

**Shenzhen Textile (Holdings) Co., Ltd.**

**Auditor's Report**

**Grant Thornton International Ltd (Special General Partnership)**

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## Auditor's Report

Zhi Tong Shen Zi (2022) No.441A002000

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

### I. Opinion

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

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

### II. Basis for Our Opinion

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

### III. Key Audit Matters

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

#### (1) Recognition of revenue

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

##### 1. Description of matters

The operating income of Shenzhen Textile in 2021 was RMB 2, 293. 7479 million, of which the main business income was RMB 2,265.9906 million, accounting for 98.79%. As revenue is one of the key performance indicators of Shenzhen Textile, there is inherent risk that the Company's management manipulates revenue recognition in order to achieve specific goals or expectations, and since the main business income is large, we identify revenue recognition as a key audit item.

##### 2. Response to the audit

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

- (1) Understand, evaluate and test the design effectiveness and operation effectiveness of internal control related to sales revenue cycle;
- (2) Obtain the main sales contracts according to the products and business types, check the relevant clauses related to revenue recognition, and interview the management to evaluate whether the revenue recognition meets the requirements of accounting standards;
- (3) Implement analytical procedures, compare the changes of income between this year and last year according to product types, observe the fluctuations of income between months and the changes of important customers in this period, and analyze the rationality of income changes based on factors such as the company's production capacity, market expansion and industry trends;
- (4) Perform detailed tests to check whether the basis related to sales revenue recognition is sufficient, including checking sales contracts or performing detailed tests, including checking sales contracts or orders, delivery orders, customs declarations and other supporting documents, evaluate the authenticity and accuracy of revenue recognition, and evaluate the authenticity and accuracy of revenue recognition;
- (5) Perform cut-off test to evaluate whether income is recorded in the proper accounting period;
- (6) Select samples from major customers on this recognition procedures, and perform alternative tests on the non-replied parts to judge the authenticity of sales revenue.

(2) Inventory falling price reserves

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

1. Description of matters

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

2. Response to the audit

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

- (1) Understand, evaluate and test the design and operation effectiveness of internal control related to inventory depreciation reserve;
- (2) Understand and evaluate the appropriateness of the Company's accrual policy for inventory depreciation reserve;
- (3) Understand and inquire about inventory storage location and inventory accounting method, and determine the scope of inventory supervision; Implement inventory supervision procedures to check whether the inventory is damaged, obsolete, outdated, defective, etc.;
- (4) Obtain the inventory year-end inventory age list, and carry out analytical review of inventory age according to the status of products to analyze whether the inventory depreciation reserve is reasonable;
- (5) Review and evaluate the rationality of the major estimates made by the management when determining the net realizable value;
- (6) Obtain the calculation table of inventory depreciation reserve, check whether the accrual of inventory depreciation reserve is implemented according to relevant accounting policies, and recalculate the inventory depreciation reserve; Check the changes of inventory depreciation accrued in previous years, evaluate the rationality of estimated selling price and estimated related taxes and fees as key parameters of net realizable value, review the sufficiency of basis of estimated selling price, and analyze the rationality of inventory depreciation reserve.

**IV. Other information**

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 2021, but excludes the financial statements and our auditor's report.

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

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

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

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

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

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

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

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

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.
- (4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

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

Grant Thornton  
International Ltd.(Special  
General Partnership )

Beijing China

Chinese C.P.A.:  
Project Partner

Chinese C.P.A.:

March 15,2022

## Consolidated balance sheet

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

In RMB

Items	December 31,2021	December 31,2020
<b>Current asset:</b>		
Monetary fund	302,472,828.60	279,087,236.95
Settlement provision		
Outgoing call loan		
Transactional financial assets	586,540,735.16	684,617,260.06
Derivative financial assets		
Note receivable	149,942,880.28	16,813,657.28
Account receivable	479,998,708.57	547,310,217.90
Financing of receivables	21,474,101.07	102,051,314.08
Prepayments	15,406,619.53	16,902,516.39
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	140,185,750.40	5,265,002.71
Including : Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	667,461,447.03	480,847,581.44
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	29,503,352.42	77,482,083.47
<b>Total of current assets</b>	<b>2,392,986,423.06</b>	<b>2,210,376,870.28</b>
<b>Non-current assets:</b>		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	133,022,325.77	147,929,137.23
Other equity instruments investment	186,033,829.72	190,607,427.54
Other non-current financial assets	30,650,943.40	30,650,943.40
Real estate investment	106,217,779.76	110,572,471.92
Fixed assets	2,424,741,252.86	790,183,905.38
Construction in progress	71,482,031.08	1,301,750,141.12
Production physical assets		
Oil & gas assets		
Use right assets	9,221,189.37	
Intangible assets	48,635,160.00	36,048,978.91
Development expenses		
Goodwill		
Long-germ expenses to be amortized	5,387,295.94	2,876,561.53
Deferred income tax asset	3,708,596.78	5,243,425.26
Other non-current asset	84,560,280.09	143,307,689.66

Total of non-current assets	3,103,660,684.77	2,759,170,681.95
Total of assets	5,496,647,107.83	4,969,547,552.23
Current liabilities		
Short-term loans	37,575,113.83	
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	16,682,324.12	
Account payable	283,643,842.23	329,468,601.90
Advance receipts	1,805,311.57	3,542,394.33
Contract liabilities	68,955.21	279,631.27
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	59,719,860.24	55,642,549.53
Tax payable	9,200,627.09	12,198,522.02
Other account payable	201,317,421.35	156,118,440.42
Including : Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	5,175,393.52	
Other current liability	27,523,903.58	
Total of current liability	642,712,752.74	557,250,139.47
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	683,016,243.25	343,100,174.35
Bond payable		
Including : preferred stock		
Sustainable debt		
Lease liability	4,243,855.71	
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities	30,741,055.00	
Deferred income	110,461,293.15	110,740,322.21
Deferred income tax liability	61,642,660.91	59,141,666.58
Other non-current liabilities		
Total non-current liabilities	890,105,108.02	512,982,163.14
Total of liability	1,532,817,860.76	1,070,232,302.61
Owners' equity		
Share capital	506,521,849.00	507,772,279.00
Other equity instruments		
Including : preferred stock		
Sustainable debt		
Capital reserves	1,961,599,824.63	1,967,514,358.53
Less: Shares in stock		7,525,438.20
Other comprehensive income	119,682,119.05	116,605,932.42
Special reserve		

Surplus reserves	98,245,845.47	94,954,652.14
Common risk provision		
Retained profit	130,746,251.74	86,912,390.50
Total of owner's equity belong to the parent company	2,816,795,889.89	2,766,234,174.39
Minority shareholders' equity	1,147,033,357.18	1,133,081,075.23
Total of owners' equity	3,963,829,247.07	3,899,315,249.62
Total of liabilities and owners' equity	5,496,647,107.83	4,969,547,552.23

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

### Parent Company Balance Sheet

Items	In RMB	
	December 31,2021	December 31,2020
Current asset:		
Monetary fund	130,270,313.58	113,560,327.21
Transactional financial assets	586,540,735.16	514,277,000.82
Derivative financial assets		
Note receivable		
Account receivable	7,935,911.24	1,461,400.20
Financing of receivables		
Prepayments		18,706.17
Other account receivable	14,383,631.68	7,450,934.40
Including : Interest receivable		
Dividend receivable		
Inventories	39,131.60	8,808.00
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		
Total of current assets	739,169,723.26	636,777,176.80
Non-current assets:		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	2,089,070,531.86	2,103,977,343.32
Other equity instruments investment	169,974,388.84	177,142,433.45
Other non-current financial assets		
Real estate investment	98,174,132.57	101,644,481.93
Fixed assets	20,255,108.56	21,876,099.34
Construction in progress		
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	454,036.00	492,923.62
Development expenses		
Goodwill		

Long-germ expenses to be amortized		
Deferred income tax asset	3,672,545.57	5,097,360.00
Other non-current asset	55,790,497.23	96,871,196.43
Total of non-current assets	2,437,391,240.63	2,507,101,838.09
Total of assets	3,176,560,963.89	3,143,879,014.89
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	411,743.57	411,743.57
Advance receipts	639,024.58	2,875,936.58
Contract liabilities		
Employees' wage payable	16,712,946.96	14,824,723.81
Tax payable	1,943,470.48	11,497,591.21
Other account payable	116,648,650.39	95,023,378.12
Including : Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	136,355,835.98	124,633,373.29
Non-current liabilities:		
Long-term loan		
Bond payable		
Including : preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	400,000.00	500,000.00
Deferred income tax liability	58,002,800.69	56,150,418.06
Other non-current liabilities		
Total non-current liabilities	58,402,800.69	56,650,418.06
Total of liability	194,758,636.67	181,283,791.35
Owners' equity		
Share capital	506,521,849.00	507,772,279.00
Other equity instruments		
Including : preferred stock		
Sustainable debt		
Capital reserves	1,577,392,975.96	1,583,307,509.86
Less: Shares in stock		7,525,438.20
Other comprehensive income	108,762,538.39	107,632,186.85
Special reserve		
Surplus reserves	98,245,845.47	94,954,652.14
Retained profit	690,879,118.40	676,454,033.89
Total of owners' equity	2,981,802,327.22	2,962,595,223.54
Total of liabilities and owners' equity	3,176,560,963.89	3,143,879,014.89

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

### Consolidated Income statement

Items	In RMB	
	Year 2021	Year 2020
I. Income from the key business	2,293,747,892.06	2,108,964,687.80
Incl : Business income	2,293,747,892.06	2,108,964,687.80
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,182,483,548.35	2,030,833,538.40
Incl: Business cost	1,908,519,413.28	1,814,298,395.02
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	10,523,548.09	7,347,125.65
Sales expense	37,973,336.39	28,644,230.87
Administrative expense	122,088,830.15	105,094,934.36
R & D costs	103,508,764.53	67,160,964.22
Financial expenses	-130,344.09	8,287,888.28
Including : Interest expense	14,306,275.13	234,815.67
Interest income	1,655,853.59	3,702,735.59
Add: Other income	19,643,379.33	29,506,252.69
Investment gain ( “-”for loss )	22,663,013.06	22,599,670.74
Incl: investment gains from affiliates	33,984.66	-3,446,613.86
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value	2,150,943.40	2,687,518.74
Credit impairment loss	-4,981,560.53	-10,394,533.65
Impairment loss of assets	-83,508,720.33	-72,412,477.63
Assets disposal income	-597,458.77	276,544.73
III. Operational profit ( “-”for loss )	66,633,939.87	50,394,125.02
Add : Non-operational income	21,285,786.64	1,445,662.38
Less: Non-operating expense	1,686,263.35	138,421.27
IV. Total profit (“-”for loss)	86,233,463.16	51,701,366.13
Less: Income tax expenses	11,118,796.96	8,203,720.98
V. Net profit	75,114,666.20	43,497,645.15
(I) Classification by business continuity		
1.Net continuing operating profit	75,114,666.20	43,497,645.15
2.Termination of operating net profit		

(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	61,162,384.25	37,267,995.74
2.Minority shareholders' equity	13,952,281.95	6,229,649.41
VI. Net after-tax of other comprehensive income	3,076,186.63	-3,131,850.89
Net of profit of other comprehensive income attributable to owners of the parent company.	3,076,186.63	-3,131,850.89
( I ) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	3,275,250.36	-2,815,824.67
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee cannot be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	3,275,250.36	-2,815,824.67
4. Changes in the fair value of the company's credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss.	-199,063.73	-316,026.22
1.Other comprehensive income under the equity method investee cannot be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	-199,063.73	-316,026.22
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	78,190,852.83	40,365,794.26
Total comprehensive income attributable to the owner of the parent company	64,238,570.88	34,136,144.85
Total comprehensive income attributable minority shareholders	13,952,281.95	6,229,649.41
VIII. Earnings per share		
( I ) Basic earnings per share	0.12	0.07
(II)Diluted earnings per share	0.12	0.07

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

### Income statement of the Parent Company

Items	In RMB	
	Year 2021	Year 2020
I. Income from the key business	78,159,686.19	61,296,888.21
Incl : Business cost	11,547,944.88	10,666,274.44
Business tax and surcharge	2,968,080.87	2,435,257.11
Sales expense	49,682.40	
Administrative expense	45,821,418.49	38,680,586.21
R & D expense		
Financial expenses	283,692.12	-1,020,628.37

Including : Interest expenses	645,507.87	13,780.96
Interest income	359,182.13	1,012,329.64
Add : Other income	602,709.52	117,006.72
Investment gain ( “-”for loss )	20,409,098.48	35,656,479.65
Including: investment gains from affiliates	33,984.66	-3,446,613.86
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		392,767.12
Credit impairment loss	-710,513.74	-799,858.92
Impairment loss of assets	-32,769.22	-95,343.40
Assets disposal income	-386,933.41	286,963.56
II. Operational profit ( “-”for loss )	37,370,459.06	46,093,413.55
Add : Non-operational income	283,354.84	562,910.99
Less: Non -operational expenses		27,244.40
III. Total profit(“-”for loss)	37,653,813.90	46,629,080.14
Less: Income tax expenses	5,900,206.38	7,746,152.13
IV. Net profit	31,753,607.52	38,882,928.01
1.Net continuing operating profit		
2.Termination of operating net profit	31,753,607.52	38,882,928.01
V. Net after-tax of other comprehensive income	1,130,351.54	-3,131,850.89
( I ) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	1,329,415.27	-2,815,824.67
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	1,329,415.27	-2,815,824.67
4. Changes in the fair value of the company’s credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss	-199,063.73	-316,026.22
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	-199,063.73	-316,026.22
7.Other		
VI. Total comprehensive income	32,883,959.06	35,751,077.12
VII. Earnings per share		
( I ) Basic earnings per share	0	0
(II)Diluted earnings per share	0	0

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

## Consolidated Cash flow statement

Items	In RMB	
	Year 2021	Year 2020
<b>I. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	2,335,256,168.54	1,827,292,276.43
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	9,423,408.29	116,428,895.93
Other cash received from business operation	88,625,329.53	123,408,000.43
Sub-total of cash inflow	2,433,304,906.36	2,067,129,172.79
Cash paid for purchasing of merchandise and services	1,860,349,920.78	1,742,576,211.51
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	250,216,599.00	181,692,353.93
Taxes paid	101,786,653.96	43,712,017.07
Other cash paid for business activities	225,388,712.97	97,217,657.52
Sub-total of cash outflow from business activities	2,437,741,886.71	2,065,198,240.03
Net cash generated from /used in operating activities	-4,436,980.35	1,930,932.76
<b>II. Cash flow generated by investing</b>		
Cash received from investment retrieving	10,817,803.07	6,437,640.00
Cash received as investment gains	14,881,941.03	2,908,856.94
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	83,520.00	2,800,914.39
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,128,309,484.61	3,240,861,003.37
Sub-total of cash inflow due to investment activities	1,154,092,748.71	3,253,008,414.70
Cash paid for construction of fixed assets, intangible assets and other long-term assets	447,622,193.08	564,014,103.94
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	965,000,000.00	3,008,065,275.20
Sub-total of cash outflow due to investment activities	1,412,622,193.08	3,572,079,379.14
Net cash flow generated by investment	-258,529,444.37	-319,070,964.44
<b>III. Cash flow generated by financing</b>		
Cash received as investment		

Including: Cash received as investment from minor shareholders		
Cash received as loans	339,219,000.00	342,660,000.00
Other financing –related cash received		
Sub-total of cash inflow from financing activities	339,219,000.00	342,660,000.00
Cash to repay debts		
Cash paid as dividend, profit, or interests	38,306,691.13	3,511,622.58
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	12,638,273.00	9,344,136.30
Sub-total of cash outflow due to financing activities	50,944,964.13	12,855,758.88
Net cash flow generated by financing	288,274,035.87	329,804,241.12
IV. Influence of exchange rate alternation on cash and cash equivalents	-1,236,414.38	-2,973,560.67
V. Net increase of cash and cash equivalents	24,071,196.77	9,690,648.77
Add: balance of cash and cash equivalents at the beginning of term	278,337,236.95	268,646,588.18
VI ..Balance of cash and cash equivalents at the end of term	302,408,433.72	278,337,236.95

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

### Cash Flow Statement of the Parent Company

Items	In RMB	
	Year 2021	Year 2020
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	66,467,384.64	64,167,036.73
Tax returned		
Other cash received from business operation	42,417,781.16	6,524,378.62
Sub-total of cash inflow	108,885,165.80	70,691,415.35
Cash paid for purchasing of merchandise and services	13,344,258.31	4,462,365.49
Cash paid to staffs or paid for staffs	34,360,990.56	27,619,751.65
Taxes paid	23,084,768.18	34,788,061.46
Other cash paid for business activities	10,293,028.68	8,944,859.88
Sub-total of cash outflow from business activities	81,083,045.73	75,815,038.48
Net cash generated from /used in operating activities	27,802,120.07	-5,123,623.13
II. Cash flow generated by investing		
Cash received from investment retrieving	10,817,803.07	6,437,640.00
Cash received as investment gains	11,479,752.94	1,957,306.47
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		2,759,267.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	466,820,636.28	1,623,459,188.57
Sub-total of cash inflow due to investment activities	489,118,192.29	1,634,613,402.04
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,247,719.06	2,528,077.97
Cash paid as investment		3,555,968.96
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	475,000,000.00	1,530,015,275.20
Sub-total of cash outflow due to investment activities	477,247,719.06	1,536,099,322.13
Net cash flow generated by investment	11,870,473.23	98,514,079.91
III. Cash flow generated by financing		

Cash received as investment		
Cash received as loans		
Other financing –related cash received		6,545,900.00
Sub-total of cash inflow from financing activities		6,545,900.00
Cash to repay debts		
Cash paid as dividend, profit, or interests	15,176,281.23	11,231.64
Other cash paid for financing activities	7,820,298.30	14,344,136.30
Sub-total of cash outflow due to financing activities	22,996,579.53	14,355,367.94
Net cash flow generated by financing	-22,996,579.53	-7,809,467.94
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	16,676,013.77	85,580,988.84
Add: balance of cash and cash equivalents at the beginning of term	113,560,327.21	27,979,338.37
VI. Balance of cash and cash equivalents at the end of term	130,236,340.98	113,560,327.21

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

**Consolidated Statement on Change in Owners' Equity**  
 Amount in this period

In RMB

Items	Year 2021												Min or shareholders' equity	Total of owners' equity	
	Owner's equity Attributable to the Parent Company														
	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
I. Balance at the end of last year	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
Add:															
Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															

II. Balance at the beginning of current year	507,772,79.00				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
III .Changed in the current year	-1,250,430.00				-5,914,533.90	-7,525,438.20	3,076,186.63		3,291,193.33		43,833,861.24		50,561,715.50	13,952,281.95	64,513,997.45
( I ) Total comprehensive income							4,234,512.42				61,162,384.25		65,396,896.67	13,952,281.95	79,349,178.62
( II ) Investment or decreasing of capital by owners	-1,250,430.00				-5,914,533.90	-7,525,438.20							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	-1,250,430.00				-5,914,533.90	-7,525,438.20							360,474.30		360,474.30
( III ) Profit allotment								3,175,360.75		-18,371,016.22		-15,195,655.47			-15,195,655.47
1.Providing of surplus reserves								3,175,360.75		-3,175,360.75					
2.Providing of common risk provisions															



Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

Amount in last year

In RMB

Items	Year 2020														
	Owner's equity Attributable to the Parent Company												Min or share holders' equity	Total of owners' equity	
	Share Capital	Other Equity instrument			Capital reserves	Les s: Shares in stock	Other Compr ehensive Income	Spe ciali zed rese rve	Sur plus rese rves	Co mm on risk pro visi on	Retai ned prof it	Oth er			Sub tota l
Pr eferred stock		Su sta in able debt	Ot her												
I .Balance at the end of last year	50 9,3 38, 42 9.0 0				1,97 4,92 2,24 8.03	16,1 39,0 03.4 0	119, 737, 783. 31		90,5 96,9 23.3 9		49,3 07,7 64.0 3		2,72 7,76 4,14 4.36	1,12 6,85 1,42 5.82	3,85 4,61 5,57 0.18
Add:															
Change of accounting policy															
Correcting of previous errors															
Merger of entities under common control															
Other															
II .Balance at the beginning of current year	50 9,3 38, 42 9.0 0				1,97 4,92 2,24 8.03	16,1 39,0 03.4 0	119, 737, 783. 31		90,5 96,9 23.3 9		49,3 07,7 64.0 3		2,72 7,76 4,14 4.36	1,12 6,85 1,42 5.82	3,85 4,61 5,57 0.18
III .Change d in the current year	-1, 56 6,1 50. 00				-7,4 07,8 89.5 0	-8,6 13,5 65.2 0	-3,1 31,8 50.8 9		4,35 7,72 8.75		37,6 04,6 26.4 7		38,4 70,0 30.0 3	6,22 9,64 9.41	44,6 99,6 79.4 4
( 1 ) Total comprehens							1,56 2,50				37,2 67,9		38,8 30,5	6,22 9,64	45,0 60,1

ive income						8.59				95.74		04.33	9.41	53.74
( II ) Investment or decreasing of capital by owners	-1, 56 6,1 50. 00				-7,4 07,8 89.5 0	-8,6 13,5 65.2 0						-36 0,47 4.30		-360, 474. 30
1 · Ordinary Sh ares investe d by shareh olders														
2 · Holders of other equity instruments invested ca pital														
3 · Amount of shares paid and accounted as owners' equity														
4 · Other	-1, 56 6,1 50. 00				-7,4 07,8 89.5 0	-8,6 13,5 65.2 0						-36 0,47 4.30		-360, 474. 30
( III ) Profit allotment								3,88 8,29 2.80		-3,8 88,2 92.8 0				
1.Providing of surplus reserves								3,88 8,29 2.80		-3,8 88,2 92.8 0				
2.Providing of common risk provisions														
3 · Allotment to the owners (or shareholder s)														
4 · Other														
(IV) Internal transferring							-4,6 94,3 59.4	469, 435. 95		4,22 4,92 3.53				

of owners' equity							8								
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															
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	

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

## Statement of change in owner' s Equity of the Parent Company

Amount in this period

In RMB

Items	Year 2021											
	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
		Preferrred stock	Sustainable debt	Other								
I. Balance at the end of last year	507,772,279.00				1,583,307,509.86	7,525,438.20	107,632,186.85		94,954,652.14	676,454,033.89		2,962,595,223.54
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	507,772,279.00				1,583,307,509.86	7,525,438.20	107,632,186.85		94,954,652.14	676,454,033.89		2,962,595,223.54
III .Changed in the current year	-1,250,430.00				-5,914,533.90	-7,525,438.20	1,130,351.54		3,291,193.33	14,425,084.51		19,207,103.68
(I) Total comprehensive income							2,288,677.33			31,753,607.52		34,042,284.85
(II) Investment or decreasing of capital by owners	-1,250,430.00				-5,914,533.90	-7,525,438.20						360,474.30
1 · Ordinary Shares invested by shareholders												
2 · Holders of other equity instruments inv												



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	506,521,849.00				1,577,392,975.96		108,762,538.39		98,245,845.47	690,879,118.40		2,981,802,327.22

Legal Representative:      Person-in-charge of the accounting work :      Person-in -charge of the accounting organ :

Amount in last year

Items	Year 2020											
	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
		Pref erred stock	Sust aina ble debt	Oth er								
I. Balance at the end of last year	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74		90,596,923.39	637,234,475.15		2,921,664,361.24
Add:												
Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74		90,596,923.39	637,234,475.15		2,921,664,361.24
III. Changed	-1,5				-6,56	-8,61	-3,13		4,35	39,219		40,930,8

in the current year	66,150.00				1,989.50	3,565.20	1,850.89		7,728.75	,558.74		62.30
(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												
1. Capitalizing of capital									469,435.95	4,224,923.53		

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

In RMB

## Notes to financial statements

### I. Basic Information of the Company

Shenzhen Textile (Group) Co., Ltd. (hereinafter referred to as "Company" or "the Company") is a joint-stock company registered in Guangdong Province with a registered capital of RMB 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 11st meeting of the 8th Board of Directors of the Group on March 15, 2022.

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

### II. Basis for the preparation of financial statements

#### (1) Basis for the preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance and its application guidelines, interpretations and other relevant provisions (collectively referred to as the "Accounting Standards for Business Enterprises"). In addition, the Company also disclosed relevant financial information in accordance with the Rules No.15 for the Information Disclosure and Compilation of Companies Offering Securities Public Issuance - General Provisions on Financial Report (revised in 2014) issued by China Securities Regulatory Commission.

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

#### (2)Continuation

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

### III. Important accounting policies and estimations

Specific accounting policies and accounting estimates tips:

According to its own production and operation characteristics, the Company determines the policies of depreciation of fixed assets, amortization of intangible assets and revenue recognition. See Note III. 16, ,Note III,19 and Note 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, 2021, as well as the combination and operating results and cash flow of the Company.

2. Fiscal Year

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

3. Operating cycle

The operating cycle of the Company is 12 months.

4. Accounting standard money

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

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

(1) Enterprise merger under same control :

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

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

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

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

(2) Business combination involving entities not under common control

For business combination not under the same control, the combination cost refers to the assets paid, liabilities incurred or assumed, and fair value of the issued equity securities in order to gain

control over the acquiree on the acquisition date. On the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are recognized at fair value.

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

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

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

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

### (3) Treatment of transaction costs in business combination

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

## 6 Compilation method of consolidated financial statements

### (1) The scope of consolidation

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

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

### (2) Compilation method of consolidated financial statements

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

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

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

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

#### (3) Acquisition of minority shareholders' equity of subsidiaries

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

#### (4) Treatment of losing control over subsidiaries

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

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

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

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

### (1) Joint operation

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

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

- A. Recognize assets held separately and assets held jointly according to their shares;
- B. Recognize the liabilities undertaken separately, and recognize the liabilities jointly undertaken according to their shares;
- C. Recognize the income generated from the sale of its share of joint operating output;
- D. Recognize the income generated by the sale of output from joint operation according to their shares;
- E. Recognize the expenses incurred separately, and recognize the expenses incurred in joint operation according to their shares.

(2) Joint venture

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

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

#### 8. Recognition Standard of Cash & Cash Equivalents

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

#### 9. Foreign currency transaction

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

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

#### 10. Financial instruments

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

(1) Recognition and derecognition of financial instruments

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

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

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

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it shall be derecognized. If the Company (debtor) signs an agreement with the creditor to replace the existing financial liabilities by assuming new financial liabilities, and the

contract terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized at the same time.

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

#### (2) Classification and measurement of financial assets

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

##### Financial assets measured at amortized cost

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

- The Company's business model of managing such financial assets is to collect contract cash flow as the goal;
- According to the contract terms of the financial asset, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount.
- After initial recognition, such financial assets are measured in amortized cost by the effective interest rate method. Gains or losses arising from financial assets measured in amortized cost that are not part of any hedging relationship are included in current profits and losses when derecognition, amortization according to the effective interest rate method, or impairment recognition.

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

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

- The company's business model of managing the financial assets aims at both collecting contract cash flow and selling the financial assets;
- According to the contract terms of the financial asset, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount. After initial recognition, the fair value of such financial assets is subsequently measured. Interest, impairment losses or gains and exchange gains and losses calculated by the effective interest rate method are included in the current profits and losses, while other gains or losses are included in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in current profits and losses.

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

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

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

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

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

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

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

Only when the Company changes its business model for managing financial assets, all affected financial assets shall be reclassified on the first day of the first reporting period after the business model changes, otherwise, financial assets shall not be reclassified after initial recognition. Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value, whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets, relevant transaction costs are included in the initial recognition amount. Accounts receivable arising from the sale of products or the provision of labor services that do not include or take into account significant financing components are initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive.

### (3) Classification and measurement of financial liabilities

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

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

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

Financial liabilities measured in amortized cost

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

#### Distinction between financial liabilities and equity instruments

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

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

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

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

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

#### (4) Derivative financial instruments and embedded derivative instruments

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

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

#### (5) Fair value of financial instruments

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

#### (6) Impairment of financial assets

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

- ① Financial assets measured at amortized cost;
- ② Receivables and debt investments measured at fair value and included in other comprehensive income;
- ③ Lease receivables;
- ④ Financial guarantee contracts (except those which are measured at fair value with changes included in current profits and losses, in which the transfer of financial assets does not meet the

conditions for derecognition, or those formed by continuing to involve the transferred financial assets).

#### Measurement of expected credit loss

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

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

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

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

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

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

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

For notes receivable and accounts receivable, regardless of whether there is significant financing component, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

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

A. Notes receivable

Notes receivable portfolio 1: bank acceptance bill

Notes receivable portfolio 2: commercial acceptance bill

B. Accounts receivable

Accounts receivable portfolio 1: polarizer sales receivable

Accounts receivable portfolio 2: textile and garment sales receivable

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

Accounts receivable portfolio 4: other receivables

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

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

Other receivables

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

Other receivables portfolio: aging portfolio

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

Debt investment and other debt investment

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

Evaluation of significant increase in credit risk

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

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

- The debtor fails to pay the principal and interest according to the expiration date of the contract;
- Serious deterioration of external or internal credit rating (if any) of financial instruments that has occurred or is expected;
- Serious deterioration of the debtor's operating results that has occurred or is expected;
- Changes in existing or expected technology, market, economic or legal environment, and significant adverse effects on the debtor's repayment ability of the Company.

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

Financial assets with credit impairment

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

- The issuer or debtor has major financial difficulties;
- The debtor violates the contract, such as default or overdue payment of interest or principal;

- The Company gives concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or debtor cause the active market of the financial assets to disappear.

#### Presentation of expected credit loss provision

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

Cancel after verification

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

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

#### (7) Transfer of financial assets

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

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

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

#### (8) Offset of financial assets and financial liabilities

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

### 11. Notes receivable

For notes receivable and accounts receivable, regardless of whether there is significant financing component, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

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

Notes receivable portfolio 1: bank acceptance bill

Notes receivable portfolio 2: commercial acceptance bill

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

#### 12. Accounts receivable

For notes receivable and accounts receivable, regardless of whether there is significant financing component, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

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

Accounts receivable portfolio 1: polarizer sales receivable

Accounts receivable portfolio 2: textile and garment sales receivable

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

Accounts receivable portfolio 4: other receivables

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

#### 13. Receivable financing

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

#### 14. Other account receivable

Determination method and accounting treatment method of expected credit loss of other receivables

The Company divides the other receivables into several portfolio according to the credit risk characteristics, and calculates the expected credit losses on the basis of determining the portfolio as follows:

Other receivables portfolio: age portfolio:

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

## 15.Inventory

### 1.Inventory class

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

#### (2) Pricing method of issued inventory

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

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

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

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

#### (4) Inventory system of inventory

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

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

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

## 16.Contract assets

The Company lists the customer's unpaid contract consideration for which the Company has fulfilled its performance obligations according to the contract, and which is not the right to collect money from customers unconditionally (that is, only depending on the passage of time) as a contract asset in the balance sheet. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset.

## 17.Contract Costs

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

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

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

① Such cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only due to this contract;

② Such cost increases the resources of the Company for fulfilling its performance obligations in the future;

③ The cost is expected to be recovered.

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

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

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

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

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

#### 18.Held-for-sale assets

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

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

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

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

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

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

If the net amount of non-current assets held for sale or disposal group's fair value minus sales expenses increases on the subsequent balance sheet date, the previously written-down amount will

be restored and reversed within the amount of asset impairment loss recognized after being classified as held-for-sale, and the reversed amount will be included in the current profits and losses. The book value of offset goodwill shall not be reversed.

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

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

- ① The book value of the asset or disposal group before it is classified as held-for-sale, and the amount adjusted according to the depreciation, amortization or impairment that should have been recognized without being classified as held-for-sale;
- ② Recoverable amount.

#### 19.Creditor's rights investment

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

#### 20.Other Creditor's rights investment

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

#### 21.Long-term account receivable

None

#### 22.Long-term equity investments

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

##### (1) Determination of initial investment cost

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

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

##### (2) Subsequent measurement and profit and loss recognition method

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

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

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

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

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

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

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

If the Company's shareholding ratio decreases due to capital increase of other investors, causing loss of control, but it can exercise joint control or exert significant influence on the investee, the

share of net assets increased by the investee due to capital increase and share expansion shall be recognized according to the new shareholding ratio, and the difference between the original book value of long-term equity investment corresponding to the decreased shareholding ratio shall be included in the current profits and losses; Then, according to the new shareholding ratio, it is regarded as being adjusted by the equity method when the investment is obtained.

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

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

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

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

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

(4) Equity investment held for sale

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

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

If the equity investment in an associated enterprise or joint venture that has been classified as held for sale no longer meets the classification conditions of assets held for sale, the equity method shall be used for retrospective adjustment from the date that it is classified as assets held for sale.

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

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

## 23. Investment real estate

The measurement mode of investment property

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

#### Depreciation or Amortization Method

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

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

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

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

#### 24.Fixed assets

##### (1) Recognition conditions of fixed assets

The Company's fixed assets refer to tangible assets held for the production of commodities, provision of labor services, leasing or operation and management, with a service life exceeding one fiscal year. Only when the economic benefits related to the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be measured reliably, can the fixed assets be recognized.

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

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

##### (2) The method for depreciation

Category	The method for depreciation	Expected useful life ( Year )	Estimated residual value	Depreciation
House and Building-Production	Straight-line method	35	4.00%	2.74%
House and Building-Non-Production	Straight-line method	40	4.00%	2.40%
Decoration of Fixed assets	Straight-line method	10		10.00%
Machinery and	Straight-line method	10-14	4.00%	9.60%-6.86%

equipment				
Transportation equipment	Straight-line method	8	4.00%	12.00%
Electronic equipment	Straight-line method	8	4.00%	12.00%
Other equipment	Straight-line method	8	4.00%	12.00%

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

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

None

#### 25. Construction in progress

The cost of construction in progress of the Company is determined according to the actual project expenditure, including all necessary project expenditures incurred during the construction period, borrowing costs that should be capitalized before the project reaches the intended usable state, and other related expenses.

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

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

#### 26. Borrowing costs

##### (1) Recognition principle of capitalization of borrowing costs

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

① Asset expenditure has already occurred, including the expenditure incurred in the form of payment in cash, transfer of non-cash assets or assumption of interest-bearing debts for the purchase, construction or production of assets that meet the capitalization conditions;

② Borrowing costs have already occurred;

③ The purchase, construction or production activities necessary to make the assets reach the intended usable or saleable state have started.

##### (2) Capitalization period of borrowing costs

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

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

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

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

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

#### 27. Biological Assets

None

#### 28. Oil & Gas assets

None

#### 29. Right to use assets

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

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

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

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

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

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

#### 30. Intangible assets

##### (1) Valuation method, service life and impairment test

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

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

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

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

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

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

## (2) Accounting Policy of Internal Research and Development Expenditure

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

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

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

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

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

## 31.Long-term Assets Impairment

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

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

The recoverable amount is determined according to the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the estimated future cash flow of the asset. The Company estimates its recoverable amount on the basis of individual assets; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. The identification of asset group is based on whether the main cash inflow generated by asset group is independent of cash inflow of other assets or asset groups.

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

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

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

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

### 32. Long-term deferred expenses

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

### 33. Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods to customers for the received or receivable consideration from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional collection right before the Company transfers the goods to the customer, the Company will list the received or receivable amount as the contract liability at the earlier of the actual payment made by the customer and the due date for payment. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset.

### 34. Remuneration

#### 1. Accounting Treatment Method of Short-term Compensation

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

## 2. Accounting Treatment Method of Severance Benefit Plans

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

### Set deposit plan

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

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

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

### Set benefit plan

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

① Service cost, including current service cost, past service cost and settlement gain or loss.

Where: the current service cost refers to the increase of the present value of set benefit plan obligations caused by the employees providing services in the current period; Past service cost refers to the increase or decrease of the present value of set benefit plan obligations related to employee service in previous period caused by the modification of set benefit plans.

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

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

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

## 3. Accounting Treatment Method of Demission Welfare

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

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

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

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

#### 35. Lease liabilities

None

#### 36. Estimated Liabilities

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

(1) Such obligation is the current obligation undertaken by the Company;  
(2) The performance of such obligation is likely to lead to the outflow of economic benefits from the Company;

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

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

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

#### 37. Share payment

(1) Types of share-based payment

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

(2) Method for determining fair value of equity instruments

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

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

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

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

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

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

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

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

38. Other financial instruments such as preferred stocks and perpetual bonds

None

39. Revenue

Accounting policies adopted for income recognition and measurement

(1) General principles

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

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

obligation on the contract start date, and measure the income according to the transaction price amortized to each individual performance obligation.

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

① The customer obtains and consumes the economic benefits brought by the Company's performance at the same time of the its performance.

② Customers can control the goods under construction during the performance of the Company.

③ The commodities produced during the performance of the Company have irreplaceable uses, and the Company has the right to collect payment for the performance part accumulated so far during the whole contract period.

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

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

① The Company has the current right to receive payment for the goods or services, that is, the customer has the current payment obligation for the goods or services.

② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.

③ The Company has transferred the physical goods to the customer, that is, the customer has physically taken possession of the goods.

④ The Company has transferred the main risks and rewards on the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the goods.

⑤ The customer has accepted the goods.

⑥ Other signs that the customer has obtained control of the goods.

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

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

(2) Specific method

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

Polarizer/Textile and garment sales contract:

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

Export: A. When the customer receives goods in China, the revenue recognition is the same as "Revenue Recognition for Domestic Sales"; B. When the delivery place of customer is outside the

country, the Company mainly adopts FOB. When the goods are delivered from the warehouse and have been exported for customs declaration, the Company recognizes the revenue.

Revenue from property/accommodation services:

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

The adoption of different business models in similar businesses leads to differences in accounting policies for income recognition

None

#### 40. Government subsidy

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

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

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

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

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

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

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

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

#### 41. The Deferred Tax Assets / The deferred Tax Liabilities

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

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

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

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

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

For deductible temporary differences, deductible losses and tax deductions that can be carried forward to later years, the Company shall recognize the deferred income tax assets arising therefrom to the extent that it is likely to obtain the future taxable income used to offset the deductible temporary differences, deductible losses and tax deductions, unless the deductible temporary differences are generated in the following transactions:

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

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

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

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

#### 42. Lease

##### (1) Accounting treatment method of operating lease

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

##### (2) Accounting treatment method of financial lease

In financial lease, at the beginning date of the lease term, the Company takes the net lease investment as the recorded value of the financial lease receivable, and the net lease investment is the sum of the unsecured residual value and the present value of the lease receipts that have not yet been received on the start date of the lease term discounted according to the interest rate of the lease. As the lessor, the Company calculates and recognizes the interest income of each period in the lease term according to the fixed periodic interest rate. The variable lease payments obtained by the Company as the lessor

that are not included in the measurement of net lease investment are included in the current profits and losses when actually incurred.

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

#### 43. Other important accounting policies and accounting estimates

##### (1) Change of main accounting policies

Accounting policy changes caused by implementation of new financial instrument standards

##### (2) Changes in accounting estimates

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

#### 44. Change of main accounting policies and estimations

##### (1) Change of main accounting policies

√ Applicable □ Not applicable

The content and reason for change of accounting policy	Approval process	Remarks
In order to adapt to the development of market economy, it standardizes the accounting treatment of related economic business and improves the quality of accounting information. On December 7, 2018, the Ministry of Finance issued the Notice on Revision and Issuance of Accounting Standards for Business Enterprises No.21-Leasing (CS [2018] No.35) (hereinafter referred to as the "New Leasing Standards"). According to the regulations, the Company will implement the New Leasing Standards from January 1, 2021 and adjust the relevant contents of accounting policies.	The examined and Adopted at the 2nd meeting of the 8th Board of Directors	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> On March 12, 2021 (Announcement No.: 2021-12)

##### ① New Leasing Standards

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

For the contracts existing before the first implementation date, the Company chooses not to re-evaluate whether they are leases or include leases on the first implementation date. For contracts

signed or changed after the first implementation date, the Company evaluates whether the contract is a lease or includes a lease according to the definition of lease in the New Leasing Standards.

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

As lessee

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

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

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

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

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

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

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

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

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

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

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

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

As a substitute for the impairment test of the right-to-use assets, the Company evaluates whether the contract including leases is an onerous contract before the first implementation date, and adjusts the right-to-use assets according to the loss reserve amount included in the balance sheet before the first implementation date;

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

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

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

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

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

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

Items	2021.01.01
Right-to-use assets	
For the right-to-use assets recognized by the operating lease before	13,762,176.74

the first implementation date

Financing leased assets recognized under the original lease standards	--
<b>Total :</b>	<b>13,762,176.74</b>

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

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

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

As lessor

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

(2) Change of main accounting estimations

Applicable  Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases from year 2021

Applicable  Not applicable

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

Yes  No

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

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2021

Applicable  Not applicable

45.Other

None

### III. Taxes of the Company

#### 1. Main taxes categories and tax rate

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

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

Name of taxpayer	Income tax rates
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#### 2. Tax preference

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

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

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

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

3. Other

None

**IV. Notes of consolidated financial statement**

1. Monetary Capital

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

Other note

At the end of the period, there is no mortgage, pledge or freezing, or money deposited abroad with restricted repatriation.

2. Transactional financial assets

Items	In RMB	
	Year-end balance	Year-beginning balance
Financial assets measured at their fair values and with the variation included in the current profits and losses	586,540,735.16	684,617,260.06
Including :		
Structure deposit	0.00	200,536,575.34
Monetary fund	586,540,735.16	484,080,684.72
Including		
<b>Total</b>	<b>586,540,735.16</b>	<b>684,617,260.06</b>

Other note :

3. Derivative financial assets

Items	单位：元	
	Year-end balance	Year-beginning balance

Other note :

4. Notes receivable

(1) Notes receivable listed by category

Items	In RMB	
	Year-end balance	Year-beginning balance
Bank acceptance	77,296,787.26	0.00
Commercial acceptance	72,646,093.02	16,813,657.28

Total	149,942,880.28	16,813,657.28
-------	----------------	---------------

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Of which :										
Accrual of bad debt provision by portfolio	138,110,166.17	100.00%	365,055.74	0.26%	137,745,110.43	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28
Of which :										
Commercial acceptance	73,011,148.76	52.86%	365,055.74	0.50%	72,646,093.02	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28
Bank acceptance	65,099,017.41	47.14%	0.00	0.00%	65,099,017.41	0.00	0.00%	0.00	0.00%	0.00
Total	138,110,166.17	100.00%	365,055.74	0.26%	137,745,110.43	16,898,148.02	100.00%	84,490.74	0.50%	16,813,657.28

Accrual of bad debt provision by single item:

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

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

Note :

Accrual of bad debt provision by portfolio:

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

Note :

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

√ Applicable □ Not applicable

None

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision :

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	

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

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

Applicable  Not applicable

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

In RMB

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

(4) Accounts receivable financing endorsed or discounted by the Company at the end of the period and not expired yet on the date of balance sheet

In RMB

Items	Amount derecognized at the end of the period	Amount not yet derecognized at the end of the period
Bank acceptance		65,099,017.41
Total		65,099,017.41

(5) Accounts receivable financing transferred to accounts receivable by the Company at the end of the period due to failure of the drawer to perform

In RMB

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

Other note

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

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

In RMB

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

## 5. Account receivable

(1) Classification account receivables.

In RMB

Category	Amount in year-end					Amount in year-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accrual of bad debt provision by single item	13,260,307.34	2.56%	13,260,307.34	100.00%		20,641,002.24	3.52%	13,552,865.25	65.66%	7,088,136.99
Including :										
Accrual of bad debt provision by	502,848.54	97.43%	22,849,841.	4.54%	479,998,708.	565,279,517.	96.48%	25,057,436.5	4.43%	540,222,080.91

portfolio	9.97		40		57	47		6		
Including :										
Total	516,108.857.31	100.00%	36,110,148.74	7.00%	479,998,708.57	585,920,519.71	100.00%	38,610,301.81	6.59%	547,310,217.90

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Dongguan Yaxing Semiconductor Co., Ltd.	2,797,016.81	2,797,016.81	100.00%	Beyond the credit period for a long time, uncertain recovered.
Dongguan Fair LCD Co., Ltd.	1,697,122.75	1,697,122.75	100.00%	Beyond the credit period for a long time, uncertain recovered.
Guangdong Ruili Baolai Technology Co., Ltd.	1,298,965.36	1,298,965.36	100.00%	Beyond the credit period for a long time, uncertain recovered.
Huangshan Zhongxianwei Electric Co., Ltd.	902,031.00	902,031.00	100.00%	Beyond the credit period for a long time, uncertain recovered.
Shenzhen Gulida Microelectronics Co., Ltd.	422,178.00	422,178.00	100.00%	Beyond the credit period for a long time, uncertain recovered.
Other	6,142,993.42	6,142,993.42	100.00%	Beyond the credit period for a long time, uncertain recovered.
Total	13,260,307.34	13,260,307.34	--	--

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason

Accrual of bad debt provision by portfolio:

In RMB

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

Note :

Accrual of bad debt provision by portfolio:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Note :

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable  Not applicable

Disclosure by aging

		In RMB
Aging	Closing balance	
Within 1 year ( Including 1 year )		502,894,801.73
1-2 years		5,702.29
2-3 years		676,153.40
Over 3 years		12,532,199.89
3-4 years		103,011.28
4-5 years		389.73
Over 5 years		12,428,798.88
Total		516,108,857.31

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision :

		In RMB				
Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
	38,610,301.81	-1,531,351.49	968,801.58			36,110,148.74
Total	38,610,301.81	-1,531,351.49	968,801.58			36,110,148.74

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

		In RMB
Name	Amount	Way

(3) The actual write-off accounts receivable

		In RMB
Items	Amount	

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

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

Note :

None

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

In RMB			
Name	Balance in year-end	Proportion(%)	Bad debt provision
TCL CSOT	81,678,407.05	15.83%	3,700,031.84

CSOT	64,415,196.86	12.48%	2,918,008.42
Huijin (Shenzhen) Technology Co., Ltd.	49,476,257.03	9.59%	2,241,274.45
LG Display (China) Co., Ltd.	36,387,596.37	7.05%	1,648,358.12
LG Display (Guangzhou) Co., Ltd.	35,275,590.17	6.83%	1,597,984.24
<b>Total</b>	<b>267,233,047.48</b>	<b>51.78%</b>	

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

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

None

#### 6.Receivable financing

Items	In RMB	
	Closing balance	Opening balance
Note receivable	21,474,101.07	102,051,314.08
<b>Total</b>	<b>21,474,101.07</b>	<b>102,051,314.08</b>

Changes in current period and fair value of receivables financing

Applicable Not applicable

None

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable Not applicable

None

Other note :

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

There is no single bank acceptance bill with impairment provision of the Company. On December 31, 2021, the Company considered that there was no significant credit risk in the bank acceptance bills held by it, and there would be no significant loss due to bank default.

#### 7.Prepayments

(1) List by aging analysis:

Aging	In RMB			
	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	15,157,623.27	98.38%	14,934,263.03	88.35%
1-2 years	248,996.26	1.62%	557,043.06	3.30%
2-3 years			540,748.42	3.20%
Over 3 years			870,461.88	5.15%
<b>Total</b>	<b>15,406,619.53</b>	<b>--</b>	<b>16,902,516.39</b>	<b>--</b>

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

On December 31, 2021, there was no large prepayment with an accounting age of more than one year in the balance of prepayment .

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

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

Other note : None

#### 8.Other receivable

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

(1) Interest receivable

1) Category of interest receivable

Items	单位：元	
	Closing balance	Opening balance
Fixed deposit	0.00	0.00
Entrusted loan	0.00	0.00
Bond investment	0.00	0.00

2) Significant overdue interest

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

Other note :

3) The bad debt provision

Applicable  Not applicable

(2) Dividend receivable

1)Dividend receivable

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

2) Significant dividend receivable aged over 1 year

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

3) The bad debt provision

Applicable  Not applicable

Other note :

(3) Other accounts receivable

1) Other accounts receivable classified

In RMB

Nature	Closing book balance	Opening book balance
Reserve Funds and Employee Loans	293,128.97	379,477.97
Deposit and security deposit	144,954,822.31	2,585,585.87
Export tax rebate	1,698,919.82	1,658,146.29
Unit exchanges	16,402,902.33	16,369,395.10
Other	1,834,489.23	2,069,761.14
<b>Total</b>	<b>165,184,262.66</b>	<b>23,062,366.37</b>

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2021	573,597.01		17,223,766.65	17,797,363.66
Balance as at January 1, 2021 in current	---	---	---	---
Provision in the current period	7,221,660.06			7,221,660.06
Balance as at December 31, 2021	7,795,257.07		17,203,255.19	24,998,512.26

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

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year )	146,289,172.36

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

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision :

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
	17,797,363.66	7,221,660.06	20,511.46			24,998,512.26
Total	17,797,363.66	7,221,660.06	20,511.46			24,998,512.26

Note

Where the current bad debts back or recover significant amounts:

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

4) Other account receivables actually cancel after write-off

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

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

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

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

Name	Nature	Year-end balance	Aging	Portion in total other receivables(%)	Bad debt provision of year-end balance
Shenzhen Beauty Century Garment Co., Ltd.	Internal current account	143,101,258.40	1-3 years	86.63%	7,155,062.92
Jiangxi Xuanli Thread Co., Ltd.	Unit account	11,389,044.60	Over 5 years	6.89%	11,389,044.60
Anhui Huapeng	Unit account	1,800,000.00	Over 5 years	1.09%	1,800,000.00

Textile Company					
Shenzhen Dailisi Underwear Co., Ltd	Unit account	1,100,000.00	Within 1 year	0.67%	55,000.00
Shenzhen Xieli Automobile Repair Plant	Unit account	1,018,295.37	2-5 years	0.62%	1,018,295.37
Total	--	158,408,598.37	--	95.90%	21,417,402.89

6) Accounts receivable involved with government subsidies

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

The company has no government subsidies receivable.

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

None

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

None

Other note :

9. Inventories

Whether the company need to comply with the disclosure requirements of the real estate industry

No

(1) Category of Inventory

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	349,978,870.87	26,335,509.94	323,643,360.93	258,191,196.82	13,788,646.60	244,402,550.22
Processing products	10,992,072.59		10,992,072.59	2,715,845.96		2,715,845.96
Good in stock	118,034,342.61	36,750,396.02	81,283,946.59	132,780,479.72	43,914,789.90	88,865,689.82
Goods in transit	7,910,629.62	30,573.89	7,880,055.73	524,698.46		524,698.46
Semi-finished	270,743,032.26	34,298,745.28	236,444,286.98	131,069,647.77	14,613,640.62	116,456,007.15
Commissioned materials	7,838,404.74	620,680.53	7,217,724.21	31,040,280.45	3,157,490.62	27,882,789.83

Total	765,497,352.69	98,035,905.66	667,461,447.03	556,322,149.18	75,474,567.74	480,847,581.44
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(2) Inventory falling price reserves and reserves for impairment of contract performance costs

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Raw materials	13,788,646.60	19,526,328.72		6,979,465.38		26,335,509.94
Good in stock	43,914,789.90	25,646,269.75		32,810,663.63		36,750,396.02
Semi-finished	14,613,640.62	37,652,098.22		17,966,993.56		34,298,745.28
Goods in transit		30,573.89				30,573.89
Commissioned materials	3,157,490.62	620,680.53		3,157,490.62		620,680.53
Total	75,474,567.74	83,475,951.11		60,914,613.19		98,035,905.66

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

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

10. Contract assets

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of contract assets is accrued according to the general model of expected credit loss:

Applicable  Not applicable

Provision for impairment of contract assets in the current period

Other note

11. Assets divided as held-to-sold

Not applicable

Other note :

12. Non-current assets due within 1 year

Not applicable

Other note

13. Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
After the deduction of input VAT	860,153.70	77,482,083.47
Advance payment of income tax	57,448.91	

Returns receivable costs	28,585,749.81	
Total	29,503,352.42	77,482,083.47

Other note :

#### 14. Creditor's right investment

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

Not applicable

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

Applicable  Not applicable

Other note :

#### 15. Other creditor's rights investment

Not applicable

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

Applicable  Not applicable

Other note

#### 16. Long-term accounts receivable

##### (1) List of long-term accounts receivable

Not applicable

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

Applicable  Not applicable

Other note

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

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

Other note

#### 17. Long-term equity investment

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance
		Additi onal	Decrease in	Profits and	Other compr	Changes in	Cash bonus	Withdr awal	Other		

	Balance	Investment	Investment	Losses on investments Recognized under the equity method	Share of income	Other equity	Share of profits announced to issue	Share of impairment provision		Balance	Share of impairment provision
<b>I. Joint ventures</b>											
Anhui Huaping Textile Co., Ltd.	10,797,023.14		10,797,023.14								
Shenzhen Guanhuang Printing & Dyeing Co., Ltd.	127,906,165.17			308,060.37						128,214,225.54	
<b>Subtotal</b>	<b>138,703,188.31</b>		<b>10,797,023.14</b>	<b>308,060.37</b>						<b>128,214,225.54</b>	
<b>2. Affiliated Company</b>											
Shenzhen Changlianfa Printing & dyeing Company	2,706,262.38			265,940.59						2,972,202.97	
Hongkong Yehui International Co., Ltd.	6,519,686.54			-540,016.30	-199,063.73		3,944,709.25			1,835,897.26	
<b>Subtotal</b>	<b>9,225,948.92</b>			<b>-274,026.89</b>	<b>-199,063.73</b>		<b>3,944,709.25</b>			<b>4,808,102.23</b>	

al	948.92			75.71	63.73		709.25			100.23	
Total	147,929,137.23		10,797,023.14	33,984.66	-199,063.73		3,944,709.25			133,022,325.77	

Other note

#### 18. Other equity instruments investment

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

Itemized disclosure of the current non - trading equity instrument investment

Name	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	In RMB	
					Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earning
Fuao auto parts Co., Ltd. (000030)	414,007.80	1,158,325.79		1,158,325.79	Disposal	
Shenzhen Dailishi Underwear Co., Ltd.	1,037,735.85	21,077,143.74				
Union Development Group Co., Ltd.	208,000.00	141,509,485.84				
Shenzhen Xinfang Knitting Co., Ltd.		1,703,903.00				
Jintian Industry (Group) Co., Ltd.			14,831,681.50			
Shenzhen South Textile	892,152.37	14,559,440.88				

Co., Ltd.						
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Other note :

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

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

19. Other non-current financial assets

Items	In RMB	
	Year-end balance	Year-beginning balance
Financial assets measured at fair value with changes included in current profits and losses	30,650,943.40	30,650,943.40
Total	30,650,943.40	30,650,943.40

Other note :

20. Investment real estate

(1) Investment real estate adopted the cost measurement mode

Applicable  Not applicable

Items	In RMB			
	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	261,742,940.53			261,742,940.53
2. Increase in the current period	3,028,785.00			3,028,785.00
(1) Purchase	3,028,785.00			3,028,785.00
(2) Inventory\Fixed assets\ Transferred from construction in progress				
(3) Increased of Enterprise Combination				
3. Decreased amount of the period	1,127,850.60			1,127,850.60
(1) Dispose	1,127,850.60			1,127,850.60
(2) Other out				
4. Balance at period-end	263,643,874.93			263,643,874.93
II. Accumulated				

amortization				
1. Opening balance	151,170,468.61			151,170,468.61
2. Increased amount of the period	6,986,473.75			6,986,473.75
(1) Withdrawal	6,986,473.75			6,986,473.75
3. Decreased amount of the period	730,847.19			730,847.19
(1) Dispose	730,847.19			730,847.19
(2) Other out				
4. Balance at period-end	157,426,095.17			157,426,095.17
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end				
IV. Book value				
1. Book value at period -end	106,217,779.76			106,217,779.76
2. Book value at period-beginning	110,572,471.92			110,572,471.92

(2) Investment property adopted fair value measurement mode

Applicable  Not applicable

(3) Investment real estate without certificate of ownership

Items	Book balance	In RMB
		Reason
Houses and Building	10,658,816.07	Unable to apply for warrants due to historical reasons

Other note

21. Fixed assets

Items	Year-end balance	In RMB
		Year-beginning balance

Fixed assets	2,424,741,252.86	790,183,905.38
Total	2,424,741,252.86	790,183,905.38

## (1) List of fixed assets

Items	In RMB				
	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Opening balance	545,896,931.25	1,017,693,432.96	11,379,729.08	42,420,673.14	1,617,390,766.43
2. Increased amount of the period	258,765,257.28	1,535,123,033.22	3,899,262.59	12,891,530.11	1,810,679,083.20
(1) Purchase	1,569,521.47	29,933,637.96	1,151,689.53	2,588,556.40	35,243,405.36
(2) Transferred from construction in progress	257,195,735.81	1,505,189,395.26	2,747,573.06	10,302,973.71	1,775,435,677.84
(3) Increased of Enterprise Combination					
3. Decreased amount of the period		2,149,210.94		4,933,091.35	7,082,302.29
(1) Disposal		2,149,210.94		4,933,091.35	7,082,302.29
4. Balance at period-end	804,662,188.53	2,550,667,255.24	15,278,991.67	50,379,111.90	3,420,987,547.34
II. Accumulated depreciation					
1. Opening balance	159,918,391.99	630,517,504.87	3,217,030.86	27,084,284.60	820,737,212.32
2. Increased amount of the period	23,052,994.89	147,538,129.77	1,144,752.53	3,394,343.06	175,130,220.25
(1) Withdrawal	23,052,994.89	147,538,129.77	1,144,752.53	3,394,343.06	175,130,220.25
3. Decrease in the reporting period		1,608,147.10		4,407,313.58	6,015,460.68
(1) Disposal		1,608,147.10		4,407,313.58	6,015,460.68
4. Closing balance	182,971,386.88	776,447,487.54	4,361,783.39	26,071,314.08	989,851,971.89
III. Impairment provision					
1. Opening balance		6,373,080.81		96,567.92	6,469,648.73

2. Increase in the reporting period				32,769.22	32,769.22
(1) Withdrawal				32,769.22	32,769.22
3. Decrease in the reporting period		11,527.44		96,567.92	108,095.36
(1) Disposal		11,527.44		96,567.92	108,095.36
(2) Other decrease					
4. Closing balance		6,361,553.37		32,769.22	6,394,322.59
IV. Book value					
1. Book value of the period-end	621,690,801.65	1,767,858,214.33	10,917,208.28	24,275,028.60	2,424,741,252.86
2. Book value of the period-begin	385,978,539.26	380,802,847.28	8,162,698.22	15,239,820.62	790,183,905.38

(2) Fixed assets temporarily idled

In RMB					
Items	Original price	Accumulated depreciation	Impairment provision	Book value	Remark

(3) Fixed assets leased out through operating leases

In RMB	
Items	Book value

(4) Fixed assets without certificate of title completed

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

Other note

(5) Liquidation of fixed assets

In RMB		
Items	Year-end balance	Year-beginning balance

Other note

## 22. Construction in progress

In RMB		
Items	Year-end balance	Year-beginning balance
Construction in progress	71,482,031.08	1,301,750,141.12
Total	71,482,031.08	1,301,750,141.12

## (1) List of construction in progress

In RMB						
Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Industrialization project of polaroid for super large size TV (Line 7)				1,301,693,689.12		1,301,693,689.12
Other				56,452.00		56,452.00
Installation of machines and equipment	71,482,031.08		71,482,031.08			
Total	71,482,031.08		71,482,031.08	1,301,750,141.12		1,301,750,141.12

## (2) Changes of significant construction in progress

In RMB												
Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Balance in year-end	Proportion(%)	Progress of work	Capitalisation of interest accumulated balance	Including : Current amount of capitalization of interest	Capitalisation of interest ratio (%)	Source of funds
Industrialization project of Polar	2,088,865,400.00	1,301,693,689.12	468,844,861.20	1,770,538,550.32			99.26%	Investment in fixed assets has	13,747,732.55	9,807,167.26	4.41%	Other

oid for super large size TV (Line 7)								been transf erred				
Total	2,088, 865,4 00.00	1,301, 693,6 89.12	468,8 44,86 1.20	1,770, 538,5 50.32			--	--	13,74 7,732. 55	9,807, 167.2 6	4.41%	--

(3) Impairment provision of construction projects

Not applicable

Other note

(4) Engineering material

In RMB

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

Other note :

23. Productive biological assets

(1) Productive biological assets measured at cost methods

Applicable  Not applicable

(2) Productive biological assets measured at fair value

Applicable  Not applicable

24. Oil and gas assets

Applicable  Not applicable

25. Right to use assets

In RMB

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

Other note :

None

## 26. Intangible assets

## (1) Information

In RMB					
Items	Land use right	Patent right	Non-proprietary technology	Software	Total
<b>I. Original price</b>					
1. Balance at period-beginning	48,258,239.00	11,825,200.00		4,079,953.70	64,163,392.70
2. Increase in the current period				17,616,287.32	17,616,287.32
(1) Purchase				17,616,287.32	17,616,287.32
(2) Internal R & D					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	48,258,239.00	11,825,200.00		21,696,241.02	81,779,680.02
<b>II. Accumulated amortization</b>					
1. Balance at period-beginning	13,487,191.27	11,825,200.00		2,802,022.52	28,114,413.79
2. Increase in the current period	895,391.76			4,134,714.47	5,030,106.23
(1) Withdrawal	895,391.76			4,134,714.47	5,030,106.23
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	14,382,583.03	11,825,200.00		6,936,736.99	33,144,520.02
<b>III. Impairment provision</b>					
1. Balance at period-beginning					
2. Increase in the current period					
(1) Withdrawal					
3. Decreased					

amount of the period					
(1) Disposal					
4. Balance at period-end					
4. Book value					
1. Book value at period -end	33,875,655.97	0.00		14,759,504.03	48,635,160.00
2. Book value at period-beginning	34,771,047.73	0.00		1,277,931.18	36,048,978.91

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end.

(2) Details of fixed assets failed to accomplish certification of land use right

In RMB

Items	Book value	Reason
-------	------------	--------

Other note :

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

27. .Development expenses

In RMB

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

Other note

28. Goodwill

(1) Original book value of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
		The merger of enterprises		disposition		
SAPO Photoelectric	9,614,758.55					9,614,758.55
Shenzhen Beauty Century	2,167,341.21					2,167,341.21

Garment Co., Ltd.						
Total	11,782,099.76					11,782,099.76

(2) Impairment of goodwill

In RMB

Investee	Balance in year-begin	Increased at this period		Decreased at this period		Closing balance
		Provision		disposition		
SAPO Photoelectric	9,614,758.55					9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21					2,167,341.21
Total	11,782,099.76					11,782,099.76

Information about an asset group or asset group portfolio

Explain the goodwill impairment test process, key parameters (such as forecast period growth rate at expected future cash flow, stable period growth rate, profit margin, discount rate, forecast period, etc.) and the confirmation method of goodwill impairment loss

Impact of the goodwill impairment test

Other note

29. Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end
Decoration fee	111,541.85	409,932.91	188,830.66		332,644.10
Renovation fee	1,264,954.74	3,224,534.02	714,221.68		3,775,267.08
Other	1,500,064.94	47,430.80	268,110.98		1,279,384.76
Total	2,876,561.53	3,681,897.73	1,171,163.32		5,387,295.94

Other note

None

30. Deferred income tax assets/deferred income tax liabilities

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

In RMB

Items	Balance in year-end	Balance in year-begin
-------	---------------------	-----------------------

	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets depreciation reserves	5,766,782.71	1,440,192.90	18,865,669.84	4,709,761.70
Unattained internal sales profits	2,324,192.50	348,628.88	2,413,307.05	361,996.06
Restricted stock repurchase interest			686,670.00	171,667.50
Salary payable to staff	7,679,100.00	1,919,775.00		
<b>Total</b>	<b>15,770,075.21</b>	<b>3,708,596.78</b>	<b>21,965,646.89</b>	<b>5,243,425.26</b>

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

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in fair value of investments in other equity instruments	178,849,973.46	44,712,493.37	174,482,972.97	43,620,743.24
The difference between the initial recognition cost and tax base of long-term equity investment of Guanhua Company	62,083,693.36	15,520,923.34	62,083,693.36	15,520,923.34
Difference in rent receivable	5,636,976.78	1,409,244.20		
<b>Total</b>	<b>246,570,643.60</b>	<b>61,642,660.91</b>	<b>236,566,666.33</b>	<b>59,141,666.58</b>

(3) Deferred income tax assets or liabilities listed by net amount after off-set

Items	In RMB			
	Trade-off between the deferred income tax assets and liabilities	End balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		3,708,596.78		5,243,425.26
Deferred income tax liabilities		61,642,660.91		59,141,666.58

(4) Details of income tax assets not recognized

In RMB		
Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	151,099,673.68	122,887,462.20

Deductible loss	733,029,237.95	682,013,840.25
Total	884,128,911.63	804,901,302.45

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

Year	In RMB		
	Balance in year-end	Balance in year-begin	Remark
2023	129,226,944.33	129,226,944.33	
2024	148,095,898.11	148,095,898.11	
2025	83,287,153.64	83,287,153.64	
2026	120,820,767.06	120,820,767.06	
2028	22,594,586.97	22,594,586.97	
2029	100,351,965.47	100,351,965.47	
2030	77,636,524.67	77,636,524.67	
2031	51,043,562.99		
Total	733,057,403.24	682,013,840.25	--

Other note :

None

### 31 .Other non-current assets

Items	In RMB					
	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Advance payment for equipment fund	28,769,782.86	0.00	28,769,782.86	47,483,219.83	0.00	47,483,219.83
Certificate of deposit for more than 1 year	30,030,410.96	0.00	30,030,410.96	70,064,383.56	0.00	70,064,383.56
Shenzhen Xieli Automobile Co., ltd.	25,760,086.27	0.00	25,760,086.27	25,760,086.27	0.00	25,760,086.27
Total	84,560,280.09	0.00	84,560,280.09	143,307,689.66	0.00	143,307,689.66

Other note :

None

### 32. Short-term borrowings

#### (1) Categories of short-term loans

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

Note :

#### (2) Situation of Overdue Outstanding Short-Term Borrowing

Not applicable

Other note :

### 33. Transactional financial liabilities

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

Other note :

### 34. Derivative financial liability

Items	Balance in year-end	In RMB
		Balance year-beginning

Other note :

### 35. Notes payable

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

The total note payable not due at the end of the period is 0.00 yuan.

### 36. Accounts payable

#### (1) List of accounts payable

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

#### (2) Significant advance from customers aging over one year

Items	Balance in year-end	In RMB
		Reason

Other note :

None

## 37. Advance account

## (1) List of Advance account

Items	In RMB	
	Balance in year-end	Balance in year-begin
Within 1 year	968,394.67	666,457.75
1-2 years	197,892.32	2,236,912.00
2-3 years		
Over 3 years	639,024.58	639,024.58
Total	1,805,311.57	3,542,394.33

## (2) Significant advance from customers aging over one year

Items	Balance in year-end	In RMB
		Reason

## 38. Contract liabilities

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

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

Items	Amount	In RMB
		Reason

## 39. Payable Employee wage

## (1) List of Payroll payable

Items	Balance in year-begin	In RMB		
		Increase in this period	Payable in this period	Balance in year-end
I. Short-term compensation	55,642,549.53	235,951,646.92	231,874,336.21	59,719,860.24
II. Post-employment benefits - defined contribution plans		15,705,799.59	15,705,799.59	
III. Dismissal benefits		2,636,463.20	2,636,463.20	
Total	55,642,549.53	254,293,909.71	250,216,599.00	59,719,860.24

## (2) Short-term remuneration

Items	Balance in year-begin	In RMB		
		Increase in this period	Decrease in this period	Balance in year-end
1. Wages, bonuses,	53,293,551.94	211,994,691.05	208,173,934.97	57,114,308.03

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

(3) Defined contribution plans listed

Items	Balance in year-begin	In RMB		
		Increase in this period	Decrease in this period	Balance in year-end
1. Basic old-age insurance premiums		13,082,445.90	13,082,445.90	
2.Unemployment insurance		278,249.09	278,249.09	
3. Annuity payment		2,345,104.60	2,345,104.60	
Total		15,705,799.59	15,705,799.59	

Other note :  
None

40.Tax Payable

Items	In RMB	
	Balance in year-end	Balance in year-begin
VAT	6,334,093.50	286,928.75
Enterprise Income tax	1,804,277.95	11,219,726.43
Individual Income tax	866,274.38	469,169.71
City Construction tax	43,259.90	48,751.30
House property tax	102,146.02	102,146.02
Education surcharge	31,608.85	33,386.49
Stamp tax	18,966.49	36,370.02
Land use tax	0.00	2,043.30
Total	9,200,627.09	12,198,522.02

Other note :  
None

41.Other payable

In RMB

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

(1) Interest payable

Not applicable

Other note :

(2) Dividends payable

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

(3) Other accounts payable

(1) Other accounts payable listed by nature of the account

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

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

Items	Balance in year-end	In RMB
		Reason

Other note

None

42. Liabilities classified as holding for sale

In RMB

Items	Balance in year-end	Balance in year-begin
-------	---------------------	-----------------------

Other note :

43. Non-current liabilities due within 1 year

In RMB

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

Other note :

None

#### 44. Other current liabilities

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

Other note :

None

#### 45. Long-term borrowing

##### (1) List of Long-term borrowing

Items	In RMB	
	Balance in year-end	Balance in year-begin
Mortgage-guaranteed loan	683,016,243.25	343,100,174.35
Less : Long-term borrowings due within 1 year	0.00	0.00
Total	683,016,243.25	343,100,174.35

Description of the long-term loan classification

Other note,

#### 46. Bond payable

##### (1) Bond payable

In RMB

Items	Balance year-end	Year-beginning balance
-------	------------------	------------------------

(2) Changes of bonds payable(Not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

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

								t			
Total	--	--	--								

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

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

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

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

Other note

#### 47. Lease liabilities

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

Other note

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

#### 48. Long-term payable

Items	In RMB	
	Balance year-end	Year-beginning balance

(1) Statement of long-term payroll payable

Items	In RMB	
	Balance year-end	Year-beginning balance

Other note :

(2) Special payable

Items	In RMB				
	Year-beginning balance	Increase	Decrease	Balance year-end	Reason

Other note :

49. Long term payroll payable

(1) Statement of long-term payroll payable

Not applicable

(2) Change of defined benefit plans

Not applicable

Other note :

50. Estimated liabilities

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

Other note :

51. Deferred income

Items	Beginning of term	Increased this term	Decreased this term	End of term	In RMB
					Reason
Government Subsidy	110,740,322.21	13,660,000.00	13,939,029.06	110,461,293.15	
Total	110,740,322.21	13,660,000.00	13,939,029.06	110,461,293.15	--

Details of government subsidies :

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other changes	In RMB	
							End of term	Asset-related or income-related

Other note :

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

52. . Other non-current liabilities

Items	In RMB	
	Balance year-end	Year-beginning balance

Other note :

### 53. Stock capital

In RMB

	Year-beginning balance	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	507,772,279.00				-1,250,430.00	-1,250,430.00	506,521,849.00

Other note :

Note: This year, 1,250,430.00 restricted shares that have been granted but not yet unlocked were repurchased and cancelled, with a reduction of RMB 1,250,430.00, which has been verified by Peking Certified Public Accountants (special general partnership), and the capital verification report (QXY Zi (2021) No.0013) was issued on April 27, 2021.

### 54. Other equity instruments

(1) Basic information on the outstanding other financial instruments, including preferred shares, perpetual bonds, etc. at the end of the reporting period

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

Other note :

### 55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,832,397,142.44		5,914,533.90	1,826,482,608.54
Other capital reserves	135,117,216.09			135,117,216.09
Total	1,967,514,358.53		5,914,533.90	1,961,599,824.63

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

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

### 56. Treasury stock

In RMB

Items	Year-beginning	Increase in the	Decrease in the	Year-end balance
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	balance	current	current period	
Treasury stock	7,525,438.20		7,525,438.20	0.00
Total	7,525,438.20		7,525,438.20	

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

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

#### 57. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period						Year-end balance
		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 transferred to retained income in the current period	Less : Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	115,367,833.87	3,237,349.34		-847,238.36	809,337.34	3,275,250.36		118,643,084.23
Changes in fair value of investments in other equity instruments	115,367,833.87	3,237,349.34		-847,238.36	809,337.34	3,275,250.36		118,643,084.23
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	1,238,098.55	-199,063.73				-199,063.73		1,039,034.82
Translation differences of financial statements denominated	1,238,098.55	-199,063.73				-199,063.73		1,039,034.82
Total of other comprehensive income	116,605,932.42	3,038,285.61		-847,238.36	809,337.34	3,076,186.63		119,682,119.05

Other notes include the valid part of gain and loss of a cash-flow hedge converted into initial amount of arbitrated items for adjustment: None

#### 58. Special reserves

In RMB

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

59. Surplus reserves

In RMB				
Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	94,954,652.14	3,291,193.33		98,245,845.47
Total	94,954,652.14	3,291,193.33		98,245,845.47

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

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

60. Retained profits

In RMB		
Items	Amount of current period	Amount of previous period
Retained earnings before adjustments at the year beginning	86,912,390.50	49,307,764.03
Retained earnings after adjustments at the year end	86,912,390.50	49,307,764.03
Add: Net profit attributable to owners of the Company for the period	61,162,384.25	37,267,995.74
Less: Appropriation to statutory surplus reserve	3,175,360.75	3,888,292.80
Common stock dividend payable	15,195,655.47	
Add : Other comprehensive earnings are carried forward to retained earnings	1,042,493.21	4,224,923.53
Retained profits at the period end	130,746,251.74	86,912,390.50

As regards the details of adjusted the beginning undistributed profits

(1)As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

#### 61. Business income, Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	2,265,990,629.90	1,900,247,328.79	2,097,432,885.06	1,808,092,705.48
Other business	27,757,262.16	8,272,084.49	11,531,802.74	6,205,689.54
Total	2,293,747,892.06	1,908,519,413.28	2,108,964,687.80	1,814,298,395.02

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

Yes  No

Income-related information:

In RMB

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

Information related to performance obligations: None

Information related to the transaction price apportioned to the residual performance obligation:

The income corresponding to the performance obligations that have not been performed or have been performed incompletely but the contract has been signed at the end of the reporting period is RMB 0.00, of which RMB 0.00 is expected to be recognized as income in the year, RMB 0.00 is expected to be recognized as income in the year, and RMB 0.00 is expected to be recognized as income in the year.

Other note:

#### 62. Taxes and surcharges

In RMB

Items	Amount of current period	Amount of previous period
Urban construction tax	1,625,005.70	718,695.23
Education surcharge	1,169,628.61	517,483.70
Property tax	5,826,834.91	4,338,584.18

Other	1,902,078.87	1,772,362.54
Total	10,523,548.09	7,347,125.65

Other note :

### 63.Sales expenses

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

Other note :

None

### 64. Administrative expenses

Items	In RMB	
	Amount of current period	Amount of previous period
Wage	80,805,949.97	74,790,949.11
Depreciation of fixed assets	10,728,532.58	9,794,203.66
Water and electricity	2,123,594.28	2,576,447.96
Intermediary organ	8,120,482.28	3,271,775.61
Intangible assets amortization	5,030,106.23	1,612,363.59
Travel expenses	468,553.20	408,221.21
Office expenses	1,192,408.92	946,055.89
Business entertainment	1,754,789.06	615,454.09
Lawsuit expenses	914,353.81	144,161.32
Repair charge	2,057,702.25	1,366,609.60
Property insurance	648,821.25	380,689.81
Other	8,243,536.32	9,188,002.51
Total	122,088,830.15	105,094,934.36

Other note :

None

### 65.R & D costs

Items	In RMB	
	Amount of current period	Amount of previous period

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

Other note:

None

#### 66. Financial Expenses

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

Other note :

None

#### 67. Other income

Items	In RMB	
	Amount of current period	Amount of previous period
Amortization for subsidies for new production lines and purchase of equipment for the Phase II project of polarizers for TFT-LCD	3,000,000.00	3,000,000.00
Amortization of funds for the pilot project of regional agglomeration development of strategic emerging industries in Guangdong Province	2,500,000.08	2,500,000.00
Amortization of local matching funds for the second phase of TFT-LCD polarizer project (Line 6)	1,500,000.00	1,500,000.00
Amortization of subsidy funds for industrialization project of polarizers for TFT-LCD	1,299,999.96	1,300,000.00
Shenzhen Municipal Finance	1,250,000.00	0.00

Committee's polarizer industrialization project for super-sized TVs		
Amortization of national subsidy for TFT-LCD polarizer phase II project (Line 6)	1,000,000.00	1,000,000.00
Amortization of subsidy funds for the narrow line (Line 5) of the first-phase project of polarizer for TFT-LCD	500,000.04	500,000.00
Amortization of Shenzhen Polarizing Materials and Technology Engineering Laboratory	500,000.00	500,000.00
Amortization of subsidy funds for R&D equipment for key technologies of optical compensation films for polarizers	500,000.04	500,000.00
Shenzhen Municipal Air Environment Quality Improvement Special Fund Subsidy	494,931.57	468,931.57
2021 Special Major Project Award and Subsidy Support Plan for Technological Transformation and Doubling	367,666.68	0.00
Amortization of funding for technology center construction	300,000.00	300,000.00
Amortization of subsidies for purchase of imported equipment and technology	175,090.20	175,090.20
Amortization of special funds for textiles	142,857.16	142,857.16
Amortization of capital subsidy for change & renovation of old elevators	142,255.72	142,255.72
Amortization of innovative and entrepreneurial funds for the first phase of the TFT-LCD polarizer project	50,000.04	50,000.00
Amortization of innovation and entrepreneurship funds of Shenzhen Polarizing Materials and Technology Engineering Laboratory	50,000.04	50,000.00
Amortization of innovative and entrepreneurial funds for the second phase of the TFT-LCD polarizer project (Line 6)	50,000.04	50,000.00
Dyeing project technical transformation subsidy	39,000.00	0.00
Amortization of energy-saving renovation subsidy funds	27,172.70	29,642.93
Subsidies for investment projects in special technological transformation and doubling for technological transformation in 2020	19,000.00	11,083.33

Funding for key technology research and development of polarizers for ultra-thin IPS smartphone terminals	16,666.67	0.00
Amortization of Funds for Introducing Advanced Technology	14,388.12	14,388.10
Shenzhen Bureau of Industry and Information Technology's 2021 Industrial Enterprises Expansion Capacity Incentive Project Subsidy	2,590,000.00	0.00
Shenzhen Science and Technology Innovation Committee 2020 Enterprise R&D Subsidy	1,018,000.00	0.00
Headquarters Economic Comprehensive Economic Contribution Award (Futian District Enterprise Development Center)	500,000.00	0.00
Shenzhen Pingshan District Finance Bureau 2019 Pingshan District Harmonious Labor Relations Enterprise Award Fund	500,000.00	0.00
The second batch of funding of the 2020 Science and Technology Innovation Special Fund of Shenzhen Pingshan District Finance Bureau (standardized funding)	360,000.00	0.00
The second batch of special funds of scientific and technological innovation in 2020 of Shenzhen Pingshan District Finance Bureau (High-tech Enterprise Recognition Award)	300,000.00	0.00
Stable Job Subsidy	118,832.69	160,712.86
Municipal Ecological Environment Bureau Cleaner Production Incentive Support Subsidy	100,000.00	0.00
The sixth batch of pre-job training subsidies by Longgang District of Human Resources Bureau	68,000.00	0.00
Shenzhen Pingshan District Human Resources Bureau's one-time subsidy for enterprises to absorb and file poor laborers	60,000.00	0.00
Received subsidy from Longgang District Human Resources Bureau for work-for-training	27,000.00	0.00
Subsidy from Shenzhen Futian District Human Resources Bureau for work-for-work training	16,500.00	0.00
Subsidy from Luohu district for work-for-work training	15,500.00	0.00
Employee maternity benefits returned by Social Security Administration	10,592.53	32,609.51

Unpaid VAT (input plus deduction)	9,899.54	0.00
The second batch of special funds for scientific and technological innovation by Shenzhen Pingshan District Finance Bureau in 2020 (Intellectual Property Award)	4,800.00	0.00
Tax office fee refund	5,225.51	24,898.73
Sewage fee refund	0.00	597,362.55
Shenzhen Industrial and Commercial Electricity Cost Reduction Subsidy	0.00	6,952,943.71
Social Security Administration premium refund	0.00	1,815.00
Pingshan District Finance Bureau's Second Batch of Epidemic Subsidies		759.00
2019 Water-saving Carrier Award Fund of Shenzhen Water Affairs Bureau		374,102.00
Shenzhen Pingshan District Finance Bureau 2018 Harmonious Labor Relations Enterprise Award Fund		1,000,000.00
Shenzhen Science and Technology Innovation Committee 2018 Enterprise R&D Subsidy		1,278,000.00
Pingshan District Science and Technology Innovation Bureau's 2019 High-tech Enterprise Recognition Award		50,000.00
Pingshan District Subsidy for Work-for-Training		1,645,500.00
Shenzhen Pingshan District Human Resources Bureau trial training subsidy		111,600.00
Shenzhen Pingshan District Finance Bureau subsidy support for the steady growth of foreign trade in Pingshan District in 2020		1,200,000.00
Received refund of unemployment benefits for companies affected by the epidemic from the Social Security Bureau		2,709,874.84
Market Supervision Administration's Second Batch of Patent Subsidies in 2018		9,000.00
Government subsidizes for epidemic protective supplies		10,000.00
Cultural Tourism Stabilization Support Subsidy		100,000.00
The first batch of special funds for scientific and technological innovation in 2019		966,000.00
Received subsidies from the Public Employment Service Center for stabilizing jobs		1,425.20

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

#### 68. Investment income

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

Other note :

None

#### 69. Net exposure hedging income

Items	In RMB	
	Amount of this period	Amount of last period

Other note :

#### 70. Gains on the changes in the fair value

Source	In RMB	
	Amount of this period	Amount of last period

Transaction financial assets		536,575.34
Other non-current financial assets	2,150,943.40	2,150,943.40
Total	2,150,943.40	2,687,518.74

Other note :

None

#### 71. Credit impairment loss

Items	In RMB	
	Amount of this period	Amount of last period
Loss of bad debts in other receivables	-7,201,148.60	-1,828,410.68
Loss of bad note receivable	-280,565.00	-84,490.74
Loss of bad accounts receivable	2,500,153.07	-8,481,632.23
Total	-4,981,560.53	-10,394,533.65

Other note :

#### 72. Losses from asset impairment

Items	In RMB	
	Amount of current period	Amount of previous period
II. Loss of inventory price and Impairment of contract performance costs	-83,475,951.11	-65,942,828.90
V. Impairment loss of fixed assets	-32,769.22	-6,469,648.73
Total	-83,508,720.33	-72,412,477.63

Other note :

#### 73. Asset disposal income

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

#### 74. Non-Operation income

Items	Amount of current period	Amount of previous period	In RMB
			Recorded in the amount of the non-recurring gains and losses
Insurance compensation	3,477,438.60		3,477,438.60
Payable without payment		1,371,678.99	
Liquidation profit and loss	17,140,459.60		17,140,459.60
Other	667,888.44	73,983.39	667,888.44
Total	21,285,786.64	1,445,662.38	

Government subsidies recorded into current profits and losses :

Items	Issuing body	Issuing reason	Nature	Whether the impact of	Whether special	In RMB		
						Amount of current	Amount of previous	Assets-relat ed/income-r

				subsidies on the current profit and loss	subsidies	period	period	related
--	--	--	--	---	-----------	--------	--------	---------

Other note :

#### 75. Non-current expenses

Items	Amount of current period	Amount of previous period	In RMB
			The amount of non-operating gains & losses
Non-current asset Disposition loss	369,187.12	3,315.15	369,187.12
Fine expenses	1,309,172.27	115,314.20	1,309,172.27
Other	7,903.96	19,791.92	7,903.96
<b>Total</b>	<b>1,686,263.35</b>	<b>138,421.27</b>	

Other note :

#### 76. Income tax expenses

##### (1) Income tax expenses

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

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

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

Other note

#### 77. Other comprehensive income

Refer to the notes 57

78. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

In RMB

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

Note to other cash received in connection with operating activities: None

(2) Other cash paid related to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Payment of credit deposit	164,509,022.41	50,257,183.69
Cash	48,012,370.68	37,855,834.17
Current account and other	12,867,319.88	9,104,639.66
Total	225,388,712.97	97,217,657.52

Note to other cash paid in connection with operating activities: None

(3) Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	1,128,309,484.61	3,112,161,370.37
L/C margin for purchase of line 7 equipment		126,799,633.00
Credit deposit for non-Line 7 equipment		1,900,000.00
Total	1,128,309,484.61	3,240,861,003.37

Note to other cash received related to other investment activities : None

(4) Cash paid related to other investment activities

In RMB

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

Note to other Cash paid related to other investment activities

(5) Other cash received in relation to financing activities

Items	In RMB	
	Amount of current period	Amount of previous period

(6) Cash paid related with financing activities

Items	In RMB	
	Amount of current period	Amount of previous period
Restricted stock of stock repurchase incentive object	7,820,298.30	9,344,136.30
Lease payment	4,817,974.70	
Total	12,638,273.00	9,344,136.30

Note to other Cash paid related with financing activities :

79. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

Items	In RMB	
	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	75,114,666.20	43,497,645.15
Add: Impairment loss provision of assets	83,508,720.33	82,807,011.28
Depreciation of fixed assets, oil and gas assets and consumable biological assets	182,116,694.00	117,440,111.32
Depreciation of Use right assets	4,540,987.37	
Amortization of intangible assets	5,030,106.23	1,612,363.59
Amortization of Long-term deferred expenses	1,171,163.32	582,518.72
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-597,458.77	-276,544.73
Fixed assets scrap loss	369,187.12	3,315.15
Loss on fair value changes	-2,150,943.40	-2,687,518.74
Financial cost	14,306,275.13	455,850.38
Loss on investment	-22,663,013.06	-22,599,670.74
Decrease of deferred income tax	1,534,828.48	374,601.17

assets		
Increased of deferred income tax	2,500,994.33	-10,802,679.08
liabilities		
Decrease of inventories	-270,089,816.70	-39,880,044.30
Decrease of operating receivables	-58,547,894.61	-184,426,504.09
Increased of operating Payable	-25,563,036.85	15,830,477.68
Other	4,981,560.53	
Net cash flows arising from operating activities	-4,436,980.35	1,930,932.76
II. Significant investment and financing activities that without cash flows:	--	
Conversion of debt into capital		
Convertible loan due within 1 year		
Financing of fixed assets leased		
3.Movement of cash and cash equivalents :	--	--
Ending balance of cash	302,408,433.72	278,337,236.95
Less: Beginning balance of cash equivalents	278,337,236.95	268,646,588.18
Add : End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	24,071,196.77	9,690,648.77

(2) Net Cash paid of obtaining the subsidiary

	In RMB
	Amount
Of which :	--
Of which :	--
Of which :	--

Other note :

(3) Net Cash receive of disposal of the subsidiary

	In RMB
	Amount
Of which :	--
Of which :	--
Of which :	--

Other note :

(4) Component of cash and cash equivalents

In RMB

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

Other note :

80. Note of statement of changes in the owner's equity

Specify the description of the item "others" and the adjusted amount of the balance at the end of last year:

81. The assets with the ownership or use right restricted

In RMB

Items	Book value at the end of the reporting period	Cause of restriction
Fixed assets	243,106,926.00	Mortgage
Intangible assets	33,875,655.97	Mortgage
Total	276,982,581.97	--

Other note :

82. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds	--	--	
Including : USD	3,396,814.97	6.3757	21,657,073.20
Euro			
HKD	806,319.92	0.8176	659,247.17
Yen	15,363,481.00	0.0554	851,136.85
Account payable	--	--	
Including : USD	9,987,772.57	6.3757	63,679,041.57
Euro			
HKD			
Prepayments			
Including : USD	588,809.23	6.3757	3,754,071.01
Yen	30,197,869.00	0.0554	1,673,414.91
Other receivables			
Including : USD	37,399.02	6.3757	238,444.93
accounts payable			
Including : USD	4,122,038.21	6.3757	26,280,879.02
Yen	3,043,388,138.00	0.0554	168,649,353.67
Other payables			
Including : USD	676,686.00	6.3757	4,314,346.93
Yen	3,381,984.00	0.0554	187,361.91
Euro	22,500.00	7.2197	162,443.25

Other note :

(2) Note to overseas operating entities, including important overseas operating entities, which should be disclosed about its principal business place, function currency for bookkeeping and basis for the choice. In case of any change in function currency, the cause should be disclosed.

Applicable  Not applicable

### 83. Hedging

Arbitrage According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and the arbitrated risk qualitative and quantitative information:

### 84. Government subsidies

(1) Government subsidies confirmed in current period

Items	Amount	Project	In RMB
			Amount included in current profit and loss
Funding subsidy for change and renovation of old elevators	720,241.51	Other income	142,255.72
Textile special funds	142,857.09	Other income	142,857.16
Shenzhen Special Fund Subsidy for Atmospheric Environment Quality Improvement- Shenzhen Beauty Century	442,000.00	Other income	52,000.00
Subsidy for the technical transformation project of dyeing equipment by the Bureau of Industry and Information Technology	91,000.00	Other income	39,000.00
Subsidy funds for industrialization project of polarizers for TFT-LCD	433,333.39	Other income	1,299,999.96
Subsidy funds for the narrow line (Line 5) of the first-phase project of polarizer for TFT-LCD	499,999.96	Other income	500,000.04
Amortization of subsidies for purchase of imported equipment and technology	151,746.19	Other income	175,090.20
Innovative and entrepreneurial funds for the first phase of the TFT-LCD polarizer project	49,999.94	Other income	50,000.04
Introducing advanced technology funding	14,388.09	Other income	14,388.12
Innovation and	162,499.96	Other income	50,000.04

entrepreneurship funds of Shenzhen Polarizing Materials and Technology Engineering Laboratory			
Funding for technology center construction	975,000.00	Other income	300,000.00
Shenzhen Polarizing Materials and Technology Engineering Laboratory	1,625,000.00	Other income	500,000.00
Subsidy fund for R&D equipment of key technology of optical compensation film for polarizer	2,624,999.96	Other income	500,000.04
Local matching funds for the second phase of TFT-LCD polarizer project (Line 6)	9,750,000.00	Other income	1,500,000.00
Funds for the pilot project of regional agglomeration development of strategic emerging industries in Guangdong Province	16,249,999.92	Other income	2,500,000.08
Local matching funds for the second phase of TFT-LCD polarizer project (Line 6)	6,500,000.00	Other income	1,000,000.00
Subsidies for new production lines and purchase of equipment for the Phase II project of polarizers for TFT-LCD	19,500,000.00	Other income	3,000,000.00
Innovative and entrepreneurial funds for the second phase of the TFT-LCD polarizer project (Line 6)	324,999.96	Other income	50,000.04
Investment funds within the central budget of the polarizer industrialization project for super-large TVs (Line 7)	28,750,000.00	Other income	1,250,000.00
Funding for key technology research and development of polarizers for ultra-thin IPS smartphone terminals	1,983,333.33	Other income	16,666.67
Shenzhen Municipal Finance Committee (2018N007 Major Research and development of key technologies for high-performance	6,000,000.00	Other income	

polarizers for large-size display panels)			
Shenzhen Special Fund Subsidy for Atmospheric Environment Quality Improvement- SAPO Photoelectric	147,643.86	Other income	442,931.57
Subsidies for investment projects in special technological transformation for technological transformation and doubling in 2020	159,916.67	Other income	19,000.00
Funding by Shenzhen Municipal Bureau of Finance 2020N028 Key technology research and development project of low-color polarized circular polarizer for fixed-curvature AMOLED	2,500,000.00	Other income	
Awards support by 2021 special major projects of technological transformation and doubling	10,662,333.32	Other income	367,666.68
Subsidy funds for energy-saving renovation		Other income	27,172.70

(2) Government subsidy return

Applicable  Not applicable

Other note :

85.Other

(1) Arbitration matters between the Company and Jinjiang Group

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

purpose of the *Cooperation Agreement*, and applies to Shenzhen Court of International Arbitration for arbitration.

On March 25, 2021, the arbitration tribunal made the following ruling on this case: (I) The applicant is exempted from the performance compensation obligation in 2019 agreed in Article 3.1 of the *Cooperation Agreement*, and does not need to pay SAPO Photoelectric the compensation for the performance difference in 2019 of RMB 244,783,800; (II) The arbitration fee of RMB 2,682,011 and the actual expenses of the arbitrator of RMB 8,000 in this case shall be borne by the applicant; (III) Other arbitration claims of the applicant are not supported. This award shall be final and take legal effect from the date it is made.

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

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

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

## V. Changes of merge scope

### 1. Business merger not under same control

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

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

#### (2) Combined cost and Goodwill

In RMB	
Combined cost	
Other note	

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

In RMB		
	Fair value of the purchase date	Book value of the purchase date
Other note		

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again、

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reporting period

Yes  No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

(6) Other note

## 2. Business combination under the same control

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

Not applicable

Other note :

(2) Combination cost

Not applicable

Other note :

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

Not applicable

Other note :

## 3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process. Not applicable

## 4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

Yes  No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Yes  No

5. Other reasons for the changes in combination scope

Note to the change in the consolidation scope (e.g. new subsidiaries, liquidation subsidiaries, etc.) caused by other reasons and relevant information:

6. Other

## VI. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Subsidiary	Main operation	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Domestic trade, Property Management	100.00%		Establish
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Accommodation, restaurants, business center;	100.00%		Establish
Shenzhen Shenfeng Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Production of fully electronic jacquard knitting whole shape	100.00%		Establish
Shenzhen Shenfeng Sungang Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish

SAPO Photoelectric	Shenzhen	Shenzhen	Polarizer production and sales	60.00%		
Shenzhen Shengjinlian Technology Co., Ltd.	Shenzhen	Shenzhen	Polarizer production and sales		100.00%	Establish
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Sales of polarizer		100.00%	Establish

Explanation that the shareholding ratio in subsidiaries is different from the voting right ratio: None  
Basis for holding half or less voting rights but still controlling the investee, and holding more than half voting rights but not controlling the investee: None

For the important structured subjects included in the scope of consolidation, the control basis is:  
None

Basis for determining whether the company is an agent or a principal: None

Other note : Note

(2) Significant not wholly-owned subsidiaries

In RMB

Name	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
SAPO Photoelectric	40.00%	15,173,715.28		1,142,495,431.83

Other note :

None

(3) Main financial information of significant not wholly-owned subsidiaries

In RMB

Subsidiaries	Closing balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current Liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current Liabilities	Total liabilities
SAPO Photoelectric	1,622,715,947.38	2,581,716,148.26	4,204,432,095.64	521,127,167.55	827,066,348.51	1,348,193,516.06	1,493,320,590.48	2,177,130,756.68	3,670,451,347.16	399,975,943.39	452,171,112.38	852,147,055.77

In RMB

Subsidiaries	Amount of current period				Amount of previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
SAPO	2,126,851,	37,934,288	37,934,288	-11,450,77	1,961,577,	16,768,253	16,768,253	-1,921,942.

Photoelectric	011.63	.19	.19	1.90	740.37	.29	.29	93
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Other note :

None

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

None

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

None

Other note :

None

2. The transaction of the Company with its owner' s equity share changed but still controlling the subsidiary

(1) Note to owner' s equity share changed in subsidiary

None

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

Other note

None

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		The accounting treatment of investment in associates
				direct	indirect	
Joint venture :						
Shenzhen Guanhua Printing & Dyeing Co.,Ltd.	Shenzhen	Shenzhen	Property leasing	50.16%		Equity method
Anhui Huapeng Textile Co., Ltd.	Anhui	Anhui	Manufacturing	50.00%		Equity method

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

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

Basis for holding less than 20% of voting rights but with significant influence, or holding 20% or more of voting rights but without significant influence:

(2) The Summarized Financial Information of Joint Ventures

	In RMB	
	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
	Shenzhen Guanhua Printing & Dyeing Co.,Ltd.	
Current assets	37,787,147.72	19,854,144.21
Non-current assets	228,639,403.03	241,137,964.49
Total assets	266,426,550.75	260,992,108.70
Current liabilities	18,194,214.40	12,261,343.60
Non-current liabilities	35,190,853.69	37,356,444.69
Total liabilities	53,385,068.09	49,617,788.29
Attributable to shareholders of the parent company	213,041,482.67	211,374,320.41
Share of net assets calculated by stake	106,861,607.70	106,025,359.12
--Goodwill	21,595,462.44	21,595,462.44
--Other	285,343.61	285,343.61
Operating income	21,404,639.29	14,623,800.97
Financial expenses	-174,304.72	-39,339.28
Income tax expenses	499,490.10	-2,118,023.83
Net profit	614,155.44	-3,422,861.88
Total comprehensive income	614,155.44	-3,422,861.88

Other note

(3) Main financial information of significant associated enterprise

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

Other note

(4) Summary financial information of insignificant joint venture or associated enterprise

	In RMB	
	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture :	--	--
Total amount of the pro rata calculation of the following items	--	--
Associated enterprise :	--	--
Total amount of the pro rata calculation of the following items	--	--

Other note

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

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

Other note

(7) The unrecognized commitment related to joint venture investment

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

4. Significant common operation

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

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

6. Other

**VII. Risks Related to Financial Instruments**

**VIII. The disclosure of the fair value**

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

Items	Closing fair value			In RMB
	Fir value measurement items at level 1	Fir value measurement items at level 2	Fir value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
II Inconsistent fair value measurement	--	--	--	--

## IX. Related parties and related-party transactions

### 1. Parent company information of the enterprise

Name	Registered address	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio
Shenzhen Investment Holdings Co., Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	2,800,900.00	46.21%	46.21%

Note to the parent company:

The company is authorized and approved to be state-owned independent company by Shenzhen Government, and it Executes financial contributor function on state-owned enterprise within authorization scope.

Therefore, the Company's ultimate controller is Shenzhen Investment Holdings Co., Ltd.

Other note : None

### 2. Subsidiaries of the Company

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

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

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

Other note

### 4. Other Related parties information

Other related party	Relationship to the Company
Shenzhen Tianma Microelectronics Co., Ltd.	Chairman of the Board Is the Vice Chairman of the Company
Suzhou Advantage Ford Investment Center (Limited partnership)	The controlling party of SAPO Shareholder
Shengto (HK) Co., Ltd.	The Company Executives are Director of the company
Hengmei Photoelectric Co., Ltd.	Sharing Company of Suzhou Advantage Ford Investment Center (Limited partnership)
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company

Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company
---------------------------------------	-----------------

Other note

None

#### 5. Related transactions.

##### (1) Related transactions on purchasing goods and receiving services

##### Acquisition of goods and reception of labor service

In RMB

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

##### Related transactions on sale goods and receiving services

In RMB

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

Note

None

##### (2) Related trusteeship/contract

Not applicable

##### (3) Information of related lease

Not applicable

##### (4) Related-party guarantee

Related guarantee

In RMB

Guaranteed party	Amount	Guarantee start date	Guarantee end date	Whether the guarantee has been fulfilled
SAPO photoelectric	409,127,400.00	September 8,2020		No

The Company is the secured party

Not applicable

(5) Inter-bank lending of capital of related parties:

In RMB				
Related party	Amount	Start date	Expiring date	Note
Borrowing fund :				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	July 30,2019		The annual lending interest rate is 0.30%
Loaned				

(6) Related party asset transfer and debt restructuring

(7) Rewards for the key management personnel

In RMB		
Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	1,152,800.00	9,175,000.00

(8) Other related transactions

6. Receivables and payables of related parties

(1) Receivables

In RMB					
Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Balance of Book	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	412,495.18	18,686.03	581,696.96	25,652.84
Account receivable	Hengmei Photoelectric Co., Ltd.	0.00	0.00	20,879,229.37	920,774.02
Other Account receivable	Anhui Huapeng Textile Company	0.00	0.00	1,800,000.00	1,800,000.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	1,100,000.00	55,000.00	0.00	0.00

(2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Account payable	Hengmei Photoelectric Co., Ltd.	170,977.53	35,787,643.44
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Changlianfa Printing & dyeing Co., Ltd.	2,023,699.95	1,580,949.95
Other payable	Yehui International Co.,Ltd.	1,124,656.60	1,143,127.81
Other payable	Shengtou (Hongkong) Co., Ltd.	315,000.00	315,000.00
Other payable	Shenzhen Guanhua Printing & dyeing Co., Ltd.	3,806,454.17	3,811,240.92

#### 7. Related party commitment

None

#### 8. Other

None

### X. Share payment

#### 1. Overall situation of share payment

Applicable  Not applicable

	In RMB
Total amount of various equity instruments granted by the company during the current period	0.00
Total amount of various equity instruments that the company exercises during the period	0.00
Total amount of various equity instruments that have expired in the current period	1,250,430.00
The scope of executive price of the company's outstanding share options at the end of the period and the remaining term of the contract	0 yuan , 0 year
The scope of executive price of the company's other equity instruments at the end of the period and the remaining term of the contract	5.73 /yuan/share , 1 year

Other note

Note :On December 14, 2017, the company's 3rd Extraordinary General Meeting of Shareholders in 2017 passed the Proposal on 'Shenzhen Textile (Group) Co., Ltd. 2017 Restricted Stock Incentive Plan (Draft) and Abstract'; on December 14, 2017, the board of directors of the company reviewed and passed the Proposal on Adjusting the List of Incentive Objects of Restricted Stock Incentive Plans and the Number of Equity Granted of 2017, and the Proposal on Granting Restrictive Shares to Incentive Objects. On December 14, 2017, the company granted 4,752,300 restricted shares to the

incentive object, the grant price was 5.73 yuan/share. Restrictions shall be lifted at the rate of 40%, 30%, and 30% respectively after 12 months, 24 months, and 36 months after the first transaction date of 24 months after the completion of the registration. The company's performance assessment for the restricted shares granted each period is as follows:

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

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

On February 2, 2021, the company held the first extraordinary general meeting of shareholders in 2021 to consider and pass the "Proposal on Repurchase and Cancellation of Certain Restricted Stocks", agreeing to the company's total holdings of 1 original incentive object who resigned due to personal reasons 7,950 restricted stocks were repurchased and cancelled at a repurchase price of 5.73 yuan/share; It was agreed that the Company repurchase and cancel 6,000 restricted shares held by one original incentive object who had failed to meet the incentive conditions due to retirement at 6.23 yuan/share.

On April 7, 2021, the company held the 2020 Annual General Meeting of Shareholders to review and approve the Proposal on Repurchase and Cancellation of Some Restricted Stocks, and agreed that the company would repurchase and cancel 1,236,480 restricted stocks held by 102 incentive objects in the third issue that did not meet the conditions for lifting the restrictions on sales, and the repurchase price was RMB 6.26 per share.

## 2. Equity-settled share-based payment

√ Applicable □ Not applicable

	In RMB
Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
Determination basis of the number of vesting equity instruments	On each balance sheet date of the waiting period, it is determined based on the latest information such as the change in the number of people that can be released

	from restrictions and the completion of performance indicators
Reasons for the significant difference between the current period estimate and the previous period estimate	None
Equity-settled share-based payment is included in the accumulated amount of capital reserve	0.00
Total amount of fees confirmed by equity-settled share-based payments in the current period	0.00

Other note

None

3. The Stock payment settled by cash

Applicable  Not applicable

4. Modification and termination of the stock payment

None

5. Other

None

## XI. Commitments

1. Significant commitments

Significant commitments at balance sheet date

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

2. Contingency

(1) Significant contingency at balance sheet date

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

(2) The Company have no significant contingency to disclose, also should be stated

None

3. Other

None

**XII. Events after balance sheet date**

1. Significant events had not adjusted

Not applicable

2. Profit distribution

Not applicable

3. Sales return

None

4. Notes of other significant events

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

**XIII. Other significant events**

1. Correction of the accounting errors in the previous period

(1) Retroactive restatement

(2) Prospective application

2. Liabilities restructuring

None

3. Replacement of assets

(1) Non-monetary assets exchange

None

(2) Other assets exchange

None

4. Pension plan

None

## 5. Discontinuing operation

None

## 6. Segment information

### (1) Basis for determining the reporting segments and accounting policy

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

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

### (2) Financial information of the report division

Items	In RMB					
	Polarizer	Property lease and other	Textile	Trade	Offset between divisions	Total
Operating income	2,117,717,019.48	129,445,842.10	55,169,650.79		-8,584,620.31	2,293,747,892.06
Including: revenue from foreign transaction	2,117,717,019.48	121,098,294.00	54,932,578.58		0.00	2,293,747,892.06
Revenue from inter-segment transactions	0.00	8,347,548.10	237,072.21		-8,584,620.31	-8,584,620.31
Including: revenue from main business	2,099,489,550.77	114,363,911.23	55,169,650.79		-3,032,482.89	2,265,990,629.90
Operating cost	1,828,378,235.90	38,998,238.06	48,686,874.43		-7,543,935.11	1,908,519,413.26
Including: main business cost	1,828,378,235.90	26,709,964.52	48,686,874.43		-3,527,746.06	1,900,247,328.79
Operating profit	28,041,538.58	53,280,168.22	815,378.80	-15,576,656.93	73,511.20	66,633,939.87
Total assets	4,204,357,864.87	3,296,896,012.57	46,233,785.98		-2,050,840,555.59	5,496,647,107.83
Total indebtedness	1,380,985,834.98	211,828,635.06	27,995,367.47		-87,991,976.75	1,532,817,866.76

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

None

(4) Other note

None

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

None

8. Other

None

#### XIV. Notes of main items in the financial statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable classified by category

Category	Amount in year-end					Amount in year-beginning				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Including :										
Accrual of bad debt provision by portfolio	8,353,590.78	100.00%	417,679.54	5.00%	7,935,911.24	1,538,316.00	100.00%	76,915.80	5.00%	1,461,400.20
Including :										
Total	8,353,590.78	100.00%	417,679.54	5.00%	7,935,911.24	1,538,316.00	100.00%	76,915.80	5.00%	1,461,400.20

Accrual of bad debt provision by single item

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Accrual of bad debt provision by portfolio: 417,679.54 yuan

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	6,815,274.78	340,763.74	5.00%
1-2 years	1,538,316.00	76,915.80	5.00%
Total	8,353,590.78	417,679.54	--

Accrual of bad debt provision by portfolio

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable  Not applicable

Disclosure by aging

		In RMB
Aging	Closing balance	
Within 1 year ( Including 1 year )	6,815,274.78	
1-2 years	1,538,316.00	
2-3 years	0.00	
Over 3 years	0.00	
3-4 years	0.00	
Total	8,353,590.78	

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision :

							In RMB
Category	Opening balance	Amount of change in the current period				Closing balance	
		Accrual	Reversed or collected amount	Write-off	Other		
	76,915.80	340,763.74				417,679.54	
Total	76,915.80	340,763.74				417,679.54	
Total	76,915.80	66,116.12				143,031.92	

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

			In RMB
Name	Amount		Mode

None

(3) The actual write-off accounts receivable

		In RMB
Items		Amount

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

				In RMB
Name	Closing balance	Proportion %		Balance of Bad debt provision
Shenzhen Guangsheng Development Industry Co., Ltd.	5,610,352.81	67.16%		280,517.64
Shenzhen Beauty Century Garment Co., Ltd.	2,485,076.00	29.75%		124,253.80
Shenzhen Yuehao Hotel Management Co., Ltd.	245,621.97	2.94%		12,281.10
Cao Cheng	9,300.00	0.11%		465.00
Ma Yue	3,240.00	0.04%		162.00
Total	8,353,590.78	100.00%		--

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

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

None

2. Other accounts receivable

Items	In RMB	
	Closing balance	Opening balance
Other accounts receivable	14,383,631.68	7,450,934.40
Total	14,383,631.68	7,450,934.40

(1) Interest receivable

1) Category of interest receivable

Items	In RMB	
	Closing balance	Opening balance

2) Significant overdue interest

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

Other note :

3) Bad-debt provision

Applicable  Not applicable

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1,2021 In current	---	---	---	---

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

Applicable  Not applicable

(2) Dividend receivable

1) Category of Dividend receivable

(2) Dividend receivable

1) Category of Dividend receivable

Items	In RMB	
	Closing balance	Opening balance

2) Significant dividends receivable with age exceeding 1 year

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

3) Bad-debt provision

Applicable  Not applicable

Bad debt provision	In RMB			Total
	Stage 1	Stage 2	Stage 3	
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2021	1,018,014.39		15,111,246.32	16,129,260.71
Balance as at January 1, 2021 In current	---	---	---	---
Provision in the current period	369,750.00			369,750.00
Balance as at December 31, 2021	1,387,764.39		15,111,246.32	16,499,010.71

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

Applicable  Not applicable

Other note :

(3) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

Nature	In RMB	
	Closing book balance	Opening book balance
Other receivable	14,383,631.68	7,450,934.40
Total	14,383,631.68	7,450,934.40

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1,2021	1,018,014.40		15,111,246.32	16,129,260.71
Balance as at January 1,2021 In current	---	---	---	---
Provision in the current period	369,750.00			369,750.00
Balance as at December 31,2021	1,387,764.39		15,111,246.32	16,499,010.71

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

 Applicable  Not applicable

Disclosure by aging

In RMB

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

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision :

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Internal current account	877,680.00	365,000.00				1,242,680.00
Deposit	5,000.00					5,000.00
Other	1,260.00	122.36				1,382.36
Unit account	15,245,320.71	4,627.64				15,249,948.35
Total	16,129,260.71	369,750.00				16,499,010.71

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

In RMB

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

4) Accounts receivable actually written off in the reporting period

Items		Amount			
In RMB					
Of which the significant amount of the reversed or collected part during the reporting period :					
In RMB					
Name	Nature	Amount	Reason	Verification procedures performed	Whether the money is generated by related party transactions

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

In RMB					
Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
Shenzhen Beauty Century Garment Co., Ltd.	Internal current account	14,475,600.00	1-3 years	46.87%	1,242,680.00
Jiangxi Xuanli Thread Co., Ltd.	Unit account	11,389,044.60	Over 5 years	36.88%	11,389,044.60
Anhui Huapeng Textile Company	Unit account	1,800,000.00	Over 5 years	5.83%	1,800,000.00
Shenzhen Dailisi Underwear Co., Ltd	Unit account	1,100,000.00	Within 1 year	3.56%	55,000.00
Shenzhen Xieli Automobile Repair Plant	Unit account	1,018,295.37	2-5 years	3.30%	1,018,295.37
Total	--	29,782,939.97	--	96.44%	15,505,019.97

6) Accounts receivable involved with government subsidies

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

The company has no government subsidies receivable.

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

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

Other note :

## 3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	1,972,630,835.39	16,582,629.30	1,956,048,206.09	1,972,630,835.39	16,582,629.30	1,956,048,206.09
Investments in associates and joint ventures	133,022,325.77	0.00	133,022,325.77	147,929,137.23	0.00	147,929,137.23
Total	2,105,653,161.16	16,582,629.30	2,089,070,531.86	2,120,559,972.62	16,582,629.30	2,103,977,343.32

## (1) Investment to the subsidiary

In RMB

Name	Opening balance	Increase /decrease in reporting period				Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Withdrawn impairment provision	Other		
SAPO Photoelectric	1,910,247.781.94					1,910,247.781.94	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25					8,073,388.25	
Shenzhen Beauty Century Garment Co., Ltd.	14,696,874.34					14,696,874.34	2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08					15,489,351.08	
Shenzhen Shenfeng Real Estate Management Co., Ltd.	1,713,186.55					1,713,186.55	
Shenzhen Shenfeng Sungang Real Estate Management Co., Ltd.	5,827,623.93					5,827,623.93	
Total	1,956,048,206.09					1,956,048,206.09	16,582,629.30

## (2) Investment to joint ventures and associated enterprises

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
In RMB											
<b>I. Joint ventures</b>											
Anhui Huaping Textile Co.,Ltd.	10,797,023.14		10,797,023.14								
Shenzhen Guanhuaprinting & Dyeing Co., Ltd.	127,906,165.17			308,060.37						128,214,225.54	
Subtotal	138,703,188.31		10,797,023.14	308,060.37						128,214,225.54	
<b>II. Associated enterprises</b>											
Shenzhen Changlianfa Printing and dyeing Company	2,706,262.38			265,940.59						2,972,202.97	
Jordan Garnet Factory											
Yehui International Co., Ltd.	6,519,686.54			-540,016.30	-199,063.73		3,944,709.25			1,835,897.26	
Subtotal	9,225,948.92			-274,075.71	-199,063.73		3,944,709.25			4,808,100.23	

Total	147,929,137.23									133,022,325.77	0.00
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(3) Other note

#### 4. Business income and Business cost

Items	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Income from Main Business	74,272,555.42	7,660,814.11	57,649,817.53	7,019,203.76
Other Business income	3,887,130.77	3,887,130.77	3,647,070.68	3,647,070.68
Total	78,159,686.19	11,547,944.88	61,296,888.21	10,666,274.44

Income-related information:

Type	In RMB		
	Division 1	Division 2	Total
Of which :			

Information related to performance obligations: None

Information related to the transaction price apportioned to the residual performance obligation: None

At the end of the reporting period, the income amount corresponding to the performance obligations that have been signed but not fulfilled or completed is 0.00 yuan. Among them, RMB 0.00 is expected to be recognized as revenue in 0 year, RMB 0.00 is expected to be recognized as revenue in 0 year, and RMB 0.00 is expected to be recognized as revenue in 0 year.

Other note: None

#### 5. Investment income

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

Total	20,409,098.48	35,656,479.65
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6.Other

## XV. Supplement information

1. Particulars about current non-recurring gains and loss

Applicable  Not applicable

Items	Amount	In RMB
		Notes
Non-current asset disposal gain/loss	-961,982.35	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	19,643,379.33	Other benefits of government subsidies that are confirmed related to the main business.
Switch back of provision for depreciation of account receivable which was singly taken depreciation test.	989,313.04	
Other non-business income and expenditures other than the above	19,964,046.87	
Less :Influenced amount of income tax	6,025,891.12	
Influenced amount of minor shareholders' equity (after tax)	13,096,494.74	
Total	20,512,371.03	--

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

Applicable  Not applicable

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

Applicable  Not applicable

2. Return on net asset and earnings per share

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share(RMB/share )	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	2.24%	0.12	0.12
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	1.46%	0.08	0.08

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

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

Applicable  Not applicable

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

Applicable  Not applicable

(3) Explanation of the reasons for the differences in accounting data under domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences, the name of the overseas institution should be indicated

None

4. Other

None

Shenzhen Textile (Holdings) Co., Ltd.

March 15, 2022