

Shenzhen Textile (Holdings) Co., Ltd.

2022 Annual Report



April 2023

I. Important Notice, Table of Contents and Definitions

The Board of Directors, the Supervisory Committee, the directors, the supervisors, and executives of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Mr. Yin Kefei, The Company leader, Chief financial officer and the person in charge of the accounting department (the person in charge of the accounting) hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

In addition to the following directors, other directors personally attended the Board meeting at which the Annual Report was considered.

Names of directors not present in person	Positions of directors not present in person	Reasons for not attending the meeting in person	Name of principal
Wang Chuan	Director	Going on business trip	Ning Maozai
Sun Minghui	Director	Going on business trip	Zhu Meizhu
Wang Kai	Independent director	Due to work	Cai Yuanqing

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, Investors and related persons shall keep sufficient risk awareness, and shall understand the differences between plans, forecasts and commitments, and remind investors of investment risks.

The company has the macroeconomic risks, market competition risks and raw material risks. Investors are advised to pay attention to investment risks. For details, please refer to the possible risk factors that the company may face in the XI "Risks facing the Company and countermeasures" in the Section III "Management Discussion & Analysis".

The company's profit distribution plan approved by the board of directors this time is:

The company's profit distribution plan approved by the board of directors this time is: based on 506,521,849 shares, a cash dividend of 0.60 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 shares (tax included) will be given as bonus shares. The capital reserve will not be converted into share capital.

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

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Documents available for inspection

1. Accounting statements bearing the signatures and seals of the company's legal representative, general manager, chief financial officer, and person in charge of the accounting agency.
2. Original of Auditors' Report carried with the seal of Certified Public Accountants as well as personal signatures of certified Public accountants.
3. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period.

The above documents were completely placed at the Office of Secretaries of the Board of Directors of the Company.

Definition

Terms to be defined	Refers to	Definition
Company/The Company/ Shen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holdings Co., Ltd.	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
SAPO Photoelectric	Refers to	Shenzhen SOPO Photoelectric Co., Ltd.
Jinjiang Group	Refers to	Hangzhou Jinjiang Group Co., Ltd.
Nitto Denko	Refers to	Nitto Denko Corporation
Beauty Century	Refers to	Shenzhen Beauty Century Garment Co., Ltd.
Shenzhen Xieli	Refers to	Shenzhen Xieli Automobile Co., Ltd.
Hengmei Photoelectric	Refers to	Hengmei Photoelectric Co., Ltd.
Qimei Material	Refers to	Qimei Material Technology Investment Co. LTD
Haosheng Danyang	Refers to	Haosheng (Danyang) Investment Management Co. LTD
Danyang Nuoyan	Refers to	Danyang Nuoyan Tianxin Investment Partnership (limited partnership)
Xiamen Nuoyan	Refers to	Xiamen Nuoyan Private Equity Fund Management Co. LTD
Fuzhou Xintou	Refers to	Fuzhou New Area Development and Investment Group Co. LTD
Hefei Beicheng	Refers to	Hefei Beicheng No.2 Photoelectric Industry Investment Partnership (limited partnership)
Hangzhou Rencheng	Refers to	Hangzhou Rencheng Trading Partnership (limited partnership)
Xinghe Technology	Refers to	Shenzhen Xinghe Hard Technology Private Equity Investment Fund Partnership (limited partnership)
lishui Huahui	Refers to	Lishui Huahui Equity Investment Partnership (limited partnership)
Huzhou Painuo	Refers to	Huzhou Painuohuicai Equity Investment Partnership (limited partnership)
Lishui Tengbei	Refers to	Lishui Tengbeiming Cheng Equity Investment Partnership (limited Partnership)
Fuzhou Investment	Refers to	Fuzhou Investment Management Co., LTD
Xiamen Zhifeng	Refers to	Xiamen Zhifeng Equity Investment Partnership (limited partnership)
Jiaxing Painuo	Refers to	Jiaxing Painuo Xiancai Equity Investment Partnership (limited partnership)
Huzhou Zhekuang	Refers to	Huzhou Zhekuang Equity Investment Partnership (limited partnership)
Guangdong Xingzhi	Refers to	Guangdong Xingzhi Venture Capital Partnership (limited partnership)
Guangzhou Boyue	Refers to	Guangzhou Bo Yuejin Venture Capital Partnership (limited partnership)
Jinxin Investment	Refers to	Lanxi Jinxin Investment Management Co., Ltd.
Changxing Junying	Refers to	Changxing Junying Equity Investment Partnership (LP)
Huaiji Investment	Refers to	Hangzhou Huaiji Investment Management Co., Ltd.
Jinhang Investment	Refers to	Hangzhou Jinhang Investment Fund Partnership (LP)
Line 4	Refers to	T TFT-LCD polarizer II phase Line 4 project
Line 5	Refers to	TFT-LCD polarizer II phase Line 5 project
Line 6	Refers to	TFT-LCD polarizer II phase Line 6 project
Line 7	Refers to	Industrialization project of polaroid for super large size TV
“CSRC”	Refers to	China Securities Regulatory Commission

Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
The Report	Refers to	2022 Annual Report

II. Company Profile & Financial Highlights

1. Company Profile

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

2. Contact person and contact manner

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

3. Information disclosure and placed

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

4. Changes in Registration

Unified social credit code	91440300192173749Y
Changes in principal business activities since listing (if any)	<p>In July 2012, The business scope of the company is changed to "production, textiles processing, knitwear, clothin g, upholstery fabrics, belts, trademark bands, handicrafts (without restrictions); general merchandise, the special equipment of the textile industry, textile equipment and accessories, instruments, standard parts, raw textile materials, dyes, electronic products, chemical products, mechanical and electrical equipment, light industrial products, office supplies and domestic trade (excluding the franchise, the control and the monopoly of goods) ; operation of import and export business."</p> <p>In December 2018, approved by Shenzhen Market Supervisory Authority, the company's business scope was changed to: production and operation of polarizers and other optical film products; hotel and property leasing and management; production and processing of textiles, knitwear, clothing, and decorative fabrics , Belts, trademark belts, handicrafts (excluding restricted items); department</p>

	stores, special equipment for the textile industry, textile equipment and accessories, meters, standard parts, textile raw materials, dyes, electronic products, chemical products, electromechanical equipment, textile products, office Supplies and domestic trade (excluding franchise, control, and monopoly commodities); import and export business.
Changes is the controlling shareholder in the past (is any)	In October 2004, In accordance with the Decision on Establishing Shenzhen Investment Holdings Co., Ltd. issued by State-owned Assets Administration Committee of Shenzhen Municipal People's Government (Shen Guo Zi Wei (2004) No. 223 Document), Shenzhen Investment Management Co., Ltd., the controlling shareholder of the Company, and Shenzhen Construction Holding Company and Shenzhen Commerce and Trade Holding Company merged into Shenzhen Investment Holdings Co., Ltd.

5. Other Relevant Information

CPAs engaged

Name of the CPAs	Deloitte Touche Tohmatsu CPA Ltd.(special general partnership)
Office address:	30/F, No.222, Yanan East Road, Qingpu District, Shanghai
Names of the Certified Public Accountants as the signatories	Xu Xiangzhao, Yao Ming

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

Applicable Not applicable

The Financial advisor performing persistent supervision duties engaged by the Company in the reporting period

Applicable Not applicable

6. Summary of Accounting data and Financial index

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

Retroactive adjustment or restatement of causes

Accounting policy change and Correction of accounting errors

	2022	2021		Changes of this period over same period of Last year(%)	2020	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Operating income (Yuan)	2,837,988,264.36	2,293,747,892.06	2,330,061,681.00	21.80%	2,108,964,687.80	2,108,964,687.80
Net profit attributable to the shareholders of the listed company (Yuan)	73,309,182.94	61,162,384.25	55,733,468.82	31.54%	37,267,995.74	37,267,995.74
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	54,148,057.50	40,650,013.22	35,221,097.79	53.74%	18,084,607.04	18,084,607.04
Cash flow generated by business operation, net (Yuan)	490,238,550.60	-4,436,980.35	-4,436,980.35	11,148.92%	1,930,932.76	1,930,932.76
Basic earning per share (Yuan/Share)	0.14	0.12	0.11	27.27%	0.07	0.07
Diluted gains per share (Yuan/Share)	0.14	0.12	0.11	27.27%	0.07	0.07
Weighted average ROE(%)	2.59%	2.19%	2.00%	0.59%	1.36%	1.36%

	End of 2022	End of 2021		Changed over last year (%)	End of 2020	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Gross assets (Yuan)	5,617,137,367.90	5,496,647,107.83	5,563,539,326.16	0.96%	4,969,547,552.23	4,969,547,552.23
Net assets attributable to shareholders of the listed company (Yuan)	2,849,264,555.21	2,816,795,889.89	2,811,366,974.46	1.35%	2,766,234,174.39	2,766,234,174.39

Reasons for changes in accounting policy and correction of accounting errors

(1) Reasons for changes in accounting policy

On December 30, 2021, the Ministry of Finance issued the No. 15 Interpretation of Accounting Standards for Business Enterprises (hereinafter referred to as "No. 15 Interpretation"), which standardizes the accounting treatment of products or by-products produced by enterprises before they reach the intended state of use or during the research and development process.

The No. 15 Interpretation stipulates that if an enterprise sells products or by-products produced before the fixed assets reach the intended state of use or during the R&D process, it shall separately account for the income and costs related to the trial operation sales in accordance with the revenue standard and the "No. 1 Accounting Standard for Business Enterprises-Inventory", and include them in the profit or loss of the period, and shall not use the net amount of the income related to the trial operation sales after offsetting the costs to write down fixed assets or R&D expenses. Meanwhile, the enterprise shall separately disclose in the notes the relevant revenue and cost amounts of the trial operation sales, the specific presentation items, and the important accounting estimates used in determining the costs related to the trial operation sales. The provisions came into force on January 1, 2022, therefore the retrospective adjustments shall be made for trial sales that occurred between the beginning of the earliest period of presentation of the financial statement and January 1, 2022.

The Company adopts the retroactive adjustment method for accounting treatment and restates the financial statements of comparable years. For specific impacts, see "Section X Financial Report (IV) Changes in Important Accounting Policies and Accounting Estimates and Correction of Prior Period Errors".

(2) Correction of accounting errors

Shenzhen Shengbo Optoelectronics Technology Co., Ltd. (hereinafter referred to as "Shengbo Optoelectronics"), a subsidiary of the company, found significant prior period errors in previous years this year. In accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Correction of Errors", the company has corrected relevant error matters and restated the 2021 consolidated financial statements. For details, see "Section X Financial Reports - (IV) Changes in Significant Accounting Policies and Accounting Estimates and Correction of Prior Period Errors".

The lower of the company's net profit before and after deducting non recurring gains and losses in the last three accounting years is negative, and the audit report of the latest year indicates that there is uncertainty in the company's ability to continue as a going concern

Yes No

The lower of the net profit before and after the deduction of the non-recurring gains and losses is negative.

Yes No

7. Differences between accounting data under domestic and overseas accounting standards

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

Applicable Not applicable

No difference.

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

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP(Generally Accepted Accounting Principles) in the period.

8. Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	670,551,882.04	774,585,427.05	676,901,015.17	715,949,940.10
Net profit attributable to the shareholders of the listed company	17,625,745.18	24,807,779.92	14,115,950.48	16,759,707.36
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	15,102,181.63	19,868,793.84	9,730,544.28	9,446,537.75
Net Cash flow generated by business operation	-65,966,923.49	145,405,158.08	36,463,548.86	374,336,767.15

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

Yes No

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

Applicable Not applicable

In RMB

Items	Amount (2022)	Amount (2021)	Amount (2020)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	31,264.60	-961,982.35	273,229.58	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	26,350,210.89	19,643,379.33	29,506,252.69	
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	7,516,025.10	19,964,046.87	1,310,556.26	
Less :Influenced amount of income tax	5,589,310.62	6,025,891.12	53,313.37	
Influenced amount of minor shareholders' equity (after tax)	9,147,064.53	13,096,494.74	11,853,336.46	

Total	19,161,125.44	20,512,371.03	19,183,388.70	--
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Details of other profit and loss items that meet the non-recurring profit and loss definition

Applicable Not applicable

None

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

Applicable Not applicable

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

III. Management Discussion & Analysis

I. Industry information of the Company during the reporting period

Polarizers are also known as polaroid, which can control the polarization direction of specific light beams. When natural light passes through the polarizer, the light whose vibration direction is perpendicular to the transmission axis of the polarizer will be absorbed, leaving only polarized light whose vibration direction is parallel to the transmission axis of the polarizer. The downstream polarizer is mainly used in the panel industry. According to different panel types, polarizers mainly include TN, STN, TFT and OLED. Currently, the global polarizer market is dominated by polarizers for TFT-LCD panels. Each LCD panel requires two polarizers.

The Company is one of the major R&D, production and sales enterprises of polarizers in China, and the leading enterprise of polarizer industry in China. The Company's polarizer is one of the key basic materials in the display panel industry, and its demand is greatly affected by the fluctuation of the display panel market. In 2022, due to the complex and volatile situation at home and abroad, the ongoing war between Russia and Ukraine, and the combination of global inflation, the panel industry experienced a wave of continuous downward revision. In the second half of the year, in the panel factory continues to adjust the dynamic, inventory strategy, the panel market began to improve in the fourth quarter, and is expected to further recover in 2023.

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

1. The company's main business

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

During the reporting period, the Company's main business has not changed significantly.

First, the Company continued to optimize the product structure. Under the background of the significant reduction in production by terminal and panel customers in 2022, it adopted the route of product differentiation, optimized the customer structure, improved the ability to resist risks, implemented the "Production utilization guarantee" policy, and raced to seize the market share; Second, it spared no effort to implement the production and operation of Line 7, focused on improving production capacity, yield and management level, thus helped the Company's overall business performance to be improved; The third was to continue to promote lean management, strictly control manufacturing costs, reduce material loss, strengthen material recycling, and reduce costs and increase efficiency in an all-round way; The fourth was to strengthen the innovation drive, create differentiated competitive advantages, focus on promoting the construction of SAPO's R&D management system, create a market-oriented innovation mechanism, and strengthen the technical research; Fifth, it's to focus on the security of raw material supply chain and the risk of price increases of chemical raw materials, and accelerate the evaluation and use of chemical alternative raw materials; Sixth, The company has overcome the adverse

effects to complete the project construction, actively fulfilled social responsibilities, and formulated an implementation plan for rent reduction of the Company's and its wholly-owned enterprises' self-owned properties based on actual business conditions, thus to bridge over difficulties with market entities; The seventh was to promote the major asset restructuring matter, which's planned to purchase all the equity or the controlling stake of Hengmei Optoelectronics by issuing shares and paying cash, and meanwhile raise supporting funds, thus to coordinate system resources, make up for shortcomings, and enhance the core competitiveness of the Company.

2. Main products and their purposes

Currently, the Company has 7 mass production lines for polarizers, covering TN, STN, TFT, OLED, 3D, dye sheet, optical film for touch screen and other fields, mainly used in TV, NB, navigator, Monitor, vehicle, industrial control, instruments, smart phones, wearable devices, 3D glasses, sunglasses and other products, the company has become a mainstream panel company such as Huaxing Optoelectronics, BOE, Sharp, LGD, Shenzhen Tianma, Huike, etc. by continuously strengthening sales channel expansion and building its own brand. Qualified suppliers.

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

Line	Place	Product breadth	Planned capacity	Main project
Line 1	Pingshan	500mm	600, 000 m ²	TN/STN/ Dye sheet
Line 2	Pingshan	500mm	1.2 million m ²	TN/STN/CSTN
Line 3	Pingshan	650mm	1 million m ²	TFT
Line 4	Pingshan	1490mm	6 million m ²	TFT
Line 5	Pingshan	650mm	2 millin m ²	TFT
Line 6	Pingshan	1490mm	10 million m ²	TFT/OLED
Line 7	Pingshan	2500mm	32 millin m ²	TFT/OLED

3. Company's business model

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

4. Major factors for driving the Company's performance

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

5. Market position of company products

Currently, the Company is one of the major R&D, production and sales enterprises of polarizers in China, and is the leading enterprise in the domestic polarizer industry. The Company mainly focuses on medium and large-sized polarizer products, and meanwhile has the production capacity of multi-size and multi-series products.

In the future, the Company will further adjust and optimize the product structure and customer structure, improve the internal management level, optimize and upgrade the production technology level, improve the production efficiency and product quality, broaden the procurement channels, reduce the

production cost and consolidate; On the other hand, the Company promoted the work related to the major asset restructuring, realized the strong alliance in the polarizer industry, rapidly increased the production scale of polarizers, optimized the Company's industrial chain layout in the polarizer industry, enhanced the technical reserves, and further improved the Company's core competitiveness.

6. Advantages and disadvantages in competition

(1) Competitive edge

See "III. Analysis of core competitiveness" in this chapter for details.

(2) Competitive disadvantage

See "XI. Future development prospect of the Company (III) Possible risks" in this chapter for details.

III. Analysis On core Competitiveness

1. Technology advantages. SAPO Photoelectric is the first domestic national high-tech company which entered into the R&D and production of the polarizer, We are one of the largest, most technical and professional polarizer R&D teams in the country and has more than 20 years of operating experience in the polarizer industry. Products include TN-type, STN-type, IPS-TFT-type, VA-TFT-type, OLED, vehicle-mounted industrial display, flexible display, 3D stereo and polarizer for sunglasses, and optical film for touch screens, etc., We have proprietary technology for polarizers and new intellectual property rights for various new products. As of the end of this report, SAPO Photoelectric applied for 127 invention patents and was authorized with 100 items (68 valid patents), among which: 40 domestic invention patents (18 patents got authorized, 18 valid patents); 80 domestic utility model patents (78 patents got authorized, 48 valid patents.); 1 overseas invention patent (0 patents got authorized); 6 overseas utility model patents (4 patents got authorized, 2 valid patents). There were 4 national standards and 2 industrial standards that were developed by the company are approved and then will be implemented. SAPO Photoelectric has three innovative platforms: Guangdong Engineering Technology Research Center, Shenzhen Polarizing Materials and Technology Engineering Laboratory and Shenzhen Enterprise Technology Center. It focuses on the R&D and industrialization of LCD polarizer core production technology, the development and industrialization of OLED polarizer new products, and the localization research of polarizer raw materials, among which, mass production has been achieved for OLED TV polarizer products successfully, filling the domestic gap. By introducing all kinds of precision test equipment, it improves lab trial and pilot-scale test methods, and builds a collaborative innovation platform for Industry-University-Research cooperation, to enhance the R&D level comprehensively.

2. Talents advantages. The Company emphasizes the independent innovation, establishes its own R & D management system, and has a polarizer management team and a senior technical personnel team with strong technical ability, rich experience and international vision. Through the establishment of technical cooperation with the world's leading polarizer manufacturer Nitto Electric Co., Ltd, it has learned the advanced polarizer production management concepts, and meanwhile accumulated the technical experience through independent innovation, improved its core competitiveness, and gradually shaped its own brand, technology, operation management and other advantages. In 2022, the Company continued to deepen the market-oriented reform, practice the concept of "Don't race horses", selected a group of middle-level management cadres with strong professional ability and high degree of marketization for the Company, and further strengthened the core backbone team; Also, the Company Improved the talent growth channel and the reserve talent echelon construction mechanism, regularly organized and carried

out the employee grade evaluation, talent-pool work and other work to help employees grow and develop; it improved the assessment incentive mechanism, and gave a play to the incentive and spurring role of assessment; The Company actively explored the long-term incentive constraints of the Company's management layer and the employee benefit reward distribution mechanism, the employee stock ownership plan, etc., thus to build a value distribution mechanism for benefit sharing and risk sharing.

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

4. Quality advantages. The Company always adheres to the principle of "Meeting customer needs and pursuing excellent quality; Implement green manufacturing and achieve continuous improvement" quality policy, centering on the product quality control to enable its products comparable to international quality standards. The Company strictly controls product performance indicators, standardizes incoming inspection standards, and takes quality improvement and consumption reduction as the starting point to achieve simultaneous improvement of output and quality; It has introduced modern management system, passed the ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system, QCO80000 hazardous substance management system and ISO50001 energy management system certification; The products have passed CTI testing, and it complies with the environmental protection requirements of RoHS directive, and the whole process is standardized from raw material supply, manufacturing, marketing to customer service to ensure the stability of product quality.

5. Management advantages. The company always adhered to the quality policy of "Satisfying customer demands and pursuing excellent quality" and focused on product quality control. The company strictly controls product performance indicators, standardizes inspection standards for incoming materials, starts with quality improvement and consumption reduction, and achieves simultaneous increase in output and quality; through the introduction of a modern quality management system, the products have passed ISO9001 Quality Management System and ISO14001 Environmental Management System, OHSAS18000 Occupational Health and Safety Management System, QCO80000 System Certification;

the product is tested by SGS and meets the environmental protection ,The company had increased the automatic detecting and marking equipments in the beginning section and the ending section, strictly controlled the product quality and improved the product utilization rate and product management efficiency.

Through the implementation of the key work management list of "Solid Party Building +, Lean Promotes Development", it used the lean means to achieve continuous cost reduction and efficiency increase; Through the implementation of the "Amoeba Business Model" project and segmenting small independent accounting unit to enable grassroots backbone employees can participate in production and operation activities.

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

IV. Main business analysis

I.General

The year of 2022 is a key year for the "14th Five-Year Plan" and a year for the Company to continue to deepen reform and improve business quality. Over the past year, in the face of severe and complex economic situation, the Company has strengthened confidence, united and worked hard to overcome difficulties together, and new progress has been made in polarizer production and operation, technological innovation, lean management of enterprises, improvement of internal control mechanism, potential exploitation of property leasing, and asset revitalization and withdrawal, thus laying a solid foundation for the Company's further transformation and development.

During the reporting period, the Company achieved an operating income of 2.838 billion yuan, a YOY increase of 21.80%; The total profit was 44,348,800 yuan, a YOY decrease of 42.54%; The net profit attributable to shareholders of the listed company was 73,309,200 yuan, a YOY increase of 31.54%. The Company's total profit decreased compared with the same period last year, which was mainly due to: affected by the continued weakening of the LCD TV panel market, the price of polarizers gradually declined in 2022, coupled with the large consumption on ground of the ramp-up mass production of the newly put-into production of the ultra-large size TV polarizer industry project (Line 7), the Company made impairment provisions for inventory and other assets based on expected future net cash flows. The Company's operating income and net profit attributable to shareholders of the listed company increased compared with the same period of the previous year, which was mainly due to: First, the release of the Company's No. 7 line production capacity, the overall revenue growth of polarizer business. Second,

based on the Group's future profit forecast, the Company considered that it can generate sufficient taxable income in the future period to take advantage of deductible temporary differences and deductible losses to meet the conditions for recognition of deferred tax assets, therefore it recognized relevant deferred tax assets while reducing income tax expense.

Review of the company's key works carried out in 2022 as follows:

(1) Further improvement of polarizer business operation capability

In 2022, First, the Company actively adjusted the product structure, improved the structure of the main proportion of single large customer, enhanced the anti-risk ability of orders, implemented the policy of "production utilization guarantee", and seized the market share; The second was to strengthen production management, formulate lean management plans, continuously improve production capacity and yield, reduce losses, and ensure order delivery; Third, it strengthened the innovation drive, focused on promoting the construction of SAPO's R&D management system, created a market-oriented innovation mechanism, strengthened the technical research, and built the differentiated competitive advantages; Fourth, the Company comprehensively promoted the selection and recruitment of market-oriented talents, released the development vitality, and enhanced the team competitiveness.

The Company has built a research and development management system, strengthened the research and development of new products, new materials, production processes and the introduction of alternative raw materials, and it's authorized with 8 patents, including 1 invention patent and 7 utility model patents in 2022.

(2) Survival in the difficult situation of the textile business and keeping stable development under the pressure of property leasing and management business

In 2022, affected by the superposition of factors such as the international situation, the clothing consumer market was weak, the textile and garment industry were hit hard, therefore the orders of Shenzhen Beauty Century Company decreased, and the operating efficiency declined.

In 2022, the property leasing and management business faced unprecedented operating pressure under the impact of the downturn in the real economy. The Company had spared no effort to do well in leasing operation, vigorously promoted the operation cost reduction and efficiency increase, innovated and tapped into, broadened the resources and saved costs, continuously improved the service quality, increased the property management efforts, thus realized the stable development of property leasing and management business.

(3) The production capacity of Line 7 is gradually released, helping the overall improvement of the company's operating performance

In 2022, the Company overcame the adverse impact of the market downturn, went all out to improve the production and operation of Line 7, and focused on improving production capacity, yield and management level. At present, the production capacity of Line 7 has been steadily increased, and the three RTP production lines are comparable to the first-class level in the industry; In terms of management, through the introduction of amoeba operation and management mode, it segmented the accounting unit into small unit, focused on details, highlighted the process incentives, and stimulated the employees' awareness of independent improvement. As of December 31, 2022, the technical indicators such as yield rate and loss rate of Line 7 have continued to be improved, the main products of Line 7 have completed the customer verification, the order volume has gradually increased, the unit manufacturing cost of products has gradually decreased, and the production and operation of Line 7

have achieved substantial loss reduction, thus helped the Company's overall business performance to improve.

(4) Implementing major asset restructuring matter and promoting the development with cohesion

On December 30, 2022, the Company held the 19th meeting of the 8th Board of Directors and the 13th meeting of the 8th Board of Supervisors, in which it deliberated and passed the "Proposal on Shenzhen Textile (Holdings) Co., Ltd's Issuance of Shares and Payment of Cash to Purchase Assets and Raise Matching Funds Namely the Related Party Transaction Plan and its Summary" and other proposals related to this transaction, planning to purchase 100% of the equity of Hengmei Optoelectronics Co., Ltd by issuing shares and paying cash. Meanwhile, it intended to raise matching funds from the non-public offering of shares to no more than 35 eligible specific targets (hereinafter referred to as the "Transaction"). The transaction constituted a related party transaction and was expected to constitute a major asset restructuring, but it did not constitute a restructuring and listing, nor led to a change in the actual controller of the Company. The transaction was conducive to the main business to coordinate system resources, realize a strong alliance in the polarizer industry, rapidly increase the production scale of polarizers, optimize the Company's industrial chain layout in the polarizer industry, deepen the depth of technical reserves, and further enhance the Company's core competitiveness.

(5) Strengthening the safety awareness and soundly doing well in safety and environmental protection work

The Company attached great importance to safety production management, strengthened the bottom-line thinking, overcame paralyzing thinking and fluke mentality, and strictly implemented the work. First, it established and improved the responsibility system for safe production, revised and improved the safety production management system, carried out safety education and training, organized emergency drills, and improved the emergency handling and safety management of safety incidents; Second, it carried out the safety risk control and hidden danger investigation and rectification, implemented the safety production, supervision and inspection of key projects and places, carried out daily safety inspection and patrol of each affiliated enterprise, and rectified potential safety hazards in a timely manner; Third, the Company actively implemented the safety and environmental protection upgrading and transformation, practiced the sustainable development production concept of green environmental protection, energy conservation and consumption reduction, and continued to save energy and reduced emissions.

(6) Consolidating the basis and capabilities, and constantly enhancing the grass-roots Party building work

In 2022, under the strong leadership of Shenzhen SasAC Party Committee and Shenzhen Investment Control Party Committee, the Company's party committee adhered to the guidance of Xi Jinping of new era of socialism with Chinese characteristics, further implemented the 20th CPC party spirit, unswervingly strengthened the party's construction, strictly carried out the party history education, strengthened the construction of party conduct and clean government, soundly carried out the party research, deeply analyzed the current problems and difficulties faced by the management, thus to lead the Company to high quality development.

2. Revenue and cost

(1) Component of Business Income

In RMB

	2022		2021		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	2,837,988,264.36	100%	2,330,061,681.00	100%	21.80%
On Industry					
Manufacturing	2,722,034,654.94	95.91%	2,190,735,918.29	94.02%	24.25%
Lease and Management of Property	80,168,785.00	2.82%	111,568,500.55	4.79%	-28.14%
Other	35,784,824.42	1.27%	27,757,262.16	1.19%	28.92%
On Products					
Lease and Management of Property	80,168,785.00	2.82%	111,568,500.55	4.79%	-28.14%
Textile	28,247,018.32	1.00%	54,932,578.58	2.36%	-48.58%
Polarizer sheet	2,693,787,636.62	94.92%	2,135,803,339.71	91.66%	26.13%
Other	35,784,824.42	1.26%	27,757,262.16	1.19%	28.92%
Area					
Domestic	2,722,632,231.25	95.94%	2,075,939,546.10	89.09%	31.15%
Overseas	115,356,033.11	0.04%	254,122,134.90	10.91%	-54.61%
Sub-sale model					
Credit	2,642,221,654.15	93.10%	2,190,735,918.29	94.02%	20.61%
Cash on sale	195,766,610.21	6.90%	139,325,762.71	5.98%	40.51%

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

√ Applicable □ Not applicable

In RMB

Under circumstances of adjustment in reporting period for statistic scope of main business data,

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Manufacturing	2,722,034,654.94	2,350,898,811.44	13.63%	24.25%	25.33%	-0.75%
Lease and Management of Property	80,168,785.00	22,508,188.92	71.92%	-28.14%	-2.12%	-7.47%
On Products						
Polarizer sheet	2,693,787,636.62	2,317,753,534.46	13.96%	26.13%	26.85%	-0.49%
Lease and Management of Property	80,168,785.00	22,508,188.92	71.92%	-28.14%	-2.12%	-7.47%
Textile	28,247,018.32	33,105,714.00	-17.20%	-48.58%	-31.76%	-28.88%
Area						
Domestic	2,722,632,231.25	2,278,870,111.08	16.30%	31.15%	34.75%	-2.23%
Overseas	115,356,033.11	95,135,785.35	17.53%	-54.61%	-55.92%	2.45%
Sub-sale model						
Credit	2,642,221,654.15	2,196,484,523.29	16.87%	20.61%	17.10%	2.49%
Cash on sale	195,766,610.21	177,521,373.14	9.32%	40.51%	467.74%	-68.24%

adjusted main business based on latest on year's scope of period-end.

Applicable Not applicable

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

Yes No

Classification	Items	Unit	2022	2021	Changes
Polarizer sheet	Sales	10,000 square meters	3,537.08	2,517.63	40.49%
	Production	10,000 square meters	3,518.80	2,518.62	39.71%
	Stock	10,000 square meters	112.41	139.51	-19.43%
Knitted clothing	Sales	10,000 pieces	131.00	269.00	-51.30%
	Production	10,000 pieces	144.00	280.00	-48.57%
	Stock	10,000 pieces	52.00	91.00	-42.86%

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

Applicable Not applicable

During the reporting period, the sales volume and production of polarizer increased by 40.49% and 39.71% year on year, mainly due to the release of production capacity and sales increase of Line 7;

The sales volume and production of knitted clothing decreased by 51.30% and 48.57% year on year, mainly caused by the decline of knitting sales orders; inventory decreased by 42.86% year on year, mainly caused by inventory digestion.

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

Applicable Not applicable

(5) Component of business cost

Industry category

In RMB

Industry classification	Items	2022		2021		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Manufacturing	Polarizer sheet, Knitted clothing	2,350,898,811.44	99.03%	1,875,725,423.97	98.36%	0.67%
Lease and Management of Property	Rental, Accommodation	22,508,188.92	0.95%	22,996,155.29	1.21%	-0.26%
Other	Other	598,896.07	0.02%	8,272,084.49	0.43%	-0.41%

Production category

Production category	Items	2022		2021		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
polarizer	Direct material	1,825,615,761.47	76.90%	1,431,786,820.80	75.08%	1.82%
polarizer	Direct labor	61,855,540.37	2.61%	54,411,427.47	2.85%	-0.24%
polarizer	Power cost	68,806,666.73	2.90%	47,506,506.32	2.49%	0.41%
polarizer	Manufac	361,515,128.87	15.23%	293,147,731.77	15.37%	-0.12%

	turing expenses					
Knitted garment	Direct material	10,220,036.69	0.43%	29,157,370.18	1.53%	-1.10%
Knitted garment	Direct labor	10,866,298.04	0.46%	9,659,820.67	0.51%	-0.05%
Knitted garment	Power cost	2,730,422.72	0.12%	968,232.62	0.05%	0.07%
Knitted garment	Manufacturing expenses	9,328,519.53	0.39%	8,728,504.05	0.46%	-0.07%

Note

None

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

Yes No

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

Applicable Not applicable

(8) Situation of Main Customers and Main Supplier

Information of Main Customers

Total sales amount to top 5 customers (RMB)	1,540,435,366.03
Proportion of sales to top 5 customers in	54.28%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.00%

Information of the Company's top 5 customers

No	Name	Amount (RMB)	Proportion(%)
1	Customer 1	575,452,006.16	20.28%
2	Customer 2	261,292,160.18	9.21%
3	Customer 3	256,175,900.10	9.03%
4	Customer 4	245,813,155.60	8.66%
5	Customer 5	201,702,143.99	7.10%
Total	--	1,540,435,366.03	54.28%

Other note

Applicable Not applicable

Principal suppliers

Total purchase of top 5 Suppliers (RMB)	824,763,279.45
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	40.36%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	0.00%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion(%)
1	Supplier 1	193,219,755.99	9.45%
2	Supplier 2	186,856,036.60	9.14%
3	Supplier 3	165,029,417.05	8.08%
4	Supplier 4	146,726,838.02	7.18%

5	Supplier 5	132,931,231.80	6.51%
Total	--	824,763,279.45	40.36%

Other note

Applicable Not applicable

3. Expenses

In RMB

	2022	2021	Increase/Decrease(%)	Notes
Sale expenses	35,962,529.35	37,973,336.39	-5.30%	
Administrative expenses	128,388,940.29	122,088,830.15	5.16%	
Financial expenses	12,943,606.57	-130,344.09	10,030.34%	Mainly due to there's no interest capitalization in the current period.
R & D expenses	80,520,155.54	103,508,764.53	-22.21%	Mainly due to the decrease in investment in R&D materials.

4. Research and Development

Applicable Not applicable

Name of main R&D project	Project purpose	Project progress	Goal to be achieved	Expected impact on the future development of the Company
Wide-width APF product development	The wide-width line has the mass production capacity, improving cutting utilization and responding to the demand for medium size.	Completed	Realize mass production	It's technical reserves by the Company, and will enhance the competitiveness.
<i>Ultra-thin IPS Mobile phone product development</i>	<i>Development of a thin IPS mobile phone products</i>	Completed	Realize mass production	shorten the gap between domestic polarizer technology and the first echelon. increase the share and influence of domestic polarizers
High-transparency OLED TV product development	Increase in mass-produced models	Completed	realize mass production	The product reaches the same level as the competitive products,, which will pave the way for the Company's future revenue.
OLED Mobile phone product development	Realize domestication of products	Completed	realize mass production	fill domestic gaps, and enhance the Company's industry status
Development of polarizers for 2500mm ultra-width TV products	Increase cutting utilization and increase opportunities for larger size mass production	Completed	Realize mass production	In line with the development trend of large-screen TV in the market, it can effectively improve the utilization rate of product cutting, reduce the unit cost of materials, improve product competitiveness and create greater profit margins:
SANUQI product development	Alleviate the tight supply of VA compensation film and increase product selectivity	Completed	Realize mass production	Enriching the product categories, can alleviate the tight supply of raw materials.
Ultra-width high-end IPS TV AGLR product development	Market demand	Completed	Pass customer verification	Enrich product categories, provide more choices to the customers.

High-contrast MNT product development	Market demand	Partially completed	Pass customer verification	Increase the opportunity for products to enter the high-end application field, pave the foundation for more revenue for the Company in the future, and also establish brand effect
Localized development of ultra-width display optical film	Localization of raw materials	Completed	Get mass production capabilities	Break the monopoly of imported materials, stabilize the supply of raw materials.
Touch integrated polarizer development	Add polarizer touch function	Partially completed	Pass client verification	It will help accelerate the Company's strategic transformation and upgrading. Enhance innovation capabilities, broaden business scope and scale, and enhance profitability
Development of UV glue for ultra-width hydrophobic materials	Improve product performance	Partially completed	Mass production introduction	Diversify materials selection, also can improve product performance, increase the opportunity to enter the high-end market.
Wide-width thin NB product development	Market demand	Completed	Realize mass production	it fills the gap in the Company's thin NB polarizer market, increases product diversity, and establishes industry benchmarks.
Development of polarizers for energy-efficient mobile phones	Market demand	Completed	Mass production	improve product competitiveness.
Wide-width IPS Mobile phone high-transparency Pro product development	Improve cutting and utilization and reduce costs	Unfinished	Capable of mass production and supply	Reduce costs, improve yield, and lay a solid foundation for IPS products to enter the supply system of panel factories.
Development of wide-width industrial control consumer goods	Improve cutting and utilization and reduce costs	Completed	Realize mass production	Promote the production line utilization, improve production capacity while reducing production costs, and improve market competitiveness
Thin-profile diffusion brightening product development	Enrich product categories	Partially completed	Realize mass production	Enhance the competitiveness of the Company's products in the high-end tablet and high-end IPS mobile phone market, and effectively consolidate the Company's polarizer market in China.

Company's research and development personnel situation

	2022	2021	Increase /decrease
Number of Research and Development persons (persons)	184	145	26.90%
Proportion of Research and Development persons	12.00%	10.61%	1.39%
Academic structure of R&D personnel			
Age composition of R&D personnel			

The Company's R & D investment situation

	2022	2021	Increase /decrease
Amount of Research and Development Investment (In RMB)	80,520,155.54	103,508,764.53	-22.21%
Proportion of Research and Development Investment of Operation Revenue	2.84%	4.44%	-1.60%
Amount of Research and Development Investment Capitalization (In RMB)	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

Reasons and influence of significant changes in R&D personnel composition of the Company

Applicable Not applicable

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

Applicable Not applicable

Reasons for the drastic change of capitalization rate of R&D investment and its rationality explanation

Applicable Not applicable

5. Cash Flow

In RMB

Items	2022	2021	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	3,378,370,114.97	2,433,304,906.36	38.84%
Subtotal of cash outflow received from operation activities	2,888,131,564.37	2,437,741,886.71	18.48%
Net cash flow arising from operating activities	490,238,550.60	-4,436,980.35	11148.92%
Subtotal of cash inflow received from investing activities	1,362,677,014.25	1,154,092,748.71	18.07%
Subtotal of cash outflow for investment activities	1,263,644,263.66	1,412,622,193.08	-10.55%
Net cash flow arising from investment activities	99,032,750.59	-258,529,444.37	-138.31%
Subtotal cash inflow received from financing activities	73,230,492.79	339,219,000.00	-78.41%
Subtotal cash outflow for financing activities	92,382,872.47	50,944,964.13	81.34%
Net cash flow arising from financing activities	-19,152,379.68	288,274,035.87	-106.64%
Net increase in cash and cash equivalents	572,066,400.74	24,071,196.77	2,276.56%

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

Applicable Not applicable

increased by 11,148.92% year on year, mainly due to the release of production capacity, the increase of sales volume and the recovery of payment after Line 7 was put into operation;

The net cash flow generated by investment activities decreased by 138.31% year on year, mainly due to the lack of large investment projects in the current period;

The net cash flow generated by financing activities decreased by 106.64% year on year, mainly due to the lack of large financing projects in the current period;

The net increase of cash and cash equivalents increased by 2,276.56% year on year, mainly due to the release of production capacity, the increase of sales volume and the recovery of payment after line 7 was put into operation.

The reasons for the significant difference between the net cash flow generated by the company's operating activities during the reporting period and the net profit of the current year

Applicable Not applicable

During the reporting period, the net cash flow generated by the company's operating activities was 490238550.60 yuan, and the net profit in the company's consolidated statements was 111791966.32 yuan. There was a significant difference between the two, mainly due to the release of production

capacity and the increase in sales after the production of Line 7, as well as the early payment collection by customers. For the difference between the net cash flow generated by the company's operating activities and the net profit in the consolidated statements during the reporting period, see "(VI) Notes to Financial Statements Item 55 (1) Supplementary Information to the Cash Flow Statement" in "Section X Financial Report" of this report.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable Not applicable

Company and the net profit of the consolidated statement is detailed in the "VII. Notes of the Consolidated Financial Statement 55 (1) Supplementary Data of the Cash Flow Statement" in the "Section X Financial Report" of this report..

V. Analysis of Non-core Business

Applicable Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	19,383,351.87	43.71%	Obtained dividends, contracting fees, wealth management income, etc. of shareholding enterprises	Have the sustainability
Gains and losses on changes in fair value	0.00	0.00%		
Impairment of assets	-202,573,465.84	-456.77%	Mainly due to inventory price decline losses and fixed asset impairment losses	Have the sustainability
Non-operating income	14,993,082.57	33.81%	Mainly due to the insurance claim settlement amount and the write-off of other payables of the cancelled enterprises.	Not sustainable.
Non-operating expense	7,477,057.47	16.86%	Mainly due to the payment for product quality claims.	Not sustainable.
Other income	26,350,210.89	59.42%	Mainly due to the government subsidies.	Have the sustainability

VI. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

In RMB

	End of 2022		End of 2021		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	991,789,968.19	17.66%	302,472,828.60	5.44%	12.22%	Mainly due to the increase in collection result from increase in business volume and the reclassification adjustment of large

						certificates of deposit
Accounts receivable	636,583,469.93	11.33%	479,998,708.57	8.63%	2.70%	Mainly due to the mass production of Line 7 and the growth of business scale.
Contract assets		0.00%		0.00%	0.00%	
Inventories	558,447,648.77	9.94%	743,401,857.74	13.36%	-3.42%	Mainly due to the increase in sales resulting in a decrease in ending inventory and an increase in provision for inventory impairment compared to the prior year.
Investment real estate	126,315,834.76	2.25%	125,251,851.43	2.25%	0.00%	
Long-term equity investment	134,481,835.74	2.39%	133,022,325.77	2.39%	0.00%	
Fixed assets	2,240,221,656.36	39.88%	2,396,658,988.81	43.08%	-3.20%	Mainly due to depreciation of assets
Construction in process	38,061,619.60	0.68%	71,482,031.08	1.28%	-0.60%	
Use right assets	15,365,393.88	0.27%	9,221,189.37	0.17%	0.10%	
Short-term loans	7,000,000.00	0.12%	37,575,113.83	0.68%	-0.56%	Mainly due to the increase in discounted financing for acceptance bills
Contract liabilities	4,274,109.40	0.08%	68,955.21	0.00%	0.08%	
Long-term borrowing	607,421,585.00	10.81%	683,016,243.25	12.28%	-1.47%	Mainly due to the reclassification of some borrowings to non-current liabilities maturing within one year and the repayment of borrowings.
Lease liabilities	8,628,672.71	0.15%	4,243,855.71	0.08%	0.07%	
Transaction financial assets	319,605,448.44	5.69%	617,191,678.56	11.09%	-5.40%	Mainly due to the reclassification adjustment of large certificates of deposit
Other receivable	10,585,975.38	0.19%	140,185,750.40	2.52%	-2.33%	Mainly due to the recovery of customs bonds
Note receivable	74,619,100.26	1.33%	149,942,880.28	2.70%	-1.37%	Mainly due to the increase in business volume
Deferred income tax assets	69,823,814.29	1.24%	3,708,596.78	0.07%	1.17%	Mainly due to the recognition of deferred tax assets for deductible losses
Non-current liabilities becoming due within one year	104,183,438.22	1.85%	5,175,393.52	0.09%	1.76%	Mainly due to the reclassification of some borrowings to non-current liabilities maturing within one year

Overseas assets account for a relatively high proportion.

Applicable Not applicable

2. Asset and Liabilities Measured by Fair Value

Applicable Not applicable

In RMB

Items	Opening amount	Gain/Loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other changes	Closing amount

Financial assets								
1. Financial assets measured at fair value through profit or loss (excluding derivative financial assets)	617,191,678.56				1,046,913,769.88	1,344,500,000.00		319,605,448.44
4. Other equity Instrument Investment	186,033,829.72		-18,355,546.45					167,678,283.27
Subtotal of financial assets	803,225,508.28		-18,355,546.45		1,046,913,769.88	1,344,500,000.00		487,283,731.71
Total	803,225,508.28		-18,355,546.45	0.00	1,046,913,769.88	1,344,500,000.00	0.00	487,283,731.71
Financial Liability	0.00							0.00

Other changes

None

Did great change take place in measurement of the principal assets in the reporting period ?

Yes No

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

The restricted assets as at the end of the reporting period are monetary funds, notes receivable, fixed assets and intangible assets, including: (1) The restricted monetary funds mainly include the restricted funds equivalent to RMB 1,270,758.22 due to the freezing of the account, and RMB 115,719,927.09 of the principal and interest of the deposit due more than three months from the date of purchase. (2) Restricted notes receivable shall be notes receivable endorsed or discounted by the Company and not yet due on the balance sheet date. (3) limited fixed assets and intangible assets are mainly subsidiary ShengBo photoelectric with its part of self sustaining property to the bank of communications co., LTD. Shenzhen branch as the lead of syndicated application for mortgage loans, and the company for the mortgage guarantee, see the tide of information network (<http://www.cninfo.com.cn>) company on the company for subsidiary bank mortgage guarantee announcement (2020-19), the announcement of the progress of the company for the subsidiary guarantee (2020-46).

VII. Investment situation

1. General

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

4. Investment of Financial Asset

(1) Securities investment

Applicable Not applicable

None

(2) Investment in Derivatives

Applicable Not applicable

The Company had no investment in derivatives in the reporting period.

5. Application of the raised capital

Applicable Not applicable

None

Applicable Not applicable

VIII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

Applicable Not applicable

IX. Analysis of the Main Share Holding Companies and Share Participating Companies

Applicable Not applicable

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

Company name	Type	Main businesses	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Domestic Trade, Property management	2,360,000.00	35,604,904.10	28,949,771.53	5,475,185.16	-41,442.24	128,661.18

		ment						
Shenzhen Huaqiang Hotel	Subsidiary	Accommodation, business center;	10,005,300.00	22,784,535.53	20,788,399.17	695,901.49	430,701.87	420,194.28
Shenzhen Shenfang Real Estate Management Co., Ltd.	Subsidiary	Property management	1,600,400.00	12,052,572.09	7,840,357.61	14,329,188.47	969,156.38	889,312.58
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Production of fully electronic jacquard knitting whole shape	13,000,000.00	37,349,989.80	8,126,619.02	28,247,018.32	-12,022,403.47	-12,013,091.49
SAPO Photoelectric	Subsidiary	Production and sales of polarizer	583,333,333.00	4,349,764,538.22	2,942,964,174.18	2,735,055,209.89	25,175,118.83	96,071,520.48
Shengtou (HK) Co., Ltd.	Subsidiary	Sales of polarizer	HKD10,000	6,209,327.26	6,119,515.80	0.00	179,087.71	135,437.97
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	Subsidiary	Property management	1,000,000	11,322,279.38	9,183,003.92	2,848,247.10	932,247.62	908,941.43
Shenzhen Shengjinlian Technology Co., Ltd.	Subsidiary	Polarizer technology development; self-owned property leasing; property management	1,000,000	0.00	0.00	0.00	0.00	0.00

In RMB

Subsidiaries obtained or disposed in the reporting period

□ Applicable √ Not applicable

Note

The financial data of SAPO Photoelectric mentioned in the table above are the financial statements data of its parent company and non-consolidated statements data. Shengtou (HK) Co., Ltd. and Shenzhen Shengjinlian Technology Co., Ltd. are subsidiaries of SAPO Photoelectric.

For details of the fluctuation of subsidiary SAPO Photoelectric's performance and the reasons for the change, please refer to "IV. Analysis of main business" in Section III Management Discussion and Analysis.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Prospect for future development of the Company

(I) The Development Trend of the Industry

1. Industry competition pattern

Polarizer industry is a highly concentrated industry. At present, there are about 10 major polarizer manufacturers in the world, mainly in Japan, Chinese mainland, South Korea and Taiwan, China region. With capacity shifting and the expansion of Chinese mainland manufacturers, Omdia predicts that Chinese mainland will become the world's largest polarizer production base in the world in the next three years.

2. Industry trends

In recent years, due to the continuous expansion of production capacity of major domestic panel manufacturers and the rapid expansion of the demand for raw materials such as upstream polarizer, its growth rate is far faster than the growth rate of production capacity investment of domestic polarizer manufacturers, resulting in a supporting gap in China. Overseas manufacturers choose to gradually shrink and exit, and there is a large space for domestic substitution, which is a better development opportunity for the mainland polarizer manufacturers with market advantages, policy advantages and geographical advantages.

(II) The Company's development strategy

Relying on the existing business foundation, the Company will actively explore the business innovation and upgrading through the two paths of potential expansion of existing business and incremental business investment empowerment, and vigorously implement the "polarizer plus" strategy; Through major asset restructuring, it can optimize the Company's industrial chain layout in the polarizer industry, deepen the depth of technical reserves, and further enhance the core competitiveness of the listed company. While promoting the core business of polarizer to become better and stronger, it will choose the opportunity to extend to upstream raw materials, promote the development of polarizer integration business, and actively expand other advanced new material fields, thus to shape a world-class new material technology group.

(III) Possible risks

1. Macroeconomic risks

The impact of the economic, but it has not been completely eliminated; the economic vitality has begun to recover, but the foundation of economic recovery is still not solid; the household consumption is still constrained, and the domestic demand economy will continue to be under pressure. The Company, as a member of the upstream manufacturers of the display market, can not rule out the risk that unpredictable macroeconomic fluctuations may affect the Company's performance.

2. Market risk

The polarizer industry is an important part in the China's future manufacturing development, the demand for display panels and the development of corresponding technologies have been changing day by day, and the domestic substitution process of polarizer industry is underway. With the gradual mass production of the 10.5 generation line, the super-large size market will usher in new changes. Where the Company's technology and products can not respond to the needs of the application field in time, the wide polarizer products or its applications are not as expected, or the market competition intensifies leading to the price of display products declining, or the price reduction pressure transits to the polarizer market, then those will adversely affect the Company.

3. Raw material risk

The core production technology of polarizer upstream materials has high barriers, which are basically monopolized by foreign manufacturers, and the localization rate is not high. The key raw materials like PVA film, TAC film and other optical films required for the manufacture of polarizers are basically monopolized by Japanese enterprises, and the upstream matching raw material production line and production technology are constrained by the Japanese side, and the main film material price is also affected by supplier capacity, market demand and yen exchange rate, thus affecting the unit cost of the Company's products.

(IV) Key Work in 2022

1. Continue to improve the profitability of the main business

Vigorously implement the four major measures of "large-scale production capacity, product differentiation, innovation ecology, and lean management". First, further promote the ultra-large size production capacity of the Company's polarizer business and improve the overall production capacity; The second is to promote product differentiation, strengthen the technical research on flexible OLED, automotive, VR polarizers and other products, and continue to optimize product structure; The third is to promote innovation ecology, promote technical cooperation and development with upstream and downstream, and build a standardized and efficient market-oriented R&D management system; The fourth is to promote the lean management, effectively promote quality improvement, cost reduction, efficiency increase, optimize the internal processes, improve de-inventory efficiency and reduce operational risks.

2. Actively promote major asset restructuring, and achieve industrial integration within the industry

In strict accordance with the plan and time node orderly advance the material assets reorganization, ensure comprehensive completed the material assets reorganization, realize the polarized industry combination, rapid ascension polarized production scale, optimize the industrial chain layout, deepen the depth of technical reserves, makes the company towards the development of high quality. This material asset reorganization is in line with the relevant development strategy of the country and

Shenzhen, and has positive significance to guarantee the security of the national new display supply chain.

3. Ensure the stable growth of property business and provide effective support for the Company's development

Property enterprises closely follow the changes of the surrounding business forms of property, carry out operation around the rental rate and capital recovery rate, overcome the problems of property age, poor conditions and backward facilities, continue to innovate operation, tap potential and increase efficiency, improve service level and improve operating efficiency.

4. Continue to deepen the Company's market-oriented reform and continue to improve the level of lean management

Continue to deepen the Company's market-oriented reform and comprehensively implement refined management. Solidify the operation and management improvement process mode, strengthen operation and management with efficiency as the core, continue to promote the deepening operation of amoeba business projects. In view of production, quality, inventory, sales and other aspects, it shall refine management units, improve management methods, stimulate employees' subjective initiative, enhance enterprise operation vitality, thus to help the Company reduce costs and increase efficiency, steadily improve the Company's market competitiveness, and shape an "efficient, low-consumption, fine-tuned" energy-saving enterprise.

5. Strengthen the construction of talent team and ensure development with talent-driven innovation

Strengthen the construction of reserve talent echelon in the headquarter of the Company, improve the working mechanism of reserve talent training and assessment, and scientifically plan and design the dimension and content of reserve talent training. Introduce talents with core competitiveness, especially introduce high-end technical talents and industrial management talents, mobilize resources from all parties and broaden the channels for the introduction of core talents in order to deeply implement the strategy of strengthening enterprises with talents.

6. Do well in safe production and maintain the harmony and stability of enterprises

Continue to implement the management concept of "safe production is no small matter", always put safe production work in the first place, pay close attention to safe production and safety work in all aspects, establish and improve various safety management systems and norms, accelerate the reform and innovation of safety supervision, implement the responsibility for safe production, with specific responsibilities and clear division of labor. Overcome the paralyzing thinking and the lax emotions, continue to maintain a high-pressure situation, thus to continuously improve the Company's safety production management level, and build a solid foundation for safety management.

7. Strengthen the guidance by party building and innovate corporate culture

Adhere to the guidance of Xi Jinping of the thought of socialism with Chinese characteristics in the new era, deeply study and implement the spirit of the 20th National Congress of the Communist Party of China, fully implement the important expositions of the general secretary on the reform and development of state-owned enterprises and party building, bury our heads in hard work, strive to work, focus on making up for shortcomings, strength the weaknesses, consolidate the bottom plates, and promote advantages, thus to provide a strong political and organizational guarantee for the healthy development of the Company.

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

√ Applicable □ Not applicable

Reception time	Reception place	The way of reception	Object type of reception	Reception person	The main content of the discussion and the information provided	Index of the basic situation of the survey
February 11,2022	Meeting room on the sixth floor of the Company	Field research	Organization	Cedar Capital Yuan Bin; Sino Life Asset Zhou Zhichao; Lingzhan Capital Xu Yunfei,Shao Congyuan; Pinan Fund Zhang Xiaoquan; Boliang Asset Zhang Li; Qianhai Yanghong Xiaozheng	The Company's future development plan, the impact of Line 7 ramp-up on the Company's performance, the Company's name change plan, the impact of panel price fluctuations on the price of polarizers, and the progress of OLED TV products and other matters.	For details, please refer to the Investor Relations activity Record of Shenzhen Textile (Holdings) Co., Ltd. (No.: 2022-01) by the company http://www.cninfo.com.cn .
April 12,2022	Meeting room on the sixth floor of the Company	Other	Other	The majority of investors	The Company's future development plan, the Line 7 production and construction, inventory impairment, the Company name change plan, the state-owned enterprise reform plan and other issues.	For details, please refer to the Investor Relations activity Record of Shenzhen Textile (Holdings) Co., Ltd. (No.: 2022-02) by the company http://www.cninfo.com.cn .
June 14,2022	Meeting room on the sixth floor of the Company	Field research	Organization	Cedar Capital Liu Jinyu	Vehicle polarizer layout, polarizer products for mobile phones,	For details, please refer to the Investor Relations activity Record

					Line 7 ramp-up progress, domestic substitution of upstream raw materials, etc.	of Shenzhen Textile (Holdings) Co., Ltd. (No.: 2022-03) by the company http://www.cninfo.com.cn .
November 9,2022	Meeting room on the sixth floor of the Company	Other	Other	The majority of investors	Corporate performance, corporate governance, equity incentives, development strategy, sustainable development and other issues.	For details, please refer to the Investor Relations activity Record of Shenzhen Textile (Holdings) Co., Ltd. (No.: 2022-04) by the company http://www.cninfo.com.cn .
November 24,2022	Meeting room on the sixth floor of the Company	Field research	Organization	Shenzhen Dexun Securities : Ruan Shiwang, Wang Shiyang, Chang Jianwu, Zhu Xiaofei, Fu Junsong; Vanguard Fund: Zeng Jie; Hotland Innovation asset: Wang Guorui; Shenzhen Rongmai Technology: Song Bingbing; Pingan Bank: Zhang Denghui; Shenwan Hongyuan Group: Li Junhui; Shenzhen Gaobo Investment: Zhou Jianfang; Shenzhen Huaxia Asset: Tong Jin; Wangzheng Asset: Ma Li; Beijing	Domestic substitution of upstream raw materials, the Company's main customers, the Company's product structure, automotive polarizer products and other issues.	For details, please refer to the Investor Relations activity Record of Shenzhen Textile (Holdings) Co., Ltd. (No.: 2022-05) by the company http://www.cninfo.com.cn .

				Dingsa Investment: Leng Hao;Guo Chuang: Wu Yanbin		
November 30,2022	Meeting room on the sixth floor of the Company	By phone	Organization	Great Wall Securities Zhang Yunmo; First State Cinda Fund Tong Changxi; Tianhong Fund Shen Zonghang, Zhang Lei, Zhou Kaining	The Company's main customers, product structure, mass production of OLED polarizer products, automotive polarizer research and development, new production line planning and other issues.	For details, please refer to the Investor Relations activity Record of Shenzhen Textile (Holdings) Co., Ltd. (No.: 2022-06) by the company http://www.cninfo.com.cn .

IV. Corporate Governance

I. General situation

During the reporting period, the Company operated in strict accordance with the requirements of relevant laws, regulations and normative documents, such as Securities Law, Company Law, Governance Guidelines for Listed Companies, Guidelines for Self-discipline Supervision of Listed Companies in Shenzhen Stock Exchange No.1-Standard Operation of Listed Companies on Main Board, and strengthened risk management and control to ensure the healthy and stable development of the Company. At present, the Company is with basically sound governance systems, standardized operation, and refined corporate governance structure, which meets the requirements of the normative documents on the governance of listed companies issued by China Securities Regulatory Commission.

In 2022, company held a total of 3 general meetings, convened general meetings, standardized voting procedures to safeguard the effectiveness and legality in strict accordance with the regulations and requirements of Corporation Law, Articles of Corporation and Rule of Procedure of Shareholders' Meeting. Companies actively protected the voting rights of minority investors, and general meetings were convened in the form of live network to adequately assure small investors of their rights to exercise.

In 2022, the board of directors held 10 meetings, and the convening and voting procedures were all conducted in strict accordance with the Articles of Corporation and Rule of Procedure of Shareholders' Meeting. All the directors performed directors' duties, exercise directors' rights, attended related meetings and actively participated in the training and became familiar with relevant laws and regulations with serious, diligent and honest attitudes. Independent directors independently performed their duties in strict accordance with Articles of Corporation, The independent director system and other relevant laws and regulations, expressed fully their independent opinions on corporate operation, decision-making, and important matters, etc. Strategy, audit, remuneration, evaluation, nomination committees were established under board of directors, all committees functioned properly, and performed duties such as internal audits, compensation assessment, nomination of senior management personnel, and provided scientific and professional advisory opinions for board of directors' decision-making.

In 2022, the board of supervisors held 6 meetings. The board of supervisors strictly followed the requirements of Articles of Corporation and Rules of procedure of the board of supervisors and other relevant laws and regulations, supervised the legal compliance of the duties performed by company's financial personnel and directors, managers and other senior management personnel in the aim of maintaining the legitimate rights and interests of the company and its shareholders. All the supervisors fulfilled their obligations, exercised their rights according to the laws. The convening and voting procedures of the board of supervisors were legal, and the resolutions were legal and valid. The establishment and implementation of board of supervisors played an active role in improving corporate governance structure and regulating corporate operations.

Moreover, the Company carried out the special work Blue Sky Action according to Notification on Implementing Special Work where Investors Protect Blue Sky Action published by Shenzhen Securities Bureau to enhance the quality of information disclosure as the key point, to continuously perfect the communication mechanism and to promote the normative development of the Company. various platforms were made full use of, such as telephone, e-mail, website, especially the interactive platform of investors in Shenzhen Stock Exchange, solved questions brought by investors, and communicated with

medium and small investors interactively, and ensure all the investors obtained equal opportunities for informal access. Meanwhile, in the aim of improving the transparency of listed companies, company accepted investors' on-site investigation to have comprehensive understandings of the company's business situation through face-to-face communication with management, also urged the company established a responsibility to return on investors, improved and enhanced the corporate governance standards. Meanwhile, the Company continued to perfect the voting mechanism for minority investors. In 2022, the minority investors' voting was counted separately at each of the 3 shareholder's meetings, and whose result was disclosed at the decision announcement at the shareholder's meeting, which fully guaranteed the execution of power of the minority investors

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

Yes No

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

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

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

III. Competition situations of the industry

Applicable Not Applicable

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

1. Annual General Meeting

Sessions	Type of meeting	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
The First provisional shareholders' General meeting of 2022	Provisional shareholders' General meeting	49.43%	January 18,2022	January 19,2022	http://www.cninfo.com.cn) Announcement No.:2022-01
2021 Shareholders' general meeting	Annual Shareholders' General Meeting	49.50%	May 19,2022	May 20,2022	http://www.cninfo.com.cn) Announcement No.:2022-16
The Second provisional shareholders' General meeting of 2022	Provisional shareholders' General meeting	49.86%	October 28,2022	October 29,2022	http://www.cninfo.com.cn) Announcement No.:2022-39

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

Applicable Not applicable

V. Information about Directors, Supervisors and Senior Executives

1. Basic situation

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin(share)	The number of shares held in the current period(shares)	Number of shares reduced in the current period(shares)	Other changes(share s)	Number of shares held at the end of the period(shares)	Reasons for increase or decrease of shares
Yin Kefei	Board chairman, Secretary of the party committee	In office	Male	48	February 10, 2021	February 9, 2024	0	0	0	0	0	0
Zhu Meizhu	Deputy Secretary of the Party committee, Director, General Manager	In office	Male	58	July 19, 2017	February 9, 2024	93,000	0	0	0	93,000	0
Ning Maozai	Director, Deputy Secretary of the Party committee	In office	Male	46	December 14, 2017	February 9, 2024	0	0	0	0	0	0
Wang Chuan	Director, Deputy General Manager	In office	Male	50	October 28, 2022	February 9, 2024	0	0	0	0	0	0
He Fei	Director, CFO	In office	Male	44	January 16, 2020	February 9, 2024	0	0	0	0	0	0
Sun Minghui	Director	In office	Male	41	February 10, 2021	February 9, 2024	0	0	0	0	0	0
He Zuowen	Independent Director	In office	Male	60	July 19, 2017	July 18, 2023	0	0	0	0	0	0
Cai Yuanqing	Independent Director	In office	Male	53	July 19, 2017	July 18, 2023	0	0	0	0	0	0
Wang Kai	Independent Director	In office	Male	39	January 16, 2020	February 9, 2024	0	0	0	0	0	0
Ma Yi	Chairman of the supervisory committee,	In office	Male	56	January 16, 2020	February 9, 2024	0	0	0	0	0	0

	Secretary of the Commission for Discipline Inspection											
Yuan Shuwen	Shareholders' Supervisor	In office	Male	42	January 16, 2020	February 9, 2024	0	0	0	0	0	0
Zhan Lumei	Employee supervisor	In office	Female	53	February 10, 2021	February 9, 2024	0	0	0	0	0	0
Liu Honglei	Deputy GM	In office	Male	58	July 19, 2017	February 9, 2024	3,000	0	0	0	3,000	0
Guan Fei	Deputy GM	In office	Male	37	September 22, 2021	February 9, 2024	0	0	0	0	0	0
Jiang Peng	Secretary to the board of directors	In office	Female	52	January 16, 2015	February 9, 2024	0	0	0	0	0	0
Zhang Jian	Board chairman, Secretary of the party committee	Dismission	Female	43	February 10, 2021	August 2, 2022	0	0	0	0	0	0
Total	--	--	--	--	--	--	96,000	0	0	0	96,000	--

During the reporting period, whether there is dismissal of directors and supervisors and recruitment of senior managers

Yes No

Zhang Jian, the former Chairman of the Company, resigned on August 2, 2022. For details, please refer to the Company's Announcement on the Resignation of the Chairman of the Company (No.2022-23) on CNINF (<http://www.cninfo.com.cn>). On August 5, 2022, the Company held the Fourteenth Meeting of the Eighth Board of Directors, elected Yin Kefei as the Chairman of the Eighth Board of Directors, nominated Wang Chuan as a candidate for the non-independent director of the Eighth Board of Directors, and submitted the appointment of Wang Chuan as the deputy general manager of the Company to the General Meeting of Shareholders for election. For details, please refer to the Company's Announcement on Resolution of the Fourteenth Meeting of the Eighth Board of Directors (No.2022-24) on CNINF (<http://www.cninfo.com.cn>). On October 28, 2022, the Company held the second extraordinary general meeting of shareholders in 2022, and elected Wang Chuan as a non-independent director of the eighth board of directors of the Company. As of the disclosure date of this report, except for the above changes, other directors, supervisors and senior management personnel of the Company have not changed.

Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Zhang Jian	Board chairman	Dimission	August 2,2022	Job adjustment.
Yin Kefei	Board chairman	Elected	August 5,2022	The original chairman of the board resigned.
Wang Chuan	Director, Deputy General Manger	Elected	October 28,2022	The original director of the board resigned.

2.Posts holding

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

(1) Director

Yin Kefei, male, born in July 1974, holds a master's degree, is an engineer and a member of the Communist Party of China. Successively served as technician and deputy director of customer service center of Pipeline Gas Branch of Shenzhen Gas Group Co., Ltd; Deputy Director, Director, and Director of the General Office of the Civil User Service Department of the Pipeline Gas Customer Service Branch of Shenzhen Gas Group Co., Ltd; Deputy General Manager of Ganzhou Shenran Natural Gas Co., Ltd. of Shenzhen Gas Group Co., Ltd; Member of the Party Leadership Group and Deputy Director of the State-owned Assets Supervision and Administration Commission of Dongguan City, Guangdong Province, concurrently serving as Vice Chairman of Dongguan Water Investment Group Co., Ltd; Deputy Secretary General of Dongguan Municipal Government of Guangdong Province, Secretary and Director of the Party Leadership Group of the Liaison Office in Beijing of Dongguan Municipal Government of Guangdong Province, and concurrently Chairman of the Supervisory Board of Dongguan Biotechnology Industry Development Co., Ltd; Deputy Secretary of the Party Committee, Director, General Manager of Dongguan Financial Holding Group Co., Ltd., concurrently serving as a director of the Bank of Dongguan and a director of Dongguan Asset Management Company. Currently, he is the Deputy General Manager of Shenzhen Investment Holding Co., Ltd., and concurrently serves as the Chairman of Electronic Components and Integrated Circuit International Trading Center Co., Ltd., as well as the Secretary of the Party Committee and Chairman of the Company.

Zhu Meizhu, Male, Born in November 1964, Master degree, Senior engineer, once served successively as chief Deputy general Manager of Enterprise Management Dept of the Company, Director of R& D Center, Assistant General Manager and Deputy General Manager, He serves as Vice Secretary of the party committee ,director and General Manager of the Company.

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

Wang Chuan, male, born in March 1972, holds a master's degree, is an economist, engineer, and member of the Communist Party of China. He has successively served as the Deputy Director, Minister, and Assistant Director of the Cooperation and Development Department of the Shenzhen National High Technology Industry Innovation Center, the Director, General Manager, and Chairman of Shenzhen Innovation Start Technology Co., Ltd., and the Deputy General Manager of Shenzhen Tongchan Group

Co., Ltd. Currently, he is the Director of the Industrial Management Department of Shenzhen Investment Holding Co., Ltd., a member of the Party Committee, a director, and a deputy general manager of the company. He is also the Chairman of Shenzhen Shengbo Optoelectronic Technology Co., Ltd.

He Fei, male, born in February 1978, holds a master's degree, is a member of the Communist Party of China, a Chinese certified public accountant, and holds the professional title of accountant. He has successively served as an accountant in the planning and finance department of Shenzhen Gas Group Co., Ltd., an accountant in the finance department of Shenzhen Gas Investment Co., Ltd., a subsidiary of Shenzhen Gas Group Co., Ltd., a manager in the finance department of Hubei Shenjie Clean Energy Co., Ltd., a subsidiary of Shenzhen Gas Investment Co., Ltd., a director in the comprehensive finance department of Shenzhen Convention and Exhibition Center Management Co., Ltd., and a deputy director in the finance department (settlement center) of Shenzhen Investment Holding Co., Ltd. Currently, he is a director and CFO of the company, serving as the financial director of the company, and concurrently serving as a supervisor of Shenzhen Shengbo Optoelectronic Technology Co., Ltd.

Sun Minghui, male, born in September 1981, holds a master's degree, is a senior accountant, and a member of the Communist Party of China. He has successively served as a staff member of the Capital Department of Shenzhen Energy Finance Co., Ltd., the Financial Management Department of Shenzhen Energy Group Co., Ltd., the Financing Management Director of the Financial Budget Department of Shenzhen Investment Holding Co., Ltd., the Senior Director of the Finance Department and the Board Office, and the Deputy Director of the Finance Department (Settlement Center). Currently, he is the director (director) of the finance department (settlement center) of Shenzhen Investment Holding Co., Ltd. and a director of the company.

He Zuowen, male, born in October 1962, holds a master's degree in business administration, an associate professor of accounting, a chartered certified public accountant in the securities and futures industry, and a registered tax agent. Currently, he is a partner of Dahua Certified Public Accountants (Special General Partnership) and the secretary of the General Party Branch of Shenzhen Branch. He also serves as an off-campus tutor for master's degree students at Shenzhen University, the general manager and chairman of Shenzhen Tianye Tax Agents Co., Ltd., a member of the Guangdong Provincial Senior Accountants Review Committee, a member of the Shenzhen Municipal Certified Public Accountants Industry Committee of the Communist Party of China, and a director of the Shenzhen Municipal Certified Tax Agents Association, Member of the Capital Market Advisory Expert Committee of the Xinjiang Regulatory Bureau of China Securities Regulatory Commission, independent director of Shenzhen Tongyi Industrial Co., Ltd., independent director of Shenzhen Yirui Biological Co., Ltd., independent director of Shenzhen Special Economic Zone Real Estate (Group) Co., Ltd., and independent director of the Company.

Cai Yuanqing, male, born in September 1969, holds a Doctor of Law from Hiroshima University in Japan, a member of the Board of Governors of Shenzhen University, a professor of the School of Law, a director of the Center for Corporate Law Research, a tutor for master's degree students, a Vice President of the Guangdong Civil and Commercial Law Research Association, and an Executive Vice President of the Shenzhen Securities Law Research Association. He also serves as an arbitrator of the Shenzhen International Arbitration Court, an arbitrator of the Zhuhai International Arbitration Court, and an

independent director of China Merchants Shekou Industrial Zone Holding Co., Ltd, Independent Director of Oufeiguang Group Co., Ltd., Independent Director of Guangdong Lingyi Intelligent Manufacturing Co., Ltd., Independent Director of Shenzhen Zhongdian Hong Kong Technology Co., Ltd., and Independent Director of the Company.

Wang Kai, male, born in September 1983, is a doctoral candidate from Huazhong University of Science and Technology, a member of the Communist Party of China, an associate professor and researcher of the Department of Electronic and Electrical Engineering of Southern University of Science and Technology, a national outstanding youth, and a distinguished youth from Guangdong Province. He has served as a member of the Technical Committee of the Beijing Branch of the International Society for Information Display (SID), deputy director of the Key Laboratory of Energy Conversion and Storage Technology of the Ministry of Education, deputy director of the Key Laboratory of Quantum Dot Advanced Display and Lighting in Guangdong Province, and other positions. He is a technical consultant of Xi'an Safaris Semiconductor Co., Ltd., a technical consultant of Shenzhen Polang Innovation Technology Co., Ltd., and an independent director of the company.

(2) Supervisor

Ma Yi, male, born in August 1966, holds a bachelor's degree, a member of the Communist Party of China, and holds the title of assistant economist. He has successively served as a cadre of the automobile manufacturing plant of Hainan Provincial Automobile Transportation Corporation, the business director and general manager assistant of Shenzhen Shenjiu International Logistics Co., Ltd. Guangzhou Branch, the operation director of COSCO Logistics Guangzhou Anteida Logistics Co., Ltd., the general manager of Shenzhen Shenjiu International Logistics Co., Ltd. Guangzhou Branch, the director and assistant director of the planning and development department of Shenzhen Highway Passenger and Freight Transport Service Center, and the head of Futian Station, Director, General Manager, and Deputy Secretary of the Party Committee of Shenzhen Highway Passenger and Freight Transportation Service Center Co., Ltd. Currently, he is the Secretary of the Discipline Inspection Commission and Chairman of the Board of Supervisors of the Company.

Yuan Shuwen, male, born in May 1980, holds a master's degree, is a senior accountant, and a member of the Communist Party of China. He has successively served as the stationmaster of Shigu Business Management Station of Hengshan County Rural Business Management Bureau, the financial director of Shenzhen Fengcheng Iron Wire Products Co., Ltd., the project manager of Shenzhen Branch of Lixin Certified Public Accountants Co., Ltd., and the general ledger accountant of the financial department of Shenzhen Zhenye (Group) Co., Ltd. Currently, he is the deputy director of the assessment and distribution department of Shenzhen Investment Holding Co., Ltd., and the supervisor of the company.

Zhan Lumei, female, born in June 1969, holds a college degree, is a senior labor relations coordinator, senior career instructor, and a member of the Communist Party of China. He has successively served as the administrative and personnel director of Shenzhen Hualang Clothing Co., Ltd., as well as the director and manager of the human resources department of the company. Currently, he is the Vice Chairman of the Company's Workers' Federation, the Director of the Party and Mass Work Department, the Chairman of the Labor Union of the Company, and the Employee Supervisor.

(3) Senior management

Liu Honglei, male, born in May 1964, holds a bachelor's degree, is a senior engineer, and a member of the Communist Party of China. He has successively served as a technician, workshop director, and deputy director of the director's office of the First Film Factory of the Ministry of Chemical Industry,

the director of the Personnel Education Department of China Lekai Film Group, the deputy general manager, director, and general manager of Shenzhen Shengbo Optoelectronic Technology Co., Ltd., and the director of the Party Mass Work Department and the manager of the Operation Management Department of the company. Currently, he is the Deputy General Manager of the company.

Guan Fei, male, born in December 1985, holds a master's degree, a member of the Communist Party of China, and is an intermediate economist. Successively served as Customer Manager of Agricultural Bank of China Shenzhen Branch; Deputy Chief Staff Member of Sichuan Regulatory Bureau of China Banking and Insurance Regulatory Commission; Senior Manager of the Institutional Management Department of Sichuan Industrial Revitalization and Development Investment Fund Co., Ltd., concurrently serving as Deputy General Manager of Chengdu Financial Holding Development Equity Investment Fund Management Co., Ltd; The first general manager of Sichuan Innovation Development Investment Management Co., Ltd., concurrently serving as the executive deputy general manager of Chengdu Venture Capital Shihao Investment Management Co., Ltd., and concurrently serving as the chairman of Sichuan Fuda Investment Management Co., Ltd; Deputy General Manager of Shenzhen Infrastructure Investment Fund Management Co., Ltd. Currently, he is the Deputy General Manager of the company.

Jiang Peng, female, born in October 1970, holds a bachelor's degree and is a member of the Communist Party of China. He has successively served as a section member and deputy section chief of the office of Shandong Provincial Aquatic Enterprise Group Corporation, the section chief, deputy director, and securities affairs representative of the Board of Directors Office of Shandong Zhonglu Ocean Fisheries Co., Ltd., the securities affairs representative of Huaifu Color Textile Co., Ltd., the securities affairs representative of the company, and the director of the Board Secretariat. Currently, he is the Secretary of the Board of Directors of the Company and concurrently serves as a director of Shenzhen Shengbo Optoelectronic Technology Co., Ltd.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Yin Kefei	Shenzhen Investment Holdings Co., Ltd.	Deputy GM	January 11,2021		Yes
Wang Chuan	Shenzhen Investment Holdings Co., Ltd.	Director of the Industry Management Department	May 23,2018		No
Sun Minghui	Shenzhen Investment Holdings Co., Ltd.	Director of Financial Dept(Clearing centre)	November 11,2020		Yes
Yuan Shuwen	Shenzhen Investment Holdings Co., Ltd.	Deputy Director of discipline Inspection & Supervision	September 18,2017		Yes
Description of the position in the shareholder unit	No				

Offices taken in other organizations

√Applicable □Not applicable

Name of the persons in office	Name of other organizations	Titles engaged in the other organizations	Starting date of office term	Expiry date of office term	Does he/she receive remuneration or allowance from other organization
Yin Kefei	Shenzhen Convention and Exhibition Center Management Co., Ltd	Director	April 23,2021		No
Yin Kefei	Shenzhen Environmental Technology Group Co., Ltd.	Director	April 23,2021		No
Yin kefei	Shenzhen Wuzhou Guest House	Director	June 11,2021		No
Yin Kefei	Shenzhen Nanyou (Group) Co., Ltd.	Director, Vice president	August 16,2021		No
Yin Kefei	Shenzhen International Investment Promotion Federation	The candidate for the second president	January 20,2022		No
Yin Kefei	Electronic components and integrated circuits International Trading Center Co., Ltd	Board chairman	December 5,2022		No
Wang Chuan	Shezhen Shenfubao (Group) Co., Ltd.	Director	June 21,2018		No
Wang Chuan	ULTRARICH INTERNATIONAL LIMITED	Director	June 27,2018		No
Wang Chuan	Shenzhen Tongchan Group Co., Ltd.	Director	December 17,2020		No
Sun Minghui	China Nanshan Development (Group) Co., Ltd.	Supervisor	October 17,2017		No
Sun Minghui	Shenzhen Highway Passenger & Cargo Transportation Service Center Co., Ltd.	Supervisor	June 16,2017		No
Sun Minghui	ULTRARICH INTERNATIONAL LIMITED	Director	November 11,2020		No
Sun Minghui	Shenzhen Special Economic Zone Real Estate	Director	November 11,2020		No
Sun Minghui	Hubei Shentoukong Investment Development Co., Ltd	Director	November 11,2020		No

Sun Minghui	Shenzhen Shengang Technology Innovation Zone Cooperation Zone Development Co., Ltd.	Director	October 18,2021		No
Sun Minghui	Shenzhen Chiwan Development Co., Ltd.	Supervisor	June 30,2021		No
Yuan Shuwen	Shenzhen Textile(Holdings) Co., Ltd.	Supervisor	September 27,2019		No
Yuan Shuwen	Shenzhen International Tendering Co., Ltd.	Supervisor	October 22,2017	June 10,2020	No
Description of his position in other units	No				

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

Applicable Not applicable

3. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors, supervisors and senior executives In the report period, The remuneration of directors and senior management paid by the company is determined by “Director Compensation Management System” and “Executive Compensation Management and Evaluation System”, the remuneration of independent directors is determined as per the resolution of shareholders’ meeting, and the remuneration of supervisors paid by the company is determined by their position held in the company.

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

In RMB10,000

Name	Positions	Sex	Age	Office status	Total remuneration received from the Company	Whether to get paid in the company related party
Yin Kefei	Director, Board chairman, Secretary of the party committee	Male	48	In office	0	Yes
Zhu Meizhu	Deputy Secretary of the Party committee, Director, General Manger	Male	58	In office	151.26	No
Ning Maozai	Director, Deputy Secretary of the Party committee	Male	47	In office	134.2	No
Wang Chuan	Director, Deputy GM	Male	51	In office	28.9	No
Sun Minghui	Director	Male	41	In office	0	Yes
He Fei	Director, CFO	Male	45	In office	99.02	No
He Zuowen	Independent Director	Male	60	In office	12	No
Cai Yuanqing	Independent Director	Male	53	In office	12	No
Wang Kai	Independent Director	Male	39	In office	12	No
Ma Yi	Chairman of the	Male	56	In office	111.42	No

	supervisory committee, Secretary of the Commission for Discipline Inspection					
Yuan Shuwen	Supervisor	Male	42	In office	0	Yes
Zhan Lumei	Employee supervisor	Female	53	In office	63.7	No
Liu Honglei	Deputy GM	Male	58	In office	130.51	No
Guan Fei	Deputy GM	Male	37	In office	96.99	No
Jiang Peng	Secretary to the board of directors	Female	52	In office	127.23	No
Zhang Jian	Board chairman, Director	Female	43	Dimission	110.07	No
Total	--	--	--	--	1,089.30	--

Note: The salaries of the directors, supervisors, and senior executives who receive salaries in the company include basic salary and partial performance-based salary, as well as partial performance-based salary paid in the previous year after the completion of the annual assessment; Wang Chuan has been receiving salary in the company since he was hired as Deputy General Manager in July 2022.

VI. Performance of directors' duties during the reporting period

1. Information of the board meetings during the reporting period

Session	Convening date	Disclosure date	Meeting resolution
The 10th meeting of the Eighth Board of Directors	February 25,2022	February 26,2022	http://www.cninfo.com.c (Announcement No.:2022-03)
The 11th meeting of the Eighth Board of Directors	March 15,2022	March 17,2022	http://www.cninfo.com.c (Announcement No.:2022-04)
The 12th meeting of the Eighth Board of Directors	April 27,2022	April 29,2022	http://www.cninfo.com.c (Announcement No.:2022-13)
The 13th meeting of the Eighth Board of Directors	June 17,2022	June 18,2022	http://www.cninfo.com.c (Announcement No.:2022-18)
The 14th meeting of the Eighth Board of Directors	August 5,2022	August 6,2022	http://www.cninfo.com.c (Announcement No.:2022-24)
The 15th meeting of the Eighth Board of Directors	August 23,2022	August 25,2022	http://www.cninfo.com.c (Announcement No.:2022-29)
The 16th meeting of the Eighth Board of Directors	October 11,2022	October 12,2022	http://www.cninfo.com.c (Announcement No.:2022-35)
The 17th meeting of the Eighth Board of Directors	October 28,2022	October 29,2022	http://www.cninfo.com.c (Announcement No.:2022-40)
The 18th meeting of the Eighth Board of Directors	December 16,2022	December 17,2022	http://www.cninfo.com.c (Announcement No.:2022-44)
The 19th meeting of the Eighth Board of Directors	December 30,2022	December 31,2022	http://www.cninfo.com.c (Announcement No.:2022-48)

2. Attendance of directors at the board meetings and the general meeting of shareholders

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings attended during the reporting period	Number of board meetings attended in person	Number of board meetings attended by means of communication	Number of board meetings attended by proxy	Number of board meetings absent from	Whether to attend the board meeting in person twice in a row	General meetings of shareholders attended
Yin Kefei	10	10	0	0	0	No	3
Zhu Meizhu	10	10	0	0	0	No	3
Ning Maozai	10	10	0	0	0	No	3
He Fei	10	10	0	0	0	No	3
Sun Minghui	10	9	0	1	0	No	3
He Zhuowen	10	4	6	0	0	No	3
Cai Yunqing	10	4	6	0	0	No	3
Wang Kai	10	4	6	0	0	No	3
Wang Chuan	3	3	0	0	0	No	0
Zhang Jian	4	4	0	0	0	No	2

Explanation of failure to attend the board meeting in person twice in a row

None

3. Directors' objections to related matters of the Company

Whether the director raises any objection to the relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

4. Other descriptions of directors' performance of duties

Whether the directors' suggestions on the Company have been adopted

Yes No

The director's statement on whether the relevant suggestions of the Company have been adopted or not

During the reporting period, all directors of the Company worked diligently and conscientiously in strict accordance with the relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, the Articles of Association, the Rules of Procedure of the Board of Directors and other systems of the Company, paid close attention to the Company's standardized operation and business situation, put forward relevant opinions on the Company's major governance and business decisions according to the actual situation of the Company, reached a consensus after full communication and discussion, and resolutely supervised and promoted the implementation of the resolutions of the Board of Directors, so as to ensure scientific, timely and efficient decision-making, and protect the legitimate rights and interests of the Company and all shareholders.

VII. Situation of special committees under the Board of Directors during the reporting period

Committee name	Member information	Number of meetings convened	Convening date	Meeting content	Put forward important opinions and suggestions	Other information of duty performance	Details of objections (if any)
Nomination Committee of the	Cai Yuanqing,	1	August 3, 2022	Deliberate the	Agree on the nomination		

Board of Directors	He Zhuowen, Wang Kai			nomination of non-independent directors and deputy general managers of the Company.	of Wang Chuan's non-independent directors and the appointment of senior manager.。		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	7	January 18,2022	(I) It communicated on the relevant matters before the audit; (II) The Risk Control Audit Department reported the internal audit work in the 4th quarter to the Audit	It made a more accurate prediction of the possible impact of the trial operation income of Line 7 on the Company's financial statements after the implementation of the new accounting policy; The Risk Control Audit Department and Finance Department actively cooperated with accountants to carry out their work and other suggestions.		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	7	February 16,2022	The Audit Committee communicates with the annual auditor on the audit progress and problems found during the audit.	(I) According to the requirements of the annual audit, all relevant departments actively cooperated with accountants to provide relevant information, and the Finance Department and SAPO		

					Company actively cooperated to follow up the collection of response letters; (II) It is suggested that the Company supplement the information in time and improve the corresponding procedures for the problems concerned in the audit process.		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	7	March 10,2022	(I) He Zuowen, the convener of the meeting, made a report on the performance of the audit committee in 2021; (II) It deliberated the Annual Report in 2021, the Financial Final Report in 2021, the Profit Distribution Plan in 2021, the Self-evaluation Report for Internal Control in 2021 and the Special Report on the Deposit and Use of Raised Funds in 2021.	It is agreed to submit the proposal deliberated at the meeting to the eleventh meeting of the eighth Board of Directors of the Company for deliberation.		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	7	April 18,2022	It listened to the Internal Audit Work Summary for	t recognized the internal audit work of the Risk		

				the First Quarter and the Internal Audit Work Plan for the Second Quarter of 2022 reported by the Risk Control Audit Department.	Control Audit Department in the first quarter of 2022, and requested the Risk Control Audit Department to continue to carry out audit work according to the requirements of the annual internal audit work plan for the second quarter of 2022.		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	7	August 19,2022	It listened to the Summary of Internal Audit in the Second Quarter and the Work Plan for the Third Quarter of 2022 and the Special Inspection Report on Standardized Operation of Listed Companies in the First Half of 2022 reported by the Risk Control Audit Department, deliberated the proposal of the Semi-annual Report in 2022 and put forward relevant requirements for internal audit.	(I) It approved the internal audit work of the Risk Control Audit Department in the second quarter of 2022, and requested the Risk Control Audit Department to continue the audit work in the third quarter of 2022 according to the requirements of the annual internal audit work plan; (II) The proposal of the Semi-annual Report in 2022 was adopted.		

Audit committee	He Zhuowen, Cai Yuanqing, He Fei	7	October 9,2022	It deliberated the Proposal on Hiring Audit Institutions in 2022.	It is agreed that the Company will hire Deloitte Touche Tohmatsu CPA Ltd (special general partnership) to provide audit services for the Company.		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	7	November 4,2022	It listened to the Summary of Audit Work in the Third Quarter and the Internal Audit Work Plan in the Fourth Quarter of 2022 reported by the Risk Control Audit Department, and put forward relevant requirements for internal audit work of Risk Control Audit Department in the fourth quarter.	(I) It approved the internal audit work of the Risk Control Audit Department in the third quarter of 2022, and requested the Risk Control Audit Department to continue the audit work in the fourth quarter of 2022 according to the requirements of the annual internal audit work plan;(II) It is considered that the Company has maintained effective internal control over financial reports and non-financial reports in all major aspects in accordance with the requirements		

					of the enterprise internal control standard system and relevant regulations.		
Remuneration and Appraisal Committee	He Zhuowen, Wang Kai, He Fei	1	November 14,2022	It deliberated the Annual Operating Performance Appraisal and Salary Management Plan for Senior Managers of Shenzhen Textile (Group) Co.,Ltd. in 2021.	The Committee believed that the formulation of the Annual Operating Performance Appraisal and Salary Management Plan for Senior Managers of Shenzhen Textile (Holdings) Co.,Ltd. in 2021 conformed to the relevant provisions of the Governance Guidelines of Listed Companies, the Articles of Association of the Company and the Working Regulations of the Remuneration and Appraisal Committee of the Board of Directors;		
Strategic Planning Committee		1	October 17,2022	It deliberated the Proposal on the Company's "14th Five-Year" Strategic	The Strategic Planning Committee believes that the Company's 14th Five-		

				Plan.	Year Strategic Plan, with the criticality, balance, feasibility and quantification as the guiding principles, organically combines the Company's development vision and indicators, implements strategic planning, promotes in-depth development, and constructs a target system that reflects the Company's "14th Five-Year" reform and development effectiveness ; The business objectives are designed reasonably, the financial indicators are calculated scientifically, and the construction plans of key investment projects are basically reasonable. It suggested the management of the Company to actively strive for the support of		
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					national policies, seriously organize their implementation, and constantly improve the "14th Five-Year" Strategic Plan in combination with the Company's actual situation.		
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VIII. The working status of the board of supervisors

The board of supervisors finds out whether the company has risks during the monitoring activities during the reporting period

Yes No

The Supervisory Committee has no objection to the supervision matters during the reporting period.

IX. Particulars about employees.

1. Number of staff, professional structure and educational background

Number of in-service staff of the parent company(person)	55
Number of in-service staff of the main subsidiaries(person)	1,323
The total number of the in-service staff(person)	1,575
The total number of staff receiving remuneration in the current period(person)	1,575
Retired staff with charges paid by the parent company and main subsidiaries (person)	0
Professional	
Category	Number of persons (person)
Production	1,107
Sales	32
Technical	198
Financial	30
Administrative	208
Total	1,575
Education	
Category	Number of persons (person)
Holders of master's degree or above	44
Graduates of regular university	251
Colleges	155
Mid-school or below	1,125
Total	1,575

2. Remuneration policies

In 2022, the Company carried out management for employees' compensation in strict accordance with the state's relevant laws and regulations and guaranteed the fairness and reasonability of the compensation, which offered relevant rewards and incentives to the employees, accelerate them to jointly develop with the Company, and simultaneously reflected humanistic care of the Company.

3. Training plan

Combined with the Company's development strategy, continue to improve the Company's talent training system and strengthen the exchange and learning of personnel in the Shenzhen Textile system. First, improve the systematic talent training system to provide solid support for the Company's strategic development. Mainly through Shenzhen Textile Lecture, Shenzhen Textile Group Network College and "2022 Registered Safety Engineer Training Camp", create a new "order-based" cadre training model, create a learning organization, and enhance the core competitiveness of the Group. Second, establish a systematic enterprise talent exchange mechanism, and carry out two-way exchange and training activities for cadres and talents of the Group and its affiliated enterprises, so as to enhance the comprehensive business ability and performance ability of employees and stimulate the vitality of cadres.

4. Outsourcing situation

Applicable No Applicable

X. Specification of profit distribution and capitalizing of common reserves

Formulation, implementation or adjustment of the profit distribution policy, especially the cash dividend policy during the reporting period

Applicable Not applicable

On May 9, 2022, the Company held the 2020 annual general meeting of shareholders to deliberate and pass the 2021 profit distribution plan. The 2021 profit distribution plan of the Company is as follows: based on the profit available for distribution in the consolidated statement, with the total share capital of 506,521,849 shares as the base as of December 31, 2021, a cash dividend of RMB 0.50 (including tax) will be distributed to all shareholders for every 10 shares, with a total cash dividend of RMB 25,326,092.45 (including tax), the remaining undistributed profits will be carried forward to the next year; No bonus shares will be given, and no capital reserve will be used to increase capital. If the total share capital of the Company changes before the implementation of the distribution plan, the total share capital of date of record will be taken as the base when the distribution plan is implemented in the future, a cash dividend of RMB 0.50 (including tax) will be distributed to all shareholders for every 10 shares, and the specific amount will be subject to the actual distribution. The Company's shares held by the Company are not included in profit distribution. During the period from the disclosure of the distribution plan to its implementation, The total share capital of the Company has not changed.

Special description of cash dividend policy	
Whether it meets the requirements of the Articles of Association or the resolution of the general meeting of shareholders:	Yes
Whether the dividend standard and proportion are explicit and clear:	Yes

Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and played their due role:	Yes
Whether the minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
Whether the cash dividend policy is adjusted or changed, and whether the conditions and procedures are compliant and transparent:	Yes

During the reporting period, the Company made a profit and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was put forward.

Applicable Not applicable

Profit distribution and capitalization of capital reserve during the reporting period

Applicable Not applicable

Bonus shares for every ten shares(Shares)	0
Cash dividend for every ten shares (Yuan)(Tax-included)	0.6
A total number of shares as the distribution basis(shares)	506,521,849
Cash dividend amount (yuan, including tax)	30,391,310.94
Other means (such as repurchase of shares) cash dividend amount (yuan)	0.00
Total cash dividend (yuan, including tax)	0
Distributable profit (yuan)	170,636,610.95
Proportion of cash dividend in the distributable profit	100%

Cash dividend distribution policy

When the company's development stage is in the growth period and there are major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%.

Detailed explanation of the profit distribution or capital reserve transfer plan

Based on the distributable profits in the consolidated statement, with the total share capital of 506,521,849 shares as of December 31, 2022 as the base, a cash dividend of RMB 0.60 (including tax) was distributed to every 10 shares of all shareholders, with a total cash dividend of RMB 30,391,310.94 (including tax). No bonus shares will be issued and no capital reserve will be converted into share capital. If there is a change in the total share capital of the company before the implementation of the distribution plan, the total distribution amount shall be adjusted based on the total share capital on the equity registration date when the distribution plan is implemented in the future, and the above distribution proportion shall be kept unchanged. The specific amount shall be subject to the actual distribution.

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

Applicable Not applicable

1. Equity incentive

Not applicable

Equity incentives obtained by directors and senior managers of the Company

Applicable Not applicable

Evaluation mechanism and incentives of senior managers

Not applicable

2. Implementation of ESOP

√ Applicable □ Not applicable

All effective ESOPs during the reporting period

Scope of employees	Quantity of employees	Total number of shares held	Change information	Proportion of total share capital of listed companies	Funding sources for plan implementation
Directors, supervisors, senior managers and other core technical/business/management backbones of the Company (including subsidiaries, the same below).	126	1,403,600	As of September 6, 2022, the A shares of the Company held by the first employee stock ownership plan of the Company have all been reduced.	0.28%	The Company employees' legal remuneration, self-raised funds and other legal ways permitted by laws and regulations.

Shareholding of directors, supervisors and senior managers in the ESOP during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion of total share capital of listed companies
Zhang Jian	Original chairman	114,206	0	0.00%
Zhu Meizhu	Director, General Manager	114,206	0	0.00%
Ning Maozai	Director, Vice Secretary of Party Committee a	28,551	0	0.00%
Liu Honglei	Deputy GM	57,103	0	0.00%
He Fei	Director, CFO	57,103	0	0.00%
Jiang Peng	Secretary of the Board	57,103	0	0.00%
Zhan Lumei	Employee supervisor	17,131	0	0.00%

Changes in asset management institutions during the reporting period

□ Applicable √ Not applicable

Changes in equity caused by holders' disposal of shares during the reporting period

√ Applicable □ Not applicable

During the reporting period, all the shares held by the first employee stock ownership plan of the Company were reduced by centralized bidding. According to the relevant provisions of the Administrative Measures for the First Employee Stock Ownership Plan and the First Employee Stock Ownership Plan of Shenzhen Textile (Group) Co., Ltd., the employee stock ownership plan in this phase has been implemented and terminated ahead of schedule, and the Company has completed the liquidation and income distribution of related assets in accordance with the provisions of the employee stock ownership plan in this phase. For details, please refer to the Announcement on Completion and Early Termination of the First Employee Stock Ownership Plan (No.2022-34) disclosed by the Company on CNINF (<http://www.cninfo.com.cn>) on September 8, 2022.

Exercise of shareholders' rights during the reporting period

During the reporting period, the Company's ESOP was not involved in the voting of the Company's general meeting of shareholders and exercise other shareholders' rights.

Other relevant information and description of ESOP during the reporting period

□ Applicable √ Not applicable

The membership of the ESOP Management Committee has changed.

Applicable Not applicable

Financial impact of ESOP on listed companies in the reporting period and related accounting treatment

Applicable Not applicable

Termination of ESOP during the reporting period

Applicable Not applicable

Other note

None

3. Other employee incentives

Applicable Not applicable

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

During the reporting period, the Company timely updated and improved the internal control system according to the *Basic Standards for Enterprise Internal Control* and its supporting guidelines, and established a scientific, concise, applicable and effective internal control system. The Audit Committee and the Risk Control Audit Department jointly formed the Company's risk internal control management organization system to supervise and evaluate the Company's internal control management. Through the operation, analysis and evaluation of the Company's internal control system, the risks in operation and management are effectively prevented, and the realization of internal control objectives is promoted.

According to the identification of major internal control defects in the Company's financial report, there were no major internal control defects in the financial report on the base date of the internal control evaluation report. In accordance with the requirements of enterprise internal control standard system and relevant regulations, the Company has maintained effective internal control of financial reports in all major aspects.

According to the identification of major defects in the internal control of the Company's non-financial reports, the Company found no major defects in the internal control of non-financial reports on the base date of the internal control evaluation report.

2. Details of major internal control defects found during the reporting period

Yes No

XIII. Management and control of the Company's subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered in integration	Measures taken for solution	Resolution progress	Subsequent planned resolution
applicable	applicable	applicable	applicable	applicable	applicable	applicable

XIV. Internal control self-evaluation report or internal control audit report

1. Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	April 4, 2023	
Disclosure index of appraisal report on internal control	Juchao Website: (http://www.cninfo.com.cn), Self-evaluation report of internal control in 2022	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative standard	<p>Defects related to financial reporting can be divided into general defects, important defects, and significant defects according to their severity.</p> <p>"Major defect" refers to a combination of one or more control defects that may cause an enterprise to seriously deviate from its control objectives.</p> <p>"Significant defect" refers to a combination of one or more control defects, whose severity and economic consequences are lower than those of significant defects, but may still lead to a deviation of the enterprise from its control objectives.</p> <p>General defects refer to other internal control defects that do not constitute significant defects or significant defects.</p>	<p>In the following circumstances, the company was identified as existing non-financial –reporting related significant defects of internal controlling defects: The business activities of the company seriously violated national laws and regulations; (2) The decision-making process of "Three-Importance& One-Large" were unscientific, leading to major decision errors, and causing major property losses to the company; (3) Massive loss of key posts or technology talents; (4) The controlling system involving important business fields of the company failed; (5) It Caused serious negative effects on business of the company, and the effects couldn't be eliminated; (6) The evaluation results of internal control were significant defects, and couldn't get effective rectification. Important defects referred to one or multiple combinations of controlling defects, and their severity and economic consequences were below significant defects, but they could still lead to serious deviation from the controlling objectives. General defects referred to other internal controlling defects which couldn't constitute significant defects or important defects.</p>
Quantitative criteria	<p>Misstatement amount of financial statement fell into the following intervals: significant defects: Misstatement amount \geq 1.5% of total revenue; Misstatement amount \geq 10% of gross profit; Misstatement amount \geq 5% of net asset. significant defects: 0.5% of Total revenue \leq Misstatement amount $<$ 1.5% of total revenue; 5% of gross profit \leq Misstatement amount $<$ 10% of gross profit; 3% of Net assets \leq Misstatement amount $<$ 5% of net assets. General defects: 0% of total revenue $<$ Misstatement amount $<$ 0.5% of Total revenue; 2% of gross profit $<$</p>	Not applicable

	Misstatement amount < 5% of total profit; 0% of net assets < Misstatement amount < 3% of net assets.	
Number of major defects in financial reporting (a)		0
Number of major defects in non financial reporting (a)		0
Number of important defects in financial reporting (a)		0
Number of important defects in non financial reporting (a)		0

2. Internal Control audit report

Applicable Not applicable

Review opinions in the internal control audit report	
As of December 31, 2022, Shenzhen Textile Group has maintained effective internal control over financial reporting in all material aspects in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.	
Disclosure date of audit report of internal control	Disclosure
Index of audit report of internal control	April 4, 2023
Internal audit report's opinion	Juchao Website: (http://www.cninfo.com.cn)
Type of audit report on internal control	Unqualified auditor's report
Whether there is significant defection non-financial report	No

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

Yes No

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

Yes No

V. Environmental & Social Responsibility

I. Significant environmental issues

Whether the Company or any of its subsidiaries is identified as a key polluter by the environment authorities

√ Yes □ No

Policies and industry standards related to environmental protection

(I) SAPO Photoelectric:

1. Names of implementation standards for air pollutant emission:

- ① Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boiler (DB44/765-2019);
- ② Emission Limit of Air Pollutants DB44/ 27—2001;
- ③ The limit value of electronic components in the electronic industry in Tianjin's *Emission Control Standard for Volatile Organic Compounds in Industrial Enterprises* (DB12/524-2020) shall be implemented;
- ④ Emission Standards for Odor Pollutants (GB 14554-93), Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019).

2. Names of implementation standards for water pollutant discharge:

- ① Discharge Limit Standard for Water Pollutants in Guangdong Province (DB44/26-2001)

(II) Beauty Century

1.Regulations of Guangdong Province on Environmental Protection

2.Administrative Measures for Ecological Environment Standards

Environmental protection administrative license

(I) SAPO Photoelectric: The existing sewage discharge permit was applied on September 7, 2022, and is valid from December 13, 2022 to December 12, 2027.

(II) Beauty Century: The existing sewage discharge permit is valid from August 10, 2020 to August 9, 2023.

Industrial emission standards and the specific situation of the pollutant emission involved in the production and business activities

Company or subsidiary name	Main pollutant and specific pollutant Type	Main pollutant and specific pollutant name	Emission way	Emission port number	Emission port distribution condition	Emission concentration (mg/Nm ³)	Implemented pollutant emission standards	Total emission	Verified total emission (Tons)	Excessive emission condition
SAPO Photoelectric	Waste gases	Non methane hydrocarbon	High altitude emission	4	The discharge port is located on the east side of No.1 and No.3 plants roof	<50mg/m ³	120mg/m ³	21.9t/a	49.98t/a	No

SAPO Photoelectric	Effluents	COD	Open trench discharge after treatment	1	Southeast side of the factory	<20mg/L	40mg/L	3.9347/a	25.0536/a	No
Beauty Century	Effluents	COD, ammonia nitrogen, PH value, suspended solids, five-day BOD, total phosphorus (calculated as P), chromaticity, aniline, chlorine dioxide, sulfide, total nitrogen (calculated as N), ammonia (ammonia gas), non-methane total hydrocarbons, sulfide and odor (concentration)	Atmosphere: unorganized; wastewater: 1. Intermittent discharge, with unstable and irregular flow rate during discharge, which however is not impact discharge; 2. Intermittent discharge, with stable flow during discharge	1	22°43'38.14" Longitude: 114°15'31.36" Latitude: 22°43'38.14"	Permissible discharge value: PH value: 6-9; Aniline: 1.0 mg/L; Suspended solids: 50mg/L; Total nitrogen (calculated as N) 15 mg/L; Ammonia nitrogen: 8 mg/L; Sulfide: 0.5 mg/L; Chemical oxygen demand: 60 mg/L; Chlorine dioxide: 0.5 mg/L; Chromaticity 50; Five-day BOD: 20 mg/L; Total phosphorus (calculated as P) 0.5 mg/L;	Discharge Limit Standard for Water Pollutants DB44/26-2001, Discharge Standard of Water Pollutants in Danshui River and Shima River Basin DB44/2050-2017, Discharge Standard of Water Pollution in Dyeing and Finishing Textile Industry GB4287-2012GB 4287-2012.	Ammonia nitrogen: 0.27 t/a; Total nitrogen (calculated as N) 6.75 t/a; Total phosphorus (calculated as P) 0.0135t/a	Ammonia nitrogen: 0.27 t/a; Total nitrogen (calculated as N) 6.75 t/a; Total phosphorus (calculated as P) 0.0135t/a	No

The treatment of the pollutants

(I) SAPO Photoelectric

RTO waste gas regenerative incineration process is adopted for the organic waste gas produced in all production lines of SAPO Photoelectric, and RTO+ advanced treatment process is adopted for Line 7. RTO waste gas treatment equipment runs stably, with good waste gas treatment effect. The removal rate of VOCs in organic waste gas reaches over 99%, which can fully meet the requirements of waste gas discharge. Meanwhile, imported heat storage materials are adopted for the equipment, with a heat storage effect of 90%, and low running energy consumption of the equipment; After RTO treatment, the waste gas from the production process after treatment can meet the discharge standard. The wastewater treatment facility of SAPO Photoelectric Phase I adopts the wastewater treatment process of Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane, which has strong impact load resistance, stable system operation, low energy consumption, low maintenance cost, high degree of automation and good effluent effect. In phase II, it adopts Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane + mc membrane treatment + evaporation system, and all the wastewater is recycled to the production line after treatment. All the wastewater of SAPO Photoelectric can meet the environmental protection requirements after being treated by the treatment facilities.

(II) Beauty Century

Beauty Century has established a set of special wastewater treatment facilities, and continuously optimized and upgraded the facilities and processes in the actual operation process to treat the wastewater professionally through multiple processes, with good operation effect, and all pollutant indicators in line with relevant standards, laws and regulations. In addition, Shenzhen Beauty Century built the reclaimed water reuse system in 2021, which can effectively save water consumption and reduce wastewater discharge after the system was put into operation.

Environmental Self-Monitoring Program

(I) SAPO Photoelectric

According to the monitoring requirements issued by the monitoring station and the operation requirements of each system of SAPO Photoelectric, the specific monitoring plan is as follows: 8 times/year (twice every quarter) for organic waste gas, 4 times/year (once every quarter) for wastewater discharge, 2 times/year (once every six months) for boiler waste gas, 1 time/year for canteen oil fume, 2 times/year (once every six months) for noise at factory boundary and 1 time/year for drinking water.

(II) Beauty Century

1. Implement emission standards and limits

The sewage and wastewater produced during the operation of Beauty Century is mainly industrial wastewater from dyeing workshops. After being collected, the industrial wastewater enters the self-built wastewater treatment station in the plant area for centralized treatment, to reach the stricter values in the Discharge Standard of Water Pollutants for Dyeing and Finishing Textile Industry (GB4287-2012) and the Discharge Standard of Water Pollutants in Danshui River and Shima River Basin (DB44/2050-2017), as shown in Table 1.

Table 1 Discharge Standard of Production Wastewater Unit: mg/L (pH dimensionless)

S/N	Pollutant	Discharge limit	Monitoring position of pollutant discharge
1	pH	6~9	sewage outlet
2	Aniline	1.0	

3	Suspended solids	50
4	Total nitrogen	15
5	Ammonia nitrogen	8
6	Sulfide	0.5
7	CODCr	60
8	Chlorine dioxide	0.5
9	Chromaticity	50
10	Five-day BOD	20
11	Total phosphorus	0.5

2. Monitoring indicators and frequency

① Wastewater

The monitoring indicators and frequency of industrial wastewater are determined according to the requirements of environmental management, as shown in Table 2.

Table 2 Monitoring Indicators and Frequency of Industrial Wastewater

Monitoring point	Monitoring indicator	Monitoring frequency
DW001	pH value, flow rate, COD, ammonia nitrogen	Automatic monitoring
	Chromaticity, suspended solids, total nitrogen and total phosphorus	1 time/day
	Five-day BOD	1 time/week
	Sulfide, aniline,	1 time/month
	Chlorine dioxide	1 time/year

② Waste gas

The monitoring indicators and frequency of waste gas at boundary are determined according to the requirements of environmental management, as shown in Table 3

Table 3 Monitoring Indicators and Frequency of Waste Gas at Boundary

Monitoring point	Monitoring indicator	Monitoring frequency
Boundary	Concentration of ammonia, non-methane hydrocarbon, sulfide and odor	One time every six months

3. Sampling and monitoring methods

The wastewater is entrusted to a third-party testing institution for testing. The daily testing of total nitrogen and total phosphorus in wastewater, the weekly testing of BOD and the monthly testing of sulfide are all performed by test paper.

The waste gas is entrusted to a third-party testing institution for testing. Refer to relevant national standards for the monitoring and analysis methods.

4. Monitoring quality assurance and control measures

The quarterly monitoring of wastewater and the semi-annual monitoring of waste gas in Beauty Century are entrusted to a third-party monitoring unit.

Beauty Century has a sound environmental management institution system, established a relatively complete environmental management system, and formulated a series of environmental management systems, such as

environmental management system, emergency measures for environmental accidents, energy-saving management regulations, and solid waste management system.

Emergency plan for sudden environmental events

(I) SAPO Photoelectric

According to the actual situation of the company, the emergency plan for sudden environmental incidents has been compiled, and the application for filing the emergency plan for sudden environmental incidents by relevant departments has been passed.

(II) Beauty Century

According to the actual situation of the company, the emergency plan for sudden environmental incidents has been compiled, and the application for filing the emergency plan for sudden environmental incidents by relevant departments has been passed.

Investment in environmental governance and protection and the relevant payment of environmental protection tax

(I) SAPO Photoelectric

Investment in environmental governance and protection in 2022: RMB 22,657,100;

Environmental protection tax paid in 2022: RMB 40,417.

(II) Beauty Century

Investment in environmental governance and protection in 2022: RMB 1,100,000;

Environmental protection tax paid in 2022: RMB 41,352,500.

Cost of purchasing environmental liability insurance: RMB 12,116.85.

Measures taken to reduce its carbon emissions during the reporting period and their effects

Applicable Not applicable

(I) SAPO Photoelectric

During the reporting period, SAPO Photoelectric strictly abided by laws and regulations, strictly controlled the company's waste gas and wastewater discharge, and ensured the effective operation of waste gas and wastewater treatment facilities. No violations occurred throughout the year.

(II) Beauty Century

During the reporting period, Shenzhen Beauty Century strictly abided by laws and regulations, strengthened the management of wastewater treatment, and ensured the effective operation of wastewater treatment facilities. No violations occurred throughout the year.

Administrative penalties for environmental problems during the reporting period

Name of company or subsidiary	Reasons for punishment	Violation situation	Penalty result	Impact on the production and operation of listed companies	Company's rectification measures
SAPO Photoelectric	No	No	No	No	No
Beauty Century					

Other Environmental Information That Should Be Disclosed

(I)SAPO Photoelectric

1. Annual report on disclosure of enterprise environmental information according to law: <https://www-app.gdeei.cn/stfw/index>

2. Annual implementation report of pollutant discharge permit: <http://permit.mee.gov.cn/>

(II) Beauty Century

None

Other Environmental Related Information

None

II. Social responsibilities

(I) Protection of shareholders' rights and interests

During the reporting period, the Company abided by laws and regulations, operated in compliance with regulations, and constantly improved its governance structure and further standardized the Company's operation in strict accordance with the requirements of the Company Law, the Securities Law and the Governance Guidelines for Listed Companies and other laws and regulations. It adhered to the procedure system of general meeting of shareholders, Board of Directors, Board of Supervisors and independent directors as the core, further improved the corporate governance structure and various management systems, constantly improved the internal control system in the process of the Company's operation and management, took effective operational risk prevention measures, earnestly safeguarded and protected shareholders' rights and interests, and laid a solid foundation for the healthy and sustainable development of the Company. Independent directors paid close attention to the Company's operation, put forward many valuable professional suggestions for the Company's daily operation and key concerns, and played an important role in improving the supervision mechanism and safeguarding the legitimate rights and interests of the Company and all shareholders. The Company strictly fulfilled its obligation of information disclosure according to law, truly, accurately, completely, timely and fairly disclosed information that has a significant impact on investment decision-making. The disclosure content was concise and easy to understand, fully revealed risks, and facilitated all shareholders to consult. According to regulatory requirements, it further combed and improved relevant systems and enhanced the quality of information disclosure.

During the reporting period, the Company further improved the information disclosure and information transparency, fulfilled the obligation of information disclosure in strict accordance with regulatory requirements, communicated with investors through various channels, answered questions raised by investors in a timely manner, and improved information transparency. Meanwhile, it cooperated with regulatory authorities to safeguard the rights and interests of investors, especially small and medium-sized investors, and realized the benign interaction and harmonious development between investors and listed companies.

(II) Protection of employees' rights and interests

According to the enterprise development strategy, the Company further revised and improved the human resource management system. It established labor relations by entering into labor contracts with employees, and implement necessary management for employees according to the *Labor Law* and relevant management regulations of the Company. The Company established a scientific assessment and distribution system according to the classification of senior managers, department managers and employees, established a systematic and standardized performance assessment and evaluation system, and conducted a comprehensive, objective, fair and accurate assessment of employees' performance of duties and tasks, which is used as the basis for determining employees' remunerations, rewards and punishments and appointments. It conducted market-based selection and employment, created a good environment for talent development, and constantly stimulated innovation vitality and motivation.

In 2022, the Company strived to create a good corporate culture atmosphere, strengthen the psychological care for

employees, listen to their inner voices, and enhance employees' sense of gain and belonging; Meanwhile, it further enhanced the Group leaders' understanding of the mind state of grass-roots employees, better cared for and helped employees to grow into talents, and regularly organized face-to-face communication between the Company leaders and the core backbone of the Group employees and subordinate enterprises.

In the meantime, the Company newly revised 3 human resource management systems, namely, the Management Measures of Shenzhen Textile Group's Rank Promotion, the Management System of Shenzhen Textile Group's Staff Performance Appraisal and the Interim Measures of Shenzhen Textile Group's Annual Advanced Selection, and optimized and improved the Company's personnel training, performance compensation management and rank promotion. It actively guided and assisted subordinate enterprises to promote various human resource management norms, and guided enterprises to strengthen remuneration performance management and make reasonable adjustments to employees' remuneration level according to the actual situation of each enterprise. It strengthened the scientific and standardized management of human resources, avoided labor risks, improved the level of human resources management, and further mobilized the enthusiasm of employees.

(III) Environmental protection

Striving to build a modern "green enterprise" is the Company's long-term positive responsibility. We insist on building the whole process of green cycle in the industrial chain, realizing the real green cycle economy, improving the quality of the Company's surrounding environment and escorting the Company's production. During the reporting period, the OSBL noise, industrial wastewater and waste gas emissions in the Company's production process all passed the monitoring of the environmental protection department, and complied with the standard requirements of relevant laws and regulations. During the reporting period, the Company's organic waste gas was treated by the rotary RTO treatment process, and the removal rate of VOCs in organic waste gas reached over 99%. On the basis of meeting the discharge standards, the pollutant discharge was further reduced, and no major environmental incidents occurred. In addition, the Company vigorously advocated green office, carried out various forms of environmental protection publicity and education activities, raised employees' awareness of energy conservation and emission reduction, realized the coordinated development of production & operation and environmental protection, and earnestly fulfilled social responsibilities.

(IV) Protection of consumers' rights and interests

The Company has been adhering to the core values of "honesty oriented and responsibility first". Being responsible for customers is the source of our enterprise value. It is our unremitting pursuit to provide customers with professional, personalized and all-round products and services. With customer demand as the core, continuously innovating to serve customers, and continuously improving and enhancing product quality are the driving force for the Company to achieve good performance and sustainable development, and also an important guarantee to win customers' long-term trust. It has provided active attention to customer needs, quick response to customer feedback, sincere consideration for customers and promotion of long-term cooperative partnership.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

In 2022, the company earnestly fulfilled its social responsibility, actively participated in the work of consumer assistance, and completed the purchase of 555,300 yuan of consumer assistance in the year to help rural revitalization; In response to the initiative of Shenzhen Investment & Control 2022 "Investment & Control with Love · Helping People's Livelihood 1+1" theme public welfare activity, the company donated 381 sets of thermal underwear to poverty-stricken areas in Guangxi, demonstrating its corporate responsibility.

VI. Important Events

I. Commitments to fulfill the situation

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

√Applicable □Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.	August 4, 2006	Sustained and effective	Under Fulfillment
Commitment made upon the assets replacement	The Company	Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided	Commitments made during asset restructuring: 1. The relevant information provided by the Company during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Company will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the company or investors, the Company will be liable for compensation according to law; 2. The Company will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to relevant intermediaries in a timely manner, and at the same time it promises that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or	December 30,2022	Sustained and effective	Under Fulfillment

			<p>photocopies are consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. The Company guarantees the authenticity and rationality of the relevant data quoted in this transaction plan. As of the signing date of this transaction plan, the audit and evaluation related to this transaction have not been completed. The audited financial data, evaluation or valuation results of the underlying assets and the audited profit forecast data (if involved) will be disclosed in the <i>Restructuring Report</i>. The audited financial data of the underlying assets may be quite different from the disclosure of the plan; 4. During this transaction, the Company will timely disclose information about this transaction in accordance with relevant laws and regulations, and relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, and guarantee the authenticity, accuracy and completeness of such information.</p>			
Commitment made upon the assets replacement	All the directors, supervisors and senior managers of the company	Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided	<p>Commitments made during asset restructuring:</p> <p>1. The relevant information provided by me during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and I will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the company or investors, I will be liable for compensation according to law. 2. I will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the company and relevant intermediaries in a timely manner, and at the same time I promise that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or photocopies are</p>	December 30,2022	Sustained and effective	Under Fulfillment

			<p>consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions. 3. During this transaction, I will timely disclose information about this transaction in accordance with relevant laws and regulations, and relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, and guarantee the authenticity, accuracy and completeness of such information. 4. If this transaction is investigated by the judicial authorities or by the China Securities Regulatory Commission because of false records, misleading statements or major omissions in the information provided or disclosed by me, I will suspend the transfer of the shares in the company before the conclusion of the case investigation is determined, and submit a written application for suspension of the transfer and the stock account to the board of directors of the company within two trading days after receiving the notice of filing the investigation, and the board of directors of the company will apply to the Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as "CSDC") for locking; If the application for locking is not submitted within two trading days, the board of directors of the company is authorized to directly submit my identity information and account information to Shenzhen Stock Exchange and CSDC after verification and apply for locking; If the board of directors of the listed company fails to submit my identity information and account information to Shenzhen Stock Exchange and CSDC, Shenzhen Stock Exchange and CSDC are authorized to directly lock the relevant stocks. If any violation of laws and regulations is found during the investigation, I promise to lock in the shares and voluntarily use them for compensation arrangements of relevant investors.</p>			
Commitment made upon	All the directors, supervisors	Statement and Commitment	<p>Commitments made during asset restructuring: 1. There are no false records, misleading</p>	December 30, 2022	Sustained and effective	Under Fulfillment

the assets replacement	and senior managers of the company	ent on No Illegal Acts	statements or major omissions in the application documents for this transaction; 2. The rights and interests of the listed company are not seriously damaged by the controlling shareholder or actual controller and have not been eliminated; 3. The listed company and its subsidiaries do not provide external guarantees in violation of regulations and have not been lifted; 4. The listed company's financial statements for the latest year and the first stage have no audit reports with qualified opinions, negative opinions or disclaimer of opinions issued by certified public accountants; 5. The listed company and its current directors, supervisors and senior managers have not been subjected to administrative punishment by the China Securities Regulatory Commission in the last 36 months, and nor have they been publicly condemned by the stock exchange or found with other major acts of dishonesty in the last 12 months; 6. The listed company and its current directors and senior managers have not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations, including but not limited to receiving or foreseeing the decision/notice of filing investigation by the judicial authorities, the notice of filing investigation by the China Securities Regulatory Commission and its dispatched institutions, and the advance notice of administrative punishment, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment; 7. The listed company has no other circumstances that seriously damage the legitimate rights and interests of investors and social public interests; 8. The directors, supervisors and senior managers of the listed company do not disclose the relevant inside information of this transaction and use the inside information for insider trading.			
Commitment made upon the assets replacement	All the directors, supervisors and senior managers of the company	Explanation on the Absence of the Circumstances Stipulated in Article	Commitments made during asset restructuring: The listed company, its directors, supervisors, senior managers and the enterprises controlled by the above-mentioned entities have not been placed on file for investigation on suspicion of insider trading related to this transaction;	December 30,2022	Sustained and effective	Under Fulfillment

		13 of the Guidance on Supervision of Listed Companies No.7 - Supervision of Abnormal Trading of Stocks Related to Major Asset Restructuring of Listed Companies.	In the last 36 months, they have not been punished by the China Securities Regulatory Commission or investigated by the judicial organs for criminal responsibility according to law for insider trading related to major asset restructuring of listed companies, which does not allow them to participate in any major asset restructuring of listed companies.			
Commitment made upon the assets replacement	All the directors, supervisors and senior managers of the company	Explanation on Whether There is a Reduction Plan	Commitment made during asset restructuring: From the date of resumption of trading to the completion of this transaction, if I hold shares of the listed company, I have no plans to reduce the shares of the listed company.	December 30,2022	Sustained and effective	Under Fulfillment
Commitment made upon the assets replacement	Shenzhen Investment Holdings Co., Ltd.	Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided	Commitment made during asset restructuring: 1. The relevant information provided by the Company during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Company will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the listed company or investors, the Company will be liable for compensation according to law; 2. The Company will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the listed company and relevant intermediaries in a timely manner, and at the same time it promises that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals on the documents are authentic	December 30,2022	Sustained and effective	Under Fulfillment

			<p>and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. During this transaction, the Company will timely disclose information about this transaction in accordance with relevant laws and regulations, and relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, and guarantee the authenticity, accuracy and completeness of such information; 4. If this transaction is investigated by the judicial authorities or by the China Securities Regulatory Commission because of false records, misleading statements or major omissions in the information provided or disclosed by the Enterprise, the Enterprise will suspend the transfer of shares with interests in the listed company, and submit the written application for suspension of transfer and the stock account to the board of directors of the listed company within two trading days after receiving the notice of filing the investigation, and the board of directors of the listed company will apply to the Stock Exchange and the Depository and Clearing Company for locking on its behalf; If the application for locking is not submitted within two trading days, the board of directors of the listed company shall be authorized to directly submit the identity information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company after verification and apply for locking; If the board of directors of the listed company fails to submit the identity information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company, the Stock Exchange and the Depository and Clearing Company are authorized to directly lock the relevant shares. If any violation of laws and regulations is found during the investigation, the Enterprise promises to lock in the shares and voluntarily use them for compensation arrangements of relevant investors.</p>			
Commitment made upon the assets	Shenzhen Investment Holdings Co., Ltd.	Commitment on Compliance and	Commitment made during asset restructuring: 1. The Company has not been subjected to administrative punishment (except those obviously	December 30, 2022	Sustained and effective	Under Fulfillment

replacement		Integrity	unrelated to the securities market) or criminal punishment in the last three years; 2. The Company is in good credit, with no public condemnation by the stock exchange or other major dishonesty in the last 12 months; In the last three years, the Company has not been placed on file for investigation by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Company does not disclose the relevant inside information of this transaction or use the inside information for insider trading; 4. The Company does not infringe the rights and interests of the listed company; 5. The Company guarantees that it is willing to bear corresponding legal responsibilities if it violates the above statements and commitments.			
Commitment made upon the assets replacement	Shenzhen Investment Holdings Co., Ltd.	Explanation on the Absence of the Circumstances Stipulated in Article 13 of the Guidance on Supervision of Listed Companies No.7 - Supervision of Abnormal Trading of Stocks Related to Major Asset Restructuring of Listed Companies	Commitment made during asset restructuring: Shenzhen Investment Holdings and all its directors, supervisors, senior managers and the enterprises controlled by the above-mentioned entities have not been placed on file for investigation due to insider trading related to major asset restructuring; In the last 36 months, they were not subjected to administrative punishment imposed by China Securities Regulatory Commission or investigated for criminal responsibility by judicial organs according to law, which does not allow them to participate in any major asset restructuring of listed companies.	December 30,2022	Sustained and effective	Under Fulfillment
Commitment made upon the assets replacement	Shenzhen Investment Holdings Co., Ltd.	Explanation on Whether There is a Reduction Plan	Commitment made during asset restructuring: During the period from the date of resumption of this restructuring to the completion of this restructuring, the Company has no plans to reduce the shares of listed company.	December 30,2022	Sustained and effective	Under Fulfillment
Commitment	Qimei Material,	Statement and	Commitment made during asset restructuring: 1. The relevant information	December 30,2022	Sustained and	Under Fulfillment

t made upon the assets replacement	Haosheng Danyang, Danyang Ruoyan, Xiamen Ruoyan, Fuzhou Xintou, Hefei Beicheng, Hangzhou Rencheng, Xinghe Technology, Lishui Huahui, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment, Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue	Commitment on the Authenticity, Accuracy and Completeness of the Information Provided	provided by the Enterprise during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Enterprise will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the listed company or investors, the Enterprise will be liable for compensation according to law; 2. The Enterprise will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the listed company and relevant intermediaries in a timely manner, and at the same time it promises that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. The Enterprise guarantees that it has fulfilled its statutory disclosure and reporting obligations on this transaction, and there are no contracts, agreements, arrangements or other matters that should be disclosed but not disclosed. The Enterprise is aware of the possible legal consequences of the above commitments, and will bear corresponding legal responsibilities for acts that violate the above commitments; 4. If this transaction is investigated by the judicial authorities or by the China Securities Regulatory Commission because of false records, misleading statements or major omissions in the information provided or disclosed by the Enterprise, the Enterprise will suspend the transfer of shares with interests in the listed company, and submit the written application for suspension of transfer and the stock account to the board of directors of the listed company within two trading days after receiving the notice of filing		effective	t
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			<p>the investigation, and the board of directors of the listed company will apply to the Stock Exchange and the Depository and Clearing Company for locking on its behalf; If the application for locking is not submitted within two trading days, the board of directors of the listed company shall be authorized to directly submit the information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company after verification and apply for locking; If the board of directors of the listed company fails to submit the information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company, the Stock Exchange and the Depository and Clearing Company are authorized to directly lock the relevant shares. If any violation of laws and regulations is found during the investigation, the Enterprise promises to lock in the shares and voluntarily use them for compensation arrangements of relevant investors.</p>			
Commitment made upon the assets replacement	Haosheng Danyang	Commitment on Compliance and Integrity	<p>Commitment made during asset restructuring: 1. The penalties, regulatory measures or disciplinary actions suffered by the Enterprise and its key management personnel in the last five years are as follows: (1) Mr. Chen Rongsheng, the executive director of the Enterprise, received the Decision on Taking Measures to Issue Warning Letters to Cai Xiaoru, Chen Rongsheng, Liu Tiejing and Han Yang issued by Fujian Supervision Bureau of China Securities Regulatory Commission (Decision on Administrative Supervision Measures of Fujian Supervision Bureau of China Securities Regulatory Commission [2020] No.6) on January 14, 2020, due to the failure of Fuzhou Dahua Intelligent Technology Co., Ltd. where he served as the general manager to disclose in time the progress of major equity transfer, and the breach of contract for failure to pay off major debts due, the conclusion of important contracts, and the insufficient basis for impairment of available-for-sale financial assets; (2) Mr. Chen Rongsheng, the executive director of the Enterprise, received the Decision on Giving informed criticism to Fuzhou Dahua Intelligent Technology Co., Ltd. and Related Parties issued by Shenzhen Stock Exchange (SZS [2019] No.311) on May 29, 2019</p>	December 30, 2022	Sustained and effective	Under Fulfillment

			<p>due to the failure Fuzhou Dahua Intelligent Technology Co., Ltd. where he served as the general manager, to reply to the Shenzhen Stock Exchange's inquiry and make disclosure within the prescribed time limit as required. In addition to the above circumstances, the Enterprise and its main management personnel have not been subjected to other criminal penalties or administrative penalties (except those obviously unrelated to the securities market), administrative supervision measures by the China Securities Regulatory Commission or disciplinary actions by the stock exchange in the last five years, and there is no major civil litigation or arbitration related to economic disputes; 2. In the last five years, the Enterprise has not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Enterprise and its main management personnel in the last five years had no failure to repay large debts, or to fulfill their commitments; 4. The Enterprise and its main management personnel have not disclosed the relevant insider information of this transaction or used the insider information for insider trading; 5. The Enterprise has none of the following circumstances: (1) It has a large amount of debt, which is not paid off at maturity and is in a continuous state; (2) It has major illegal acts or suspected major illegal acts in the last 3 years; (3) It has serious acts of dishonesty in the securities market in the last 3 years; (4) Other circumstances stipulated by laws and administrative regulations and determined by China Securities Regulatory Commission that it is not allowed to acquire listed companies.</p>			
Commitment made upon the assets replacement	Hangzhou Rencheng	Commitment on Compliance and Integrity	<p>Commitment made during asset restructuring: 1. The penalties, regulatory measures or disciplinary actions imposed on the Enterprise and its main management personnel in the last five years are as follows: (1) Ms. Zhang Qiuli received the Decision on Administrative Punishment of China Securities Regulatory Commission (for Li Shengkai and Zhang Qiuli of Fujian Daochong Investment Management Co., Ltd.) ([2019] No. 2) issued by China Securities Regulatory Commission on January 18, 2019 due to the manipulation of securities</p>	December 30, 2022	Sustained and effective	Under Fulfillment

			<p>market by Fujian Daochong Investment Management Co., Ltd., where she served as the general manager and executive director; (2) On March 31, 2020, Ms. Zhang Qiuli received the Decision on Administrative Punishment of China Securities Regulatory Commission (for Li Shengkai and Zhang Qiuli of Fujian Daochong Investment Management Co., Ltd.) ([2020] No.11) issued by China Securities Regulatory Commission due to the reported and undisclosed excessive shareholding in Jianyan Group, and restricted trading behavior of Fujian Daochong Investment Management Co., Ltd., where she served as the general manager and executive director. In addition to the above circumstances, the Enterprise and its main management personnel have not been subjected to other criminal penalties or administrative penalties (except those obviously unrelated to the securities market) in the last five years, and there is no major civil litigation or arbitration related to economic disputes; 2. In the last five years, the Enterprise has not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Enterprise and its main management personnel had no failure to repay large debts, or to fulfill their commitments, and were not subjected to administrative supervision measures by the China Securities Regulatory Commission or disciplinary punishment by the stock exchange in the last five years; 4. The Enterprise and its main management personnel have not disclosed the relevant insider information of this transaction or used the insider information for insider trading; 5. The Enterprise has none of the following circumstances: (1) It has a large amount of debt, which is not paid off at maturity and is in a continuous state; (2) It had major illegal acts or suspected major illegal acts in the last 3 years; (3) It had serious acts of dishonesty in the securities market in the last 3 years; (4) Other circumstances stipulated by laws and administrative regulations and determined by China Securities Regulatory Commission that it is not allowed to acquire listed companies.</p>			
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Commitment made upon the assets replacement	Qimei Material, Danyang Nuoyan, Xiamen Nuoyan, Fuzhou Xintou, Hefei Beicheng, Xinghe Technology, Lishui Huahui, Huzhou Painuo, Lishui Pengbei, Fuzhou Investment, Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue	Commitment on Compliance and Integrity	Commitment made during asset restructuring: The Enterprise and its main management personnel have not been subjected to criminal penalties or administrative penalties (except those obviously unrelated to the securities market) in the last five years, and there is no major civil litigation or arbitration related to economic disputes; 2. In the last five years, the Enterprise has not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Enterprise and its main management personnel had no failure to repay large debts, or to fulfill their commitments, and were not subjected to administrative supervision measures by the China Securities Regulatory Commission or disciplinary actions by the stock exchange in the last five years; 4. The Enterprise and its main management personnel have not disclosed the relevant insider information of this transaction or used the insider information for insider trading; 5. The Enterprise has none of the following circumstances: (1) It has a large amount of debt, which is not paid off at maturity and is in a continuous state; (2) It had major illegal acts or suspected major illegal acts in the last 3 years; (3) It had serious acts of dishonesty in the securities market in the last 3 years; (4) Other circumstances stipulated by laws and administrative regulations and determined by China Securities Regulatory Commission that it is not allowed to acquire listed companies.	December 30,2022	Sustained and effective	Under Fulfillment
Commitment made upon the assets replacement	Qimei material, Haosheng Danyang, Danyang Nouyan, Xiamen Nouyan, Fuzhou Xintou, Hefei Beicheng, Hangzhou Rencheng, Xinghe Technology, Lishui Huhui,	Explanation on the Absence of the Circumstances Stipulated in Article 13 of the Guidance on Supervision of Listed Companies No.7 - Supervision of	Commitment made during asset restructuring: The Enterprise and its main management personnel (including directors, supervisors and senior management personnel in the case of a company; or executive partners and key management personnel in the case of a partnership), the controlling shareholder and actual controller of the Enterprise and the enterprises controlled by the above-mentioned entities have not been placed on file for investigation due to insider trading related to major asset restructuring; In the last 36 months, they were not subjected to administrative punishment imposed by China Securities Regulatory Commission or investigated for criminal responsibility by judicial	December 30,2022	Sustained and effective	Under Fulfillment

	Huzhou Painuo, Lishui Tengbei, Fuzhou Investment , Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue	Abnormal Trading of Stocks Related to Major Asset Restructuring of Listed Companies	organs according to law, which does not allow them to participate in any major asset restructuring of listed companies.			
Commitment made upon the assets replacement	Qimei material, Haosheng Danyang, Danyang Nouyan, Xiamen Nouyan, Fuzhou Xintou, Hefei Beicheng, Hangzhou Rencheng, Xinghe Technology, Lishui Huhui, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment , Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue	Explanation on the Ownership of the Underlying Assets	Commitment made during asset restructuring: 1. The Enterprise legally owns the corresponding shares of the target company, and its capital contribution to the target assets has been fully paid, and there is no false capital contribution or withdrawal of capital contribution, and the Enterprise has complete ownership of the target assets, with no other circumstances that may affect the legal existence of the target company; 2. The Enterprise is the ultimate and true owner of the underlying assets, and the ownership of the underlying assets is clear with no dispute, and there are no circumstances of holding the underlying assets by means of trust, entrusting others or accepting others' entrustment; The underlying assets are not in custody, with no pledge, mortgage, lien and other security rights or other third-party rights, or other terms or agreements restricting transfer signed, and no dispute or potential dispute. The underlying assets have not been sealed up or frozen by administrative or judicial organs, and there are no other restrictions or prohibitions on transfer. The Enterprise guarantees that the above-mentioned state will continue until the transfer of the underlying assets to the name of the listed company or until the date of termination of this transaction (whichever is earlier); 3. The Enterprise promises to change the ownership of the underlying assets in a timely manner according to the agreement after the relevant agreement of this transaction comes into effect, and all the responsibilities arising from disputes caused by the Enterprise in the process of ownership change shall be borne by the Enterprise; 4. The ownership of the	December 30,2022	Sustained and effective	Under Fulfillment

			above-mentioned underlying assets to be transferred by the Enterprise has none of unresolved or foreseeable disputes such as litigation and arbitration, and the responsibilities arising from disputes such as litigation and arbitration shall be borne by the Enterprise.			
Commitment made upon the assets replacement	Haosheng Danyang	Explanation on the Ownership of the Underlying Assets	<p>Commitment made during asset restructuring: 1. The Enterprise legally owns the corresponding shares of the target company, and its capital contribution to the target assets has been fully paid, and there is no false capital contribution or withdrawal of capital contribution, and it has complete ownership of the target assets, and there is no other circumstances that may affect the legal existence of the target company; 2. The Enterprise is the ultimate and true owner of the underlying assets, and the ownership of the underlying assets is clear with no dispute, and there are no circumstances of holding the underlying assets by means of trust, entrusting others or accepting others' entrustment; Except for the pledge of 267,857,146 shares of the underlying company held by the enterprise, the remaining underlying assets held by the enterprise are not in custody, with no pledge, mortgage, lien and other security rights or other third-party rights, or other terms or agreements restricting transfer signed, and no dispute or potential dispute. The underlying assets have not been sealed up or frozen by administrative or judicial organs, and there are no other restrictions or prohibitions on transfer. The Enterprise guarantees to release the aforementioned equity pledge before the board meeting of the listed company deliberates the report (draft) of this restructuring, and to maintain this state after the pledge is released until the target assets are transferred to the name of the listed company or until the date of termination of this transaction (whichever is earlier); 3. The Enterprise promises to change the ownership of the underlying assets in a timely manner according to the agreement after the relevant agreement of this transaction comes into effect, and all the responsibilities arising from disputes caused by the Enterprise in the process of ownership change shall be borne by the Enterprise; 4. The ownership of the above-mentioned underlying assets to be transferred by the Enterprise has none of</p>	December 30, 2022	Sustained and effective	Under Fulfillment

			unresolved or foreseeable disputes such as litigation and arbitration, and the responsibilities arising from disputes such as litigation and arbitration shall be borne by the Enterprise.			
Commitment made upon the assets replacement	Lishui Huahui, Xiamen Zhifeng	Explanation on the Ownership of the Underlying Assets	Commitment made during asset restructuring: 1. The Enterprise legally owns the corresponding shares of the target company, and its capital contribution to the target assets will be paid in full before January 31, 2023, and there will be no false capital contribution or withdrawal of capital contribution, and the Enterprise has complete ownership of the target assets, with no other circumstances that may affect the legal existence of the target company; 2. The Enterprise is the ultimate and true owner of the underlying assets, and the ownership of the underlying assets is clear with no dispute, and there are no circumstances of holding the underlying assets by means of trust, entrusting others or accepting others' entrustment; The underlying assets are not in custody, with no pledge, mortgage, lien and other security rights or other third-party rights, or other terms or agreements restricting transfer signed, and no dispute or potential dispute. The underlying assets have not been sealed up or frozen by administrative or judicial organs, and there are no other restrictions or prohibitions on transfer. The Enterprise guarantees that the above-mentioned state will continue until the transfer of the underlying assets to the name of the listed company or until the date of termination of this transaction (whichever is earlier); 3. The Enterprise promises to change the ownership of the underlying assets in a timely manner according to the agreement after the relevant agreement of this transaction comes into effect, and all the responsibilities arising from disputes caused by the Enterprise in the process of ownership change shall be borne by the Enterprise; 4. The ownership of the above-mentioned underlying assets to be transferred by the Enterprise has none of unresolved or foreseeable disputes such as litigation and arbitration, and the responsibilities arising from disputes such as litigation and arbitration shall be borne by the Enterprise.	December 30,2022	Sustained and effective	Under Fulfillment
Commitment made upon	Hengmei Photoelectric	Statement and Commitment	Commitment made during asset restructuring: 1. The relevant information provided by the Company during this	December 30,2022	Sustained and effective	Under Fulfillment

the assets replacement		ent on the Authenticity, Accuracy and Completeness of the Information Provided	transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Company will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the listed company or investors, the Enterprise will be liable for compensation according to law; 2. The Company will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the listed company and relevant intermediaries in a timely manner, and at the same time it promises that the information and documents of the paper and electronic materials provided are authentic, complete, accurate and reliable, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. The Company guarantees that it has fulfilled its statutory disclosure and reporting obligations on this transaction, and there are no contracts, agreements, arrangements or other matters that should be disclosed but not disclosed. The Company is aware of the possible legal consequences of the above commitments, and will bear corresponding legal responsibilities for acts that violate the above commitments.			
Commitments made upon issuance	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	Shenzhen Investment Holdings Co., Ltd. signed a "Letter of Commitment and Statement on Horizontal Competition Avoidance" when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may	October 9, 2009	Sustained and effective	Under Fulfillment

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

execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan	
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2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

Applicable Not applicable

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

Applicable Not applicable

None

III. Illegal provision of guarantees for external parties

Applicable Not applicable

None

IV. Explanation of the Board of Directors on the latest "Non-standard Audit Report"

Applicable Not applicable

V. Notes for “non-standard audit report” of CPAs firm during the Reporting Period by board of directors and supervisory board

Applicable Not applicable

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

Applicable Not applicable

For details of the changes in the Company's accounting policies and accounting estimates and the correction of accounting errors in the previous period, see "(IV) Changes in important accounting policies and accounting estimates and the correction of accounting errors in the previous period" in "Section X Financial Report" of this report.

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

Applicable Not applicable

None..

VIII. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Deloitte Touche Tohmatsu CPA Ltd.(special general partnership)
Remuneration for domestic accounting firm (Ten thousands yuan)	190
Successive years of the domestic CPAs offering auditing services	0
Name of CPA	Xu Xiangzhao, Yao Ming
Continuous years of audit services of certified public accountants of domestic public accounting firms	0

Has the CPAs been changed in the current period

 Yes No

Whether to hire an accounting firm during the audit

 Yes No

Whether the change of accounting firm has fulfilled the examination and approval procedures

 Yes No

Detailed Explanation of the Change of Employment and Change of Accounting Firm

The audit service contract between the company and Grant Thornton Certified Public Accountants (Special General Partnership) (hereinafter referred to as "Grant Thornton") has expired. Considering the future business development of the company and the needs of overall audit, the company intends to hire Deloitte Touche Tohmatsu CPA Ltd (Special General Partnership) (hereinafter referred to as "Deloitte") as the audit institution for the company's annual financial statements and internal control in 2022. The Company has communicated with Grant Thornton and Deloitte in advance on related matters, and all parties have clearly known that there is no objection to this matter.

The company held the Sixteenth meeting of the Eighth Board of Directors on October 11, 2022, and the Second Extraordinary General Meeting of Shareholders in 2022 on October 28, 2022, and deliberated and passed the Proposal on Hiring Audit Institutions in 2022, agreeing to hire Deloitte as the audit service institution for the company's financial statements and internal control in 2022, with a total annual audit fee of RMB 1.9 million (including tax). The related financial statement audit fee in 2022 is RMB 1,550,000 (including tax), and the internal control audit fee in 2022 is RMB 350,000 (including tax).

IX. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report Applicable Not applicable**X. Relevant Matters of Bankruptcy Reorganization** Applicable Not applicable

None

XI. Matters of Important Lawsuit and Arbitration Applicable Not applicable

Basic situation of	Amount involved	Whether to form	Litigation(arbitration)progress	Litigation(arbitration)	Implementation of	Disclosure date	Disclosure
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litigation(arbitration)	(Ten thousand yuan)	estimated liabilities)trial results and impact	litigation(arbitration)judgments		re index
Jinhang Fund v. SAPO Photoelectric for Dissolution Dispute	0	No	The case was heard in Pingshan District People's Court, Shenzhen City, Guangdong Province on July 15, 2022, and no judgment has yet been made.	Unfinished trial	Not executed	June 24,2022	http://www.cninfo.com.cn (Announcement No.:2022-20)
Dispute over the confirmation of the validity of company resolutions	0	No	The case was heard in Pingshan District People's Court, Shenzhen City, Guangdong Province on September 22, 2022, and no judgment has yet been made.	Unfinished trial	Not executed	August 18,2023	http://www.cninfo.com.cn (Announcement No.:2022-25)
Dispute over shareholders' right to know	0	No	The case was heard in Pingshan District People's Court, Shenzhen City, Guangdong Province on September 22, 2022, and no judgment has yet been made.	Unfinished trial	Not executed	August 18,2023	http://www.cninfo.com.cn (Announcement No.:2022-25)
Arbitration of contract dispute between SAPO Photoelectric and Korea Nexteye	1,217.87	No	The case was heard in Shenzhen Court of International Arbitration on February 9, 2022, and the second trial was held on May 12, 2022 through online video. Combined with the actual situation of this case, the arbitration tribunal extended the trial period of this case from June 13, 2022 to November 11. On November 9, 2022, the arbitration tribunal made an award [(2021) SGZSWC No.3900], which supported the partial request of SAPO Photoelectric	Finished trial	Under execution		/
The Company v. Shenzhen Administration for Market Regulation for Revocation of Cancellation of Shenzhen Xieli	0	No	The case was heard in the second instance on April 27, 2022. The Shenzhen Intermediate People's Court made the judgment on June 28, 2022: 1. Revoke the administrative judgment [(2021) Y0308 XC No.1883] of the People's Court of Yantian District, Shenzhen City, Guangdong Province; II. Remand to Yantian District People's Court,	Unfinished trial	Not executed		/

			<p>Shenzhen City, Guangdong Province for retrial. On July 22, 2022, the company received a summons from Yantian District People's Court in Shenzhen, Guangdong Province. The court heard the case on September 29, 2022, and made a first-instance judgment on December 31, 2022, which ruled that the Company won the case and cancelled the administrative act of cancellation of registration in Shenzhen Xieli. The third person in the original trial, Hong Kong Xieli Maintenance Company, refused to accept it and appealed to the Shenzhen Intermediate People's Court on January 10, 2023. Therefore, the judgment of the first instance did not take effect. At present, the attorney has been informed to prepare for the second trial.</p>				
<p>Zheng Wenhui v. Jintian Industrial (Group) Co., Ltd. and the Company for House Sales Contract Dispute</p>	0	No	<p>The case was heard in the first instance on February 24, 2022. Shenzhen Luohu District People's Court made a judgment on April 20, 2022: 1. Confirm that the House Sales Agreement signed by the plaintiff Zheng Wenhui and the defendant Jintian Industrial (Group) Co., Ltd. on May 28, 2021 is legal and valid; II. Defendants Jintian Industrial (Group) Co., Ltd. and Shenzhen Textile (Group) Co., Ltd. shall assist the plaintiff Zheng Wenhui in handling the transfer formalities for Room 1-802 of Textile Industry Company, Fenghuang Road, Luohu District, Shenzhen (Real Estate Certificate No.: SFD Zi No. 0042588).</p>	Finished trial	Executed		/

			The judgment has come into effect.				
Manager of Shenzhen Shenbao Textile Industry and Trade Co., Ltd. v. The Company, Shenzhen Yuanxingchang Industrial Co., Ltd. and Su Xingbin for Liquidation Liability Dispute	256.75	No	The case was heard in the first instance on May 27, 2022 and June 30, 2022. The Company won the case in the first instance, and the plaintiff has filed an appeal, which is still pending in the court of second instance.	Unfinished trial	Not executed		

XII. Situation of Punishment and Rectification

Applicable Not applicable

None

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

Applicable Not applicable

No such cases in the Reporting Period.

XIV. Material related transactions

1. Related transactions in connection with daily operation

Applicable Not applicable

None

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

Applicable Not applicable

None

3. Related-party transactions with joint investments

Applicable Not applicable

None

4. Credits and liabilities with related parties

Applicable Not applicable

None

5. Transactions with related finance company, especially one that is controlled by the Company

Applicable Not applicable

None

6. Transactions between the financial company controlled by the Company and related parties

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and related parties.

7. Other significant related-party transactions

Applicable Not applicable

The Company intends to purchase 100% equity of Hengmei Optoelectronics Co., Ltd. by issuing shares and paying cash, and at the same time, it plans to raise matching funds from non-public offering of shares to no more than 35 qualified specific targets (hereinafter referred to as "this transaction"). This transaction constitutes a related party transaction and is expected to constitute a major asset restructuring, but it does not constitute a restructuring and listing, nor will it lead to the change of the actual controller of the company.

The website to disclose the interim announcements on significant related-party transactions

Description of provisional announcement	Date of disclosing provisional announcement	Description of the website for disclosing provisional announcements
Announcement of Resolutions of the 19th Meeting of the Eighth Board of Directors	December 31,2022	(http://www.cninfo.com.cn)
Proposal on the "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction	December 31,2022	(http://www.cninfo.com.cn)
Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction	January 30,2023	(http://www.cninfo.com.cn)
Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction	February 28,2023	(http://www.cninfo.com.cn)

XV. Significant contracts and execution

1. Entrustments, contracting and leasing

(1) Entrustment

Applicable Not applicable

No such cases in the reporting period.

(2) Contracting

Applicable Not applicable

No such cases in the reporting period.

(3) Leasing

Applicable Not applicable

No such cases in the reporting period.

2. Significant Guarantees

Applicable Not applicable

In RMB10,000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Guarantee of the company for its subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
SAPO Photoelectric	March 18, 2020	48,000	September 8, 2020	42,228.53	Guaranteeing of joint liabilities			Two years from the date of expiration of the principal debt	No	No
Total amount of approved external guarantee in the report period(B1)		0		Total actually amount of external guarantee in the report period(B2)		1,315.79				
Total amount of approved external guarantee at the end of the report period(B3)		48,000		Total actually amount of external guarantee at the end of the report period(B4)		42,228.53				
Guarantee of the subsidiaries for the controlling subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
The Company's total guarantee(i.e.total of the first three main items)										
Total guarantee quota approved in the reporting period (A1+B1+C1)		0		Total amount of guarantee actually		1,315.79				

		incurred in the reporting period (A2+B2+C2)	
Total guarantee quota already approved at the end of the reporting period (A3+B3+C3)	48,000	Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)	42,228.53
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+B4+C4) %			14.82%
Including:			
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)			0
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)			0
Proportion of total amount of guarantee in net assets of the company exceed 50% (F)			0
Total amount of the three kinds of guarantees above (D+E+F)			0

Description of the guarantee with complex method

3.Situation of Entrusting Others for Managing Spot Asset

(1)Situation of Entrusted Finance

√ Applicable □ Not applicable

Overview of entrusted wealth-management during the reporting period

In RMB 10,000

Specific type	Source of funds for entrusted financial management	The Occurred Amount of Entrusted Wealth-management	Undue balance	Amount overdue	Un-recovered of overdue amount
Bank financial products	Self fund	80,000,000	0	0	0
Other	Self fund	719,649,255.81	269,605,448.44	0	0
Total		799,649,255.81	269,605,448.44	0	0

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

√ Applicable □ Not applicable

In RMB10,000

Name of Trustee Organization	Type of Trustee Organization	Product Type	Amount	Capital Source	Start Date	Expiry Date	Funds Allocation	Method of Reward Detection	Reference Annualized	Expected Income (if	Actual profit and loss	The actual recovery of	Amount of provision for	Whether passed the status	Whether there is any entr	Summary of events and
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ation (or Trustee Name)	ation (or Trustee)						mination	Rate of Return	any)	during the reporting period	profit and loss during the reporting period	impairment (if any)	tory procedure	usted financial plan in the future	related search index (if any)
Southern Assets Management Co., Ltd.	Fund	Monetary fund	300,000,000	Self fund	December 16, 2022		Other	2.35%			Not expired	0	Yes	Not applicable	
Bank of China, Shenzhen Luohu Branch	Bank	Structural deposits	300,000,000	Self funds	June 30, 2022	December 28, 2022	Other	3.70%	5,504,383.56	5,504,383.56	Redemption due	0	Yes	Not applicable	
Total			600,000,000	--	--	--	--	--	5,504,383.56	5,504,383.56	--	0	--	--	--

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

Applicable Not applicable

(2) Situation of Entrusted Loans

Applicable Not applicable

None

4. Other significant contract

Applicable Not applicable

Company Name of the Party Maki	Company Name of the Other Party	Contract Object	Contract Signing Date	Book Value of the Assets Invol	Assessed Value of the Assets	Appraisal Agency Name (If Any)	Base Date of Assessment (if any)	Pricing Principle	Transaction Price (RM B10,000)	Whether A Related Transaction	Connection Relation	Execution Condition As Of The	Date of Disclosure	Disclosure Index
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ng the contr act	of the Contr act			ved by the Contr act (RM B10, 000) (If Any)	Invol ved by the Contr act (RM B10, 000)						End Of The Repo ring Perio d			
SAP O Photo electr ic	Hang zhou Jinjia ng Grou p Co., Ltd., Kunshan Zhiqi mei Mate rial Tech nolog y Co., Ltd., Japan Nitto Denk o Corp oratio n	Nitto Denk o provi des polari zer manu factur ing techn ology and relate d corpo ration	Novem ber 6, 2017			No		Consi derin g the form ulatio n of mark et price and techn ical servi ce perio d, the final trans actio n price is based on the com merci al negot iation result s of both partie s.	86,90 0	No	With no assoc iation relati onshi p with the comp any	Fulfil ment comp leted	Novem ber 7, 2017	Http://www.cninfo.com.cn : (Ann ouncem ent No. : 2017- 53)on Novem ber 7, 2017

Note: 50% of the technology license fee agreed in the above contract shall be borne by Chengbo Optoelectronics (and its affiliates) and Kunshan Qimei Material Technology Co., Ltd. (and its affiliates) respectively, and shall be paid in cash according to the cooperation schedule with Jidong Electric.

XVI. Explanation on other significant events

√ Applicable □ Not applicable

(1) Progress of this restructuring

According to the relevant regulations of the Shenzhen Stock Exchange, upon application by the company, the trading of the company's shares has been suspended since the opening of the market on the morning of December 19, 2022. On December 30, 2022, the company held the 19th meeting of the 8th Board of Directors and the 13th meeting of the 8th Board of Supervisors, Proposals related to this transaction, such as the Proposal on the "Plan

for Issuing Shares, Paying Cash to Purchase Assets, Raising Supporting Funds, and Related Party Transactions of Shenzhen Textile (Group) Co., Ltd." and its Abstract, were reviewed and passed. The company's stock market was resumed on the morning of January 3, 2023. The company plans to purchase 100% of the equity of Hengmei Optoelectronics Co., Ltd. by issuing shares and paying cash, and plans to raise matching funds through non-public offering of shares to no more than 35 eligible specific targets (hereinafter referred to as "the transaction"). This transaction constitutes a related party transaction and is expected to constitute a significant asset reorganization, but does not constitute a reorganization and listing, which will not lead to a change in the actual controller of the company. This transaction is conducive to achieving a strong alliance within the polarizer industry, rapidly increasing the production scale of polarizers, optimizing the layout of the industrial chain, and deepening the depth of technical reserves, enabling the company to move to a new stage of high-quality development. At the same time, this major asset restructuring is in line with the relevant national and Shenzhen development strategic arrangements, and has a positive significance in ensuring the safety of the national new display supply chain.

Since the disclosure of this transaction plan, the company and relevant parties have actively promoted various work related to this transaction. The audit, evaluation, due diligence and other work involved in this exchange are still ongoing. After the completion of relevant work, the company will convene a board of directors again to review relevant matters of this transaction, and the company will perform relevant subsequent approval and information disclosure procedures in accordance with relevant laws and regulations.

(2) Progress of the industrialization project of ultra large size polarizers for television (Line 7)

During the reporting period, technical indicators such as yield and loss rates of Line 7 improved month by month, production capacity increased, and the company's operating performance improved month by month. The main products of Line 7 have been verified by customers, the order volume has gradually increased, and the unit manufacturing cost of the products has gradually decreased; The yield of the 65 inch large size has reached the advanced level in the industry, and the product structure has been continuously optimized, driving the improvement of the company's operating efficiency.

(3) Investment in the construction of RTS rear cutting production line

In 2021, the company will increase investment in the construction of a RTS rear cutting production line, with a total investment of no more than 30 million yuan; As of December 31, 2022, the signed contract amount was 26.17 million yuan, and the actual payment was 24.02 million yuan. Currently, production operations are being orderly promoted based on the overall market demand and customer order release, and the production line is continuously improving.

(4) Disposal of assets of the joint venture company Shenzhen Xieli

Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli") is a Sino foreign joint venture established by the company and Hong Kong Xieli Maintenance Company in 1981, with a registered capital of 3.12 million yuan. The company holds 50% of the equity. The company's operating period ended in 2008 and its business license was revoked in 2014. The company's main assets are real estate. In March 2020, Shenzhen Xieli Industrial and Commercial Co., Ltd. has been cancelled, but there are still three properties under its name that need to be resolved through further negotiation between the shareholders of both parties.

On July 26, 2021, the company filed a lawsuit with the People's Court of Yantian District, Shenzhen City, Guangdong Province to revoke the cancellation of Shenzhen Xieli Automobile Enterprise Co., Ltd. approved by

the Shenzhen Market Supervision and Administration Bureau on March 9, 2020. On November 21, 2021, the court issued a judgment revoking the cancellation of Shenzhen Xieli Automobile Enterprise Co., Ltd. approved by the Shenzhen Market Supervision and Administration Bureau; On December 3 and December 6, 2021, Hong Kong Xieli and Shenzhen Municipal Market Supervision and Administration Bureau respectively submitted petitions of appeal to the Shenzhen Intermediate People's Court. On April 18, 2022, the company received a notice of the second instance hearing from the Shenzhen Intermediate People's Court, and the case was heard in the second instance on April 27, 2022. On June 28, 2022, the Shenzhen Intermediate People's Court ruled that the first was to revoke the administrative judgment (2021) Yue 0308 Xing Chu No. 1883 of the People's Court of Yantian District, Shenzhen City, Guangdong Province; The second is to send it back to the People's Court of Yantian District, Shenzhen City, Guangdong Province for retrial. On July 22, 2022, a subpoena was received from the People's Court of Yantian District, Shenzhen City, Guangdong Province. The court is scheduled to hold a trial on August 25, 2022. The court made a first instance judgment on December 30, 2022, and we won the lawsuit to revoke the administrative act of Shenzhen Xieli's deregistration. The third person in the original trial, Hong Kong Xieli Maintenance Co., Ltd., was not satisfied and appealed to the Shenzhen Intermediate People's Court on January 10, 2023. Later, due to the failure of Hong Kong Xieli Maintenance Co., Ltd. to pay the case acceptance fee in advance on schedule, the Shenzhen Intermediate People's Court issued an administrative ruling No. (2023) Yue 03 Xing Zhong 387, deciding that the case should be handled as if the appellant, Hong Kong Xieli Maintenance Co., Ltd., had withdrawn the appeal.

(5) Matters on waiving the preemptive right and equity transfer of controlling subsidiaries

The shareholders' meeting of Shengbo Optoelectronics, the company's holding subsidiary, agreed that Hangzhou Jinhang Equity Investment Fund Partnership (limited partnership) would transfer 40% of its shareholding in Shengbo Optoelectronics to Hengmei Optoelectronics Co., Ltd. For details, see <http://www.cninfo.com.cn> (<http://www.cninfo.com.cn>) Company Announcement No. 2023-01. On January 19, 2023, Shengbo Optoelectronics obtained the "Registration Notice" issued by the Shenzhen Municipal Market Supervision and Administration Bureau, and the industrial and commercial change registration procedures for this equity transfer have been completed. After this change, the company still holds 60% equity of Shengbo Optoelectronics, while Hengmei Optoelectronics holds 40% equity of Shengbo Optoelectronics. This equity transfer is conducive to synergizing the advantages of both parties in the polarizer industry, integrating high-quality resources of both parties, further optimizing and strengthening the main polarizer industry, and better enhancing the core competitiveness of listed companies.

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

(1) Progress of lawsuits involving the company and its holding subsidiaries

In July and August 2022, the company and its holding subsidiary, Shengbo Optoelectronics, received legal documents such as the Notice of Responding to Lawsuits, Summons, and other legal documents served by the People's Court of Pingshan District, Shenzhen City, Guangdong Province, with the case numbers of (2022) Yue 0310 Min Chu No. 3507, 4013, and 4336. They were informed that the court had accepted the case of Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Fund") v. Shengbo Optoelectronics ① dissolution dispute ② In the case of the Company's resolution validity confirmation dispute and the case of the shareholder's right to know dispute, the Company was notified to participate in the lawsuit as a party to the case, and Shengbo Optoelectronics responded as the defendant in

the case. See <http://www.cninfo.com.cn> for details (<http://www.cninfo.com.cn>) Company Announcements 2022-20 and 2022-25.

The three cases mentioned above, namely, the dissolution dispute case, the company resolution validity confirmation dispute case, and the shareholder's right to know dispute case, were heard in the Pingshan District People's Court of Shenzhen City, Guangdong Province on July 15, 2022, September 22, 2022, and September 22, 2022, respectively, but no judgment has yet been rendered.

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

On November 16, 2017, the company's holding subsidiary Shengbo Optoelectronics signed the "Changxing Junying Equity Investment Partnership (Limited Partnership) Partnership Agreement" with the fund manager Huaiji Investment, general partner Jinxin Investment, and other limited partners, jointly initiating the establishment of an industrial fund, focusing on projects related to the optical film industry chain related to the company's main business, with a fund scale of 50 million yuan, As one of the limited partners of the Industrial Fund, Shengbo Optoelectronics has subscribed a capital contribution of 28.5 million yuan. See <http://www.cninfo.com.cn> for details (<http://www.cninfo.com.cn>) Company Announcement No. 2017-55.

On February 10, 2018, Changxing Junying completed its industrial and commercial registration and completed the filing of private investment funds on February 8, 2018. See <http://www.cninfo.com.cn> for details (<http://www.cninfo.com.cn>) Company Announcement No. 2018-05.

In order to optimize the strategic layout and supplement the working capital, Shengbo Optoelectronics and Hangzhou Yuanzhen Investment Management Co., Ltd. (hereinafter referred to as "Yuanzhen Investment") signed the Property Share Transfer Agreement for Changxing Junying Equity Investment Partnership (Limited Partnership) on July 11, 2022, transferring the Changxing Fund share held by Shengbo Optoelectronics to Yuanzhen Investment at a transaction consideration of 28.5 million yuan. After this property share transfer, the company will withdraw from Changxing Fund and no longer hold the partnership share of Changxing Fund. See <http://www.cninfo.com.cn> for details (<http://www.cninfo.com.cn>) Company Announcement No. 2022-21.

VII. Change of share capital and shareholding of Principal

Shareholders

I. Changes in share capital

1. Changes in share capital

In shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1. Shares with conditional subscription	72,000	0.01%	0	0	0	0	0	72,000	0.01%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic shares	72,000	0.01%	0	0	0	0	0	72,000	0.00%
Incl: Domestic legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic Natural Person shares	72,000	0.01%	0	0	0	0	0	72,000	0.01%
4. Foreign share	0	0.00%	0	0	0	0	0	0	0.00%
Incl: Foreign legal person share	0	0.00%	0	0	0	0	0	0	0.00%
Foreign Natural Person shares	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares with unconditional subscription	506,449,849	99.99%	0	0	0	0	0	506,449,849	99.99%

1. Common shares in RMB	457,021,849	90.23%	0	0	0	0	0	457,021,849	90.23%
2. Foreign shares in domestic market	49,428,000	9.76%	0	0	0	0	0	49,428,000	9.76%
3. Foreign shares in foreign market	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total of capital shares	506,521,849	1.00%	0	0	0	0	0	506,521,849	100.00%

Reasons for share changed

Applicable Not applicable

Approval of Change of Shares

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Change of shares with limited sales condition

Applicable Not applicable

II. Securities issue and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. About the existing employees' shares

Applicable Not applicable

III. Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

In Shares

Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	46.21%	234,069,436	0	0	234,069,436		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032	0	0	16,129,032		
Sun Huiming	Domestic Nature person	1.23%	6,208,853	200,200	0	6,208,853		
Su Weipeng	Domestic Nature person	0.71%	3,580,000	756,934	0	3,580,000	Pledge	2,800,000
Chen Xiaobao	Domestic Nature person	0.60%	3,029,484	1,477,884	0	3,029,484		
Zhangzhou Xiaotian Venture Investment Co., Ltd.	Domestic Non-State-owned Legal person	0.58%	2,924,500	2,924,500	0	2,924,500		
Li Zengmao	Domestic Nature person	0.44%	2,224,397	141,400	0	2,224,397		
Qi Jianhong	Domestic Nature person	0.28%	1,433,800	785,000	0	1,433,800		
Shenzhen Pengkang Pharmaceutical Co.,	Domestic Non-State-owned Legal	0.28%	1,429,200	1,429,200	0	1,429,200		

1 Due to the fact that the company has not yet obtained the number of shareholders with B shares from China Securities Depository and Clearing Corporation Limited Shenzhen Branch as of March 31, 2023 (the issuance of the B share shareholder list is 3 trading days behind the issuance of the A share shareholder list), the total number of shareholders (34975) is the sum of the number of shareholders with A shares as of March 31, 2023 (30231) and the number of shareholders with B shares as of March 20, 2023 (4744).

Ltd.	person							
Peng Xun	Domestic Nature person	0.27%	1,359,700	1,359,700	0	1,359,700		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (See Notes 3)		None						
Explanation on shareholders participating in the margin trading business		Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the company does not know whether there is an associated relationship among the top 10 ordinary shareholders, and between the top 10 ordinary shareholders and the top 10 shareholders, or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Company.						
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights		None						
Top 10 shareholders including the special account for repurchase (if any) (see note 10)		None						

Shareholding of top 10 shareholders of unrestricted shares			
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type	
		Share type	Quantity
Shenzhen Investment Holdings Co., Ltd.	234,069,436	Common shares in RMB	234,069,436
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	Common shares in RMB	16,129,032
Sun Huiming	6,208,853	Foreign shares in domestic market	6,208,853
Su Weipeng	3,580,000	Common shares in RMB	3,580,000
Chen Xiaobao	3,029,484	Common shares in RMB	3,029,484
Zhangzhou Xiaotian Venture Investment Co., Ltd.	2,924,500	Common shares in RMB	2,924,500
Li Zengmao	2,224,397	Common shares in RMB	2,224,397
Qi Jianhong	1,433,800	Common shares in RMB	1,433,800
Shenzhen Pengkang Pharmaceutical Co., Ltd.	1,429,200	Common shares in RMB	1,429,200
Peng Xun	1,359,700	Common shares in RMB	1,359,700
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders		Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the company does not know whether there is an associated relationship among the top 10 ordinary shareholders, and between the top 10 ordinary shareholders and the top 10 shareholders, or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Company.	
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)		None	

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

Yes No

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

2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type: Legal person

Name of the Controlling shareholder	Legal representative/ Leader	Date of incorporation	Organization code	Principal business activities
Shenzhen Investment Holdings Co., Ltd.	He Jianfeng	October 13, 2004	76756642-1	Investment and acquisition of financial and similar financial stock rights such as bank, security, insurance, fund and guarantee; Engage in real estate development and management business within the limit of legally-acquired land use right; Carry out investment and service in the field of strategic emerging industry; Carry out investment, operation and management of state-owned stocks of wholly-owned, holding and joint-stock company by reorganization & integration, capital operation and asset disposal; Other businesses undertaken by authorization of municipal SASAC(State Asset Supervision and Administration Commission) (If the above business scope needs to be approved according to national regulations, the business can only be operated after the approval is obtained)
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	Shen PropertyA (000011), Quantity of shares 301.41 million, Shareholding ratio: 50.57%; SPGA (000029), Quantity of shares 564.35 million, Shareholding ratio: 55.78%; Shen Universe A (000023), Quantity of shares 8.21 million, Shareholding ratio: 5.91%; Pingan (601318), Quantity of shares 962.72 million, Shareholding ratio: 5.27%; Guosen Securities (002736), Quantity of shares 3,223.11 million, Shareholding ratio: 33.53%; Guotai Junan (601211), Quantity of A shares 609.43 million, Quantity of H shares 103.37 million, Total shareholding ratio: 8.00%; Telling Holding (000829), Quantity of shares 195.03 million, Shareholding ratio: 19.03%; Shenzhen International (00152), Quantity of shares 1,059.08 million, Shareholding ratio: 44.35%; Beauty Star (002243), Quantity of shares 604.82 million, Shareholding ratio: 49.96%; Hopewell Highway (00737), Quantity of shares 2,213.45 million, Shareholding ratio: 71.83%; Infinova (002528), Quantity of shares 315.83 million, Shareholding ratio: 26.35%; SWPD (301038), Quantity of shares 49.5 million, Shareholding ratio: 37.5%; Eternal Asia (002183), Quantity of shares 601.67 million, Shareholding ratio: 23.17%; Energy (000027), Quantity of shares 6.77 million, Shareholding ratio: 0.14%; Bank Communication (601328), Quantity of shares 9.52 million, Shareholding ratio: 0.01%; Tehan Ecological (300197), Quantity of shares 113.98 million, Shareholding ratio: 4.04%; Shenzhen Expressway (600548), Quantity of shares 10,662.23 million, Shareholding ratio: 74.39%; Huachangda (300278), Quantity of shares 398.38 million, Shareholding ratio: 28.03%; Soling (002766), Quantity of shares 84.38 million, Shareholding ratio: 9.96%; Huakong SEG (000068), Quantity of shares 142.79 million, Shareholding ratio: 14.18%; Shen SEG (000058), Quantity of shares 696.16 million, Shareholding ratio: 56.54%; Huajin Capital (000532), Quantity of shares 31.57 million, Shareholding ratio: 9.16%; Leaguer (688589), Quantity of shares 13 million, Shareholding ratio: 12.97%; SDGS (300917), Quantity of shares 80.74 million, Shareholding ratio: 47.78%; SDG (000070), Quantity of shares 315.16 million, Shareholding ratio: 37.32%; Tellus A (000025), Quantity of shares 208.74 million, Shareholding ratio: 48.42%; Microgate (300319), Quantity of shares 212.8 million, Shareholding ratio: 24.74%; Shen Huafa (000020), Quantity of shares 16.57 million, Shareholding ratio: 5.85%; China VANKE (02202), Quantity of shares 77.27 million, Shareholding ratio: 0.66%.			

Changes of controlling shareholder in reporting period

 Applicable Not applicable

No changes of controlling shareholder for the Company in reporting period.

3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

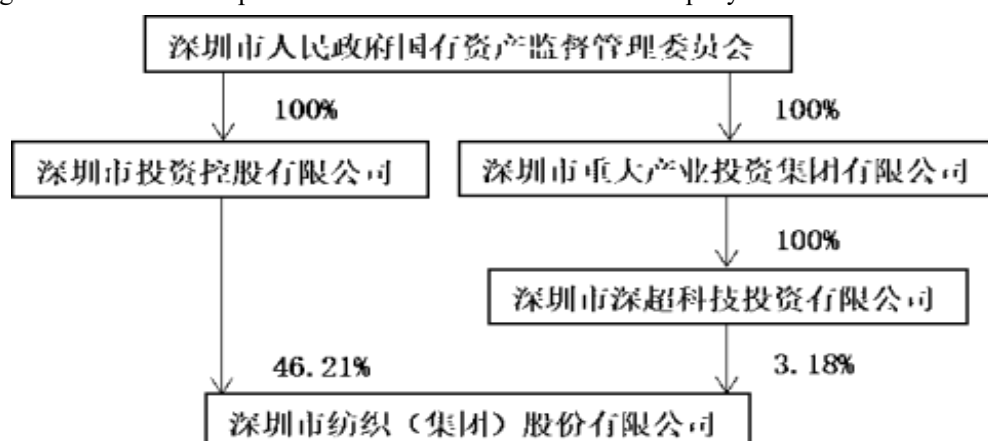
Name of the actual controller	Legal representative /Leader	Date of incorporation	Organization code	Principal business activities
State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government	Wang Yongjian	July 30,2004	K3172806-7	Performing the responsibilities of investors on behalf of the state and supervising and managing state-owned assets according to authorization and law.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	It directly held 49.07% equity of Shenzhen Gas (601139); It directly held 36.99% equity of Shenzhen Zhenye (000006); It directly held 48.05% equity of Shenzhen Energy (000027).			

Changes of controlling shareholder in reporting period

Applicable Not applicable

No changes of controlling shareholder for the Company in reporting period

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



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

Applicable Not applicable

4.The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the company and its person acting in concert accounts for 80% of the number of shares held by the company

Applicable Not applicable

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

Applicable Not applicable

6.Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party

and Other Commitment Subjects

Applicable Not applicable

IV. Specific implementation of share repurchase during the reporting period

Progress in implementation of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

Applicable Not applicable

VIII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period.

IX. Corporate Bond

Applicable Not applicable

X. Financial Report

I. Audit report

Type of audit opinion	Standard Unqualified opinion
Date of signature of audit report	April 1,2023
Name of audit firm	Deloitte Touche Tohmatsu CPA Ltd.(special general partnership)
The audit report number	DSB(Shen)ZD (23) No.: P03516
Names of the Certified Public Accountants	Xu Xiangzhao, Yao Ming

Auditors' Report

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

I. Opinion

We have audited the financial statements of Shenzhen Textile (Holdings) Co., Ltd . (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2022, 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, 2022 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 polarizer sales revenue

As mentioned in Note (VII) 39 to the financial statement, in 2022the operating income reported in the consolidated financial statement of Shenzhen Textile Group was RMB 2,837,988,264.36, of which the sales revenue of polarizers was RMB 2,693,787,636.62, accounting for 94.92% of the total operating income. The sales revenue of Shenzhen Textile Group's polarizer is recognized when the customer obtains control of the relevant goods. Due to the importance of polarizer sales revenue to the consolidated financial statement as a whole, and the revenue is one of the key performance indicators of Shenzhen Textile Group, there is an inherent risk that management will manipulate revenue recognition in order to achieve specific objectives or

expectations, therefore, we have identified the recognition of polarizer sales revenue as a key audit matter for the audit of the consolidated financial statement.

In response to the above key audit matter, the audit procedures we implement mainly include:

Understand and evaluate the internal control of the revenue-related business of Shenzhen Textile Group, understand and evaluate the design and implementation of relevant internal control activities by questioning relevant business personnel, observing business processes, obtaining and checking documents, etc., and conduct the operation effectiveness test of internal control activities.

Examine sales contracts with key customers, identify contractual terms and conditions related to the transfer of control of goods, and assess whether the accounting policies for revenue recognition comply with the requirements of accounting standards for business enterprises

In response to the above key audit matter, the audit procedures we implement mainly include:

Perform revenue analysis procedures by production line, product type and customer, and analyze the rationality of revenue changes based on market and other factors.

Evaluate whether revenue recognition meets the requirements of accounting standards for enterprises;

Samples are taken to perform detailed tests on sales revenue, check supporting documents such as invoices, outbound delivery orders, and receipts related to revenue recognition, and verify the sales of major customers by letter of confirmation and evaluate the authenticity of polarizer sales revenue recognition.

Select samples of sales transactions before and after the balance sheet date, check the supporting documents such as invoices, outbound delivery orders, and receipts, and evaluate whether the revenue is recorded in the appropriate accounting period.

2. Impairment of polarizer inventory

As mentioned in Note (VII) 8 to the financial statement, as of December 31, 2022, the inventory book balance reported in the consolidated financial statement of Shenzhen Textile Group was RMB741,464,422.61, of which the book balance of polarizer inventory was RMB721,282,838.15, accounting for 97.12% of the total inventory, and the corresponding inventory decline reserve was RMB180,886,720.53. In accordance with the Group's accounting policy, inventories are measured at the lower of cost or net realizable value at the end of the year, and when the net realizable value of inventories is lower than cost, a provision is made for inventory price declines. As the provision for inventory declines involves significant management estimates, we have identified the impairment of polarizer inventories as a key audit matter in the audit of the consolidated financial statement. In response to the above key audit matter, the audit procedures we implement mainly include:

Understand and evaluate the design and implementation of internal controls related to inventory impairment;

Understand and evaluate the appropriateness of accounting policies related to inventory price declines provision;

Implement inventory on-site monitoring procedures, check the check-count quantity of inventory on a sampling basis, and observe the status of inventory to evaluate the inventory quantity and condition at the balance sheet date;

Evaluate the reasonableness of management's methodology for accruing provisions for inventory declines and the important assumptions and parameters used to calculate net realizable value;

Evaluate whether there are signs of management bias by selecting samples of data used to determine the net realizable value of inventories with comparing to the actual cost of completion and actual selling price of the product that has actually been incurred in the most recent.

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 2022, 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.

Deloitte Touche Tohmatsu CPA Ltd.(special general partnership)

Chinese C.P.A.

(Project Partner)

Shanghai China

Chinese C.P.A.

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

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

Dec 31,2022

In RMB

Items	Note	December 31,2022	December 31,2021
Current asset:			
Monetary fund	(VII) 1	991,789,968.19	302,472,828.60
Transactional financial assets	(VII) 2	319,605,448.44	617,191,678.56
Note receivable	(VII) 3	74,619,100.26	149,942,880.28
Account receivable	(VII) 4	636,583,469.93	479,998,708.57
Financing of receivables	(VII) 5	54,413,796.91	21,474,101.07
Prepayments	(VII) 6	18,391,444.67	15,406,619.53
Other account receivable	(VII) 7	10,585,975.38	140,185,750.40
Inventories	(VII) 8	558,447,648.77	743,401,857.74
Other current asset	(VII) 9	69,535,531.24	29,503,352.42
Total of current assets		2,733,972,383.79	2,499,577,777.17
Non-current assets:			
Long term share equity investment	(VII) 10	134,481,835.74	133,022,325.77
Other equity instruments investment	(VII) 11	167,678,283.27	186,033,829.72
Real estate investment	(VII) 12	126,315,834.76	125,251,851.43
Fixed assets	(VII) 13	2,240,221,656.36	2,396,658,988.81
Construction in progress	(VII) 14	38,061,619.60	71,482,031.08
Use right assets	(VII) 15	15,365,393.88	9,221,189.37
Intangible assets	(VII) 16	44,192,571.95	48,635,160.00
Goodwill	(VII) 17	-	-
Long-germ expenses to be amortized	(VII) 18	4,470,957.79	5,387,295.94
Deferred income tax asset	(VII) 19	69,823,814.29	3,708,596.78
Other non-current asset	(VII) 20	42,553,016.47	84,560,280.09
Total of non-current assets		2,883,164,984.11	3,063,961,548.99
Total of assets		5,617,137,367.90	5,563,539,326.16
Current liabilities			
Short-term loans	(VII) 21	7,000,000.000	37,575,113.83
Notes payable	(VII) 22	-	16,682,324.12
Account payable	(VII) 23	327,049,873.70	359,584,252.94
Advance receipts	(VII) 24	1,393,344.99	1,805,311.57
Contract liabilities	(VII) 25	4,274,109.40	68,955.21
Employees' wage payable	(VII) 26	61,166,444.90	59,719,860.24
Tax payable	(VII) 27	8,897,312.51	9,200,627.09
Other account payable	(VII) 28	197,345,455.37	201,317,421.35
Non-current liability due within 1 year	(VII) 29	104,183,438.22	5,175,393.52
Other current liability	(VII) 30	92,945,741.78	58,264,958.58
Total of current liability		804,255,720.87	749,394,218.45
Non-current liabilities:			
Long-term loan	(VII) 31	607,421,585.00	683,016,243.25
Lease liability	(VII) 32	8,628,672.71	4,243,855.71
Deferred income	(VII) 33	117,814,796.10	110,461,293.15
Deferred income tax liability	(VII)19	47,974,267.80	61,642,660.91
Total non-current liabilities		781,839,321.61	859,364,053.02
Total of liability		1,586,095,042.48	1,608,758,271.47
Owners' equity			
Share capital	(VII) 34	506,521,849.00	506,521,849.00
Capital reserves	(VII) 35	1,961,599,824.63	1,961,599,824.63
Other comprehensive income	(VII) 36	109,596,609.31	119,682,119.05

Special reserve	(VII) 37	100,909,661.32	98,245,845.47
Retained profit	(VII) 38	170,636,610.95	125,317,336.31
Total of owner's equity belong to the parent company		2,849,264,555.21	2,811,366,974.46
Minority shareholders' equity		1,181,777,770.21	1,143,414,080.23
Total of owners' equity		4,031,042,325.42	3,954,781,054.69
Total of liabilities and owners' equity		5,617,137,367.90	5,563,539,326.16

Legal Representative: Yin Kefei

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

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

2.Parent Company Balance Sheet

Items	Note	In RMB	
		December 31,2022	December 31,2021
Current asset:			
Monetary fund			
Transactional financial assets		426,042,455.28	130,270,313.58
Account receivable	(XVI) 1	319,605,448.44	586,540,735.16
Other account receivable	(XVI) 2	15,643,024.11	7,935,911.24
Inventories		14,132,756.62	14,383,631.68
Total of current assets		26,237.85	39,131.60
Non-current assets:		775,449,922.30	739,169,723.26
Long term share equity investment	(XVI) 3		
Other equity instruments investment		2,092,431,333.83	2,089,070,531.86
Real estate investment		151,618,842.39	169,974,388.84
Fixed assets		101,190,712.85	98,174,132.57
Intangible assets		11,346,585.35	20,255,108.56
Deferred income tax asset		308,243.90	454,036.00
Other non-current asset		-	3,672,545.57
Total of non-current assets		25,997,082.15	55,790,497.23
Total of assets		2,382,892,800.47	2,437,391,240.63
Current liabilities		3,158,342,722.77	3,176,560,963.89
Account payable			
Advance receipts		411,743.57	411,743.57
Employees' wage payable		691,160.58	639,024.58
Tax payable		18,510,589.33	16,712,946.96
Other account payable		7,121,466.14	1,943,470.48
Total of current liability		113,736,371.24	116,648,650.39
Non-current liabilities:		140,471,330.86	136,355,835.98
Deferred income			
Deferred income tax liability		300,000.00	400,000.00
Total non-current liabilities		44,363,868.30	58,002,800.69
Total of liability		44,663,868.30	58,402,800.69
Owners' equity		185,135,199.16	194,758,636.67
Share capital			
Capital reserves		506,521,849.00	506,521,849.00
Less: Shares in stock		1,577,392,975.96	1,577,392,975.96
Other comprehensive income		98,855,668.75	108,762,538.39
Special reserve		100,909,661.32	98,245,845.47
Retained profit		689,527,368.58	690,879,118.40
Total of owners' equity		2,973,207,523.61	2,981,802,327.22
Total of liabilities and owners' equity		3,158,342,722.77	3,176,560,963.89

3.Consolidated Income statement

	Note	In RMB	
		Year 2022	Year 2021

1. Operation revenue	(VII) 39	2,837,988,264.36	2,330,061,681.00
Less: Business cost	(VII) 39	2,374,005,896.43	1,906,993,663.75
Business tax and surcharge	(VII) 40	7,907,126.91	10,523,548.09
Sales expense	(VII) 41	35,962,529.35	37,973,336.39
Administrative expense	(VII) 42	128,388,940.29	122,088,830.15
R & D costs	(VII) 43	80,520,155.54	103,508,764.53
Financial expenses	(VII) 44	12,943,606.57	(130,344.09)
Including: Interest expense		31,131,112.38	14,306,275.13
Interest income		8,327,248.75	1,655,853.59
Add: Other income	(VII) 45	26,350,210.89	19,643,379.33
Investment gain	(VII) 46	19,383,351.87	22,663,013.06
Incl: investment gains from affiliates		1,307,639.15	33,984.66
Financial assets measured at amortized cost cease to be recognized as income		-	-
Changing income of fair value	(VII) 47	-	2,150,943.40
Credit impairment loss	(VII) 48	(4,618,553.09)	(4,981,560.53)
Impairment loss of assets	(VII) 49	(202,573,465.84)	(130,396,451.18)
Assets disposal income	(VII) 50	31,264.60	(597,458.77)
II. Operational profit		36,832,817.70	57,585,747.49
Add : Non-operational income	(VII) 51	14,993,082.57	21,285,786.64
Less: Income tax expenses	(VII) 52	7,477,057.47	1,686,263.35
III. Total profit		44,348,842.80	77,185,270.78
Less: Income tax expenses	(VII) 53	(67,443,123.52)	11,118,796.96
IV. Net profit		111,791,966.32	66,066,473.82
(I) Classification by business continuity			
1. Net continuing operating profit		111,791,966.32	66,066,473.82
2. Termination of operating net profit		-	-
(II) Classification by ownership			
Including: Net profit attributable to the owners of parent company		73,309,182.94	55,733,468.82
Minority shareholders' equity		38,482,783.38	10,333,005.00
V. Net after-tax of other comprehensive income	(VII) 36	(10,204,603.14)	4,234,512.42
Net of profit of other comprehensive income attributable to owners of the parent company.		(10,085,509.74)	4,234,512.42
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		(10,058,739.46)	4,433,576.15
1. Re-measurement of defined benefit plans of changes in net debt or net assets		-	-
2. Other comprehensive income under the equity method in vestee can not be reclassified into profit or loss.		-	-
3. Changes in the fair value of investments in other equity instruments		(10,058,739.46)	4,433,576.15
4. Changes in the fair value of the company's credit risks		-	-
(II) Other comprehensive income that will be reclassified into profit or loss.		(26,770.28)	(199,063.73)
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		(178,640.10)	-
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		151,869.82	(199,063.73)
7. Other		-	-
Net of profit of other comprehensive income attributable to Minority shareholders' equity		(119,093.40)	-
VI. Total comprehensive income		101,587,363.18	70,300,986.24

Total comprehensive income attributable to the owner of the parent company		63,223,673.20	59,967,981.24
Total comprehensive income attributable minority shareholders		38,363,689.98	10,333,005.00
VII. Earnings per share			
Basic earnings per share		0.14	0.11

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

Legal Representative: Yin Kefei

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

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

4. Income statement of the Parent Company

		In RMB	
	Note	Year 2022	Year 2021
1. Operation revenue	(XVI) 4	56,046,883.88	78,159,686.19
Less: Business cost	(XVI) 4	9,544,956.96	11,547,944.88
Business tax and surcharge		2,296,709.15	2,968,080.87
Sales expense		106,542.65	49,682.40
Administrative expense		46,419,746.13	45,821,418.49
Financial expenses		(5,381,252.49)	283,692.12
Including: Interest expenses		6,601.33	645,507.87
Interest income		5,369,095.59	359,182.13
Add: Other income		269,698.97	602,709.52
Investment gain	(XVI) 5	18,656,000.37	20,409,098.48
Including: investment gains from affiliates		1,307,639.15	33,984.66
Financial assets measured at amortized cost cease to be recognized as income		-	-
Credit impairment loss		940,005.04	(710,513.74)
Impairment loss of assets		-	(32,769.22)
Assets disposal income		-	(386,933.41)
II. Operational profit		22,925,885.86	37,370,459.06
Add : Non-operational income		6,004,050.33	283,354.84
Less: Non -operational expenses		100,500.00	-
III. Total profit		28,829,436.19	37,653,813.90
Less: Income tax expenses		2,191,277.71	5,900,206.38
IV. Net profit		26,638,158.48	31,753,607.52
1.Net continuing operating profit		26,638,158.48	31,753,607.52
2.Termination of operating net profit		-	-
V. Net after-tax of other comprehensive income		(9,906,869.64)	2,288,677.33
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		(10,058,739.46)	2,487,741.06
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		(10,058,739.46)	2,487,741.06
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		151,869.82	(199,063.73)
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		151,869.82	(199,063.73)
7. Other		-	-
VI. Total comprehensive income		16,731,288.84	34,042,284.85

5. Consolidated Cash flow statement

		In RMB	
	Note	Year 2022	Year 2021
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		3,046,091,280.79	2,335,256,168.54
Tax returned		113,982,534.22	9,423,408.29
Other cash received from business operation	七、54(1)	218,296,299.96	88,625,329.53
Sub-total of cash inflow		3,378,370,114.97	2,433,304,906.36
Cash paid for purchasing of merchandise and services		2,453,492,479.82	1,860,349,920.78
Cash paid to staffs or paid for staffs		253,460,171.00	250,216,599.00
Taxes paid		59,230,421.14	101,786,653.96
Other cash paid for business activities	七、54(2)	121,948,492.41	225,388,712.97
Sub-total of cash outflow from business activities		2,888,131,564.37	2,437,741,886.71
Net cash generated from /used in operating activities	七、55(1)	490,238,550.60	(4,436,980.35)
II. Cash flow generated by investing			
Cash received from investment retrieving		28,500,000.00	10,817,803.07
Cash received as investment gains		18,075,712.72	14,881,941.03
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		101,301.53	83,520.00
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received	七、54(3)	1,316,000,000.00	1,128,309,484.61
Sub-total of cash inflow due to investment activities		1,362,677,014.25	1,154,092,748.71
Cash paid for construction of fixed assets, intangible assets and other long-term assets		123,210,891.17	447,622,193.08
Cash paid as investment		1.00	-
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities	七、54(4)	1,140,433,371.49	965,000,000.00
Sub-total of cash outflow due to investment activities		1,263,644,263.66	1,412,622,193.08
Net cash flow generated by investment		99,032,750.59	(258,529,444.37)
III. Cash flow generated by financing			
Cash received as investment		-	-
Including: Cash received as investment from minor shareholders		-	-
Cash received as loans		73,230,492.79	339,219,000.00
Other financing-related cash received		-	-
Sub-total of cash inflow from financing activities		73,230,492.79	339,219,000.00
Cash to repay debts		26,642,157.50	-
Cash paid as dividend, profit, or interests		56,596,142.54	38,306,691.13
Including: Dividend and profit paid by subsidiaries to minor shareholders		-	-
Other cash paid for financing activities	七、54(5)	9,144,572.43	12,638,273.00
Sub-total of cash outflow due to financing activities		92,382,872.47	50,944,964.13
Net cash flow generated by financing		(19,152,379.68)	288,274,035.87
IV. Influence of exchange rate alternation on cash and cash equivalents		1,947,479.23	(1,236,414.38)
V. Net increase of cash and cash equivalents		572,066,400.74	24,071,196.77
Add: balance of cash and cash equivalents at the beginning of term	七、55(2)	302,408,433.72	278,337,236.95
VI. Balance of cash and cash equivalents at the end of term	七、55(2)	874,474,834.46	302,408,433.72

6. Cash Flow Statement of the Parent Company

	Note	In RMB	
		Year 2022	Year 2021
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		49,647,323.90	66,467,384.64
Tax returned		600,618.94	-
Other cash received from business operation	(VII)、54(1)	7,065,800.34	42,417,781.16
Sub-total of cash inflow		57,313,743.18	108,885,165.80
Cash paid for purchasing of merchandise and services		2,458,133.73	13,344,258.31
Cash paid to staffs or paid for staffs		33,850,730.29	34,360,990.56
Taxes paid		6,260,647.31	23,084,768.18
Other cash paid for business activities	(VII)、54(2)	5,334,787.37	10,293,028.68
Sub-total of cash outflow from business activities		47,904,298.70	81,083,045.73
Net cash generated from /used in operating activities	(VII)、55(1)	9,409,444.48	27,802,120.07
II. Cash flow generated by investing			
Cash received from investment retrieving		-	10,817,803.07
Cash received as investment gains		17,348,361.22	11,479,752.94
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received	(VII)、54(3)	1,316,000,000.00	466,820,636.28
Sub-total of cash inflow due to investment activities		1,333,348,361.22	489,118,192.29
Cash paid for construction of fixed assets, intangible assets and other long-term assets		2,586,581.13	2,247,719.06
Cash paid as investment		1.00	-
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities	(VII)、54(4)	1,134,754,229.41	475,000,000.00
Sub-total of cash outflow due to investment activities		1,137,340,811.54	477,247,719.06
Net cash flow generated by investment		196,007,549.68	11,870,473.23
III. Cash flow generated by financing			
Cash received as investment		-	-
Cash received as loans		-	-
Other financing –related cash received		-	-
Sub-total of cash inflow from financing activities		-	-
Cash to repay debts		-	-
Cash paid as dividend, profit, or interests		25,332,693.78	15,176,281.23
Other cash paid for financing activities		-	7,820,298.30
Sub-total of cash outflow due to financing activities		25,332,693.78	22,996,579.53
Net cash flow generated by financing	(VII)、54(5)	(25,332,693.78)	(22,996,579.53)
IV. Influence of exchange rate alternation on cash and cash equivalents		1,886.83	-
V. Net increase of cash and cash equivalents		180,086,187.21	16,676,013.77
Add: balance of cash and cash equivalents at the beginning of term		130,236,340.98	113,560,327.21
VI ..Balance of cash and cash equivalents at the end of term		310,322,528.19	130,236,340.98

7. Consolidated Statement on Change in Owners' Equity
Amount in this period

In RMB

Items	Year 2022						
	Owner's equity Attributable to the Parent Company					Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit		
I. Balance at the end of last year	506,521,849.00	1,961,599,824.63	119,682,119.05	98,245,845.47	125,317,336.31	1,143,414,080.23	3,954,781,054.69
Add: Change of accounting policy	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-
Merger of entities under common control	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
II. Balance at the beginning of current year	506,521,849.00	1,961,599,824.63	119,682,119.05	98,245,845.47	125,317,336.31	1,143,414,080.23	3,954,781,054.69
III. Changed in the current year	-	-	(10,085,509.74)	2,663,815.85	45,319,274.64	38,363,689.98	76,261,270.73
(1) Total comprehensive income	-	-	(10,085,509.74)	-	73,309,182.94	38,363,689.98	101,587,363.18
(II) Investment or decreasing of capital by owners	-	-	-	-	-	-	-
1. Ordinary Shares invested by shareholders	-	-	-	-	-	-	-
2. Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-
(III) Profit allotment	-	-	-	2,663,815.85	(27,989,908.30)	-	(25,326,092.45)
1. Providing of surplus reserves	-	-	-	2,663,815.85	(2,663,815.85)	-	-
2. Allotment to the owners (or shareholders)	-	-	-	-	(25,326,092.45)	-	(25,326,092.45)
3. Other	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	-	-	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-	-
5. 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	1,961,599,824.63	109,596,609.31	100,909,661.32	170,636,610.95	1,181,777,770.21	4,031,042,325.42

Amount in last year

In RMB

Items	Year 2021							
	Owner's equity Attributable to the Parent Company						Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Other Comprehensive Income	Surplus reserves	Retained profit		
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	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	507,772,279.00	1,967,514,358.53	7,525,438.20	116,605,932.42	94,954,652.14	86,912,390.50	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	38,404,945.81	10,333,005.00	55,465,805.07
(I) Total comprehensive income	-	-	-	4,234,512.42	-	55,733,468.82	10,333,005.00	70,300,986.24
(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. Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-	-	-
3. Other	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	-	-	-	-	360,474.30
(III) Profit allotment	-	-	-	-	3,175,360.75	(18,371,016.22)	-	(15,195,655.47)
1. Providing of surplus reserves	-	-	-	-	3,175,360.75	(3,175,360.75)	-	-
2. Allotment to the owners (or shareholders)	-	-	-	-	-	(15,195,655.47)	-	(15,195,655.47)
3. Other	-	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-	-
5. 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	1,961,599,824.63	-	119,682,119.05	98,245,845.47	125,317,336.31	1,143,414,080.23	3,954,781,054.69

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

Amount in this period

In RMB

Items	Year 2022					
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit	Total of owners' equity
I.Balance at the end of last year	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
Add: Change of accounting policy	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-
Other	-	-	-	-	-	-
II. Balance at the beginning of current year	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
III .Changed in the current year	-	-	(9,906,869.64)	2,663,815.85	(1,351,749.82)	(8,594,803.61)
(I) Total comprehensive income	-	-	(9,906,869.64)	-	26,638,158.48	16,731,288.84
(II) Investment or decreasing of capital by owners	-	-	-	-	-	-
1. Ordinary Shares invested by shareholders	-	-	-	-	-	-
2.Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
(III) Profit allotment	-	-	-	2,663,815.85	(27,989,908.30)	(25,326,092.45)
1.Providing of surplus reserves	-	-	-	2,663,815.85	(2,663,815.85)	-
2. Allotment to the owners (or shareholders)	-	-	-	-	(25,326,092.45)	(25,326,092.45)
3. Other	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	-	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-
5. 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	98,855,668.75	100,909,661.32	689,527,368.58	2,973,207,523.61

Amount in last year

In RMB

Items	Year 2021						
	Share Capital	Capital reserves	Less: Shares in stock	Other Comprehensive Income	Surplus reserves	Retained profit	Total of owners' equity
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. Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-	-
3. Other	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	-	-	-	360,474.30
(III) Profit allotment	-	-	-	-	3,175,360.75	(18,371,016.22)	(15,195,655.47)
1. Providing of surplus reserves	-	-	-	-	3,175,360.75	(3,175,360.75)	-
2. Allotment to the owners (or shareholders)	-	-	-	-	-	(15,195,655.47)	(15,195,655.47)
3. Other	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-
5. 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

III. Basic Information of the Company

1. Company overview

Shenzhen Textile (Holdings) Co., Ltd (hereinafter referred to as "the Company") is a company limited by shares registered in Guangdong Province, formerly known as Shenzhen Textile Industry Company and established in 1984. The Company was listed on the Shenzhen Stock Exchange in August 1994. The Company publicly issued RMB ordinary shares (A shares) and domestic listed foreign capital shares (B shares) to the domestic and foreign public respectively and listed them for trading.

Headquartered in Shenzhen, Guangdong Province, the main business of the Company and its subsidiaries (hereinafter referred to as "the Group") includes the research and development, production and marketing of polarizers for liquid crystal display, as well as property management business mainly located in the prosperous commercial area of Shenzhen and textile and garment business.

2. Scope of consolidated financial statement

The financial statements have been authorized for issuance of Board of Directors of the Company on April 1, 2023.

Details of the scope of the consolidated financial statement for the year are set out in the Note (IX) "Interests in other entities". Changes in the scope of the consolidated financial statement for the year are set out in Note (VIII), "Changes in the Scope of Consolidation".

IV. Basis for the preparation of the financial report

(1) Basis for the preparation

The Group implements the accounting standards for enterprises and related regulations promulgated by the Ministry of Finance. In addition, the Group also discloses relevant financial information in accordance with the No. 15 Compilation Rules for Disclosure of Information by Companies of Issuing Securities to the Public-General Provisions for Financial Reporting (2014 Revision).

(2) Continuous operation

The Group evaluated its ability to continue as a going concern for the 12 months from 31 December 2022 and found no matters or circumstances that raised significant doubts about its ability to continue as a going concern. Accordingly, the present financial report has been prepared on the basis of going concern assumptions.

(3) Bookkeeping basis and pricing principle

The Group's accounting is based on the accrual basis. Except for certain financial instruments which are measured at fair value, the financial report uses the historical cost as the measurement basis. If the asset is impaired, the corresponding impairment provision will be made in accordance with the relevant regulations.

Under historical cost measurement, an asset is measured at the fair value of the amount of cash or cash equivalents paid or the consideration paid at the time of acquisition. Liabilities are measured by the amount of money or assets actually received as a result of the present obligation is assumed, or the contractual amount of the present obligation is incurred, or the amount of cash or cash equivalents expected to be paid in the ordinary

course of life to repay the liability.

Fair value is the price that market participants shall have to receive for the sale of an asset or shall to pay for a transfer of a liability in an orderly transaction that occurs on the measurement date. Whether the fair value is observable or estimated using valuation techniques, the fair value measured and disclosed in this financial report is determined on that basis.

For financial assets that use the transaction price as the fair value at the time of initial recognition, and a valuation technique involving unobservable inputs is used in subsequent measures of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurement is divided into three levels as to the observability of fair value inputs, and the importance of such inputs to fair value measurement as a value inputs, and the importance of such inputs to fair value measurement as a whole:

The first level of input is the unadjusted quotation of the same asset or liability in an active market that can be obtained at the measurement date.

The second-level input value is the input value that is directly or indirectly observable for the underlying asset or liability in addition to the first-level input.

The third level input value is the unobservable input value of the underlying asset or liability.

V. Important accounting policies and accounting estimates

Specific accounting policies and accounting estimate tips:

According to the characteristics of its own production and operation, the Company determines the depreciation of fixed assets, amortization of intangible assets and revenue recognition policies, and the specific accounting policies are shown in notes (V)15, (V) 18 and (V) 25.

1. Statement of compliance with accounting standards for business enterprises

The financial report prepared by the Company complies with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflects the consolidated and parent financial position of the Company as of December 31, 2022 and the consolidated and parent operating results, the consolidated and parent shareholders' equity changes and the consolidated and parent cash flows for 2022.

2. Accounting period

The Group's fiscal year is the Gregorian calendar year, i.e. from January 1 to December 31 of each year.

Business cycle

The business cycle is the period from the time an enterprise purchases an asset for processing to the realization of cash or cash equivalents. The Company's business cycle is 12 months.

3. Business cycle

The business cycle is the period from the time an enterprise purchases an asset for processing to the realization of cash or cash equivalents. The Company's business cycle is 12 months.

4. The base currency of account

RMB is the currency in the main economic environment in which the Company and its domestic

subsidiaries operate, and the Company and its domestic subsidiaries use RMB as the base accounting currency. The overseas subsidiaries of the Company determine RMB as their base accounting currency according to the currency of the main economic environment in which they operate. The currency used by the Company in the preparation of this financial report is RMB.

5. Accounting treatment of business combinations under the common control and under non-common control

Business combinations are divided into business combinations under common control and business combinations under non-common control.

5.1 Business combinations under common control

The enterprises participating in the merger are ultimately controlled by the same party or multiple parties before and after the merger, and the control is not temporary, therefore it is a business combination under the common control.

Assets and liabilities acquired in a business combination are measured at their carrying value on the consolidated party at the date of consolidation. The difference between the carrying amount of net assets acquired by the merging party and the carrying amount of the merger consideration paid is adjusted for the equity premium in the capital reserve or for retained earnings if the equity premium is insufficient to be offset.

Direct carrying value on the consolidated party at the date of consolidation. The difference between the carrying amount of net assets acquired by the merging party and the carrying amount of the merger consideration paid is adjusted for the equity premium in the capital reserve or for retained earnings if the equity premium is insufficient to be offset.

Direct expenses incurred in connection with the business combination are recognized in profit or loss for the period when incurred.

5.2 Business combinations and goodwill under non-common control

The enterprises participating in a merger are not ultimately controlled by the same party or multiple parties before and after the merger, therefore it is a business combination under non-common control.

Consolidation cost is the fair value of assets paid, liabilities incurred or assumed and equity instruments issued to gain control of the acquired party by the purchaser. Intermediary fees such as auditing, legal services, valuation consulting and other related management expenses incurred by the purchaser for the business combination are recognized in the profit or loss of the period when incurred.

The identifiable assets, liabilities and contingent liabilities of the acquiree that are eligible for recognition acquired by the purchaser in the merger are measured at fair value at the date of purchase.

The cost of the merger is greater than the difference in the fair value share of the acquiree's identifiable net assets acquired in the merger, which is recognized as goodwill as an asset and initially measured at cost. If the cost of the merger is less than the fair value share of the acquiree's identifiable net assets acquired in the merger, the fair value of the acquired acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the merger are first reviewed, and if the consolidated cost after review is still less than the fair value share of the acquiree's identifiable net assets share acquired in the merger, which shall be included in profit or loss for the period occurred.

Goodwill resulting from business combinations is presented separately in the consolidated financial statement and measured at cost less accumulated impairment provisions.

6. Methodology for the preparation of consolidated financial statement

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control refers to the investor having the power over the invested party, enjoying variable returns through participating in the relevant activities of the invested party, and having the ability to use the power over the invested party to affect its return amount. Once changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above control definition, the company will conduct a reassessment.

The merger of a subsidiary begins when the company obtains control of the subsidiary and ends when the company loses control of the subsidiary.

For subsidiaries disposed of by the Company, the operating results and cash flows prior to the disposal date (the date of loss of control) have been appropriately included in the consolidated income statement and consolidated cash flow statement.

For subsidiaries obtained through business combinations not under the same control, their operating results and cash flows since the acquisition date (the date of obtaining control) have been appropriately included in the consolidated income statement and the consolidated cash flow statement.

For subsidiaries obtained through business combinations under the same control, regardless of whether the business combination occurs at any point in the reporting period, it is deemed that the subsidiary is included in the consolidation scope of the company from the date it is under the control of the ultimate controller. Its operating results and cash flows since the beginning of the earliest period in the reporting period have been appropriately included in the consolidated income statement and consolidated cash flow statement.

The main accounting policies and accounting periods adopted by subsidiaries are determined in accordance with the accounting policies and accounting periods uniformly stipulated by the company.

The impact of internal transactions between the Company and its subsidiaries and between subsidiaries on the consolidated financial statements is offset during consolidation.

The shares in the owner's equity of subsidiaries that do not belong to the parent company are treated as minority shareholders' equity and are listed as "minority shareholders' equity" under the shareholder's equity item in the consolidated balance sheet. The share of minority shareholders' equity in the current net profit and loss of a subsidiary is listed as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement.

"If the losses of a subsidiary shared by minority shareholders exceed the minority shareholders' share in the initial owner's equity of the subsidiary, the balance is still offset against the minority shareholders' equity."

Transactions that purchase minority equity in a subsidiary or dispose of partial equity investments without losing control over the subsidiary are accounted for as equity transactions, and the book values of owner's equity and minority shareholders' equity attributable to the parent company are adjusted to reflect changes in their relevant rights and interests in the subsidiary. The difference between the adjusted amount of minority shareholders' equity and the fair value of the consideration paid/received is adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings are adjusted.

7. Classification of joint venture arrangement classifications and accounting treatment methods for joint operations

Joint arrangements are divided into commonly-operated ventures and jointly-operated ventures, which are determined in accordance with the rights and obligations of the joint venture parties in the joint venture arrangement by taking into account factors such as the structure, legal form and contractual terms of the arrangement. Commonly-operated refers to a joint arrangement in which the joint venture parties enjoy the assets related to the arrangement and bear the liabilities related to the arrangement. The jointly-operated is a joint arrangement in which the joint venture party has rights only to the net assets of the joint arrangement.

The Group's investments in joint ventures are accounted by using the equity method, please see Note (V) 13.3.2 "Long-term equity investments accounted by the equity method".

8. Standards for determining cash and cash equivalents

Cash refers to cash on hand and deposits that can be used to pay at any time. Cash equivalents refer to investments held by the Group for a short period (generally within three months from the date of purchase), highly liquid, easily convertible into a known amount of cash, and with little risk of change in value.

9.Foreign currency transactions and translation of foreign currency statements

9.1 Foreign Currency Business

Foreign currency transactions are initially recognized at an exchange rate similar to the spot exchange rate on the date of the transaction, and the exchange rate similar to the spot rate on the date of the transaction is determined in a systematic and reasonable manner.

At the balance sheet date, foreign currency monetary items are converted into RMB using the spot exchange rate on that date, and the exchange difference arising from the difference between the spot exchange rate on that date and the spot exchange rate at the time of initial recognition or the day preceding the balance sheet date, except: (1) the exchange difference of foreign currency special borrowings eligible for capitalization is capitalized during the capitalization period and included in the cost of the underlying asset; (2) The exchange difference of hedging instruments for hedging in order to avoid foreign exchange risk is treated according to the hedge accounting method; (3) The exchange difference results from changes in other carrying balances other than amortized cost for monetary items classified as measured at fair value and changes in which are included in other comprehensive income, it shall be recognized as profit or loss for the period.

Where the preparation of the consolidated financial statement involves overseas operations, if there are foreign currency monetary items that substantially constitute net investment in overseas operations, the exchange difference arising from exchange rate changes is included in the "foreign currency statement translation difference" item included in other comprehensive income; When disposing of overseas operations, it is included in the profit or loss of the period of disposal.

Foreign currency non-monetary items measured at historical cost are still measured at the base currency amount translated at the spot exchange rate on the date of the transaction. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the fair value determination date, and the difference between the converted base currency amount and the original accounting currency amount is treated as a change in fair value (including exchange rate changes) and recognized as profit or loss for the period or recognized as other comprehensive income.

9.2 Translation of Foreign Currency Financial Statements

For the purpose of preparing consolidated financial statement, foreign currency financial statements for overseas operations are converted into RMB statements in the following manner: all assets and liabilities in the balance sheet are converted at the spot exchange rate at the balance sheet date; Shareholders' equity items are converted at the spot exchange rate at the time of incurrence; All items in the income statement and items reflecting the amount of profit distribution are converted at an exchange rate similar to the spot exchange rate on the date of the transaction; The difference between the converted asset items and the total of liability items and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using exchange rates

similar to the spot exchange rate on the occurrence date of cash flow, and the impact amount of exchange rate changes on cash and cash equivalents is used as a reconciliation item and is shown separately in the statement of cash flows as "Impact of exchange rate changes on cash and cash equivalents".

The prior-year year-end amounts and the prior-year actual are presented on the basis of the amounts converted from the prior-year financial statement.

Where the Group loses control of overseas operations due to disposing of all the ownership interests in overseas operations or the disposal of part of the equity investment or other reasons, the difference in the translation of the foreign currency statements in the ownership interests attributable to the parent company related to the overseas operations shown below the items of shareholders' equity in the balance sheet shall be transferred to the profit or loss of the period of disposal.

Where the proportion of equity interests held in overseas operations decreases due to the disposal of part of the equity investment or other reasons without lost the control of the overseas operations, the difference in the translation of foreign currency statements related to the disposal part of the overseas operations shall be attributed to the minority shareholders' interests and shall not be transferred to the profit or loss of the period. Where disposing of part of the equity of an overseas operation in an associate or a joint venture, the difference in the translation of foreign currency statements related to the overseas operation shall be transferred to the profit or loss of the period of disposal according to the proportion of the disposal of the overseas operation.

10. Financial instruments

The Group recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

In the case of the purchase or sale of financial assets in the usual manner, it shall recognize the assets to be received and the liabilities to be incurred on the transaction date, or derecognize the assets sold on the transaction date.

Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value and changes in which are recorded in profit or loss for the period, the related transaction costs are recognized directly in profit or loss for the period; For other categories of financial assets and financial liabilities, the related transaction costs are included in the initial recognition amount. Where the Group initially recognizes accounts receivable that do not contain a material financing component or do not take into account the financing component in a contract not older than one year in accordance with No. 14 Accounting Standard for Business Enterprises-Revenue (the "Revenue Standard"), the initial measurement is made at the transaction price as defined by the revenue standard.

The effective interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and apportioning interest income or interest expense into each accounting period.

The effective interest rate is the interest rate used to discount the estimated future cash flows of a financial asset or financial liability over the expected life of the financial asset to the carrying balance of the financial asset or the amortized cost of the financial liability. In determining the effective interest rate, the expected cash flow is estimated taking into account all contractual terms of the financial asset or financial liability (such as early repayment, rollover, call option or other similar option, etc.), without taking into account the expected credit loss.

The amortized cost of a financial asset or financial liability is the amount initially recognized less the principal repaid, plus or minus the accumulated amortization resulting from the amortization of the difference between the initial recognition amount and the amount due date using the effective interest rate method, and then deduct the accumulated provision for losses (for financial assets only).

10.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group conducts subsequent measurements of different classes of financial assets at amortized cost, measured at fair value and changes in which are recognized in other comprehensive income, or measured at fair value and changes in which are recorded in profit or loss for the period.

The contractual clauses of a financial asset provide that the cash flows generated on a given date are only the payment of principal and interest based on the outstanding principal amount, and the Group's business model is aimed for managing the financial asset is to collect contractual cash flows, then the Group classifies the financial asset as a financial asset measured at amortized cost. Such financial assets mainly include monetary funds, notes receivable, accounts receivable and other receivables.

The contractual terms of a financial asset provide that the cash flows generated at a particular date are only the payment of principal and interest based on the outstanding principal amount, and the Group's business model for managing the financial asset is aimed at both the receipt of contractual cash flows and the sale of the financial asset, then the financial asset is classified as a financial asset measured at fair value and the change therein is recognized in other comprehensive income. Such financial assets with a maturity of more than one year from the date of acquisition are listed as other debt investments, and if they mature within one year (inclusive) from the balance sheet date, they are shown as non-current assets maturing within one year; Accounts receivable and notes receivable classified as measured at fair value and changes in which are recognized in other comprehensive income at the time of acquisition are shown in receivables financing, and the other acquired with a maturity of one year (inclusive) are shown in other current assets.

At initial recognition, the Group may irrevocably designate investments in non-tradable equity instruments other than contingent consideration recognized in business combinations that are under non-common control as financial assets measured at fair value and changes in which are recognized in other comprehensive income on a single financial asset basis. Such financial assets are listed as investments in other equity instruments.

Where a financial asset meets any of the following conditions, it indicates that the Group's purpose in holding the financial asset is transactional:

The purpose of acquiring the underlying financial asset is primarily for the purpose of the recent sale.

The underlying financial assets were part of a centrally managed portfolio of identifiable financial instruments at the time of initial recognition and there was objective evidence of an actual pattern of short-term profits in the recent.

The underlying financial asset is a derivative instrument, except for derivatives that meet the definition of a financial guarantee contract and derivatives that are designated as effective hedging instruments.

Financial assets measured at fair value and changes in which are recorded in profit or loss for the period include financial assets classified as measured at fair value and changes in which are recorded in profit or loss for the period and financial assets designated as measured at fair value and changes in which are recorded in profit or loss for the period:

Financial assets that do not qualify as financial assets measured at amortized cost and financial assets measured at fair value and changes in which are included in other comprehensive income are classified as financial assets measured at fair value and changes in which are recorded in profit or loss for the period.

At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as financial assets measured at fair value and changes in which are recorded in profit or loss for the period.

Financial assets measured at fair value and changes in which are recorded in profit or loss for the period are shown in trading financial assets, and financial assets with maturity of more than one year (or have an indefinite maturity) from the balance sheet date and expected to be held for more than one year is shown as

other non-current financial assets

10.1.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest rate method, and the gains or losses arising from impairment or derecognition are included in profit or loss for the period.

The Group recognizes interest income on financial assets measured at amortized cost in accordance with the effective interest rate method. For financial assets purchased or derived that have incurred credit impairment, the Group determines interest income based on the amortized cost of the financial asset and the credit-adjusted effective interest rate from the initial recognition. In addition, the Group determines interest income based on the carrying balance of financial assets multiplied by the effective interest rate.

10.1.2 Financial assets measured at fair value and changes in which are recorded in other comprehensive income

Impairment losses or gains and interest income calculated using the effective interest rate method related to financial assets classified as measured at fair value and changes in which are included in other comprehensive income are recognized in profit or loss for the period, and except that, changes in the fair value of such financial assets are recognized in other comprehensive income. The amount of the financial asset recognized in profit or loss for each period is equal to the amount that is recognized in profit or loss for each period as if it had been measured at amortized cost. When the financial asset is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss for the period.

Changes in fair value in investments in non-traded equity instruments designated as measured at fair value and the change in which are recognized in other comprehensive income are recognized in other comprehensive income, and when the financial asset is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings. During the period during which the Group holds the investment in the non-tradable equity instrument, the dividend income is recognized and recorded in profit or loss for the period when the Group's right to receive dividends has been established, the economic benefits associated with the dividends are likely to flow into the Group and the amount of the dividends can be reliably measured.

10.1.3 Financial assets measured at fair value and changes in which are recorded in profit or loss for the period

Financial assets measured at fair value and changes in which are recorded in profit or loss for the period are subsequently measured at fair value, and gains or losses resulting from changes in fair value and dividends and interest income related to the financial asset are recorded in profit or loss for the period.

10.2 Impairment of Financial Instruments

The Group performs impairment accounting and recognizes loss provisions for financial assets measured at amortized cost, financial assets classified as measured at fair value and changes in which are recognized in other comprehensive income, and lease receivables based on expected credit losses.

The Group measures the loss provision at an amount equivalent to the expected credit loss over the life of notes receivable and accounts receivable formed by transactions regulated by revenue standards that do not contain a material financing element or do not take into account the financing component of contracts not exceeding one year, as well as operating leases receivable arising from transactions regulated by No. 21 Accounting Standard for Business Enterprises -Leases.

For other financial instruments, the Group assesses the change in the credit risk of the relevant financial instruments since initial recognition at each balance sheet date, except for financial assets purchased or derived that have incurred credit impairment. If the credit risk of the Financial Instrument has increased significantly since the initial recognition, the Group measures its loss provision by an amount equivalent to the expected credit loss over the life of the financial instrument; If the credit risk of the financial instrument does not increase significantly since the initial recognition, the Group measures its loss provision by an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. Increases or reversals of credit loss provisions are recognized as impairment losses or gains in profit or loss for the period, except for financial assets classified as measured at fair value and changes in which are recognized in other comprehensive income. For financial assets classified as measured at fair value and the change thereof is recorded in other comprehensive income, the Group recognizes a credit loss provision in other comprehensive income and includes impairment losses or gains in profit or loss for the period without reducing the carrying amount of the financial asset as shown in the balance sheet.

Where the Group has measured a loss provision in the preceding accounting period by an amount equivalent to the expected credit loss over the life of the financial instrument, but the financial instrument is no longer subject to a significant increase in credit risk since the initial recognition at the period balance sheet date, the Group measures the loss provision for the financial instrument at the period balance sheet date by an amount equivalent to the expected credit loss in the next 12 months, and the resulting reversal amount for loss provision is recognized as an impairment gain in profit or loss for the period.

10.2.1 Significant increase in credit risk

Using reasonably and evidence-based forward-looking information available, the Group compares the risk of default on financial instruments at the balance sheet date with the risk of default on the initial recognition date to determine whether the credit risk of financial instruments has increased significantly since initial recognition.

In assessing whether credit risk has increased significantly, the Group will consider the following factors:

- (1) whether the internal price indicators have changed significantly due to changes in credit risk.
- (2) whether the interest rate or other terms of an existing financial instrument have changed significantly (e.g., stricter contractual terms, additional collateral or higher yields) if the existing financial instrument is derived or issued as a new financial instrument at the balance sheet date.
- (3) whether there has been a significant change in the external market indicators of the credit risk of the same financial instrument or similar financial instruments with the same estimated duration. These indicators include: credit spreads, credit default swap prices for borrowers, the length and extent to which the fair value of financial assets is less than their amortized cost, and other market information relevant to borrowers (such as changes in the price of borrowers' debt or equity instruments).
- (4) whether there has been a significant change in the external credit rating of the financial instrument in fact or expectation.
- (5) whether the actual or expected internal credit rating of the debtor has been downgraded.

(6) whether there has been an adverse change in business, financial or economic circumstances that is expected to result in a significant change in the debtor's ability to meet its debt servicing obligations.

(7) whether there has been a significant change in the actual or expected operating results of the debtor.

(8) whether the credit risk of other financial instruments issued by the same debtor has increased significantly.

(9) whether there has been a significant adverse change in the regulatory, economic or technical environment in which the debtor is located.

(10) whether there has been a significant change in the value of the collateral used as collateral for the debt or in the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the economic incentive for the debtor to repay the loan within the term specified in the contract or affect the probability of default.

(11) whether there has been a significant change in the economic incentive expected to reduce the borrower's repayment within the term agreed in the contract.

(12) whether there has been a change in the expectations of the loan contract, including the waiver or amendment of contractual obligations that may result from the anticipated breach of the contract, the granting of interest-free periods, interest rate jumps, requests for additional collateral or guarantees, or other changes to the contractual framework of financial instruments.

(13) whether there has been a significant change in the debtor's expected performance and repayment behavior.

(14) Whether the Group's credit management methods for financial instruments have changed.

Regardless of whether the credit risk has increased significantly after the above assessment, when the payment of a financial instrument contract has been overdue for more than (inclusive) 30 days, it indicates that the credit risk of the financial instrument has increased significantly.

At the balance sheet date, if the Group determines that a financial instrument has only a low credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since its initial recognition. A financial instrument is considered to have a low credit risk if it has a low risk of default, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if there are adverse changes in the economic situation and operating environment over a longer period of time that do not necessarily reduce the borrower's performance of its contractual cash obligations.

10.2.2 Financial assets that have undergone credit impairment

Where one or more events occur in which the Group expects to adversely affect the future cash flows of a financial asset, the financial asset becomes a financial asset that has experienced credit impairment. Evidence that credit impairment of financial assets has occurred includes the following observable information:

significant financial difficulties of the issuer or debtor;

Breach of contract by the debtor, such as default or delay in payment of interest or principal;

The creditor gives the debtor concessions under economic or contractual considerations relating to the debtor's financial difficulties that would not have been made under any other circumstances;

The debtor is likely to go bankrupt or undergo other financial restructuring;

The financial difficulties of the issuer or debtor that result in the disappearance of an active market for that financial asset;

Purchase or derive a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

Based on the Group's internal credit risk management, the Group considers an event of default to have occurred when the internally advised or externally obtained information indicates that the debtor of the financial instrument cannot fully pay creditors including the Group (without regard to any security obtained by the Group).

Notwithstanding the above assessment, if a contract payment for a financial instrument is overdue for more than 90 days(inclusive), the Group presumes that the financial instrument has defaulted.

10.2.3 Determination of Expected Credit Loss

The Group uses an impairment matrix on a portfolio basis on notes receivable, accounts receivable and other receivables to determine credit losses on relevant financial instruments. The Group classifies financial instruments into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, type of collateral, date of initial recognition, industry in which the debtor is in, value of collateral relative to financial assets, etc.

For financial assets and lease receivables, the expected credit loss is the present value of the difference between the contractual cash flows due to the Group and the cash flows expected to be collected.

The reflection factors of the Group's methodology for measuring expected credit losses on financial instruments include: an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; the time value of money; reasonable and well-founded information about past events, current conditions, and projections of future economic conditions that can be obtained at the balance sheet date without unnecessary additional costs or efforts.

10.2.4 Write-down of Financial Assets

Where the Group no longer reasonably expects that the contractual cash flows of financial assets will be recovered in whole or in part, the carrying balance of the financial assets will be written down directly. Such write-downs constitute derecognition of the underlying financial assets.

10.3 Transfer of Financial Assets

Financial assets that meet one of the following conditions are derecognized: (1) the contractual right to receive cash flows from the financial asset is terminated; (2) the financial asset has been transferred and substantially all of the risks and rewards in the ownership of the financial asset have been transferred to the transferring party; (3) the financial asset has been transferred, and although the Group has neither transferred

nor retained substantially all of the risks and rewards in the ownership of the financial asset, it has not retained control over the financial asset.

Where the Group neither transfers nor retains substantially all of the risks and rewards in ownership of a financial asset, and retains control of the financial asset, it will continue to recognize the transferred financial asset to the extent that it continues to be involved in the transferred financial asset and recognize the relevant liabilities accordingly. The Group measures the relevant liabilities as follows:

Where the transferred financial assets are measured at amortized cost, the carrying amount of the relevant liability is equal to the carrying amount of the financial asset that continues to be involved in the transferred less the amortized cost of the rights retained by the Group (if the Group retains the relevant rights as a result of the transfer of financial assets) plus the amortized cost of the obligations assumed by the group (if the group has assumed the relevant obligations as a result of the transfer of financial assets), and the relevant liabilities are not designated as financial liabilities measured at fair value and changes in which are recorded in profit or loss for the period.

Where the transferred financial assets are measured at fair value, the carrying amount of the relevant liabilities is equal to the carrying amount of the financial assets that continue to be involved in the transferred financial assets less the fair value of the rights retained by the Group (if the Group retains the relevant rights as a result of the transfer of financial assets) plus the fair value of the obligations assumed by the Group (if the Group has assumed such obligations as a result of the transfer of financial assets), the fair value of such rights and obligations is the fair value when measured on an independent basis.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the carrying amount of the transferred financial assets at the derecognition date and the consideration received as a result of the transfer of the financial and the sum of the amount corresponding to the derecognition portion of the accumulated fair value change originally included in other comprehensive income is included in profit or loss for the period. If the Group transfers financial assets that are investments in non-traded equity instruments designated as measured at fair value and changes in which are recognized in other comprehensive income, the accrued gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

If a partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the financial assets as a whole before the transfer is apportioned between the derecognized portion and the continuing recognition portion at the respective relative fair value on the transfer date, and the difference between the sum of the amount of the consideration received in the derecognized portion and the amount corresponding to the derecognized portion of the accumulated fair value change originally included in other comprehensive income and the carrying amount of the derecognized portion at the derecognition date is included in profit or loss for the current period. If the Group transfers financial assets that are investments in non-traded equity instruments designated as measured at fair value and changes in which are recognized in other comprehensive income, the accrued gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

If the conditions for derecognition are not met for the overall transfer of financial assets, the Group continues to recognize the transferred financial assets as a whole and recognizes the consideration received as a liability.

10.4 Classification of financial liabilities and equity instruments

The Group classifies the financial instruments or their components as financial liabilities or equity instruments at initial recognition according to the contract terms of the financial instruments issued and their

economic essence, not just in legal form, combined with the definitions of financial liabilities and equity instruments.

10.4.1 Classification, recognition and measurement of financial liabilities

Financial liabilities are divided into financial liabilities measured at fair value and whose changes are included in current profits and losses at initial recognition and other financial liabilities.

10.4.1.1 Financial liabilities measured at fair value and whose changes are included in the current profits and losses

Financial liabilities measured at fair value and whose changes are included in current profits and losses include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated as measured at fair value and whose changes are included in current profits and losses. Except for derivative financial liabilities which are listed separately, financial liabilities measured at fair value and whose changes are included in current profits and losses are listed as transactional financial liabilities.

Financial liabilities that meet one of the following conditions, indicate that the purpose of the Group's financial liabilities is transactional:

The purpose of undertaking relevant financial liabilities is mainly to repurchase in the near future.

The relevant financial liabilities are part of the identifiable financial instrument portfolio under centralized management at the initial recognition, and there is objective evidence to show the actual short-term profit model in the near future.

Related financial liabilities are derivatives. Except for derivatives that meet the definition of financial guarantee contract and derivatives that are designated as effective hedging instruments.

The Group can designate financial liabilities that meet one of the following conditions as financial liabilities measured at fair value and whose changes are included in current profits and losses at initial recognition: (1) The designation can eliminate or significantly reduce accounting mismatch; (2) According to the risk management or investment strategy stated in the formal written documents of the Group, the financial liability portfolio or the portfolio of financial assets and financial liabilities are managed and evaluated on the basis of fair value, and reported to key management personnel within the Group on this basis; (3) Qualified mixed contracts containing embedded derivatives.

Transactional financial liabilities are subsequently measured at fair value, and gains or losses caused by changes in fair value and dividends or interest expenses related to these financial liabilities are included in current profits and losses.

For financial liabilities designated as being measured at fair value and whose changes are included in the current profits and losses, the changes in fair value of the financial liabilities caused by changes in the Group's own credit risk are included in other comprehensive income, and other changes in fair value are included in the current profits and losses. When the financial liabilities are derecognized, the accumulated change of its fair value caused by the change of their own credit risk previously included in other comprehensive income is carried forward to retained income. Dividends or interest expenses related to these financial liabilities are included in the current profits and losses. If the accounting mismatch in profit and loss will be caused or enlarged by handling the impact of the changes in credit risk of these financial liabilities in the above way, the Group will include all the gains or losses of the financial liabilities (including the amount affected by the changes in credit risk) in the current profits and losses.

10.4.1.2 Other financial liabilities

Other financial liabilities, except those caused by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, are classified as financial liabilities measured in amortized cost and subsequently measured in amortized cost. The gains or losses arising from derecognition or amortization are included in the current profits and losses.

If the modification or renegotiation of the contract between the Group and the counterparty does not result in the termination of the recognition of the financial liabilities that are subsequently measured according to amortized cost, but the cash flow of the contract changes, the Group recalculates the book value of the financial liabilities and records the relevant gains or losses into the current profits and losses. The recalculated book value of such financial liabilities is determined by the Group according to the present value of discounted contract cash flow that will be renegotiated or modified according to the original actual interest rate of the financial liabilities. For all costs or expenses arising from the modification or renegotiation of the contract, the Group adjusts the book value of the modified financial liabilities and amortizes them within the remaining term of the modified financial liabilities.

10.4.2 Derecognition of financial liabilities

If all or part of the current obligations of financial liabilities have been discharged, the recognition of financial liabilities or part thereof shall be terminated. If the Group (the Borrower) and the Lender will sign an agreement to replace the original financial liabilities by undertaking new financial liabilities, and the contract terms of the new financial liabilities are substantially different from those of the original financial liabilities, the Group will derecognize the original financial liabilities and recognize the new financial liabilities at the same time.

If all or part of the financial liabilities are derecognized, the difference between the book value of the derecognized part and the consideration paid (including the transferred non-cash assets or the new financial liabilities undertaken) will be included in the current profits and losses.

10.4.3 Equity instruments

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

The distribution of equity instrument holders by the Group is treated as profit distribution, and the stock dividends paid do not affect the total shareholders' equity.

10.5 Offset of financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financial liabilities, and this legal right is currently enforceable, and the Group plans to settle the financial assets on a net basis or realize the financial assets and pay off the financial liabilities at the same time, the financial assets and financial liabilities are listed in the balance sheet at the amount after offsetting each other. In addition, financial assets and financial liabilities are listed separately in the balance sheet and do not offset each other.

11. Receivable financing

For notes receivable classified as at fair value and whose changes are included in other comprehensive income, the part with a term of one year (including one year) from the date of acquisition is listed as receivable financing; the part with a term of more than one year from the date of acquisition is listed as other creditor's

right investment. See Note (3) 10 "Financial Instruments" for relevant accounting policies.

12. Inventory

12.1 Classification of inventory

The Group's inventory mainly includes raw materials, products in process, finished products and materials entrusted for processing. Inventory is initially measured at cost, which includes purchasing cost, processing cost and other expenses incurred to make inventory reach the current place and use state.

12.2 Valuation method of issued inventory

When the inventory is issued, the actual cost of the issued inventory is determined by the weighted mean method.

12.3 Determination basis of net realizable value of inventory

On the balance sheet date, inventories are measured according to the lower of cost and net realizable value. When the net realizable value is lower than the cost, the inventory depreciation provision is withdrawn.

Net realizable value refers to the estimated selling price of inventory minus the estimated cost, estimated sales expenses and related taxes and fees at the time of completion in daily activities. When determining the net realizable value of inventory, it is based on the conclusive evidence obtained, and the purpose of holding inventory and the influence of events after the balance sheet date are also considered.

Inventory depreciation provision is drawn according to the difference between the cost of a single inventory item and its net realizable value.

After the inventory depreciation provision is withdrawn, if the influencing factors of previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it will be reversed within the original amount of inventory depreciation provision, and the reversed amount will be included in the current profits and losses.

12.4 Inventory system

The inventory system is perpetual inventory system.

12.5 Amortization method of low-value consumables and packaging materials

Turnover materials and low-value consumables are amortized by straight-line method or one-time write-off method.

13. Long-term equity investment

13.1 Criteria for joint control and important influence

Control means that the investor has the power over the investee, enjoys variable returns by participating in the related activities of the investee, and has the ability to influence the amount of returns by using the power over the investee. Joint control refers to the common control of an arrangement according to the relevant agreement, and that the related activities of the arrangement must be unanimously agreed by the participants who share the control rights before making decisions. Significant influence refers to the power to participate in decision-making on the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties. When determining whether the investee can be controlled or exert significant influence, the potential voting rights factors such as convertible corporate bonds and current

executable warrants of the investee held by investors and other parties have been considered.

13.2 Determination of initial investment cost

For the long-term equity investment obtained by business merger under the same control, the initial investment cost of the long-term equity investment shall be the share of the book value of the owners' equity of the merged party in the consolidated financial statements of the final controlling party on the merger date. The capital reserve shall be adjusted for the difference between the initial investment cost of long-term equity investment and the book value of cash paid, non-cash assets transferred and debts undertaken; If the capital reserve is insufficient to be offset, the retained income shall be adjusted. If equity securities are issued as the merger consideration, the initial investment cost of long-term equity investment shall be the share of the book value of the owners' equity of the merged party in the consolidated financial statements of the final controlling party on the merger date, the share capital shall be the total face value of issued shares, and the capital reserve shall be adjusted according to the difference between the initial investment cost of long-term equity investment and the total face value of the issued shares; If the capital reserve is insufficient to be offset, the retained income shall be adjusted.

For the long-term equity investment obtained from the business merger not under the same control, the initial investment cost of the long-term equity investment shall be the merger cost on the purchase date.

Intermediary expenses such as audit, legal services, evaluation and consultation and other related management expenses incurred by the merging party or the purchaser for business merger are included in the current profits and losses when incurred.

Long-term equity investment obtained by other means except the long-term equity investment formed by business merger shall be initially measured at cost. If the additional investment can exert a significant influence or implement joint control which however does not constitute control on the investee, the long-term equity investment cost is the sum of the fair value of the original equity investment determined in accordance with the *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments* plus the new investment cost.

13.3 Subsequent measurement and profit and loss recognition method

13.3.1 Long-term equity investment calculated by cost method

The company's financial statements use the cost method to calculate the long-term equity investment in subsidiaries. Subsidiaries refer to the invested entities over which the Group can exercise control.

Long-term equity investment accounted by cost method is measured at the initial investment cost. Add or recover investment to adjust the cost of long-term equity investment. The current investment income is recognized according to the cash dividend or profit declared by the investee.

13.3.2 Long-term equity investment calculated by equity method

The Group's investment in associated enterprises and joint ventures is accounted for by the equity method. An associated enterprise refers to the investee over which the Group can exert significant influence, and a joint venture refers to a joint venture arrangement in which the Group has rights only over the net assets of the arrangement.

When accounting by equity method, if the initial investment cost of long-term equity investment is greater than the fair value share of the identifiable net assets of the investee, the initial investment cost of long-term equity investment will not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference shall be included in the current profits and losses, and the

cost of long-term equity investment shall be adjusted.

When accounting by the equity method, the investment income and other comprehensive income are recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the investee, and the book value of long-term equity investment is adjusted; The share is calculated according to the profit or cash dividend declared by the investee, and the book value of long-term equity investment is reduced accordingly; For other changes in the owners' equity of the investee except the net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the capital reserve. When recognizing the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and recognized based on the fair value of the identifiable assets of the investee at the time of investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company, so as to recognize the investment income and other comprehensive income. For the transactions between the Group and the associated enterprises and joint ventures, if the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses shall be offset by the portion belonging to the Group according to the proportion enjoyed, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses between the Group and the investee belong to the impairment losses of the transferred assets and shall not be offset.

When recognizing the share of the net loss of the investee, the book value of the long-term equity investment and other long-term rights and interests that substantially constitute the net investment of the investee shall be written down to zero. In addition, if the Group is obligated to bear additional losses to the investee, the estimated liabilities will be recognized according to the expected obligations and included in the current investment losses. If the investee realizes the net profit in the future, the Group will resume the recognition of the income share after the income share makes up for the unrecognized loss share.

13.4 Disposal of long-term equity investment

When disposing of long-term equity investment, the difference between its book value and the actual purchase price is included in the current profits and losses. For the long-term equity investment accounted by the equity method, if the remaining equity after disposal is still accounted by the equity method, other comprehensive income originally accounted by the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee; Owners' equity recognized by changes in other owners' equity of the investee except net profit and loss, other comprehensive income and profit distribution shall be carried forward to current profits and losses in proportion. If the long-term equity investment accounted for by the cost method is still accounted for by the cost method after disposal, the other comprehensive income recognized by the equity method accounting or the recognition of financial instruments and accounting standards before gaining control of the investee shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee; Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by using the equity method are carried forward to the current profits and losses in proportion.

If the Group loses control of the investee due to the disposal of part of its equity investment, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee in the preparation of individual financial statements, it shall be accounted for by the equity method instead, and the remaining equity shall be treated as if it were adjusted by the equity method at the time of acquisition; If the remaining equity after disposal cannot be jointly controlled or exert significant influence on the investee, it shall

be accounted for according to the relevant provisions of the standards for the recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of control loss shall be included in the current profits and losses. For other comprehensive income recognized by the Group before it gains control of the investee, when it loses control of the investee, it shall be treated on the same basis as the direct disposal of related assets or liabilities by the investee. Changes in owners' equity in the net assets of the investee, except net profit and loss, other comprehensive income and profit distribution, shall be carried forward to current profits and losses when it loses control of the investee. If the remaining equity after disposal is accounted by the equity method, other comprehensive income and other owners' equity will be carried forward in proportion; If the remaining equity after disposal is changed to accounting treatment according to the recognition and measurement standards of financial instruments, all other comprehensive income and other owners' equity will be carried forward.

If the Group loses joint control or significant influence on the investee due to the disposal of some equity investments, the remaining equity after disposal shall be accounted for according to the recognition and measurement standards of financial instruments, and the difference between its fair value and book value on the date of joint control loss or significant influence shall be included in the current profits and losses. Other comprehensive income recognized by the original equity investment due to accounting by the equity method shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the investee when the equity method is terminated. All the owners' equity recognized by the investee due to changes in other owners' equity except net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current investment income when the equity method is terminated.

The Group disposes of the equity investment in its subsidiaries step by step through multiple transactions until it loses control. If the above transactions belong to a package transaction, each transaction will be treated as a transaction that disposes of the equity investment in its subsidiaries and loses control. Before losing control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity will be recognized as other comprehensive income, and then carried forward to the current profits and losses when it loses control.

14. Investment real estate

Measurement model of investment real estate

Measurement by cost method

Depreciation or amortization method

Investment real estate refers to real estate held to earn rent or capital appreciation, or both, including rented houses and buildings.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits related to the asset are likely to flow in and the cost can be measured reliably. Other subsequent expenditures are included in the current profits and losses when incurred.

The Group adopts the cost model for subsequent measurement of investment real estate, and depreciates or amortizes it according to the policy consistent with the right to use houses, buildings or land.

When the investment real estate is disposed of, or permanently withdrawn from use, and it is not expected to obtain economic benefits from its disposal, the recognition of the investment real estate will be terminated.

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

15. Fixed assets

15.1 Recognition conditions

Fixed assets refer to tangible assets held for producing goods, providing services, leasing or management, with a service life of more than one fiscal year. Fixed assets are recognized only when the economic benefits related to them are likely to flow into the Group and their costs can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets if the economic benefits related to the fixed assets are likely to flow in and the cost can be measured reliably, and the book value of the replaced part shall be derecognized. Other subsequent expenditures are included in the current profits and losses when incurred.

15.2 Depreciation method

Fixed assets shall be depreciated within their service life by using the life-average method from the month following the scheduled serviceable state. The depreciation methods, service life, estimated net salvage and annual depreciation rate of various fixed assets are as follows:

Category	Depreciation life (year)	Estimated net salvage rate (%)	Annual depreciation rate (%)
Houses and buildings	10-40	0.00-4.00	2.40-10.00
Machinery equipment	10-14	4.00	6.86-9.60
Transportation equipment	8	4.00	12.00
Electronic equipment and others	5	4.00	19.20

Estimated net salvage refers to the amount that the Group currently obtains from the disposal of fixed assets after deducting the estimated disposal expenses, assuming that the expected service life of the fixed assets has expired and is in the expected state at the end of the service life.

15.3 Other instructions

When the fixed assets are disposed of or it is expected that no economic benefits can be generated through the use or disposal, the fixed assets is derecognized. The difference between the disposal income from the sale, transfer, scrapping or damage of fix assets after deducting its book value and related taxes is included in the current profits and losses.

At least at the end of the year, the Group will review the service life, estimated net salvage and depreciation method of fixed assets, and if there is any change, it will be treated as a change in accounting estimate.

16. Construction in progress

The construction in progress is measured according to the actual cost, which includes various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the scheduled serviceable state and other related expenses. No depreciation is allowed for construction in progress. Construction in progress is carried forward to fixed assets after it reaches the scheduled serviceable state.

17. Borrowing costs

Borrowing costs that can be directly attributed to the purchase, construction or production of assets that meet the capitalization conditions will be capitalized when the asset expenditure has occurred, the borrowing costs have occurred, and the necessary purchase, construction or production activities to make the assets reach

the predetermined serviceable or saleable state have begun; Capitalization shall stop when the assets that meet the capitalization conditions purchased, constructed or produced reach the predetermined serviceable state or saleable state. The remaining borrowing costs are recognized as expenses in the current period.

18. Intangible assets

18.1 Valuation method, service life and impairment test of intangible assets

Intangible assets include land use rights, software and patent rights.

Intangible assets are initially measured at cost. Intangible assets with limited service life shall be amortized by straight-line method in equal installments within their expected service life from the time they are available for use. Intangible assets with uncertain service life shall not be amortized. The amortization method, service life and estimated net salvage of various intangible assets are as follows:

Category	Amortization method	Service life (year)	Estimated net salvage rate (%)
Land use right	Straight-line method	50	-
Software	Straight-line method	5	-
Patent	Straight-line method	15	-

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed and adjusted if necessary.

For the impairment test of intangible assets, please refer to Note (V) 19 "Impairment of Long-term Assets" for details.

18.2 Internal R&D expenditure

Expenditure in the research stage is included in the current profits and losses when incurred.

Expenditures in the development stage are recognized as intangible assets if they meet the following conditions at the same time. Expenditures in the development stage that cannot meet the following conditions are included in the current profits and losses:

- (1) It is technically feasible to complete the intangible assets so that they can be used or sold;
- (2) Having the intention to complete the intangible assets and use or sell them;
- (3) The ways in which intangible assets generate economic benefits, including the ability to prove that the products produced by using the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;
- (4) Having sufficient technical, financial and other resources to support the development of the intangible assets, and having the ability to use or sell the intangible assets;
- (5) Expenditure attributable to the development stage of the intangible assets can be reliably measured.

If it is impossible to distinguish between research stage expenditure and development stage expenditure, all the R&D expenditures incurred shall be included in the current profits and losses. The cost of intangible assets formed by internal development activities only includes the total expenditure from the time when the capitalization conditions are met to the time when the intangible assets reach the intended use, and the expenditure that has been expensed into profit and loss before the capitalization conditions are met in the development process will not be adjusted.

19. Long-term asset impairment

On each balance sheet date, the Group checks whether there are signs that long-term equity investment,

investment real estate measured by cost method, fixed assets, construction in progress, right-to-use assets and intangible assets with definite service life may be impaired. If these assets show signs of impairment, the recoverable amount is estimated. Intangible assets with uncertain service life and intangible assets that have not yet reached the serviceable state are tested for impairment every year, regardless of whether with signs of impairment.

Estimating the recoverable amount of an asset is based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The recoverable amount is the higher of the net amount of the fair value of the asset or asset group minus the disposal expenses or the present value of its expected future cash flow.

If the recoverable amount of an asset is lower than its book value, the asset impairment provision shall be accrued according to the difference and included in the current profits and losses.

Goodwill shall be tested for impairment at least at the end of each year. When testing the impairment of goodwill, it shall be conducted in combination with the related asset group or asset group portfolio. That is, from the purchase date, the book value of goodwill is allocated to the asset group or asset group portfolio that can benefit from the synergistic effect of business merger in a reasonable way. If the recoverable amount of the asset group or asset group portfolio containing the allocated goodwill is lower than its book value, the corresponding impairment loss will be recognized. The amount of impairment loss will firstly deduct the book value of goodwill allocated to the asset group or asset group portfolio, and then deduct the book value of other assets according to the proportion of the book value of assets other than goodwill in the asset group or asset group portfolio.

Once the above-mentioned asset impairment losses are recognized, they will not be reversed in future accounting periods.

20. Long-term deferred expenses

Long-term deferred expenses refer to the expenses that have occurred but should be borne by the current period and subsequent periods with an amortization period of more than one year. Long-term deferred expenses shall be amortized evenly by stages during the expected benefit period.

21. Contractual liabilities

Contractual liabilities refer to the obligation of the Group to transfer goods or services to customers for consideration received or receivable from customers. Contract assets and liabilities under the same contract are listed on a net basis.

22. Employee Remuneration

22.1 Accounting treatment method of short-term Remuneration

During the accounting period when employees provide services for the Group, the Group recognizes the actual short-term remuneration as a liability, and records it into the current profits and losses or related asset costs. The employee welfare expenses incurred by the Group are included in the current profits and losses or related asset costs according to the actual amount when actually incurred. If employee welfare expenses are non-monetary benefits, they shall be measured at fair value.

The social insurance premiums such as medical insurance premium, work injury insurance premium and

maternity insurance premium and housing provident fund paid by the Group for employees, as well as the trade union funds and employee education funds withdrawn by the Group according to regulations, shall be calculated according to the stipulated accrual basis and accrual ratio during the accounting period when employees provide services for the Group to determine the employee compensation amount, and recognize the corresponding liabilities, and be included in the current profits and losses or related asset costs.

22.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

During the accounting period when employees provide services for the Group, the amount payable calculated according to the set deposit plan is recognized as a liability, and included in the current profits and losses or related asset costs.

22.3 Accounting treatment of dismissal benefits

If the Group provides dismissal benefits to employees, the employee compensation liabilities arising from the dismissal benefits shall be recognized at the earlier of the following two dates, and included in the current profits and losses: when the Group cannot unilaterally withdraw the dismissal benefits provided by the plan to terminate labor relations or the proposal to cut back; When the Group recognizes the costs or expenses related to the reorganization involving the payment of dismissal benefits.

23. Estimated liabilities

When the obligation related to contingencies such as customer return are the current obligations undertaken by the Group, and the fulfillment of this obligation is likely to lead to the outflow of economic benefits, and the amount of this obligation can be measured reliably, it is recognized as estimated liabilities.

On the balance sheet date, considering the risk, uncertainty and time value of money related to contingencies, the estimated liabilities are measured according to the best estimate of the expenditure required to fulfill the relevant current obligations. If the time value of money is significant, the best estimate is determined by the discounted amount of expected future cash outflow.

24. Share-based payment

Share-based payment of the Group is a transaction that grants equity instruments or assumes liabilities determined on the basis of equity instruments in order to obtain services provided by employees. Share-based payment of the Group is equity-settled share-based payment.

24.1 Equity-settled share-based payment

Equity-settled share-based payment granted to employees

Equity-settled share-based payment in exchange for services provided by employees is measured by the fair value of the equity instruments granted to employees on the grant date in the Group. During the waiting period, the amount of the fair value is based on the best estimate of the number of exercisable equity instruments, calculated by the straight-line method and included in the relevant costs or expenses, and the capital reserve is increased accordingly.

On each balance sheet date during the waiting period, the Group makes the best estimate based on the latest subsequent information such as changes in the number of employees with vesting rights, and corrects the number of equity instruments with estimated vesting rights. The impact of the above estimate is included in the

relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

24.2 Accounting treatment related to implementation, modification and termination of share-based payment plan

When the Group modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in services obtained will be recognized accordingly; If the modification increases the number of equity instruments granted, the fair value of the increased equity instruments will be recognized as an increase in service acquisition accordingly. The increase in the fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the total fair value of share-based payment is reduced or the terms and conditions of the share-based payment plan are modified in other ways that are unfavorable to employees, the accounting treatment for the services obtained will continue, as if the change had never occurred, unless the Group cancels part or all of the equity instruments granted.

During the waiting period, if the granted equity instruments are cancelled, the Group will accelerate the cancellation of the granted equity instruments, and immediately include the amount to be recognized in the remaining waiting period in the current profits and losses, and at the same time recognize the capital reserve. If employees or other parties can choose to meet the conditions of unfeasible rights but fail to meet them within the waiting period, the Group will cancel them as the instrument for granting equity.

25.Revenue

The Company's revenue mainly comes from the following business types:

- (1) Polarizer sales business;
- (2) Textile sales business;
- (3) Property leasing and management business;
- (4) Other businesses.

When the company fulfills its contractual obligations, that is, when the customer obtains control of the relevant goods or services, revenue is recognized based on the transaction price allocated to the performance obligation. The performance obligation refers to the commitment of the company to transfer goods or services that can be clearly distinguished to customers in the contract. "Transaction price" refers to the amount of consideration that the Company is expected to be entitled to receive for the transfer of goods or services to customers, but does not include amounts received on behalf of third parties and amounts that the Company expects to return to customers.

The company evaluates the contract on the contract start date, identifies each individual performance obligation included in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time. If one of the following conditions is met, it is a performance obligation performed within a certain period of time, and the company recognizes revenue over a period of time based on the performance progress: (1) The customer obtains and consumes the economic benefits brought about while the company performs the contract; (2) The customer can control the goods under construction during the performance of the company's contract; (3) The goods produced during the performance of the contract by the company have irreplaceable uses, and the company has the right to receive payments for the part of the performance that has been completed so far accumulated throughout the contract period. Otherwise, the company recognizes revenue at the time when the customer obtains control of the relevant goods or services.

If a contract contains two or more performance obligations, the company will allocate the transaction price

to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. However, if there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations under the contract, the company will allocate the contract discount or variable consideration to the relevant one or more performance obligations. "Individual selling price" refers to the price at which the company separately sells goods or services to customers. If the individual selling price cannot be directly observed, the company comprehensively considers all relevant information that can be reasonably obtained, and estimates the individual selling price using observable input values to the maximum extent.

For sales with sales return clauses, when the customer obtains control of the relevant goods, the company recognizes revenue based on the expected amount of consideration to be charged for transferring the goods to the customer (i.e., excluding the expected amount to be refunded due to sales return), and recognizes liabilities based on the expected amount to be refunded due to sales return; At the same time, based on the expected book value of the returned goods at the time of transfer, the balance after deducting the expected costs incurred in recovering the goods (including the impairment of the value of the returned goods) is recognized as an asset. Based on the book value of the transferred goods at the time of transfer, the net carrying cost of the above asset costs is deducted.

For sales with quality assurance clauses, if the quality assurance provides a separate service in addition to assuring the customer that the goods or services sold meet established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Company will conduct accounting treatment for quality assurance responsibilities in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies.

The Company determines whether it is the primary responsible person or agent when engaging in transactions based on whether it has control over the goods or services before transferring them to customers. If the company is able to control the goods or services before transferring them to customers, the company is the main responsible person and recognizes revenue based on the total amount of consideration received or receivable; Otherwise, the company acts as an agent and recognizes revenue based on the expected amount of commissions or handling fees that it is entitled to receive. This amount is determined based on the net amount of the total amount of consideration received or receivable minus the amount payable to other related parties.

Where the Company advances money from customers for the sale of goods or services, the money is first recognized as a liability, and then converted into income when the relevant performance obligations are fulfilled. When the Company does not need to return the advance payment and the customer may waive all or part of their contractual rights, if the Company expects to be entitled to receive the amount related to the contractual rights waived by the customer, the above amount shall be recognized as income on a pro rata basis in accordance with the mode in which the customer exercises contractual rights; Otherwise, the Company will only convert the relevant balance of the above liabilities into revenue when the likelihood of the customer requesting fulfillment of the remaining performance obligations is extremely low.

For the accounting policies for recognizing the Company's property lease income, see Note V, 28.2.2.1, "The Company records operating lease business as a lessor."

26. Government subsidies

Government subsidies refer to the monetary assets and non-monetary assets obtained by the Group from the government free of charge. Government subsidies are recognized when they can meet the conditions attached to government subsidies and can be received.

If government subsidies are monetary assets, they shall be measured according to the amount received or receivable.

26.1 Judgment basis and accounting treatment method of government subsidies related to assets

As long-term assets can be formed in the production line subsidies and equipment subsidies of the Group's government subsidies, these government subsidies are government subsidies related to assets.

Government subsidies related to assets are recognized as deferred income, and are included in the current profits and losses in installments according to the straight-line method within the service life of the related assets.

26.2 Judgment basis and accounting treatment method of government subsidies related to income

As the Group's government subsidies, such as industry development support funds, enterprise development support funds and tax subsidies, cannot form long-term assets, these government subsidies are government subsidies related to income.

Government subsidies related to income, if used to compensate related costs and losses in future periods, will be recognized as deferred income, and are included in the current profits and losses during the period when related costs or expenses are recognized; if used to compensate the related costs and losses that have occurred, will be directly included in the current profits and losses.

Government subsidies related to the daily activities of the Group are included in other income according to the nature of economic business. Government subsidies unrelated to the daily activities of the Group are included in non-operating income.

When the confirmed government subsidy needs to be returned, if there is a relevant deferred revenue balance, the relevant deferred income book balance will be offset, and the excess will be included in the current profits and losses; If there is no relevant deferred income, it will be directly included in the current profits and losses.

27. Deferred income tax assets/Deferred income tax liabilities

Income tax expenses include current income tax and deferred income tax.

27.1 Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods shall be measured by the expected income tax payable (or refunded) calculated in accordance with the provisions of the tax law.

27.2 Deferred income tax assets and deferred income tax liabilities

For the difference between the book values of some assets and liabilities and their tax basis, and the temporary difference between the book values of items that are not recognized as assets and liabilities but can be determined in tax basis according to the provisions of the tax law and tax basis, the balance sheet liability method is adopted to recognize deferred income tax assets and deferred income tax liabilities.

In general, all temporary differences are recognized as related deferred income tax. However, for deductible temporary differences, the Group recognizes related deferred income tax assets to the extent that it is likely to obtain taxable income to offset the deductible temporary differences. In addition, for the temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business merger nor affect accounting profits and taxable income (or

deductible losses), the relevant deferred income tax assets or liabilities are not recognized.

For deductible losses and tax deductions that can be carried forward to future years, the corresponding deferred income tax assets are recognized to the extent that it is likely to obtain future taxable income for deducting deductible losses and tax deductions.

The Group recognizes deferred income tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associated enterprises and joint ventures, unless the Group can control the time when the temporary differences are reversed, and the temporary differences are unlikely to be reversed in the foreseeable future. For deductible temporary differences related to the investments of subsidiaries, associated enterprises and joint ventures, the Group recognizes the deferred income tax assets only when the temporary differences are likely to be reversed in the foreseeable future and the taxable income used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured according to the applicable tax rate during the expected recovery of related assets or settlement of related liabilities.

Except that the current income tax and deferred income tax related to transactions and events directly included in other comprehensive income or shareholders' equity are included in other comprehensive income or shareholders' equity, and the deferred income tax arising from business merger adjusts the book value of goodwill, the remaining current income tax and deferred income tax expenses or gains are included in the current profits and losses.

On the balance sheet date, the book value of deferred income tax assets shall be rechecked. If it is probable that sufficient taxable income will not be obtained in the future to offset the benefits of deferred income tax assets, the book value of deferred income tax assets shall be written down. When sufficient taxable income is likely to be obtained, the amount written down will be reversed.

27.3 Offset of income tax

When the Group has the legal right to settle on a net basis and intends to settle on a net basis or acquire assets and pay off liabilities at the same time, the Group's current income tax assets and current income tax liabilities are presented on an offset net basis.

When the taxpayer has the legal right to settle the current income tax assets and liabilities on a net basis, and the deferred income tax assets and liabilities are related to the income tax levied by the same tax collection department on the same taxpayer or to different taxpayers, but in the future, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis, or acquire assets and pay off liabilities at the same time, the Group's deferred income tax assets and liabilities are presented on an offset net basis.

28. Lease

"Lease" refers to a contract whereby the lessor transfers the right to use an asset to the lessee for a certain period of time to obtain consideration.

On the contract start date, the company evaluates whether the contract is a lease or includes a lease. Unless the terms and conditions of the contract change, the company will not reassess whether the contract is a lease or includes a lease.

28.1 The Company as lessee

28.1.1 Spin-Off of Leases

"If a contract contains one or more lease and non lease parts simultaneously, the company will split the separate lease and non lease parts and allocate the contract consideration based on the relative proportion of the sum of the individual prices of each lease part and the individual prices of the non lease part."

28.1.2 Right to Use Assets

Except for short-term leases, the Company recognizes the right to use assets for leases on the lease beginning date. The lease term start date refers to the start date on which the lessor provides the leased asset for use by the company. The right to use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;
- The amount of lease payments paid on or before the start date of the lease term, if there is a lease incentive, shall be deducted from the relevant amount of the lease incentive enjoyed;
- Initial direct expenses incurred by the company;
- The estimated costs that the company will incur to dismantle and remove 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 refers to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets to accrue depreciation for the right to use assets. If the company can reasonably determine that it will acquire the ownership of the leased asset upon the expiration of the lease term, the right to use asset shall be depreciated within the remaining service life of the leased asset. If it is impossible to reasonably determine that ownership of the leased asset can be obtained upon the expiration of the lease term, depreciation shall be accrued during the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether the right to use assets have been impaired in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, and conducts accounting treatment for the identified impairment losses.

28.1.3 Lease liabilities

Except for short-term leases, the Company initially measures lease liabilities at the beginning of the lease term based on the present value of the unpaid lease payments on that date. When calculating the present value of lease payments, the company uses the implicit interest rate of the lease as the discount rate. If the implicit interest rate of the lease cannot be determined, the incremental borrowing rate is used as the discount rate.

Lease payments refer to the payments made by the company to the lessor related to the right to use the leased asset during the lease term, including:

- Fixed payment amount and substantial fixed payment amount. If there is a lease incentive, the relevant amount of the lease incentive shall be deducted;
- Variable lease payments that depend on an index or ratio;
- The Company reasonably determines the exercise price of the purchase option to be exercised;
- The lease term reflects the amount to be paid for exercising the option to terminate the lease if the company will exercise the option to terminate the lease;
- The estimated amount payable based on the residual value of the guarantee provided by the company.

After the beginning date of the lease term, the company calculates the interest expense of the lease liability for each period of the lease term at a fixed periodic interest rate, and includes it in the current profit and loss or related asset costs.

After the beginning date of the lease term, if the following circumstances occur, the company remeasures the lease liability and adjusts the corresponding right to use assets. If the book value of the right to use assets has been reduced to zero, but the lease liability still needs to be further reduced, the company will record the difference into the current profit and loss:

- If the lease term changes or the evaluation result of the purchase option changes, the company remeasures the lease liability based on the present value of the changed lease payments and the revised discount rate;
- If there is a change in the expected payable amount based on the guarantee residual value or the index or proportion used to determine the lease payment amount, the company will remeasure the lease liability based on the changed lease payment amount and the present value calculated at the original discount rate.

28.1.4 Short Term Leases

The Company chooses not to recognize the right to use assets and lease liabilities for short-term leases of some factory buildings and some leased warehouses. "Short term lease" refers to a lease that has a lease term of no more than 12 months and does not include a purchase option on the beginning date of the lease term. The Company includes the lease payments for short-term leases in the current profit and loss or related asset costs using the straight-line method during each period of the lease term.

28.1.5 Lease Changes

If a lease is changed and the following conditions are met simultaneously, the company will treat the lease change as a separate lease for accounting purposes:

- The lease change expands the scope of the lease by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the individual price for the majority of the expansion of the lease scope adjusted according to the contract situation.

"If a lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will reallocate the consideration of the changed contract, redefine the lease term, and remeasure the lease liability based on the present value of the changed lease payment amount and the revised discount rate."

If the lease change results in a reduction in the lease scope or the lease term, the Company shall reduce the book value of the right to use asset accordingly, and record the relevant gains or losses from partial or complete termination of the lease into the current profit and loss. If other lease changes result in the remeasurement of lease liabilities, the Company shall adjust the book value of the right to use assets accordingly.

28.1.6 Policy related rent concessions

The Group chooses to adopt the simplified method in the relevant treatment regulations for rent concessions such as rent reduction and deferred payment that are directly caused by policies and are agreed between the Group and the lessor on existing lease contracts, while meeting the following conditions:

- (1) The lease consideration after the concession is reduced or substantially unchanged compared to that before the concession;
- (2) After comprehensive consideration of qualitative and quantitative factors, it is determined that there are no significant changes in other terms and conditions of the lease.

The Company continues to calculate the interest expense of lease liabilities at the same discount rate as before the concession and record it into the current profit and loss. It continues to accrue depreciation and other subsequent measurements on the right to use assets using the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as a variable lease payment amount. When the original rent payment obligation is relieved, such as reaching a concession agreement, the relevant asset costs or expenses will be offset by the discounted amount at the undiscounted or pre concession discount rate, and the lease liabilities will be adjusted accordingly; If the rent is deferred, the Company shall offset the lease liabilities recognized in the previous period when actually paying the rent.

For short-term leases that adopt simplified treatment, the company continues to include the original contract rent in the relevant asset costs or expenses using the same method as before concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as a variable lease payment amount to offset the relevant asset costs or expenses during the reduction or exemption period; If the rent payment is delayed, the Company will recognize the rent payable as payable during the original payment period, and offset the previously recognized payable when the actual payment is made.

28.2 The Company as lessor

28.2.1 Spin-Off of Leases

If the contract includes both the leased and non leased parts, the company allocates the contract consideration in accordance with the provisions of the income standards on transaction price allocation, and the basis of allocation is the separate prices of the leased and non leased parts.

28.2.2 Classification of leases

Leases that substantially transfer almost all the risks and rewards related to the ownership of the leased asset are financial leases. Leases other than financing leases are operating leases.

28.2.2.1 The company records operating lease business as the lessor

During each period of the lease term, the Company adopts the straight-line method to recognize the lease receipts from operating leases as rental income. The initial direct expenses incurred by the Company in connection with operating leases are capitalized when incurred, amortized over the lease term on the same basis as rental income recognition, and included in current profits and losses by stages.

The variable lease receipts obtained by the company related to operating leases that are not included in the lease receipts are included in the current profit and loss when actually incurred.

28.2.3 Lease Changes

If there is a change in an operating lease, the company will treat it as a new lease for accounting purposes from the effective date of the change. The amount of advance receipts or receivable lease receipts related to the lease before the change is considered as the amount of receipts for the new lease.

28.2.4 Policy related rent concessions

The Group chooses to adopt the simplified method in the relevant treatment regulations for rent concessions such as rent reduction, deferred payment, etc. that are directly caused by policies and are agreed between the lessee and the lessor on existing lease contracts, while meeting the following conditions:

- (1) The lease consideration after the concession is reduced or substantially unchanged compared to that before the concession;
- (2) After comprehensive consideration of qualitative and quantitative factors, it is determined that there are no significant changes in other terms and conditions of the lease.

For operating leases under the Company's own property lease contracts, the Company continues to recognize the original contract rent as lease income using the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as a variable lease payment amount and offset the lease income during the reduction or exemption period; If the rent collection is delayed, the Company recognizes the rent receivable during the original collection period as receivables, and offsets the previously recognized receivables when actually received.

29. Changes in important accounting policies and accounting estimates, and correction of previous errors

29.1 Significant accounting policy changes

Accounting Standards for Business Enterprises Interpretation No. 15

On December 30, 2021, the Ministry of Finance issued "Interpretation No. 15 of the Accounting Standards for Business Enterprises" (hereinafter referred to as "Interpretation No. 15"), which regulates the accounting treatment for the external sales of products or by-products produced by enterprises before their fixed assets

reach their intended usable state or during the research and development process.

Interpretation No. 15 stipulates that if an enterprise sells products or by-products produced before the fixed assets reach their intended usable status or during the research and development process, it should separately account for the revenue and costs related to the trial operation sales in accordance with the revenue standards, Accounting Standards for Business Enterprises No. 1 - Inventory, and other provisions, and include them in the current profit and loss. The net amount of trial run sales related revenue after offsetting costs should not be used to offset fixed asset costs or research and development expenses. At the same time, enterprises should separately disclose relevant information such as the amount of revenue and cost related to trial run sales, specific reporting items, and important accounting estimates used to determine the costs related to trial run sales in the notes. This provision shall come into force as of January 1, 2022. Retroactive adjustments shall be made to trial run sales that occur between the beginning of the earliest period in which financial statements are presented and January 1, 2022.

The Company adopts the retrospective adjustment method for accounting treatment and restates the financial statements of comparable years.

29.2 Changes in important accounting estimates

Contents and reasons of changes in accounting estimates	Approval procedure	Time point of application	Remark
In order to reflect the Group's financial position and operating results more objectively and fairly, the Group changed the accounting estimate of the depreciation period of some fixed assets, changed the depreciation period of electronic equipment and other equipment from 8 years to 5 years, kept the residual value rate unchanged, and changed the annual depreciation rate from 12% to 19.2%.	It was reviewed and approved at the 9th meeting (interim meeting) of the Eighth Board of Directors on December 31, 2021.	January 1, 2022	As of December 31, 2022, the change in accounting estimates caused the accumulated depreciation of fixed assets to be accrued by RMB 1,412,095.44, which caused the net profit of this year to decrease by RMB 1,412,095.44.

29.3 Correction of previous errors

Shengbo Optoelectronics, a subsidiary of the company, found significant prior period errors in previous years this year. In accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies, Accounting Estimates, and Correction of Errors", the Company has corrected relevant errors and restated the 2021 consolidated financial statements. The relevant corrections are as follows:

(1) Classification of current assets (liabilities) and non current assets (liabilities)

In 2021, an investment in a partnership enterprise will be included in other non current financial assets. After self examination and review, the investment is an asset that will mature and be recovered within one year. According to the Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements, it will be reclassified from other non current financial assets to trading financial assets.

In 2021, the payable refunds due within one year will be included in the estimated liabilities. After self inspection and review, they will be reclassified from the estimated liabilities to other current liabilities in accordance with the Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements.

In 2021, a leased property was included in fixed assets. According to the provisions of the Accounting

Standards for Business Enterprises No. 3 - Investment Real Estate, it was reclassified from fixed assets to investment real estate through self inspection and review.

(2) Raw materials in transit are not provisionally recorded

At the end of 2021, the raw materials in transit were not provisionally estimated and recorded in the account. After self inspection and review, the inventory and accounts payable were increased in accordance with the Accounting Standards for Business Enterprises No. 1 - Inventory.

(3) Product cost allocation for different grades of the same product

After self inspection and review, there are differences in the cost allocation of different grades of the same product by the Group. In accordance with relevant regulations such as the Accounting Standards for Business Enterprises No. 1 - Inventories and the Enterprise Product Cost Accounting System (Trial), the Group recalculates the cost of products of different grades of the same product, adjusts the cost of inventory sold, and accordingly adjusts the asset impairment losses and operating costs in the 2021 consolidated financial statements.

The main effects of the above change in accounting policy and correction of prior period errors on the consolidated financial statements for 2021 are as follows:

Unit: RMB

Financial Statement Item Name	Change in accounting policy/prior period Amount before correction of errors	Amount of change in accounting policy	Amount of correction of prior period errors	Change in accounting policy/prior period Amount after correction of errors
1、 Balance Sheet Items				
(1) Assets				
Financial assets held for trading	586,540,735.16	-	30,650,943.40	617,191,678.56
Other non-current financial assets	30,650,943.40	-	(30,650,943.40)	-
Inventory	667,461,447.03	-	75,940,410.71	743,401,857.74
Investment properties	106,217,779.76	-	19,034,071.67	125,251,851.43
Fixed Assets	2,424,741,252.86	(9,048,192.38)	(19,034,071.67)	2,396,658,988.81
Total Assets	5,496,647,107.83	(9,048,192.38)	75,940,410.71	5,563,539,326.16
(2) Liabilities				
Accounts Payable	283,643,842.23	-	75,940,410.71	359,584,252.94
Other current liabilities	27,523,903.58	-	30,741,055.00	58,264,958.58
Projected liabilities	30,741,055.00	-	(30,741,055.00)	-
Total liabilities	1,532,817,860.76	-	75,940,410.71	1,608,758,271.47
(3) Shareholders' Equity				
Undistributed earnings	130,746,251.74	(5,428,915.43)	-	125,317,336.31
Total equity attributable to owners of the parent company	2,816,795,889.89	(5,428,915.43)	-	2,811,366,974.46
Minority interests	1,147,033,357.18	(3,619,276.95)	-	1,143,414,080.23
Total shareholders' equity	3,963,829,247.07	(9,048,192.38)	-	3,954,781,054.69
2、 Income Statement Items				
Operating income	2,293,747,892.06	36,313,788.94	-	2,330,061,681.00
Operating Costs	1,908,519,413.28	45,361,981.32	(46,887,730.85)	1,906,993,663.75
Impairment gains (losses) on assets	(83,508,720.33)	-	(46,887,730.85)	(130,396,451.18)
Net Profit	75,114,666.20	(9,048,192.38)	-	66,066,473.82
Net profit attributable to shareholders of the parent company	61,162,384.25	(5,428,915.43)	-	55,733,468.82
Minority interests in profit or loss	13,952,281.95	(3,619,276.95)	-	10,333,005.00

VI. Taxes

1. Main tax categories and tax rates

Tax category	Tax basis	Tax rate
VAT	The balance after deducting the deductible input tax from the output tax; The tax calculation method of "exemption, offset and refund" is applied to sales of export products	The output tax for domestic sales is calculated according to 13%, 9%, 6% and 5% of the sales amount calculated according to relevant tax regulations, and the tax rebate rate for export products is 13%
Urban maintenance and construction tax	Payable turnover tax	7%
Business income tax	Taxable amount of income	25%,20%,15%,8.25%
Surcharge for education	Payable turnover tax	3%
Surcharge for local education	Payable turnover tax	2%
Property tax	Residual value or rental income after deducting 30% from the original value of property at one time	1.2% or12%

The disclosure statement if there are taxpayers with different enterprise income tax rates

Name of taxpayer	Income tax rate
The Company	0.25
Shenzhen Shenfang Property Management Co., Ltd.	0.25
Shenzhen Shengjinlian Technology Co., Ltd.	0.25
Shenzhen Beauty Century Garment Co., Ltd.	20%(Note 1)
Shenzhen Lisi Industrial Co., Ltd.	20%(Note 1)
Shenzhen Shenfang Sungang Property Management Co., Ltd.	20%(Note 1)
Shenzhen Huaqiang Hotel	20%(Note 1)
Shengtou (HK) Co., Ltd.	8.25%(Note 2)
Shenzhen SAPO Photoelectric Co., Ltd.	15%(Note 3)

Note 1: See "Tax Preferences" in Notes (VI), 2 (2) for details.

Note 2: According to the Tax Ordinance of Hong Kong, Hong Kong companies applied the two-tier system of profits tax in 2018, and the first profit of HK\$ 2 million will be calculated and paid at 8.25%, and the profits generated thereafter will be calculated at 16.5%.

Note 3: See "Tax Preference" in Notes (VI), 2(1) for details.

2. Tax preference

(1) In 2019 and 2022, SAPO Photoelectric, a subsidiary of the Company, was jointly recognized as a high-tech enterprise by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration, respectively, with a certification period of 3 years, and the certificate numbers of GR201944205666 and GR202244204504 respectively. It shall apply the preferential tax policies for high-tech enterprises within three years after it is recognized as a high-tech enterprise, and pay enterprise income tax at the rate of 15% after being filed by the competent tax bureau.

(2) According to the Law of the People's Republic of China on Enterprise Income Tax issued on March 16, 2007 and its revised version, the subsidiaries of the Company, Shenzhen Meibainian Clothing Co., Ltd., Shenzhen Huaqiang Hotel Clothing Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd. and Shenzhen Shenfang Sungang Property Management Co., Ltd., are qualified small and low-profit enterprises. According to the Notice on Implementing Inclusive Tax Relief Policies for Small and Micro Enterprises (CS [2019]

No.13), Announcement on Implementing Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business (Announcement No.12 of the Ministry of Finance and the State Taxation Administration in 2021) and Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No.13 of the Ministry of Finance and the State Taxation Administration in 2022), for the part of the taxable income of small and low-profit enterprises that does not exceed RMB 1 million this year, it will be included in the taxable income at a reduced rate of 12.5%, and the enterprise income tax will be paid at a rate of 20% (2021: at a reduced rate of 12.5% and at a tax rate of 20%); For the part of taxable income exceeding RMB 1 million but not exceeding RMB 3 million this year, it will be included in taxable income at a reduced rate of 25%, and enterprise income tax will be paid at a rate of 20% (2021: at a reduced rate of 50%, and a tax rate of 20%).

(3) According to the relevant provisions of the Notice of State Taxation Administration of the General Administration of Customs of the Ministry of Finance on Supporting the Development of New Display Device Industry (CGS [2021] No.19), SAPO Photoelectric, a subsidiary of the Company, is a manufacturer of key raw materials and components in the upstream of the new display device industry, such as color filter films and polarizers, which are in line with the independent development plan of the domestic industry. From January 1, 2021 to December 31, 2030, it enjoys the policy of importing self-used productive raw materials and consumables that cannot be produced in China, and is exempt from import duties.

VII. Notes of consolidated financial statement

1.Monetary Capital

Items	In RMB	
	Year-end balance	Year-beginning balance
Cash at hand	3,980.56	792.64
RMB	3,980.56	792.64
Bank deposit(Note 1)	874,795,302.32	302,472,035.96
RMB	853,053,825.65	279,304,631.88
USD	17,490,003.77	21,657,073.19
Yen	4,200,382.59	851,136.87
HKD	51,090.31	659,194.02
Other monetary capital(Note 2):	116,990,685.31	-
RMB	116,929,425.84	-
USD	60,972.46	-
Yen	287.01	-
Total	991,789,968.19	302,472,828.60
Including : The total amount of deposit abroad		6,009,898.07

Note 1: Bank deposits include interest on current deposits of RMB 324,448.42.

Note 2: On December 31, 2022, the Company's other monetary funds included the frozen account of RMB 1,270,758.22, and the principal and interest of time deposit certificates due for more than three months from the date of purchase of RMB 115,719,927.09.

2. Transactional financial assets

Items	In RMB	
	Balance at the end of this year	Balance at the end of last year
Financial assets measured at fair value and whose changes are included in the current profits and losses	319,605,448.44	617,191,678.56
Including: money funds and structured deposits	319,605,448.44	617,191,678.56
Partnership Investment	-	30,650,943.40

Total	319,605,448.44	617,191,678.56
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3. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Bank acceptance	74,619,100.26	77,296,787.26
Commercial acceptance		72,646,093.02
Total	74,619,100.26	149,942,880.28

(2) On December 31, 2022, the Group had no pledged bills receivable.

(3) On December 31, 2022, the notes receivable that have been endorsed or discounted by the Group and have not yet matured on the balance sheet date.

In RMB

Items	Amount to be derecognized at the end of this year	Amount not derecognized at the end of this year
Bank acceptance	-	48,387,401.67

(4) Classified disclosure by credit loss provision accrual method

In RMB

Category	Balance at the end of this year					Balance at the end of last year				
	Book balance		Credit loss provision		Book value	Book balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)		Amount	Proportion (%)	Amount	Accrual proportion (%)	
Credit loss provision accrued by item	-	-	-	-	-	-	-	-	-	-
Credit loss provision accrued by portfolio	74,619,100.26	100.00	-	-	74,619,100.26	150,307,936.02	100.00	365,055.74	0.24	149,942,880.28
Including: Bank acceptance bill	74,619,100.26	100.00	-	-	74,619,100.26	77,296,787.26	51.43	-	-	77,296,787.26
Commercial acceptance bill	-	-	-	-	-	73,011,148.76	48.57	365,055.74	0.50	72,646,093.02
Total	74,619,100.26	100.00	-	-	74,619,100.26	150,307,936.02	100.00	365,055.74		149,942,880.28

(5) Credit loss provision

In RMB

Category	Balance at the beginning of this year	Amount of change this year				Balance at the end of this year
		Accrual	Recovery or reversal	Write-off or cancellation	Other changes	
Commercial acceptance	365,055.74		(365,055.74)	-	-	1,078,834.61

(6) On December 31, 2022, the Group had no bills receivable actually written off.

4. Account receivable

(1) Disclosure by aging

In RMB

Aging	Balance at the end of this year			Balance at the end of last year		
	Account receivable	Credit loss provision	Proportion(%)	Account receivable	Credit loss provision	Proportion(%)
Within 1 year	670,780,300.16	34,261,574.63	5.11	502,894,801.73	22,896,093.16	4.55
1-2 years	614,645.76	549,901.36	89.47	5,702.29	5,702.29	100.00
2-3years	-	-	-	676,153.40	676,153.40	100.00
3 年以上	12,883,224.42	12,883,224.42	100.00	12,532,199.89	12,532,199.89	100.00
Total	684,278,170.34	47,694,700.41		516,108,857.31	36,110,148.74	

(2) Classified disclosure by credit loss provision accrual method

Credit loss provision by item: if there is evidence that the credit risk of a single receivable is relatively high, credit loss provision shall be accrued separately for the receivable.

Credit loss provision is made according to the portfolio of credit risk characteristics: except for receivables with credit impairment loss, the Group uses impairment matrix to evaluate the expected credit loss of accounts receivable formed by operating income on the basis of portfolio. According to the risk characteristics, the Group divides customers into Portfolio 1 and Portfolio 2, which respectively involve customers with the same risk characteristics.

On December 31, 2022, the credit risk and credit loss provision of the accounts receivable of the above portfolio were as follows:

In RMB

Category	Balance at the end of this year				Book value
	Book balance		Credit loss provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Credit loss provision accrued by item	74,770,706.00	10.93	28,457,163.32	38.06	46,313,542.68
Credit loss provision accrued by portfolio	609,507,464.34	89.07	19,237,537.09	3.16	590,269,927.25
Including: Portfolio 1	591,168,603.26	86.39	18,295,605.12	3.10	572,872,998.14
Portfolio 2	18,338,861.08	2.68	941,931.97	5.14	17,396,929.11
Total	684,278,170.34	100.00	47,694,700.41		636,583,469.93

On December 31, 2022, the credit risk and credit loss provision of the accounts receivable of Portfolio 1 were as follows:

In RMB

Category	Balance at the end of this year			
	Expected average loss rate (%)	Book balance	Credit loss provision	Book value
During the credit period	2.48	561,796,994.67	13,939,072.35	547,857,922.32
1-30 days overdue	5.77	24,107,786.48	1,390,374.05	22,717,412.43
31-60 days overdue	44.73	4,134,014.59	1,849,280.58	2,284,734.01
61-90 days overdue	96.66	387,551.54	374,622.16	12,929.38
Overdue for more than 90 days	100.00	742,255.98	742,255.98	-
Total		591,168,603.26	18,295,605.12	572,872,998.14

On December 31, 2022, the credit risk and credit loss provision of the accounts receivable of Portfolio 2 were as follows:

In RMB

Aging	Balance at the end of this year			
	Expected average loss rate (%)	Book balance	Credit loss provision	Book value
Within 1 year	5.11	18,266,674.08	934,207.96	17,332,466.12
1-2 years	10.70	72,187.00	7,724.01	64,462.99
Total		18,338,861.08	941,931.97	17,396,929.11

(3) Credit loss provision

In RMB

Items	Expected credit loss for the whole duration
Year-beginning balance	36,110,148.74
Accrual this year	11,584,551.67
Reversal this year	-
Write-off this year	-
Other changes	-
Year-end balance	47,694,700.41

There is no important situation in which the amount of credit loss provision is recovered or reversed this year.

(4) No actual write-off of accounts receivable this year**(5) Top 5 of the closing balance of the accounts receivable collected according to the arrears party**

Name	Balance in year-end	Proportion(%)	Bad debt provision
Client 1	128,256,413.42	18.74	3,182,244.56
Client 2	77,700,212.51	11.36	2,058,523.74
Client 3	62,781,126.25	9.17	1,557,699.08
Client 4	47,899,911.28	7.00	1,188,472.59
Client 5	47,461,093.38	6.93	1,242,593.02
Total	364,098,756.84	53.21	9,229,532.99

(6) On December 31, 2022, the Group had no accounts receivable that were derecognized due to the transfer of financial assets.

5.Receivable financing

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Commercial acceptance	54,413,796.91	21,474,101.07

On December 31, 2022, the endorsed or discounted unexpired bank acceptance bills that the Group derecognized amounted to RMB 54,995,349.12. For the bank acceptance bills of large state-owned commercial banks with high credit rating and listed national joint-stock commercial banks, the Group believes that after the endorsement or discount of such bank acceptance bills, the related main risks and rewards have been transferred to the counterparty, and such endorsed or discounted unexpired bank acceptance bills should be derecognized.

The Group believes that the acceptance bank credit rating of the bank acceptance bills held by it is high, with no significant credit risk, therefore no credit loss provision has been made.

6.Prepayments**(1) List by aging analysis:**

In RMB

Aging	Balance at the end of this year		Balance at the end of last year	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	16,690,766.68	90.75	15,157,623.27	98.38
1-2 years	1,700,677.99	9.25	248,996.26	1.62
Total	18,391,444.67	100.00	15,406,619.53	100.00

On December 31, 2022, the Group had no prepayments with an age of more than one year and a significant amount.

(2) Prepayments of the top five ending balances by prepayment object

The total amount of the top five year-end balances collected by prepayment objects is RMB 13,880,315.32, accounting for 75.47% of the total year-end balances of prepayments.

7. Other receivables**7.1 Summary of other receivables**

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Other receivable	10,585,975.38	140,185,750.40

7.2 Other receivables**(1) Disclosure by age**

In RMB

Aging	Balance at the end of this year		
	Other receivables	Credit loss provision	Accrual proportion (%)
Within 1 year	9,677,505.85	494,588.28	5.11
1-2 years	822,689.31	88,027.76	10.70
2-3 years	329,051.11	110,862.33	33.69
Over 3 years	18,154,298.53	17,704,091.05	97.52
Total	28,983,544.80	18,397,569.42	

(2) Disclosure by payment nature

In RMB

Payment nature	Book balance at the end of this year	Book balance at the end of last year
Current payment	16,330,801.03	16,402,902.33
Funds subject to freeze	6,559,327.26	
Deposit and security deposit	2,801,300.29	144,954,822.31
Export rebate	1,023,715.60	1,698,919.82
Reserve funds and employee loans	580,028.97	293,128.97
Others	1,688,371.65	1,834,489.23
Total	28,983,544.80	165,184,262.66

(3) Accrual of credit loss provision

In RMB

Stage	Year-end amount			
	Expected average loss rate (%)	Book balance	Loss provision	Book value
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	63.48	28,983,544.80	18,397,569.42	10,585,975.38

(4) Changes in credit loss provisions for other receivable:

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, 2022	7,795,257.07	-	17,203,255.19	24,998,512.26
Balance as at January 1, 2022in current				

—Transfer to stage II	(40,256.64)	40,256.64	-	-
—Transfer to stage III	-	-	-	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-
Provision in Current Year	-	158,633.45	500,835.86	659,469.31
Reversal in Current Year	(7,260,412.15)	-	-	(7,260,412.15)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2022	7,795,257.07	-	17,203,255.19	24,998,512.26

(5) No actual write-off of other accounts receivable this year

(6) Top five companies with year-end balance of other receivables collected by the defaulting party

InRMB

Other receivables	Payment nature	Year-end balance of other payables	Aging	Proportion of total year-end balance of other receivables (%)	Year-end balance of credit loss provision
Total other receivables of the top five balances on December 31, 2022	Receivable external transactions, Funds subject to freeze, export tax rebates, etc	21,866,667.23	Within 1 year, more than 3 years	75.45	14,616,189.97

8. Inventories

(1) Category of Inventory

In RMB

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	291,062,812.80	48,809,720.50	242,253,092.30	425,919,281.58	26,335,509.94	399,583,771.64
Processing products	258,881,779.59	41,882,202.00	216,999,577.59	281,735,104.85	34,298,745.28	247,436,359.57
Semi-finished	183,723,885.96	92,381,073.63	91,342,812.33	172,832,703.08	83,668,700.76	89,164,002.32
Commissioned materials	9,016,668.25	1,164,501.70	7,852,166.55	7,838,404.74	620,680.53	7,217,724.21
Total	742,685,146.60	184,237,497.83	558,447,648.77	888,325,494.25	144,923,636.51	743,401,857.74

Note: The book balance of polarizer inventory is RMB 721,282,838.15.

(2) Inventory falling price reserves

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Accrual	Reversed or	Write-off	Other	

			collected amount			
Raw materials	26,335,509.94	33,104,645.59	-	10,630,435.03	-	48,809,720.50
Processing products	34,298,745.28	59,472,861.14	-	51,889,404.42	-	41,882,202.00
Semi-finished	83,668,700.76	90,584,694.67	-	81,872,321.80	-	92,381,073.63
Commissioned materials	620,680.53	543,821.17	-	-	-	1,164,501.70
Total	144,923,636.51	183,706,022.57	-	144,392,161.25	-	184,237,497.83

(3) On December 31, 2022, there was no amount in the inventory balance for guarantee and no amount for capitalization of borrowing costs.

9. Other current assets

In RMB

Items	Balance at the end of this year	Balance at the end of last year
VAT to be deducted and input tax to be certified	26,077,404.45	860,153.70
Advance payment of income tax	11,654.12	57,448.91
Receivable return cost	43,446,472.67	28,585,749.81
Total	69,535,531.24	29,503,352.42

10. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Addi-tional invest-ment	Decr-ease in invest-ment	Profits and losses on investments Recognize-d under the equity method	Other compre-hensive income	Change-s in other equity	Cash bonus or profits announ-ced to issue	Withdra-wal of impair-ment provisio-n	Othe-r		
I. Joint ventures											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-
Subtotal	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	2,972,202.97	-	-	133,593.58	-	-	-	-	-	3,105,796.55	-
Hongkong Yehui International Co., Ltd.	1,835,897.26	-	-	(117,999.65)	151,869.82	-	-	-	-	1,869,767.43	-
Subtotal	4,808,100.23	-	-	15,593.93	151,869.82	-	-	-	-	4,975,563.98	-
Total	133,022,325.77	1.00	-	1,307,639.15	151,869.82	-	-	-	-	134,481,835.74	-

11. Other equity instruments investment

(1) Investment in other equity instruments

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Financial assets designated as fair value and whose changes are included in other comprehensive income	167,678,283.27	186,033,829.72

(2) Investment in non-transactional equity instruments

In RMB

Items	Dividend income recognized this year	Cumulative gain/loss	Amount transferred from other comprehensive income to retained income this year	Reason designated as being measured at fair value and change being included in other comprehensive income	Reasons for transferring from other comprehensive income to retained income this year
Union Development Co., Ltd.	208,000.00	123,153,939.39	-	本公司计划长期持有	不适用
Shenzhen Dailishi Underwear Co., Ltd.	1,037,735.85	21,077,143.74	-	本公司计划长期持有	不适用
Shenzhen South Textile Co., Ltd.	1,018,391.82	14,559,440.88	-	本公司计划长期持有	不适用
Shenzhen Xinfang Knitting Co., Ltd.	354,000.00	1,703,903.00	-	本公司计划长期持有	不适用
Jintian Industry (Group) Co., Ltd.	-	(14,831,681.50)	-	本公司计划长期持有	不适用
Total	2,618,127.67	145,662,745.51	-		

12. Investment real estate

(1) Investment real estate adopted the cost measurement mode

√Applicable □ Not applicable

In RMB

Items	House, Building
I. Original price	
1. Balance at period-beginning	297,505,157.93
2. Increase in the current period	30,623,657.48
(1) Transferred from construction in progress	1,689,997.88
(2) Transferred from Fixed assets	28,933,659.60
3. Decreased amount of the period	-
(1) Dispose	-
(2) Other out	-
4. Balance at period-end	328,128,815.41
II. Accumulated amortization	
1. Opening balance	172,253,306.50
2. Increased amount of the period	29,559,674.15
(1) Withdrawal	8,861,091.64
(2) Transferred from Fixed assets	20,698,582.51
3. Decreased amount of the period	-
(1) Dispose	-
(2) Other out	-
4. Balance at period-end	201,812,980.65
III. Impairment provision	
1. Balance at period-beginning	-

Items	House, Building
2.Increased amount of the period	-
(1) Withdrawal	-
3.Decreased amount of the period	-
(1) Dispose	-
4. Balance at period-end	-
IV. Book value	
1.Book value at period -end	126,315,834.76
2.Book value at period-beginning	125,251,851.43

(2) Investment real estate without certificate of ownership

In RMB

Items	Book balance	Reason
Houses and Building	8,400,885.28	Unable to apply for warrants due to historical reasons

13. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	2,240,221,656.36	2,396,658,988.81

(1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1.Opening balance	770,999,905.53	2,541,646,415.51	15,278,991.67	50,152,759.25	3,378,078,071.96
2.Increased amount of the period	643,725.43	115,612,867.39	941,176.78	1,264,484.92	118,462,254.52
(1) Purchase	643,725.43	38,964,186.86	384,008.63	1,049,993.67	41,041,914.59
(2) Transferred from construction in progress	-	76,648,680.53	557,168.15	214,491.25	77,420,339.93
3.Decreased amount of the period	28,933,659.60	1,388,155.99	345,141.19	933,732.47	31,600,689.25
(1) Disposal	-	1,388,155.99	345,141.19	933,732.47	2,667,029.65
(2) Transferred from Real estate investment	28,933,659.60	-	-	-	28,933,659.60
4. Balance at period-end	742,709,971.36	2,655,871,126.91	15,875,027.26	50,483,511.70	3,464,939,637.23
II. Accumulated depreciation					
1.Opening balance	168,343,175.55	776,497,359.55	4,361,783.39	25,822,442.07	975,024,760.56
2.Increased amount of the period	25,546,276.33	211,016,207.09	1,840,818.70	9,297,706.74	247,701,008.86
(1) Withdrawal	25,546,276.33	211,016,207.09	1,840,818.70	9,297,706.74	247,701,008.86
3.Decreased amount of the period	20,698,582.51	1,310,146.73	331,335.54	896,720.41	23,236,785.19
(1) Disposal	-	1,310,146.73	331,335.54	896,720.41	2,538,202.68
(2) Transferred from Real estate investment	20,698,582.51	-	-	-	20,698,582.51
4.Closing balance	173,190,869.37	986,203,419.91	5,871,266.55	34,223,428.40	1,199,488,984.23
III. Impairment provision					
1.Opening balance	-	6,361,553.37	-	32,769.22	6,394,322.59
2.Increase in the reporting period	-	18,759,054.84	-	108,388.43	18,867,443.27

(1) Withdrawal	-	18,759,054.84	-	108,388.43	18,867,443.27
3. Decrease in the reporting period	-	-	-	32,769.22	32,769.22
(1) Disposal	-	-	-	32,769.22	32,769.22
4. Closing balance	-	25,120,608.21	-	108,388.43	25,228,996.64
IV. Book value					
1. Book value of the period-end	569,519,101.99	1,644,547,098.79	10,003,760.71	16,151,694.87	2,240,221,656.36
2. Book value of the period-begin	602,656,729.98	1,758,787,502.59	10,917,208.28	24,297,547.96	2,396,658,988.81

(2) Fixed assets without certificate of title completed

In RMB

Items	Book Value	Reason
Houses and Building	11,647,880.88	Unable to apply for warrants due to historical reasons

(3) Mortgaged and secured fixed assets

As of December 31, 2022, the Group's fixed assets mortgaged by bank loans are detailed in Notes (VII), 56 "Assets with restricted ownership or use right":

14. Construction in progress

In RMB

Items	Year-end balance in this year	Year-beginning balance in last year
Construction in progress	38,061,619.60	71,482,031.08

(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
Installation of machines and equipment	38,061,619.60	-	38,061,619.60	71,482,031.08	--	71,482,031.08

15. Right to use assets

In RMB

Items	Houses and Building
I. Original price	
1. Opening balance	13,762,176.74
2. Increased amount of the period	15,151,871.09
(1) Newly increased	15,151,871.09
3. Decreased amount of the period	-
4. Balance at period-end	28,914,047.83
II. Accumulated depreciation	
1. Opening balance	4,540,987.37
2. Increased amount of the period	9,007,666.58

(1) Withdrawal	9,007,666.58
3. Decrease in the reporting period	-
4. Closing balance	13,548,653.95
III. Impairment provision	
1. Opening balance	-
2. Increase in the reporting period	-
(1) Withdrawal	-
3. Decrease in the reporting period	-
4. Closing balance	-
IV. Book value	
1. Book value of the period-end	15,365,393.88
2. Book value of the period-begin	9,221,189.37

The Group has leased a number of assets, including houses and buildings, with a lease term of 1 to 10 years. The simplified short-term lease fee included in the current profits and losses this year is RMB 653,461.86. The total cash outflow related to leasing this year is RMB 9,798,034.29.

16. Intangible assets

(1) Information

Items	In RMB			
	Land use right	Software	Patent right	Total
I. Original price				
1. Balance at period-beginning	48,258,239.00	21,696,241.02	11,825,200.00	81,779,680.02
2. Increase in the current period	-	640,305.31	-	640,305.31
(1) Purchase	-	640,305.31	-	640,305.31
3. Decreased amount of the period	-	-	-	-
4. Balance at period-end	48,258,239.00	22,336,546.33	11,825,200.00	82,419,985.33
II. Accumulated amortization				
1. Balance at period-beginning	14,382,583.03	6,936,736.99	11,825,200.00	33,144,520.02
2. Increase in the current period	891,565.32	4,191,328.04	-	5,082,893.36
(1) Withdrawal	891,565.32	4,191,328.04	-	5,082,893.36
3. Decreased amount of the period	-	-	-	-
4. Balance at period-end	15,274,148.35	11,128,065.03	11,825,200.00	38,227,413.38
III. Impairment provision				
1. Balance at period-beginning	-	-	-	-
2. Increase in the current period	-	-	-	-
3. Decreased amount of the period	-	-	-	-
4. Balance at period-end	-	-	-	-
4. Book value				
1. Book value at period -end	32,984,090.65	11,208,481.30	-	44,192,571.95
2. Book value at period-beginning	33,875,655.97	14,759,504.03	-	48,635,160.00

As of December 31, 2022, the Group's intangible assets mortgaged by bank loans are detailed in Notes (VII), 56 "Assets with restricted ownership or use right".

17. Goodwill

(1) Original book value of goodwill

Name of the investee or matters that form goodwill	In RMB			
	Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
SAPO Photoelectric	9,614,758.55	-	-	9,614,758.55
Shenzhen Beauty Century Garment	2,167,341.21	-	-	2,167,341.21

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

(2) Goodwill impairment provision

InRMB

Name of the investee or matters that form goodwill	Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
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

18. Long-term deferred expenses

In RMB

Items	Balance at the end of last year	Increased amount this year	Amortized amount this year	Other reduction amount	Balance at the end of this year
Decoration and facilities renovation fee	5,387,295.94	902,948.37	1,819,286.52	-	4,470,957.79

19. Deferred income tax assets/Deferred income tax liabilities

(1) Uncompensated 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
Credit loss provision	65,076,915.43	11,372,802.27	3,566,672.28	890,165.29
Asset impairment provision	206,115,717.20	30,917,357.58	2,200,110.43	550,027.61
Unrealized profit from internal transactions	2,235,077.97	335,261.70	2,324,192.50	348,628.88
Employee compensation payable	9,397,730.55	2,143,607.14	7,679,100.00	1,919,775.00
Deferred income	116,768,810.33	17,515,321.55	-	-
Deductible loss	90,052,078.73	13,397,964.96	-	-
Changes in fair value of investment in other equity instruments	14,831,681.50	3,707,920.38	-	-
Total	504,478,011.71	79,390,235.58	15,770,075.21	3,708,596.78

According to the Group's profit forecast results for the future period, the Group believes that it is likely to obtain sufficient taxable income in the future period to make use of the above deductible temporary differences and deductible losses, so relevant deferred income tax assets are recognized.

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

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
The difference between the initial recognition cost of long-term equity investment and tax basis	62,083,693.36	15,520,923.34	62,083,693.36	15,520,923.34

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in fair value of investment in other equity instruments	160,494,427.02	40,123,606.76	178,849,973.46	44,712,493.37
Rent receivable allocation difference	7,584,635.96	1,896,158.99	5,636,976.78	1,409,244.20
Total	230,162,756.34	57,540,689.09	246,570,643.60	61,642,660.91

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

In RMB

Items	Trade-off between the deferred income tax assets and liabilities	End balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets	(9,566,421.29)	69,823,814.29	-	3,708,596.78
Deferred income tax liabilities	(9,566,421.29)	47,974,267.80	-	61,642,660.91

(4) Details of income tax assets not recognized

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	5,742,636.02	151,027,647.77
Deductible loss	464,226,095.10	736,209,989.47
Total	469,968,731.12	887,237,637.24

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

In RMB

Year	Balance in year-end
2024	79,132,962.34
2025	16,680,938.23
2026	128,597,715.91
2027	12,155,889.69
2028	22,463,907.95
2029	129,766,788.98
2030	75,427,892.00
Total	464,226,095.10

20 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book Vale	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Prepayment for engineering and equipment	16,792,930.20		16,792,930.20	28,769,782.86		28,769,782.86
Time deposit certificate of more than one year				30,030,410.96		30,030,410.96

Investment funds to be liquidated	25,760,086.27		25,760,086.27	25,760,086.27		25,760,086.27
Total	42,553,016.47		42,553,016.47	84,560,280.09		84,560,280.09

21. Short-term borrowings

In RMB

Items	Balance in year-end	Balance in year-begin
Credit borrowing	7,000,000.00	
Bill Discounting	-	37,575,113.83
Total	7,000,000.00	37,575,113.83

22. Notes payable

In RMB

Items	Balance in year-end	Balance in year-begin
Bank acceptance Bill	-	16,682,324.12

23. Accounts payable

In RMB

Items	Balance in year-end	Balance in year-begin
Payment for goods	304,916,368.65	327,118,334.45
Service charge	11,386,158.86	4,930,868.56
Localities	4,609,134.50	-
Subcontracting payment	3,970,214.14	1,183,793.09
Others	2,167,997.55	26,351,256.84
Total	327,049,873.70	359,584,252.94

On December 31, 2022, the Group had no significant accounts payable with an aging of more than one year.

24. Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Rent and other	1,393,344.99	1,805,311.57

On December 31, 2022, the Group had no significant accounts payable with an aging of more than one year.

25. Contract liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Goods	4,274,109.40	68,955.21

26. Payable Employee wage

(1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
Short-term compensation	59,719,860.24	239,147,775.14	237,927,202.48	60,940,432.90
Post-employment benefits defined contribution plans	-	16,628,824.21	16,628,824.21	-
Dismissal benefits	-	754,873.42	528,861.42	226,012.00
Total	59,719,860.24	256,531,472.77	255,084,888.11	61,166,444.90

(2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Wages, bonuses, allowances and subsidies	57,114,308.02	213,501,823.93	213,143,150.08	57,472,981.87
Employee welfare	-	8,628,459.80	8,599,274.36	29,185.44
Social insurance premiums	-	4,003,804.93	4,003,804.93	-
Including: Medical insurance	-	3,409,643.36	3,409,643.36	-
Maternity insurance	-	250,609.98	250,609.98	-
Work injury insurance	-	343,551.59	343,551.59	-
Public reserves for housing	-	7,841,268.71	7,638,877.71	202,391.00
Union funds and staff education fee	2,605,552.22	5,172,417.77	4,542,095.40	3,235,874.59
Total	59,719,860.24	239,147,775.14	237,927,202.48	60,940,432.90

(3) Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Basic old-age insurance premiums	-	13,593,639.21	13,593,639.21	-
Unemployment insurance	-	303,261.11	303,261.11	-
Annuity payment	-	2,731,923.89	2,731,923.89	-
Total	-	16,628,824.21	16,628,824.21	-

The Company participates in pension insurance and unemployment insurance plans established by government agencies according to regulations, and according to the plans, the Company pays fees to these plans according to the prescribed standards. In addition to the monthly deposit fees mentioned above, the company will no longer bear any further payment obligations. The corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

The Company shall pay RMB 13593639.21 to the pension insurance plan and RMB 303261.11 to the unemployment insurance plan. As of December 31, 2022, the company had fully paid the pension and unemployment insurance plan amounts payable during the reporting period.

27. Tax Payable

In RMB

Items	Balance in year-end	Balance in year-begin
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Enterprise Income tax	4,655,525.64	1,804,277.95
Individual Income tax	1,847,004.45	866,274.38
VAT	1,740,677.77	6,334,093.50
Other	654,104.65	195,981.26
Total	8,897,312.51	9,200,627.09

28. Other payable

(1) Other payables listed according to the payment nature

In RMB

Items	Balance in year-end	Balance in year-begin
Engineering equipment payment	83,337,092.31	91,213,156.89
Current payment	53,102,831.34	51,681,042.57
Deposit and security deposit	45,628,573.39	43,277,481.38
Others	15,276,958.33	15,145,740.51
Total	197,345,455.37	201,317,421.35

(2) Important other payables with an aging of more than 1 year

In RMB

Items	Balance at the end of this year	Reasons for no payment or carry-over
Beijing CEEDI Engineering & Technology Co., Ltd.	16,724,271.45	he final payment settlement of the project has not been completed

29. Non-current liabilities due within 1 year

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Long-term loans due within one year	97,182,080.19	-
Lease liabilities due within one year	7,001,358.03	5,175,393.52
Total	104,183,438.22	5,175,393.52

30. Other current liabilities

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Endorsed and unexpired acceptance bill	48,387,401.67	27,523,903.58
Return payable	44,558,340.11	30,741,055.00
Total	92,945,741.78	58,264,958.58

31. Long-term loans

(1) Classification of long-term loans

In RMB

Items	Balance at the end of this year	Interest rate interval	Balance at the end of last year	Interest rate interval
Guaranteed loan (note)	704,603,66 5.19	4.0 6	683,016,243 .25	4.41%

		%		
Subtotal	704,603,66 5.19		683,016,243 .25	
Less: Long-term loans due within one year	97,182,080. 19		-	
Less: Long-term loans due after one year	607,421,58 5.00		683,016,243 .25	

Note: SAPO Photoelectric, a subsidiary of the Company, mortgaged its real estate rights such as the factory building, and the Company and Hangzhou Jinjiang Group Co., Ltd. provided 60% and 40% joint guarantee for the loan respectively.

32. Lease liabilities

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Lease liabilities	15,630,030.74	9,419,249.23
Subtotal	15,630,030.74	9,419,249.23
Less: Lease liabilities due within one year	7,001,358.03	5,175,393.52
Less: Lease liabilities due within one year	8,628,672.71	4,243,855.71

33. Deferred income

In RMB

Items	Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year	Reason
Government subsidies	110,461,293.15	23,754,725.00	16,401,222.05	117,814,796.10	Received the government subsidie

Projects involving government subsidies:

In RMB

Items	Year-beginning amount	Amount of new subsidies this year	Amount of non-operating income included in this year	Amount of other income included in this year	Other changes	Year-end amount	Asset-related/ Income-related
Production line subsidy	67,839,305.45	23,754,725.00	-	10,607,220.14	-	80,986,810.31	Asset-related
Equipment subsidy	36,621,987.70	-	-	5,794,001.91	-	30,827,985.79	Asset-related
Material subsidy	6,000,000.00	-	-	-	-	6,000,000.00	Income-related
Total	110,461,293.15	23,754,725.00	-	16,401,222.05	-	117,814,796.10	

34. Stock capital

In RMB

Items	Year-beginning balance	Changed (+, -)					Subtotal	Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal		

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

35. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,826,482,608.54	-	-	1,826,482,608.54
Other capital reserves	135,117,216.09	-	-	135,117,216.09
Total	1,961,599,824.63	-	-	1,961,599,824.63

36. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period					Year-end balance
		Amount incurred before income tax	Less: Included in other comprehensive income in the previous period, transferred to profit or loss in the current period	Amount of current period	Year-end balance	Amount of current period	
I. Other comprehensive income that cannot be reclassified into profit or loss	118,643,084.23	(18,355,546.45)	-	(8,296,806.99)	(10,058,739.46)	-	108,584,344.77
1. Changes in fair value of investment in other equity instruments	118,643,084.23	(18,355,546.45)	-	(8,296,806.99)	(10,058,739.46)	-	108,584,344.77
II. Other comprehensive income to be reclassified into profit or loss	1,039,034.82	(145,863.68)	-	-	(26,770.28)	(119,093.40)	1,012,264.54
1. Changes in fair value of receivables financing	-	(297,733.50)	-	-	(178,640.10)	(119,093.40)	(178,640.10)

2. Translation difference of foreign currency financial statements	1,039,034.82	151,869.82	-	-	151,869.82	-	1,190,904.64
Total of other comprehensive income	119,682,119.05	(18,501,410.13)	-	(8,296,806.99)	(10,085,509.74)	(119,093.40)	109,596,609.31

37. Special reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	98,245,845.47	2,663,815.85		100,909,661.32

38. Retained profits

In RMB

Items	current period	previous period
Undistributed profit at the end of last year before adjustment	125,317,336.31	86,912,390.50
Total undistributed profits adjusted at the beginning of the year	-	-
Adjusted undistributed profit at the beginning of the year	125,317,336.31	86,912,390.50
Add: Net profit attributable to shareholders of parent company this year	73,309,182.94	55,733,468.82
Other comprehensive income carried forward to retained income	-	1,042,493.21
Less: Withdrawal of statutory surplus reserve	2,663,815.85	3,175,360.75
Distribution of common stock dividends (note)	25,326,092.45	15,195,655.47
Year end undistributed profit	170,636,610.95	125,317,336.31

Note: According to the resolution of the General Meeting of Shareholders on May 19, 2022, the Company distributed a cash dividend of RMB 0.5 (including tax) for every 10 shares, totally RMB 25,326,092.45 (including tax) based on the share capital of 506,521,849 shares as of December 31, 2021.

39. Operating income and operating cost

(1) Operating income and operating cost

InRMB

Items	Amount incurred this year		Amount incurred last year	
	Income	Cost	Income	Cost
Main business	2,802,203,439.94	2,373,407,000.36	2,302,304,418.84	1,898,721,579.26
Other business	35,784,824.42	598,896.07	27,757,262.16	8,272,084.49
Total	2,837,988,264.36	2,374,005,896.43	2,330,061,681.00	1,906,993,663.75

Note: Please refer to Note (V), 29.1 "Significant changes in accounting policies" for details of the Group's disclosure related to trial sales.

(2) Main business classified by product

In RMB

Product type	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost

Product type	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Polarizer sales	2,693,787,636.62	2,317,793,097.44	2,135,803,339.71	1,827,211,496.45
Property leasing and management	80,168,785.00	22,508,188.92	111,568,500.55	22,996,155.29
Textile sales	28,247,018.32	33,105,714.00	54,932,578.58	48,513,927.52
Subtotal	2,802,203,439.94	2,373,407,000.36	2,302,304,418.84	1,898,721,579.26

(3) Main business classified by region

InRMB

Main business region	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Domestic	2,686,847,406.83	2,278,271,215.01	2,048,182,283.94	1,682,912,318.63
Overseas	115,356,033.11	95,135,785.35	254,122,134.90	215,809,260.63
Subtotal	2,802,203,439.94	2,373,407,000.36	2,302,304,418.84	1,898,721,579.26

(4) Description of performance obligations

The Group's goods sales are mainly the production and sales of polarizer and textile-related goods. For goods sold to customers, the Group recognizes income when the control of the goods is transferred, that is, when the goods are delivered to the designated place of the other party and signed by the other party. Since the delivery of goods to customers represents the right to unconditionally receive the contract consideration, the maturity of the money only depends on the passage of time, so the Group recognizes a receivable when the goods are delivered to professional customers. When the customer prepays the payment, the Group recognizes the transaction amount received as a contractual liability until the goods are delivered to the customer.

The Group provides property and leasing services to customers, which is a performance obligation to be fulfilled within a certain period of time. The Group recognizes income in the process of providing property and leasing services.

(5) Description of allocation to remaining performance obligations

On December 31, 2022, the amount of contractual liabilities corresponding to the performance obligations that the Group has signed but has not yet fulfilled or has not yet fully fulfilled is RMB 4,274,109.40, and the income will be recognized when the customer obtains the control of the goods.

40. Taxes and surcharges

In RMB

Items	Amount incurred this year	Amount incurred last year
Property tax	5,213,976.28	5,826,834.91
Urban maintenance and construction tax	366,211.93	1,625,005.70
Surcharge for education	237,396.39	1,169,628.61
Other taxes	2,089,542.31	1,902,078.87
Total	7,907,126.91	10,523,548.09

41. Sales expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	18,560,229.96	18,266,837.81
Sales service charge	10,661,049.94	12,684,139.28
Business entertainment	2,214,489.62	1,256,926.46
Others	4,526,759.83	5,765,432.84
Total	35,962,529.35	37,973,336.39

42. Management cost

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	83,952,597.31	80,805,949.97
Depreciation cost	12,258,281.68	10,728,532.58
Professional service fee	7,197,534.84	8,120,482.28
Amortization of intangible assets	5,082,893.36	5,030,106.23
Property leasing and utilities	5,252,212.15	3,745,400.74
Business entertainment	1,557,382.87	1,754,789.06
Others	13,088,038.08	11,903,569.29
Total	128,388,940.29	122,088,830.15

43. R&D expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	16,349,423.75	15,697,764.59
Material consumption	58,840,560.48	83,197,051.56
Depreciation cost	3,518,432.27	3,326,098.79
Others	1,811,739.04	1,287,849.59
Total	80,520,155.54	103,508,764.53

44. Financial expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Interest expense (note)	31,131,112.38	24,113,442.39
Less: capitalized interest expense	-	9,807,167.26
Less: interest income	8,327,248.75	1,655,853.59
Exchange difference	(14,569,863.53)	(20,976,430.83)
Handling fees and others	4,709,606.47	8,195,665.20
Total	12,943,606.57	(130,344.09)

Note: The interest expense on lease liabilities in 2022 is RMB 203482.85.

45. Other income

In RMB

Items	Amount incurred in this year	Amount incurred in last year
Transfer-in of deferred income	16,401,222.05	13,939,029.06
Industry development support funds (Note 1)	6,384,733.03	380,356.97
Enterprise development support funds (Note 2)	2,062,888.38	5,272,800.00
Tax subsidy	1,262,440.33	0.00
Others	238,927.10	51,193.30
Total	26,350,210.89	19,643,379.33

Note 1: Industry development support funds mainly include subsidies for the first batch of key new material insurance compensation projects of the Bureau of Industry and Information Technology in 2022, incentive projects for industrial enterprises to expand production capacity in 2022, and subsidies for the 2022 Emerging Industry Support Plan (New Materials) of the Bureau of Industry and Information Technology.

Note 2: The enterprise development support funds mainly include the incentive funds for enterprises with harmonious labor relations in Pingshan District in 2020, the subsidy funds for improving the atmospheric environment quality of Shenzhen Municipal Ecological Environment Bureau, and the "ten items" policy fund subsidies for enterprises with warm hearts in Pingshan District in 2022.

46. Investment income

Items	In RMB	
	Amount incurred this year	Amount incurred last year
Long-term equity investment income calculated by equity method	1,307,639.15	33,984.66
Investment income from disposal of long-term equity investment	-	20,779.93
Investment income of transactional financial assets during the holding period	15,457,585.05	17,407,221.99
Dividend income from investment in other equity instruments during the holding period	2,618,127.67	2,551,896.02
Others	-	2,649,130.46
Total	19,383,351.87	22,663,013.06

47. Income from changes in fair value

Sources of income from changes in fair value	In RMB	
	Amount incurred this year	Amount incurred last year
Transactional financial assets	-	2,150,943.40

48. Credit impairment gain (loss)

Items	In RMB	
	Amount incurred this year	Amount incurred last year
Impairment loss of notes receivable	365,055.74	(280,565.00)
Gain (loss) from impairment of accounts receivable	(11,584,551.67)	2,500,153.07
Gain (loss) from impairment of other receivables	6,600,942.84	(7,201,148.60)
Total	(4,618,553.09)	(4,981,560.53)

49. Asset impairment gain (loss)

Items	In RMB	
	Amount incurred this year	Amount incurred last year
Inventory depreciation loss	(183,706,022.57)	(130,363,681.96)
Impairment loss of fixed assets	(18,867,443.27)	(32,769.22)

Total	(202,573,465.84)	(130,396,451.18)
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50. Asset disposal income

In RMB

Items	Amount incurred this year	Amount incurred last year
Gains & losses on foreign investment in fixed assets	31,264.60	(597,458.77)

51. Non-Operation income

In RMB

Items	Amount of this year	Amount of last year	Recorded in the amount of the non-recurring gains and losses
Insurance compensation	7,652,845.40	3,477,438.60	7,652,845.40
Payable without payment	6,334,444.97	17,140,459.60	6,334,444.97
Other	1,005,792.20	667,888.44	1,005,792.20
Total	14,993,082.57	21,285,786.64	

52. Non-current expenses

In RMB

Items	Amount of this year	Amount of last year	The amount of non-operating gains & losses
Non-current asset Disposition loss	26,020.82	369,187.12	26,020.82
Compensation expenses	7,248,331.74	-	7,248,331.74
Fine expenses	778.86	1,309,172.27	778.86
Other	201,926.05	7,903.96	201,926.05
Total	7,477,057.47	1,686,263.35	7,477,057.47

53. Income tax expenses**(1) Income tax expenses**

In RMB

Items	Amount of this year	Amount of last year
Current income tax expense	4,043,680.11	8,174,724.28
Deferred income tax expense	(71,486,803.63)	2,944,072.68
Total	(67,443,123.52)	11,118,796.96

(2) Reconciliation of account profit and income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Total profits	44,348,842.80	77,185,270.78
Current income tax expense accounted by tax and relevant regulations	11,087,210.70	19,296,317.70
Influence of different tax rates applied by some subsidiaries	(2,715,451.54)	(5,229,585.58)
非应税收入的影响	(2,483,588.11)	(53,103.78)
Non-deductible costs, expenses and losses	771,675.89	4,571,839.81
Tax impact by the unrecognized deductible losses and deductible temporary differences in previous years	(66,704,686.87)	-
Profit and loss of joint venture and associated enterprises accounted for by	2,931,982.20	8,059,643.49

equity method		
Tax impact of research and development fee plus deduction	(10,330,265.79)	(15,526,314.68)
Income tax fee	(67,443,123.52)	11,118,796.96

54. 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	167,866,753.31	35,875,977.74
Interest income	8,067,195.21	1,655,853.59
Government Subsidy	33,703,713.84	19,363,739.42
Current account	8,658,637.60	31,729,758.78
Total	218,296,299.96	88,625,329.53

(2) Other cash paid related to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Payment of credit deposit	25,106,708.19	164,509,022.41
Cash	87,642,432.49	48,012,370.68
Current account and other	9,199,351.73	12,867,319.88
Total	121,948,492.41	225,388,712.97

(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	1,316,000,000.00	1,128,309,484.61

(4) Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products,	1,140,433,371.49	965,000,000.00

(5) Cash paid related with financing activities

In RMB

Items	Amount of this year	Amount of last year
Restricted stock repurchase		7,820,298.30
Lease payment	9,144,572.43	4,817,974.70
Total	9,144,572.43	12,638,273.00

55. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

In RMB

Items	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	111,791,966.32	66,066,473.82
Add: asset impairment provision	202,573,465.84	130,396,451.18
Credit loss preparation	4,618,553.09	4,981,560.53
Depreciation of fixed assets and investment property	256,562,100.50	182,116,694.00
Depreciation of right-of-use assets	9,007,666.58	4,540,987.37
Amortization of intangible assets	5,082,893.36	5,030,106.23
Amortization of Long-term deferred expenses	1,819,286.52	1,171,163.32
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	(31,264.60)	597,458.77
Fixed assets scrap loss	26,020.82	369,187.12
Loss on fair value changes	-	(2,150,943.40)
Financial cost	29,183,633.15	14,306,275.13
Loss on investment	(19,383,351.87)	(22,663,013.06)
Decrease of deferred income tax assets	(66,115,217.51)	1,534,828.48
Increased of deferred income tax liabilities	(5,371,586.12)	2,500,994.33
Decrease of inventories	1,248,186.40	(270,089,816.70)
Decrease of operating receivables	(81,468,525.61)	(58,547,894.61)
Increased of operating Payable	40,694,723.73	(64,597,492.86)
Net cash flows arising from operating activities	490,238,550.60	(4,436,980.35)
II. Significant investment and financing activities that without cash flows:		
End balance of cash equivalents	874,474,834.46	302,408,433.72
Less: Beginning balance of cash equivalents	302,408,433.72	278,337,236.95
Net increase of cash and cash equivalent	572,066,400.74	24,071,196.77

(3)Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I Cash	874,474,834.46	302,408,433.72
Including: cash on hand	3,980.56	792.64
Bank deposits available for payment at any time	874,470,853.90	302,407,641.08
Other monetary funds available for payment at any time	-	-
II Cash equivalents	-	-
III Balance of cash and cash equivalents at the end of the year	874,474,834.46	302,408,433.72

In RMB

56. The assets with the ownership or use right restricted

In RMB

Items	Book value at the end of the reporting period	Cause of restriction
Monetary funds	116,990,685.31	Note(VII),1
Note receivable	48,387,401.67	Note(VII),3.(3)
Other receivables	6,559,327.26	Funds subject to freeze
Fixed assets	470,366,658.55	Mortgage
Intangible assets	32,984,090.65	Pledge
Total	675,288,163.44	

57. 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			21,802,736.14
Including: USD	2,507,856.21	6.9742	17,490,290.78
Euro	81,323,569.66	0.0524	4,261,355.05
HKD	57,199.18	0.8932	51,090.31
Account receivable			20,886,202.07
Including: USD	2,943,419.82	6.9742	20,527,998.51
Euro	2,092,440.00	0.0524	109,643.86
HKD	278,280.00	0.8932	248,559.70
Other receivable			7,051,194.01
Including: USD	913,364.76	6.9742	6,369,988.52
HKD	762,657.29	0.8932	681,205.49
Account payable			249,984,599.31
Including: USD	6,296,670.99	6.9742	43,914,242.82
Yen	3,932,333,073.99	0.0524	206,054,253.08
HKD	18,028.90	0.8932	16,103.41
Other payable			5,091,286.65
Including: USD	676,686.00	6.9742	4,719,343.50
Yen	3,381,984.00	0.0524	177,215.96
Euro	22,500.00	7.4229	167,015.25
HKD	31,025.46	0.8932	27,711.94

VIII. Change of consolidation scope

In 2022, the scope of consolidation of the Group remained unchanged.

IX. Equity in other subjects

1. Equity in subsidiaries

(1) Composition of the enterprise group

Subsidiary name	Main place of business	Place of registration	Business nature	Shareholding ratio %		Acquisition method
				Direct	Indirect	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Shenfang Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property management	100.00	-	Establishment
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Textile production and sales	100.00	-	Establishment
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property management	100.00	-	Establishment
SAPO Photoelectric	Shenzhen	Shenzhen	Polarizer production and sale	60.00	-	Acquisition
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Polarizer sales	-	100.00	Establishment

Shenzhen Shengjinlian Technology Co., Ltd.	Shenzhen	Shenzhen	Polarizer production and sale, etc.	-	100.00	Establishment
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(2) Important non-wholly-owned subsidiaries

In RMB

Subsidiary name	Minority shareholding ratio	Profit and loss attributable to minority shareholders in this year	Dividends declared to minority shareholders in last year	Balance of minority equity at the end of the period
Shenzhen SAPO Photoelectric Co., Ltd.	40.00%	38,482,783.38		1,181,777,770.21

(3) Major financial information of important non-wholly-owned subsidiaries

In RMB

Items	SAPO Photoelectric	
	Year-end balance/Amount incurred this year	
Current assets	1,936,541,263.47	
Non-current assets	2,419,432,602.01	
Total assets	4,355,973,865.48	
Current liabilities	674,071,107.48	
Non-current liabilities	732,819,068.02	
Total liabilities	1,406,890,175.50	
Operating income	2,735,055,209.89	
Net profit	96,206,958.45	
Total comprehensive income	95,909,224.95	
Cash flow from operating activities	484,437,283.64	

2 Equity in joint venture arrangements or joint ventures

(1) Important joint ventures or associated enterprises

Name of joint venture or associated enterprise	Main place of business	Place of registration	Business nature	Shareholding ratio		Accounting treatment method of investment in joint ventures or associated enterprises
				Direct	Indirect	
Shenzhen Guanhua Printing & Dyeing Co., Ltd. (Note)	Shenzhen	Shenzhen	Property leasing	50.16%		Equity method

Note: According to the articles of association of Shenzhen Guanhua Printing and Dyeing Co., Ltd., the board of directors consists of six directors, including three directors appointed by the Group and three directors appointed by Qiaohui Industrial Co., Ltd., and the voting at the board meeting is valid only if it is approved by more than two thirds of all directors. Therefore, the Group cannot control Shenzhen Guanhua Printing and Dyeing Co., Ltd. and has not included it in the consolidated financial statements of the Group.

(2) Main financial information of important joint venture

In RMB

Items	Shenzhen Guanhua Printing & Dyeing Co., Ltd.	
	Year-end balance/Amount incurred this year	
Current assets		47,899,181.48
Non-current assets		217,362,821.36
Total assets		265,262,002.84
Current liabilities		16,619,409.76
Non-current liabilities		33,025,262.69
Total liabilities		49,644,672.45
Owners' equity attributable to the parent company		215,617,330.39
Share of net assets calculated according to shareholding ratio		108,153,652.92
Adjustment matters		
-Goodwill		21,595,462.44
-Others		(242,843.60)
Book value of equity investment in joint ventures		129,506,271.76
Fair value of equity investment of associated enterprises with open quotation		-
Operating income		23,195,512.34
Net profit		2,575,847.73
Other comprehensive income		-
Total comprehensive income		2,575,847.73
Dividends received from the joint venture this year		-

(3) Summary financial information of unimportant joint ventures and associated enterprises

In RMB

Items	Year-end balance/Amount incurred this year
Associated enterprise	
Total book value of investment	4,975,563.98
Total of the following items calculated by shareholding ratio	
-Net profit	15,593.93
-Other comprehensive income	151,869.82
-Total comprehensive income	167,463.75

X. Risks related to financial instruments

The Group's main financial instruments include monetary funds, transactional financial assets, notes receivable, accounts receivable, accounts receivable financing, other receivables, other equity instruments investment, short-term loans, accounts payable, other payables, other current liabilities, long-term loans and lease liabilities, etc. At the end of this year, the financial instruments held by the Group are as follows. See Note (VII) for details. The risks associated with these financial instruments and the risk management policies adopted by the Group to reduce these risks are as follows. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

In RMB

Items	Balance at the end of this year
Financial assets	
Measured at fair value, with its changes included in current profits and losses	
Transactional financial assets	319,605,448.44
Measured at fair value, with its changes included in other comprehensive income	
Receivable financing	54,413,796.91
Investment in other equity instruments	167,678,283.27

Measured in amortized cost	
Monetary funds	991,789,968.19
Note receivable	74,619,100.26
Accounts receivable	636,583,469.93
Other receivables	10,288,124.02
Financial liabilities	
Measured in amortized cost	
Short-term loan	7,000,000.00
Accounts payable	327,049,873.70
Other payables	196,701,468.33
Other current liabilities	92,945,741.78
Long-term loans	704,603,665.19
Lease liabilities	15,630,030.74

The Group uses sensitivity analysis technology to analyze the possible impact of reasonable and possible changes in risk variables on current profits and losses and shareholders' equity. Because any risk variable rarely changes in isolation, and the correlation between variables will have a great impact on the final amount of a risk variable change, the following contents are carried out under the assumption that each variable change is independent.

1. Risk management objectives and policies

The Group's goal in risk management is to strike a proper balance between risks and benefits, reduce the negative impact of risks on the Group's operating performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of the Group's risk management is to identify and analyze all kinds of risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise all kinds of risks to control the risks within a limited range.

1.1 Market risk

1.1.1 Foreign exchange risk

Foreign exchange risk refers to the risk of losses caused by exchange rate changes. The Group's foreign exchange risks are mainly related to US dollars, Japanese yen, Hong Kong dollars and euros. Except for some import purchases and export sales of the Group's companies located in Chinese mainland which are mainly settled in US dollars, Japanese yen, Hong Kong dollars and euros, other major business activities of the Group are settled in RMB.

As of 31 December 2022, the Group's assets and liabilities were all RMB balances, except for the monetary items in foreign currencies mentioned in Notes (VII), (57). The foreign exchange risks arising from the assets and liabilities with foreign currency balances (converted into RMB) described in the table below may have an impact on the Group's operating results.

In RMB

Items	Balance at the end of this year	
	Assets	Liabilities
USD	44,388,277.81	48,633,586.32
Yen	4,370,998.91	206,231,469.04
Euro	-	167,015.25
HKD	980,855.50	43,815.35

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. At present, the Group has not taken any measures to avoid foreign exchange risks.

Sensitivity analysis of foreign exchange risk

Sensitivity analysis of foreign exchange risk assumes that all net investment hedging and cash flow hedging of overseas operations are highly effective.

On the basis of the above assumptions, with other variables unchanged, the pre-tax impact of possible reasonable exchange rate changes on current profits and losses and shareholders' equity is as follows:

In RMB

Items	Changes in exchange rate	This year	
		Impact on profits	Impact on shareholders' equity
All foreign	Appreciation of RMB by 5%	(10,266,787.69)	(10,266,787.69)

currencies			
All foreign currencies	Depreciation of RMB by 5%	10,266,787.69	10,266,787.69

1.1.2. Interest rate risk - risk of cash flow change

The Company's risk of cash flow changes of financial instruments caused by interest rate changes is mainly related to bank loans with floating interest rate. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates on these loans, and there is no interest rate swap arrangement at present.

Sensitivity analysis of interest rate risk

With other variables unchanged, the pre-tax impact of possible reasonable interest rate changes on current profits and losses and shareholders' equity is as follows:

In RMB

Items	Interest rate change	This year	
		Impact on profits	Impact on shareholders' equity
Floating-rate loan	Increase by 1%	(7,108,088.43)	(7,108,088.43)
Floating-rate loan	Decrease by 1%	7,108,088.43	7,108,088.43

1.2. Credit Risk

As of December 31, 2022, the largest credit risk exposure that may cause financial losses to the Company mainly came from the loss of the Company's financial assets caused by the failure of the other party to perform its obligations, specifically including monetary funds, transactional financial assets, notes receivable, accounts receivable, accounts receivable financing, and other receivables. On the balance sheet date, the book value of the Company's financial assets has represented its maximum credit risk exposure.

In order to reduce credit risk, the company arranges specialized personnel to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that adequate provision for credit losses has been made for relevant financial assets. Therefore, the management of the company believes that the credit risk undertaken by the company has been greatly reduced.

The Company's monetary funds are deposited in banks with high credit ratings, so monetary funds only have low credit risk.

As of December 31, 2022, the company's balance of accounts receivable from the top five customers was 364098756.84 yuan, accounting for 53.21% of the company's balance of accounts receivable. In addition, the Company has no other significant credit risk exposure concentrated in a single financial asset or a combination of financial assets with similar characteristics.

1.3 Liquidity Risk

When managing liquidity risk, the Company maintains and monitors cash and cash equivalents that the management believes are sufficient to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The management of the company monitors the use of bank loans and ensures compliance with loan agreements.

As of December 31, 2022, the Company's unused comprehensive bank credit line was RMB 212.1006 million.

The financial liabilities held by the Company are analyzed based on the maturity of undiscounted remaining contractual obligations as follows:

In RMB

Item	Within 1 year	1-5 years	Over 5 years	Total
Short-term loan	7,179,508.33	-	-	7,179,508.33
Accounts payable	327,049,873.70	-	-	327,049,873.70
Other payables	196,701,468.33	-	-	196,701,468.33
Other current liabilities	92,945,741.78	-	-	92,945,741.78
Long-term loans	97,182,080.19	594,693,456.05	150,625,989.54	842,501,525.78
Lease liabilities	7,475,902.01	9,546,024.00	-	17,021,926.01

2. Transfer of financial assets

2.1 Financial assets transferred but not completely derecognized

In the current year, the Group has cumulatively discounted bank acceptance bills of RMB 18071354.97 from large state-owned commercial banks with higher credit ratings and listed national joint-stock commercial banks,

obtaining cash consideration of RMB 17658492.79. There is a possibility that such acceptance bills cannot be honored at maturity. If the acceptance bills cannot be accepted at maturity, the bank has the right to require the Group to pay off the outstanding balance. As the Group still bears major risks such as credit risks related to these acceptance bills, the Group continues to fully recognize the carrying amount of notes receivable and recognize the amounts received as pledged loans due to transfers. On December 31, 2022, the discounted acceptance bills mentioned above have all expired.

On December 31, 2022, the book value of the bank acceptance bill endorsed by the company to suppliers for settlement of accounts payable was RMB 48387401.67. The Company believes that almost all risks and rewards related to notes receivable at the time of endorsement have not been transferred, which does not meet the conditions for derecognition of financial assets. Therefore, the recognition of relevant notes receivable has not been completely terminated on the endorsement date.

2.2 The recognition has been terminated as a whole, but the transferor continues to be involved in the transferred financial assets

The Company endorses bank acceptance bills held by large state-owned commercial banks with high credit ratings and listed national joint-stock commercial banks to a third party. As almost all risks and rewards related to these bank acceptance bills, such as interest rate risk, have been transferred to the bank, the Company terminates the recognition of bank acceptance bills that have been endorsed but not expired. According to the relevant provisions of the Negotiable Instruments Law of the People's Republic of China, if the bank acceptance bill fails to be paid and accepted upon maturity, the undertaker has the right to require the company to pay off the outstanding balance, so the company continues to be involved in the endorsed bank acceptance bill. As of December 31, 2022, the bank acceptance bill that the company has endorsed but not expired was RMB 54995349.12.

XI. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

In RMB

Items	Year-end fair value			Total
	Fair value measurement of Level 1	Fair value measurement of Level 2	Fair value measurement of Level 3	
Measured at fair value continuously				
(I) Transactional financial assets	-	319,605,448.44	-	319,605,448.44
(II) Receivable financing	-	-	54,413,796.91	54,413,796.91
(III) Investment in other equity instruments	-	-	167,678,283.27	167,678,283.27
Total assets continuously measured at fair value	-	319,605,448.44	222,092,080.18	541,697,528.62

2. For Level 2 items measured at fair value continuously and non-continuously, the valuation techniques and qualitative and quantitative information of important parameters are adopted

In RMB

Items	Fair value at the end of this year	Valuation technique	Input value
Transactional financial assets	319,605,448.44	Discounted cash flow technique	Expected yield

3. For Level 3 items measured at fair value continuously and non-continuously, the valuation techniques and qualitative and quantitative information of important parameters are adopted

Items	Fair value at the end of this year	Valuation technique	Input value
Receivable financing	54,413,796.91	Discounted cash flow technique	Discount rate
Investment in other equity instruments	167,678,283.27	Comparison of listed companies	P/B ratio of similar listed companies
		Comparable income method	Market price

4. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include monetary funds, notes receivable, accounts receivable, other receivables, short-term loans, accounts payable, other payables, long-term loans and lease liabilities.

The management of the Group believes that the book values of financial assets and financial liabilities measured in amortized cost in the financial statements are close to their fair values.

XII. Related parties and related party transactions

1. Information about the parent company of the company.

Name of parent company	Place of registration	Business nature	Registered capital (RMB '0,000)	Shareholding ratio of the parent company to the Company %	Percentage of voting rights of the parent company to the Company %
Shenzhen Investment Holdings Co., Ltd	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment, real estate development, etc	2,850,900.00	46.21	46.21

Description of the parent company of the company

The parent company of the Company is a wholly state-owned company approved and authorized by the Shenzhen Municipal Government, and exercises the investor function for the state-owned enterprises within the authorized scope according to law.

During the reporting period, the changes in the registered capital of the parent company are as follows:

Unit: 10000 yuan

Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
2,800,900.00	50,000.00	-	2,850,900.00

2. Information on subsidiaries of the Enterprise

Please refer to Notes (IX), 1 for details of the subsidiaries of the Enterprise.

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

See Notes (IX), 2 for details of the important joint ventures or associated enterprises of the Enterprise.

4. Information on other related parties

Names of related parties	Relationship between the Enterprise
Shenzhen Xinfang Knitting Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Group
Shenzhen Dailishi Underwear Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Group
Shenzhen Tianma Microelectronics Co., Ltd.(Note)	The former chairman of the Company is the former vice chairman of the Company
Hengmei Photoelectric Technology Co., Ltd.	The company's subsidiary, Shengbo Optoelectronics, is a joint stock company with minority shareholders. The chairman of the company is held by a former director of Shengbo Optoelectronics

Note: Hengmei Photoelectric Technology Co., Ltd. will no longer be a related party of the Company in 2022.

5. Related party transactions

(1) Sale of goods

In RMB

Related party	Content of related party transaction	Amount incurred this year	Amount incurred last year
Shenzhen Tianma Microelectronics Co., Ltd	Polarizer	-	1,441,975.42
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Textile	8,849.56	-
Shenzhen Investment Holdings Co., Ltd	Textile	-	48,907.96
Total		8,849.56	1,490,883.38

(2) Lending of related party funds

In RMB

Related party	Borrowing amount	Start date	Due date	Description
Lending				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	2019.07.30	2023.07.30	The annual lending rate is 0.30%

(3) Rewards for the key management personnel

In RMB

Rewards for the key management personnel Items	Amount of this year	Amount of last year
	11,966,067.00	11,152,828.00

6. Receivables and payables of related parties

(1) Receivables

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of	Balance of	Balance of	Bad debt

		Book	Book	Book	Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	-	-	412,495.18	18,686.03
Account receivable	Shenzhen Investment Holdings Co., Ltd	-	-	55,266.00	2,503.55
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	1,100,000.00	58,850.00	1,100,000.00	55,000.00

(2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Accounts payable	Hengmei Optoelectronics Co., Ltd	-	170,977.53
Other payable	Yehui International Co.,Ltd.	1,124,656.60	1,124,656.60
Other payable	Shenzhen Changlianfa Printing & dyeing Co., Ltd.	2,023,699.95	2,023,699.95
Other payable	Shenzhen Guanhua Printing & dyeing Co., Ltd.	3,806,454.17	3,806,454.17
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Investment Holdings Co., Ltd	643,987.04	-

XIII. Commitments and contingencies

1. Important commitments

(1) Capital commitment

In RMB

Items	Amount at the end of this year	Amount at the end of last year
Contracted but not recognized in the financial statements		
Commitment to purchase and build long-term assets	3,761,094.00	

2. Contingencies

In 2022, litigation disputes between the Company and its controlling subsidiary Shengbo Optoelectronics and its non-controlling shareholder, Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Fund"), including the shareholder's right to know, the dissolution of Shengbo Optoelectronics, and the confirmation of the effectiveness of the resolution of Shengbo Optoelectronics, were heard in the Pingshan District People's Court of Shenzhen City, Guangdong Province.

The Company believes that the above litigation matters were caused by differences and disputes between the shareholders of Shengbo Optoelectronics and the failure to reach an agreement, which did not significantly affect the financial situation and production and operation of Shengbo Optoelectronics.

As of December 31, 2022, the Company has no pending litigation, external guarantees, and other contingencies that should be disclosed beyond the above.

XIV. Matters after the balance sheet date

1. Profit distribution after the balance sheet date

On April 1, 2023, the company held a board meeting and approved the 2022 profit distribution plan. The company plans to distribute a cash dividend of RMB 0.6 (tax inclusive) per 10 shares to all shareholders based on the total capital stock of 506521849 shares as of December 31, 2022, with a total cash dividend of RMB 30391310.94 (tax inclusive). The profit distribution plan is yet to be approved by the Company's shareholders' meeting.

In RMB

Items	Amount
Profits or dividends to be distributed	30,391,310.94
Profits or dividends declared after deliberation and approval	30,391,310.94

XV. Other important matters

1. Segment information

(1) Determination basis and accounting policy of reporting segment

According to the company's internal organizational structure, management requirements, and internal reporting system, the company's business is divided into three operating segments, and the company's management regularly evaluates the operating results of these segments to determine the allocation of resources and evaluate performance. On the basis of operating segments, the company has determined the following three reporting segments: polarizer business, property leasing business, and textile business.

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to the management, and these measurement bases are consistent with the accounting and measurement bases used in the preparation of financial statements.

(2) Financial information of reporting segment

In RMB

This year or the end of this year	Polarizer	Property leasing	Textile	Offset	Total
Operating income:					
External transaction income	2,728,009,332.54	81,731,913.50	28,247,018.32	-	2,837,988,264.36
Inter-segment transaction income	-	4,709,369.95	-	(4,709,369.95)	-
Total operating income of segment	2,728,009,332.54	86,441,283.45	28,247,018.32	(4,709,369.95)	2,837,988,264.36
Operating expenses (note)	2,527,835,900.31	77,013,737.77	39,239,385.90	(4,360,768.89)	2,639,728,255.09
Operating profit	20,266,160.12	30,304,595.91	(12,022,403.47)	(1,715,534.86)	36,832,817.70
Net profit	91,118,912.03	34,073,314.37	(12,013,091.49)	(1,387,168.59)	111,791,966.32
Total assets of segment	4,355,319,002.77	1,282,812,378.49	37,349,989.80	(58,344,003.16)	5,617,137,367.90
Total liabilities of segment	1,404,343,189.16	202,684,944.37	29,223,370.78	(50,156,461.83)	1,586,095,042.48

Note: This item includes operating costs, taxes and surcharges, administrative expenses, research and development expenses, sales expenses, and financial expenses.

2. Other important transactions and matters that have an impact on investors' decisions

(1) Significant asset restructuring

On December 30, 2022, the Company held the 19th meeting of the 8th Board of Directors and deliberated and passed the Proposal on the Plan for Issuing Shares and Paying Cash to Purchase Assets, Raising Supporting Funds, and Related Party Transactions. The Company plans to purchase 100% of the total equity of Hengmei Optoelectronics Co., Ltd. held by 17 companies such as Qimei Materials and Haosheng (Danyang) through issuing shares and paying cash. The cash consideration for this transaction is proposed to be paid by the company with self raised funds such as merger and acquisition loans and raised matching funds. The company plans to raise matching funds through non-public offering of shares to no more than 35 qualified specific investors. The total amount of raised matching funds shall not exceed 100% of the transaction price for the proposed purchase of assets through the issuance of shares, and the number of shares issued shall not exceed 30% of the total share capital of the listed company after the completion of the purchase of assets through the issuance of shares.

This transaction will not result in a change in the control of the company. Before and after this transaction, the actual controller of the company is the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government. As of the date of approval and issuance of this financial statement, this transaction still needs to obtain relevant approval or approval, filing, and other procedures. The audit, evaluation, due diligence, and other work involved in this transaction are still in progress. After the relevant work is completed, the company will again convene the board of directors to review the relevant matters of this transaction.

(2) Properties not yet disposed of by Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli")

Shenzhen Xieli, a Sino-foreign joint venture established by the Company and Hong Kong Xieli Maintenance Company (hereinafter referred to as "Hong Kong Xieli"), was deregistered by the Shenzhen Municipal Market Supervision and Administration in March 2020. However, there are still three properties under the name of Shenzhen Xieli that need to be negotiated between the shareholders of both parties. In July 2020, the company filed a lawsuit to the People's Court of Yantian District, Shenzhen City, Guangdong Province to revoke the cancellation of Shenzhen Xieli approved by the Shenzhen Market Supervision and Administration Bureau.

In December 2022, the People's Court of Yantian District, Shenzhen City, Guangdong Province, made a first instance judgment revoking the administrative act of canceling the registration of Shenzhen Xieli. In January 2023, the third person in the original trial, Hong Kong Xieli, appealed to the Shenzhen Intermediate People's Court of Guangdong Province. Later, due to the failure of Hong Kong Xieli to pay the case acceptance fee in advance on schedule, the Shenzhen Intermediate People's Court of Guangdong Province issued an administrative ruling, ruling that Hong Kong Xieli withdraw its appeal processing.

XVI. Notes on main items of parent company's financial statements

1. Accounts receivable

(1) Disclosure by age

In RMB

Aging	Balance at the end of this year		
	Accounts receivable	Credit loss provision	Accrual proportion (%)

Within 1 year	13,871,107.36	713,159.25	5.14
1-2 years	2,485,076.00	-	-
Total	16,356,183.36	713,159.25	

(2) Classified disclosure by credit loss accrual method

In RMB

Category	Balance at the end of this year				Book value
	Book balance		Credit loss provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Credit loss provision accrued by item	-	-	-	-	-
Credit loss provision accrued by portfolio	16,356,183.36	100.00	713,159.25	4.36	15,643,024.11
Total	16,356,183.36	100.00	713,159.25	4.36	15,643,024.11

Accounts receivable for which provision for credit losses is made by portfolio:

In RMB

	Balance at the end of this year		
	Accounts receivable	Credit loss provision	Expected credit loss rate (%)
Within 1 year	13,871,107.36	713,159.25	5.14
1-2 years	2,485,076.00	-	-
Total	16,356,183.36	713,159.25	

Description of accounts receivable for which provision for credit losses is made by portfolio:

As a part of the company's credit risk management, the company uses an impairment matrix to determine the expected credit losses of accounts receivable formed by property leasing businesses based on the aging of accounts receivable. This type of business involves a large number of customers with the same risk characteristics, and aging information can reflect the solvency of such customers when their accounts receivable mature.

(3) Credit loss provision withdrawn, recovered or reversed this year

In RMB

Category	Balance at the beginning of this year	Amount of change this year				Balance at the end of this year
		Accrual	Recovery or reversal	Write-off or cancellation	Other changes	
Accounts receivable with credit loss provision accrued by item	-	-	-	-	-	-
Accounts receivable with credit loss provision accrued by portfolio	417,679.54	295,479.71	-	-	-	713,159.25
Total	417,679.54	295,479.71	-	-	-	713,159.25

Changes in credit loss provision of accounts receivable:

In RMB

Items	Expected credit loss for the whole duration
Year-beginning balance	417,679.54
Accrual this year	295,479.71
Reversal this year	-
Write-off this year	-
Other changes	-
Year-end balance	713,159.25

(4) No actual write-off of accounts receivable this year.

(5) Top five units of the year-end balance of accounts receivable collected by the defaulting party

In RMB

Unit name	Book balance at the	Proportion of total	Year-end balance of
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	end of this year	accounts receivable (%)	credit loss provision
Total accounts receivable of the top five balances on December 31, 2022	15,404,631.71	94.18	709,106.85

(6) There are no accounts receivable that have been derecognized due to the transfer of financial assets this year.

2. Other receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	14,132,756.62	14,383,631.68
Total	14,132,756.62	14,383,631.68

(1) Disclosure by aging

In RMB

Aging	Balance at the end of this year		
	Other receivables	Credit loss provision	Accrual proportion (%)
Within 1 year	3,408,892.46	59,301.12	1.74
1-2 years	10,707,995.02	3,018.92	0.03
2-3 years	-	-	-
Over 3 years	15,279,395.10	15,201,205.92	99.49
Total	29,396,282.58	15,263,525.96	

(2) Disclosure by payment nature

In RMB

Payment nature	Book balance at the end of this year	Book balance at the end of last year
Deposit and security deposit	10,000.00	10,000.00
External unit transactions	15,349,339.97	15,349,339.97
Related party transactions within the consolidation scope	12,980,241.09	14,475,600.00
Others	1,056,701.52	1,047,702.42
Total	29,396,282.58	30,882,642.39

(3) Accrual of credit loss provision

In RMB

Stage	Year-end amount			
	Expected average loss rate (%)	Book balance	Loss provision	Book value
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	51.92	29,396,282.58	15,263,525.96	14,132,756.62

(4) Changes in credit loss provision of other receivables:

In RMB

Credit loss provision	First stage Expected credit loss in next 12 months	Second stage Expected credit loss for the whole duration (no credit impairment)	Third stage Expected credit loss for the whole duration (credit impairment has occurred)	Total
Balance as at 1 Jan. 2022	1,387,764.39	-	15,111,246.32	16,499,010.71

Book balance of other account receivable in Current Year as at 1 Jan. 2022				
--Transfer to the second stage	(1,115.91)	1,115.91	-	-
-- Transfer to the third stage	-	-	-	-
-- Reversal to the second stage	-	-	-	-
-- Reversal to the first stage	-	-	-	-
Provision in Current Year	-	1,903.01	89,959.60	91,862.61
Reversal in Current Year	(1,327,347.36)	-	-	(1,327,347.36)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2022	59,301.12	3,018.92	15,201,205.92	15,263,525.96

(5) Other receivables with no actual write-off this year

(6) Top five companies with year-end balance of other receivables collected by the defaulting party

In RMB

Unit name	Payment nature	Year-end balance of other receivables	Aging	Proportion of total year-end balance of other receivables (%)	Year-end balance of credit loss provision
Total other receivables of the top five balances on December 31, 2022	Current payment receivable between companies and internal current payment	15,899,759.97	Within 1 year, Over 3 years	54.09	14,858,609.97

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	1,974,532,127.39	16,582,629.30	1,957,949,498.09	1,972,630,835.39	16,582,629.30	1,956,048,206.09
Investments in joint ventures	129,506,271.76	-	129,506,271.76	128,214,225.54	-	128,214,225.54
Investments in associates company	4,975,563.98	-	4,975,563.98	4,808,100.23	-	4,808,100.23
Total	2,109,013,963.13	16,582,629.30	2,092,431,333.83	2,105,653,161.16	16,582,629.30	2,089,070,531.86

(1) Investment to the subsidiary

In RMB

Name	Balance at the beginning of this year	Add investment	Decreased investment	Balance at the end of this year	Withdrawn impairment provision	Closing balance of impairment provision
SAPO Photoelectric	1,924,663,070.03	-	-	1,924,663,070.03	-	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25	-	-	8,073,388.25	-	-
Shenzhen Beauty Century Garment Co., Ltd.	16,864,215.55	1,901,292.00	-	18,765,507.55	-	2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08	-	-	15,489,351.08	-	-
Shenzhen Shenfang Real Estate Management Co., Ltd.	1,713,186.55	-	-	1,713,186.55	-	-
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	5,827,623.93	-	-	5,827,623.93	-	-
Total	1,972,630,835.39	1,901,292.00	-	1,974,532,127.39	-	16,582,629.30

(2) Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment			Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-
Subtotal	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-
II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	2,972,202.97	-	-	133,593.58	-	-	-	-	-	3,105,796.55	-
Yehui International Co., Ltd.	1,835,897.26	-	-	(117,999.65)	151,869.82	-	-	-	-	1,869,767.43	-
Subtotal	4,808,100.23	-	-	15,593.93	151,869.82	-	-	-	-	4,975,563.98	-
Total	133,022,325.77	1.00	-	1,307,639.15	151,869.82	-	-	-	-	134,481,835.74	-

4. Business income and Business cost

(1) Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Income from Main Business	56,046,883.88	9,544,956.96	74,272,555.42	7,660,814.11
Other Business income	-	-	3,887,130.77	3,887,130.77
Total	56,046,883.88	9,544,956.96	78,159,686.19	11,547,944.88

(2) Main business income and main business cost classified by product

In RMB

Product	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Property leasing	56,046,883.88	9,544,956.96	74,272,555.42	7,660,814.11

(3) Main business income and main business cost classified by area

In RMB

Area	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Domestic	56,046,883.88	9,544,956.96	74,272,555.42	7,660,814.11

5. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the equity method	1,307,639.15	33,984.66
Investment income from the disposal of long-term equity investment	-	20,779.93
Investment income of trading financial assets during the holding period	15,748,625.37	16,344,590.24
Dividend income earned during investment holdings in other equity instruments	1,599,735.85	1,659,743.65
Other	-	2,350,000.00
Total	18,656,000.37	20,409,098.48

XVII. Supplement information

1. Particulars about current non-recurring gains and loss

√ Applicable □ Not applicable

According to China Securities Regulatory Commission's Explanatory Announcement No.1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring gains and losses (2008), the Group's non-recurring gains and losses in 2022 are as follows:

In RMB

Items	Amount
Non-current asset disposal gain/loss	31,264.60
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	26,350,210.89
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	-
Reversal of the account receivable depreciation reserves subject to separate impairment test	-
Other non-business income and expenditures other than the above	7,516,025.10

Total non-recurring gains and losses	33,897,500.59
Less :Influenced amount of income tax	5,589,310.62
Net non-recurring gains and losses	28,308,189.97
Influenced amount of minor shareholders' equity (after tax)	9,147,064.53
Non-recurring gains or losses attributable to the common shareholders of the Company	19,161,125.44

2. Return on net asset and earnings per share

This statement of return on net assets and earnings per share is prepared by the Group in accordance with the relevant provisions of the Rule No.9 for Compilation of Information Disclosure of Public Offering Securities Companies - Calculation and Disclosure of Return on Net Assets and Earnings per Share (revised in 2010) issued by China Securities Regulatory Commission.

In RMB

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Common stock shareholders of Company.	2.59	0.14	0.14
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	1.91	0.11	0.11

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

April 4, 2023