pricing service agencies, etc. on a regular basis, and represent the prices of market transactions that actually occur in fair transactions. For financial instruments with active market, the Company adopts valuation technology to

determine their fair values. Valuation techniques include reference to prices used in recent market transactions by parties familiar with the situation and willing to trade, and reference to current fair values of other financial instruments that are substantially the same, discounted cash flow method, option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable in the current situation and supported by sufficient data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and give priority to the use of relevant observable input values as far as possible. Unallowable values are used if the relevant observable input values are not available or are not practicable.

7. Our own equity instruments

Equity instruments refer to contracts that can prove ownership of the Company's residual equity in assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company are treated as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

11. Impairment of financial assets

The Company requires to confirm that the financial assets lost by impairment are financial assets measured by amortized cost, and investment in debt instruments which are measured at fair value and whose changes are included in other comprehensive gains, mainly including notes receivable, accounts receivable, other receivables, creditor's rights investment, other creditor's rights investment and long-term receivables and etc.

(1) Method of confirming impairment provision

Based on anticipated credit loss, the Company calculates impairment preparation and confirms credit impairment loss according to the applicable anticipated credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between the cash flow of all contracts discounted according to the original real interest rate and the expected cash flow of all contracts receivable according to the contract, that is, the present value of all cash shortages. Among them, the Company discounts the financial assets purchased or originated with credit impairment at the actual interest rate adjusted by credit.

The general method of measuring anticipated credit loss is whether the credit risk of the Company's financial assets has increased significantly since the initial recognition on each balance sheet day. If the credit risk has increased significantly since the initial recognition, the Company shall measure the loss preparation according to the amount equivalent to the expected credit loss in the whole duration. If the credit risk has not increased significantly since the initial recognition, the Company shall measure the loss

preparation according to the amount equivalent to the expected credit loss in the next 12 months. The Company shall consider all reasonable and evidenced information, including forward-looking information, when evaluating expected credit losses.

Assuming that their credit risk has not increased significantly since the initial recognition, the Company may choose to measure the loss reserve according to the expected credit loss in the next 12 months for financial instruments with low credit risk on the balance sheet date.

(2) Criteria for judging whether credit risk has increased significantly since the initial recognition

If the probability of default of a financial asset on the estimated duration of the balance sheet is significantly higher than the probability of default during the estimated duration of the initial recognition, the credit risk of the financial asset is significantly increased. Except for special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the entire duration to determine whether the credit risk has increased significantly since the initial recognition.

(3) A portfolio-based approach to assessing expected credit risk

The Company shall evaluate the credit risk of financial assets with distinct differences in credit risk, such as the receivables in dispute with the other party or involving litigation and arbitration, and receivables that has been proved that the debtor may not be able to fulfill the obligation of repayment, etc.

In addition to the financial assets that assess credit risk individually, the Company shall divide financial assets into different groups based on common risk characteristics, and assess credit risk on the basis of portfolio.

(4) Accounting treatment of impairment of financial assets

At the end of the duration, the Company shall calculate the anticipated credit losses of various financial assets. If the anticipated credit losses are greater than the book value of its current impairment provision, the difference is deemed as impairment loss. If the balance is less than the book value of the current impairment provision, the difference is deemed as impairment profit.

(5) Method of determining credit losses of various financial assets:

1. Notes receivable

The Company shall measure loss preparation for Notes receivable according to the amount of anticipated credit loss equivalent to the entire duration. Based on the credit risk characteristics of bills receivable, they are divided into different combinations:

Items	Basis for determining combination
Bank acceptance	This combination is a receivable bank acceptance bill.

Items	Basis for determining combination
Commercial acceptance bills	This combination is a commercial acceptance bill receivable

2.Accounts Receivable

The Company measures the loss reserve for receivables by an amount equivalent to the expected credit loss during the duration.

In regard to accounts receivable with significant financing components, the Company shall choose to measure loss preparation according to the amount equivalent to the expected credit loss within the duration all the time.

In addition to the accounts receivable for which credit risk is assessed individually, aging is used as the credit risk characteristic to measure loss reserve.

Items	Basis for determining combination
Aging portfolio	The credit risk is characterized by the aging of receivables.

3.Other account receivable

The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk of other receivables has increased significantly since the initial recognition.

In addition to the other accounts receivable which assesses the credit risk individually, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis for determining combination
Interest receivable	This combination is interest receivable
Dividend receivable	This combination is dividend receivable
Other receivable	This combination is all kinds of daily accounts receivable

4. Creditor's rights investment

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

5. Other creditor's rights investment

Other debt investments are mainly accounted for as bond investments measured at fair value and their changes are included in other comprehensive income. The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on

whether the credit risk has increased significantly since the initial recognition.

12. Receivable financing

For bills receivable and accounts receivable classified as those measured at fair value and whose changes are included in other comprehensive income, the portion with self-financing period within one year (including one year) is listed as receivables financing; If the period of self-acceptance is more than one year, it shall be listed as other creditor's rights investment. For relevant accounting policies, please refer to Note V, (10) "Financial Instruments" and Note V, (11) "Impairment of Financial Assets".

13. Inventory

1. Inventories 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

14. 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.

15.Long-term equity investments

Long-term equity investment refers to the long-term equity investment that the company has control, joint control or significant influence on the invested entity. The long-term equity investment of the Company that has no control, joint control or significant influence on the invested entity is accounted for as a financial asset measured at fair value and its changes are included in the profits and losses of the current period. If it is non-transactional, the Company may choose to designate it as a financial asset measured at fair value and its changes are included in other comprehensive income during initial

recognition. For details of its accounting policies, please refer to Notes III and X "Financial Instruments". 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 investment 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 investment 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 in

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.

16. Investment real estate

1. The measurement mode of investment Real estate

The investment real estate 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 Real estate.

2. Depreciation or Amortization Method by Use of Cost Mode

The leased buildings of the investment real estate 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.

17.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-	Straight-line method	35	4.00	2.74
House and Building-Non-Production	Straight-line method	40	4.00	2.40
Decoration of Fixed assets	Straight-line method	10		10.00
Machinery and equipment	Straight-line method	10-14	4.00	9.60-6.86
Transportation equipment	Straight-line method	8	4.00	12.00
Electronic equipment	Straight-line method	8	4.00	12.00
Other equipment	Straight-line method	8	4.00	12.00

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.

18. 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.

19. 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.

20. 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)
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Items	Amortization life time (Year)
Land use right	50
Proprietary technology	15
Software	5

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.

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 booked 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. 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.

23. 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 define benefit plan and the upper limit of assets shall be used to measure the net assets of the defined benefit plan. The upper limit of assets refers to

the present value of economic benefits obtained from the refund of the defined benefit plans or the reduction of deposit funds of future defined benefit plans.

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

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

3. Accounting Treatment Method of Demission Welfare

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

The earlier one between when the company can't withdraw the rundown suggestion or the termination of labor relations plans at its side and when the costs relevant to the recombination of demission 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 demission welfare. The demission 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 demission 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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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 deduced. Except that the deferred tax assets and the reduction amount are recorded into the owner's equity when the original recognition, others shall be recorded into the current income tax expense. The book value of the deferred tax assets reduced can be recovered when sufficient taxable income is possibly obtained.

5. Income Tax Expense

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

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

29. 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.

30.Change of main accounting policies and estimations

(1)Change of main accounting policies

(I) Accounting policy changes caused by implementation of new financial instrument standards

In 2017, the Ministry of Finance revised and promulgated the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No.24-Hedge Accounting and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (the above four standards are collectively referred to as "New Financial Instrument Standards"), which are required to come into force on January 1, 2019 for domestic listed enterprises. According to the regulations, the Company will implement the new financial instrument standards from January 1, 2019 and adjust the relevant contents of accounting policies. The Company began to implement the new financial instrument standards at the time required by the Ministry of Finance after adopting a proposal at the 18th meeting of the 7th board of directors of the Company on April 25, 2019.

The Company retrospectively applies the new financial instrument standards, but for classification and measurement (including impairment) involving the inconsistency between the previous comparative financial statement data and the new financial instrument standards, the Company chooses not to repeat. Therefore, for the cumulative impact of the first implementation of this standard, the Company adjusted the retained earnings or other comprehensive earnings at the beginning of 2019 and the amount of other related items in the financial statements, which were not restated in the financial statements of 2018.

The main changes and impacts of the implementation of the new financial instrument guidelines on our Company are as follows:

- The structural deposits held by the Company were originally classified as other current assets, reclassified by the Company as financial assets measured at fair value and recorded in current profits and losses on or after January 1, 2019, and reported as transactional financial assets;

- On January 1, 2019 and beyond, the Company designated non-tradable equity investments held as financial assets measured at fair value and included their changes in other comprehensive income, and reported them as investments in other equity instruments;

- In its daily fund management, the Company endorsed or discounted some bank acceptance bills, aiming at both receiving the contract cash flow and selling financial assets. Therefore, the Company reclassified these bills receivable into financial asset categories measured at fair value with changes included in other comprehensive income and reported them as receivables financing on or after January 1, 2019.

① Impact of first execution date on Balance Sheet items on January 1, 2019

a. Impact on consolidated statements

Items	December 31,2018 (Before change)	Reclassific ation	Re-measur ement	January 1,2019 (After change)
Assets:				

Items	December 31,2018 (Before change)	Reclassific ation	Re-measur ement	January 1,2019 (After change)
Other current assets	639,797,959.30	-540,000,0 00.00		99,797,959.30
Transactional Financial Assets		540,000,00 0.00		540,000,000.00
Notes receivable	886,432.06	-886,432.0		
Receivables financing		886,432.06		886,432.06
Financial assets available for sale (original guidelines)	45,373,784.87	-45,373,78 4.87		
Other equity instruments investment		45,373,784 .87	279,187,33 5.43	324,561,120.30
Deferred income tax assets	6,036,198.23		-66,663.75	5,969,534.48
Liabilities:				
Deferred income tax liabilities			68,465,593	68,465,593.36
Shareholder's equity:				
Other Comprehensive income	1,339,208.41		170,899,57 2.18	172,238,780.59
Surplus public	80,004,803.23		3,975,550.	83,980,353.84
Undistributed profit	-57,774,473.41		35,779,955	-21,994,517.88

B. Impact on parent company financial statements

Items	December 31,2018 (Before change)	Reclassification	Re-measurement	January 1,2019 (After change)
Assets:				
Other current assets	500,000,000.00	-500,000,000.00		
Transactional Financial Assets		500,000,000.00		500,000,000.00
Notes receivable	15,373,784.87	-15,373,784.87		
Receivables financing		15,373,784.87	267,222,341.34	282,596,126.21
Financial assets available for sale (original guidelines)	5,818,069.48		-66,663.75	5,751,405.73
Other equity instruments investment				
Deferred income tax assets			65,474,344.84	65,474,344.84
Equity:				
Other Comprehensive income	1,339,208.41		161,925,826.61	163,265,035.02
Surplus public	80,004,803.23		3,975,550.61	83,980,353.84
Undistributed profit	483,666,452.70		35,779,955.53	519,446,408.23

②Comparison of financial asset classification and measurement before and after the first implementation date

A. Impact on consolidated statements

December 31,2018 (Before change)			January 1,2019 (After change)		
Items	Cassification	Book value	Items	Cassification	Book value
Other current assets-Structure Deposit	Amortized cost	540,000,000.00	Transactional Financial Assets	Measured at fair value and recorded in current profit and loss	540,000,000.00
Notes receivable	Amortized cost	886,432.06	Receivable financing	Measured at fair value and its changes are included in other comprehensive income	886,432.06
Available for sale of financial assets	Measured at fair value and its changes are included in other comprehensive income (Equity instrument)	5,119,896.46	Other Equity instrument investment	Measured at fair value and its changes are included in other comprehensive income	324,561,120.30
	Cost measurement (equity instrument)	40,253,888.41			

B. Impact on parent company financial statements

December 31,2018 (Before change)			January 1,2019 (After change)		
Items	Cassification	Book value	Items	Cassification	Book value
Other current assets-Structure Deposit	Amortized cost	500,000,000.00	Transactional Financial Assets	Measured at fair value and recorded in current profit and loss	500,000,000.00
Available for sale of financial assets	Measured at fair value and its changes are included in other comprehensive income (Equity instrument)	5,119,896.46	Other Equity instrument investment	Measured at fair value and its changes are included in other comprehensive income	282,596,126.21
	Cost measurement (equity instrument)	10,253,888.41			

③Impact on retained earnings and other combined earnings as at 1 January 2019

Items	Consolidated retained earnings	Consolidated surplus reserves	Consolidation of other consolidated income
December 31,2018	-57,774,473.41	80,004,803.23	1,339,208.41
1. Reclassify financial assets available for sale as investments in other equity instruments and remeasure them			170,899,572.18
2. A remeasurement of the impairment of a financial asset available for sale	35,779,955.53	3,975,550.61	
January 1,2019	-21,994,517.88	83,980,353.84	172,238,780.59

2. Other accounting policy changes

1. The Company prepared 2019 annual financial statements in accordance with the requirements of the Ministry of Finance's Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2019 (CK [2019] No.6), Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition) (CK [2019] No.16) and the Accounting Standards for Enterprises. Retroactive adjustment method is adopted for such accounting policy changes.

The impact of this change in accounting policy on the Company as at 31 December 2018::

No	Name	Amount (December 31,2018)
1	Notes receivable and account receivable	-529,340,447.65
	Notes receivable	886,432.06
	Account receivable	528,454,015.59
2	Notes receivable and account receivable	-180,239,452.90
	Notes receivable	
	Account receivable	180,239,452.90

2. The Company will implement the revised Accounting Standards for Business Enterprises No.7-Exchange of Non-monetary Assets from June 10, 2019 and the revised Accounting Standards for Business Enterprises No.12-Debt Restructuring from June 17, 2019. The accounting policy change shall be handled by the future applicable method.-

II. Changes in accounting estimates

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

VI. Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Applicable tax rates
VAT	16.00%,13.00%,6.00%,5.00%

Taxes	Applicable tax rates
City construction tax	7.00%
Education surcharge	3.00%
Local education surcharge	2.00%
Business income tax	25.00%,20.00%,16.50%,15.00%

The applicable tax rates for VAT sales or imported goods in our company during the period from January to March 2019 are 16.00%. According to the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Policies for Deepening the Reform of VAT (Announcement [2019] No. 39 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs), the applicable tax rate has been adjusted to 13.00% since April 1, 2019.

Name of taxpayer	Income tax rates
Shenzhen Textile (Holdings) Co., Ltd	25.00%
SAPO Photoelectric Co., Ltd.	15.00%
Shenzhen Beauty Century Garment Co., Ltd.	20.00%
Shenzhen Huaqiang Hotel	25.00%
Shenfang Property Management Co.,	20.00%
Shenzhen Lishi Industrial Co., Ltd.	20.00%

2. Tax preference and approval file

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 (2018) No. 60), SAPO Photoelectric 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.

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

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Further Expanding the Scope of Preferential Income Tax Policies for Small-scale Low-profit Enterprises (CK [2018] No.77) and the Notice of the State Administration of Taxation on Implementing and Implementing Issues Concerning Collection and Administration of Further Expanding the Scope of Preferential Income Tax Policies for Small-scale Low-profit Enterprises (Announcement of the State Administration of Taxation No.40 of 2018), Shenzhen Meibainian Garment Co., Ltd., Shenzhen Shenfang Property Management Co., Ltd. and Shenzhen Lishi Industrial Development Co., Ltd., subsidiaries of the

Company, are qualified small profit-making enterprises. In 2019, the enterprise income tax was levied at a reduced rate of 20.00%. Meanwhile, the portion of the corresponding taxable income not exceeding RMB 1 million will be included in the taxable income at a reduced rate of 25.00%. If the annual taxable income exceeds 1 million yuan but does not exceed 3 million yuan, it shall be included in the taxable income by 50.00%.

VII. Notes of consolidated financial statement

1.Monetary Capital

Items	December 31,2019	December 2018
Cash at hand	11,091.94	13,559.60
Bank deposit	272,366,495.29	1,137,431,239.39
Other monetary funds	137,187,260.29	4,314,575.61
Total	409,564,847.52	1,141,759,374.60
Including : The total amount of deposit abroad	3,272,384.31	9,294,408.13

Note: ① As of December 31, 2019, other monetary funds was 136,975,844.72 yuan And deposit an investment of 211,415.57 yuan.

②As of December 31, 2019, The fixed-term deposit balance of money fund is 140,918,259.34 yuan , this part will not be treated as closing cash or closing cash equivalent in preparing cash flow statement.

2. Transactional financial assets

Items	In RMB	
	December 31,2019	December 31,2018
Financial assets measured at their fair values and with the variation included in the current profits and losses	830,000,000.00	—
Including: Structure deposit	830,000,000.00	—
Total	830,000,000.00	—
Including: Part reclassified to other non-current financial assets		—

3. Notes receivable

(1) Notes receivable listed by category

Items	In RMB	
	December 31,2019	December 31,2018
Bank acceptance	40,424,601.97	886,432.06
Commercial acceptance bill		
Subtotal	40,424,601.97	886,432.06
Less: Bad debt provision		

Items	December 31,2019	December 31,2018
Total	40,424,601.97	886,432.06

1.The company has no Notes receivable pledged.

2. Notes endorsement or discount and undue on balance sheet date

Items	Amount derecognizing at period - end	Amount derecognizing at period-end
Bank acceptance	75,102,771.75	
.Commercial acceptance bill		
Total	75,102,771.75	

4. At the end of the year, bills receivable were all bank acceptance bills. As there was no significant credit risk, no provision for credit impairment was made.

5. There are no bills receivable actually written off this year.

4. Account receivable

(1)Classification account receivables.

Age	December 31,2019
Within 1 year	382,065,942.05
1-2 years	813,122.40
2-3 years	1,076.93
3-4 years	6,728.70
4-5 years	4,636,402.32
Over 5 years	7,930,426.56
Subtotal	395,453,698.96
Less: Bad debt provision	30,128,669.58
Total	365,325,029.38

(2)Accrual of bad debt provision

Category	December 31,2019				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	

Category	December 31,2019				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accrual of bad debt provision by single item	12,753,137.41	3.22	10,823,862.18	84.87	1,929,275.23
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	382,700,561.55	96.78	19,304,807.40	5.04	363,395,754.15
Total	395,453,698.96	100.00	30,128,669.58	7.62	365,325,029.38

(Continuous)

Category	December 31,2018				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable of individual significance and subject to individual impairment assessment	6,300,455.84	1.11	3,998,201.79	63.46	2,302,254.05
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	552,278,688.56	97.66	27,621,586.89	5.00	524,657,101.67
Accounts receivable of individual insignificance but subject to individual impairment assessment	6,933,008.49	1.23	5,438,348.62	78.44	1,494,659.87
Total	565,512,152.89	100.00	37,058,137.30	6.55	528,454,015.59

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

Account receivable (Unit)	December 31,2019			
	Account receivable	Bad debt provision	Proportion(%)	Reason for allowance
Dongguan Fair LCD Co., Ltd.	1,697,342.87	1,697,342.87	100.00	Beyond the credit period for a long time, uncertain recovered.
Guangdong Ruili Baolai Technology Co., Ltd.	1,298,965.36	649,482.68	50.00	Beyond the credit period for a long time, uncertain recovered.

Account receivable (Unit)	December 31,2019			
	Account receivable	Bad debt provision	Proportion(%)	Reason for allowance
Dongguan Yaxing Semiconductor Co., Ltd.	2,797,016.81	1,650,239.92	59.00	Beyond the credit period for a long time, uncertain recovered.
Shenzhen Gulida Microelectronics Co., Ltd.	1,029,587.20	978,107.84	95.00	Beyond the credit period for a long time, uncertain recovered.
Other	6,959,812.37	6,826,796.71	98.09	Beyond the credit period for a long time, uncertain recovered.
Total	12,753,137.41	10,823,862.18	84.87	

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

Items	December 31,2019		
	Account receivable	Bad debt provision	Proportion(%)
Within 1 year	382,032,402.05	19,101,620.10	5.00
1-2 year	668,159.50	203,187.30	30.41
Total	382,700,561.55	19,304,807.40	5.04

(3)Accrual of bad debt provision

Category	December 31,2018	Amount of change in the current period				December 31,2019
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item:	9,436,550.41	1,856,782.38	469,470.61			10,823,862.18
Accrual of bad debt provision by portfolio:	27,621,586.89		8,316,779.49			19,304,807.40
Total	37,058,137.30	1,856,782.38	8,786,250.10			30,128,669.58

Including: Accounts receivable withdraw, reversed or collected during the reporting period

Name	Amount	Way
Dongguan Yaxing Semiconductor Co., Ltd.	458,525.94	Cash
Total	458,525.94	—

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

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

Name	Nature	December 31,2019	Aging	Proportion(%)	Bad debt provision
First	Goods	117,965,861.15	Within 1 year	29.83	5,898,293.06
Second	Goods	53,893,840.80	Within 1 year	13.63	2,694,692.04
Third	Goods	41,487,571.67	Within 1 year	10.49	2,074,378.58
Fourth	Goods	23,781,168.18	Within 1 year	6.01	1,189,058.41
Fifth	Goods	22,135,123.42	Within 1 year	5.60	1,106,756.17
Total		259,263,565.22		65.56	12,963,178.26

(6) No account receivable which terminate the recognition owing to the transfer of the financial assets

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

5.Receivable financing

Items	December 31,2019	December 31,2018
Notes receivable	17,933,597.98	
Account receivable		
Total	17,933,597.98	

As of December 31, 2019, The Company's receivables financing are all bank acceptance bills. As there is no significant credit risk, no provision for asset impairment has been made.

6.Prepayments

(1)Disclosure by age

Aging	December 31,2019		December 31,2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	18,234,600.87	98.86	226,726,744.30	98.99
1-2 years	188,517.78	1.02	2,263,886.85	0.99
2-3 years	9,530.00	0.05		
Over 3 years	13,208.88	0.07	38,160.00	0.02
Total	18,445,857.53	100.00	229,028,791.15	100.00

On December 31,2019, There is no large amount of prepayments with an aging of more than 1 year in

the prepayment balance.

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

Name	December 31,2019	Proportion
First	3,744,178.09	20.30
Second	3,382,704.14	18.34
Third	2,353,057.52	12.76
Fourth	1,491,020.44	8.08
Fifth	897,691.91	4.87
Total	11,868,652.10	64.34

7.Other receivable

Items	December 31,2019	December 31,2018
Interest receivable	7,610,043.19	5,589,704.44
Other receivable	4,830,717.94	9,257,192.06
Total	12,440,761.13	14,846,896.50

(1) Interest receivable

1) Category of interest receivable

Items	December 31,2019	December 31,2018
Fixed deposit	109,425.24	1,302,963.56
Structure deposit	7,500,617.95	4,286,740.88
Subtotal	7,610,043.19	5,589,704.44
Less: Bad debt provision		
Total	7,610,043.19	5,589,704.44

(1)As of December 31,2019,No overdue interest

(2) Bad-debt provision

Category	December 31,2019				Proportion
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	

Category	December 31,2019				Proportion
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
First stage	7,610,043.19				7,610,043.19
Total	7,610,043.19				7,610,043.19

2.Other receivable

(1)Category of Other receivable

Aging	December 31,2019
Within 1 year	2,250,037.41
1-2 years	1,213,773.48
2-3 years	647,494.79
3-4 years	1,837,174.29
4-5 years	1,015,782.04
Over 5 years	13,835,408.91
Subtotal	20,799,670.92
Less: Bad debt provision	15,968,952.98
Total	4,830,717.94

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

Nature	December 31,2019	December 31,2018
Customs bond	326,628.25	101,758.24
Export rebate	1,191,949.50	3,140,110.71
Unit account	15,674,175.33	15,451,643.71
Deposit	2,109,061.49	1,875,008.00
Reserve fund and staff loans	428,019.47	506,154.77
Other	1,069,836.88	4,227,892.82
Subtotal	20,799,670.92	25,302,568.25
Less: Bad debt provision	15,968,952.98	16,045,376.19
Total	4,830,717.94	9,257,192.06

(3) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019	1,652,090.82		14,393,285.37	16,045,376.19
Balance as at January 1, 2019 in current	1,652,090.82		14,393,285.37	16,045,376.19
——Transfer to stage II				
——Transfer to stage III				
——Transfer to stage II				
——Transfer to stage I				
Provision in the current period				
Turn back in the current period	76,423.21			76,423.21
Reseller in the current period				
Write - off in the current period				
Other				
Balance as at December 31, 2019	1,575,667.61		14,393,285.37	15,968,952.98

(4) Bad-debt provision

Category	December 31,2018	Amount of change in the current period				December 31,2019
		Accrual	Reversed or collected amount	Write - off	Other	
Accrual of bad debt provision by single item	14,393,285.37					14,393,285.37
Accrual of bad debt provision by portfolio	1,652,090.82		76,423.21			1,575,667.61
Total	16,045,376.19		76,423.21			15,968,952.98

(5) Other account receivables actually cancel after write-off :Nil

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

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Unit account	11,389,044.60	Over 5 years	54.76	11,389,044.60
Second	Unit account	1,800,000.00	3-4 years	8.65	1,800,000.00
Third	Unit account	1,018,295.37	Within 1 year, 1-3 years	4.90	181,045.68
Fourth	Deposit	980,461.06	Over 5 yeras	4.71	490,230.53
Fifth	Deposit	592,420.00	Over 5 years	2.85	592,420.00
Total		15,780,221.03		75.87	14,452,740.81

(7) Accounts receivable involved with government subsidies

Name	Name of government subsidy project	end of year balance	Year-end aging	Estimated time, amount and basis
Shenzhen Municipal Commission of Science, Technology, Industry, Trade and Information Technology	Shenzhen Industrial and Commercial Electricity Cost Reduction Project	427,896.00	Within 1 year	Recovered in January 2020, the amount is 427,900 yuan, based on: Shenzhen Economic and Trade Information Regulations [2018] No. 12
Total		427,896.00		

(8) No other account receivable which terminate the recognition owing to the transfer of the financial assets

(9) The amount of the assets and liabilities formed by the no transfer and the continues involvement of other accounts receivable

8.Inventory

1) Inventories types

Items	December 31,2019		
	Book balance	Provision for bad debts	Book value
Raw materials	212,371,911.48	31,148,714.05	181,223,197.43
Processing products	5,962,105.18		5,962,105.18
Finished product	135,636,148.29	53,692,060.27	81,944,088.02
Semi-finished product	130,209,635.92	36,196,938.50	94,012,697.42
Goods in transit	1,618,894.41	48,491.27	1,570,403.14
Commissioned materials	30,643,409.60	3,637,965.67	27,005,443.93
Total	516,442,104.88	124,724,169.76	391,717,935.12

(Continuous)

Items	December 31,2018		
	Book balance	Provision for bad debts	Book value
Raw materials	164,096,057.16	14,452,368.67	149,643,688.49
Processing products	3,895,184.01		3,895,184.01
Finished product	129,671,772.49	44,801,099.13	84,870,673.36
Semi-finished product	139,867,237.30	28,508,834.52	111,358,402.78
Goods in transit	80,839,399.33	937,486.83	79,901,912.50
Commissioned materials	10,082,857.63		10,082,857.63
Total	528,452,507.92	88,699,789.15	439,752,718.77

(2) Inventory Impairment provision

Items	December 31,2018	Increased in current period		Decreased in current period		December 31,2019
		Provision	Other	Transferred back	Other	
Raw materials	14,452,368.67	27,212,118.08		10,515,772.70		31,148,714.05

Items	December 31,2018	Increased in current period		Decreased in current period		December 31,2019
		Provision	Other	Transferred back	Other	
Finished	44,801,099.13	32,684,166.66		23,793,205.52		53,692,060.27
Semi-finished	28,508,834.52	33,589,791.03		25,901,687.05		36,196,938.50
Goods in transit	937,486.83	48,491.27		937,486.83		48,491.27
Commissioned		3,637,965.67				3,637,965.67
Total	88,699,789.15	97,172,532.71		61,148,152.10		124,724,169.76

(3) Basis for withdrawal of provision for inventory and reason for recovery or write-off in this year

Items	Specific basis for withdrawal of provision for inventory	Reason for recovery of provision for inventory in this year	Reason for write-off of provision for inventory in this year
Raw materials	Due to a decline in the market price of polarizer products in this period, the realizable net value of relevant materials was lower than their inventory cost.		Use of relevant materials
Finished product	Due to a decline in the market price of polarizer products in this period, the realizable net value of relevant materials was lower than their inventory cost.		Selling related finished goods
Semi-finished product	Due to a decline in the market price of polarizer products in this period, the realizable net value of relevant materials was lower than their inventory cost.		Selling related semi-finished products
Goods in transit	Due to a decline in the market price of polarizer products in this period,		Selling related finished goods

Items	Specific basis for withdrawal of provision for inventory	Reason for recovery of provision for inventory in this year	Reason for write-off of provision for inventory in this year
	the realizable net value of relevant materials was lower than their inventory cost.		

9. Other current assets

Items	December 31, 2019	December 31, 2018
Structural Deposit	—	540,000,000.00
After the deduction of input VAT	140,821,609.72	99,797,959.30
Total	140,821,609.72	639,797,959.30

10. Available-for-sale financial assets

Items	December 31, 2019			December 31, 2018		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Measured by fair value	—	—	—	5,119,896.46	—	5,119,896.46
Measured by cost	—	—	—	77,210,531.91	36,956,643.50	40,253,888.41
Total	—	—	—	82,330,428.37	36,956,643.50	45,373,784.87

11. Long-term equity investment

Investees	December 31,2018	Increase/decrease					Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other	December 31,2019	Closing balance of impairment provision
		Additional investment	Negative investment	Investment profit and loss recognized under	Adjustment of other comprehensive income	Changes of other equity					
I. Joint venture											
Shenzhen Haohao Property Leasing Co., Ltd.	5,641,139.93		4,916,674.82	1,275,534.89			2,000,000.00				
Anhui Huapeng Textile Co.,Ltd.	11,784,626.51			-1,685,792.74						10,098,833.77	
Shenzhen Guanhua Printing & Dyeing Co., Ltd.		133,363,685.79		-3,740,613.10						129,623,072.69	
Subtotal	17,425,766.44	133,363,685.79	4,916,674.82	-4,150,870.95			2,000,000.00			139,721,906.46	
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	2,234,057.19			216,618.95						2,450,676.14	
Jordan Garment Factory	2,363,614.70			-1,488,111.17	26,765.66					902,269.19	
Hongkong Yehui International Co., Ltd.	10,928,647.33			-1,981,720.10	188,150.70					9,135,077.93	

Subtotal	15,526,319.22			-3,253,212.32	214,916.36					12,488,023.26
Total	32,952,085.66	133,363,685.79	4,916,674.82	-7,404,083.27	214,916.36		2,000,000.00			152,209,929.72

Note 1: On November 4, 2019, after the Second Extraordinary General Meeting of the Company deliberated and passed the Proposal on Transfer of 50% Equity of Shenzhen Haohao Property Leasing Co., Ltd., the Company transferred 50% equity of Haohao Property held by the Company through public listing at Shenzhen United Property and Share Rights at a price not lower than the appraised value of 60,554,100 yuan approved by the state-owned asset management department. On December 19, 2019, the Company and Shenzhen Urban Construction and Development (Group) Co., Ltd. (hereinafter referred to as "Urban Construction Group"), the only intended transferee during the listing period, signed the Property Rights Transaction Contract, with a transaction price of 60,554,100 yuan. The single shareholder of Urban Construction Group is the controlling shareholder of the company and the associated legal person of the company. This transaction constitutes an associated transaction. As of December 31, 2019, the transaction had been completed, and the transfer income of 55,481,800 yuan was included in the investment income of 2019.

Note 2: After the board of directors of Shenzhen Guanhua Printing and Dyeing Co., Ltd. was re-elected on April 4, 2019, the Company are able to exert a significant influence on its business decisions. The initial recognition cost of long-term equity investment is 133,363,685.79 yuan, which is the sum of the fair value of the original other equity instruments investment at the conversion date of 83,143,210.08 yuan and the additional investment cost of 50,220,475.71 yuan.

12. Other equity instruments investment

(1) Other equity instruments investment

Items	Investment cost	December 31,2019	January 1,2019
FUAO (000030)	8,940,598.31	6,568,923.76	5,119,896.46
Shenzhen Guanhua Printing & Dyeing Co., Ltd(Note)			83,143,210.08
Shenzhen Dailishi Underwear Co., Ltd.	2,559,856.26	12,315,939.61	12,315,939.61
Union Development Group Co., Ltd.	2,600,000.00	152,469,200.00	152,469,200.00
Shenzhen Xiangjiang Trade Co., Ltd.	160,000.00	7,474,900.00	1,559,890.79
Shenzhen Xinfang Knitting Co., Ltd.	524,000.00	2,227,903.00	2,227,903.00
Jintian Industry (Group) Co., Ltd.	14,831,681.50		
Shenzhen Jiafeng Textile Industry Co., Ltd.	16,800,000.00		
Shenzhen Xieli Auto Co., Ltd.	4,243,705.44	25,760,086.27	25,760,086.27
Shenzhen South Textile Co., Ltd.	1,500,000.00	13,464,994.09	13,464,994.09
Changxing Junying Investment Partnership	28,500,000.00	28,500,000.00	28,500,000.00
Total	80,659,841.51	248,781,946.73	324,561,120.30

Note: On April 4, 2019, Shenzhen Guanhua Printing and Dyeing Co., Ltd. was converted to long-term equity investment accounting. For details, please refer to Note VII (11).

(2) Itemized disclosure of the current non - trading equity instrument investment

Name	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earning
Fuao auto parts co., Ltd. (000030)	207,003.90		2,371,674.55		Long-term holding	—
Shenzhen Dailishi Underwear Co., Ltd.	943,396.23	9,756,083.35			Long-term holding	—

Name	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earning
Union Development Group Co., Ltd.	208,000.00	149,869,200.00			Long-term holding	—
Shenzhen Xiangjiang Trade Co., Ltd.		7,314,900.00			Long-term holding	—
Shenzhen Xinfang Knitting Co., Ltd.	200,000.00	1,703,903.00			Long-term holding	—
Jintian Industry (Group) Co., Ltd.			14,831,681.50		Long-term holding	—
Shenzhen Jiafeng Textile Industry Co., Ltd.			16,800,000.00		Long-term holding	—
Shenzhen Xieli Auto Co., Ltd.		21,516,380.83			Long-term holding	—
Shenzhen South Textile Co., Ltd.	944,666.14	11,964,994.09			Long-term holding	—
Changxing Junying Investment Partnership	2,150,943.4				Long-term holding	—

Name	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Shenzhen Guanhua Printing & Dyeing Co., Ltd.		77,651,921.37		58,238,941.03	—	Transfer to the accounting of long-term equity investment, and transfer the other comprehensive income of 58,238,941.03 yuan
Total	4,654,009.67	279,777,382.64	34,003,356.05	58,238,941.03	—	

13. Investment real estate

(1) Investment real estate adopted the cost measurement mode

Items	House, Building	Land use right	Construction in	Total
I. Original price				
1. Balance at period-beginning	309,234,260.74			309,234,260.74
2. Increase in the current period				
(1) Purchase				
3. Decreased amount of the period	52,051,000.00			52,051,000.00
(1) Dispose	52,051,000.00			52,051,000.00
4. Balance at period-end	257,183,260.74			257,183,260.74
II. Accumulated amortization				
1. Opening balance	141,236,318.76			141,236,318.76
2. Increased amount of the period	7,120,445.96			7,120,445.96
(1) Withdrawal	7,120,445.96			7,120,445.96
3. Decreased amount of the period	3,903,824.88			3,903,824.88
(1) Dispose	3,903,824.88			3,903,824.88
4. Balance at period-end	144,452,939.84			144,452,939.84
III. Impairment provision				
1. Balance at period-beginning				

Items	House, Building	Land use right	Construction in	Total
2.Increased amount of the period				
4. Balance at period-end				
IV.Book value				
1.Book value at period -end	112,730,320.90			112,730,320.90
2.Book value at period-beginning	167,997,941.98			167,997,941.98

Note: this year, the Company increased capital to Shenzhen Guanhua Printing and Dyeing Co., Ltd. with the real estate of Guanhua Mansion. The original book value of the relevant assets was 52,051,000.00 yuan, and the accumulated depreciation was 3,903,824.88 yuan. Please refer to Note XII (5) 4(2) for details of this matter.

14. Fixed assets

Items	December 31,2019	December 31,2018
Fixed assets	903,229,077.83	987,876,247.55
Liquidation of fixed assets		
Total	903,229,077.83	987,876,247.55

1.Fixed assets

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1.Opening balance	548,584,026.60	1,011,061,597.26	9,997,715.53	30,466,523.80	1,600,109,863.19
2.Increased amount of the period	10,664,079.90	13,753,264.55	1,840,794.79	3,813,970.09	30,072,109.33
(1) Purchase	427,838.56	13,753,264.55	1,840,794.79	3,813,970.09	19,835,867.99
2) Transferred from construction in	10,236,241.34				10,236,241.34
(3) Other					
3.Decreased amount of the period	4,457,692.39	5,485,170.94	1,677,626.00	2,061,417.07	13,681,906.40
(1) Disposal	4,457,692.39	5,485,170.94	1,677,626.00	2,061,417.07	13,681,906.40
(2) Other transfer					
4. Balance at period-end	554,790,414.11	1,019,329,690.87	10,160,884.32	32,219,076.82	1,616,500,066.12
II. Accumulated depreciation					
1.Opening balance	130,575,792.68	459,920,510.02	3,719,028.75	17,008,251.34	611,223,582.79
2.Increased amount of the period	19,638,890.60	90,140,000.69	732,761.63	2,639,940.59	113,151,593.51
(1) Withdrawal	19,638,890.60	90,140,000.69	732,761.63	2,639,940.59	113,151,593.51

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
3. Decrease in the reporting period	3,732,211.16	4,199,070.66	1,610,520.96	1,683,021.89	11,224,824.67
(1) Disposal	3,732,211.16	4,199,070.66	1,610,520.96	1,683,021.89	11,224,824.67
4. Closing balance	146,482,472.12	545,861,440.05	2,841,269.42	17,965,170.04	713,150,351.63
III. Impairment provision					
1. Opening balance	1,004,032.85			6,000.00	1,010,032.85
2. Increase in the reporting period					
3. Decrease in the reporting period	883,396.19			6,000.00	889,396.19
4. Closing balance	120,636.66				120,636.66
IV. Book value					
1. Book value of the period-end	408,187,305.33	473,468,250.82	7,319,614.90	14,253,906.78	903,229,077.83
2. Book value of the period-begin	417,004,201.07	551,141,087.24	6,278,686.78	13,452,272.46	987,876,247.55

Note :Current depreciation is 113,151,593.51 yuan .

15. Construction in progress

Items	December 31, 2019	December 31, 2018
Industrialization project of polaroid for super large size TV (Line 7)	839,443,318.50	9,080,815.92
Other	422,957.42	6,540,470.72
Total	839,866,275.92	15,621,286.64

(1) List of construction in progress

Items	December 31, 2019			December 31, 2018		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
Industrialization project of polaroid for super large size TV (Line 7)	839,443,318.50		839,443,318.50	9,080,815.92		9,080,815.92
Other	422,957.42		422,957.42	6,540,470.72		6,540,470.72

Items	December 31,2019			December 31,2018		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
Total	839,866,275.92		839,866,275.92	15,621,286.64		15,621,286.64

(2) Changes of significant construction in progress

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Balance in year-end
Industrialization project of polaroid for super large size TV (Line 7)	1959.50 million	9,080,815.92	830,362,502.58			839,443,318.50
Total		9,080,815.92	830,362,502.58			839,443,318.50

(Continuous)

Items	Proportion(%)	Progress of work	Capitalisation of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalisation of interest ratio (%)	Source of funds
Industrialization project of polaroid for super large size TV (Line 7)	42.84%	The main building has been capped				Self
Total	—	—				—

16. Intangible assets

(1) Information

Items	Land use right	Patent right	Software	Total
I. Original price				
1. Balance at period-beginning	48,822,064.61	11,825,200.00	2,936,607.54	63,583,872.15
2. Increase in the current period				
(1) Purchase				
(2) Internal R & D				
3. Decreased amount of the period	563,825.61			563,825.61
(1) Disposal				
(1) Disposal Subsidiary				
(3) Transfer to investment real estate				
(4) Other transfer				
	563,825.61			563,825.61
4. Balance at period-end	48,258,239.00	11,825,200.00	2,936,607.54	63,020,046.54
II. Accumulated amortization				
1. Balance at period-beginning	12,243,972.52	11,825,200.00	1,633,883.78	25,703,056.30
2. Increase in the current period				
(1) Withdrawal				
	911,604.36		451,215.15	1,362,819.51
(2) Business combination Increase				
(3) Other				
3. Decreased amount of the period	563,825.61			563,825.61
(1) Disposal				
(1) Disposal Subsidiary				
(3) Transfer to investment real estate				
(4) Other transfer				
	563,825.61			563,825.61
4. Balance at period-end	12,591,751.27	11,825,200.00	2,085,098.93	26,502,050.20
III. Impairment provision				
1. Balance at period-beginning				
2. Increase in the current period				

Items	Land use right	Patent right	Software	Total
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
4. Balance at period-end				
4. Book value				
1. Book value at period -end	35,666,487.73		851,508.61	36,517,996.34
2. Book value at period-beginning	36,578,092.09		1,302,723.76	37,880,815.85

17. Goodwill

(1) Original book value of goodwill

Name of the investees or the events formed goodwill	December 31, 2018	Increase	Decrease	December 31, 2019
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
SAPO Photoelectric	9,614,758.55			9,614,758.55
Total	11,864,346.37			11,864,346.37

(2) Impairment of goodwill

Investee	December 31, 2018	Increased at this period	Decreased at this period	December 31, 2019
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
SAPO Photoelectric	9,614,758.55			9,614,758.55
Total	11,864,346.37			11,864,346.37

18. Long term amortize expenses

Items	December 31, 2018	Increase in this period	Amortized expenses	Other loss	December 31, 2019
Renovation fee	985,691.64	957,475.09	311,743.27		1,631,423.46
Other	500,517.39	754,999.52	194,189.70		1,061,327.21
Total	1,486,209.03	1,712,474.61	505,932.97		2,692,750.67

19. Deferred income tax assets/deferred income tax liabilities

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

Items	December 31,2019		December 31,2018	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets depreciation reserves	17,933,263.39	4,478,077.03	18,197,325.09	4,549,331.27
Unattained internal sales profits	2,502,421.73	375,363.26	2,591,536.27	388,730.44
Changes in fair value of available for sale financial assets			3,820,701.85	955,175.46
Changes in fair value of investments in other equity instruments	2,371,674.55	592,918.64		
Restricted stock repurchase interest	686,670.00	171,667.50	571,844.26	142,961.06
Total	23,494,029.67	5,618,026.43	25,181,407.47	6,036,198.23

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

Items	December 31,2019		December 31,2018	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
The difference between the initial recognition cost and tax base of long-term equity investment of Guanhua Company	77,651,921.36	19,412,980.34		
Changes in fair value of investments in other equity	202,125,461.26	50,531,365.32		
Total	279,777,382.62	69,944,345.66		

(3)Details of income tax assets not recognized

Items	December 31,2019	December 31,2018
Deductible temporary difference	156,410,415.69	128,283,915.49
Deductible loss	605,506,184.05	508,608,727.20

Items	December 31,2019	December 31,2018
Total	761,916,599.74	636,892,642.69

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

Year	December 31,2019	December 31,2018	Remark
2020		703,241.36	
2021	1,128,868.47	3,880,135.73	
2023	129,226,944.33	129,226,944.33	
2024	148,095,898.11	148,095,898.11	
2025	83,287,153.64	83,287,153.64	
2026	120,820,767.06	120,820,767.06	
2028	22,594,586.97	22,594,586.97	
2029	100,351,965.47		
Total	605,506,184.05	508,608,727.20	

20 .Other non-current assets

Items	December 31,2019			December 31,2018		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
Advance payment for	3,079,321.10		3,079,321.10	152,688,087.18		152,688,087.18
Advance payment for				176,764,571.83		176,764,571.83
Total	3,079,321.10		3,079,321.10	329,452,659.01		329,452,659.01

21. Short-term borrowings

Items	December 31,2019	December 31,2018
Credit borrowings		411,522,111.40
Total		411,522,111.40

22. Accounts payable

(1) List of accounts payable

Items	December 31,2019	December 31,2018
Within 1 years	238,370,055.75	177,140,118.37

Items	December 31,2019	December 31,2018
1-2 years	196,392.86	2,059,842.85
2-3 years	1,691,830.35	37,402.40
3-4 years	37,402.40	35,075.05
4-5 years	35,075.05	281,166.48
Over 5 years	967,014.23	685,847.75
Total	241,297,770.64	180,239,452.90

No Significant accounts payable that aged over one year

23. Advance account

(1) Advance account

Items	December 31,2019	December 31,2018
Within 1 years	29,824,350.33	119,293,518.44
1-2 years	16,004.11	560,077.61
2-3 years	30,171.98	210,330.74
Over 3 years	659,591.20	639,024.58
Total	30,530,117.62	120,702,951.37

Accounts payable with major amount and Not aging of over one year

24. Payable Employee wage

(1) Payable Employee wage

Items	December 31,2018	Increase in this period	Decrease in this period	December 31,2019
I. Short-term employee benefits	32,506,267.08	161,658,957.04	155,609,043.92	38,556,180.20
II. Post-employment benefits		11,119,425.46	11,119,425.46	
III. Termination benefit				
Total	32,506,267.08	172,778,382.50	166,728,469.38	38,556,180.20

(2) Short-term remuneration

Items	December 31,2018	Increase in this period	Decrease in this period	December 31,2019
1. Wages, bonuses, allowances and subsidies	30,794,253.21	142,377,416.49	136,420,140.80	36,751,528.90

Items	December 31,2018	<u>Increase in this</u>	Decrease in this	December 31,2019
2.Employee welfare		7,308,878.08	7,308,878.08	
3. Social insurance premiums		3,389,773.79	3,389,773.79	
Including: Medical insurance		2,946,127.59	2,946,127.59	
Work injury insurance		155,195.94	155,195.94	
Maternity insurance		288,450.26	288,450.26	
4. Public reserves for housing		5,602,480.79	5,602,480.79	
5.Union funds and staff education fee	1,712,013.87	2,980,407.89	2,887,770.46	1,804,651.30
Total	32,506,267.08	161,658,957.04	155,609,043.92	38,556,180.20

(3) Defined contribution plans listed

Items	December 31,2018	<u>Increase in this</u>	Decrease in this	December 31,2019
1. Basic old-age insurance premiums		8,885,794.40	8,885,794.40	
2.Unemployment insurance		212,521.77	212,521.77	
3. Annuity payment		2,021,109.29	2,021,109.29	
Total		11,119,425.46	11,119,425.46	

25.Tax Payable

Items	December 31,2019	December 31,2018
VAT	2,992,712.57	793,392.58
City Construction tax	209,489.81	54,516.12
Enterprise Income tax	18,567,808.63	6,198,704.39
Individual Income tax	441,485.02	160,823.58
House property Tax	127,685.17	204,941.07
Education surcharge	149,635.58	37,825.82
Other	56,733.55	294,925.43
Total	22,545,550.33	7,745,128.99

26.Other payable

Items	December 31,2019	December 31,2018
Interest payable		39,044,044.39
Other payable	152,645,780.14	189,971,235.59

Items	December 31,2019	December 31,2018
Total	152,645,780.14	229,015,279.98

1. Interest payable

Items	December 31,2019	December 31,2018
Pay the interest for long-term loans by installments.		37,220,662.08
Pay the interest for short-term loans by installments.		1,823,382.31
Total		39,044,044.39

2. Other payable

(1) Disclosure by nature

Items	December 31,2019	December 31,2018
Engineering Equipment fund	36,025,975.90	62,574,657.07
Unit account	51,891,693.06	53,935,705.78
Deposit	27,258,145.87	25,481,743.17
Restrictive stock repurchase obligation	16,825,673.40	27,802,523.26
Other	20,644,291.91	20,176,606.31
Total	152,645,780.14	189,971,235.59

27. Non-current liabilities due within 1 year

Items	December 31,2019	December 31,2018
Long-term borrowings due within 1 year		40,000,000.00
Total		40,000,000.00

28. Long-term borrowings

Items	December 31,2019	December 31,2018
Credit borrowings		40,000,000.00
Less: Long-term borrowings due within 1 year		40,000,000.00
Total		

29. Deferred income

Items	December 31,2018	Increase at this period	Decrease at this period	December 31,2019	Reason
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Items	December 31,2018	Increase at this period	Decrease at this period	December 31,2019	Reason
Govemment Subsidy	137,991,698.33	1,748,781.00	18,475,908.11	121,264,571.22	Govemment Subsidy
Total	137,991,698.33	1,748,781.00	18,475,908.11	121,264,571.22	

Details of Government subsidy:

Items	December 31,2018	New grants amount of this period	Profit and loss amount recorded in the current period	Other transfer amount	Othber change	December 31,2019	Income related to assets
Textile special funds	571,428.57			142,857.16		428,571.41	Related to assets
High-tech Industrialization demonstration projects	200,000.00			200,000.00			Related to assets
National grant funds for new flat panel display industry	1,000,000.00			1,000,000.00			Related to assets
Grant funds for TFT-LCD polarizer industry project	4,333,333.34			1,300,000.00		3,033,333.34	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	2,000,000.00			500,000.00		1,500,000.00	Related to assets
Purchase of imported equipment and technology	677,016.78			175,090.20		501,926.58	Related to assets
Innovation and venture capital for TFT-LCD polarier I project	200,000.00			50,000.00		150,000.00	Related to assets
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	312,500.00			50,000.00		262,500.00	Related to assets
Shenzhen Engineering laboratory polarizing material and technical engineering	3,125,000.00			500,000.00		2,625,000.00	Related to assets

Items	December 31,2018	New grants amount of this period	Profit and loss amount recorded in the current period	Other transfer amount	Othber change	December 31,2019	Income related to assets
Capital funding for Technology Center	1,875,000.00			300,000.00		1,575,000.00	Related to assets
Subsidy funds to support the introduction of advanced technology	57,552.41			14,388.10		43,164.31	Related to assets
Local supporting funds for TFT-LCD polarizer Phase II Project (line 6)	14,250,000.00			1,500,000.00		12,750,000.00	Related to assets
Innovation and venture capital for TFT-LCD polarizer Phase II Project (line 6)	475,000.00			50,000.00		425,000.00	Related to assets
key technology research and development projects of optical compensation film for polarizer	4,125,000.00			500,000.00		3,625,000.00	Related to assets
State subsidy for TFT-LCD polarizer Phase II Project (line 6)	9,500,000.00			1,000,000.00		8,500,000.00	Related to assets
Strategic industries Development fund of Guangdong Province	23,750,000.00			2,500,000.00		21,250,000.00	Related to assets
Grants of Purchase equipment of TFT-LCD polarizing film phase II project	28,500,000.00			3,000,000.00		25,500,000.00	Related to assets
Energy saving transformation grant funds	86,458.56			29,642.93		56,815.63	Related to assets
Old elevator renovation fund subsidies	1,147,008.67			142,255.72		1,004,752.95	Related to assets

Items	December 31,2018	New grants amount of this period	Profit and loss amount recorded in the current period	Other transfer amount	Othber change	December 31,2019	Income 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
Research & development subsidy for key technologies of ultra-thin IPS polarizer for smart phone terminals	2,000,000.00					2,000,000.00	Related to assets
Finance committee of Shenzhen municipality (R&D of key technology of high-performance polarizer for large size display panel of 2018N007)	5,000,000.00					5,000,000.00	Related to assets
Special Subsidy for Improving Atmospheric Environment Quality in Shenzhen		1,033,507.00				1,033,507.00	Related to assets
2018Discount on Imports of Special Funds for the Development of Foreign Trade and Economic Cooperation		715,274.00		715,274.00			Related to assets
First Premium Subsidy for New Materials	4,806,400.00			4,806,400.00			Related to income
Total	137,991,698.33	1,748,781.00		18,475,908.11		121,264,571.22	

(1).According to the "Notice on National Development and Reform Commission to the General Office of the textile project management of the special funds" (Faigaiban [2006]2841), on December 2006, the Company received "Textile special" funds RMB 2,000,000.00 from Shenzhen Finance Bureau. The company will use 14 years as asset depreciation period for amortization with the corresponding equipment in current period. The amortization in accordance with the corresponding equipment, The other income in current period is RMB142,857.16, the ending balance of uncompleted amortization is RMB428,571.41 .

(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 other income in current period is RMB200,000.00 and the balance amount of unfinished final amortization is RMB0.00.

(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 RMB1,000,000.00, the balance amount of unfinished final amortization is RMB0.00.

(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 SAPO Photoelectric into the special plan for strategic transformation and industrialization of color TV industry in 2010 and appropriated national aid of RMB 10,000,000.00 to SAPO Photoelectric for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. On June 2012 and September 2013, the company received the national grants of RMB 10,000,000.00.. According to the Notice of Issuing the Governmental Investment Plan for 2011 Regarding Demonstration Project of High-tech Industrialization Including Specialized Services Such As Disaster Recovery of Financial Information System issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2012) No. 3), the Company received subsidy of RMB 3,000,000.00 for the project of industrialization of polarizer sheet for TFT-LCD in April 2012. Our company will use 10 years as asset depreciation period for amortization in current period.The non-operating income in current period is RMB1,300,000.00. and the balance amount of unfinished final amortization is RMB 3,033,333.34.

(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 RMB500,000.00 and the balance amount of unfinished final amortization is RMB1,500,000.00.

(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 RMB501,926.58.

(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 RMB150,000.00 .

(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 RMB 262,500.00 .

(9) According to the Approval of Application of SAPO Photoelectric for Project Funds for Shenzhen Polarization Material and Technology Engineering Laboratory (Shen Fa Gai (2012) No. 1385), Shenzhen Polarization Material and Technology Engineering Laboratory was approved to be established on the strength of SAPO Photoelectric with total project investment of RMB 24,390,000.00. As approved by Shenzhen Municipal People's Government, this project was included in the plan for supporting the fourth group of enterprises with special fund for the development of strategic new industries in Shenzhen in 2012 (new material industry). According to the Notice of Issuing the Plan for Supporting the Fourth Group of Enterprises with Special Fund for Development of Strategic New Industries in Shenzhen in 2012 (Shen Fa Gai (2012) No. 1241), the Company received subsidy of RMB 5,000,000.00 on December 2012 for purchasing instruments and equipment and improving existing technological equipment and test conditions. The fund gap will be filled by the Company through raising funds by itself. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB500,000.00 and the balance amount of unfinished final amortization is RMB2,625,000.00 .

(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 SAPO has been regarded as 2012 annual municipal R&D center. In December 2013, the company has received the funding subsidy of RMB3 million for the construction of the technical center. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB300,000.00 and the balance amount of unfinished final amortization is RMB1,575,000.00.

(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 RMB14,388.10 and the balance amount of unfinished final amortization is RMB43,164.31.

(12)According to the "Shenzhen Municipal Development and Reform Commission Reply for SAPO application for local matching funds of TFT-LCD polarizing film II project (Line 6) " (Shenzhen DRC [2013]No. 1771), the company obtained TFT-LCD polarizing film II project (line 6) local matching funds of RMB 15,000,000.00 in April 2014. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB1,500,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB 12,750,000.00 .

(13) In December 2014, the company received innovation venture capital (matching funding category) for Ping Shan District Development and Finance Bureau of TFT-LCD polarizing film II project (line 6) of RMB 500,000.00. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 50,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB425,000.00.

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

(15)According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2nd industrial restructuring) notify the central budget for 2014 investment plan" (NDRC Investment [2014] No. 1280), the company obtained TFT- LCD polarizer II project (line 6) state grants of RMB 10,000,000.00 in December 2014. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 1,000,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB8,500,000.00.

(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, TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 2,500,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB 21,250,000.00.

(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. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 3,000,000.00 was included into other incomes in the current period and

the ending outstanding balance was RMB 25,500,000.00.

(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 RMB56,815.63.

(19). In 2017, the company received 1,218,640.00 yuan for the old elevator upgrade subsidy, the company received 160,800.00 yuan for the old elevator upgrade subsidy in 2018, which was apportioned according to the depreciation period of the relevant assets. The current period was included in other income of 115,760.00 yuan, and the unassessed balance at the end of the period was 986,836.67 yuan. Subsidiaries that run property management business were subsidized by RMB 164,580.00 for updating and transforming old and obsolete elevators this year and this subsidy was asset-related; RMB 11,755.72 was included into the other income in the current period and the ending outstanding balance was RMB 148,416.28.

(20) 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 oversized 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.

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

(22). According to Measures for Management of Science and Technology Research & Development Funds in Shenzhen, Measures for Management of Projects in Shenzhen Municipal Science and Technology Program and other documents concerned, SAPO Photoelectric Co., Ltd. and Shenzhen Science and Technology Innovation Committee entered into a Contract of Projects in Shenzhen Municipal Science and Technology Program through consultation to complete development of key techniques for high-performance polarizers for 2018N007 jumbo display panels in the program delivered in Shen Fa Gai [2018] No.324 document. The Company was granted with a financial subsidy of RMB 5,000,000.00 this year. The Company amortized and transferred the deferred income into the current profit and loss by period of depreciation after relevant assets hit the expected available state.

(23). According to the Measures of Shenzhen Municipality on Subsidy for Improving Atmospheric Environmental Quality (2018-2020) (SRHG [2018] No.2), in December 2019, the Company received a subsidy of 1,033,507.00 yuan from Shenzhen Municipal Human Settlements Committee. The Company completed the transformation of the relevant assets into fixed assets in December 2019. The Company will

allocate the relevant assets according to their depreciation years in January 2020, with an unamortized amount of 1,033,507.00 yuan at the end of the period.

(24). According to the relevant provisions of the Notice of the Ministry of Finance and the Ministry of Commerce on the Key Work of Special Funds for the Development of Foreign Trade in 2018 (CH [2018] No.91) and the Catalogue of Technologies and Products Encouraged for Import (2016 Edition), In August 2019, the Company received a special interest subsidy of 715,274.00 yuan from Shenzhen Municipal Bureau of Commerce for the central foreign trade development fund in 2018, and applied for 3,809,994.77 yuan as the imported interest subsidy equipment amount, 715,274.00 yuan as the amortized amount in the current period and 0.00 yuan as the unamortized amount at the end of the period.

(25). Compliance with the document spirit of the Notice of Ministry of Industry and Information Technology, Ministry of Finance and China Insurance Regulatory Commission on Piloting an Insurance Compensation Mechanism for the First Batch of Key New Materials (Gong Xin Bu Lian Yuan [2017] No.222 document). In December 2018, the Company received a relevant premium subsidy of RMB 4,806,400.00 from the Ministry of Industry, In April and July 2019, the Company paid the relevant premium of 5,988,205.00 yuan, and amortized the premium subsidy of 4,806,400.00 yuan, with an unamortized amount of 0.00 yuan at the end of the period.

30. Stock capital

Items	December 31, 2018	Changed (+, -)					December 31, 2019
		Issuance of new	Bonus shares	Capitalization of	Other	Subtotal	
Total shares	511,274,149.00				-1,935,720.00	-1,935,720.00	509,338,429.00

Note: On September 12, 2019, the Company repurchased and cancelled the restricted stocks that did not meet the conditions for lifting the restriction on sale in phase I and the restricted stocks held by the incentive objects who left the company, totaling 1,935,720 shares, with the share capital reduced by 1,935,720.00 yuan.

31. Capital reserve

Items	December 31, 2018	Increase in the current	Decrease in the current	December 31, 2019
Share premium	1,848,960,987.54		9,155,955.60	1,839,805,031.94
Other	16,755,996.09	118,361,220.00		135,117,216.09
Total	1,865,716,983.63	118,361,220.00	9,155,955.60	1,974,922,248.03

Note 1: this year, SAPO Photoelectric, the controlling subsidiary of the Company, received the full compensation for 2018 performance and included it in its equity, increasing its capital reserve (other capital reserves) by 118,361,200 yuan. See notes XVI (2) for details.

Note 2: The Company's capital reserve (capital premium) was reduced by 9,155,900 yuan due to repurchase and cancellation of restricted stock.

32. Treasury stock

Items	December 31,2018	Increase in the current	Decrease in the current	December 31,2019
Treasury stock	27,230,679.00		11,091,675.60	16,139,003.40
Total	27,230,679.00		11,091,675.60	16,139,003.40

Note: In 2017, the Company implemented equity incentive, granting 4,752,300 restricted shares at a grant price of 5.73 yuan/share. This year, 1,935,720 shares were canceled through repurchase, reducing stock shares by 11,091,675.60 yuan.

33.Other Comprehensive income

Items	December 31,2018	Changes in accounting policies affecting amounts	January 1,2019	Amount of current period						December 31,2019
				Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future		170,899,572.18	170,899,572.18	7,364,036.51		58,238,941.03	1,841,009.12	-52,715,913.64		118,183,658.54
Changes in fair value of investments in other equity instruments		170,899,572.18	170,899,572.18	7,364,036.51		58,238,941.03	1,841,009.12	-52,715,913.64		118,183,658.54
2.Other comprehensive	1,339,208.41		1,339,208.41	214,916.36				214,916.36		1,554,124.77

Items	December 31,2018	Changes in accounting policies affecting amounts	January 1,2019	Amount of current period						December 31,2019
				Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
income reclassifiable to profit or loss in subsequent periods										
Translation differences of financial statements denominated	1,339,208.41		1,339,208.41	214,916.36				214,916.36		1,554,124.77
Total of other comprehensive income	1,339,208.41	170,899,572.18	172,238,780.59	7,578,952.87		58,238,941.03	1,841,009.12	-52,500,997.28		119,737,783.31

Note: On January 1, 2019, due to the first implementation of the new financial instrument standard, the other comprehensive income on January 1, 2019 was adjusted to 170,899,572.18 yuan. For details, please refer to Notes III (30).

34.Surplus reserve

Items	December 31,2018	Changes in accounting policies affecting amounts	January 1,2019	Increase in the current period	Decrease in the current period	December 31,2019
Statutory surplus reserve	80,004,803.23		83,980,353.84	6,616,569.55		90,596,923.39
Total	80,004,803.23		83,980,353.84	6,616,569.55		90,596,923.39

Note: On January 1, 2019, due to the first implementation of the new financial instrument standard, the surplus reserve on January 1, 2019 was adjusted to 3,975,550.61 yuan. For details, please refer to Notes V (30).

35.Retained profits

Items	Amount of this period	Amount of last period
Before adjustments: Retained profits at the period end	-57,774,473.41	-32,266,087.44
Adjustment: Total unappropriated profits at the beginning of the year	35,779,955.53	
After adjustments: Retained profits at the period beginning	-21,994,517.88	-32,266,087.44
Add: Net profit attributable to owners of the Company for the period	19,679,910.43	-22,980,624.93
Other consolidated earnings carried forward to retained earnings attributable to owners of the Company for the period	58,238,941.03	—
Less: Appropriation to statutory surplus reserve	6,616,569.55	2,527,761.04
Retained profits at the period end	49,307,764.03	-57,774,473.41

Note: On January 1, 2019, due to the first implementation of the new financial instrument standard, the surplus reserve on January 1, 2019 was adjusted to 3,975,550.61 yuan. For details, please refer to Notes V (30).

36.Business income, Business cost

(1) Business income, Business cost

Items	Amount of current period	Amount of previous period
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	Income	Cost	Income	Cost
Main business cost	2,099,197,694.45	1,915,880,730.30	1,266,481,655.09	1,136,768,017.37
Other business cost	58,987,161.26	57,614,878.05	5,875,116.25	5,482,267.30
Total	2,158,184,855.71	1,973,495,608.35	1,272,356,771.34	1,142,250,284.67

(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	517,020,991.54	483,603,729.67	278,139,524.35	271,514,631.70
Manufacturing	1,475,804,647.66	1,408,148,827.10	879,409,830.28	839,415,041.00
Property management, leasing	106,372,055.25	24,128,173.53	98,327,018.46	25,838,344.67
Glycol bulk trade			10,605,282.00	
Total	2,099,197,694.45	1,915,880,730.30	1,266,481,655.09	1,136,768,017.37

(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	106,372,055.25	24,128,173.53	98,327,018.46	25,838,344.67
Textile income	46,047,351.10	39,166,964.15	47,188,632.17	41,092,884.63
Polaroid income	1,429,757,296.56	1,368,981,862.95	832,221,198.11	798,322,156.37
Trade income	517,020,991.54	483,603,729.67	278,139,524.35	271,514,631.70
Glycol bulk trade			10,605,282.00	
Total	2,099,197,694.45	1,915,880,730.30	1,266,481,655.09	1,136,768,017.37

(4) Main Business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic	1,922,327,308.13	1,751,836,922.09	939,119,434.34	819,468,645.28
Oversea	176,870,386.32	164,043,808.21	327,362,220.75	317,299,372.09
Total	2,099,197,694.45	1,915,880,730.30	1,266,481,655.09	1,136,768,017.37

(5) Operating income from top five clients

Name	Income	Proportion
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Name	Income	Proportion
First	725,983,985.65	33.64
Second	256,086,053.64	11.87
Third	141,106,466.92	6.54
Fourth	129,050,621.86	5.98
Fifth	68,422,745.04	3.17
Total	1,320,649,873.11	61.20

37.Business tax and subjoin

Items	Amount of current period	Amount of previous period
Urban construction tax	665,327.79	645,044.28
Education surcharge	477,821.51	462,140.55
House taxes	5,772,193.68	5,803,460.97
Other	1,550,800.42	1,131,491.82
Total	8,466,143.40	8,042,137.62

38.Sales expenses

Items	Amount of current period	Amount of previous period
Wage	3,900,045.35	3,301,333.20
Transportation changes	6,328,597.94	4,246,929.38
Exhibition fee	131,576.37	124,705.56
Business expenses	380,985.91	442,238.21
Samples and product loss	708,859.57	659,642.03
Insurance expenses	5,649,250.00	
Sell	3,077,231.50	
Other	608,532.02	861,710.67
Total	20,785,078.66	9,636,559.05

39.Administrative expenses

Items	Amount of current period	Amount of previous period
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Items	Amount of current period	Amount of previous period
Wage	57,632,391.81	52,311,665.52
Including : Equity incentive fee		-356,400.00
Depreciation of fixed assets	11,714,741.86	11,005,866.31
Water and electricity	2,736,839.25	3,749,739.12
Agency expenses	6,188,892.57	3,857,237.09
Intangible assets amortization	1,362,819.51	1,334,685.09
Travel expenses	1,506,687.67	1,606,997.78
Office expenses	878,072.35	926,011.06
Business entertainment	922,668.63	1,067,901.96
Lawsuit expenses	327,254.72	158,490.57
Repair charge	2,030,445.26	2,883,879.67
Property insurance	483,245.82	424,962.59
Low consumables amortization	110,298.00	26,694.80
Board fees		65,020.00
Other	10,976,484.92	9,171,287.74
Total	96,870,842.37	88,590,439.30

40.R & D costs

Items	Amount of current period	Amount of previous period
Wage	13,430,653.87	13,172,333.89
Material	34,839,486.54	24,537,372.56
Depreciation	2,782,174.41	2,480,311.39
Fuel & Power	1,447,036.66	835,650.39
Travel expenses	356,165.02	460,801.83
Other	323,197.83	465,316.09
Total	53,178,714.33	41,951,786.15

41.Financial Expenses

Items	Amount of current period	Amount of previous period
Interest expenses	4,893,018.58	14,179,121.73

Items	Amount of current period	Amount of previous period
Interest income	-8,593,894.58	-27,438,299.41
Exchange loss	16,760,131.65	10,070,501.67
Fees and other	2,803,543.99	2,217,014.64
Total	15,862,799.64	-971,661.37

42.Other income

Items	Amount of current period	Amount of previous period
Government Subsidy	27,547,902.92	17,228,202.21
Total	27,547,902.92	17,228,202.21

Government subsidy projects:

Items	Amount of this period	Amount of last period	Assets-related/i ncome -related
Subsidy amortization of the project of TFT-LCD polarizer industrialization	1,300,000.00	1,300,000.00	Related to assets
National grant funds for new flat panel display industry	1,000,000.00	1,000,000.00	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	500,000.00	500,000.00	Related to assets
Shenzhen polarizing material and technical engineering	500,000.00	500,000.00	Related to assets
Amortization of funds for the Development of key Technology of Optical compensation Film for Polarizer	500,000.00	500,000.00	Related to assets
Subsidy funds to support the introduction of advanced technology	300,000.00	300,000.00	Related to assets
Old Elevator Renovation Fund Subsidy	142,255.72	120,168.00	Related to assets
National grant funds for new flat panel display industry	200,000.00	200,000.00	Related to assets
Imported equipment and technology discount funds	175,090.20	175,090.20	Related to assets
Textile special funds	142,857.16	142,857.16	Related to assets
Innovation entrepreneurship fund amortization of TFT-LCD polarizer period I project for Pingshan New District Development and Finance	50,000.00	50,000.00	Related to assets
Shenzhen Engineering laboratory polarizing material and technical engineering	50,000.00	50,000.00	Related to assets

Energy saving transformation grant funds amortization	29,642.93	29,642.93	Related to assets
Financing aid amortization of introducing advanced technique	14,388.10	14,388.10	Related to assets
Amortization of supporting funds for TFT-LCD polarizer phase II project (line 6)	1,500,000.00	750,000.00	Related to assets
Amortization of production plant and equipment subsidy for line 6	4,000,000.00	2,000,000.00	Related to assets
Pingshan new Area development and finance bureau special support fund amortization	50,000.00	25,000.00	Related to assets
Shenzhen finance committee second batch of enterprise research and development subsidy funds	2,500,000.00	1,250,000.00	Related to assets
Cost reduction subsidy for industrial and commercial electricity in Shenzhen in 2018	6,486,248.28	4,613,272.07	Related to income
Shenzhen standard special fund	360,000.00	965,000.00	Related to income
Pingshan science and technology innovation service department national high enterprise award		30,000.00	Related to income
Tax official fee refund	416,818.25		Related to income
First Premium Subsidy for New Materials	4,806,400.00		Related to income
Other	25,087.51	38,872.35	Related to income
Shenzhen Pingshan District Finance Bureau Pingshan District 2019 foreign trade steady growth special funding	360,000.00		Related to income
Cuizhu Street 2018 Old Residential Property Management Support Project Qualified Property Tianbei Compound	30,000.00		Related to income
Stable Post Subsidy	174,114.77	237,911.40	Related to income
Second Enterprise R & D Subsidy Fund of Shenzhen Finance Committee	1,935,000.00	2,430,000.00	Related to income
Patent grants		6,000.00	Related to income
Total	27,547,902.92	17,228,202.21	

43. Investment income

Items	Amount of this period	Amount of last period
Long-term equity investment returns accounted for by equity method	-7,404,083.27	1,260,154.95
Investment income from the disposal of long-term equity investment	55,481,817.13	

Items	Amount of this period	Amount of last period
Hold the investment income during from available-for-sale financial assets	—	4,264,611.76
Dispose of proceeds from investments available for sale of financial assets	—	-6,002,923.49
Dividend income earned during investment holdings in other equity instruments	4,654,009.67	—
structured deposit interest	25,306,786.72	—
Trust income		52,271,862.25
Total	78,038,530.25	51,793,705.47

44. Credit impairment loss

Items	Amount of this period	Amount of last period
Loss of bad debts in other receivables	6,929,467.72	—
Loss of bad accounts receivable	76,423.21	—
Total	7,005,890.93	—

45. Losses from asset impairment

Items	Amount of this period	Amount of last period
Losses on bad debt		-17,594,190.59
Loss of inventory price	-97,172,532.71	-86,870,737.13
Loss on impairment of financial assets available for sale		-873,360.18
Loss on impairment of fixed assets		-1,010,032.85
Total	-97,172,532.71	-106,348,320.75

46. Asset disposal income

Items	Amount of current period	Amount of previous period	Amount included in non-recurrent gains and losses for the year
Gains & losses on foreign investment in fixed assets	3,967.97		3,967.97
Gains& losses on the disposal of fixed assets	3,967.97		3,967.97
Total	3,967.97		3,967.97

47. Non-Operation income

Items	Amount of current period	Amount of previous period	Amount included in non-recurrent gains and losses for the year
Gains from disposal of	39,823.01		39,823.01
Including: Fixed assets	39,823.01		39,823.01
Return insurance settlement income	4,033,846.00		4,033,846.00
Other	929,879.33	1,265,178.66	929,879.33
Total	5,003,548.34	1,265,178.66	5,003,548.34

48. Non-current expenses

Items	Amount of current period	Amount of previous period	Amount included in non-recurrent gains and losses for the year
Non-current asset Disposition loss	414,453.28	97,477.14	414,453.28
Fine expenses	6,000.00		6,000.00
Other	121.79	121,626.64	121.79
Total	420,575.07	219,103.78	420,575.07

49. Income tax expenses

(1) Income tax expenses

Items	Amount of current period	Amount of previous period
Current income tax expense	28,069,828.99	12,440,996.95
Deferred income tax expense	-10,748.77	-3,561,401.84
Total	28,059,080.22	8,879,595.11

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

Items	Amount of current period
Total profits	9,532,401.59
Income tax computed in accordance with the applicable tax rate	2,383,100.40
Effect of different tax rate applicable to the subsidiary Company	9,445,356.09
Influence of income tax before adjustment	178,201.63

Influence of non taxable income	3,471,893.40
Impact of non-deductible costs, expenses and losses	221,237.56
Affect the use of deferred tax assets early unconfirmed deductible losses	-775,053.15
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	19,522,497.03
Tax rate adjustments result in changes in the balance of deferred income tax assets/liabilities at the beginning of the year	5,458.59
Impact of additional deductions for R & D expense	-5,982,605.36
Impact of income tax relief preferences	-411,005.97
Income tax expense	28,059,080.22

50. Other comprehensive income

Refer to the notes VII(33)

51. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

Items	Amount of current period	Amount of previous period
Letter of Credit Deposit	32,712,277.24	
Interest income and other	21,399,077.97	28,377,924.90
Government Subsidy	7,584,936.53	20,452,835.82
Customs bonds		1,454,781.62
Ethylene glycol bulk trade		249,057,800.00
Total	61,696,291.74	299,343,342.34

(2).Other cash paid related to operating activities

Other cash related to business activities paid in the current period amounted to 96,360,918.39 yuan, mainly including letter of credit guarantee and deposit of 42,928,583.04 yuan and cash for expenses.

(3)Other Cash received related to investment activities

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	4,093,427,051.70	4,170,920,804.54
L/C margin for purchase of line 7 equipment	71,030,367.00	

Items	Amount of current period	Amount of previous period
Total	4,164,457,418.70	4,170,920,804.54

(4).Cash paid related to other investment activities

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	4,360,000,000.00	3,625,700,000.00
L/C margin for purchase of line 7 equipment	196,430,000.00	
Total	4,556,430,000.00	3,625,700,000.00

(5) Other cash received in relation to financing activities

Items	Amount of current period	Amount of previous period
Performance compensation	197,268,700.00	
Borrowing funds	6,506,454.17	
Total	203,775,154.17	

Note: Other cash received related to fund-raising activities mainly refers to the performance compensation of 197,268,700.00 yuan paid by Jinjiang Group and received by SAPO Photoelectric, a subsidiary of the Company. For details, please refer to Note XVI (2). Other important matters that have an impact on investors' decision-making.

(6) Cash paid related with financing activities

Items	Amount of current period	Amount of previous period
Restricted stock of stock repurchase incentive object	11,091,675.60	
Borrowing funds	2,700,000.00	
Total	13,791,675.60	

52.Supplement Information for cash flow statement

(1) Supplement Information for cash flow statemen

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	-18,526,678.63	-62,302,707.38

Supplement Information	Amount of current period	Amount of previous period
Add: Impairment loss provision of assets	35,134,984.42	56,159,345.95
Credit impairment losses	-7,005,890.93	—
Depreciation of fixed assets, oil and gas assets and consumable biological assets	120,272,039.47	99,629,480.53
Amortization of intangible assets	1,362,819.51	1,334,685.09
Amortization of Long-term deferred expenses	505,932.97	285,940.05
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-3,967.97	
Loss on scrap of fixed assets	374,630.27	97,477.14
Loss on fair value changes		
Financial cost	4,734,103.39	-727,282.72
Loss on investment	-78,038,530.25	-51,793,705.47
Decrease in deferred income tax assets	-10,748.77	-3,561,401.84
Increased of deferred income tax liabilities		
Decrease of inventories	12,010,403.04	-200,819,304.94
Decrease of operating receivables	289,069,889.61	-394,843,085.92
Increased of operating Payable	23,266,802.37	96,402,638.36
Other		-356,400.00
Net cash flows arising from operating activities	383,145,788.50	-460,494,321.15
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	268,646,588.18	1,133,574,235.22
Less: Beginning balance of cash equivalents	1,133,574,235.22	1,161,240,139.33
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	-864,927,647.04	-27,665,904.11

(2)Composition of cash and cash equivalents

Items	Year-end balance	Year-beginning balance
I. Cash	268,646,588.18	1,133,574,235.22
Including: Cash at hand	11,091.94	13,559.60
Demand bank deposit	268,424,080.67	1,133,556,630.43
Demand other monetary funds	211,415.57	4,045.19
II. Cash equivalents		
III. Balance of cash and cash equivalents at the period end	268,646,588.18	1,133,574,235.22
Including: Use of restricted cash and cash equivalents by parent companies or subsidiaries within group		

53. The assets with the ownership or use right restricted

Items	Book value at the end of the period	Restricted reason
Monetary fund	136,975,844.72	Deposit
Total	136,975,844.72	

54.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	1,363,560.55	6.9762	9,512,471.11
HKD	842,898.28	0.89578	755,051.42
JPY	185,763,316.00	0.0641	11,907,428.56
Account receivable			
Including: USD	1,224,165.15	6.9762	8,540,020.92
HKD	278,280.00	0.89578	249,277.66
Other receivable			
Including: USD	37,399.02	6.9762	260,903.04
Account payable			

Including: USD	2,253,789.92	6.9762	15,722,889.24
JPY	1,606,412,540.42	0.0641	102,971,043.84
Other payable			
Including: USD	676,686.00	6.9762	4,720,696.87
HKD	1,401,053.73	0.8958	1,255,063.93
JPY	3,732,900.00	0.0641	239,278.89
Euro	27,388.00	7.8155	214,050.91

VIII. Change in consolidation scope

No change of scope of consolidation from last year.

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise

Subsidiary	Main operation	Registered place	Business nature	Share-holdin		Acquired way
				Direc tly	Indire ctly	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Domestic trade, Property Management	100.00		Establish
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Accommodation, restaurants, business	100.00		Establish
Shenfang 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
SAPO Photoelectric 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	Place of	Place of	Nature	Holding proportion(%)	The accounting
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enterprise	operation	registration		Directly	treatment of investment in
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
Anhui Huapeng Textile Co., Ltd.	Anhui	Anhui	Manufacturing	50.00	Equity method
Shenzhen Guanhua Printing & Dyeing Co.,Ltd.	Shenzhen	Shenzhen	Property leasing	50.16	Equity method

2.Key financial information of significant joint venture or associated enterprise

Items	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture:		
Total book value of the investment	139,721,906.46	17,425,766.44
Total amount of the pro rata calculation of the following items		
--Net profit	-4,150,870.95	671,689.37
--Other Comprehensive income		
--Total comprehensive income	-4,150,870.95	671,689.37
Dividends received from joint ventures this period	2,000,000.00	400,000.00
Associated enterprise:		
Total book value of the investment	12,488,023.26	15,526,319.22
Total amount of the pro rata calculation of the following items		
--Net profit	-3,253,212.32	588,465.58
--Other Comprehensive income	214,916.36	621,283.04
--Total comprehensive income	-3,038,295.96	1,209,748.62
Dividends received from joint ventures this period		694,713.40

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

(I) 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. Transactional financial assets			830,000,000.00	830,000,000.00
Financial assets measured at fair value through changes in comprehensive income			830,000,000.00	830,000,000.00
2.Receivable financing			17,933,597.98	17,933,597.98
3.Other equity instrument investment	8,940,598.31		239,841,348.42	248,781,946.73

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
Total of Consistent fair value measurement	8,940,598.31		1,087,774,946.4	1,096,715,544.71

(II) Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

The fair value of the Fuao Stoke held by the Company at the end of the period is measured based on the closing price of Shenzhen Stock Exchange on December 31, 2019.

(III)The valuation techniques adopted and the qualitative and quantitative information of important parameters for continuous and non-continuous level 3 fair value measurement items

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

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

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

(IV)The unobservable parameters and valuation techniques have not been changed this year.

XII. Related parties and related-party transactions

1.Parent company information of the enterprise

Name	Registered address	Nature	Registered capital (RMB10,000)	The parent company of the Company's shareholding ratio	The parent company of the Company' s vote ratio
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Name	Registered address	Nature	Registered capital (RMB10,000)	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	27,649 million	45.96	45.96

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.

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

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

Name	Relation of other Related parties with the company
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Sharing Company

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 SAPO Photoelectric Shareholder
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.
Kunshan Zhiqimei Material Technology Co., Ltd.	Sharing Company of Hangzhou Jinjiang Group Co., Ltd.

Other related party	Relationship to the Company
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company
Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Sharing Company
Shenzhen City Construction Development (Group) Co., Ltd.	Subject to the same party controls

5. Related transactions.

1. Related transactions on purchasing goods and receiving services

(1) Related transactions on sale goods and receiving services

Related parties	Content of related transaction	Amount of current period	Amount of previous period
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarizer sheet	1,444,346.74	2,463,750.30
Kunshan Zhiqimei Material Technology Co., Ltd.	Sales polarizer sheet	141,106,466.92	87,524,774.55

② Acquisition of goods and reception of labor service

Related parties	Content of related transaction	Amount of current period	Amount of previous period
Kunshan Zhiqimei Material Technology Co., Ltd.	Support film	143,888,209.10	48,771,009.61

2. 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.

In 2019, the Company repaid the remaining loan of 40 million yuan and paid the loan interest of 37,755,384.30 yuan. As of December 31, 2019, the Company had paid off the loan.

3 Inter-bank lending of capital of related parties:

Related party	Amount	Start date	Expiring date	Note
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Related party	Amount	Start date	Expiring date	Note
Borrowing fund:				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	2019.07.30	2020.07.30	The annual lending rate is 0.30%
Shenzhen Dailishi Underwear Co., Ltd.	2,700,000.00	2019.04.08	2019.10.31	The annual lending rate is 0.4.35; Principal and interest repaid at maturity

4. Related party asset transfer and debt restructuring

(1) The Second Extraordinary General Meeting of the Company deliberated and passed the Proposal on Transfer of 50% Equity of Shenzhen Haohao Property Leasing Co., Ltd. in November 3, 2019, and it was agreed that the Company transferred 50% equity of Haohao Property held by the Company through public listing at Shenzhen United Property and Share Rights at a price not lower than the appraised value of 60,554,100 yuan approved by the state-owned asset management department.

On December 19, 2019, the Company and Shenzhen Urban Construction and Development (Group) Co., Ltd. (hereinafter referred to as "Urban Construction Group"), the only intended transferee during the listing period, signed the Property Rights Transaction Contract, with a transaction price of 60,554,100 yuan. The single shareholder of Urban Construction Group is the controlling shareholder of the company and the associated legal person of the company. This transaction constitutes an associated transaction. As of December 31, 2019, the transaction had been completed, and the transfer income of 55,481,800 yuan was included in the investment income of 2019.

(2) The 17th meeting of the 7th Board of Directors of the Company deliberated and passed the Proposal on Capital Increase and Related Party Transactions for Shenzhen Guanhua Printing and Dyeing Co., Ltd., a Joint Venture Company, and agreed to jointly sign the Capital Increase Agreement for Shenzhen Guanhua Printing and Dyeing Co., Ltd. on February 28, 2019. All parties agreed unanimously. The Company and Qiaohui Textile Industrial Co., Ltd will increase the capital of Guanhua in non-monetary form according to the par value according to the assessment amount determined according to the state-owned assets supervision regulations for the construction, installation, exterior wall and other project funds and other expenses invested in the construction of Guanhua Mansion. Among them, the Company increased the capital of Guanhua in proportion to the actual assessment amount by 49,935,100 yuan; Qiaohui Textile Industrial Co., Ltd increased its capital by 49,616,600 yuan in proportion to the

actual assessment amount. After the capital increase is completed, the shareholding ratio of each shareholder in Guanhua will remain unchanged. As of December 31, 2019, the capital increase has been completed. The annual interest rate for lending is 4.35%. The principal and interest have been repaid on the due date.

5. Rewards for the key management personnel

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	6.1638 million	6.056 million

6. Receivables and payables of related parties

(1) Receivables

Name	Related party	December 31,2019		December 31,2018	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics	733,038.52	36,651.93	894,474.64	44,723.73
Account receivable	Kunshan Zhiqimei Material	53,893,840.80	2,694,692.04	84,062,627.96	4,203,131.40
Other Account receivable	Anhui Huapeng Textile Company	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	404,780.23	20,239.01	416,464.86	20,823.24

(2) Payables

Name	Related party	December 31,2019	December 31,2018
Account payable	Kunshan Zhiqimei Material Technology Co., Ltd.	56,245,028.58	17,405,753.46
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Changlianfa Printing and dyeing Co., Ltd.	1,580,949.95	1,178,449.95
Other payable	Yehui International Co.,Ltd.	1,216,719.38	1,190,070.22
Other payable	SAPO (Hongkong) Co., Ltd.	315,000.00	315,000.00
Other payable	Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,811,053.20	
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.		37,220,662.08

XIII.Share payment

1. Overall situation of share payment

Items	Related content

Items	Related content
Total amount of various equity instruments granted by the company during the current period	
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	127,900 shares
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 scope of executive price of the company's other equity instruments at the end of the period and the remaining term of the contract	5.73yuan/share, 1 year

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

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

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

On June 24, 2019, according to the resolution of the 19th meeting of the Company's seventh board of directors, the Company repurchased and cancelled 1,877,720 restricted stocks that did not meet the conditions for lifting the restriction on sale in phase I, and repurchased and cancelled 58,000 restricted stocks that had been granted to 3 employees but had not yet been released from restriction on sale, and 1,935,720 restricted stocks in total.

On December 30, 2019, according to the resolution of the 25th meeting of the 7th board of directors of the Company, the Company repurchased and cancelled 69,900 shares of all restricted stocks that have been granted to 3 employees but have not yet been released from the restriction on sale. The capital reduction has not yet completed the relevant procedures such as industrial and commercial change registration. The final share capital included 69,900 shares of the above repurchased shares.

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

The earnings per share after deduction of non-recurring profit and loss was RMB -0.08/share in 2019, which was lower the performance assessment target in the second period of lifting restrictions on sales; besides, the Company's 2020 budget rolling operation plan show that the Company is not expected to complete the performance assessment targets in the second period of lifting restrictions on sales and third period of lifting restrictions ,In the current period, Company's Unconfirmed Share Payment Fee in the former recognized share payment disbursement in interests from occupation of funds by the interest rate of 2.10% for two-year deposits set by the People's Bank of China for restricted stock investment sum.

XIV. Commitments

Nil

XV. Events after balance sheet date

Nil

XVI. Other significant events

(I) Divisional information

(1) Basis for determining reporting divisions and accounting policies

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

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

(2) Financial information of the report division In 10,000 yuan

Items	Polarizer	Trade	Textile	Property lease	Offset divisions	between	Total
Main business income	142,975.73	51,702.10	4,616.46	10,652.21		-26.73	209,919.77
Main business cost	136,898.19	48,360.37	3,916.70	2,421.66		-8.85	191,588.07
Total assets	324,283.77	16,578.21	3,602.04	110,274.72		-1,598.75	453,139.99
Total indebtedness	43,495.72	2,917.36	1,969.31	21,107.26		-1,811.22	67,678.43

(II) Other important matters affecting investors' decision-making

At the end of 2016, the Company introduced Hangzhou Jinjiang Group Co., Ltd. (hereinafter referred to as "Jinjiang Group") as a strategic investor for the capital increase and stock expansion of SAPO Photoelectric. , established by the Company, SAPO Photoelectric, Jinjiang Group and Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Investment"), a limited partnership with Jinjiang Group as the actual controller, jointly signed the Capital Increase Agreement of Shenzhen SAPO Photoelectric Technology Co., Ltd., with Jinhang Investment as the capital increase subject to subscribe for 40% equity of SAPO Photoelectric with a capital increase amount of 1,352.64 million yuan.

On the premise of reaching a consensus on the future management and development of SAPO Photoelectric, the Company signed a *Cooperation Agreement* with Jinjiang Group and Jinhang Investment. Jinjiang Group will make a performance commitment to SAPO Photoelectric so as to achieve better results in the cooperation after the introduction of strategic investors. According to the Cooperation Agreement, after Jinjiang Group invests in SAPO Photoelectric through Jinhang, it will give full play to Jinjiang Group's advantages in system, mechanism, industry, management and other aspects and its successful experience in industry integration, and it has made performance commitment to SAPO Photoelectric. The details are as follows: sales revenue and net profit in 2017, 2018 and 2019 shall not be less than 1.5 billion yuan/50 million yuan, 2 billion yuan/100 million yuan and 2.5 billion yuan/150 million yuan respectively, and in principle, the sales revenue of polarizer and related optical film products shall account for not less than 70% of the total revenue in 2017 and not less than 80% after 2018. If the above performance commitment is not fulfilled, Jinjiang Group shall supplement the balance of net profit by cash in 10 days after statistics are completed on annual sales income and annual net profit among other data.

(1) Performance compensation of SAPO Photoelectric in 2018

In 2018, SAPO Photoelectric realized an operating revenue of 1.125 billion yuan, and a net profit of -97,268,700 yuan, with sales revenue of polarizer and related optical film products accounting for 74.01% of the total revenue. Therefore, SAPO Photoelectric has not fulfilled its performance commitment in 2018.

On September 20, 2019, the Company and Jinjiang Group reached an agreement on the compensation for the 2018 performance commitment, and signed the Payment Agreement for the Performance Commitment Compensation for 2018. Both parties confirmed that the complement of the 2018 performance commitment was 197,268,700 yuan. This year, SAPO Photoelectric received the compensation for performance commitment of 50 million yuan, 70 million yuan and 77,268,700 yuan from Jinjiang Group on October 9, October 31, 2019 and November 29, 2019 respectively, totaling 197,268,700 yuan in cash. Jinjiang Group has fulfilled its performance commitment compensation obligations in accordance with the Payment Agreement. This year, SAPO Photoelectric received a performance commitment compensation of 197,268,700 yuan for Jinjiang Group, which was fully included in the capital reserve (other capital reserves).

(2) Performance compensation of SAPO Photoelectric in 2019

In 2018, SAPO Photoelectric realized an operating revenue of 1.953 billion yuan, and a net profit of -94,783,800 yuan, with sales revenue of polarizer and related optical film products accounting for 73.21% of the total revenue. Therefore, SAPO Photoelectric has not fulfilled its performance commitment in 2019

The Company has recently learned that Jinjiang Group has initiated arbitration to Shenzhen International Arbitration Court in accordance with the dispute settlement method agreed in the *Cooperation Agreement* signed with the company. On March 9, 2020, the company received the 2020 Shen

Guozhong Acceptance No. 452-2 "Arbitration Notice" and the "Application for Arbitration" submitted by Jinjiang Group as the applicant. Jinjiang Group's arbitration request made the following changes to the "Cooperation Agreement": (1) the original Article 3.1 of the "Cooperation Agreement" was deleted, and the relevant outstanding rights and obligations were no longer performed; (2) the original Article 6.4 of the "Cooperation Agreement" was deleted, and Unfulfilled rights and obligations are no longer fulfilled. As of the date of this report, the above arbitration has not yet been heard. In view of the company's involvement in the above arbitration matters and the uncertainty of the arbitration results, there is uncertainty in Jinjiang Group's performance of Shengbo Optoelectronics' 2019 annual performance commitments..

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

(1) Account receivable

1. Aging disclosure

Aging	December 31,2019
Within 1 year	550,453.73
Less: Bad debt provision	27,522.69
Total	522,931.04

2.The withdrawal amount of the bad debt provision:

Category	December 31,2019					Book value
	Book balance		bad debt provision			
	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	550,453.73	100.00	27,522.69	5.00		522,931.04
Total	550,453.73	—	27,522.69	—		522,931.04

(Continuous)

Category	December 31,2018					Book value
	Book balance		bad debt provision			
	Amount	Proportion (%)		Proportion (%)		

Category	December 31,2018				Book value
	Book balance		bad debt provision		
	Amount	Proportion (%)		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	570,471.80	100.00	28,523.59	5.00	541,948.21
Accounts receivable of individual insignificance but subject to individual impairment assessment					
Total	570,471.80	100.00	28,523.59	5.00	541,948.21

(3)Accrual of bad debt provision

Category	December 31,2018	Amount of change in the current period				December 31,2019
		Accrual	Reversed or collected	Write-off	Other	
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	28,523.59		1,000.90			27,522.69
Total	28,523.59		1,000.90			27,522.69

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

The total amount of the top five accounts receivable collected by the Company according to the arrearage party was 536,942.76 yuan, accounting for 97.55% of the total year-end balance of accounts receivable, and all the top five arrears were rental of houses.

(5) No account receivable which terminate the recognition owing to the transfer of the financial assets

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

2.Other account receivable

Items	December 31,2019	December 31,2018
Interest receivable	7,329,228.31	4,974,799.47
Dividend receivable		
Other account receivable	9,710,277.69	8,881,582.55
Total	17,039,506.00	13,856,382.02

(1).Interest receivable

1) Category of interest receivable

Items	December 31,2019	December 31,2018
Fixed deposit		884,141.92
Structure deposit	7,329,228.31	4,090,657.55
Subtotal	7,329,228.31	4,974,799.47
Less: Bad debt provision		
Total	7,329,228.31	4,974,799.47

(1)As of December 31,2019,No overdue interest

③ Interest receivable has no risk of credit loss in the current period, excluding provision for bad debts.

(2).Other receivable

(1)Category of Other receivable

Aging	December 31,2019
Within 1 year	5,143,593.73
1-2 years	3,828,819.36
2-3 years	1,830,359.77
3-4 years	1,810,047.30
4-5 years	
Over 5 years	12,476,252.43
Subtotal	25,089,072.59
Less: Bad debt provision	15,378,794.90
Total	9,710,277.69

(2) Classified by the nature of accounts

Nature	December 31,2019	December 31,2018
Internal current account	9,366,582.51	8,578,542.00
Unit account	15,678,175.33	15,451,143.71
Other	44,314.75	35,200.01
Subtotal	25,089,072.59	24,064,885.72
Less: Bad debt provision	15,378,794.90	15,183,303.17
Total	9,710,277.69	8,881,582.55

③Bad-debt provision

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019	1,090,352.22		14,092,950.95	15,183,303.17
Balance as at January 1, 2019				
——Transfer to stage II				
——Transfer to stage III				
——Transfer to stage II				
——Transfer to stage I				
Provision in the current period	195,491.73			195,491.73
Turn back in the current				
Reseller in the current period				
Write - off in the current				
Other				
Balance as at December 31, 2019	1,285,843.95		14,092,950.95	15,378,794.90

(4) Bad-debt provision

Category	December 31,2018	Amount of change in the current period				December 31,2019
		Accrual	Reversed or collected amount	Write - off	Other	

Accrual of bad debt provision by single item	14,092,950.95				14,092,950.95
Accrual of bad debt provision by portfolio	1,090,352.22	195,491.73			1,285,843.95
Total	15,183,303.17	195,491.73			15,378,794.90

(5) No other account receivables actually cancel after write-off

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

Name	Nature	Year-end balance	Age	Portion in total other	Bad debt provision of year-end
First	Unit account	11,389,044.60	Over 5 years	45.39	11,389,044.60
Second	Internal current account	7,875,600.00	Within 1 year, 1-3 years	31.39	912,680.00
Third	Unit account	1,800,000.00	3-4 years	7.17	1,800,000.00
Fourth	Internal current account	1,490,982.51	Within 1 year	5.94	74,549.13
Fifth	Unit account	1,018,295.37	Within 1 year, 1-3 years	4.06	181,045.68
Total		23,573,922.48		93.96	14,357,319.41

(7) No accounts receivable involved with government subsidies

(8) No other account receivable which terminate the recognition owing to the transfer of the financial assets

(9) The amount of the assets and liabilities formed by the no transfer and the continues involvement of other accounts receivable

3.Long-term equity investment

(1) Classification of long-term equity investments

Items	December 31,2019		December 31,2018			
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment to the	1,966,803,211.46	16,582,629.30	1,950,220,582.16	1,980,806,395.91	16,582,629.30	1,964,223,766.61
Investment to joint ventures and	152,209,929.72		152,209,929.72	32,952,085.66		32,952,085.66
Total	2,119,013,141.18	16,582,629.30	2,102,430,511.88	2,013,758,481.57	16,582,629.30	1,997,175,852.27

(2) Investment to the subsidiary

Name	December 31,2018	Increase	Decrease	December 31,2019	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
SAPO Photoelectric	1,924,663,070.03			1,924,663,070.03		14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25			8,073,388.25		
Shenzhen Beauty Century Garment Co., Ltd.	30,867,400.00		14,003,184.45	16,864,215.55		2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08			15,489,351.08		
Shenfang Property Management Co., Ltd.	1,713,186.55			1,713,186.55		
Total	1,980,806,395.91		14,003,184.45	1,966,803,211.46		16,582,629.30

Note: On May 23, 2019, the capital of Shenzhen Beauty Century Garment Co., Ltd., a wholly-owned subsidiary, was reduced by 12 million yuan and its

long-term equity investment was reduced by 12 million yuan; On August 31, 2019, Shenzhen Beauty Century Garment Co., Ltd. transferred the assets and liabilities related to the business of the Storage and Transportation Department to the Company. The Company reduced its investment in Shenzhen Meibainian Garments Co., Ltd. by 2,003,184.45 yuan.

(3) Investment to joint ventures and associated enterprises

Name	December 31,2018	Increase /decrease in reporting period								December 31,2019	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.	5,641,139.93		4,916,674.82	1,275,534.89			2,000,000.00				
Anhui Huapeng Textile Co.,Ltd.	11,784,626.51			-1,685,792.74						10,098,833.77	
Shenzhen Guanhua Printing & Dyeing Co., Ltd.		133,363,685.79		-3,740,613.10						129,623,072.69	
Subtotal	17,425,766.44	133,363,685.79	4,916,674.82	-4,150,870.95			2,000,000.00			139,721,906.46	
II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	2,234,057.19			216,618.95						2,450,676.14	
Jordan Garnent Factory	2,363,614.70			-1,488,111.17	26,765.66					902,269.19	

Yehui International Co., Ltd.	10,928,647.33			-1,981,720.10	188,150.70				9,135,077.93
Subtotal	15,526,319.22			-3,253,212.32	214,916.36				12,488,023.26
Total	32,952,085.66	133,363,685.79	4,916,674.82	-7,404,083.27	214,916.36		2,000,000.00		152,209,929.72

Note: For details of the Company's additional investment in Shenzhen Guanhua Printing and Dyeing Co., Ltd., please refer to Note VII (11).

4. Business income, Business cost

(1) Business income, Business cost

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business cost	71,861,233.77	8,340,126.19	63,874,796.19	10,026,643.42
Other business cost	51,724,519.33	52,314,425.79	4,452,884.21	4,452,884.20
Total	123,585,753.10	60,654,551.98	68,327,680.40	14,479,527.62

(2) Main business (Industry)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental industry	71,861,233.77	8,340,126.19	63,874,796.19	10,026,643.42

(3) Main business (Production)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental industry	71,861,233.77	8,340,126.19	63,874,796.19	10,026,643.42

(4) Main Business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Shenzhen	71,861,233.77	8,340,126.19	63,874,796.19	10,026,643.42

(5) Operating income from top five clients

Name	Income	Proportion
First	31,922,951.26	25.83%
Second	2,164,816.38	1.75%
Third	1,991,746.99	1.61%
Fourth	1,961,215.20	1.59%
Fifth	1,854,120.00	1.50%
Total	39,894,849.83	32.28%

5. Investment income

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the equity method	-7,404,083.27	1,260,154.95
Investment income from the disposal of long-term equity investment	55,481,817.13	
Hold the investment income during from available-for-sale financial assets	—	1,215,316.98
Dividend income earned during investment holdings in The equity of Anhui Huapeng textile co., Ltd. is included	1,558,400.13	—
Structured deposit interest	18,417,333.36	—
Total	68,053,467.35	-3,527,451.56

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	54,895,878.65	Mainly due to the disposal of long-term equity investments.
Government subsidy recognized in current gain and loss(excluding those closely related to the Company' s business and granted under the state' s policies)	27,547,902.92	Mainly due to recognize other income from government subsidies related to
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets other than valid period value instruments related to the Company' s common businesses.		
Switch back of provision for depreciation of account receivable which was singly taken	469,470.61	

Items	Amount	Notes
Net amount of non-operating income and expense except the aforesaid items	4,582,973.27	Mainly due to the return of new material
Other non-recurring Gains/loss items		
Subtotal	87,496,225.45	
Less: Amount of influence of income tax	13,886,055.96	
Amount of influence of minority interests	12,750,409.50	
Total	60,859,759.99	

2. Return on net asset and earnings per share

Profit of report period	Weighted average returnee equity(%)	Earnings per share	
		Basic earnings per	Diluted earnings
Net profit attributable to the Common stock shareholders	0.75	0.04	0.04
Net profit attributable to the Common stock shareholders	-1.58	-0.08	-0.08

XIII. Documents Available for Inspection

1. Financial statements bearing the seal and signature of legal representative, General Manager and financial controller;
2. The original of the auditor's report bearing the seal of the certified public accountants and the signature of C.P.A.
3. The originals of all the Company's documents and the original manuscripts of announcements publicly disclosed on the newspapers designated by China Securities Regulatory Commission in the report period.

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

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

March 14, 2020