

Shenzhen Textile (Holdings) Co., Ltd.

2020 Annual Report



March 2020

Chapter 1: 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.

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

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

The company's profit distribution plan approved by the board of directors this time is: based on 507,772,279 shares, a cash dividend of 0.3 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 shares (tax included) will be given as bonus shares. The capital reserve will not be converted into share capital.

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Definition

Terms to be defined	Definition
Company/The Company/ Shen Textile	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holding Co., Ltd.	Shenzhen Investment Holding Co., Ltd.
Shenchao Technology	Shenzhen Shenchao Technology Investment Co., Ltd.
SAPO Photoelectric	Shenzhen SAPO Photoelectric Co., Ltd.
Jinjiang Group	Hangzhou Jinjiang Group Co., Ltd.
Jinhang Investment	Hangzhou Jinhang Equity Investment Fund Partnership (LP)
Nitto Denko	Nitto Denko Corporation
Kunshan Zhiqimei	Kunshan Zhiqimei Material Technology Co., Ltd.
Guanhua Company	Shenzhen Guanhua Printing & Dyeing Co., Ltd.
Shenzhen Xieli	Shenzhen Xieli Automobile Enterprise Co., Ltd.
Covid-19	Novel Coronavirus Pneumonia Outbreak
Line 6	TFT-LCD polarizer II phase Line 6 project
Line 7	Industrialization project of polaroid for super large size TV
Company Law	Company Law of the People' s Republic of China
Securities Law	Securities Law of the People' s Republic of China
The Report	2020 Annual Report

Chapter 2: 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	Zhang Jian		
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.
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
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IV.Changes in Registration

Organization Code	19217374-9
Changes in principal business activities since listing (if any)	<p>In July 2012, The business scope of the company is changed to "production, textiles processing, knitwear, 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."</p> <p>In December 2018, approved by Shenzhen Market Supervisory Authority, the company's business scope was changed to: production and operation of polarizers and other optical film products; hotel and property leasing and management; production and processing of textiles, knitwear, clothing, and decorative fabrics , Belts, trademark belts, handicrafts (excluding restricted items); department stores, special equipment for the textile industry, textile equipment and accessories, meters, standard parts, textile raw materials, dyes, electronic products, chemical products, electromechanical equipment, textile products, office Supplies and domestic trade (excluding franchise, control, and monopoly commodities); import and export business.</p>
Changes is the controlling shareholder in the past (is any)	<p>In October 2004,In accordance with the Decision on Establishing Shenzhen Investment Holdings Co., Ltd. issued by State-owned Assets Administration Committee of Shenzhen Municipal People's Government (Shen Guo Zi Wei (2004) No. 223 Document), Shenzhen Investment Management Co., Ltd., the controlling shareholder of the Company, and Shenzhen Construction Holding Company and Shenzhen Commerce and Trade Holding Company merged into Shenzhen Investment Holdings Co., Ltd.</p>

V. Other Relevant Information

CPAs engaged

Name of the CPAs	Grant Thornton International Ltd (Special Geneaal Partnership)
Office address:	5/F, Scitech Plaza, 22 Jianguomenwai Street, Chaoyang District, Beijing
Names of the Certified Public Accountants as the signatories	Cheng Zhiyao, Li Yao

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

	2020	2019	Changed over last year (%)	2018
Operating income (RMB)	2,108,964,687.80	2,158,184,855.71	-2.28%	1,272,356,771.34
Net profit attributable to the shareholders of the listed company (RMB)	37,267,995.74	19,679,910.43	89.37%	-22,980,624.93
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company(RMB)	18,084,607.04	-41,179,849.56	143.92%	-65,404,429.81
Cash flow generated by business operation, net (RMB)	1,930,932.76	383,145,788.50	-99.50%	-460,494,321.15
Basic earning per share(RMB/Share)	0.07	0.04	75.00%	-0.04
Diluted gains per share(RMB/Share)(RMB/Share)	0.07	0.04	75.00%	-0.04
Weighted average ROE(%)	1.36%	0.75%	0.61%	-0.96%
	2020	2019	Changed over last year (%)	2018
Gross assets (RMB)	4,969,547,552.23	4,531,399,885.99	9.67%	4,619,203,416.79
Net assets attributable to shareholders of the listed company (RMB)	2,766,234,174.39	2,727,764,144.36	1.41%	2,373,329,991.86

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

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	384,038,897.58	472,274,451.16	616,632,602.23	636,018,736.83
Net profit attributable to the shareholders of the listed company	-5,827,092.54	6,546,827.28	24,726,413.83	11,821,847.17
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-9,495,160.00	2,377,214.57	20,780,909.95	4,421,642.52
Net Cash flow generated by business operation	-84,585,231.55	-51,034,243.68	85,768,341.55	51,782,066.44

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 (2020)	Amount (2019)	Amount (2018)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	273,229.58	54,895,878.65	-97,477.14	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	29,506,252.69	27,547,902.92	17,228,202.21	Mainly due to recognize other income from government subsidies related to the main business.
Gain/loss on entrusting others with investment or asset management	1,037,735.85		52,271,862.25	
Switch back of provision for depreciation of account receivable which was singly taken depreciation test.		469,470.61		
Other non-recurring Gains/loss items	1,310,556.26	4,582,973.27	1,143,552.02	
Less :Influenced amount of income tax	53,313.37	13,886,055.96	48,007.18	

Influenced amount of minor shareholders' equity (after tax)	11,853,336.46	12,750,409.50	28,074,327.28	
Total	19,183,388.70	60,859,759.99	42,423,804.88	--

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.

Chapter 3: 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.

During the reporting period, the company's main business did not have big change. Firstly, The company adjusted its marketing strategy, optimized its customer and product structure, and successfully completed the introduction and mass production of multiple projects for panel customers such as LGD, Huaxing Optoelectronics, Huike, and Sharp to further enhance its anti-risk and profitability capabilities. Secondly, Actively promote cost reduction and quality improvement, reduce costs through various measures such as increasing machine speed, equipment and technological transformation, upgrading the level of automation in the back-end, and broadening procurement channels, while taking into account the improvement of product quality. Thirdly, actively respond to the COVID-19, overcome the adverse effects, and make every effort to promote the construction of the ultra-large-size TV polarizer industrialization project (line 7). The line 7 project was affected by the epidemic and resumed work in mid-March 2020. The company adopted strict control of the epidemic Measures such as prevention and control, actively coordinating the entry of Japanese technical personnel into the factory, and formulating a special assessment plan for the construction of Line 7 projects to accelerate the progress of the project to the greatest extent.. Fourthly, in order to jointly respond to the novel coronavirus pneumonia epidemic and actively fulfill social responsibilities, the company and its wholly-owned enterprises responded to the call of the Shenzhen Municipal Party Committee and the State-owned Assets Supervision and Administration Commission to reduce or exempt some tenants of self-owned properties (except residential properties) for 3 months . Fifthly, the textile industry makes full use of my country's advantages of effective epidemic prevention and control and early resumption of work and production, actively seizing market share, and achieving both growth in operating income and net profit. Sixthly, in order to improve the company's overall asset operation capability and revitalize the stock assets, the company implements transfer and liquidation work for the poorly managed shareholding companies, and concentrates on the development of the polarizer business. Seventhly, implement the epidemic prevention and control work, pay attention to safe and green production, the company has set up a special class for epidemic prevention and control, and formed an efficient epidemic prevention work mechanism with division of responsibility, layer-by-layer transmission, and coordination to ensure the implementation of various deployment measures, centralized rectification, and focus Investigate safety and environmental issues, promote the safe and stable development of enterprises, and actively fulfill social responsibilities.

2. The company's main products and uses

Polarizers are the upstream raw material of LCD panels and one of the key basic materials in the flat panel display industry. They are widely used in smart phones, tablet computers, TVs and other LCD panels, OLED display panels, as well as filters for instruments, sunglasses, and photographic equipment. Many fields such as light microscopy. The company currently has 6 mass-produced polarizer production lines. The products cover TN, STN, TFT, OLED, 3D, dye films, optical films for touch screens and other fields. They are mainly used in TV, NB, navigator, Monitor, automotive, industrial control, Instruments, smart phones, wearable devices, 3D glasses,

sunglasses and other products, the company has become a mainstream panel company such as Huaxing Optoelectronics, BOE, Sharp, LGD, Shenzhen Tianma, Huike, etc. by continuously strengthening sales channel expansion and building its own brand. Qualified suppliers.

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

Line	Place	Product breadth	Planned capacity	Main products
Line 1	Pingshan	500mm	600,000 m2	TN/STN/ dye film
Line 2	Pingshan	500mm	1.2 million m2	TN/STN/CSTN
Line 3	Pingshan	650mm	1 million m2	TFT
Line 4	Pingshan	1490mm	6 million m2	TFT
Line 5	Pingshan	650mm	2 million m2	TFT
Line 6	Pingshan	1490mm	10 million m2	TFT/OLED
Line 7	Pingshan	2500mm	32 million m2	TFT/OLED

3. Company's business model

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

4. Major factors for driving the Company's performance

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

5. 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 rely on more than 20 years of industrial operation experience and location advantages to continue to deepen the reform of mixed ownership and strengthen strategic cooperation. Through the integration of industrial resources, improve production technology and management level; at the same time, seize market opportunities, make every effort to promote the construction of ultra-wide polarizer production line, and seize the high-margin ultra-large-size LCD TV polarizer product market; make polarizers well The industry also extends to other flat-panel display-related optical film industries, and then becomes stronger, bigger and better.

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 46,188.39 million yuan year on year, with an increase of 54.99%, 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 6,041.32 million yuan year on year, with a decrease of 14.75%, mainly due to: firstly, the investment in the construction of Line 7 of the polarizer industrialization project for ultra-large TV; Secondly, the purchase of financial products.
	Trading financial assets decreased by 14,538.27 million yuan year on year, with a decrease of 17.52%, mainly due to the decrease in investing the purchase of financial products. Trading financial assets
Notes receivable	Notes receivable decreased by 2,361.09 million yuan year on year, with an decrease of 58.41%, mainly due to the Banker's acceptance according to the management needs of reclassification adjustment for receivables financing.
Account receivable	repayments Increased by 18,198.52 million yuan year on year, with a Increase of 49.81%, mainly due to the Increase in sales of polarizer.
Receivables financing	Receivables financing increased by 8,411.77 million yuan year on year, with an increase of 460.05%, mainly due to the significantly increase in customer of acceptance and settlement this year.
Interest receivable	Interest receivable decreased by 761 million yuan year on year, with an decrease of 100%, mainly due to the reclassification of Interest receivable to Trading financial assets under the new financial instrument standards for the first time.
Other current assets	Other current assets decreased by 6,338.29 million yuan year on year, with a decrease of 45.01%, mainly due to the reduction of uncertified VAT to be deducted.
Inventory	Inventory increased by 8,912.9 million yuan, with a Increase of 22.75%, mainly due to the need for the preparation of polarizer.

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 107 invention patents and was authorized with 79 items, among which: 32 domestic invention patents(14 patents got authorized); 68 domestic utility model patents(61 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.

Chapter 4: Management's Discussion and Analysis

I. General

In 2020, in the face of the adverse impact of the COVID-19 epidemic, the company did its best to prevent and control the epidemic and resume work and production, strive to reduce losses and increase profits in the main work of polarizer, speed up the construction of Line 7 project, respond to the call of the municipal party committee and government, the municipal State-owned Assets Supervision and Administration Commission and Shenzhen Investment Control, and reduce rent and fees to support the real economy to overcome difficulties.

In 2020, the company achieved operating income of 2.109 billion yuan, 2.28% less than the same period last year; The total profit was 51,218,900 yuan, an increase of 437.31% over the same period last year; Net profit attributable to shareholders of the listed company was 36.93338 million yuan, an increase of 87.67% over the same period last year. Revenues fall modestly from last year, the main reason is to jointly cope with COVID - 19 outbreak, actively fulfill the social responsibility, the company and its wholly owned enterprises response to the call of shenzhen municipal party committee municipal government and the state-owned assets supervision and administration, breaks its own property (in addition to residential property) of a part of the tenant: 3 months this year, the rental income fell during the reporting period; Second, during this reporting period, the subsidiary SAPO Photoelectri did not carry out trade business, and the income from trade business decreased compared with the same period last year. the main reason of the net profit year-on-year growth of Attributable to shareholders of listed companies is benefit from improving of two to four quarter polaroid 2020 market conditions, adjustment effect of SAPO Photoelectri orders for products structure is remarkable, capacity has improved, the average gross margin level has improved, main business of polarizer turned a loss into a profit this year.

Review of the company's key works carried out in 2020 as follows:

1. main business of polarizer turned a loss into a profit

In 2020, first, the company will adjust its marketing strategy, optimize its customer and product structure, and successfully complete the introduction and mass production of multiple projects for panel customers such as LGD, Huaxing Optoelectronics, Huike, and Sharp, to further improve anti-risk and profitability; Second, the company actively promotes cost reduction and quality improvement, reducing costs and improving product quality through a number of measures such as increasing machine speed, equipment and technological transformation, upgrading the level of automation in the back-end, and broadening procurement channels, while also improving product quality; third, increasing talent Recruitment efforts, reforming the salary structure, and stimulating the vitality of employees..

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 2020., we carried out R&D and import of a variety of coating adhesive materials, key technology processes, and new products, totaling 13 items. we applied for 8 patents, including 2 invention patents and 6 utility model patents, obtained 4 authorized patents, including 3 invention patents and 1 utility model patent.

2. The profitability of the textile business rose steadily, property companies responded to the call for rent reduction and exemption.

At the beginning of 2020, due to the impact of the novel coronavirus pneumonia epidemic, my country's textile and garment industry exports were blocked. The company took the initiative to overcome labor shortages and other difficulties, and took full advantage of my country's effective epidemic prevention and control and early resumption of production to actively seize market share and achieve both growth in operating income and net profit.

In 2020, the company actively responded to the call of the Municipal Party Committee and the Municipal Government, fulfilled its social responsibilities, implemented property rent reduction measures, and reduced or exempted eligible tenants from rent for three months.

3. Actively promote the construction of the industrialization project of ultra-large-size TV polarizer

At the beginning of 2020, the novel coronavirus pneumonia epidemic had a certain impact on the company's construction of the company's ultra-large-size TV polarizer industrialization project (hereinafter referred to as "Line 7"). The company actively responded to it. While doing a good job in epidemic prevention, the company actively cooperated with the government. Departmental communication, one is to promote the full resumption of work of the Line 7 project on March 12, 2020, the other is to overcome difficulties and to promote two groups of Japanese technicians to arrive at the factory, and the third is that the company has formulated a special assessment plan for the line 7 project to fully mobilize the enthusiasm of project personnel And initiative. Through the implementation of various measures, the project construction progress will be accelerated to the greatest extent.

As of December 31, 2020, the civil engineering of the Line 7 project has basically been completed, and the preliminary acceptance of the clean area of the main production workshop has been completed; in terms of process equipment, the main equipment such as the extension machine, the coating machine, and the anti-checking machine has been installed and commissioned In the stage, the overall commissioning will be completed in late March 2021 and enter trial production.

4. Effectively organize epidemic prevention and control, production safety, stable and orderly

During the reporting period, the company first strengthened organization and leadership to effectively prevent and control the epidemic. A special class for epidemic prevention and control has been set up to refine the division of responsibilities, form an efficient epidemic prevention work mechanism with division of responsibility, layer-by-layer transmission, and coordination, and weave a network of epidemic prevention responsibility to ensure that various deployment measures are implemented to effectively protect the lives of employees. The second is to increase investment in environmental protection, and production is safety, stable and orderly. The company pays attention to environmental protection and safety, continuously increases safety investment, and at the same time fully implements the regulations on the main responsibility of production safety for production and business units.

5. Strengthened safety awareness and earnestly well ensured safety and environmental protection

In 2020, the company's party committee, under the correct leadership of the municipal SASAC party committee and the investment control company's party committee, will thoroughly study and implement Xi Jinping's thoughts on socialism with Chinese characteristics in the new era. General Secretary Xi Jinping will attend the 40th anniversary celebration of the establishment of the Shenzhen Special Economic Zone and inspect

Guangdong and Shenzhen. The spirit of the speech and important instructions and the spirit of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, resolutely implement the feedback from the inspections of the superior party committee, and carry out the party member education "five one" project activities and the "one enterprise, one brand" party building innovation activities, and actively give full play to all levels The role of party organizations and party members in epidemic prevention and control and resumption of work and production provides a strong guarantee for the reform, development and stability of enterprises..

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

	2020		2019		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	2,108,964,687.80	100%	2,158,184,855.71	100%	-2.28%
On Industry					
Manufacturing	2,012,255,019.03	95.41%	1,475,804,647.66	68.38%	36.35%
Lease and Management of Property	85,177,866.03	4.04%	106,372,055.25	4.93%	-19.92%
Domestic and foreign trade	0.00	0.00%	517,020,991.54	23.96%	-100.00%
Other	11,531,802.74	0.55%	58,987,161.26	2.73%	-80.45%
On Products					
Lease and Management of Property	85,177,866.03	4.04%	106,372,055.25	4.93%	-19.92%
Textile	60,503,325.78	2.87%	46,047,351.10	2.13%	31.39%
Polarizer sheet	1,951,751,693.25	92.55%	1,429,757,296.56	66.25%	36.51%
Trade	0.00	0.00%	517,020,991.54	23.96%	-100.00%
Other	11,531,802.74	0.55%	58,987,161.26	2.73%	-80.45%
Area					
Domestic	1,768,190,864.75	83.84%	1,981,314,469.39	91.80%	-10.76%
Overseas	340,773,823.05	16.16%	176,870,386.32	8.20%	92.67%

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

√Applicable □ Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Manufacturing	2,012,255,019.03	1,786,199,780.24	11.23%	36.35%	26.85%	6.65%
Lease and Management of Property	85,177,866.03	21,892,925.24	74.30%	-19.92%	-9.26%	-3.02%
On Products						
Polarizer sheet	1,951,751,693.25	1,737,733,572.46	10.97%	36.51%	26.94%	6.72%
Lease and Management of Property	85,177,866.03	21,892,925.24	74.30%	-19.92%	-9.26%	-3.02%
Textile	60,503,325.78	48,466,207.78	19.89%	31.39%	23.74%	4.95%
Area						
Domestic	1,768,190,864.75	1,532,415,314.75	13.33%	-10.76%	-12.53%	1.75%
Overseas	340,773,823.05	281,883,080.27	17.28%	92.67%	71.83%	10.03%

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	2020	2019	Changes
Polarizer sheet	Sales	(0000' square meters)	2,131.28	1,797.1	18.60%
	Production	(0000' square meters)	2,124.96	1,806.66	17.62%
	Stock	(0000' square meters)	121.69	128.01	-4.94%
Knitted clothing	Sales	0000' pieces	358	257	39.30%
	Production	0000' pieces	385	261	47.51%
	Stock	0000' pieces	80	53	50.94%

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	2020		2019		Increase/ Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Manufacturing	Polarizer sheet, Knitted clothing	1,786,199,780.24	98.45%	1,408,148,827. 10	71.35%	26.85%
Lease and Management of Property	Rental, Accommodation	21,892,925.24	1.21%	24,128,173.53	1.22%	-9.26%
Domestic and foreign trade	Polarizer sheet, Textile	0.00	0.00%	483,603,729.67	24.50%	-100.00%
Other	Other	6,205,689.54	0.34%	57,614,878.05	2.92%	-89.23%

In RMB

Classification of products	Items	2020		2019		Increase/ Decrease(%)
		Amount	Proportion in operation costs(%)	Amount	Proportion in operation costs(%)	
Polarizer sheet	Direct materials	1,469,077,219.74	80.97%	1,094,486,243.5 9	55.46%	34.23%
Polarizer sheet	Direct labor	50,884,076.28	2.80%	46,306,446.19	2.35%	9.89%
Polarizer sheet	Power costs	44,834,128.46	2.47%	46,800,313.93	2.37%	-4.20%
Polarizer sheet	Manufacturing costs	172,598,639.68	9.51%	181,388,859.24	9.19%	-4.85%
Knitted clothing	Direct materials	30,107,965.70	1.66%	20,014,843.33	1.01%	50.43%

Knitted clothing	Direct labor	10,388,237.67	0.57%	9,480,251.60	0.48%	9.58%
Knitted clothing	Power costs	1,256,258.98	0.07%	1,370,323.40	0.07%	-8.32%
Knitted clothing	Manufacturing costs	7,251,535.16	0.40%	8,301,545.82	0.42%	-12.65%

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

Yes No

As of December 31, 2020, the company has included 8 subsidiaries in the scope of consolidation. For details, please refer to Section 12-9, 1 "Equity in Subsidiaries" of this report. The scope of the company's consolidation this year increased by one household compared to the previous year. For details, please refer to Section 12-8, 5 "Changes in Consolidation Scope for Other Reasons" of this report.

(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)	1,347,057,923.29
Proportion of sales to top 5 customers in the annual sales(%)	63.86%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	5.24%

Information of the Company's top 5 customers

No	Name	Amount(RMB)	Proportion(%)
1	Customer 1	760,941,270.04	36.08%
2	Customer 2	173,448,174.15	8.22%
3	Customer 3	172,152,298.18	8.16%
4	Customer 4	129,970,966.64	6.16%
5	Customer 5	110,545,214.28	5.24%
Total	--	1,347,057,923.29	63.86%

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)	725,936,071.57
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	43.16%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	12.14%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Supplier 1	204,282,036.36	12.14%
2	Supplier 2	153,042,316.73	9.10%
3	Supplier 3	147,346,299.63	8.76%
4	Supplier 4	112,838,305.95	6.71%
5	Supplier 5	108,427,112.90	6.45%
Total	--	725,936,071.57	43.16%

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

	2020	2019	Increase/Decrease(%)	Notes
Sale expenses	28,644,230.87	20,785,078.66	37.81%	Main reason is that the increase in the proportion of sales of channel vendors has led to an increase in service commissions year-on-year, and the increase in long-distance sales and improved transportation conditions have led to an increase in transportation costs.
Administration expenses	105,094,934.36	96,870,842.37	8.49%	

Financial expenses	8,287,888.28	15,862,799.64	-47.75%	Mainly due to the exchange loss increased year-on-year.
R & D cost	67,160,964.22	53,178,714.33	26.29%	

4. R& D Expenses

Applicable Not applicable

In 2020, the R&D Department will carry out a total of 13 R&D projects, involving the development and research of IPS-PET, NR01 (TV and commercial display), IPS-05, MNT, wide-format IPS 06 and other products, and has achieved fruitful results.

- 1、 Multi-size commercial display/MNT products have been verified by multiple clients to achieve mass production;
- 2、 The 55-inch TV realized the first mass production supply in the L and H company, and the 65-inch TV realized the mass production supply in the C company;
- 3、 The IPS 05 blind hole project was verified by the head module factory and mass production was realized;
- 4、 The IPS 06 product was successfully imported into the client to achieve mass production.

Situation of Research and Development Input by the Company

	2020	2019	Increase/Decrease(%)
Number of Research and Development persons (persons)	169	163	3.68%
Proportion of Research and Development persons	12.34%	12.18%	0.16%
Amount of Research and Development Investment (RMB)	67,160,964.22	53,178,714.33	26.29%
Proportion of Research and Development Investment of Operation Revenue	3.18%	2.46%	0.72%
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	2,067,129,172.79	2,339,186,620.64	-11.63%
Subtotal of cash outflow received from operation activities	2,065,198,240.03	1,956,040,832.14	5.58%
Net cash flow arising from operating activities	1,930,932.76	383,145,788.50	-99.50%
Subtotal of cash inflow received from investing activities	3,253,008,414.70	4,231,006,091.64	-23.12%
Subtotal of cash outflow for investment activities	3,572,079,379.14	5,175,229,656.48	-30.98%
Net cash flow arising from investment activities	-319,070,964.44	-944,223,564.84	66.21%
Subtotal cash inflow received from financing activities	342,660,000.00	289,808,607.92	18.24%
Subtotal cash outflow for financing activities	12,855,758.88	593,817,393.81	-97.84%
Net cash flow arising from financing activities	329,804,241.12	-304,008,785.89	208.49%
Net increase in cash and cash equivalents	9,690,648.77	-864,927,647.04	101.12%

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

√Applicable □Not applicable

(1) The net cash flow from operating activities decreased by RMB 385,226,262.651 compared with the previous period, a decrease of 100.54%, It was mainly due to the recovery of trade receivables in the previous year.

(2) The net cash flow from investment activities increased by RMB-625,152,600.40 from the previous period, a increase of 66.21%, 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 increased by RMB -633,813,027.01 from the previous period, a increase of 208.49%, It was mainly due to repayment of loans and interest from last year, not this year.

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 -2,080,474.11 yuan. The net profit in the consolidated statement of the company was 43,015,090.66 yuan, with significant difference between the two, mainly due to use of credit sales in the form of sales. The difference During the reporting period between the net cash flow generated by the company's operating activities and the net profit of the consolidated statement is detailed in Section 12, VII, 79 (1) "Supplementary Information on Cash Flow Statement" of this report.

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	22,599,670.74	43.71%	The dividends, contract fees and interest on structured deposits from participating enterprises were obtained.	Have the sustainability
fair value through profit or loss	2,687,518.74	5.20%	Mainly due to the changes in the non-current financial assets and fair value of the structured deposits.	Have the sustainability
Impairment of assets	-72,412,477.63	-140.06%	Loss of inventory price falling,	Have the sustainability
Non-operating income	1,445,662.38	2.80%	Mainly due to social security return and other payables that do not need to be paid.	Not sustainable.
Non-operating expenses	138,421.27	0.27%	Mainly non-current assets damage and scrap losses	Not sustainable.
Other income	29,506,252.69	57.07%	Mainly government subsidies	Have the sustainability

IV. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

In RMB

	End of 2020		End of 2019		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	279,087,236.95	5.62%	409,564,847.52	9.04%	-3.42%	
Accounts receivable	547,310,217.90	11.01%	365,325,029.38	8.06%	2.95%	
Inventories	480,847,581.44	9.68%	391,717,935.12	8.64%	1.04%	

Investment real estate	110,572,471.92	2.23%	112,730,320.90	2.49%	-0.26%	
Long-term equity investment	147,929,137.23	2.98%	152,209,929.72	3.36%	-0.38%	
Fixed assets	790,183,905.38	15.90%	903,229,077.83	19.93%	-4.03%	
Construction in process	1,301,750,141.12	26.19%	839,866,275.92	18.53%	7.66%	Mainly due to the construction investment of Line 7 projects.
Long-term loans	343,100,174.35	6.90%	0.00	0.00%	6.90%	Mainly due to borrowing of loans for Line 7 project this year.
Trading financing assets	684,617,260.06	13.78%	830,000,000.00	18.32%	-4.54%	Mainly due to the decrease in structural deposits this year.

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 provision 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)	830,000,000.00	536,575.34			2,938,080,684.72	3,084,000,000.00		684,617,260.06
4. Other equity Instrument Investment	248,781,946.73		3,560,467.08			7,474,900.00	-54,260,086.27	190,607,427.54

Subtotal of financial assets	1,078,781,946.73	536,575.34	3,560,467.08		2,938,080,684.72	3,091,474,900.00	-54,260,086.27	875,224,687.60
Total							30,650,943.40	30,650,943.40
Financial Liability	1,078,781,946.73	536,575.34	3,560,467.08		2,938,080,684.72	152,857,639.94	-23,609,142.87	905,875,631.00

Other change

According to the relevant provisions of the new financial instrument standards on the classification of financial assets, the investment of RMB 28,500,000.00 in Changxing Junying Equity Investment Partnership (Limited Partnership) was reclassified to the subject of "other non-current financial assets"; due to Shenzhen Xieli Automobile Enterprise Co., Ltd. It has been cancelled and will hold 25,760,086.27 yuan of equity in the company for write-off.

Yes No

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

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

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	290.94	76,261.44	0	30,927.22	32.16%	1,224	All deposited in the special account for the raised funds.	0
Total	--	96,175.1	290.94	76,261.44	0	30,927.22	32.16%	1,224	--	0

Note to use of raised capital

During the reporting period, the Company actually used the raised funds of 290.94 million yuan, and the accumulated use of raised funds was 76,261.44 million yuan, of which 272.65 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 35,266.34 million yuan; the actual use of the raised funds for the 7th line project was 18.29 million yuan, with the accumulated use of raised funds for it was 40,995.10 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	272.65	35,266.34	50.36%	June 7,2018	-3,912.88	No	Yes
The utilization of the surplus raised funds (Line 7 project)	No			18.29	40,995.1				Not applicable	No
Subtotal of committed investment projects	--	96,175.1	70,034	290.94	76,261.44	--	--	-3,912.88	--	--
Subtotal of committed investment projects										
No										
Total	--	96,175.1	70,034	290.94	76,261.44	--	--	-3,912.88	--	--
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	<p>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..</p>
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 investment in the projects planned to be invested with the proceeds and the replacement	Not applicable
Using the idle proceeds to supplement the working capital on temporary basis	Not applicable

<p>Balance of the proceeds in process of project implementation and the cause</p>	<p>Applicable</p> <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>
<p>About application and status of the proceeds unused</p>	<p>As of December 31, 2020, the balance of the special account for raised funds was 12.24 million yuan, of which 12,237,500 yuan was deposited in the special account for funds raised for line 6 projects, and 0.25 million yuan was deposited in the special account for funds raised for line 7 projects.</p>

Problems existing in application of the proceeds and the information disclosure or other issues	As of December 31, 2020, the cumulative investment of Phase 2 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 paid investment was 689,428,400 yuan (using raised funds of 352.6634 million yuan, using its own Capital and government funds 336,765 million yuan). As of December 31, 2020, the accumulated contract value of the Line 7 project was 1.628,631,700 yuan, and the actual payment was 1,468,765,700 yuan (using raised funds of 409,951,100 yuan, using self-owned funds and government funds of 1,058,814,700 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

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	30,938,547.89	24,519,148.66	6,951,857.86	2,233,445.59	2,141,270.87

Shenzhen Huaqiang Hotel	Subsidiary	Accommodation, business center;	10,005,300.00	24,454,466.85	20,083,112.54	9,003,811.17	2,644,133.99	2,384,485.24
Shenfang Property Management Co., Ltd.	Subsidiary	Property management	1,600,400.00	11,679,454.92	4,432,647.95	15,328,717.06	533,169.50	498,101.05
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Production of fully electronic jacquard knitting whole shape	13,000,000.00	39,107,997.35	18,372,348.27	60,503,325.78	2,119,203.22	2,045,056.52
SAPO Photoelectric Co., Ltd.	Subsidiary	Production and sales of polarizer	583,333,333.00	3,669,743,743.06	2,792,318,431.95	1,954,299,219.22	9,932,052.86	10,777,938.39
Shenzhen Shenfang Import & Export Co., Ltd.	Subsidiary	Operating import and export business	5,000,000.00	28,781,153.62	9,336,438.49	0.00	-257,812.90	-324,417.58
Shengtou (HK) Co., Ltd.	Subsidiary	Sales of polarizer	HKD10,000	8,059,134.16	5,865,258.97	3,947,190.95	-440,853.34	-440,853.34

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 display industry in Mainland China has maintained positive growth. The overall growth rate has surpassed the global industrial growth rate for many consecutive years. The industrial structure has been continuously improved, and the market's competitiveness has steadily improved. Relying on multiple TFT-LCD panel production lines, China has entered full production. The LCD panel industry in mainland China ranks first in the world in terms of revenue and shipment area. Compared with the rapid development of the new display industry in mainland China, overseas manufacturers have chosen to gradually shrink and withdraw. Samsung Display and LGD have announced that they will gradually shut down LCD panel production lines. LG Chem sold its LCD polarizer business. With the withdrawal of foreign manufacturers and the transfer of high-quality industrial assets to mainland China, the focus of the new display industry is accelerating to concentrate in mainland China.

Overall, the development of my country's new display industry has shifted from the stage of large-scale new production lines to the stage of completion and shipment. Polarizers are widely used in new display fields, and to a large extent determine the performance of new display products. The continuous growth of panel manufacturers in mainland China has led to a substantial increase in the demand for polarizers. According to the statistics of the industry's authoritative consulting organization IHS, it is expected that the market demand for polarizers in mainland China will rapidly increase from 280 million square meters in 2018 to 2023. 465 million square meters, the market demand for polarizers is growing rapidly. It is a good development opportunity for mainland polarizer manufacturers who have market advantages, policy advantages, and geographic advantages.

At present, the global polarizer industry is mainly composed of three echelons. The first echelon is firmly held by major manufacturers in Japan and South Korea; the second echelon is mainly composed of some well-known companies in Japan and South Korea and Taiwanese enterprises in my country; the company is in the third echelon. It is the most important domestic polarizer R&D, production and sales enterprise.

2. The company's development strategy

2021 is a crucial year for the company's polarizer line 7 project, and it is also a year of opportunity for the company to seize the market window period. Facing the complex market environment, opportunities and challenges coexist, only by unity and forge ahead can we maintain progress and development in the fierce competition.

The main business must continue to improve profitability. First, continue to increase the adjustment of customer structure and product structure, and increase the proportion of high value-added products; second, seek breakthroughs in product research and development in the mid-to-high-end market; third, further improve product quality and Production efficiency; Fourth, continue to promote cost and cost reduction; Fifth, shorten the climbing period of Line 7 and strictly control the time nodes to ensure the smooth realization of mass production of Line 7 and increase the company's market share. Textile enterprises continue to reform and innovate and maintain profitability. Property enterprises strengthened their service work and continued to generate revenue and increase efficiency. Strengthen the construction of talents, improve technical capabilities, and enhance R&D and innovation capabilities; continue to deepen reforms to stimulate corporate vitality; constantly focus on safety

production, strengthen party style and clean government, and thoroughly implement the "two studies and one work" learning and education system to normalize and strengthen Responsibility. Fully complete various tasks in 2021, and strive to realize the company's sustainable and healthy business development.

3. Possible risks

(1) Macroeconomic Risks

In 2020, under the huge impact of the new coronavirus pneumonia epidemic, the global economy will be in a severe recession; in 2021, the development of the epidemic will still be uncertain, and the global economy will still be shrouded in the haze of the epidemic. Looking forward to 2021, the country will continue to maintain economic stability, focus on demand-side management, and insist on expanding domestic demand. The first is to further stimulate consumption potential; the second is to stimulate the investment vitality of the whole society; the third is to promote employment and improve social security; and the fourth is to optimize the income distribution structure and expand Middle-income group. Faced with the increasingly complex international environment and the intensified competition among countries in the industrial chain and supply chain, the state proposes to "strengthen national strategic scientific and technological strength" and "enhance the independent controllability of the industrial chain supply chain" to give full play to enterprises in technological innovation. The main role of the. As an important part of the electronic information industry, the industry in which the company is located will be strongly supported by national policies, but it cannot be ruled out that unpredictable fluctuations in the macro economy may pose risks to the company's performance..

(2) Market risks

The polarizer industry is an important part of China's future manufacturing development. The demand for display panels and the development of corresponding technologies are changing with each passing day. The domestic substitution process of the polarizer industry is underway. With the gradual mass production of the 10.5 generation line, the super-large size market New changes will be ushered in. If the company's technology and products cannot respond to the needs of the application field in time, the wide-format polarizer products and applications fall short of expectations, or the intensified market competition causes the price of display products to fall, and the pressure of price cuts is transmitted upwards to the polarizer market. Will have an adverse effect 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. Patents are the main reason for restricting the localization of luminescent materials. At present, the key raw materials PVA film and TAC film required for the manufacture of polarizers are basically owned by Japanese companies. Monopoly, the upstream supporting raw material production line and production technology are constrained by the Japanese side. Compared with the complete industrial chain model of international manufacturers from upstream raw materials to polarizers to display panels, the company does not have the corresponding complete industrial supporting facilities and is temporarily unable to make full use of the industry. Integration effect, and the price of the main membrane materials is affected by the production capacity of suppliers, market demand and the yen exchange rate, which affects the unit cost of the company's products.

4. The key work in 2021

(1) Continue to improve the profitability of the main business

One is to continue to increase the adjustment of customer structure and product structure to increase the

proportion of high value-added products; the second is to seek breakthroughs in the mid-to-high-end market for product research and development; the third is to further improve product quality and production efficiency; the fourth is to continue to promote cost reduction Reduce fees; Fifth, continue to attract outstanding talents to join; Sixth, strengthen comprehensive risk management, improve risk control and response capabilities, and further ensure safe, steady and sustainable development.

(2) Shorten the climbing period of Line 7 and realize production as soon as possible

With the cooperation of the partner Jinjiang Group, actively promote the technical collaboration with Kunshan Zhimei Material Technology Co., Ltd., earnestly learn from the technical team about equipment debugging, production operation, operation management and other experience, and strengthen the production with Nitto Denko Co., Ltd. Manufacturing technology exchanges, shortened the ramp-up period of Line 7, strictly controlled time nodes, ensured the smooth realization of mass production of Line 7, and increased the company's market share.

(3) Ensure stable growth of the property business and provide effective support for the company's development

Property companies closely follow the changes in the surrounding business conditions of the property, operate around the rental rate and capital recovery rate, overcome the age of the property, poor conditions, and outdated facilities, continue to tap the potential to increase efficiency, improve service levels, and improve operating efficiency

(4) Continue to explore and deepen the reform and development path, optimize the system and mechanism

The cooperation period between the company and Jinjiang Group has expired for three years. Based on the original intention of cooperation and win-win, we must continue to deepen the reform and development path, and further explore the implementation of market-oriented mechanisms under the mixed ownership model to achieve the reform goal of "mixing and reforming" . Continue to promote Shengbo Optoelectronics' operation improvement, management optimization and market-oriented mechanism establishment, optimize the corporate governance structure, establish a sound system of checks and balances of rights and responsibilities, effectively play a supervisory role, and strengthen risk prevention capabilities.

(5) Strengthen the construction of talent echelon and enhance the core competitiveness of enterprises

At present, the company is in a critical period of deepening reform and development. The business is developing rapidly and the existing talent pool is insufficient. It is necessary to continuously improve the quality of the existing talent team. According to the company's future development strategy, continue to optimize and improve the company's professional and technical rank evaluations. System and incentive system, through various forms of training to increase the incentive and cultivation of key reserve talents, improve the stability and enthusiasm of key reserve talents, and gradually establish a reserve talent echelon for each key position of the company, so as to continuously improve the core competitiveness of the company. Sustainable development capability.

(6) Do a good job in safe production and maintain the harmony and stability of the enterprise

The company's production safety task is very arduous, and the company must tighten the "string" of production safety at all times and do a good job in ensuring production safety. The company will regularly carry out large-scale safety inspections, comprehensively inspect the implementation of the safety production

responsibility system, safety production regulations, standard procedures, hidden danger 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 "two studies and one work" special education activities, strictly implement the "three meetings and one lesson" system, and strengthen the construction of the party building system and the building of party members. Earnestly implement the "two responsibilities" and pay close attention to the construction of party style and clean government. The Disciplinary Committee of the company must earnestly perform its duties of supervision and execution of discipline and accountability, and strengthen the integrity of the enterprise.

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

Reception time	Reception place	The way of reception	Object type of reception	Reception person	The main content of the discussion and the information provided	Index of the basic situation of the survey
June 24, 2020	Meeting room on the sixth floor of the company	Field research	agency	Founder Securities Co., Ltd	The company's main business, line 7 project construction progress, future development plans, etc.	For details, please refer to the "000045 Shenzhen Textile A Research Activity Information 20200628" (No. 2020-01) by the company http://www.cninfo.com.cn .
December 24, 2020	Meeting room on the sixth floor of the company	Field research	others	Rongjie Investment Holding Group Co., Ltd.	The company's main business, line 7 project construction progress, future development	For details, please refer to the "Investor Relations Activity Record Form on December 24, 2020" (No. 2020-02) by the company

					plans, etc.	http://www.cninfo.com.cn .
Number of receptions			2			
Number of reception institutions			1			
Number of individuals received			0			
Number of other objects received			1			
Whether to disclose, disclose or divulge undisclosed material information			No			

Chapter 5: 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):

The company's 2020 profit distribution plan is: based on the company's total share capital of 507,772,279 shares as of December 31, 2020, a cash dividend of RMB 0.30 (including tax) will be distributed to all shareholders for every 10 shares, and a total cash dividend of RMB 15,233,168.37 (including tax) will be distributed. Tax), the remaining undistributed profits will be carried forward to the next year; no bonus shares will be given, and no capital reserve will be converted into share capital.

If the total share capital of the company changes due to factors such as the repurchase and cancellation of restricted stocks before the implementation of the distribution plan, the total share capital on the equity registration date when the distribution plan is implemented in the future will be used as the base, and a cash dividend of RMB 0.30 will be distributed to all shareholders for every 10 shares. (Tax included), the specific amount is subject to actual distribution. The company's shares held by the company do not participate in the profit distribution.

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
2020	15,233,168.37	36,933,796.26	41.24%	0.00	0.00%	15,233,168.37	41.24%
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%

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

Number of bonus shares for every 10 shares (shares)	0
Dividends per 10 shares (RBM) (tax included)	0.3
The share capital base of the distribution plan (shares)	507,772,279

Cash dividend amount (RMB) (tax included)	15,233,168.37
Cash dividend amount in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other methods) (RMB)	15,233,168.37
Distributable profit (RMB)	33,056,666.16
The ratio of total cash dividends (including other methods) to total profit distribution	100%
Situation of this cash dividend	
When the company's development stage is in the growth period and there are major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%	
Detailed explanation of the profit distribution or capital reserve transfer plan	

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	August 4, 2006	Sustained and effective	Under Fulfillment

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

			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	July 14, 2012	Sustained and effective	Under Fulfillment

			actual control rights in the future, Shenzhen Investment Holdings will promote the related enterprises to avoid the inter-industry competition through the transfer of equity, assets, business and other ways. 4. Above commitments will be continuously effective and irrevocable during Shenzhen Investment Holdings as the controlling shareholder of Shenzhen Textile or indirectly controlling Shenzhen Textile.			
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	Not applicable					

of the working plan	
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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

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

1. Changes in accounting policies

(1) Overview of changes in accounting policies

1. Reason for change

The Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance") revised and issued the "Accounting Standards for Business Enterprises No. 14-Revenue" (Cai Kuai [2017] No. 22) (hereinafter referred to as the "New Revenue Standards") on July 5, 2017); On September 19, 2019, the "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition)" (Cai Kuai [2019] No. 16) and the "Notice on Revising and Issuing the Format of General Enterprise Financial Statements for 2019" were issued on September 19, 2019. (Cai Kuai [2019] No. 6) Supporting implementation.

According to the regulations, the company shall implement the "Accounting Standards for Business Enterprises No. 14-Revenue" from January 1, 2020, and the "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition)" shall be implemented from the date of issuance.

2. Accounting policies before and now

Before this change, the company implemented the "Accounting Standards for Business Enterprises-Basic Standards" issued by the Ministry of Finance and various specific accounting standards, guidelines for the application of the Accounting Standards for Business Enterprises, an Interpretation Announcement of the Accounting Standards for Business Enterprises and other relevant regulations.

After this accounting policy change, the company will implement the "Accounting Standards for Business Enterprises No. 14-Revenue" (Cai Kuai [2017] No. 22) from January 1, 2020; the company's 2019 financial statements and subsequent financial statements will be Implement the "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition)" (Cai Kuai [2019] No. 16).

Except for the above-mentioned changes in accounting policies, other unchanged parts are still in accordance with the "Accounting Standards for Business Enterprises-Basic Standards" issued by the Ministry of Finance in the previous period and various specific accounting standards, guidelines for the application of Accounting Standards for Business Enterprises, Interpretation Announcements on Accounting Standards for Business Enterprises, and other relevant regulations carried out.

(2) The main content of this accounting policy change

1. The main changes to the new revenue standards:

- ① Incorporate the current revenue and construction contract standards into a unified revenue recognition model;
- ② Use the transfer of control rights instead of the transfer of risk rewards as the criterion for determining the timing of revenue recognition, and introduce a five-step model of revenue recognition and measurement;
- ③ Provide clearer guidance on the accounting treatment of contracts that include multiple transaction arrangements;
- ④ Clear regulations are given for the revenue recognition and measurement of certain specific transactions (or events).

2. The main content of financial statement format adjustment:

In accordance with the requirements of Caikuai [2019] No. 6 and Caikuai [2019] No. 16, the company adjusted the listing of the following financial statement items and adjusted the comparative data for comparable accounting periods accordingly:

(1) Balance sheet

- ① The "Notes Receivable and Accounts Receivable" item is split into "Notes Receivable" and "Accounts Receivable" items;
- ② The "Notes Payable and Accounts Payable" item is split into "Notes Payable" and "Accounts Payable" items;
- ③ Newly added items such as "receivable financing", "right to use assets", "lease liabilities", and "special reserves".

(2) Income statement

- ① Adjust the item of "minus: asset impairment loss" to "plus: asset impairment loss (losses are listed with "—")";
- ② Under the "Investment income" line item, the line item "Including: the financial asset derecognition income measured at amortized cost" has been added;

③ Adjusted the presentation order of the line items of "asset impairment loss" and "credit impairment loss".

(3) Cash flow statement

The line items such as "net increase in financial assets held for trading purposes" and "cash received from issuance of bonds" in the original consolidated cash flow statement were deleted.

(4) Owner's equity table

Newly added "special reserve" line items and column items.

(3) The impact of this accounting policy change on the company

1. In accordance with the transitional provisions of the old and new standards, the company will implement the new revenue standards from January 1, 2020, and adjust the initial retained earnings and the amount of other related items in the financial statements based on the cumulative impact of the first implementation of the standards. To adjust. The implementation of the new revenue standard is not expected to have a significant impact on the company's operating results, nor will it cause a significant change in the company's revenue recognition method, and will not have a significant impact on the financial statements.

2. The adjustment of the financial statement format only affects the financial statement format and the presentation of some subjects, does not involve retrospective adjustments in previous years, and does not affect the company's net assets, net profit and other related financial indicators

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

As of December 31, 2020, the company has included 7 subsidiaries in the scope of consolidation. For details, please refer to Section 12-9, 1 "Equity in Subsidiaries" of this report. The scope of the company's consolidation this year has increased by one household compared to the previous year. For details, please refer to Section 12-8, 5 "Changes in Consolidation Scope for Other Reasons" of this report.

IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Grant Thornton International Ltd (Special General Partnership)
Remuneration for domestic accounting firm (RMB10,000)	82.5
Continuous life of auditing service for domestic accounting firm	0
Name of domestic CPA	Cheng Zhifang, Li Yao
Continuous fixed number of year for the auditing service provided by CPA in domestic CPA Firms	0

Has the CPAs been changed in the current period

Yes No

Has to reappoint an accounting firm during the audit

Yes No

Has fulfilled the approval procedures when the replacement accounting company

Yes No

A detailed explanation of the reappointment and change of accounting company:

The company's original annual financial statements and internal control audit agency, Peking Certified Public Accountants (Special General Partnership), has provided audit services for the company for 9 consecutive years and insisted on independent auditing during the practice. Principles, reflect the company's financial status objectively, fairly and fairly, earnestly perform the duties of the audit agency, and safeguard the interests of the company and all shareholders.

According to the "Interim Regulations on Auditing the Annual Financial Statements of State-owned Enterprises in Shenzhen", based on the independence, objectivity and fairness of the audit work, the company decided not to re-appoint Peking Certified Public Accountants as the annual financial account after communicating with Peking Certified Public Accountants in advance. The report and internal control audit agency, Peking Certified Public Accountants clearly understands this matter and expresses its understanding.

The company held the 31st meeting of the seventh board of directors on August 18, 2020, and held the 2020 third extraordinary general meeting of shareholders on September 22, 2020. The "Proposal on the Appointment of Audit Institutions for 2020" was reviewed and approved. , Agreed to appoint Grant Thornton Certified Public Accountants (Special General Partnership) (hereinafter referred to as "Grant Thornton") as the company's 2020 financial statements and internal control audit service agency. The total annual audit fee is 828,000 yuan (tax included). The actual situation of the audit business and with reference to the charging standards of the audit industry, negotiated with Grant Thornton to determine the itemized expenses of the financial statements and internal control audit business, and signed relevant agreements and documents.

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

Applicable Not applicable

During the reporting period, the company engaged Grant Thornton International Ltd (Special General Partnership) as the company's internal control audit agency for 2020, with an audit remuneration of RMB 820,000 (including

travel expenses and other expenses). The actual situation of the audit business and with reference to the charging standards of the audit industry, negotiated with Grant Thornton to determine the itemized expenses of the financial statements and internal control audit business, and signed relevant agreements and documents.

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

Basic situation of litigation (arbitration)	Amount involved (ten thousand yuan)	Whether to form estimated liabilities	Litigation (arbitration) progress	Litigation (arbitration) trial results and impact	Implementation of litigation (arbitration) judgments	Disclosure date	Disclosure Index
For the company's matters involving arbitration and compensation of its subsidiaries' performance commitments in 2019, please refer to "20. Major Subsidiaries of the Company" in "Section V Important Matters" of this report.	24,478.38	No	The arbitration case was heard at the Seventh Arbitration Tribunal of the Court of Arbitration at the office of the Shenzhen Stock Exchange at 9:30 on December 1, 2020.	In view of the company's involvement in this arbitration and the uncertainty of the results of the arbitration, Jinjiang Group's unfulfilled commitment to the company's subsidiary Shengbo Optoelectronics for the 2019 annual performance is	As of the disclosure date of this announcement, the arbitration has not yet been awarded.	March 11, 2020	For details, please refer to the company's disclosure on March 11, 2020, March 28, 2020, November 5, 2020, and December 17, 2020. "Announcement on the Company's Involvement in Arbitration

			As of the disclosure date of this announcement, the arbitration has not yet been awarded.	uncertain.		” (No. 2020-07), “Announcement on the Company’s Progress in Arbitration ” (No. 2020-21), “Announcement on the Company’s Progress in Arbitration ” (2020-50), “About the Company’s Progress in Arbitration ” (2020-50), Announcement on Progress Involving Arbitration (No. 2020-56)。
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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

1. 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.

2. 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.

3. 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 November 12, 2020, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(3) Regarding the repurchase and cancellation of some restricted stocks and the second phase of the repurchase and cancellation and the restricted stocks held by 3 original incentive objects

On March 12, 2020, the company held the 27th meeting of the seventh board of directors and the 19th meeting of the seventh board of supervisors. A total of 1,313,340 restricted stocks held by the incentive objects that did not meet the conditions for lifting the restriction on the second phase were repurchased and cancelled. The repurchase price was calculated as the grant price of 5.73 yuan/share plus the interest on bank deposits during the same period; the company agreed to the 3 Incentives who have resigned due to personal reasons, a total of 120,000 restricted stocks that have been granted but have not been lifted, will be repurchased and cancelled at a repurchase price of 5.73 yuan per share; in summary, a total of 1,433,340 restricted stocks have been repurchased and cancelled.

On April 3, 2020, the company convened the second extraordinary general meeting of shareholders in 2020 to consider and pass the "Proposal on Repurchase and Cancellation of Certain Restricted Stocks", and agreed that the company's holding of 110 incentive objects for the second phase did not reach the lifting limit. A total of 1,313,340 restricted stocks subject to sales conditions will be repurchased and cancelled at a repurchase price of 6.01 yuan/share; the company agrees to repurchase a total of 120,000 restricted stocks that have been granted but not yet lifted by 3 resignation incentive objects. Cancellation, the repurchase price is 5.73 yuan/share. It is agreed that the company will repurchase and cancel all the 120,000 restricted stocks that have been granted but not yet lifted from the sales restrictions for the 3 resignation incentive objects, at a repurchase price of 5.73 yuan per share.

On November 12, 2020, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(4) Regarding the repurchase and cancellation of some restricted stocks and the repurchase and cancellation of restricted stocks held by 6 original incentive objects

On June 8, 2020, the company held the 30th meeting of the 7th Board of Directors and the 21st meeting of the 7th Board of Supervisors. The board of directors deliberated and approved the "Proposal on Repurchase and Cancellation of Some Restricted Stocks", and plans to repurchase and cancel the 57,150 restricted shares held by the 5 original incentive objects who resigned due to personal reasons, at a repurchase price of RMB 5.73 per share ; It is proposed to repurchase and cancel 5,760 restricted stocks held by a former incentive object who resigned due to retirement reasons, at a repurchase price of 6.14 yuan per share.

On June 29, 2020, the company held the 2019 Annual General Meeting of Shareholders to consider and pass the "Proposal on Repurchase and Cancellation of Some Restricted Stocks", agreeing to the company's restriction on the total of 57,150 shares held by the five original incentive objects who resigned due to personal reasons. Repurchase and cancellation of sexual shares at a repurchase price of 5.73 yuan/share; agree to the company's repurchase and cancellation of 5,760 restricted stocks held by a retired original incentive object, at a repurchase price of 6.14 yuan/share, total repurchase and cancellation 62,910 restricted shares.

On November 12, 2020, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(5) Matters concerning the repurchase and cancellation of some restricted stocks and the repurchase and cancellation of restricted stocks held by 2 original incentive objects

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

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

As of the disclosure date of this report, the company has not completed the repurchase and cancellation procedures of the above-mentioned restricted stocks in the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd.

(6) Regarding the repurchase and cancellation of some restricted stocks and the repurchase and cancellation of the third phase of restricted stocks

On March 10, 2021, the company held the second meeting of the eighth board of directors and the second meeting of the eighth board of supervisors. The "Proposal on Repurchase and Cancellation of Certain Restricted Stocks" was reviewed and passed, and the company agreed to provide incentives to 102 A total of 1,236,480 restricted stocks held in the third period that did not meet the conditions for lifting the restrictions were repurchased and cancelled. The repurchase price was calculated as the grant price of RMB 5.73 per share plus the interest on bank deposits during the same period.

This matter still needs to be submitted to the company's 2020 annual general meeting of shareholders for

review and approval, and it needs to be approved by more than 2/3 of the voting rights held by shareholders attending the meeting.

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.	Jingjiang Group's shareholding company	Purchase of products from related parties	Purchase of optical film products and relevant materials	Market Principle	Agreement price	20,428.2	12.14%	26,744	No	Transfer	20428.2		
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Sale of goods to related parties	Purchase of optical film products and relevant materials	Market Principle	Agreement price	11,054.52	5.24%	14,937	No	Transfer	11054.52		
Total				--	--	31,482.72	--	41,681	--	--	--	--	--
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

During the reporting period, there were no related transactions involving the acquisition or sale of assets or equity.

3. Related-party transitions 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(RMB10,000)	Interest rate	Interest in the reporting period(RMB10,000)	Ending balance (RMB10,000)
Shenzhen Dailishi Underwear Co., Ltd.	Sharing company	Investment dividend	No	40.48	110	40.48			110

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	5,389.38	12,491.61	15,793.07		2,087.92
Shenzhen Tianma Microelectronics Co., Ltd.	The Chairman of the Company was Vice Chairman of the company	Sale products	Yes	73.3	167.92	183.05		58.17
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(RMB10,000)	Amount newly increased in the reporting period(RMB10,000)	Amount repaid in the reporting period(RMB10,000)	Interest rate	Interest in the reporting period(RMB10,000)	Ending balance (RMB10,000)
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Purchase	5,624.5	23,024.21	25,069.95			3,578.76

Shenzhen Xinfang Knitting Co., Ltd.	Sharing company	Current amount	24.48					24.48
Shenzhen Changlianfa Printing & dyeing Co., Ltd.	Sharing company	Current amount	158.09					158.09
Yehui International Co., Ltd.	Sharing company	Current amount	121.67	5.04	12.4			114.31
SAPO (HK) Co., Ltd.	Sharing company	Current amount	31.5					31.5
Shenzhen Guanhua Pringing & Dyeing Co., Ltd.	Sharing company	Current amount	381.11					381.12
Shenzhen Guanhua Pringing & Dyeing Co., Ltd.	Sharing company	Current amount	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

(1) Guarantee situation

单位：万元

The company and its subsidiaries' external guarantees (excluding guarantees to subsidiaries)								
Name of guarantee object	Disclosure date of the announcement of the guarantee amount	guarantee amount	Actual date	Actual guarantee amount	Type of guarantee	Guarantee period	Has it been fulfilled	it is a related party guarantee
The company's guarantees to subsidiaries								
Name of guarantee object	Disclosure date of the announcement of the guarantee	guarantee amount	Actual date	Actual guarantee amount	Type of guarantee	Guarantee period	Has it been fulfilled	it is a related party guarantee

	amount							
SAPO Co., Ltd.	March 18, 2020	48,000		27,412.8	Joint liability guarantee	2 years from the effective date of the guarantee agreement to the expiry date of the actual loan performance period	No	No
The total amount of guarantees approved for subsidiaries during the reporting period (B1)		48,000		Total actual amount of guarantees to subsidiaries during the reporting period (B2)		27,412.8		
The total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		48,000		The total balance of actual guarantees to subsidiaries at the end of the reporting period (B4)		27,412.8		
subsidiaries's guarantees to The company								
Name of guarantee object	Disclosure date of the announcement of the guarantee amount	guarantee amount	Actual date	Actual guarantee amount	Type of guarantee	Guarantee period	Has it been fulfilled	it is a related party guarantee
Total company guarantee(the total of the first three items)								
Total approved guarantee amount during the reporting period (A1+B1+C1)		48,000		The total amount of guarantees actually occurred during the reporting period (A2+B2+C2)		27,412.8		

The total amount of approved guarantees at the end of the reporting period (A3+B3+C3)	48,000	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	27,412.8
The actual total guarantee (即 A4+B4+C4) as a percentage of the company's net assets		9.91%	
Among them:			
The balance of guarantees provided for shareholders, actual controllers and their related parties (D)			0
The balance of debt guarantee provided directly or indirectly for the guaranteed object whose asset-liability ratio exceeds 70% (E)			0
The amount of the total guarantee exceeding 50% of the net assets (F)			0
The total amount of the above three guarantees (D+E+F)			0

Description of the specific circumstances of the use of composite guarantees

(2) Violation of external guarantees

Applicable Not applicable

During the reporting period, the company had no violations of external guarantees.

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	77,900	30,000	0

Bank financial products	Self fund	66,000	57,000	0
Total		478,000	143,900	87,000

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 Shengang Building Branch	Bank	Structure Deposit	28,000	Self Fund	February 05, 2020	August 03, 2020	Bank financial products	Due payment at a time	3.85 %	539	539.54	Redemption at maturity		Yes	Not applicable	

China Merchants Bank Co., Ltd. Shenzhen Shenfeng Building Branch	Bank	Structure Deposit	12,000	Self Fund	March 12, 2020	September 14, 2020	Bank financial products	Due payment at a time	3.85%	233.57	233.57	Redemption at maturity		Yes	Not applicable	
China Southern Fund Management Co., Ltd.	fund company	Monetary Fund	12,000	Self Fund	September 08, 2020	March 10, 2021	Public fund products	Redemption on T day, arrival on T+1 day	2.95%	38.4	37.72	Not expired		Yes	Not applicable	
China Southern Fund Management Co., Ltd.	fund company	Monetary Fund	22,000	Self Fund	September 15, 2020	March 10, 2021	Public fund products	Redemption on T day, arrival on T+1 day	2.95%			Not expired		Yes	Not applicable	
Total			82,500	--	--	--	--	--	--	772.57	773.11	--		--	--	--

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
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SAPO Photo electric	Hangzhou Jinjiang Group Co., Ltd., Kunshan Zhiqi 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 2020, the company strives to create a good corporate culture atmosphere, strengthen employee psychological care, During the new crown pneumonia epidemic, through online communication and communication between group executives and employees returning to Shenzhen from key epidemic areas, we care about and care for employees returning to Shenzhen from key epidemic areas, listen to the true voices of employees, and enhance employees' sense of ownership and belonging; at the same time, In order to understand the ideological status of grassroots employees by the group leaders, and to better care for and help employees grow into talents, SAPO Photoelectric organized a symposium on the theme of "growth, struggle, dedication, and dedication" organized by employee representatives of recent graduates who have joined the company in recent years.

At the same time, the company has newly revised the "Shenzhen Textile Group Cadre Selection and Appointment Management System", "Shenzhen Textile Group Training Management System", "Shenzhen Textile Group's New Employees' Salary Adjustment Management Measures for One Year", "Shenzhen Textile Group's Interim Measures for Annual Advanced Selection", etc. Nine human resources management systems have optimized and improved the company's human resources related work such as personnel training, performance

compensation management, and training management. Actively guide and assist subordinate companies to promote various human resource management standards, and according to the actual conditions of each company, guide each company to complete the salary reform, and make reasonable adjustments to the salary level of employees. Strengthen the scientific and standardization of human resource management, avoid labor risks, improve the level of human resource management, and further mobilize 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.

In order to thoroughly implement the spirit of General Secretary Xi Jinping's important instructions on epidemic prevention and control, and fully implement the major decisions of the Party Central Committee and the State Council, the Shenzhen Municipal Party Committee and Municipal Government issued on February 7 the Several Difficult Measures." In order to jointly respond to the epidemic, actively perform social responsibilities, accelerate the implementation of the municipal party committee and municipal government's decision and deployment, and comprehensively consider the negative impact of the recent epidemic on property tenants, the company actively responded to the call of the Shenzhen Municipal Party Committee and the State-owned Assets Supervision and Administration Commission, and formulated the company and its affiliates. The implementation plan for rent reduction and exemption of self-owned properties of funded enterprises, to overcome difficulties with customers, bravely assume the social responsibilities of state-owned enterprises, and help win the battle against epidemic prevention and control.

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

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.

The wastewater treatment facility of SAPO Photoelectric has improved the Fenton system in the early stage, and currently adopts the wastewater treatment process of UASB anaerobic + aerobic + MBR membrane + coagulation sedimentation. The process has strong impact resistance, stable system operation, low energy consumption, low maintenance and operation cost, high degree of automation, and good wastewater treatment effluent effect. 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 Photoelectric, 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

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

In order to meet the funding needs for the construction of the Line 7 project, the 28th meeting of the seventh board of directors of the company reviewed and approved the "Proposal on Subsidiaries Applying for Mortgage Loans from Banks" and "Proposal on Providing Guarantees for Subsidiaries' Mortgage", The Second Extraordinary General Meeting of Shareholders in 2020 reviewed and passed the "Proposal on Providing Guarantees for Subsidiary Mortgage Loans", and agreed that its subsidiary SAPO Photoelectric will apply for 80,000 thousand yuan from lead Bank such as Communications Co., Ltd. Shenzhen Branch for some of its self-owned properties. This fixed asset loan does not exceed 8 years. The specific terms and term are subject to the actual signed loan contract; it is agreed that the company will provide joint liability guarantee for the above-mentioned loan at a 60% shareholding ratio, and exempt it from paying the company. The company's legal representative or its authorized representative shall be authorized to handle the above-mentioned guarantee matters on behalf of the company and sign the guarantee contract and any other documents related to this guarantee; agree that the company and the other guarantor Jinjiang Group shall conduct joint and several guarantee related issues Agreement stipulated. For details, please refer to Announcement Nos. 2020-18, 2020-19 and 2020-22 of the company on www.cninfo.com.cn (<http://www.cninfo.com.cn>).

As of the disclosure date of this report, Line 7 project has completed the main plant roof capping and extension machine equipment manufacturing. Affected by the novel coronavirus pneumonia epidemic, due to shortages of labor, insufficient supply of engineering materials and equipment, and transportation restrictions, the Line 7 project will not be fully resumed until mid-March 2020. The company further strengthened the monitoring and management of budget, progress, quality and other aspects, and rearranged the construction time nodes. As of December 31, 2020, the civil engineering of the line 7 project has basically been completed, and the clean area of the main production workshop has completed preliminary acceptance; In terms of process equipment, main equipment such as extension machines, coating machines, and anti-detection machines have been installed and entered the commissioning stage. The overall commissioning will be completed in late March 2021 and enter trial production.

During the reporting period, the company, after prudential evaluation, invested an additional RMB 147.2 million in the construction of 1 RTP production line and 2 RTS production lines in the No. 7 line project. The source of funds was its own funds and bank loans. The main reasons for this increase in investment are to meet the needs of downstream panel customers and enhance the depth of customer cooperation; the second is to help improve the overall production efficiency of Line 7 project, simplify the production process, and effectively

reduce production costs; third, to further improve Enterprise competitiveness provides guarantee for the successful operation of Line 7 project. For the above details, please refer to the "Announcement on the Increase of Investment and Construction Progress in the Industrialization Project of Polarizers for Super Large TVs (Line 7)" by Juchao Information Network (<http://www.cninfo.com.cn>) on April 30, 2020. (No. 2020-25). As of the disclosure date of this report, the company has built 1 RTP production line, and RTP equipment production is in progress. It is expected to achieve mass production in the third quarter of 2021; 1 RTS production line is already under construction, and it is expected to be achieved in the third quarter of 2021. Mass production.

As of December 31, 2020, the cumulative investment contract value of the Line 7 project was 1.628,631,700 yuan, and the actual payment was 1,468,765,700 yuan (using raised funds of 409,951,100 yuan, using self-owned funds and government funds of 1,058,114,700 yuan).

2. Progress of Renting of Guanhua Building

In order to further revitalize the company's stock assets, concentrate resources on the main business, and stimulate the vitality of the company, the "Regarding the Transfer of Shenzhen Guanhua Printing and Dyeing Co., Ltd. The "Proposal of 50.16% of the Company's Equity" agrees that the company will transfer the 50.16% equity of Guanhua Company held by the company by public listing in Shenzhen United Property Rights Exchange at a price no less than RMB 340,468,300 as the assessment result approved by the state-owned asset management department. However, due to market reasons and changes in relevant circumstances, after the company's comprehensive consideration, Guanhua's equity was not listed on the Shenzhen United Assets and Equity Exchange. The company originally planned to combine it according to market conditions during the validity period of the target equity evaluation report (August 30, 2020). The company actually chooses the opportunity to list on the market. For the details of the above specific situation, please refer to the company's announcement No. 2019-55, 2019-63, and 2019-71 on the Juchao Information Network (<http://www.cninfo.com.cn>).

Due to market reasons and changes in relevant circumstances, the company did not publicly list and transfer the equity of the target company on the Shenzhen United Assets and Equity Exchange. As of the disclosure date of this report, the evaluation report of Guanhua Company has passed its validity period (valid until August 30, 2020). If the equity transfer continues to be implemented, a new asset evaluation will be required. In view of the market reasons affected by the new crown pneumonia epidemic this year, combined with the company's actual operating conditions, the company, after careful consideration, intends to terminate the transfer of 50.16% of Guanhua's equity. The company held the 33rd meeting of the seventh board of directors on October 29, 2020, and held the first extraordinary general meeting of 2021 on February 2, 2021. It reviewed and approved the "Regarding the termination of the transfer of Shenzhen Guanhua Printing and Dyeing Co., Ltd. "The Proposal on 50.16% of the Company's Equity" agrees that the company will terminate the public listing and transfer of 50.16% of the equity of Shenzhen Guanhua Printing and Dyeing Co., Ltd. in accordance with market changes and actual operating conditions. For the above content, please refer to <http://www.cninfo.com.cn> "Announcement on Terminating the Transfer of 50.16% Equity of Shenzhen Guanhua Printing and Dyeing Co., Ltd." (No. 2020-49).

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

Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli") is a Sino-foreign joint venture invested and established by the company and Hong Kong Xieli Maintenance Company in 1981, with a registered capital of 3.12 million yuan, and the company holds 50% of the equity. The company's operating period ended in 2008, and its business license was revoked in 2014. The company's main asset is real estate. Up to now, the company has received RMB 25.76 million. This matter has no impact on the company's profit and loss. The company still needs to negotiate with other shareholders regarding the property under the

name of Shenzhen Xieli, and promote the resolution of related issues. The company will promptly follow the follow-up progress. Fulfill information disclosure obligations.

XX. Material events of subsidiaries

Applicable Not applicable

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

On March 9, 2020, the company received the 2020 Shen Guozhong Acceptance No. 452-2 "Arbitration Notice" from the Shenzhen International Arbitration Court and the "Arbitration Application" submitted by Hangzhou Jinjiang Group Co., Ltd. as the applicant. The respondent of the arbitration matter, Hangzhou Jinjiang Group Co., Ltd. filed an arbitration request: 1. The award made the following changes to the "Cooperation Agreement": (1) The original Article 3.1 of the "Cooperation Agreement" was deleted, and the relevant unfulfilled rights and obligations were no longer fulfilled. (2) Delete the original Article 6.4 of the Cooperation Agreement, and the relevant unfulfilled rights and obligations will no longer be fulfilled; 2. The ruling that the respondent shall bear the arbitration fees in this case and the actual expenses of the arbitration tribunal. The applicant reserves the right to further modify the arbitration request. For details, please refer to the "Announcement on the Company's Involvement in Arbitration" (No.2020-07) of Juchao Information Network (<http://www.cninfo.com.cn>).

On March 26, 2020, the company received the 2020 Shenzhen International Arbitration Court No. 452-3 "Notice on Extending the Time Limit for Appointment of Arbitrators" from the Shenzhen Court of International Arbitration. Due to the complex disputes in this case and the special epidemic background, the claimant needed extra time to negotiate and communicate the procedural matters of this case with the respondent, so it applied to the Shenzhen Court of International Arbitration to extend the time limit for appointing arbitrators in this case. The Shenzhen Court of International Arbitration considers that the claimant's request is reasonable, and both parties are requested to notify the Shenzhen Court of International Arbitration in writing of the result of the appointment of the arbitrator before March 30, 2020. Therefore, the company will postpone the appointment of arbitrators within 15 days after receiving the notice of arbitration on March 9, 2020 until the appointment of arbitrators before March 30, 2020, and notify the Shenzhen International Arbitration Court of the result in writing. For details, please refer to the "Announcement on the Company's Progress Involving Arbitration" (No. 2020-21) on the company's Juchao Information Network (<http://www.cninfo.com.cn>).

On April 17, 2020, the company received the 2020 Shenzhen International Arbitration Court No. 452-4 "Notice of Arbitration Tribunal Composition" from Shenzhen International Arbitration Court. Both parties to the arbitration have selected arbitration in accordance with the arbitration procedures before March 30, 2020. The Shenzhen Court of International Arbitration was notified in writing of the results of the arbitrators, each appointing an arbitrator and jointly appointing a chief arbitrator. On April 16, 2020, the arbitration tribunal to hear the case was formed.

On December 1, 2020, the arbitration case was heard in the Seventh Arbitration Tribunal of the Court of Arbitration located at the Shenzhen Stock Exchange. As of the disclosure date of this announcement, the arbitration has not yet been awarded. In view of the company's involvement in the aforementioned arbitration matters and the uncertainty of the arbitration results, Jinjiang Group's unfulfilled commitment to the company's subsidiary SAPO SAPO Photoelectric for 2019 performance is uncertain. The company will continue to pay

attention to the follow-up progress of this arbitration and timely perform its information disclosure obligations.

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

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

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

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

As of December 31, 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

3. Provision of guarantees for subsidiaries to apply for bank mortgages

In order to meet the capital requirements for the construction of the polarizer industrialization project (line 7) for super-large TVs, the 28th meeting of the seventh board of directors of the company deliberated and approved the "Proposal on Subsidiaries Applying for Mortgage Loans from Banks" and "About The Proposal on Providing Guarantees for Subsidiaries' Mortgage Loans, the Proposal on Providing Guarantees for Subsidiaries' Mortgage Loans Deliberated and Passed by the Second Extraordinary General Meeting of Shareholders in 2020, the 34th Meeting of the Seventh Board of Directors, and the first interim meeting in 2021 The general meeting of shareholders reviewed and approved the "Proposal on Clarifying the "Proposal on Providing Guarantees for Subsidiary Mortgage Loans" and the scope of guarantees in the resolution", and agreed that the subsidiary SAPO Photoelectric will use some of its self-owned properties to take the Bank of Communications Co., Ltd. Shenzhen Branch as the lead The bank's syndicated application for a fixed asset loan of RMB 80 million with a term of no more than 8 years is based on the "Oversized TV Polarizer Industrialization Project (Line 7) Syndicated Loan" and "Oversized TV" signed by SAPO Photoelectric and the lender. "The Mortgage Contract of Syndicated Loan for Polarizer Industrialization Project (Line 7)" shall prevail;

Agreed to provide a joint liability guarantee for 60% of the total debts of the subsidiary SAPO Photoelectric under the above-mentioned project loan to the above-mentioned syndicate. The principal amount of the secured creditor's rights is RMB 480 million, and the legal representative of the company or its authorized representative is authorized to represent the company Handle the above guarantee matters and sign the guarantee contract and any other documents related to this guarantee. For details, please refer to the company's announcements No. 2020-18, 2020-19, 2020-22, 2020-52, and 2021-11 on www.cninfo.com.cn. As of the date of the disclosure of this report, the company has signed the "Guarantee Contract for Syndicated Loans for the Industrialization Project of Polarizers for Ultra-Large TVs (Line 7)" with Bank of Communications Co., Ltd. Shenzhen Branch, the guarantee agent of the syndicate. For details, please refer to the "Announcement on the Company's Progress in Providing Guarantees to Subsidiaries" (No. 2020-46) on October 24, 2020, <http://www.cninfo.com.cn>.

Chapter 6: 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	2,893,830	0.57%				-1,567,425	-1,567,425	1,326,405	0.25%
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	2,893,830	0.57%				-1,567,425	-1,567,425	1,326,405	0.25%
Incl: Domestic legal person shares	0	0.00%				0	0	0	0.00%

Domestic Natural Person shares	2,893,830	0.57%				-1,567,425	-1,567,425	1,326,405	0.25%
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	99.43%				1,275	1,275	506,445,874	99.75%
1.Common shares in RMB	457,016,599	89.73%				1,275	1,275	457,017,874	90.02%
2.Foreign shares in domestic market	49,428,000	9.70%				0	0	49,428,000	9.74%
3. Foreign shares in foreignc market	0	0.00%				0	0	0	0.00%
4.Other	0	0.00%				0	0	0	0.00%
III. Total of capital shares	509,338,429	100.00%				-1,566,150	-1,566,150	507,772,279	100.00%

Reasons for share changed

√ Applicable Not applicable

The company's performance in 2020 did not meet the conditions for the release of the second sale restriction period stipulated in the 2017 Restricted Stock Incentive Plan, according to the company's Restricted Stock Incentive Plan in 2017, Chapter VIII of the restricted stock grant conditions And the conditions for lifting the sales restriction ,If the conditions for lifting the sales restriction in the current period are not met, the company will repurchase the restricted stocks that can be released for the current year and cancel them in accordance with the provisions of this plan. The second phase held by the company for 116 incentive objects The 1,313,340 restricted stocks that did not meet the conditions for lifting the restrictions were repurchased and cancelled. Secondly ,The company's original incentive targets, including 11 people who resigned due to personal reasons, including Liao Zhichao, Xu Kai, Xu Liquan, Zhang Yonggang, Xiong Sheng, Yuan Rubing, Xie Fengzhen, Xu Weiwen, Pu Xueying, Liu Shuhong, and Qin Wei. According to the relevant provisions of the Incentive Plan (Draft), the above-mentioned personnel no longer meet the incentive conditions, and the company shall repurchase and cancel the 247,050 restricted stocks that have been granted but not yet lifted. Thirdly, the company's original incentive object, Yang Jianjun, retires. According to the company's "2017 Restricted Stock Incentive Plan", this person no

longer meets the incentive conditions, and the company has granted 5,760 restricted stocks that have not been lifted. Cancellation of repurchase. In summary, a total of 1,566,150 restricted stocks were repurchased and cancelled. For details, please refer to the "Announcement on Repurchase and Cancellation of Certain Restricted Stocks" (No. 2019-75, 2020-17, 2020-30) of the company on www.cninfo.com.cn. On November 12, 2020, the company completed the repurchase and cancellation procedures of the above-mentioned restricted stocks at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. For details, please refer to www.cninfo.com (<http://www.cninfo.com>). .cn) "Announcement on Completion of Repurchase and Cancellation of Certain Restricted Stocks" (No. 2020-51) of the company.

In addition, the company's shares held by Zhang Xiaodong, the company's former employee supervisor, were partially unlocked during the reporting period, and 1,275 shares of shares not subject to sales restrictions were added.

Approval of Change of Shares

Applicable Not applicable

Regarding the transfer of the above-mentioned restricted stocks, Grant Thornton International Ltd (special general partnership) conducted an inspection on the above-mentioned repurchase and cancellation of some restricted stocks and issued 07552020090097235311 Capital Verification Report. The company has issued a report on November 12, 2020. The Shenzhen Branch of China Securities Depository and Clearing Corporation Limited completed the repurchase cancellation procedures. For details Juchao Website: (<http://www.cninfo.com.cn>., Company "Announcement on Completion of Repurchase and Cancellation of Certain Restricted Stocks" ,Announcement No. 2020-51).

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 509,338,429 shares to 507,772,279 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 2019		Year 2020
	According to the original capital	According to the new capital	According to the new capital
Basic earnings per share (yuan/share)		0.04	0.07
Diluted earnings per share		0.04	0.07
Net assets per share		5.36	5.45

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

Name of Shareholder	Number of restricted shares at the beginning of the period	Increase the number of restricted shares in the current period	Number of restricted shares lifted in the current period	Number of restricted shares at the end of the period	Reasons for restricted sale	Release date
Zhang Xiaodong	5,250	1,275	0	3,975	Executives lock stocks	Jan 1, 2020
Total	5,250	1,275	0	3,975	--	--

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

For details, please refer to Section 5 "15. Implementation of the company's equity incentive plan, employee stock ownership plan or other employee incentive measures (3) Progress of restricted stocks".

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	29,622	Total shareholders at the end of the month from the date of disclosing the annual report	28,741	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	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	46.10%	234,069,436	0		234,069,436		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032	0		16,129,032		
Sun Minghui	Domestic Nature person	0.64%	3,224,767	0		3,224,767		
Su Weipeng	Domestic Nature person	0.56%	2,823,066	224996		2,823,066		

Chen Xiaobao	Domestic Nature person	0.49%	2,509,100	230910		2,509,100		
Deng Yan	Domestic Nature person	0.45%	2,277,700	227770		2,277,700		
Shen Zhenxing	Domestic Nature person	0.35%	1,765,300	176530		1,765,300		
Wang Zhongjin	Domestic Nature person	0.33%	1,678,000	141240		1,678,000		
Hou Xiulan	Domestic Nature person	0.32%	1,612,591	161259		1,612,591		
Li Zengmou	Domestic Nature person	0.31%	1,598,797	452097		1,598,797		
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	<p>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. After the completion of the transfer, Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, no longer holds the equity of Shenzhen Shenchao Technology Investment Co., Ltd., and Shenzhen Shenchao Technology Investment Co., Ltd. is changed to a wholly-owned subsidiary of the Industrial Investment Group. Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. no longer constitute a concerted person relationship. 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.</p>							
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end					Share type		

	of the reporting period	Share type	Quantity
Shenzhen Investment Holdings Co., Ltd.	234,069,436	Common shares in RMB	234,069,436
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	Common shares in RMB	16,129,032
Sun Huiming	3,224,767	Common shares in RMB	3,224,767
Su Weipeng	2,823,066	Foreign shares in domestic market	2,823,066
Chen Xiaobao	2,509,100	Common shares in RMB	2,509,100
Deng Yan	2,277,700	Common shares in RMB	2,277,700
Shen Zhenxing	1,765,300	Common shares in RMB	1,765,300
Wang Zhongjing	1,678,000	Common shares in RMB	1,678,000
Hou Xiulan	1,612,591	Common shares in RMB	1,612,591
Li Zengmou	1,598,797	Common shares in RMB	1,598,797

<p>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</p>	<p>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. After the completion of the transfer, Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, no longer holds the equity of Shenzhen Shenchao Technology Investment Co., Ltd., and Shenzhen Shenchao Technology Investment Co., Ltd. is changed to a wholly-owned subsidiary of the Industrial Investment Group. Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. no longer constitute a concerted person relationship. 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.</p>
<p>Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)</p>	<p>Company shareholder Chen Xiaobao holds 2,332,700 shares through a credit transaction secured securities account.</p>

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	Investment and acquisition of financial and similar financial stock rights such as bank, security, insurance, fund and guarantee; Engage in real estate development and management business within the limit of legally-acquired land use right; Carry out investment and service in the field of strategic emerging industry; Carry out investment, operation and management of state-owned stocks of wholly-owned, holding and joint-stock company by reorganization & integration, capital operation and asset disposal; Other businesses undertaken by authorization of municipal SASAC(State Asset Supervision and Administration Commission) (If the above business scope needs to be approved according to national regulations, the business can only be operated after the approval is obtained).
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Shen Property A (000011), Quantity of shares 339.45 million, Shareholding ratio: 56.96%; SPGA (000029), Quantity of shares 642.28 million, Shareholding ratio: 63.55%; Shen Universe A (000023), Quantity of shares 9.59 million, shareholding ratio: 6.91%; Pingan (601318), Quantity of shares 962.72 million, shareholding ratio: 5.27%; Guosen Securities (002736), Quantity of shares 3223.11 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%.			

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

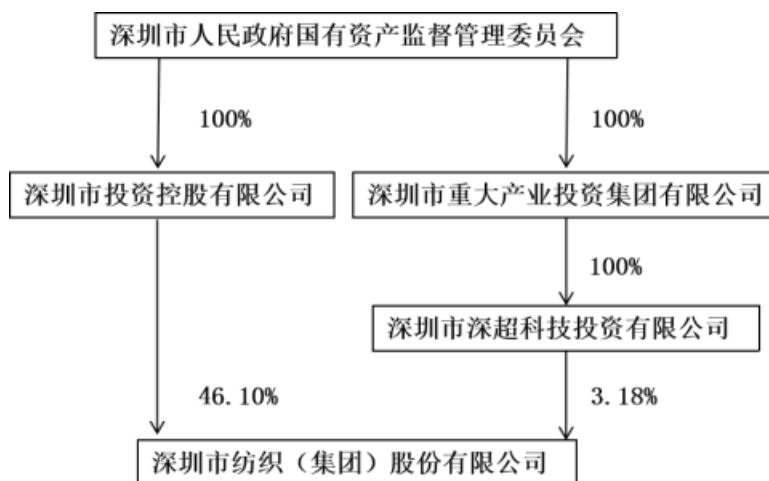
Name of the controlling shareholder	Legal representative/ person in charge	Date of establishment	Organization code	Principal business activities
State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government	Yu Gang	July 31,2004	K3172806-7	Performing the responsibilities of investors 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

Chapter 7: Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period.

Chapter 8: Information about convertible corporate bonds

Applicable Not applicable

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

Chapter 9: 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 / decrease	Shares held at the year-end (share)
Zhang Jian	Board chairman, Secretary of the party committee	In office	Female	41	February 10, 2021	February 9, 2024	0	0	0	0	0
Zhu Meizhu	Deputy Secretary of the Party committee, Director, General Manager	In office	Male	56	July 19, 2017	February 9, 2024	174,000	0	40,500		133,500

Ning Maozai	Director , Deputy Secretary of the Party committee and Secretary of the Commission for Discipline	In office	Male	45	December 14, 2017	February 9, 2024	73,200	0	36,600	36,600
Yin Kefei	Director	In office	Male	46	February 10, 2021	February 9, 2024	0	0	0	0
He Fei	Director , CFO	In office	Male	43	January 16, 2020	February 9, 2024	0	0	0	0
Sun Minghui	Director	In office	Male	39	February 10, 2021	February 9, 2024	0	0	0	0
He Zuowen	Independent Director	In office	Male	58	July 19, 2017	February 9, 2024	0	0	0	0
Cai Yuanqing	Independent Director	In office	Male	51	July 19, 2017	February 9, 2024	0	0	0	0
Wang Kai	Independent Director	In office	Male	37	January 16, 2020	February 9, 2024	0	0	0	0

Ma Yi	Chairman of the supervisory committee	In office	Male	54	January 16,2020	February 9,2024	0	0	0	0
Yuan Shuwen	Shareholders' Supervisors	In office	Male	40	January 16,2020	February 9,2024	0	0	0	0
Zhan Lumei	Shareholders' Supervisors	In office	Female	51	February 10,2021	February 9,2024	33,600	0	16,800	16,800
Le Kunjui	Deputy GM	In office	Male	57	April 28,2017	February 9,2024	73,200	0	36,600	36,600
Liu Honglei	Deputy GM	In office	Male	56	July 19,2017	February 9,2024	76,200	0	36,600	39,600
Jiang Peng	Secretary to the board of directors	In office	Female	50	January 16,2015	February 9,2024	60,000	0	30,000	30,000
Zhu Jun	Board chairman	Dismission	Male	57	January 16,2015	February 10,2021	82,200	0	41,100	41,100
Huang Yu	Director	Dismission	Male	46	July 19,2017	February 10,2021	0	0	0	0
Wang Chuan	Director	Dismission	Male	48	September 1,2018	February 10,2021	0	0	0	0
He Qiang	Independent Director	Dismission	Male	68	August 16,2013	January 16,2020	0	0	0	0

Wang Weixing	Chairman of the supervisory committee	Dismission	Male	52	May 20,2015	January 16,2020	0	0	0	0
Li Lei	Shareholders' Supervisors	Dismission	Male	45	June 26,2019	January 16,2020	0	0	0	0
Zhang Xiaodong	Employee supervisor	Dismission	Male	45	August 9,2013	February 10,2021	5,300	0	0	5,300
合计	--	--	--	--	--	--	577,700	0	238,200	0 339,500

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

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Zhu Jun	Board chairman	Left for term expiration	February 10,2021	The term of office expires.
Huang Yu	Director	Left for term expiration	February 10,2021	The term of office expires.
Wang Chuan	Director	Left for term expiration	February 10,2021	The term of office expires.
He Qiang	Independent Director	Left for term expiration	January 16,2020	The term of office expires.
Wang Kai	Independent Director	Elected	January 16,2020	The former independent director Left for term expiration
Wang Weixing	Chairman of the supervisory committee	Left	January 16,2020	Job change

Ma Yi	Chairman of the supervisory committee	Elected	January 16,2020	The former chairman of the board of supervisors leaves office
Li Lei	Shareholders' Supervisors	Left	January 16,2020	Job change
Yuan Shuwen	Shareholders' Supervisors	Elected	January 16,2020	The former Shareholders' Supervisors Leaves office
Zhang Xiaodong	Employee supervisor	Left for term expiration	February 10,2021	The term of office expires.
Zhan Lumei	Employee supervisor	Elected	February 10,2021	The former employee supervisor Left for term expiration

III.Posts holding

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

(1) Director

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

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 of the Company.

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

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

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

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

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

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

(2) Supervisor

Ma Yi, male, born in 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.

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

(3) Senior Executives

Le Kunjiu, male, born in 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 has served as a Clerk and Deputy Section Chief of the office of Shandong Aquatic Enterprise Group Corporation, Section Chief of the Office of the Board of Directors of Shandong Zhonglu Ocean Fishery Co., Ltd., Deputy Director and Securities Affairs Representative. served as officer of the Secretary Office of Shandong Fishery Group Co.,Ltd., Deputy Director of the Secretary office and Securities affairs Representative of Shandong Zhonglu Oceanic Fisheries Co., Ltd., Securities Representative of Huaifu Holding Co., Ltd., Securities affairs representative and Officer of the Secretariat of the Board of the Company, now serves as the secretary of the Board of the Company.

Office taking in shareholder companies

√Applicable □Not applicable

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

		Office			
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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
Sun Minghui	Meizhou Shenmei Youyi Building Co., Ltd.	Director	January 13,2014	June 18,2020	No
Sun Minghui	China Nanshan Development (Group) Co., Ltd.	Supervisor	October 17,2017		No
Sun Minghui	Shenzhen Highway Passenger & Cargo Transportation Service Center Co., Ltd.	Supervisor	June 16,2017		No
Sun Minghui	CASTD	Supervisor	June 27,2017		No
Sun Minghui	ULTRARICH INTERNATIONAL LIMITED	Director	November 11,2020		No
Sun Minghui	Shenzhen Special Economic Zone Real Estate (Group) Co., Ltd.	Director	November 11,2020		No
Sun Minghui	Southern Asset Management Co., Ltd.	Supervisor	November 11,2020		No
Sun Minghui	Hubei Shentoukong Investment Development Co., Ltd.	Director	November 11,2020		No
Sun Minghui	Shenzhen Textile(Holdings) Co., Ltd.	Director	January 25,2021		No
Yuan Shuwen	Shenzhen International Tendering Co., Ltd.	Supervisor	October 22,2017	June 10,2020	No

Yuan Shuwen	Shenzhen Textile(Holdings) Co., Ltd.	Supervisor or	September 27,2019		No
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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
Zhang Jian	Board chairman, Secretary of the party committee	Female	41	In Office	0	No
Zhu Meizhu	Deputy Secretary of the Party committee, Director, General Manger	Male	56	In office	122	No
Ning Maozai	Director, Deputy Secretary of the Party committee and Secretary of the Commission for Discipline	Male	45	In Office	102	No
Yin Kefei	Director	Male	46	In Office		Yes
He Fei	Director, CFO	Male	43	In office	90	No

Sun Minghui	Director	Male	39	In Office		Yes
He Zuowen	Independent Director	Male	58	In Office	12	Yes
Cai Yuanqing	Independent Director	Male	51	In office	12	No
Wang Kai	Independent Director	Male	37	In Office	12	No
Ma Yi	Chairman of the supervisory committee	Male	54	In Office	97	No
Yuan Shuwen	Shareholders' Supervisors	Male	40	In office	0	Yes
Zhan Lumei	Employee supervisor	Female	51	In Office		No
Le Kunjui	Deputy GM	Male	57	In Office	109	No
Liu Honglei	Deputy GM	Male	56	In office	103	No
Jiang Peng	Secretary to the board of directors	Female	50	In Office	92	No
Zhu Jun	Board chairman	Male	57	Dimission	125	No
Huang Yu	Director	Male	46	Dimission	0	Yes
Wang Chuan	Director	Male	48	Dimission	0	Yes
He Qiang	Independent Director	Male	68	Dimission	0.5	No
Wang Weixing	Chairman of the supervisory committee	Male	52	Dimission	0	No

Li Lei	Shareholders' Supervisors	Male	45	Dimission	0	Yes
Zhang Xiaodong	Employee supervisor	Male	45	Dimission	41	Yes
Total	--	--	--	--	917.5	--

Note: (1) In 2020, the remuneration of the Company's executive includes deferred remuneration from 2017 to 2018; (2) He Zuowen, an independent director of the company, also serves as an independent director of Shenzhen Special Economic Zone Real Estate (Group) Co., Ltd., and receives an independent director's allowance from Shenzhen Properties Group, which is a holding subsidiary controlled by Shenzhen Investment Holdings, the controlling shareholder of the Company, and is a related party of the Company.

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

Applicable Not applicable

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)	51
Number of in-service staff of the main subsidiaries (person)	1,318
Total number of the in-service staff (person)	1,369
Total number of staff receiving remuneration in the current period (person)	1,369
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	996
Sales	33
Technical	204

Financial	35
Administrative	101
Total	1,369
Education	
Classified according by education background	Number of persons (person)
Postgraduate or above	36
Universities	240
Colleges	114
Mid-school or below	979
Total	1,369

2. Remuneration policies

In 2020, the Company carried out management for employees' compensation in strict accordance with the state's relevant laws and regulations and guaranteed the fairness and reasonability of the compensation, which offered relevant rewards and incentives to the employees, accelerate them to jointly develop with the Company, and simultaneously reflected humanistic care of the Company.

3. Training plan

Combining with the company's development strategy, we will continuously strengthen the company's personnel training system to help the joint development of both the employees and the Company. In 2020, on the basis of the original training work, we will help employees open up new horizons of learning from multiple dimensions and promote employees to apply theory to practical work. First, promote internal and external learning, communication and carry forward the culture of "passing on, helping and guiding", and share diversified contents through "deep spinning lecture hall"; Second, add a variety of refined courses and upgrade the platform of "Shenzhen Textile Group Network College"; Third, innovate online knowledge contest to welcome the 40th anniversary of the establishment of Shenzhen Special Economic Zone.

4. Outsourcing situation

Applicable Not applicable

Chapter 10: Administrative structure

I. Basic state of corporate governance

During the reporting period, the Company operated in strict accordance with the requirements of relevant laws, regulations and normative documents such as Company Law, Securities Law, Guidelines for the Standardized Operation of Listed Companies of Shenzhen Stock Exchange and Code for the Governance of Listed Companies, and strengthened risk management and control to ensure the healthy and stable development of the Company. At present, the Company maintains basically sound governance systems, standardized operation, and complete corporate governance structure, and meets the requirements of the regulatory documents on the governance of listed companies issued by China Securities Regulatory Commission.

In 2020, company held a total of 4 general meetings, convened general meetings, standardized voting procedures to safeguard the effectiveness and legality in strict accordance with the regulations and requirements of Corporation Law, Articles of Corporation and Rule of Procedure of Shareholders' Meeting. Companies actively protected the voting rights of minority investors, and general meetings were convened in the form of live network to adequately assure small investors of their rights to exercise.

In 2020, the board of directors held 9 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 2020, the board of supervisors held 7 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 2020, 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 2020, the minority investors' voting was counted separately at each of the 4 shareholder's meetings, and whose result was disclosed at the decision announcement at the shareholder's meeting, which fully guaranteed the execution of power of the minority investors.

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

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

Yes No

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

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
The first provisional shareholders’ General meeting in 2020	Provisional shareholders’ General Meeting	49.17%	January 16,2020	January 17,2020	(http://www.cninfo.com.cn) Announcement No.:2020-01
The second provisional shareholders’ General meeting in 2020	Provisional shareholders’ General Meeting	49.13%	April 3,2020	April 4,2020	(http://www.cninfo.com.cn) Announcement No.:2020-22
Annual General Meeting of	Shareholders’	49.14%	June 29,2020	June 30,2021	(http://www.cninfo.com.cn) Announcement

2019	General Meeting				No.:2020-32
The second provisional shareholders' General meeting in 2020	Provisional shareholders' General Meeting	49.13%	September 22,2020	September 23,2020	(http://www.cninfo.com.cn) Announcement No.:2020-44

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 Zuowen	9	1	8	0	0	No	4
Cai Yuanqing	9	1	8	0	0	No	4
Wang Kai	9	1	8	0	0	No	4

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.

During the reporting period, the Company's independent directors conscientiously performed their duties in accordance with the requirements of regulatory laws and regulations and the company's Independent Director System:

(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.

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 held meetings and formed resolutions on internal audit work plans and reports, hiring audit institutions, the Company's production and operation and financial status, financial final accounts reports, profit distribution plans, fund raising reports, internal control self-evaluation reports, and proposals for hiring audit institutions;

(II) Remuneration and Appraisal Committee: The Remuneration and Appraisal Committee held meetings and formed resolutions on the issue of repurchase and cancellation of some restricted stocks and the remuneration appraisal of senior managers of the Company in 2019.

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 2020 annual senior management assessment plan will be implemented from March to June 2021.

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
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The identification and rectification of deficiency of the internal control:

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.

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.

2. Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	March 12,2021
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Disclosure index of appraisal report on internal control	Juchao Website: (http://www.cninfo.com.cn) , Self-evaluation report of internal control in 2020	
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
Qualitative standard	<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</p>

		<p>get effective rectification.</p> <p>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>
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	
<p>To all shareholders of Shenzhen Textile (Holdings) Co., Ltd.:</p> <p>According to the relevant requirements of the “Audit Guideline of Enterprise Internal Control” and the Chinese CPA criteria, the company has audited the effectiveness of internal control of the financial statement of Shenzhen Textile (Holdings) Co., Ltd. (Shenzhen Textile) at the date of December 31, 2020.</p> <p>1. The responsibility of enterprise for the internal control. According to the provisions of “Fundamental Norms for Enterprise Internal Control”, “Operation Guideline of Enterprise Internal Control” and “Evaluation Guideline of Enterprise Internal Control”, the company has established, perfected and effectively implemented the internal control, and made an evaluation for its effectiveness, which are the responsibilities of the Board of Directors of Shenzhen Textile.</p> <p>2. The responsibility of CPA. The company shall be responsible for the expression of audit opinions on the effectiveness of internal control in the financial statement and the disclosure of serious deficiency of internal control except for the financial statement on the basis of the implementation of audit.</p> <p>3. The inherent limitation of internal control. There is the possibility of unpreventable errors. In addition, due to the change of situation, the inappropriate internal control is maybe shown, or the control policy and the abidance of procedure can be reduced. Based on the audit results of internal control, the future internal control is expected to have a certain risk.</p> <p>4. The audit opinions of internal control in the financial statement. The company believes that Shenzhen Textile has maintained the effective internal control of the financial statement in all the major aspects according to “Fundamental Norms for Enterprise Internal Control” and the relevant provisions on December 31, 2020.</p> <p>Grant Thornton International Ltd.(Special General Partnership)</p> <p style="text-align: center;">Chinese C.P.A. Chen Zhifang</p> <p style="text-align: center;">Chinese C.P.A. Li Yao</p> <p>March 10, 2021</p>	
Disclosure date of audit report	Disclosure

of internal control (full-text)	
Index of audit report of internal control (full-text)	March 12,2021
Internal audit report's opinion	Juchao Website: (http://www.cninfo.com.cn);Audit report of internal control of the Company
Type of audit report on internal control	Unqualified auditor's report
Whether there is significant defection non-financial report	No

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

Yes No

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

Yes No

Chapter 11: 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

Chapter 12: Financial Report

I. Audit report

Type of audit opinion	Standard Unqualified opinion
Type of audit opinion	March 10,2021
Name of audit firm	Grant Thornton International Ltd.(Special General Partnership)
The audit report number	Zi Tong Shen Zi (2021) No.:110ASXXXX
Name of the certified accountants	Chen Zhifang, Li Yao

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, 2020, 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, 2020 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

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

III. Key Audit Matters

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

(1) Recognition of revenue

Please refer to Note III, 26 and Note V, 35 to the financial statement for details of the relevant information disclosure.

1. Description of matters

The operating income of Shenzhen Textile in 2020 was RMB 2,108,964,700, of which the main business income was RMB 2,097,432,900, accounting for 99.45%. As revenue is one of the key performance indicators of Shenzhen Textile, there is inherent risk that the Company's management manipulates revenue recognition in order to achieve specific goals or expectations, and since the main business income is large, we identify revenue recognition as a key audit item.

2. Response to the audit

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

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

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

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

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

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

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

(2) Inventory falling price reserves

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

1. Description of matters

As of December 31, 2020, the balance of inventory depreciation reserve of Shenzhen Textile is RMB 75,474,600. As the inventory depreciation reserve and its changes have a significant influence on the financial statements, the determination of the net realizable value of inventory involves the major judgment and estimation of the management, so we identify the inventory depreciation reserve as a key audit item.

2. Response to the audit

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

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

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

reserve;

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

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

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

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

IV. Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 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.

Grant Thornton International Ltd.(Special General Partnership)

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

Chinese C.P.A. Li Yao

March 10,2021

Beijing China

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, 2020	December 31, 2019
Current asset :		
Monetary fund	279,087,236.95	409,564,847.52
Settlement provision		
Outgoing call loan		
Transactional financial assets	684,617,260.06	830,000,000.00
Derivative financial assets		
Note receivable	16,813,657.28	40,424,601.97
Account receivable	547,310,217.90	365,325,029.38
Financing of receivables	102,051,314.08	17,933,597.98
Prepayments	16,902,516.39	18,445,857.53
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	5,265,002.71	12,440,761.13

Including: Interest receivable		7,610,043.19
Dividend receivable		
Repurchasing of financial assets		
Inventories	480,847,581.44	391,717,935.12
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	77,482,083.47	140,821,609.72
Total of current assets	2,210,376,870.28	2,226,674,240.35
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Other Creditor's investment		
Long-term receivable		
Long term share equity investment	147,929,137.23	152,209,929.72
Other equity instruments investment	190,607,427.54	248,781,946.73
Other non-current financial assets	30,650,943.40	
Real estate investment	110,572,471.92	112,730,320.90
Fixed assets	790,183,905.38	903,229,077.83
Construction in progress	1,301,750,141.12	839,866,275.92

Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	36,048,978.91	36,517,996.34
Development expenses		
Goodwill		
Long-germ expenses to be amortized	2,876,561.53	2,692,750.67
Deferred income tax asset	5,243,425.26	5,618,026.43
Other non-current asset	143,307,689.66	3,079,321.10
Total of non-current assets	2,759,170,681.95	2,304,725,645.64
Total of assets	4,969,547,552.23	4,531,399,885.99
Current liabilities		
Short-term loans		
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	329,468,601.90	241,297,770.64
Advance receipts	3,542,394.33	30,530,117.62
Contract liabilities	279,631.27	
Selling of repurchased financial assets		

Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	55,642,549.53	38,556,180.20
Tax payable	12,198,522.02	22,545,550.33
Other account payable	156,118,440.42	152,645,780.14
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	557,250,139.47	485,575,398.93
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	343,100,174.35	
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		

Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	110,740,322.21	121,264,571.22
Deferred income tax liability	59,141,666.58	69,944,345.66
Other non-current liabilities		
Total non-current liabilities	512,982,163.14	191,208,916.88
Total of liability	1,070,232,302.61	676,784,315.81
Owners' equity		
Share capital	507,772,279.00	509,338,429.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,967,514,358.53	1,974,922,248.03
Less: Shares in stock	7,525,438.20	16,139,003.40
Other comprehensive income	116,605,932.42	119,737,783.31
Special reserve		
Surplus reserves	94,954,652.14	90,596,923.39
Common risk provision		
Retained profit	86,912,390.50	49,307,764.03
Total of owner's equity belong to the parent company	2,766,234,174.39	2,727,764,144.36
Minority shareholders' equity	1,133,081,075.23	1,126,851,425.82

Total of owners' equity	3,899,315,249.62	3,854,615,570.18
Total of liabilities and owners' equity	4,969,547,552.23	4,531,399,885.99

Legal Representative: Zhang Jian

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

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

2.Parent Company Balance Sheet

In RMB

Items	December 31,2020	December 31,2019
Current asset :		
Monetary fund	113,560,327.21	27,979,338.37
Transactional financial assets	514,277,000.82	650,000,000.00
Derivative financial assets		
Note receivable		
Account receivable	1,461,400.20	522,931.04
Financing of receivables		
Prepayments	18,706.17	768,099.94
Other account receivable	7,450,934.40	17,039,506.00
Including: Interest receivable		7,329,228.31
Dividend receivable		
Inventories	8,808.00	
Contract assets		
Assets held for sales		

Non-current asset due within 1 year		
Other current asset		
Total of current assets	636,777,176.80	696,309,875.35
Non-current assets:		
Creditor's right investment		
Other Creditor's investment		
Long-term receivable		
Long term share equity investment	2,103,977,343.32	2,102,430,511.88
Other equity instruments investment	177,142,433.45	206,816,952.64
Other non-current financial assets		
Real estate investment	101,644,481.93	107,199,622.80
Fixed assets	21,876,099.34	25,500,695.77
Construction in progress		19,552.00
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	492,923.62	659,937.75
Development expenses		
Goodwill		
Long-germ expenses to be amortized		800,858.17
Deferred income tax asset	5,097,360.00	5,466,478.06

Other non-current asset	96,871,196.43	
Total of non-current assets	2,507,101,838.09	2,448,894,609.07
Total of assets	3,143,879,014.89	3,145,204,484.42
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Note payable		
Account payable	411,743.57	411,743.57
Advance receipts	639,024.58	2,878,936.58
Contract Liabilities	2,236,912.00	
Employees' wage payable	14,824,723.81	11,910,175.11
Tax payable	11,497,591.21	20,801,961.18
Other account payable	95,023,378.12	119,984,209.60
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	124,633,373.29	155,987,026.04
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	500,000.00	600,000.00
Deferred income tax liability	56,150,418.06	66,953,097.14
Other non-current liabilities		
Total non-current liabilities	56,650,418.06	67,553,097.14
Total of liability	181,283,791.35	223,540,123.18
Owners' equity		
Share capital	507,772,279.00	509,338,429.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,583,307,509.86	1,589,869,499.36
Less: Shares in stock	7,525,438.20	16,139,003.40
Other comprehensive income	91,494,901.23	110,764,037.74
Special reserve		
Surplus reserves	94,954,652.14	90,596,923.39
Retained profit	692,591,319.51	637,234,475.15

Total of owners' equity	2,962,595,223.54	2,921,664,361.24
Total of liabilities and owners' equity	3,143,879,014.89	3,145,204,484.42

3. Consolidated Income statement

In RMB

Items	Year 2020	Year 2019
I. Income from the key business	2,108,964,687.80	2,158,184,855.71
Incl: Business income	2,108,964,687.80	2,158,184,855.71
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,030,833,538.40	2,168,659,186.75
Incl: Business cost	1,814,298,395.02	1,973,495,608.35
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	7,347,125.65	8,466,143.40
Sales expense	28,644,230.87	20,785,078.66
Administrative expense	105,094,934.36	96,870,842.37

R & D costs	67,160,964.22	53,178,714.33
Financial expenses	8,287,888.28	15,862,799.64
Including: Interest expense	234,815.67	4,893,018.58
Interest income	3,702,735.59	8,593,894.58
Add: Other income	29,506,252.69	27,547,902.92
Investment gain (“-” for loss)	22,599,670.74	78,038,530.25
Incl: investment gains from affiliates	-3,446,613.86	-7,404,083.27
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value	2,687,518.74	
Credit impairment loss	-10,394,533.65	7,005,890.93
Impairment loss of assets	-72,412,477.63	-97,172,532.71
Assets disposal income	276,544.73	3,967.97
III. Operational profit (“-” for loss)	50,394,125.02	4,949,428.32
Add : Non-operational income	1,445,662.38	5,003,548.34
Less: Non-operating expense	138,421.27	420,575.07
IV. Total profit(“-” for loss)	51,701,366.13	9,532,401.59
Less: Income tax expenses	8,203,720.98	28,059,080.22
V. Net profit	43,497,645.15	-18,526,678.63
(I) Classification by business continuity		
1.Net continuing operating profit	43,497,645.15	-18,526,678.63
2.Termination of operating net profit		

(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	37,267,995.74	19,679,910.43
2.Minority shareholders' equity	6,229,649.41	-38,206,589.06
VI. Net after-tax of other comprehensive income	-3,131,850.89	-52,500,997.28
Net of profit of other comprehensive income attributable to owners of the parent company.	-3,131,850.89	-52,500,997.28
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-2,815,824.67	-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	-2,815,824.67	-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 in to profit or loss.	-316,026.22	214,916.36
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		

4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	-316,026.22	214,916.36
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	40,365,794.26	-71,027,675.91
Total comprehensive income attributable to the owner of the parent company	34,136,144.85	-32,821,086.85
Total comprehensive income attributable minority shareholders	6,229,649.41	-38,206,589.06
VIII. Earnings per share		
(I) Basic earnings per share	0.07	0.04
(II)Diluted earnings per share	0.07	0.04

Legal Representative: Zhang Jian

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

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

4. Income statement of the Parent Company

In RMB

Items	Year 2020	Year 2019
I. Income from the key business	61,296,888.21	123,585,753.10
Incl: Business cost	10,666,274.44	60,654,551.98
Business tax and surcharge	2,435,257.11	3,088,345.17

Sales expense		
Administrative expense	38,680,586.21	38,275,813.43
R & D expense		
Financial expenses	-1,020,628.37	-2,114,743.82
Including: Interest expenses	13,780.96	476,191.57
Interest income	1,012,329.64	2,611,348.37
Add: Other income	117,006.72	106,720.83
Investment gain ("-" for loss)	35,656,479.65	68,053,467.35
Including: investment gains from affiliates	-3,446,613.86	-7,404,083.27
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value	392,767.12	
Credit impairment loss	-799,858.92	-194,490.83
Impairment loss of assets	-95,343.40	
Assets disposal income	286,963.56	280.00
II. Operational profit ("-" for loss)	46,093,413.55	91,647,763.69
Add : Non-operational income	562,910.99	146,868.07
Less: Non -operational expenses	27,244.40	
III. Total profit("-" for loss)	46,629,080.14	91,794,631.76
Less: Income tax expenses	7,746,152.13	25,628,936.32
IV. Net profit	38,882,928.01	66,165,695.44
1.Net continuing operating profit	38,882,928.01	66,165,695.44
2.Termination of operating net profit		

V. Net after-tax of other comprehensive income	-3,131,850.89	-52,500,997.28
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-2,815,824.67	-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	-2,815,824.67	-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	-316,026.22	214,916.36
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	-316,026.22	214,916.36
7.Other		
VI. Total comprehensive income	35,751,077.12	13,664,698.16

VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Year 2020	Year 2019
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,827,292,276.43	2,239,603,149.40
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	116,428,895.93	37,887,179.50
Other cash received from business operation	123,408,000.43	61,696,291.74
Sub-total of cash inflow	2,067,129,172.79	2,339,186,620.64

Cash paid for purchasing of merchandise and services	1,742,576,211.51	1,664,396,359.07
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	181,692,353.93	163,768,856.39
Taxes paid	43,712,017.07	31,514,698.29
Other cash paid for business activities	97,217,657.52	96,360,918.39
Sub-total of cash outflow from business activities	2,065,198,240.03	1,956,040,832.14
Net cash generated from /used in operating activities	1,930,932.76	383,145,788.50
II. Cash flow generated by investing		
Cash received from investment retrieving	6,437,640.00	60,428,769.00
Cash received as investment gains	2,908,856.94	5,821,323.94
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,800,914.39	298,580.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	3,240,861,003.37	4,164,457,418.70
Sub-total of cash inflow due to investment activities	3,253,008,414.70	4,231,006,091.64
Cash paid for construction of fixed assets, intangible assets and other long-term assets	564,014,103.94	618,799,656.48
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	3,008,065,275.20	4,556,430,000.00
Sub-total of cash outflow due to investment activities	3,572,079,379.14	5,175,229,656.48
Net cash flow generated by investment	-319,070,964.44	-944,223,564.84
III.Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	342,660,000.00	86,033,453.75
Other financing - related cash received		203,775,154.17
Sub-total of cash inflow from financing activities	342,660,000.00	289,808,607.92
Cash to repay debts		536,552,100.76
Cash paid as dividend, profit, or interests	3,511,622.58	43,473,617.45
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	9,344,136.30	13,791,675.60
Sub-total of cash outflow due to financing activities	12,855,758.88	593,817,393.81
Net cash flow generated by financing	329,804,241.12	-304,008,785.89
IV. Influence of exchange rate alternation on cash and cash equivalents	-2,973,560.67	158,915.19
V.Net increase of cash and cash equivalents	9,690,648.77	-864,927,647.04
Add: balance of cash and cash equivalents at the beginning of term	268,646,588.18	1,133,574,235.22
VI ..Balance of cash and cash equivalents at the end of	278,337,236.95	268,646,588.18

term		
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6. Cash Flow Statement of the Parent Company

In RMB

Items	Year 2020	Year 2019
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	64,167,036.73	76,051,827.26
Tax returned		
Other cash received from business operation	6,524,378.62	16,144,244.57
Sub-total of cash inflow	70,691,415.35	92,196,071.83
Cash paid for purchasing of merchandise and services	4,462,365.49	5,479,277.51
Cash paid to staffs or paid for staffs	27,619,751.65	22,463,068.76
Taxes paid	34,788,061.46	20,712,126.49
Other cash paid for business activities	8,944,859.88	25,827,850.33
Sub-total of cash outflow from business activities	75,815,038.48	74,482,323.09
Net cash generated from /used in operating activities	-5,123,623.13	17,713,748.74
II. Cash flow generated by investing		
Cash received from investment retrieving	6,437,640.00	72,428,769.00
Cash received as investment gains	1,957,306.47	2,715,003.90
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,759,267.00	34,500.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,623,459,188.57	1,448,303,833.93
Sub-total of cash inflow due to investment activities	1,634,613,402.04	1,523,482,106.83

Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,528,077.97	10,991,096.71
Cash paid as investment	3,555,968.96	
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	1,530,015,275.20	1,580,000,000.00
Sub-total of cash outflow due to investment activities	1,536,099,322.13	1,590,991,096.71
Net cash flow generated by investment	98,514,079.91	-67,508,989.88
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Other financing - related cash received	6,545,900.00	3,806,454.17
Sub-total of cash inflow from financing activities	6,545,900.00	3,806,454.17
Cash to repay debts		
Cash paid as dividend, profit, or interests	11,231.64	356,766.80
Other cash paid for financing activities	14,344,136.30	11,091,675.60
Sub-total of cash outflow due to financing activities	14,355,367.94	11,448,442.40
Net cash flow generated by financing	-7,809,467.94	-7,641,988.23
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	85,580,988.84	-57,437,229.37
Add: balance of cash and cash equivalents at the beginning of term	27,979,338.37	85,416,567.74
VI ..Balance of cash and cash equivalents at the end of term	113,560,327.21	27,979,338.37

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Year 2020														
	Owner's equity Attributable to the Parent Company												Minor shareholders' equity	Total of owners' equity	
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other			Subtotal
		Preferred stock	Sustainable debt	Other											
I. Balance at the end of last year	509,338,429.00				1,974,922,248.03	16,139,003.40	119,737,783.31		90,596,923.39		49,307,764.03		2,727,764.36	1,126,851,425.82	3,854,615,570.18
Add: Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II. Balance at the beginning of current year	509,338,429.00				1,974,922,248.03	16,139,003.40	119,737,783.31		90,596,923.39		49,307,764.03		2,727,764.36	1,126,851,425.82	3,854,615,570.18

III.Changed in the current year	-1,566,150.00				-7,407,889.50	-8,613,565.20	-3,131,850.89			4,357,728.75			37,604,626.47		38,470,030.03	6,229,649.41	44,699,679.44
(1) Total comprehensive income							1,562,508.59						37,267,995.74		38,830,504.33	6,229,649.41	45,060,153.74
(II) Investment or decreasing of capital by owners	-1,566,150.00				-7,407,889.50	-8,613,565.20									-360,474.30		-360,474.30
1. Ordinary Shares invested by shareholders																	
2. Holders of other equity instruments invested capital																	
3. Amount of shares paid and accounted as owners' equity																	
4. Other	-1,566,150.00				-7,407,889.50	-8,613,565.20									-360,474.30		-360,474.30
(III) Profit allotment										3,888,292.80			-3,888,292.80				
1.Providing of surplus reserves										3,888,292.80			-3,888,292.80				

									. 80		2. 8 0			
2. Providing of common risk provisions														
3. Allotment to the owners (or shareholders)														
4. Other														
(IV) Internal transferring of owners' equity									-4, 694, 35 9. 4 8		469, 43 5. 9 5		4, 2 24, 923 . 53	
1. Capitalizing of capital reserves (or to capital shares)														
2. Capitalizing of surplus reserves (or to capital shares)														
3. Making up losses by surplus reserves.														
4. Change amount of defined benefit plans that carry forward Retained earnings														
5. Other comprehensive income carry-over									-4, 694, 35 9. 4		469, 43 5. 9		4, 2 24, 923	

retained earnings							8		5		.53				
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end of this term	507,772,279.00				1,967,514,358.53	7,525,438.20	116,605,932.42		94,954,652.14		86,912,390.50		2,766,234,174.39	1,133,081,075.23	3,899,315,249.62

Amount in last year

In RMB

Items	Year 2019														
	Owner's equity Attributable to the Parent Company												Min or shareholders' equity	Total of owners' equity	
	Share Capital	Other Equity instrument			Capital reserves	Les: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other			Subtotal
		Preferred stock	Sustainable debt	Other											
I. Balance at the end of last year	511,274,149.00				1,865,716,983.63	27,230,679.00	1,339,208.41		80,004,803.3		-57,774,473.41		2,373,329,991.86	1,086,150,534.88	3,459,480,526.74
Add: Change of accounti							170,899.5	3,975,550		35,779,95		210,655,078.		210,655,078.	

ng policy						72. 18		.61		5.5 3		32		32
Correcting of previous errors														
Merger of entities under common control														
Other														
II. Balance at the beginning of current year	511, 274 ,14 9.0 0			1,86 5,71 6,98 3.63	27, 230 ,67 9.0 0	172 ,23 8,7 80. 59		83, 980 ,35 3.8 4		-21, 994 ,51 7.8 8		2,58 3,98 5,07 0.18	1,08 6,15 0,53 4.88	3,67 0,13 5,60 5.06
III .Changed in the current year	-1,9 35, 720 .00			109, 205, 264. 40	-11, 091 ,67 5.6 0	-52, 500 ,99 7.2 8		6,6 16, 569 .55		71, 302 ,28 1.9 1		143, 779, 074. 18	40,7 00,8 90.9 4	184, 479, 965. 12
(1) Total comprehensiv e income						5,7 37, 943 .75				19, 679 ,91 0.4 3		25,4 17,8 54.1 8	-38, 206, 589. 06	-12, 788, 734. 88
(II) Investment or decreasing of capital by owners	-1,9 35, 720 .00			-9,1 55,9 55.6 0	-11, 091 ,67 5.6 0									
1. Ordinary S hares invested by sharehold ers														
2. Holders of other equity i nstruments in vested 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																				
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				1,974,922,248.03	16,139,003.40	119,737,783.31		90,596,923.39		49,307,764.03		2,727,764,436.36	1,126,851,425.82						3,854,615,570.18

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

Amount in this period
In RMB

Items	Year 2020											Total of owner's 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	509,338,429.00				1,589,869,439.00	16,139,003.40	110,764,033.39		90,596,923.39	637,234,474.36		2,921,664,331.00

end of last year	9.00				99.36	03.4 0	7.74		23.3 9	5.15		61.24
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74		90,596,923.39	637,234,475.15		2,921,664,361.24
III .Changed in the current year	-1,566,150.00				-6,561,989.50	-8,613,565.20	-3,131,850.89		4,357,728.75	39,219,558.74		40,930,862.30
(I) Total comprehensive income							1,562,508.59			38,882,928.01		40,445,436.60
(II) Investment or decreasing of capital by owners	-1,566,150.00				-7,407,889.50	-8,613,565.20						-360,474.30
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other	-1,566,150.00				-7,407,889.50	-8,613,565.20						-360,474.30
(III) Profit allotment									3,888,292.80	-3,888,292.80		
1.Providing of surplus reserves									3,888,292.80	-3,888,292.80		

2. Allotment to the owners (or shareholders)												
3. Other												
(IV) Internal transferring of owners' equity							-4,694,359.48		469,435.95	4,224,923.53		
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward												
Retained earnings												
5. Other comprehensive income carry-over retained earnings							-4,694,359.48		469,435.95	4,224,923.53		
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other					845,900.00							845,900.00
IV. Balance at the end of this term	507,772,279.00				1,583,307,509.86	7,525,438.20	107,632,186.85		94,954,652.14	676,454,033.89		2,962,595,223.54

Amount in last year

In RMB

Items	Year 2019											
	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				1,599,025,454.96	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							-58,238,941.03			58,238,941.03			

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

III. Basic Information of the Company

(1) Company Profile

Shenzhen Textile (Group) Co., Ltd. (hereinafter referred to as "Company" or "the Company") is a joint-stock company registered in Guangdong Province with a registered capital of RMB 511.274149 million and a unified social credit code of 91440300192173749Y. The Company has publicly issued RMB common shares (A shares) and domestic listed foreign shares (B shares) to the public at home and abroad, and listed and traded them. The Company is headquartered address are 6/F,Shenfang Building, No.3 Huaqiang Road. North, Futian District, Shenzhen.

The company was previously the Shenzhen Textile Industry Company, on April 13, 1994, approved by the Letter(1994)No.15 issued by Shenzhen Municipal People's Government, the Company was restructured and named as Shenzhen Textile (Group) Co., Ltd. , As of December 31, 2020, the Company has issued a total of 507,772,279.00 shares.

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

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

The financial statements have been authorized for issuance of the 2n meeting of the 8th Board of Directors of the Group on March 10,2021.

(2) Scope of consolidated financial statements

As of December 31, 2020, A total of 8 subsidiaries of the Company are included in the scope of consolidation. For details, please refer to Note VII "Rights and Interests in Other Subjects". The consolidation scope of the Company this year has increased by one compared with the previous year. For details, please refer to Note VI "Change of Consolidation Scope".

IV. Basic for the preparation of financial statements

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions (collectively referred to as the "Accounting Standards for Business Enterprises"). In

addition, the Company also disclosed relevant financial information in accordance with the Rules No.15 for the Information Disclosure and Compilation of Companies Offering Securities Public Issuance - General Provisions on Financial Report (revised in 2014) issued by China Securities Regulatory Commission.

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

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

VII. Important accounting policies and estimations

According to its own production and operation characteristics, the Company determines the policies of depreciation of fixed assets, amortization of intangible assets and revenue recognition. See Note III. 16, III. 19 and III. 26 for specific accounting policies.

1.Statement on complying with corporate accounting standards

This financial statement conforms to the requirements of Accounting Standards for Business Enterprises, and truly and completely reflects the combination and financial status of the Company on December 31, 2020, as well as the combination and operating results and cash flow of the Company in 2020.

2.Fiscal Year

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

3. Operating cycle

The operating cycle of the Company is 12 months.

4. Accounting standard money

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

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

(1) Enterprise merger under same control

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

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

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

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the merging party in the combination shall be measured according to the book value in the consolidated

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

(2) Business combination involving entities not under common control

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

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

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

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

In the consolidated financial statements, the consolidated cost is the sum of the consideration paid on the acquisition date and the fair value of the equity of the acquiree held before the acquisition date on the acquisition date. The equity of the acquiree held before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current income; Equity of the acquiree held before the acquisition date involves other comprehensive income, and other changes in owner's equity are converted into current income on the acquisition date, except for other comprehensive income arising from the remeasurement of net liabilities or changes in net assets of the set income plan by the investee.

(3) Treatment of transaction costs in business combination

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

6 Compilation method of consolidated financial statements

(1) The scope of consolidation

The consolidation scope of consolidated financial statements is determined on the basis of control. Control refers to that the company has the power over the investee, enjoys variable returns by participating

in the related activities of the investee, and has the ability to use the power over the investee to affect its return amount. Subsidiaries refer to subjects controlled by the Company (including enterprises, divisible parts of investee, structured subjects, etc.).

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

(2) Compilation method of consolidated financial statements

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

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

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

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

(3) Acquisition of minority shareholders' equity of subsidiaries

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

(4) Treatment of losing control over subsidiaries

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

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

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

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

(1) Joint operation

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

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

A. Recognize assets held separately and assets held jointly according to their shares;

B. Recognize the liabilities undertaken separately, and recognize the liabilities jointly undertaken according to their shares;

C. Recognize the income generated from the sale of its share of joint operating output;

D. Recognize the income generated by the sale of output from joint operation according to their shares;

E. Recognize the expenses incurred separately, and recognize the expenses incurred in joint operation according to their shares.

(2) Joint venture

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

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

8. Recognition Standard of Cash & Cash Equivalents

Cash refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to investments held by the Company with short term, strong liquidity, easy conversion into known cash and little risk of value change.

9. Foreign currency transaction

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

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

10. Financial instruments

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

(1) Recognition and derecognition of financial instruments

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

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

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

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

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

(2) Classification and measurement of financial assets

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

Financial assets measured at amortized cost

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

The Company's business model of managing such financial assets is to collect contract cash flow as the goal;

According to the contract terms of the financial asset, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount.

After initial recognition, such financial assets are measured in amortized cost by the effective interest rate method. Gains or losses arising from financial assets measured in amortized cost that are not part of any hedging relationship are included in current profits and losses when derecognition, amortization according to the effective interest rate method, or impairment recognition.

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

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

The company's business model of managing the financial assets aims at both collecting contract cash flow and selling the financial assets.

According to the contract terms of the financial asset, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount.

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

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

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

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

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

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

The business model of managing financial asset refers to how the Company manages financial assets to generate cash flow. The business model determines whether the cash flow of financial assets managed by the Company comes from contract cash flow, sale of financial assets or both. The Company determines the business model of managing financial assets based on objective facts and specific business objectives of managing financial assets decided by key management personnel.

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

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

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

(3) Classification and measurement of financial liabilities

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

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

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

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

Financial liabilities measured in amortized cost

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

Distinction between financial liabilities and equity instruments

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

- ① Contract obligation to deliver cash or other financial assets to other parties.
- ② The contractual obligation to exchange financial assets or financial liabilities with other parties under potential unfavorable conditions.
- ③ Non-derivative contracts that need to be settled or can be settled by the enterprise's own equity instruments in the future, for which the enterprise will deliver a variable number of its own equity instruments according to this contract.
- ④ Derivative contracts that need to be settled or can be settled by the enterprise's own equity instruments in the future, except for derivative contracts that exchange a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets.

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

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

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

(4) Derivative financial instruments and embedded derivative instruments

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

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

(5) Fair value of financial instruments

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

(6) Impairment of financial assets

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

- ① Financial assets measured at amortized cost;
- ② Receivables and debt investments measured at fair value and included in other comprehensive income;
- ③ Lease receivables;
- ④ Financial guarantee contracts (except those which are measured at fair value with changes included in current profits and losses, in which the transfer of financial assets does not meet the conditions for derecognition, or those formed by continuing to involve the transferred financial assets).

Measurement of expected credit loss

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between the cash flow of all contracts discounted according to the original real interest rate and the expected cash flow of all contracts receivable according to the contract, that is, the present value of all cash shortages.

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

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

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

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

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

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

For notes receivable and accounts receivable, regardless of whether there is significant financing

component, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

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

A. Notes receivable

Notes receivable portfolio 1: bank acceptance bill

Notes receivable portfolio 2: commercial acceptance bill

B. Accounts receivable

Accounts receivable portfolio 1: polarizer sales receivable

Accounts receivable portfolio 2: textile and garment sales receivable

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

Accounts receivable portfolio 4: other receivables

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

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

Other receivables

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

Other receivables portfolio: aging portfolio

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

Debt investment and other debt investment

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

Evaluation of significant increase in credit risk

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

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

- The debtor fails to pay the principal and interest according to the expiration date of the contract;
- Serious deterioration of external or internal credit rating (if any) of financial instruments that has occurred or is expected;

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- Serious deterioration of the debtor's operating results that has occurred or is expected;
 - Changes in existing or expected technology, market, economic or legal environment, and significant adverse effects on the debtor's repayment ability of the Company.

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

Financial assets with credit impairment

On the balance sheet date, the Company evaluates whether the financial assets measured at amortized cost and the creditor's rights investments measured at fair value with changes included in other comprehensive income have suffered credit impairment. When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

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

Presentation of expected credit loss provision

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

Cancel after verification

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

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

(7) Transfer of financial assets

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

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

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

to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

(8) Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, which can be enforced at present, and the Company plans to settle by net amount or at the same time realize such financial assets and pay off such financial liabilities, the financial assets and financial liabilities are listed in the balance sheet with the amount after offset. In addition, financial assets and financial liabilities are listed separately in the balance sheet and will not be offset against each other.

11. Fair value measurement

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.

The Company measures related assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities is conducted in the main market of related assets or liabilities; If there is no major market, the Company assumes that the transaction will be conducted in the most favorable market of related assets or liabilities. The main market (or the most favorable market) is the trading market that the Company can enter on the measurement day. The Company adopts the assumptions used by market participants to maximize their economic benefits when pricing the assets or liabilities.

If there are financial assets or financial liabilities in an active market, the fair value of the financial assets or financial liabilities shall be determined by the quotation in the active market by the Company. For financial instruments with active market, the Company adopts valuation technology to determine their fair values.

When measuring non-financial assets at fair value, the ability of market participants to apply the assets for the best purpose to generate economic benefits or the ability to sell the assets to other market participants for the best purpose to generate economic benefits shall be considered.

The Company adopts the valuation technology which is applicable in the current situation and supported by sufficient available data and other information, and gives priority to the relevant observable input values, and only uses the unobservable input values when the observable input values are unavailable or impractical.

For assets and liabilities measured or disclosed at fair value in financial statements, the fair value level is determined according to the lowest level input value which is of great significance to fair value measurement as a whole: The first-level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in an active market; The second-level input value is directly or indirectly observable input value of related assets or liabilities except the first-level input value; The third-level input value is the unobservable input value of related assets or liabilities.

On each balance sheet date, the Company reassesses the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether there is a conversion between the fair value measurement levels.

12. Inventory

(1) Inventories class

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

(2) Pricing method of issued inventory

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

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

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

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

(4) Inventory system of inventory

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

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

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

13. Held for sale and discontinuing operation

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

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

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

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

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

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

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

Non-current assets held for sale and assets in disposal group held for sale are not depreciated or

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

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

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

② Recoverable amount.

(2) Discontinuing operation

Discontinuing operation refers to the components that have been disposed of by the Company or classified as held-for-sale by the Company and can be distinguished separately, which meet one of the following conditions:

① Such component represents an independent main business or a separate main business area.

② Such component is part of an associated plan to dispose an independent main business or a separate main business area.

③ Such component is a subsidiary acquired for resale.

(3) Presentation

In the balance sheet, the Company presents the non-current assets held for sale or the assets in the disposal group held for sale as "assets held for sale", and presents the liabilities in the disposal group held for sale as "liabilities held for sale".

The Company separately presents the profit and loss from continuing operations and the profit and loss from discontinuing operations in the income statement. For non-current assets or disposal groups held for sale that do not meet the definition of discontinuing operation, the impairment loss, reversal amount and disposal profit and loss are presented as the profit and loss of continuing operations. Operating profit and loss and disposal profit and loss such as impairment loss and reversal amount of discontinuing operation are presented as discontinuing operation profits and losses.

A disposal group that intends to terminate its use instead of selling and meets the conditions of relevant components in the definition of discontinuing operation shall be presented as discontinuing operation from the date when it ceases to use.

For the discontinuing operation reported in the current period, in the current financial statements, the information originally presented as the profits and losses of continuing operation is re-presented as the profits and losses of discontinuing operation in the comparable accounting period. If the discontinuing operation no longer meets the classification conditions of holding for sale, the information originally presented as the profits and losses of discontinuing operation in the current financial statements will be presented again as the profits and losses of continuing operation in the comparable accounting period.

14. Long-term equity investments

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and profit and loss recognition method

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

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

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

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

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

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

If the control over the investee is lost due to the disposal of part of equity investment, and the remaining equity after disposal can jointly control or exert significant influence on the investee, it shall be

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

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

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

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

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

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

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

(4) Equity investment held for sale

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

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

If the equity investment in an associated enterprise or joint venture that has been classified as held for

sale no longer meets the classification conditions of assets held for sale, the equity method shall be used for retrospective adjustment from the date that it is classified as assets held for sale.

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

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

15. Investment real estate

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

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

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

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

16. Fixed assets

(1) Recognition conditions of fixed assets

The Company's fixed assets refer to tangible assets held for the production of commodities, provision of labor services, leasing or operation and management, with a service life exceeding one fiscal year.

Only when the economic benefits related to the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be measured reliably, can the fixed assets be recognized.

The fixed assets of the Company are initially measured according to the actual cost at the time of acquisition.

(2) Depreciation methods of various fixed assets

The Company adopts the life average method to accrue depreciation. Depreciation of fixed assets begins when they reach the intended usable state, and stops when they are derecognized or classified as non-current assets held for sale. Without considering the impairment provision, according to the category, estimated service life and estimated residual value of fixed assets, the Company determines the annual depreciation rate of various fixed assets as follows:

Category	Expected useful life (Year)	Estimated residual value	Depreciation
House and Building-- Production	35	4.00	2.74
House and Building-Non-Production	40	4.00	2.40
Decoration of Fixed assets	10		10.00
Machinery and equipment	10-14	4.00	9.60-6.86
Transportation equipment	8	4.00	12.00
Electronic equipment	8	4.00	12.00
Other equipment	8	4.00	12.00

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

(3) See Note III. 21 for the impairment test method and accrual method for impairment provision of fixed assets.

(4) Identification basis, valuation method and depreciation method of fixed assets leased by financing

Fixed assets leased by the Company shall be recognized as fixed assets acquired under finance leases when they meet one or more of the following criteria:

① Upon expiration of the lease term, the ownership of the leased assets shall be transferred to the Company.

② The Company has the option right to purchase the leased assets, and the concluded purchase price is expected to be far lower than the fair value of the leased assets when exercising the option right. Therefore, the exercise of this option right by the Company can be determined reasonably on the starting date of the lease.

③ Even though the ownership of the assets is not transferred, the lease term accounts for most of the service life of the leased assets.

④ The present value of the minimum lease payment of the Company on the lease start date is almost equal to the fair value of the leased assets on the lease start date.

⑤ In case of special properties of the leased assets and no large alteration, only the Company can use them.

Fixed assets leased by finance lease shall be recorded at the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment. The minimum lease payment is taken as the recorded value of long-term payables, and the difference is taken as unrecognized financing expenses. Initial direct expenses such as handling fees, attorney fees, travel expenses, stamp duty, etc., which occur during the lease negotiation and signing of the lease contract, are included in the value of the leased assets. Unrecognized financing expenses are amortized by the effective interest rate method in each period of the lease term.

Fixed assets leased by financing shall be depreciated by adopting policies consistent with the self-owned fixed assets. If it can be reasonably determined that the ownership of the leased asset will be acquired upon the expiration of the lease term, depreciation shall be accrued within the serviceable life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the serviceable life of the leased asset.

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

If the estimated service life is different from the original estimate, the service life of fixed assets shall be adjusted; If the estimated net salvage value is different from the original estimate, the estimated net salvage value shall be adjusted.

(6) Major repair cost

The major repair cost incurred by the Company in carrying out regular inspections of fixed assets, if there is conclusive evidence showing that they meet the conditions for recognition of fixed assets, shall be included in the cost of fixed assets, while those that do not meet the conditions for recognition of fixed assets shall be included in the profits and losses of the current period. Fixed assets shall be depreciated during the interval between regular overhaul.

17. Construction in progress

The cost of construction in progress of the Company is determined according to the actual project

expenditure, including all necessary project expenditures incurred during the construction period, borrowing costs that should be capitalized before the project reaches the intended usable state, and other related expenses.

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

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

18. Borrowing costs

(1) Recognition principle of capitalization of borrowing costs

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

- ① Asset expenditure has already occurred, including the expenditure incurred in the form of payment in cash, transfer of non-cash assets or assumption of interest-bearing debts for the purchase, construction or production of assets that meet the capitalization conditions;
- ② Borrowing costs have already occurred;
- ③ The purchase, construction or production activities necessary to make the assets reach the intended usable or saleable state have started.

(2) Capitalization period of borrowing costs

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

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

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

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

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

19. Intangible assets

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

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

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

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

At the end of each year, the Company rechecks the service life and amortization method of intangible assets with limited service life, adjusts the original estimate if it is different from the previous estimate, and handles the change according to the accounting estimate.

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

See Note III. 21 for the method of depreciation of intangible assets.

20. Research and development expenditure

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

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

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

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

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

21. Assets Impairment

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

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

The recoverable amount is determined according to the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the estimated future cash flow of the asset. The Company estimates its recoverable amount on the basis of individual assets; If it is difficult to estimate

the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. The identification of asset group is based on whether the main cash inflow generated by asset group is independent of cash inflow of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the Company will write down its book value to the recoverable amount, and the written-down amount will be included in the current profits and losses, and the corresponding asset impairment provision will be accrued at the same time.

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

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

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

22. Long-term deferred expenses

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

23. remuneration

(1) Scope of employee remuneration

Employee compensation refers to various forms of remuneration or compensation given by enterprises to obtain services provided by employees or to terminate labor relations. Employee remuneration includes short-term salary, post-employment benefits, dismissal benefits and other long-term employee benefits. Benefits provided by enterprises to spouses, children, dependents, family dependants of deceased employees and other beneficiaries are also employee remuneration.

According to liquidity, employee remuneration is listed in the "Payable Employee Remuneration" and "Long-term Payable Employee Remuneration" in the balance sheet.

(2) Short term remuneration

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

(3) Post-employment benefits

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

Set deposit plan

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

plan, etc.

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

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

Set benefit plan

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

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

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

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

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

(4) Dismissal benefits

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

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

(5) Other long-term benefits

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

24. Estimated Liabilities

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

(1) Such obligation is the current obligation undertaken by the Company;

(2) The performance of such obligation is likely to lead to the outflow of economic benefits from the Company;

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

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

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

25. Share-based payment and equity instruments

(1) Types of share-based payment

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

(2) Method for determining fair value of equity instruments

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

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

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

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

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

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

waiting period, based on the best estimation of the feasibility and according to the fair value of the liabilities assumed by the Company, the services obtained in the current period are included in the costs or expenses and corresponding liabilities. On each balance sheet date and settlement date before the settlement of related liabilities, the fair value of liabilities shall be re-measured, and the changes shall be included in the current profits and losses.

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

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

① Distinction between financial liabilities and equity instruments

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

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

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

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

26. Revenue

(1) General principles

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

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

performance obligation.

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

- ① The customer obtains and consumes the economic benefits brought by the Company's performance at the same time of the its performance.
- ② Customers can control the goods under construction during the performance of the Company.
- ③ The commodities produced during the performance of the Company have irreplaceable uses, and the Company has the right to collect payment for the performance part accumulated so far during the whole contract period.

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

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

- ① The Company has the current right to receive payment for the goods or services, that is, the customer has the current payment obligation for the goods or services.
- ② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.
- ③ The Company has transferred the physical goods to the customer, that is, the customer has physically taken possession of the goods.
- ④ The Company has transferred the main risks and rewards on the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the goods.
- ⑤ The customer has accepted the goods.
- ⑥ Other signs that the customer has obtained control of the goods.

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

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

(2) Specific method

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

Polarizer/Textile and garment sales contract:

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

Export: A. When the customer receives goods in China, the revenue recognition is the same as

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

Revenue from property/accommodation services:

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

27.Contract costs

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

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

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

- ① Such cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only due to this contract;
- ② Such cost increases the resources of the Company for fulfilling its performance obligations in the future;
- ③ The cost is expected to be recovered.

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

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

- ① The remaining consideration expected to be obtained by the Company due to the transfer of goods or services related to the asset;
- ② The estimated cost to be incurred for transferring the related goods or services.

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

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

28.Government subsidy

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

Government subsidies for monetary assets shall be measured according to the amount received or

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

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

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

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

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

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

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

29. The Deferred Tax Assets / The deferred Tax Liabilities

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

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

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

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

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

For deductible temporary differences, deductible losses and tax deductions that can be carried forward to later years, the Company shall recognize the deferred income tax assets arising therefrom to the extent

that it is likely to obtain the future taxable income used to offset the deductible temporary differences, deductible losses and tax deductions, unless the deductible temporary differences are generated in the following transactions:

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

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

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

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

30. Operating lease and financing lease

The Company recognizes the leases that have substantially transferred all risks and rewards related to asset ownership as financial leases, and other leases except financial leases as operating leases.

(1) The Company serves as the lessor

In the financial lease, at the beginning date of the lease term, the Company takes the sum of the minimum lease payment and the initial direct expenses as the recorded value of the financial lease receivable, and records the unsecured residual value; The difference between the sum of the minimum lease payment amount, initial direct expenses and unsecured residual value and its present value is recognized as unrealized financing income. For the unrealized financing income, the current financing income shall be calculated and recognized as per the effective interest method in all periods within the lease term.

For the rent in the operating lease, the Company recognizes the current profits and losses according to the straight-line method in each period of the lease term. The initial direct expenses incurred are included in current profits and losses.

(2) The Company serves as the lessee

In financial leasing, at the beginning date of the lease term, the Company take the lower of the fair value of leased assets and the present value of the minimum lease payment as the recorded value of leased assets, and the minimum lease payment as the recorded value of long-term payables, and the difference between them as unrecognized financing expenses. The initial direct cost shall be included into the value of the leased assets. For the unrecognized financing cost, the current financing cost shall be calculated and recognized as per the effective interest method in all periods within the lease term. The Company adopts the depreciation policy consistent with that of the self-owned fixed assets to withdraw the depreciation of the leased assets.

The rent in the operating lease is included in the relevant asset cost or current profits and losses by the Company according to the straight-line method in each period of the lease term; The initial direct expenses incurred are included in current profits and losses.

(3) Rent concession caused by COVID-19 outbreak

For rent concessions such as rent reduction or exemption and deferred payment reached between the Company and the lessee on the existing lease contract directly caused by the COVID-19 outbreak, and the following conditions are met, the Company adopts simplified methods for leasing houses and buildings:

① The lease consideration after concession is reduced or basically unchanged compared with that

before concession, in which the lease consideration is not discounted or is discounted at the discount rate before concession;

② After comprehensive consideration of qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the lease.

The Company does not evaluate whether there is any lease change.

When the Company serves as the lessor, for operating lease, the Company continues to recognize the original contract rent as lease revenue in the same way as before the concession. In case of rent reduction or exemption, the Company will take the reduced rent as contingent rent and offset the lease revenue during the reduction or exemption period. In case of rent reduction or exemption, the Company will take the reduced rent as contingent rent, and when the concession agreement is reached and other rights to collect the original rent are waived, the original recognized lease revenue will be offset.

31.Share repurchase

The repurchased shares of the Company shall be managed as treasury shares before cancellation or transfer, and all expenses for repurchased shares shall be converted into treasury shares cost. Where the consideration and transaction costs paid in share repurchase reduce the owner's equity, when repurchasing, transferring or canceling the Company's shares, the gains or losses are not recognized.

Transfer of treasury stock shall be included in the capital reserve according to the difference between the actually received amount and the book amount of the treasury stock. If the capital reserve is insufficient to offset, the surplus reserve and undistributed profits shall be offset. For write-off of treasury stocks, reduce capital stock according to par value and number of cancelled stocks, and write off capital reserve according to the difference between book balance and par value of cancelled treasury stocks. If capital reserve is insufficient to write off, write off surplus reserve and undistributed profits.

32.Restricted stocks

In the equity incentive plan, the Company grants restricted stocks to the incentive object, and the incentive object subscribes for stocks first. If the unlocking conditions specified in the equity incentive plan are not met later, the Company will repurchase the stocks at the price agreed in advance. If the restricted stocks issued to employees have gone through the registration and other capital increase procedures according to relevant regulations, on the grant date, the Company will recognize the capital stock and capital reserve (capital stock premium) according to the share subscription payment by employees; At the same time, the treasury stocks and other payables are recognized for repurchase obligations.

33.Significant accounting judgments and estimates

Based on historical experience and other factors, including reasonable expectations for future events, the Company continuously evaluates the important accounting estimates and key assumptions adopted. Important accounting estimates and key assumptions that are likely to cause significant adjustment risks to the book value of assets and liabilities in the next fiscal year are listed as follows:

Classification of financial assets

The major judgments involved in determining the classification of financial assets by the Company include the analysis of business model and contract cash flow characteristics.

The Company determines the business model of managing financial assets at the level of financial asset portfolio. The factors considered include the way of evaluating and reporting the financial asset performance to key managers, the risks affecting the financial asset performance and their management methods, and the way of getting remuneration for relevant business managers.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic loan arrangement, the Company focuses on the following main judgments: Whether the time distribution or amount of the principal may change during the duration due to prepayment and other reasons; Whether interest only includes the time value of money, credit risk, other basic borrowing risks, and consideration with costs and profits. For example, whether the prepayment amount only reflects the unpaid principal and interest based on the unpaid principal, and the reasonable compensation paid for the early termination of

the contract.

Measurement of expected credit loss of accounts receivable

The Company calculates the expected credit loss of accounts receivable through the default risk exposure and expected credit loss rate of accounts receivable, and determines the expected credit loss rate based on the default probability and loss given default. The Company uses internal historical credit loss experience and other data to determine the expected credit loss rate, and adjusts the historical data based on the current situation and forward-looking information. When considering forward-looking information, the indicators used by the Company include the risk of economic downturn, and changes in external market environment, technical environment and customer conditions. The Company regularly monitors and rechecks the assumptions related to the calculation of expected credit losses.

Deferred income tax assets

Deferred income tax assets shall be recognized for all unused tax losses to the extent that it is likely that there will be enough taxable profits to offset the losses. It requires a lot of judgments from the management to estimate the time and amount of future taxable profits, and to determine the amount of deferred income tax assets that should be recognized based on the tax planning strategies.

Determination of fair value of unlisted equity investment

The fair value of unlisted equity investment is the estimated future cash flow discounted according to the current discount rate of items with similar terms and risk characteristics. This valuation requires the Company to estimate the expected future cash flow and discount rate, so it is uncertain. Under limited circumstances, if the information used to determine fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value within the range, such cost can represent its proper estimate of fair value within the distribution range.

34.Changes in important accounting policies and accounting estimates

(1) Changes in important accounting policies

① New income standards

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.14-Income (Revised) in 2017 (hereinafter referred to as the "New Income Standards"). The Company implemented such Standards from January 1, 2020 after deliberation and approval by the 27th meeting of the Seventh Board of Directors, and adjusted the relevant contents of accounting policies.

The Company has fulfilled the performance obligation in the contract, that is, to recognize the revenue when the customer obtains the control right of related goods or services. When certain conditions are met, the Company will perform its performance obligations within a certain period of time; Otherwise, it will perform its performance obligations at a certain time. If the contract contains two or more performance obligations, the Company will amortize the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract start date, and measure the revenue according to the transaction price amortized to each individual performance obligation.

The Company has adjusted the relevant accounting policies according to the specific provisions on specific matters or transactions in the new income standards.

The Company has transferred goods to customers and has the right to receive consideration, and such right is listed as contract assets depending on other factors except the passage of time. The Company's obligation to transfer goods to customers for received or receivable consideration from customers is listed as a contractual liability.

According to the cumulative impact of the first implementation of the New Income Standards, the Company adjusted the amount of retained earnings and other related items in the financial statements at the beginning of 2020, but did not adjust the data of the comparative financial statements. The Company only adjusted its retained earnings at the beginning of 2020 and the amount of other related items in the financial

statements for the cumulative impact of unfinished contracts on January 1, 2020. Due to the implementation of the New Income Standards, the Company reclassified the advance receipts related to the sales of goods and the provision of labor services as contract liabilities.

Contents and causes of changes in accounting policies	Affected report items	Affected amount (January 1, 2020)
Due to the implementation of the New Income Standards, the Company reclassified the advance receipts related to the sales of goods and the provision of labor services as contract liabilities.	Contract liabilities	2,349,448.90
	Advance receipts	-2,349,448.90

Compared with the original income standards, the impact of implementing the New Income Standards on related items in the 2020 financial statements is as follows:

Affected balance sheet items	Affected amount
Contract liabilities	2,511,466.76
Advance receipts	-2,511,466.76

Affected income statement items	Affected amount
None	

② Interpretation of Accounting Standards for Business Enterprises No.13

In December 2019, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No.13 (CS [2019] No.21) (hereinafter referred to as "Interpretation No.13").

Interpretation No.13 revised the three elements constituting the business, refined the judgment conditions of the business, and introduced the method of "concentration test" to the acquirer of business combination not under the same control when judging whether the acquired operating activities or asset portfolios constitute a business.

Interpretation No.13 clarifies that the related parties of an enterprise include joint ventures or associated enterprises of other common member units (including parent companies and subsidiaries) of the enterprise to which the enterprise is affiliated, and joint ventures or associated enterprises of investors who jointly control the enterprise.

Interpretation No.13 will be implemented as of January 1, 2020, and the Company will adopt the future applicable law for accounting treatment of the above changes in accounting policies.

The adoption of Interpretation No.13 has no significant impact on the financial position, operating results and related party disclosure of the Company.

③ In June 2020, the Ministry of Finance issued the Notice on Printing and Distributing the "Accounting Treatment Regulations for Rent Concessions Due to COVID-19" (CS [2020] No.10), which allows a simplified method for rent concessions due to COVID-19 according to the accounting treatment regulations.

The Company has adopted the simplified method in the accounting treatment regulations (see Notes III. 30. (3)) for the rent concessions related to the house lease since January 1, 2020, and recorded the relevant rent concessions into profit and loss during the concession period or when the relevant rights and obligations are released and abandoned when the concession agreement is reached. The amount of impact

of the simplified method on the current profit is RMB 10,113,923.47.

The above simplified treatment method is not applicable to the rent concessions occurred for the Company before January 1, 2020.

(2) Changes in accounting estimates

None

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

Consolidated balance sheet

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Current asset:			
Monetary fund	409,564,847.52	409,564,847.52	
Transactional financial assets	830,000,000.00	830,000,000.00	
Derivative financial assets			
Notes receivable	40,424,601.97	40,424,601.97	
Account receivable	365,325,029.38	365,325,029.38	
Financing of receivables	17,933,597.98	17,933,597.98	
Prepayments	18,445,857.53	18,445,857.53	
Other account receivable	12,440,761.13	12,440,761.13	
Including: Interest receivable	7,610,043.19	7,610,043.19	
Dividend receivable			
Inventories	391,717,935.12	391,717,935.12	
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	140,821,609.72	140,821,609.72	
Total of current assets	2,226,674,240.35	2,226,674,240.35	
Non-current assets :			
Creditor's right investment			
Other investment on bonds			
Long-term receivable			

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Net assets for defined benefit plan			
Long term share equity investment	152,209,929.72	152,209,929.72	
Other equity instruments investment	248,781,946.73	248,781,946.73	
Other non-current financial assets			
Real estate investment	112,730,320.90	112,730,320.90	
Fixed assets	903,229,077.83	903,229,077.83	
Construction in progress	839,866,275.92	839,866,275.92	
Production physical assets			
Oil & gas assets			
Intangible assets	36,517,996.34	36,517,996.34	
Development expenses			
Goodwill			
Long-germ expenses to be amortized	2,692,750.67	2,692,750.67	
Deferred income tax asset	5,618,026.43	5,618,026.43	
Other non-current asset	3,079,321.10	3,079,321.10	
Total of non-current assets	2,304,725,645.64	2,304,725,645.64	
Total of assets	4,531,399,885.99	4,531,399,885.99	
Current liabilities			
Short-term loans			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Account payable	241,297,770.64	241,297,770.64	
Advance receipts	30,530,117.62	28,180,668.72	-2,349,448.90
Contract liabilities		2,349,448.90	2,349,448.90
Employees' wage payable	38,556,180.20	38,556,180.20	
Tax payable	22,545,550.33	22,545,550.33	

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Other account payable	152,645,780.14	152,645,780.14	
Including: Interest payable			
Dividend payable			
Liabilities held for sales			
Non-current liability due within 1 year			
Other current liability			
Total of current liability	485,575,398.93	485,575,398.93	
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Long-term payable			
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	121,264,571.22	121,264,571.22	
Deferred income tax liability	69,944,345.66	69,944,345.66	
Other non-current liabilities			
Total non-current liabilities	191,208,916.88	191,208,916.88	
Total of liability	676,784,315.81	676,784,315.81	
Owners' equity:			
Share capital	509,338,429.00	509,338,429.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	1,974,922,248.03	1,974,922,248.03	

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Less: Shares in stock	16,139,003.40	16,139,003.40	
Other comprehensive income	119,737,783.31	119,737,783.31	
Special reserve			
Surplus reserves	90,596,923.39	90,596,923.39	
Retained profit	49,307,764.03	49,307,764.03	
Total of owner' s equity belong to the parent company	2,727,764,144.36	2,727,764,144.36	
Minority shareholders' equity	1,126,851,425.82	1,126,851,425.82	
Total of owners' equity	3,854,615,570.18	3,854,615,570.18	
Total of liabilities and owners' equity	4,531,399,885.99	4,531,399,885.99	

Parent Company Balance Sheet

Items	2019.12.31	2020.01.01	Amount involved in the adjustment
Current asset:			
Monetary fund	27,979,338.37	27,979,338.37	
Transactional financial assets	650,000,000.00	650,000,000.00	
Derivative financial assets			
Notes receivable			
Account receivable	522,931.04	522,931.04	
Financing of receivables			
Prepayments	768,099.94	768,099.94	
Other account receivable	17,039,506.00	17,039,506.00	
Including: Interest receivable	7,329,228.31	7,329,228.31	
Dividend receivable			
Inventories			
Assets held for sales			
Non-current asset due within 1 year			

Items	2019.12.31	2020.01.01	Amount involved in the adjustment
Other current asset			
Total of current assets	696,309,875.35	696,309,875.35	
Non-current assets:			
Creditor's right investment			
Other investment on bonds			
Long-term receivable			
Net assets for defined benefit plan			
Long term share equity investment	2,102,430,511.88	2,102,430,511.88	
Other equity instruments investment	206,816,952.64	206,816,952.64	
Other non-current financial assets			
Real estate investment	107,199,622.80	107,199,622.80	
Fixed assets	25,500,695.77	25,500,695.77	
Construction in progress	19,552.00	19,552.00	
Production physical assets			
Oil & gas assets			
Intangible assets	659,937.75	659,937.75	
Development expenses			
Goodwill			
Long-germ expenses to be amortized	800,858.17	800,858.17	
Deferred income tax asset	5,466,478.06	5,466,478.06	
Other non-current asset			
Total of non-current assets	2,448,894,609.07	2,448,894,609.07	
Total of assets	3,145,204,484.42	3,145,204,484.42	
Current liabilities			
Short-term loans			
Transactional financial liabilities			
Derivative financial liabilities			

Items	2019.12.31	2020.01.01	Amount involved in the adjustment
Notes payable			
Account payable	411,743.57	411,743.57	
Advance receipts	2,878,936.58	639,024.58	-2,239,912.00
Contract Liabilities		-2,239,912.00	2,239,912.00
Employees' wage payable	11,910,175.11	11,910,175.11	
Tax payable	20,801,961.18	20,801,961.18	
Other account payable	119,984,209.60	119,984,209.60	
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	155,987,026.04	
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Long-term payable			
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	600,000.00	600,000.00	
Deferred income tax liability	66,953,097.14	66,953,097.14	
Other non-current liabilities			
Total non-current liabilities	67,553,097.14	67,553,097.14	
Total of liability	223,540,123.18	223,540,123.18	

Items	2019.12.31	2020.01.01	Amount involved in the adjustment
Owners' equity			
Share capital	509,338,429.00	509,338,429.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	1,589,869,499.36	1,589,869,499.36	
Less: Shares in stock	16,139,003.40	16,139,003.40	
Other comprehensive income	110,764,037.74	110,764,037.74	
Special reserve			
Surplus reserves	90,596,923.39	90,596,923.39	
Retained profit	637,234,475.15	637,234,475.15	
Total of owners' equity	2,921,664,361.24	2,921,664,361.24	
Total of liabilities and owners' equity	3,145,204,484.42	3,145,204,484.42	

IV. Taxes of the Company

1. Main taxes categories and tax rate

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

Name of taxpayer	Income tax rates
Shenzhen Textile (Holdings) Co., Ltd	25%
Shenzhen Lisi Industrial Co., Ltd.	20%

Shenfang Property Management Co., Ltd.	20%
Shenfang Property Management Co., Ltd.	20%
Shenzhen Huaqiang Hotel	20%
Shenzhen Beauty Century Garment Co., Ltd.	20%
SAPO Photoelectric Co., Ltd.	15%
Shenzhen Shenfang Imports & Exports Co., Ltd.	25%
Shengtou (HK) Co., Ltd.	16.5%

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 (2016) No. 62), Shenzhen Shengbo Optoelectronic Technology Co., Ltd. manufactured key materials and parts for the upstream industry of new-type display devices including colorful light filter coating and polarizer sheet that comply with the planning for independent development of domestic industries may enjoy the preferential policies of exemption from import tariff for the import of raw materials and consumables for the purpose of self use and production that cannot be produced domestically from January 1, 2016 and December 31, 2020.

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

Shenzhen Beauty Century Garment Co., Ltd., Shenzhen Huaqiang Hotel Garment Co., Ltd. and Shenzhen Lisi Industrial Development Co., Ltd., subsidiaries of the Company, are all small and low-profit enterprises as stipulated in the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Concession Policy for Small and Micro Enterprises (CS [2019] No.13). For the part of the taxable income of this year that does not exceed RMB 1 million, the taxable income is reduced to 25%, and the enterprise income tax is paid at a rate of 20%; For the taxable income of this year that exceeds RMB 1 million but does not exceed RMB 3 million, the taxable income is reduced to 50% and the enterprise income tax is paid at a rate of 20%.

V. Notes of consolidated financial statement

1. Monetary Capital

Items	2020.12.31	2019.12.31
Cash at hand	4,127.10	11,091.94
Bank deposit	271,085,025.10	272,366,495.29
Other monetary funds	7,998,084.75	137,187,260.29
Total	279,087,236.95	409,564,847.52
Including : The total amount of deposit abroad	7,829,822.78	3,272,384.31

Note: At the end of the period, RMB 750,000.00 of other monetary funds of the Company is the L/C security deposit, except for which there is no mortgage, pledge or freezing, or money deposited abroad with restricted repatriation.

2. Transactional financial assets

Items	2020.12.31	2019.12.31
Structure deposit	200,536,575.34	830,000,000.00
Monetary funds	484,080,684.72	--
Total	684,617,260.06	830,000,000.00

3. Notes receivable

Category	2020.12.31			2019.12.31		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Bank acceptance	--	--	--	40,424,601.97	--	40,424,601.97
Commercial acceptance bill	16,898,148.02	84,490.74	16,813,657.28	--	--	--
Total	16,898,148.02	84,490.74	16,813,657.28	40,424,601.97	--	40,424,601.97

Note:

(1) The company has no Notes receivable pledged.

Category	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance	60,260,489.10	--

(2) At the end of the period, the Company has no bills transferred to accounts receivable due to the drawer's non-performance

(3) Classification by accrual method for bad debts

Category	2020.12.31				2019.12.31				
	Book balance		Bad debt provision		Book balance		Bad debt provision		
	Amount	Proportion(%)	Amount	Expected credit loss rate (%)	Amount	Proportion(%)	Amount	Credit loss rate (%)	Book value

Bad debt provision is accrued according to individual items	--	--	--	--	--	--	--	--	--	--
Bad debt provision is accrued according to portfolios										
Including:										
Commercial acceptance bill	16,898,148.02	100.00	84,490.74	0.50	16,813,657.28	--	--	--	--	--
Bank acceptance	--	--	--	--	--	40,424,601.97	100.00	--	--	40,424,601.97
Total	16,898,148.02	100.00	84,490.74	0.50	16,813,657.28	40,424,601.97	100.00	--	--	40,424,601.97

Note:

Accrual of bad debt provision by portfolio:

Portfolio accrual items: commercial acceptance bills

Name	2020.12.31			2019.12.31		
	Notes receivable	Bad-debt provision	Expected credit loss rate (%)	Notes receivable	Bad-debt provision	Expected credit loss rate (%)
.Commercial acceptance bill	16,898,148.02	84,490.74	0.50	--	--	--

(4) Bad debt provision accrued, recovered or reversed in the current period

	Amount of bad-debt provision
2019.12.31	
Current accrual	84,490.74
2020.12.31	84,490.74

(6) There is no actual write-off of notes receivable in the current period

4. Account receivable

(1) Disclosure by aging

Aging	2020.12.31	2019.12.31
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Within 1 year	567,264,103.99	382,065,942.05
1-2 years	6,063,040.66	813,122.40
2-3 years	103,011.28	1,076.93
3-4 years	389.73	6,728.70
4-5 years	6,728.70	4,636,402.32
Over 5 years	12,483,245.35	7,930,426.56
Subtotal	585,920,519.71	395,453,698.96
Less: Bad debt provision	38,610,301.81	30,128,669.58
Total	547,310,217.90	365,325,029.38

(2) Disclosure by classification according to the bad debt accrual method

Types	2020.12.31					2019.12.31				
	Book balance		Bad-debt provision			Book balance		Bad-debt provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Bad debt provision is accrued according to individual items	20,641,002.24	3.52	13,552,865.25	65.66	7,088,136.99	12,753,137.41	3.22	10,823,862.18	84.87	1,929,275.23
Bad debt provision is accrued according to portfolios	565,279,517.47	96.48	25,057,436.56	4.43	540,222,080.90	382,700,561.55	96.78	19,304,807.40	5.04	363,395,754.15
Total	585,920,519.71	100.00	38,610,301.81	6.59	547,310,217.89	395,453,698.96	100.00	30,128,669.58	7.62	365,325,029.38

Accrual of bad debt provision by single item: :

Unit name	2020.12.31
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	Book balane	Bad-debt provision	Expected credit loss rate (%)	Accrual reason
Dongguan Xiangteng New Material Technology Co., Ltd.	6,961,050.25	397,710.96	5.71	There is a dispute between the two parties that the net recovery after deducting the amount payable is extremely unlikely and bad debts have been fully accrued on the net portion
Dongguan Yaxing Semiconductor Co., Ltd.	2,797,016.81	2,797,016.81	100.00	The credit period is exceeded by a long time, and the possibility of recovery is extremely slim
Dongguan Fair LCD Co., Ltd.	1,698,449.31	1,698,449.31	100.00	The credit period is exceeded by a long time, and the possibility of recovery is extremely slim
Guangdong Ruili Baolai Technology Co., Ltd.	1,298,965.36	1,298,965.36	100.00	The credit period is exceeded by a long time, and the possibility of recovery is extremely slim
Jiangsu Xiangteng New Material Co., Ltd.	1,049,595.40	524,797.70	50.00	The credit period is exceeded by a long time, and the possibility of recovery is extremely slim
Total of other individual accrual units	6,835,925.11	6,835,925.11	100.00	The credit period is exceeded by a long time, and the possibility of recovery is extremely slim
Total	20,641,002.24	13,552,865.25	65.66	

Accrual of bad debt provision by portfolio:

Portfolio accrual items:

	2020.12.31			2019.12.31		
	Receivable	Bad-debt provision	Expected credit loss rate (%)	Receivable	Bad-debt provision	Expected credit loss rate (%)
Within year ¹	564,591,259.21	24,862,108.87	4.40	382,032,402.05	19,101,620.10	5.00
1-2 years	688,258.26	195,327.69	28.38	668,159.50	203,187.30	30.41
Total	565,279,517.47	25,057,436.56	4.43	382,700,561.55	19,304,807.40	5.04

(3) Bad debt provision accrued, recovered or reversed in the current period

	Amount of bad-debt provision
2019.12.31	30,128,669.58

Adjustment amount for the first implementation of the New Income Standards

--

2020.01.01	30,128,669.58
Current accrual	8,481,632.23
Withdrawal or reversal in current period	--
2020.12.31	38,610,301.81

(4) There is no account receivable actually written off in the current period

(5) The top five units of the closing balance of accounts receivable collected by the arrears

Unit name	Nature of payment	Other receivable closing balance	Aging	Proportion of total closing balance of other receivables (%)	Bad-debt provision Closing balance
Top 1	Goods	132,428,291.01	Within 1 year	22.60%	5,840,087.63
Top 2	Goods	68,516,402.40	Within 1 year	11.69%	3,021,573.35
Top 3	Goods	51,794,178.25	Within 1 year	8.84%	2,284,123.26
Top 4	Goods	39,315,045.56	Within 1 year	6.71%	1,733,793.51
Top 5	Goods	38,777,319.65	Within 1 year	6.62%	1,710,079.80
Total	--	330,831,236.87	--	56.46%	14,589,657.55

(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	2020.12.31	2019.12.31
Notes receivable	102,051,314.08	17,933,597.98

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

There is no single bank acceptance bill with impairment provision of the Company. On December 31, 2020, the Company considered that there was no significant credit risk in the bank acceptance bills held by it, and there would be no significant loss due to bank default.

6.Prepayments

(1) Disclosure by age

Aging	2020.12.31		2019.12.31	
	Amount	Proportion%	Amount	Proportion%

Within 1 year	14,934,263.03	88.35	16,750,558.60	90.82
1-2 years	557,043.06	3.30	729,266.20	3.95
2-3 years	540,748.42	3.20	15,494.14	0.08
Over 3 years	870,461.88	5.15	950,538.59	5.15
Total	16,902,516.39	100.00	18,445,857.53	100.00

Note: As of December 31, 2020, there is no large prepayment for more than 1 year in the balance of prepayments.

(2) The top five ending balances of prepayments collected according to prepaid objects totaled RMB 12,005,147.74, accounting for 71.03% of the total closing balances of prepayments

7. Other receivables

Items	2020.12.31	2019.12.31
Interest receivable	--	7,610,043.19
Other receivable	5,265,002.71	4,830,717.94
Total	5,265,002.71	12,440,761.13

(1) Interest receivable

① Category of interest receivable

Items	2020.12.31	2019.12.31
Fixed deposit	--	109,425.24
Structure deposit	--	7,500,617.95
Subtotal	--	7,610,043.19
Less: Bad debt provision	--	--
Total	--	7,610,043.19

(2) Other receivable

① Category of interest receivable

Aging	2020.12.31	2019.12.31
Within 1 year	5,011,410.31	2,250,037.41
1-2 years	550,486.21	1,213,773.48
2-3 years	697,124.67	647,494.79
3-4 years	173,007.52	1,837,174.29
4-5 years	1,802,920.64	1,015,782.04
Over 5 years	14,827,417.02	13,835,408.91

Subtotal	23,062,366.37	20,799,670.92
Less: Bad debt provision	17,797,363.66	15,968,952.98
Total	5,265,002.71	4,830,717.94

② Other accounts receivable classified by the nature of accounts

Items	2020.12.31	2019.12.31
	Book balance	Book Balance
Export rebate	1,658,146.29	1,191,949.50
Unit account	16,369,395.10	15,674,175.33
Deposit	2,585,585.87	2,435,689.74
Reserve fund and staff loans	379,477.97	428,019.47
Other	2,069,761.14	1,069,836.88
Subtotal	23,062,366.37	20,799,670.92
Less: Bad debt provision	17,797,363.66	15,968,952.98
Total	5,265,002.71	4,830,717.94

③ Bad-debt provision

At the end of the period, bad debt provision in the first stage:

Types	Book Balance	Bad-debt provision	Book value
Bad debt provision accrued by aging portfol	5,838,599.72	573,597.01	5,265,002.71
Total	5,838,599.72	573,597.01	5,265,002.71

At the end of the period, the Company does not have interest receivable, dividend receivable and other receivables in the second stage;

At the end of the period, bad debt provision in the third stage:

Types	Book Balance	Bad-debt provision	Book value	Reason
Bad debt provision is accrued according to individual items	17,223,766.65	17,223,766.65	--	Long aging and low possibility of recovery
Total	17,223,766.65	17,223,766.65	--	

On December 31, 2019, bad debt provisions are as follows:

Bad debt provision in the first stage:

Types	Book Balance	Bad-debt provision	Book value
-------	--------------	--------------------	------------

Bad debt accrued by aging portfolios	6,406,385.55	1,575,667.61	4,830,717.94
Total	6,406,385.55	1,575,667.61	4,830,717.94

As of December 31, 2019, the Company has no interest receivable, dividend receivable and other receivables in the second stage. As of December 31, 2019,, Bad debt provision in the third stage:

Types	Book Balance	Bad-debt provision	Book value	Reason
Bad debt provision is accrued according to individual items	14,393,285.37	14,393,285.37	--	Long aging and low possibility of recovery
Total	14,393,285.37	14,393,285.37	--	

④ Bad debt provision accrued, recovered or reversed in the current period

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at December 31,2019	1,575,667.61	--	14,393,285.37	15,968,952.98
Balance as at December 31,2019In current	--	--	--	--
——Transfer to stage II	--	--	--	--
——Transfer to stage III	-1,059,367.39	--	1,059,367.39	--
——Transfer to stage II	--	--	--	--
——Transfer to stage I	--	--	--	--
Provision in the current period	57,296.79	--	1,771,113.89	1,828,410.68
Turn back in the current period	--	--	--	--
Reseller in the current period	--	--	--	--
Write - off in the current period	--	--	--	--
Other	--	--	--	--
Balance as at December 31,2020	573,597.01	--	17,223,766.65	17,797,363.66

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
Top 1	Unit account	11,389,044.60	Over 5 years	49.38%	11,389,044.60
Top 2	Unit account	1,800,000.00	4-5 years	7.80%	1,800,000.00
Top 3	Unit account	1,100,000.00	Within 1 year	4.77%	55,000.00
Top 4	Unit account	1,018,295.37	1-2 years, 2-3 years,3-4 years	4.42%	349,497.32
Top 5	Deposit	980,461.06	Over 5 years	4.25%	980,461.06
Total	--	16,287,801.03	--	70.63%	14,574,002.98

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

8.Inventory

(1) Inventories types

Items	2020.12.31			2019.12.31		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	258,191,196.82	13,788,646.60	244,402,550.22	212,371,911.48	31,148,714.05	181,223,197.43
Processing products	132,780,479.72	43,914,789.90	88,865,689.82	135,636,148.29	53,692,060.27	81,944,088.02
Finished product	2,715,845.96	--	2,715,845.96	5,962,105.18	--	5,962,105.18
Semi-finished product	131,069,647.77	14,613,640.62	116,456,007.15	130,209,635.92	36,196,938.50	94,012,697.42
Goods in transit	524,698.46	--	524,698.46	1,618,894.41	48,491.27	1,570,403.14
Commissioned materials	31,040,280.45	3,157,490.62	27,882,789.83	30,643,409.60	3,637,965.67	27,005,443.93
Total	556,322,149.18	75,474,567.74	480,847,581.44	516,442,104.88	124,724,169.76	391,717,935.12

(2) Inventory Impairment provision

Items	2020.01.01	Increased in current		Decreased in current period		2020.12.31
		Provision	Other	Transferred back	Other	

Raw materials	31,148,714.05	3,666,817.13	--	21,026,884.58	--	13,788,646.60
Finished product	53,692,060.27	27,366,959.59	--	37,144,229.96	--	43,914,789.90
Semi-finished product	36,196,938.50	34,909,052.14	--	56,492,350.02	--	14,613,640.62
Goods in transit	48,491.27	--	--	48,491.27	--	--
Commissioned materials	3,637,965.67	--	--	480,475.05	--	3,157,490.62
Total	124,724,169.76	65,942,828.86	--	115,192,430.88	--	75,474,567.74

Inventory Impairment provision (Continue)

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

9.Other current assets

Items	2020.12.31	2019.12.31
After the deduction of input VAT	77,482,083.47	140,821,609.72
Total	77,482,083.47	140,821,609.72

10. Long-term equity investment

Investees	2019.12.31	Increase/decrease					2020.12.31	Closing balance of impairment provision
		Additonal investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity		
I. Joint venture								
Anhui Huapeng Textile Co.,Ltd.	10,098,833.77			698,189.37			10,797,023.14	
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	129,623,072.69			-1,716,907.52			127,906,165.17	
Subtotal	139,721,906.46			-1,018,718.15			138,703,188.31	
2. Affiliated Company								
Shenzhen Changlianfa Printing & dyeing Company	2,450,676.14			255,586.24			2,706,262.38	
Jordan Garment Factory	902,269.19			-904,422.99	2,153.80			
Hongkong Yehui International Co., Ltd.	9,135,077.93			-2,297,211.37	-318,180.02		6,519,686.54	
Subtotal	12,488,023.26			-2,946,048.12	-316,026.22		9,225,948.92	
Total	152,209,929.72			-3,964,766.27	-316,026.22		147,929,137.23	

11. Other equity instruments investment

Items	2020.12.31	2019.12.31
FUAO (000030)	10,129,390.84	6,568,923.76
Shenzhen Dailishi Underwear Co., Ltd.	12,315,939.61	12,315,939.61
Union Development Group Co., Ltd.	152,469,200.00	152,469,200.00
Shenzhen Xiangjiang Trade Co., Ltd.	--	7,474,900.00
Shenzhen Xinfang Knitting Co., Ltd.	2,227,903.00	2,227,903.00
Jintian Industry (Group) Co., Ltd.	--	--
Shenzhen Jiafeng Textile Industry Co., Ltd.	--	--
Shenzhen Xieli Auto Co., Ltd.	--	25,760,086.27
Shenzhen South Textile Co., Ltd.	13,464,994.09	13,464,994.09

Changxing Junying Investment Partnership	--	28,500,000.00
Total	190,607,427.54	248,781,946.73

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

Items	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reason
Fuao (000030)	234,604.42	1,188,792.53			
Shenzhen Underwear Co., Ltd. Dailishi	1,037,735.85	9,756,083.35			
Union Development Group Co., Ltd.	208,000.00	149,869,200.00			
Shenzhen Trade Co., Ltd. Xiangjiang	358,702.05	7,314,900.00		4,694,359.48	Disposal
Shenzhen Knitting Co., Ltd. Xinfang	156,000.00	1,703,903.00			
Jintian Industry (Group) Co., Ltd.			14,831,681.50		
Shenzhen Jiafeng Textile Industry Co., Ltd.			16,800,000.00		
Shenzhen Xieli Auto Co., Ltd.		21,516,380.83			Disposal
Shenzhen South Textile Co., Ltd.	951,550.47	11,964,994.09			

12. Other non-current financial assets

Types	2020.12.31	2019.12.31
Financial assets measured at fair value with changes included in current profits and losses	30,650,943.40	--
Total	30,650,943.40	--

13. Investment real estate

(1) Investment real estate adopted the cost measurement mode

Items	House, Building
I. Original price	

1.2019.12.31	257,183,260.74
2. Increase in the current period	4,559,679.79
(1) Purchase	4,559,679.79
3. Decreased amount of the period	--
4.2020.12.31	261,742,940.53
II. Accumulated amortization	
1.2019.12.31	144,452,939.84
2. Increased amount of the period	6,717,528.77
(1) Withdrawal	6,717,528.77
3. Decreased amount of the period	--
4.2020.12.31	151,170,468.61
IV. Book value	
1. Book value at period -end	110,572,471.92
2. Book value at period-beginning	112,730,320.90

(2) Fixed assets without property right certificate

Items	Book value	Reasons for failing to obtain the property right certificate
House, Building	11,115,759.53	Unable to apply for warrants due to historical reasons

14. Fixed assets

Items	2020.12.31	2019.12.31
Fixed assets	790,183,905.38	903,229,077.83
Total	790,183,905.38	903,229,077.83

1. Fixed assets

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
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I. Original price

1.2019.12.31	548,661,452.06	1,017,917,028.03	10,160,884.32	39,760,701.71	1,616,500,066.12
2.Increased amount of the period	105,312.66	1,971,675.05	1,721,088.34	3,144,439.59	6,942,515.64
(1) Purchase	105,312.66	1,971,675.05	1,721,088.34	3,144,439.59	6,942,515.64
3.Decreased amount of the period	2,869,833.47	2,195,270.12	502,243.58	484,468.16	6,051,815.33
(1) Disposal	2,759,267.00	2,090,183.17	500,725.00	439,068.16	5,789,243.33
(2) Other	110,566.47	105,086.95	1,518.58	45,400.00	262,572.00
4.2020.12.31	545,896,931.25	1,017,693,432.96	11,379,729.08	42,420,673.14	1,617,390,766.43

II. Accumulated depreciation

1.2019.12.31	140,171,992.87	545,911,130.40	2,841,269.42	24,225,958.94	713,150,351.63
2.Increased amount of the period (1) Withdrawal	20,033,362.68	86,571,277.07	855,148.09	3,262,794.71	110,722,582.55
(1) Withdrawal	20,033,362.68	86,571,277.07	855,148.09	3,262,794.71	110,722,582.55
(2) Other					
3.Decrease in the reporting period	286,963.56	1,964,902.60	479,386.65	404,469.05	3,135,721.86

(1) Disposal	286,963.56	1,964,902.60	479,386.65	404,469.05	3,135,721.86
(2) Other					
4.2020.12.31	159,918,391.99	630,517,504.87	3,217,030.86	27,084,284.60	820,737,212.32
III. Impairment provision					
1.2019.12.31	120,636.66	--	--	--	120,636.66
2.Increase in the reporting period	--	6,373,080.81	--	96,567.92	6,469,648.73
(1)Withdrawal	--	6,373,080.81	--	96,567.92	6,469,648.73
(2) Other	--	--	--	--	--
3.Decrease in the reporting period	120,636.66	--	--	--	120,636.66
(1) Disposal	--	--	--	--	--
(2) Other	120,636.66	--	--	--	120,636.66
4.2020.12.31	--	6,373,080.81	--	96,567.92	6,469,648.73
IV. Book value					
1.2020.12.31Book value	385,978,539.26	380,802,847.28	8,162,698.22	15,239,820.62	790,183,905.38
2.2019.12.31Book value	408,368,822.53	472,005,897.63	7,319,614.90	15,534,742.77	903,229,077.83

(2) Fixed assets without property right certificate

Items	Book value	Reasons for failing to obtain the property right certificate
Houses and buildings	21,195,008.77	Unable to apply for warrants due to historical reasons

15. Construction in progress

Items	2020.12.31	2019.12.31
Construction in progress	1,301,750,141.12	839,866,275.92
Total	1,301,750,141.12	839,866,275.92

(1) Construction in progress(1) List of construction in progress

Items	2020.12.31			2019.12.31		
	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)	1,301,693,689.12	--	1,301,693,689.12	839,443,318.50	--	839,443,318.50
Other	56,452.00	--	56,452.00	422,957.42	--	422,957.42
Total	1,301,750,141.12	--	1,301,750,141.12	839,866,275.92	--	839,866,275.92

(2) Changes of significant construction in progress

Name	2019.12.31	Increase at this period	Transferred to fixed assets	Other decrease	Capitalisation of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalisation of interest ratio (%)	2020.12.31
Industrialization project of polaroid for super large size TV	839,443,318.50	462,250,370.62	--	--	3,940,565.29	3,940,565.29	4.41	1,301,693,689.12
Total	839,443,318.50	462,250,370.62	--	--	3,940,565.29	3,940,565.29	4.41	1,301,693,689.12

Changes of significant construction in progress (Continuous)

Name	Budget	Proportion(%)	Progress of work	Source of funds
Industrialization project of polaroid for super large size TV (Line 7)	187,477.00 million	78.34%	Basic completion of civil engineering, primary acceptance of clean area of main production workshop; process equipment, extension machine, coating machine, counter inspection machine and other main equipment have been installed and completed and into the commissioning stage, the overall commissioning is expected to be completed in March 2021 into trial production	Self
Total	187,477.00 million	78.34%		

16. Intangible assets

(1) Information

Items	Land use right	Software	Patent right	Total
I. Original price				
1.2019.12.31	48,258,239.00	2,936,607.54	11,825,200.00	63,020,046.54
2.Increase in the current period				
(1) Purchase		1,143,346.16		1,143,346.16
3.Deceased amount of the period				
4.2020.12.31	48,258,239.00	4,079,953.70	11,825,200.00	64,163,392.70
II.Accumulated amortization				
1.2019.12.31	12,591,751.27	2,085,098.93	11,825,200.00	26,502,050.20
2. Increase in the current period				
(1) Withdrawal	895,440.00	716,923.59		1,612,363.59
3.Deceased amount of the period				
4. 2020.12.31	13,487,191.27	2,802,022.52	11,825,200.00	28,114,413.79
III. Impairment provision				

1.2019.12.31

2. Increase in the current period

3. Decreased amount of the period

4.2020.12.31

4. Book value

1.2020.12.31 Book value	34,771,047.73	1,277,931.18	--	36,048,978.91
2.2019.12.31 Book value	35,666,487.73	851,508.61	--	36,517,996.34

17. Goodwill

(1) Original book value of goodwill

Name of the investees or the events formed goodwill	2019.12.31	Increase	Decrease	2020.12.31
SAPO Photoelectric	9,614,758.55			9,614,758.55
Shenzhen Beauty Century	2,167,341.21			2,167,341.21
Shenzhen Shenfang Import and	82,246.61			82,246.61
Total	11,864,346.37			11,864,346.37

(2) Impairment of goodwill

Investee	2019.12.31	Increased at this period	Decreased at this period	2020.12.31
SAPO Photoelectric	9,614,758.55			9,614,758.55
Shenzhen Beauty Century	2,167,341.21			2,167,341.21
Shenzhen Shenfang Import and	82,246.61			82,246.61
Total	11,864,346.37			11,864,346.37

18. Long term amortize expenses

Items	2019.12.31	Increase in this period	Decreased at this period		2020.12.31
			Amortized expenses	Other loss	
Decoration fee	96,994.84	40,000.00	25,452.99		111,541.85
Renovation fee	1,595,771.58		330,816.84		1,264,954.74
Other	999,984.25	726,329.58	226,248.89	-	1,500,064.94
Total	2,692,750.67	766,329.58	582,518.72		2,876,561.53

19. Deferred income tax assets/deferred income tax liabilities

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

Items	2020.12.31		2019.12.31	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deferred income tax assets				
Assets depreciation	18,865,669.84	4,709,761.70	17,933,263.39	4,478,077.03
Unattained internal	2,413,307.05	361,996.06	2,502,421.73	375,363.26
Changes in fair value of investments in other	--	--	2,371,674.55	592,918.64
Restricted stock repurchase interest	686,670.00	171,667.50	686,670.00	171,667.50
Subtotal	21,965,646.89	5,243,425.26	23,494,029.67	5,618,026.43
Deferred income tax liabilities				
The difference between the initial recognition cost and tax base of long-term equity investment	62,083,693.36	15,520,923.34	77,651,921.36	19,412,980.34
Changes in fair value of investments in other equity instruments	174,482,972.97	43,620,743.24	202,125,461.26	50,531,365.32
Total	236,566,666.33	59,141,666.58	279,777,382.62	69,944,345.66

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

Items	2020.12.31	2019.12.31
Deductible temporary difference	122,887,462.20	156,410,415.69
Deductible loss	682,013,840.25	605,506,184.05
Total	804,901,302.45	761,916,599.74

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

Year	2020.12.31	2019.12.31	Remark
2021	--	1,128,868.47	
2023	129,226,944.33	129,226,944.33	
2024	148,095,898.11	148,095,898.11	
2025	83,287,153.64	83,287,153.64	

2026	120,820,767.06	120,820,767.06
2028	22,594,586.97	22,594,586.97
2029	100,351,965.47	100,351,965.47
2030	77,636,524.67	---
Total	682,013,840.25	605,506,184.05

20 .Other non-current assets

Items	2020.12.31	2019.12.31
Advance payment for equipment fund	47,483,219.83	3,079,321.10
Certificate of deposit for more than 1 year	70,064,383.56	--
Other	25,760,086.27	--
Total	143,307,689.66	3,079,321.10

21. Accounts payable

Items	2020.12.31	2019.12.31
Within 1 year	325,354,275.46	238,370,055.75
1-2 years	1,912,000.86	196,392.86
2-3 years	96,543.25	1,691,830.35
3-4 years	1,093,369.87	37,402.40
4-5 years	37,402.40	35,075.05
Over 5 years	975,010.06	967,014.23
Total	329,468,601.90	241,297,770.64

No Significant accounts payable that aged over one year

22.Advance account

Items	2020.12.31	2019.12.31
Within 1 year	671,534.26	29,824,350.33
1-2 years	--	16,004.11
2-3 years	--	30,171.98
Over 3 years	639,024.58	659,591.20
Total	1,310,558.84	30,530,117.62

23.Contract liabilities

Items	2020.12.31	2019.12.31
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Goods	200,000.00	--
Rent received in advance	2,311,466.76	--
Less: Contractual liabilities charged to other non-current liabilities	--	--
Total	2,511,466.76	--

24. Payable Employee wage

Items	2019.12.31	<u>Increase in this period</u>	<u>Decrease in this period</u>	2020.12.31
Short-term employee benefits	38,556,180.20	188,713,147.25	171,626,777.92	55,642,549.53
Post-employment benefits	--	7,080,075.35	7,080,075.35	--
Termination benefit	--	2,985,500.66	2,985,500.66	--
Total	38,556,180.20	199,149,610.77	181,692,353.93	55,642,549.53

(1) Short-term remuneration

Items	2019.12.31	<u>Increase in this period</u>	<u>Decrease in this period</u>	2020.12.31
Wages, bonuses, allowances and subsidies	36,751,528.90	169,798,753.71	153,256,730.67	53,293,551.94
Employee welfare	--	6,351,145.22	6,310,052.02	41,093.20
Social insurance premiums	--	2,682,417.92	2,682,417.92	--
Including: 1. Medical insurance	--	2,220,227.06	2,220,227.06	--
2. Maternity insurance	--	100,867.74	100,867.74	--
3. Work injury insurance	--	324,403.12	324,403.12	--

4. Supplementary medical insurance	--	36,920.00	36,920.00	--
Public reserves for housing	--	6,020,759.24	6,020,759.24	--
.Union funds and staff education fee	1,804,651.30	3,860,071.16	3,356,818.07	2,307,904.39
Total	38,556,180.20	188,713,147.25	171,626,777.92	55,642,549.53

(2) Defined contribution plans listed

Items	2019.12.31	<u>Increase in this period</u>	Decrease in this period	2020.12.31
After-service benefits	--	7,080,075.35	7,080,075.35	--
1. Basic old-age insurance premiums	--	4,962,621.48	4,962,621.48	--
2. Unemployment insurance	--	168,614.71	168,614.71	--
3. Annuity payment	--	1,948,839.16	1,948,839.16	--
Total	--	7,080,075.35	7,080,075.35	--

25. Tax Payable

Items	2020.12.31	2019.12.31
Enterprise Income tax	11,219,726.43	18,567,808.63
Individual Income tax	469,169.71	441,485.02
VAT	286,928.75	2,992,712.57
House property Tax	102,146.02	127,685.17
City Construction tax	48,751.30	209,489.81
Education surcharge	33,386.49	149,635.58
Stamp tax	36,370.02	54,690.21
Land use tax	2,043.30	2,043.34
Total	12,198,522.02	22,545,550.33

26. Other payable

Items	2020.12.31	2019.12.31
Other payable	156,118,440.42	152,645,780.14
Total	156,118,440.42	152,645,780.14

(1) Other payable

Items	2020.12.31	2019.12.31
Project equipment funds	32,713,413.76	36,025,975.90
Unit current	48,394,939.72	51,891,693.06
Deposit	36,130,306.12	27,258,145.87
Restrictive obligations	7,844,373.00	16,825,673.40
stock repurchase		
Other	31,035,407.82	20,644,291.91
Total	156,118,440.42	152,645,780.14

27. Long-term borrowings

Items	2020.12.31	Interest rate interval	2019.12.31	Interest rate interval
Mortgage+Deposit	343,100,174.35	4.41%	--	--
Subtotal	343,100,174.35	--	--	--
Less : Long-term borrowings due within 1 year	--	--	--	--
Total	343,100,174.35	--	--	--

28. Deferred income

Items	2020.12.31	2019.12.31
Government Subsidy	121,264,571.22	110,740,322.21
	1,710,000.00	12,234,249.01

Note: See Note XIV. 2, Government Subsidies for details of government subsidies included in deferred income.

29. Stock capital

Items	2019.12.31	Issuance of new	Bonus shares	Capitalization of	Other	Subtotal	2020.12.31
Total shares	509,338,429.00				-1,566,150.00	-1,566,150.00	507,772,279.00

Note: This year, 1,566,150.00 restricted shares which have been granted but not unlocked have been repurchased and cancelled, and the share capital has been reduced by RMB 1,566,150.00, which has been verified by the same accounting

firm (special general partnership), and the capital verification report (ZTY Zi (2020) No. 441ZC00334) was issued on September 11, 2020.

30. Capital reserve

Items	2019.12.31	Increase in the current period		Decrease in the current period		2020.12.31
Share premium	1,839,805,031.94	--		7,407,889.50		1,832,397,142.4443
Other	135,117,216.09	--		--		135,117,216.09
Total	1,974,922,248.03	--		7,407,889.50		1,967,514,358.53

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

31. Treasury stock

Items	2019.12.31	Increase in the current period		Decrease in the current period		2020.12.31
Treasury stock	16,139,003.40	--		8,613,565.20		7,525,438.20

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

32. Other Comprehensive income

Items	2019.12.31	Amount of current period					2020.12.31	
		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	118,183,658.54	-1,925,707.92		16,137,285.62	890,116.75	-18,953,110.29	--	99,230,548.25

future

Changes in fair value of investments in other equity instruments	118,183,658.54	-1,925,707.92	16,137,285.62	890,116.75	-18,953,110.29	--	99,230,548.25
2.Other comprehensive income reclassifiable to profit or loss in subsequent periods	1,554,124.77	-316,026.22	--	--	-316,026.22	--	1,238,098.55
Translation differences of financial statements denominated	1,554,124.77	-316,026.22	--	--	-316,026.22	--	1,238,098.55
2.Energy Method							
Total of other comprehensive income	119,737,783.31	-2,241,734.14	16,137,285.62	890,116.75	-19,269,136.51	--	100,468,646.80

33. Surplus reserves

Items	2019.12.31	Adjustment	2020.01.01	Increase in the current period	Decrease in the current period	2020.12.31
Statutory surplus reserve	90,596,923.39	--	--	4,346,566.05		94,943,489.44

34.Retained profits

Items	Amount of current period	Amount of previous period	Proportion%
Before adjustments: Retained profits at the period end	49,307,764.03	-57,774,473.41	--
Adjustment: Total unappropriated profits at the beginning of the year	--	35,779,955.53	--

After adjustments: Retained profits at the period beginning	49,307,764.03	-21,994,517.88	--
Add: Net profit attributable to owners of the Company for the period	37,267,995.74	19,679,910.43	--
Other consolidated earnings carried forward to retained earnings for the current year	20,362,209.15	58,238,941.03	--
Less: Appropriation to statutory surplus reserve	3,888,292.80	6,616,569.55	10%
Retained profits at the period end	103,049,676.12	49,307,764.03	--

35. 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	2,097,432,885.06	1,808,092,705.48	2,099,197,694.45	1,915,880,730.30
Other business cost	11,531,802.74	6,205,689.54	58,987,161.26	57,614,878.05
Total	2,108,964,687.80	1,814,298,395.02	2,158,184,855.71	1,973,495,608.35

(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
Manufacturing	2,012,255,019.03	1,786,199,780.24	1,475,804,647.66	1,408,148,827.10
Property management, leasing	85,177,866.03	21,892,925.24	106,372,055.25	24,128,173.53
Subtotal	2,097,432,885.06	1,808,092,705.48	2,099,197,694.45	1,915,880,730.30

(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	85,177,866.03	21,892,925.24	106,372,055.25	24,128,173.53
Textile income	60,503,325.78	48,466,207.78	46,047,351.10	39,166,964.15
Polaroid income	1,951,751,693.25	1,737,733,572.46	1,429,757,296.56	1,368,981,862.95
Trade income	--	--	517,020,991.54	483,603,729.67
Subtotal	2,097,432,885.06	1,808,092,705.48	2,099,197,694.45	1,915,880,730.30

(4) Main Business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic	1,756,659,062.01	1,526,209,625.21	1,922,327,308.13	1,751,836,922.09
Oversea	340,773,823.05	281,883,080.27	176,870,386.32	164,043,808.21
Total	2,097,432,885.06	1,808,092,705.48	2,099,197,694.45	1,915,880,730.30

36. Business tax and subjoin

Items	Amount of current period	Amount of previous period
House taxes	4,338,584.18	5,772,193.68
Urban construction tax	718,695.23	665,327.79
Education surcharge	517,483.70	477,821.51
Other	1,772,362.54	1,550,800.42
Total	7,347,125.65	8,466,143.40

37. Sales expenses

Items	Amount of current period	Amount of previous period
Wage	12,958,215.67	3,900,045.35
Transportation changes	--	6,328,597.94
Business expenses	668,407.23	380,985.91
Sell	12,697,476.62	3,077,231.50
Other	2,320,131.35	7,098,217.96
Total	28,644,230.87	20,785,078.66

Note: The increase in sales expenses and wages this year is mainly due to the department adjustment of the Company and the better benefit of the subsidiary SAPO Photoelectric; The increase of sales service fee is mainly due to the increase of new customers, which leads to the increase of new agents.

38. Administrative expenses

Items	Amount of current period	Amount of previous period
Wage	74,848,348.24	57,632,391.81
Depreciation of fixed assets	9,794,203.66	11,714,741.86
Water and electricity	2,576,447.96	2,736,839.25
Intermediary organ	3,271,775.61	6,188,892.57
Intangible assets amortization	1,612,363.59	1,362,819.51
Travel expenses	408,221.21	1,506,687.67
Office expenses	946,055.89	878,072.35
Business entertainment	615,454.09	922,668.63
Lawsuit expenses	144,161.32	327,254.72
Repair charge	1,366,609.60	2,030,445.26
Property insurance	380,689.81	483,245.82
Other	9,130,603.38	11,086,782.92
Total	105,094,934.36	96,870,842.37

39. R & D costs

Items	Amount of current period	Amount of previous period
Wage	13,177,489.03	13,430,653.87
Material	49,679,847.18	34,839,486.54
Depreciation	2,984,978.79	2,782,174.41
Fuel & Power	1,017,795.21	1,447,036.66
Travel expenses	226,949.44	356,165.02
Other	73,904.57	323,197.83
Total	67,160,964.22	53,178,714.33

40. Financial Expenses

Items	Amount of current period	Amount of previous period
Interest expenses	4,175,380.96	4,893,018.58

Less: Interest Capitalization	3,940,565.29	
Interest income	-3,702,735.59	-8,593,894.58
Exchange loss	8,108,404.80	16,760,131.65
Fees and other	3,647,403.40	2,803,543.99
Total	8,287,888.28	15,862,799.64

41.Other income

Subsidy items (source of other income)	Amount incurred in current period	Amount incurred in previous period	Related to assets/ Related to income
Amortization of textile special funds	142,857.16	142,857.16	Related to assets
Amortization of subsidy funds for industrialization items of TFT-LCD polarizer 销	1,300,000.00	1,300,000.00	Related to assets
Amortization of subsidy funds for narrow line (Line 5) of TFT-LCD polarizer phase I project	500,000.00	500,000.00	Related to assets
Amortization for purchasing imported equipment and technical subsidies	175,090.20	175,090.20	Related to assets
Amortization of innovation and venture funds for TFT-LCD polarizer phase I project	50,000.00	50,000.00	Related to assets
Amortization of innovation and venture funds in Shenzhen polarized materials and technology engineering laboratory	50,000.00	50,000.00	Related to assets
Amortization of polarized materials and technical engineering laboratory in Shenzhen	500,000.00	500,000.00	Related to assets
Amortization of subsidy funds for technical center construction	300,000.00	300,000.00	Related to assets
Amortization of subsidy funds for introducing advanced technology	14,388.10	14,388.10	Related to assets
Amortization of local supporting funds for TFT-LCD polarizer phase II project (Line 6)	1,500,000.00	1,500,000.00	Related to assets

Amortization of innovation and venture funds for TFT-LCD polarizer phase II project (Line 6)	50,000.00	50,000.00	Related to assets
Amortization of subsidy funds for key technology R&D equipment of optical compensation film for polarizer	500,000.00	500,000.00	Related to assets
Amortization of national subsidy for TFT-LCD polarizer phase II project (Line 6)	1,000,000.00	1,000,000.00	Related to assets
Amortization of funds for pilot projects of regional agglomeration development of strategic emerging industries in Guangdong Province	2,500,000.00	2,500,000.00	Related to assets
Amortization of subsidies for new production lines and purchased equipment in the phase II project of polarizer for TFT-LCD	3,000,000.00	3,000,000.00	Related to assets
Amortization of subsidy funds for energy-saving transformation	29,642.93	29,642.93	Related to assets
Amortization of subsidy funds for old elevator renovation	142,255.72	142,255.72	Related to assets
Special fund subsidies for improving the quality of atmospheric environment in Shenzhen	468,931.57	--	Related to assets
2020 Subsidy for special technical transformation investment project of multiplication by technical transformation	11,083.33	--	Related to assets
Subsidy for post stabilization	160,712.86	174,114.77	Related to Income
Sewage fee refund	597,362.55	--	Related to Income
Tax bureau fee refund	24,898.73	416,818.25	Related to Income
Subsidy for cost reduction of industrial and commercial electricity in Shenzhen	6,952,943.71	6,486,248.28	Related to Income

Maternity allowance returned to the employees by Social Security Bureau	32,609.51	--	Related to Income
Insurance premium refund by Social Security Bureau	1,815		Related to Income
Second batch of epidemic grants from Pingshan District Finance Bureau	759		Related to Income
Water saving carrier award fund from Shenzhen Water Affairs Bureau in 2019	374,102.00	--	Related to Income
Harmonious labor relations enterprise incentive fund from Shenzhen Pingshan District Finance Bureau in 2018	1,000,000.00	--	Related to Income
Enterprise R&D Funds from Shenzhen Science and Technology Innovation Committee in 2018	1,278,000.00	--	Related to Income
High-tech enterprise certification award from Pingshan District Science and Technology Innovation Bureau in 2019	50,000.00	--	Related to Income
Subsidies for working in lieu of by training in Pingshan District	1,645,500.00	--	Related to Income
Trial post training subsidy of Human Resources Bureau of Pingshan District, Shenzhen City	111,600.00	--	Related to Income
2020 Pingshan district foreign trade stable growth funds of the Financial Bureau of Pingshan District, Shenzhen City	1,200,000.00	360,000.00	Related to Income
Received refund of unemployment benefits from the social security bureau to the enterprises affected by the epidemic	2,709,874.84	--	Related to Income
The second batch of patent grants from the Market Supervision Administration in 2018	9,000.00	--	Related to Income

Government subsidies for epidemic protection articles	10,000.00	--	Related to Income
Cultural tourism stabilization support subsidy	100,000.00	--	Related to Income
The first batch of special funds for scientific and technological innovation in 2019	966,000.00	--	Related to Income
Received subsidies from the Public Employment Service Center to help enterprises stabilize their posts	1,425.20	--	Related to Income
Received the award for epidemic prevention effect from the Bureau of Industry and Information Technology	20,000.00	--	Related to Income
Received epidemic prevention subsidy from the Housing and Construction Bureau of Luohu District, Shenzhen for #145 residential building on Fenghuang Road	5,638.00	--	Related to Income
Received epidemic prevention subsidy from Shenzhen Luohu District Housing and Construction Bureau for Shenzhen Textile Courtyard at No.52 Tianbei Second Road	8,531.45	--	Related to Income
Halved urban construction tax and surcharges	1,047.51	--	Related to Income
Halved stamp duty	183.32	--	Related to Income
Epidemic prevention subsidy in Luohu District	10,000.00	--	Related to Income
Shenzhen standard special funds	--	360,000.00	Related to Income
The first batch of premium subsidies for new materials	--	4,806,400.00	Related to Income
Cuizhu Street 2018 old residential property management support project qualified property Tianbei courtyard	--	30,000.00	Related to Income
The second batch of enterprise R&D subsidy funds of Shenzhen Municipal Finance Committee	--	1,935,000.00	Related to Income
Other	--	25,087.51	Related to Income

National subsidy fund for special project of industrialization of new flat panel display devices	--	1,000,000.00	Related to assets
Matching funds for high-tech industrialization demonstration projects	--	200,000.00	Related to income
Total	29,506,252.69	27,547,902.92	

42. Investment income

Items	Amount of this period	Amount of last period
Long-term equity investment returns accounted for by equity method	-3,446,613.86	-7,404,083.27
Investment income from the disposal of long-term equity investment	--	55,481,817.13
Dividend income earned during investment holdings in other equity instruments	2,946,592.79	4,654,009.67
structured deposit interest	18,231,107.84	25,306,786.72
Interest income on term deposits over 1 year	853,205.47	
Net monetary gains	4,015,378.50	--
Total	22,599,670.74	78,038,530.25

43. Income from change in income fair value

Sources of income from changes in fair value	Amount of this period	Amount of last period
Other non-current financial assets		
Where: Financial assets measured at fair value with changes included in current profits and losses	2,687,518.74	--
Total	2,687,518.74	--

44. Credit impairment loss

Items	Amount of this period	Amount of last period
Loss of bad debt notes receivable	-84,490.74	
Loss of bad debts account receivable	-8,481,632.23	6,929,467.72
Other	-1,828,410.68	76,423.21

Total	-10,394,533.65	7,005,890.93
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45. Losses from asset impairment

Items	Amount of this period	Amount of last period
Loss of inventory price	-65,942,828.90	-97,172,532.71
Loss on impairment of fixed assets	-6,469,648.73	--
Total	-72,412,477.63	-97,172,532.71

46. Asset disposal income

Items	Amount of current period	Amount of previous period
Gains& losses on the disposal of fixed assets	276,544.73	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
Loss of end-of-life gains on non-current assets	--	39,823.01	--
Insurance compensation	--	4,033,846.00	--
Payable without payment	1,371,678.99	597,578.12	1,371,678.99
Other	73,983.39	332,301.21	73,983.39
Total	1,445,662.38	5,003,548.34	1,445,662.38

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	3,315.15	414,453.28	3,315.15
Fine expenses	115,314.20	6,000.00	115,314.20
Other	19,791.92	121.79	19,791.92
Total	138,421.27	420,575.07	138,421.27

49. Income tax expenses

(1) Income tax expenses

Items	Amount of current period	Amount of previous period
Current income tax calculated according to tax law and relevant regulations	8,422,038.43	28,069,828.99
Deferred income tax expense	-218,317.45	-10,748.77
Total	8,203,720.98	28,059,080.22

(2) The relationship between income tax expense and total profit is as follows:

Items	Amount of current period	Amount of previous period
Total profits	51,701,366.13	9,532,401.59
Income tax expenses calculated at the applicable tax rate (total profit *25%)	12,925,341.53	2,383,100.40
Influence of different tax rates applied by some subsidiaries	-1,928,531.95	9,445,356.09
Adjustment of current income tax in previous periods	21,090.96	178,201.63
Profit and loss of joint ventures and associated enterprises accounted by equity method	991,191.57	3,794,799.87
Income not subject to tax	-630,419.57	-322,906.47
Non-deductible costs, expenses and losses	295,317.96	221,237.56
The influence of tax rate change on the balance of deferred income tax at the beginning	-1,222.02	5,458.59
Tax impact by the unrecognized deductible losses and deductible temporary differences in previous years	-173,798.62	-775,053.15
Tax impact of unrecognized deductible losses and deductible temporary differences	5,073,772.21	19,522,497.03

Tax impact of research and development fee plus deduction	-7,555,608.48	-5,982,605.36
Income tax fee reduction and exemption	-813,412.61	-411,005.97
Income tax fee	8,203,720.98	28,059,080.22

50. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

Items	Amount of current	Amount of previous period
Letter of Credit Deposit	95,971,397.61	32,712,277.24
Interest income and other	3,812,160.83	9,787,432.90
Government Subsidy	10,319,059.97	8,107,420.53
Current account	4,476,707.73	7,629,683.54
Other	4,817,267.42	3,459,477.53
Total	119,396,593.56	61,696,291.74

(2).Other cash paid related to operating activities

Items	Amount of current period	Amount of previous
Letter of Credit Deposit	50,257,183.69	42,928,583.04
Cash charges	37,855,834.17	39,178,178.19
Other	9,104,639.66	14,254,157.16
Total	97,217,657.52	96,360,918.39

(3)Other Cash received related to investment activities

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	3,112,161,370.37	4,093,427,051.70
L/C margin for purchase of line 7 equipment	126,799,633.00	71,030,367.00
Credit deposit for non-Line 7 equipment	1,900,000.00	--
Total	3,240,861,003.37	4,164,457,418.70

(4).Cash paid related to other investment activities

Items	Amount of current period	Amount of previous period
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Structured deposits, financial products, principal and income	3,004,000,000.00	4,360,000,000.00
L/C margin for purchase of line 7 equipment	2,150,000.00	196,430,000.00
Credit deposit for non-Line 7 equipment	1,900,000.00	--
Stock transaction cost	15,275.20	--
Total	3,008,065,275.20	4,556,430,000.00

(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

(6) Cash paid related with financing activities

Items	Amount of current period	Amount of previous period
Restricted stock of stock repurchase incentive object	9,344,136.30	11,091,675.60
Borrowing funds		2,700,000.00
Total	9,344,136.30	13,791,675.60

51. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	43,497,645.15	-18,526,678.63
Add: Impairment loss provision of assets	72,412,477.63	97,172,532.71
Credit impairment losses	10,394,533.65	-7,005,890.93
Depreciation of fixed assets, oil and gas assets and consumable biological assets	117,440,111.32	120,272,039.47

Amortization of intangible assets	1,612,363.59	1,362,819.51
Amortization of Long-term deferred expenses	582,518.72	505,932.97
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-276,544.73	-3,967.97
Loss on scrap of fixed assets	3,315.15	374,630.27
Loss on fair value changes	-2,687,518.74	--
Financial cost	455,850.38	4,734,103.39
Loss on investment	-22,599,670.74	-78,038,530.25
Decrease in deferred income tax assets	374,601.17	351,508.05
Increased of deferred income tax liabilities	-10,802,679.08	1,478,752.30
Decrease of inventories	-39,880,044.30	12,010,403.04
Decrease of operating receivables	-188,437,910.96	289,069,889.61
Increased of operating Payable	15,830,477.68	-40,611,755.04
Other		--
Net cash flows arising from operating activities	-2,080,474.11	383,145,788.50
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	--	--
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3. Movement of cash and cash equivalents:

Ending balance of cash	274,325,830.08	268,646,588.18
Less: Beginning balance of cash equivalents	268,646,588.18	1,133,574,235.22
Add: Ending balance of cash equivalents		--
Less: Beginning balance of cash equivalents		--
Net increase of cash and cash equivalents	5,679,241.90	-864,927,647.04

(2)Composition of cash and cash equivalents

Items	Year-end balance	Year-beginning balance
1. I. Cash	2. 274,325,830.08	3. 268,646,588.18
4. Including: Cash at hand	5. 4,127.10	6. 11,091.94
7. Demand bank deposit	8. 274,085,025.1	9. 268,424,080.67
10. Demand other monetary funds	11. 236,677.88	12. 211,415.57
13. II. Cash equivalents	14. --	15. --
16. III. Balance of cash and cash equivalents at the period end	17. 274,325,830.08	18. 268,646,588.18

52. The assets with the ownership or use right restricted

Items	Book value at the end of the period	Restricted reason
Monetary fund	750,000.00	Letter of Credit margin
Fixed assets	330,744,828.51	Mortgage
Intangible assets 产	34,771,047.73	Mortgage
Construction in process	1,301,880,727.03	Mortgage
Total	1,668,146,603.27	

53.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	8,843,259.32	6.5249	57,701,382.74
Yen	78,877,109.00	0.063236	4,987,872.86
HKD	811,727.03	0.84164	683,181.94
Account receivable			
Including: USD	18,973,368.14	6.5249	123,799,329.78
HKD	278,280.00	0.84164	234,211.58
Advance payments			
Including: USD	257,305.00	6.5249	1,678,889.39
Euro	805,500.00	8.025	6,464,137.50
Other receivable			
Including: USD	37,399.02	6.5249	244,024.87
Account payable			
Including: USD	4,530,318.93	6.5249	29,559,877.99
Yen	2,680,544,919.88	0.063236	169,506,938.56
Other payable			
Including: USD	676,686.00	6.5249	4,415,308.48
HKD	1,986,068.33	0.84164	1,671,554.55
Yen	3,381,983.93	0.063236	213,863.14
Euro	22,500.00	8.025	180,562.50

VI. Change in consolidation scope

On August 24, 2020, the Company established Shenzhen Textile Sungang Property Management Co., Ltd. with a registered capital of RMB 1,000,000.00, which was included in the consolidation scope in this period.

VII. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise

Subsidiary	Main operation	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Lishi Industry Development	Shenzhen	Shenzhen	Domestic trade, Property Management	100		Establish

Co., Ltd						
Shenzhen Hotel	Huaqiang	Shenzhen	Shenzhen	Accommodation, restaurants, business center;	100	Establish
Shenfang Property Management Co., Ltd.		Shenzhen	Shenzhen	Property Management	100	Establish
Shenzhen Beauty Century Garment Co., Ltd.		Shenzhen	Shenzhen	Production of fully electronic jacquard knitting whole shape	100	Establish
Shenzhen Sungang Property Management Co., Ltd.	Shenfang	Shenzhen	Shenzhen	Property Management	100	Establish
SAPO Photoelectric Co., Ltd		Shenzhen	Shenzhen	Operating import and export business	60	Purchase
Shenzhen Import & export Co., Ltd.	Shenfang	Shenzhen	Shenzhen	Operating import and export business		100 Establish
Shengtou Co.,Ltd.	(Hongkong)	Hongkong	Hongkong	Production and sales of polarizer		100 Establish

2. Equity in joint venture arrangement or associated enterprise

(1) Joint venture or associated enterprise

Joint venture or associated enterprise	Place of operation	Place of registration	Nature	Share-holding ratio		The accounting treatment of investment in associates
				Directly	Indirectly	
Joint venture:						
Shenzhen Printing Co.,Ltd.	Guanhua & Dyeing	Shenzhen	Shenzhen	Property leasing	50.16	Equity method
Anhui Huapeng Textile Co., Ltd.		Anhui	Anhui	Manufacturing	50.00	Equity method
Associated enterprise						
Shenzhen Printing Company	Changlianfa and dyeing	Shenzhen	Shenzhen	Property leasing	40.25	Equity method
Jordan Factory	Garment	Jordan	Jordan	Manufacturing	35.00	Equity method
Yehui International Co., Ltd.		Hongkong	Hongkong	Manufacturing	22.75	Equity method

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

Items	Shenzhen Guanhua Printing & Dyeing Co.,Ltd	
	2020.12.31	2019.12.31
Current assets	19,854,144.21	10,286,534.45

Non-current assets	242,190,971.30	254,848,270.68
Total assets	262,045,115.51	265,134,805.13
Current liabilities	12,261,343.60	10,815,587.15
Non-current liabilities	37,356,444.69	39,522,035.69
Total liabilities	49,617,788.29	50,337,622.84
Net assets	212,427,327.23	214,797,182.29
including: Minority shareholders' rights	--	--
Attributable to shareholders of the parent company	212,427,327.23	214,797,182.29
Share of net assets calculated by stake	106,553,547.34	107,742,266.64
Adjustment		
Including: Goodwill	21,595,462.44	21,595,462.44
Unrealized internal transaction gains and losses	--	--
Impairment preparation	--	--
Other	285,343.61	285,343.61
Book value of equity investment in joint ventures	128,434,353.39	129,623,072.69

Continue:

Shenzhen Guanhua Printing & Dyeing Co.,Ltd		
Items	Amount of current period	Amount of previous period
Operating revenue	14,623,800.97	4,434,022.16
Financial expenses	-39,339.28	-18,017.22
Income tax expenses	-2,118,023.83	1,624,193.25
Net profit	-3,422,861.88	-7,457,362.64
Net profit from termination	--	--
-Other Comprehensive income	--	--
Total comprehensive income	-3,422,861.88	-7,457,362.64
Dividends received from joint ventures this period	--	--

VIII. Risks Related to Financial Instruments

The Company's main financial instruments include monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, trading financial assets, investment in other equity

instruments, accounts payable, other payables and long-term loans. Details of various financial instruments have been disclosed in relevant notes. The risks related to these financial instruments and the risk management policies adopted by the Company to reduce these risks are as follows. The management of the Company manages and monitors these risks to ensure that the above risks are controlled within a limited range.

1. Risk management objectives and policies

The objective of the Company in risk management is to strike a proper balance between risks and benefits, and strive to reduce the adverse impact of financial risks on the Company's financial performance. Based on this risk management objective, the Company has formulated risk management policies to identify and analyze the risks faced by the Company, set appropriate risk acceptable levels and design corresponding internal control procedures to monitor the risk level of the Company. The Company will regularly review these risk management policies and related internal control systems to adapt to changes in market conditions or business activities of the Company. The internal audit department of the Company also regularly or randomly checks whether the implementation of the internal control system complies with the risk management policy.

The main risks caused by the Company's financial instruments are credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk).

The Board of Directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly define specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and its business activities to decide whether to update the risk management policies and systems. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The internal audit department of the Company regularly reviews the risk management control and procedures, and reports the review results to the Audit Committee of the Company.

The Company disperses the risks of financial instruments through appropriate diversified investment and business portfolio, and reduces the risks concentrated in a single industry, a specific region or a certain counterparty by formulating corresponding risk management policies.

(1) Credit risk

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

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

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

For notes receivable, accounts receivable, other receivables and long-term receivables, the Company sets relevant policies to control credit risk exposure. The Company evaluates customers' credit qualifications based on their financial status, credit records and other factors such as current market conditions, and sets corresponding credit periods. The Company will regularly monitor customers' credit records. For customers with bad credit records, the Company will adopt written dunning, shortening of credit period or cancellation of credit period to ensure that the overall credit risk of the Company is within the controllable range.

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

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

Among the accounts receivable of the Company, the accounts receivable of the top five customers accounted for 56.46% of the total accounts receivable of the Company (in 2019: 65.56%); Among the other receivables of the Company, the other receivables of the top five companies in arrears accounted for 74.16% of the total other receivables of the Company (in 2019: 75.87%).

(2) Liquidity risk

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

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

The Company raises working capital through funds generated from business operations and bank and other loans. On December 31, 2020, the unused bank loan amount of the Company was RMB 456,899,800 (December 31, 2019: not applicable).

At the end of the period, the financial assets, financial liabilities and off-balance sheet guarantee items held by the Company are analyzed according to the maturity period of the undiscounted remaining contract cash flow as follows (In RMB10,000):

items	2020.12.31			
	Within 1 year	1 year to Within 5 years	Over 5 years	Total
Finance liabilities:				
Account payable	32,946.86			32,946.86
Other payable	13,035.84			13,035.84
Long-term loans	--	34,310.02	--	34,310.02
Total of Finance liabilities	45,982.70	34,310.02	--	80,292.72

At the beginning of the period, the financial assets, financial liabilities and off-balance sheet guarantee items held by the Company are analyzed according to the maturity period of the undiscounted remaining contract cash flow as follows (In RMB10,000):

Items	2019.12.31			
	Within 1 year	1 year to Within 5 years	Over 5 years	Total

Finance liabilities:				
Account payable	24,129.78	--	--	24,129.78
Other payable	15,264.58	--	--	15,264.58
Total of Finance liabilities	39,394.36	--	--	39,394.36

The amount of financial liabilities disclosed in the above table is the undiscounted contract cash flow, therefore it may be different from the book amount in the balance sheet.

(3) Market risk

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

Interest rate risk

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

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

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

The interest-bearing financial instruments held by the Company are as follows (In RMB10,000):

Item	Number of this year	Number of last year
Floating-rate financial instruments		
Financial liabilities	34,310.02	--
Including: long-term loans	34,310.02	--

On December 31, 2020, if the borrowing rate calculated by floating interest rate increases or decreases by 25 basis points, while other factors remain unchanged, the net profit and shareholders' equity of the Company will decrease or increase by about RMB 857,800 (December 31, 2019: not applicable).

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

Exchange rate risk

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

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

2. Capital management

The objective of the Company's capital management policy is to ensure that the Company can continue to operate, thereby providing returns to shareholders and benefiting other stakeholders, while maintaining the best capital structure to reduce the capital cost.

In order to maintain or adjust the capital structure, the Company may adjust the financing method, adjust the dividend amount paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or sell assets to reduce debts.

The Company monitors the capital structure on the basis of asset-liability ratio (i.e. total liabilities divided by total assets). On December 31, 2020, the asset-liability ratio of the Company was 21.52% (December 31, 2019: 14.94%).

IX. Fair value

According to the input value of the lowest level which is of great significance to the whole measurement in fair value measurement, the fair value level can be divided into:

Level I: Quotes of the same assets or liabilities in active markets (unadjusted).

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

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

(1) Items and amounts measured at fair value

On December 31, 2020, the assets and liabilities measured at fair value are listed as follows according to the above three levels:

Item	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	Total
I. Continuous fair value measurement				
(I) Transactional financial assets	--	--	684,617,260.06	684,617,260.06
1. Financial assets measured at fair value with changes included in current profits and losses	--	--	684,617,260.06	684,617,260.06

(II) Receivable financing	--	--	102,051,314.08	102,051,314.08
(III) Investment in other equity instruments	10,129,390.84		180,478,036.70	190,607,427.54
(V)Other noncurrent financial assets			30,650,943.40	30,650,943.40
Total assets continuously measured at fair value	10,129,390.84		997,797,554.24	997,797,554.24

X. 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
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	2,800,900.00	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.

During the reporting period, the registered capital of the parent company changed as follows:

In 10,000			
Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
RMB 27,649 million	36,000.00	--	2,800,900.00

2.Subsidiaries of the Company

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

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

Details refer to the Note VII-2, Interests in joint ventures or associates

4.Other Related parties information

Other related party	Relationship to the Company
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Shenzhen Shenchao Technology Investment Co., Ltd.	Subject to the same party controls
Shenzhen City Construction and Development (Group) Co., Ltd	Subject to the same party controls
Shenzhen Tianma Microelectronics Co., Ltd.	Chairman of the Board Is the Vice Chairman of the Company
Hangzhou Jinjiang Group Co., Ltd.	The controlling party of SAPO Photoelectric Shareholder
Lan Xi Jinxin Investment Management Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Shengbo (HK) Co., Ltd.	The Company Executives are Director of the company
Zhejiang Hengjie Industry Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Hengmei Photoelectri Co., Ltd.	A subsidiary of Hangzhou Jinjiang Group Co., Ltd.
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company
Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company

5. Related transactions.

(1) Related transactions on purchasing goods and receiving services

①Acquisition of goods and reception of labor service

Related party	Content	Current amount	Last amount
Hengmei Photoelectri Co., Ltd.	Polarized	204,282,036.36	143,888,209.10

②Related 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	1,485,995.60	1,444,346.74
Hengmei Photoelectri Co., Ltd.	Polarized	110,545,214.28	141,106,466.92

(2) Related-party guarantee

① Related guarantee

Guaranteed party	Amount	Guarantee start date	Guarantee end date	Whether the guarantee has been fulfilled
SAPO Photoelectric	342,660,000.00	2020.09.08	Two years from the expiration of the debt performance period	No

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

Related party	Amount	Start date	Expiring date	Note
Borrowing fund: :				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	2019.07.30	Not yet agreed	The annual lending rate is 0.30%

(4). Rewards for the key management personnel

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	8.2102 million	6.1638million

6. Receivables and payables of related parties

(1) Receivables

Name	Related party	2020.12.31		2019.12.31	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics	581,696.96	25,652.84	733,038.52	36,651.93
Account receivable	Hengmei Photoelectric Co., Ltd.	20,879,229.37	1,578,235.08	53,893,840.80	2,694,692.04
Other receivable	Anhui Huapeng Textile Company	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00
Other receivable	Shenzhen Dailishi Underwear Co., Ltd	1,100,000.00	55,000.00	404,780.23	20,239.01

(2) Payables

Name	Related party	2020.12.31	2019.12.31
Account payable	Hengmei Photoelectric Co., Ltd	35,787,643.44	56,245,028.58
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	1,580,949.95
Other payable	Yehui International Co.,Ltd.	1,143,127.81	1,216,719.38
Other payable 款	SAPO (Hongkong) Co., Ltd.	315,000.00	315,000.00
Other payable	Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,811,240.92	3,811,053.20

XI.Share payment

1.Overall situation of share payment

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

1,566,150 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

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

On January 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 March 12, 2020, the 27th meeting of the Seventh Board of Directors of the Company deliberated and approved the Proposal on Repurchase and Cancellation of Some Restricted Stocks, on which related directors Zhu Jun, Zhu Meizhu and Ning Maozai avoided voting according to relevant laws, regulations and the Articles of Association of the Company. The company plans to repurchase and cancel a total of 1,313,340 restricted stocks held by 110 incentive targets that have not reached the conditions for lifting the restrictions on sales. The repurchase price is calculated at the grant price of RMB 5.73/share plus the bank deposit interest for the same period; A total of 120,000 restricted stocks which have been granted to the 3 resigned employees but have not yet lifted the restrictions on sale are planned to be repurchased and cancelled, at a repurchase price of RMB 5.73/share. A total of 1,433,340 restricted stocks were repurchased and cancelled by the Company. Independent directors of the Company issued independent opinions and lawyers issued legal opinions.

On April 3, 2020, the Company held the second extraordinary general meeting of shareholders in 2020 to review and approve the Proposal on Repurchase and Cancellation of Some Restricted Stocks, and agreed that the Company held a total of 1,313,340 restricted stocks that failed to lift the restrictions on sales in Phase II of 110 incentive objects at a repurchase price of RMB 6.01/share; It is agreed that the Company will repurchase and cancel a total of 120,000 restricted stocks that have been granted to the 3 resigned employees but have not yet lifted the restrictions on sale at a repurchase price of RMB 5.73/share, and a total of 1,433,340 restricted stocks will be repurchased and cancelled.

On June 8, 2020, the Company held the 30th meeting of the Seventh Board of Directors and the 21st meeting of the Seventh Board of Supervisors. The Board of Directors deliberated and approved the Proposal on Repurchase and Cancellation of Some Restricted Stocks, and proposed to repurchase and cancel 57,150 restricted stocks held by the 5 original incentive objects who resigned for personal reasons at a repurchase price of RMB 5.73/share; It is proposed to repurchase and cancel 5,760 restricted stocks held by 1 retired original incentive object at the repurchase price of RMB 6.14/share. Independent directors of the Company expressed their agreed independent opinions. The Board of Supervisors deliberated and approved the Proposal on Repurchase and Cancellation of Some Restricted Stocks, verified the number of repurchased and cancelled stocks and the list of incentive targets, and issued verification opinions, and lawyers issued legal opinions.

On June 29, 2020, the company held the 2019 Annual General Meeting of Shareholders to deliberate and approve the Proposal on Repurchase and Cancellation of Some Restricted Stocks, and agreed to repurchase and cancel 57,150 restricted stocks held by the 5 original incentive objects who resigned for personal reasons at a repurchase price of RMB 5.73/share; It is agreed to repurchase and cancel 5,760 restricted stocks held by 1 retired original incentive object at the repurchase price of RMB 6.14/share, and a total of 62,910 restricted stocks will be repurchased and cancelled.

2. Equity-settled share-based payment

Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
--	--

Determination basis of the number of vesting equity instruments	On each balance sheet date of the waiting period, it is determined based on the latest information such as the change in the number of people that can be released from restrictions and the completion of performance indicators
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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

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

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XII. Commitments

1. Significant commitments

As of December 31,2020,The company does not disclose the pension plan undisclosed matter should exist.

2. Contingency

As of December 31,2020,The company does not disclose the pension plan undisclosed matter should exist.

XIII. Events after balance sheet date

The Company has no events after the balance sheet date that should be disclosed.

XIV. Other significant events

1. Segment information

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's business includes 4 reporting segments: polarizer, textile, property leasing and trade. These reporting segments are determined based on the financial information required by the Company's daily internal management. The management of the Group regularly evaluates the operating results of these reporting segments, so as to decide to allocate resources to them and evaluate their performance. Segment profit or loss, assets and liabilities are as follows:

Current period or end of current period	Polarizer	Property lease	Textile	Trade	Offset	total
Operating income	1,954,299,275.90	95,691,578.25	60,503,325.78	--	-1,529,492.13	2,108,964,687.80
Including: revenue from foreign transaction	1,954,299,275.90	94,195,699.39	60,469,712.51	--	--	2,108,964,687.80
Revenue from inter-segment transactions	--	1,495,878.86	33,613.27	--	-1,529,492.13	--
Including: revenue from main business	1,954,299,275.90	86,707,358.16	60,503,325.78	--	-4,077,074.78	2,097,432,885.06
Operating cost	1,737,374,562.38	28,134,125.79	49,877,951.65	--	-1,088,244.80	1,814,298,395.02
Including: main business cost	1,737,374,562.38	21,928,436.25	49,877,951.65	--	-1,088,244.80	1,808,092,705.48
Operating profit	9,491,199.52	39,054,820.16	2,119,203.22	-257,812.90	-371,420.53	50,394,125.02

Total assets	3,676,840,413.21	3,190,112,708.39	38,262,097.35	28,781,153.62	-1,964,319,763.74	4,969,547,552.23
Total indebtedness	878,156,778.18	177,919,940.25	20,735,649.08	19,444,715.13	-26,024,780.03	1,070,232,302.61

2. Government subsidy

Government subsidies included in deferred income are subsequently measured by the total amount method

Subsidy item	2019.12.31	New subsidy amount in the current period	Amount carried forward to profit or loss in the current period	Others Changes	2020.12.31	Listed items carried forward into profit or loss in the current period	Asset-related/revenue-related
Amortization of textile special funds	428,571.41	--	142,857.16	--	285,714.25	Other income	Related to assets
Amortization of subsidy funds for industrialization items of TFT-LCD polarizer 销	3,033,333.34	--	1,300,000.00	--	1,733,333.34	Other income	Related to assets
Amortization of subsidy funds for narrow line (Line 5) of TFT-LCD polarizer phase I project	1,500,000.00	--	500,000.00	--	1,000,000.00	Other income	Related to assets
Amortization for purchasing imported equipment and technical subsidies	501,926.58	--	175,090.20	--	326,836.38	Other income	Related to assets
Amortization of innovation and venture funds for TFT-LCD polarizer phase I project	150,000.00	--	50,000.00	--	100,000.00	Other income	Related to assets
Amortization of innovation and venture funds in Shenzhen polarized materials and technology engineering	262,500.00	--	50,000.00	--	212,500.00	Other income	Related to assets

laboratory						
Amortization of polarized materials and technical engineering laboratory in Shenzhen	2,625,000.00	--	500,000.00	--	2,125,000.00	Other income Related to assets
Amortization of subsidy funds for technical center construction	1,575,000.00	--	300,000.00	--	1,275,000.00	Other income Related to assets
Amortization of subsidy funds for introducing advanced technology	43,164.31	--	14,388.10	--	28,776.21	Other income Related to assets
Amortization of local supporting funds for TFT-LCD polarizer phase II project (Line 6)	12,750,000.00	--	1,500,000.00	--	11,250,000.00	Other income Related to assets
Amortization of innovation and venture funds for TFT-LCD polarizer phase II project (Line 6)	425,000.00	--	50,000.00	--	375,000.00	Other income Related to assets
Amortization of subsidy funds for key technology R&D equipment of optical compensation film for polarizer	3,625,000.00	--	500,000.00	--	3,125,000.00	Other income Related to assets
Amortization of national subsidy for TFT-LCD polarizer phase II project (Line 6)	8,500,000.00	--	1,000,000.00	--	7,500,000.00	Other income Related to assets
Amortization of funds for pilot projects of regional agglomeration development of strategic emerging industries in Guangdong Province	21,250,000.00	--	2,500,000.00	--	18,750,000.00	Other income Related to assets
Amortization of subsidies for new production lines and purchased equipment in the phase II project of polarizer for	25,500,000.00	--	3,000,000.00	--	22,500,000.00	Other income Related to assets

TFT-LCD							
Amortization of subsidy funds for energy-saving transformation	56,815.63	--	29,642.93	--	27,172.70	Other income	Related to assets
Amortization of subsidy funds for old elevator renovation	1,004,752.95	--	142,255.72	--	862,497.23	Other income	Related to assets
Investment funds in the central budget of polarization industrialization project for super-large TV (Line 7)	30,000,000.00	--		--	30,000,000.00	Other income	Related to assets
R&D subsidy for key technologies of polarizers for ultra-thin IPS smart phone terminals	2,000,000.00	--		--	2,000,000.00	Other income	Related to assets
Shenzhen Municipal Finance Committee (R&D key technologies of high-performance polarizers for C2018N007 large-size display panels)	5,000,000.00	1,000,000.00		--	6,000,000.00	Other income	Related to assets
Special fund subsidy for improving atmospheric environmental quality in Shenzhen - SAPO Photoelectric	1,033,507.00	--	442,931.57	--	590,575.43	Other income	Related to assets
Special fund subsidies for improving the quality of atmospheric environment in Shenzhen-Meibainian	--	520,000.00	26,000.00	--	494,000.00	Other income	Related to assets
Subsidy for special technical transformation investment project of multiplication by technical transformation	--	190,000.00	11,083.33	--	178,916.67	Other income	Related to assets
Total	121,264,571.22	1,710,000.00	12,234,249.01	--	110,740,322.21		

3. Other important matters affecting investors' decision-making

(1) Arbitration between the company and Jinjiang Group

At the end of 2016, the Company introduced Jinjiang Group as a strategic investor for SAPO Photoelectric' capital increase and share expansion. The Company, SAPO Photoelectric, Jinjiang Group and the limited partnership named Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Investment") established by the Jinjiang Group as actual controllers, signed the Cooperation Agreement. Jinjiang Group made a commitment to the performance of SAPO Photoelectric from 2017 to 2019 and Jinjiang Group undertook to make up the difference between the promised net profit and the actual profit in cash if the promised income and net profit were not fulfilled. In 2018 and 2019, Jinjiang Group did not complete its performance commitments as agreed. The performance compensation company in 2018 has been received in 2019 as agreed, totaling RMB 197,268,700; As for the performance compensation in 2019, Jinjiang Group believes that it cannot dominate the operation and management of SAPO Photoelectric, which leads to the failure of the contractual purpose of the Cooperation Agreement, and applies to Shenzhen International Arbitration Court for arbitration. Request: ① To award the applicant to be exempted from fulfilling the 2019 annual performance compensation obligation stipulated in Article 3.1 of the Cooperation Agreement, that is, the applicant no longer pays RMB 244,783,800 to SAPO Photoelectric; ② If the arbitration tribunal finds that it will not support the first arbitration request mentioned above, then, request an award to rescind Article 3.1 of the Cooperation Agreement; The respondent shall compensate the applicant RMB 197,268,700 paid by the applicant in 2018; And the respondent shall compensate the applicant for the profit loss of RMB 202,340,700 that it could have obtained; ③ To award the respondent to bear the arbitration fee and the actual expenses of the arbitration tribunal. As of the reporting date, the above arbitration has not yet been finalized.

(2) Undelivered property of Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Xieli Automobile")

Shenzhen Xieli Automobile Co., Ltd. (hereinafter referred to as "Shenzhen Xieli") is a Sino-foreign joint venture invested by the Company and Hong Kong Xieli Maintenance Co., Ltd in 1981, with a registered capital of RMB 3.12 million, and 50% equity held by the Company. The business term of the company ended in 2008 and its business license was revoked in 2014. The main asset of the company is real estate. In March 2020, the Industrial and Commercial license of Shenzhen Xieli was cancelled, but how to dispose of three properties under its name needs to be resolved upon further negotiation between shareholders of both parties.

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

1. Account receivable

(1) Aging disclosure

Aging	2020.12.31	2019.12.31
Within 1 year	1,538,316.00	550,453.73
Less: Bad debt provision	76,915.80	27,522.69
Total	1,461,400.20	522,931.04

(2) Disclosure by classification according to the bad debt accrual method

Types	2020.12.31	2019.12.31
-------	------------	------------

	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion(%)	Amount	Expected credit loss rate (%)		Amount	Proportion(%)	Amount	Expected credit loss rate (%)	
Bad debt provision is accrued according to individual items	1,538,316.00	100.00	76,915.80	5.00	1,461,400.20	550,453.73	100.00	27,522.69	5.00	522,931.04

Bad debt provision is accrued according to portfoliosAccrual of bad debt provision by single item: :

	2020.12.31			2019.12.31		
	Book balane	Bad-debt provision	Expected credit loss rate (%)	Book balane	Bad-debt provision	Expected credit loss rate (%)
Within year ¹	1,538,316.00	76,915.80	5.00	550,453.73	27,522.69	5.00

(3) Bad debt provision accrued, recovered or reversed in the current period

	Amount of bad-debt provision
2019.12.31	27,522.69
Adjustment amount for the first implementation of the New Income Standards	--
2020.01.01	27,522.69
Current accrual	49,393.11
Withdrawal or reversal in current period	--
2020.12.31	76,915.80

(4) There is no account receivable actually written off in the current period

(5) The top five units of the closing balance of accounts receivable collected by the arrears

The total amount of the top five accounts receivable collected by the Company according to the arrearage party was 1,538,316.00 yuan, accounting for 100% of the total year-end balance of accounts receivable, and all the top five arrears were rental of houses. The sum of the closing balance of the corresponding provision for bad debts is 76915.80 yuan

(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

2. Other receivable

Items	2020.12.31	2019.12.31
Interest receivable	--	7,329,228.31
Other receivable	7,450,934.40	9,710,277.69
Total	7,450,934.40	17,039,506.00

(1) Interest receivable

① Category of interest receivable

Items	2020.12.31	2019.12.31
Fixed deposit	--	--
Structure deposit	--	7,329,228.31
Subtotal:	--	7,329,228.31
Less: Bad debt provision	--	--
Total	--	7,329,228.31

(2) Other receivable

① Category of Other receivable

Aging	2020.12.31	2019.12.31
Within 1 year	5,011,410.31	5,143,593.73
1-2 years	2,410,316.25	3,828,819.36
2-3 years	328,819.35	1,830,359.77
3-4 years	454,759.77	1,810,047.30
4-5 years	1,800,000.00	--
Over 5 years	12,461,099.73	12,476,252.43
Subtotal	23,580,195.11	25,089,072.59
Less: Bad debt provision	16,129,260.71	15,378,794.90
Total	7,450,934.40	9,710,277.69

② Other accounts receivable classified by the nature of accounts

Items	2020.12.31	2019.12.31
	Book balance	Book Balance
Export rebate	7,175,600.00	9,366,582.51

Unit account	16,369,395.10	15,678,175.33
Deposit	10,000.00	--
Other	25,200.01	44,314.75
Subtotal	23,580,195.11	25,089,072.59
Less: Bad debt provision	16,129,260.71	15,378,794.90
Total	7,450,934.40	9,710,277.69

③ Bad-debt provision

At the end of the period, bad debt provision in the first stage:

Types	Book Balance	Bad-debt provision	Book value
Bad debt provision accrued by aging portfol	8,468,948.79	1,018,014.39	7,450,934.4
Total	8,468,948.79	1,018,014.39	7,450,934.4

At the end of the period, the Company does not have interest receivable, dividend receivable and other receivables in the second stage;

At the end of the period, bad debt provision in the third stage:

Types	Book Balance	Bad-debt provision	Book value	Reason
Bad debt provision is accrued according to individual items	15,111,246.32	15,111,246.32	--	Long aging and low possibility of recovery
Total	15,111,246.32	15,111,246.32	--	

On December 31, 2019, bad debt provisions are as follows:

Bad debt provision in the first stage:

Types	Book Balance	Bad-debt provision	Book value
Bad debt accrued by aging portfolios	10,996,121.64	1,285,843.95	9,710,277.69
Total	10,996,121.64	1,285,843.95	9,710,277.69

As of December 31, 2019, the Company has no interest receivable, dividend receivable and other receivables in the second stage.

As of December 31, 2019, Bad debt provision in the third stage:

Types	Book Balance	Bad-debt provision	Book value	Reason
Bad debt provision is accrued according to individual items	14,092,950.95	14,092,950.95	--	Long aging and low possibility of recovery
Total	14,092,950.95	14,092,950.95	--	

④ Bad debt provision accrued, recovered or reversed in the current period

	Stage 1	Stage 2	Stage 3	Total
Bad debt provision	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 December 31,2019	1,285,843.95	--	14,092,950.95	15,378,794.90
Balance as at December 31,2019In current	--	--	--	--
---Transfer to stage II	--	--	--	--
---Transfer to stage III	-181,045.68	--	181,045.68	--
---Transfer to stage II	--	--	--	--
---Transfer to stage I	--	--	--	--
Provision in the current period	--	--	837,249.69	837,249.69
Turn back in the current period	86,783.88	--	--	86,783.88
Reseller in the current period	--	--	--	--
Write - off in the current period	--	--	--	--
Other	--	--	--	--
Balance as at December 31,2020	1,018,014.39	--	15,111,246.32	16,129,260.71

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
Top 1	Unit account	11,389,044.60	Over 5 years	48.30%	11,389,044.60
Top 2	Unit account	7,175,600.00	Within 1 year, 1-2 years	30.43%	--
Top 3	Unit account	1,800,000.00	4-5 years	7.63%	1,800,000.00
Top 4	Unit account	1,100,000.00	Within 1 year	4.66%	55,000.00
Top 5	Deposit	1,018,295.37	1-2 year, 2-3 years, 3-4 years	4.32%	349,497.32
Total		22,482,939.97		95.35%	13,593,541.92

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

Items	2020.12.31			2019.12.31		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment to the subsidiary	1,972,630,835.39	16,582,629.30	1,956,048,206.09	1,966,803,211.46	16,582,629.30	1,950,220,582.16
Investment to joint ventures	138,703,188.31		138,703,188.31	139,721,906.46		139,721,906.46
Investment to associated enterprises	9,225,948.92		9,225,948.92	12,488,023.26		12,488,023.26
Total	2,120,559,972.62	16,582,629.30	2,103,977,343.32	2,119,013,141.18	16,582,629.30	2,102,430,511.88

(1) Investment to the subsidiary

Name	2019.12.31	Increase	Decrease	2020.12.31	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 Industrial Development Ltd. Lisi Co.,	8,073,388.25			8,073,388.25		
Shenzhen Century Co., Ltd. Beauty Garment Co., Ltd.	16,864,215.55			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	
Shenfang Sungang Property Management Co., Ltd.		5,827,623.93	5,827,623.93	
Total	1,966,803,211.46	5,827,623.93	1,972,630,835.39	16,582,629.30

(2) Investment to joint ventures and associated enterprises

Name	2019.12.31	Increase /decrease in reporting period					2020.12.31	Closing balance of impairment provision
		Add investment	Decrease investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes		
I. Joint ventures								
Anhui Huapeng Textile Co.,Ltd.	10,098,833.77			698,189.37			10,797,023.14	
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	129,623,072.69			-1,716,907.52			127,906,165.17	
Subtotal	139,721,906.46			-1,018,718.15			138,703,188.31	
II. Associated enterprises								
Shenzhen Changlianfa Printing and dyeing Company	2,450,676.14			255,586.24			2,706,262.38	
Jordan Garnent Factory	902,269.19			-904,422.99	2,153.80			
Yehui International Co., Ltd.	9,135,077.93			-2,297,211.37	-318,180.02		6,519,686.54	
Subtotal	12,488,023.26			-2,946,048.12	-316,026.22		9,225,948.92	
Total	152,209,929.72			-3,964,766.27	-316,026.22		147,929,137.23	

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	57,649,817.53	7,019,203.76	71,861,233.77	8,340,126.19
Other business cost	3,647,070.68	3,647,070.68	51,724,519.33	52,314,425.79
Total	61,296,888.21	10,666,274.44	123,585,753.10	60,654,551.98

(2) Main business (Industry)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Property rental	57,649,817.53	7,019,203.76	71,861,233.77	8,340,126.19

(3) Main business (Production)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Property rental	57,649,817.53	7,019,203.76	71,861,233.77	8,340,126.19

(4) Main Business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Shenzhen	57,649,817.53	7,019,203.76	71,861,233.77	8,340,126.19

5. Investment income

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the Cost method	18,304,138.91	--
Income from long-term equity investment measured by adopting the equity method	-3,446,613.86	-7,404,083.27

Investment income from the disposal of long-term equity investment	--	55,481,817.13
Dividend income earned during investment holdings in other equity instruments	1,995,042.32	1,558,400.13
Structured deposit interest	14,919,678.58	18,417,333.36
Net monetary gains	3,884,233.70	--
Total	35,656,479.65	68,053,467.35

XVI. Supplement information

1. Particulars about current non-recurring gains and loss

Items	Amount	Notes
Non-current asset disposal gain/loss	273,229.58	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company' s business and granted under the state' s policies)	29,506,252.69	Mainly due to recognize other income from government subsidies related to the main business.
Other non-business income and expenditures other than the above	1,310,556.26	
Net amount of non-operating income and expense except the aforesaid items	--	
Other non-recurring Gains/loss items	31,090,038.53	
Less: Income tax impact on non-current gains & losses	53,313.37	
Net non-current gains & losses	31,036,725.16	
Less : Net impact of non-current gains & losses attributable to minority shareholders (after tax)	11,853,336.46	

Non-current gains & losses attributable to common shareholders of the company	19,183,388.70
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2. Return on net asset and earnings per share

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	1.36	0.07	0.07
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	0.66	0.04	0.04

Shenzhen Textile (Holdings) Co., Ltd.

March 12, 2021