

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

**The Semi-Annual Financial Report 2023**



**August 2023**

**I. Audit report**

Has this semi-annual report been audited?

Yes  No

The semi-annual financial report has not been audited.

**II. Financial Statements**

Statement in Financial Notes are carried in RMB/CNY

**1. Consolidated balance sheet**

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

June 30,2023

In RMB

Items	June 30,2023	January 1,2023
Current asset :		
Monetary fund	616,242,142.99	991,789,968.19
Settlement provision		
Outgoing call loan		
Transactional financial assets	613,554,063.16	319,605,448.44
Derivative financial assets		
Note receivable	56,718,590.38	74,619,100.26
Account receivable	854,907,728.96	636,583,469.93
Financing of receivables	22,863,088.36	54,413,796.91
Prepayments	29,658,881.12	18,391,444.67
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	3,393,141.86	10,585,975.38
Including : Interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventories	663,102,543.53	558,447,648.77
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	49,663,425.99	69,535,531.24
Total of current assets	2,910,103,606.35	2,733,972,383.79
Non-current assets:		
Loans and payment on other's behalf disbursed		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	132,425,526.41	134,481,835.74
Other equity instruments investment	167,678,283.27	167,678,283.27
Other non-current financial assets		

Real estate investment	121,971,877.49	126,315,834.76
Fixed assets	2,133,290,574.66	2,240,221,656.36
Construction in progress	36,543,522.56	38,061,619.60
Production physical assets		
Oil & gas assets		
Use right assets	16,680,916.70	15,365,393.88
Intangible assets	41,720,496.23	44,192,571.95
Development expenses		
Goodwill		
Long-germ expenses to be amortized	3,459,965.93	4,470,957.79
Deferred income tax asset	68,718,492.58	69,823,814.29
Other non-current asset	40,252,375.73	42,553,016.47
Total of non-current assets	2,762,742,031.56	2,883,164,984.11
Total of assets	5,672,845,637.91	5,617,137,367.90
Current liabilities		
Short-term loans	8,000,000.00	7,000,000.00
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable	15,284,993.54	
Account payable	437,489,166.07	327,049,873.70
Advance receipts	1,164,665.15	1,393,344.99
Contract liabilities	4,975,276.30	4,274,109.40
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	57,267,795.28	61,166,444.90
Tax payable	6,033,241.05	8,897,312.51
Other account payable	187,021,282.45	197,345,455.37
Including : Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	107,490,031.64	104,183,438.22
Other current liability	74,149,887.64	92,945,741.78
Total of current liability	898,876,339.12	804,255,720.87
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	557,148,599.34	607,421,585.00
Bond payable		
Including : preferred stock		
Sustainable debt		
Lease liability	10,357,763.45	8,628,672.71
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	104,754,078.27	117,814,796.10
Deferred income tax liability	48,518,353.82	47,974,267.80
Other non-current liabilities		
Total non-current liabilities	720,778,794.88	781,839,321.61
Total of liability	1,619,655,134.00	1,586,095,042.48
Owners' equity		
Share capital	506,521,849.00	506,521,849.00

Other equity instruments		
Including : preferred stock		
Sustainable debt		
Capital reserves	1,961,599,824.63	1,961,599,824.63
Less: Shares in stock		
Other comprehensive income	109,830,200.11	109,596,609.31
Special reserve		
Surplus reserves	100,909,661.32	100,909,661.32
Common risk provision		
Retained profit	176,552,462.98	170,636,610.95
Total of owner's equity belong to the parent company	2,855,413,998.04	2,849,264,555.21
Minority shareholders' equity	1,197,776,505.87	1,181,777,770.21
Total of owners' equity	4,053,190,503.91	4,031,042,325.42
Total of liabilities and owners' equity	5,672,845,637.91	5,617,137,367.90

Legal Representative: Yin Kefei

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

Person-in -charge of the accounting organ : Huang Min

## 2.Parent Company Balance Sheet

In RMB

Items	June 30,2023	January 1,2023
Current asset :		
Monetary fund	128,173,826.37	426,042,455.28
Transactional financial assets	593,512,060.11	319,605,448.44
Derivative financial assets		
Note receivable		
Account receivable	18,004,264.58	15,643,024.11
Financing of receivables		
Prepayments	1,406,419.78	0.00
Other account receivable	14,116,168.90	14,132,756.62
Including : Interest receivable		
Dividend receivable		
Inventories	18,993.95	26,237.85
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		
Total of current assets	755,231,733.69	775,449,922.30
Non-current assets:		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	2,090,375,024.50	2,092,431,333.83
Other equity instruments investment	151,618,842.39	151,618,842.39
Other non-current financial assets		
Real estate investment	97,823,054.11	101,190,712.85
Fixed assets	10,806,016.97	11,346,585.35
Construction in progress		
Production physical assets		
Oil & gas assets		
Use right assets		

Intangible assets	249,098.82	308,243.90
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset		
Other non-current asset	25,760,086.27	25,997,082.15
Total of non-current assets	2,376,632,123.06	2,382,892,800.47
Total of assets	3,131,863,856.75	3,158,342,722.77
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	411,743.57	411,743.57
Advance receipts	540,673.07	691,160.58
Contract liabilities		
Employees' wage payable	13,987,952.68	18,510,589.33
Tax payable	3,684,645.18	7,121,466.14
Other account payable	111,540,100.53	113,736,371.24
Including : Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	130,165,115.03	140,471,330.86
Non-current liabilities:		
Long-term loan		
Bond payable		
Including : preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	250,000.00	300,000.00
Deferred income tax liability	44,905,468.47	44,363,868.30
Other non-current liabilities		
Total non-current liabilities	45,155,468.47	44,663,868.30
Total of liability	175,320,583.50	185,135,199.16
Owners' equity		
Share capital	506,521,849.00	506,521,849.00
Other equity instruments		
Including : preferred stock		
Sustainable debt		
Capital reserves	1,577,392,975.96	1,577,392,975.96
Less: Shares in stock		
Other comprehensive income	98,910,619.45	98,855,668.75
Special reserve		
Surplus reserves	100,909,661.32	100,909,661.32
Retained profit	672,808,167.52	689,527,368.58
Total of owners' equity	2,956,543,273.25	2,973,207,523.61
Total of liabilities and owners' equity	3,131,863,856.75	3,158,342,722.77

## 3.Consolidated Income statement

In RMB

Items	The first half year of 2023	The first half year of 2022
I. Income from the key business	1,490,095,669.55	1,445,137,309.09
Incl : Business income	1,490,095,669.55	1,445,137,309.09
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	1,412,490,369.86	1,353,000,511.71
Incl: Business cost	1,286,170,472.71	1,242,988,094.06
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	4,397,329.78	4,171,362.18
Sales expense	16,439,473.30	18,355,747.39
Administrative expense	65,299,409.82	61,448,188.86
R & D costs	36,004,188.62	34,870,992.66
Financial expenses	4,179,495.63	-8,833,873.44
Including : Interest expense	13,965,081.41	15,882,534.27
Interest income	5,318,571.16	773,863.34
Add: Other income	19,369,307.55	10,780,654.48
Investment gain (“-”for loss )	7,743,354.69	11,043,172.52
Incl: investment gains from affiliates	-2,111,260.03	1,658,532.04
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	-8,669,369.85	-2,985,253.53
Impairment loss of assets	-35,512,897.29	-42,073,672.20
Assets disposal income	321.08	-11,114.72
III. Operational profit (“-”for loss )	60,536,015.87	68,890,583.93
Add : Non-operational income	401,387.79	1,768,115.05
Less: Non-operating expense	3,037,581.05	213,090.29
IV. Total profit(“-”for loss)	57,899,822.61	70,445,608.69
Less: Income tax expenses	5,713,017.38	340,897.81
V. Net profit	52,186,805.23	70,104,710.88
(I) Classification by business continuity		
1.Net continuing operating profit	52,186,805.23	70,104,710.88
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	36,307,162.97	42,433,525.10
2.Minority shareholders’ equity	15,879,642.26	27,671,185.78
VI. Net after-tax of other comprehensive income	352,684.20	75,756.02
Net of profit of other comprehensive income attributable to owners of the parent company.	233,590.80	75,756.02
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net		

assets		
2.Other comprehensive income under the equity method investee c an not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments		
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.	233,590.80	75,756.02
1.Other comprehensive income under the equity method investee c an 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	54,950.70	75,756.02
7.Other		
Net of profit of other comprehensive income attributable to Minorit y shareholders' equity	119,093.40	
VII. Total comprehensive income	52,539,489.43	70,180,466.90
Total comprehensive income attributable to the owner of the parent company	36,540,753.77	42,509,281.12
Total comprehensive income attributable minority shareholders	15,998,735.66	27,671,185.78
VIII. Earnings per share		
( I ) Basic earnings per share	0.0717	0.0838
(II)Diluted earnings per share	0.0717	0.0838

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 : Huang Min

#### 4. Income statement of the Parent Company

In RMB

Items	The first half year of 2023	The first half year of 2022
I. Income from the key business	39,239,619.43	21,156,669.75
Incl : Business cost	4,156,707.01	5,203,409.57
Business tax and surcharge	1,518,980.53	1,379,026.92
Sales expense	103,182.40	61,120.10
Administrative expense	24,244,619.96	20,247,344.52
R & D expense		
Financial expenses	-1,137,285.05	-246,370.02
Including : Interest expenses		
Interest income	1,206,551.01	227,023.28
Add : Other income	103,012.52	181,448.97
Investment gain ( “-”for loss )	7,701,351.64	11,334,212.84
Including: investment gains from affiliates	-2,111,260.03	1,658,532.04
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	-38,616.99	-106,152.94
Impairment loss of assets		

Assets disposal income		
II. Operational profit (“-”for loss)	18,119,161.75	5,921,647.53
Add : Non-operational income		
Less: Non -operational expenses	263.13	100,000.00
III. Total profit(“-”for loss)	18,118,898.62	5,821,647.53
Less: Income tax expenses	4,446,788.74	262,406.66
IV. Net profit	13,672,109.88	5,559,240.87
1.Net continuing operating profit	13,672,109.88	5,559,240.87
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	54,950.70	75,756.02
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments		
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	54,950.70	75,756.02
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	54,950.70	75,756.02
7.Other		
VI. Total comprehensive income	13,727,060.58	5,634,996.89
VII. Earnings per share		
( I ) Basic earnings per share		
(II)Diluted earnings per share		

## 5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2023	The first half year of 2022
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,289,316,287.70	1,337,065,239.48
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	2,508,619.13	2,595,000.19
Other cash received from business operation	77,994,829.70	287,019,693.63
Sub-total of cash inflow	1,369,819,736.53	1,626,679,933.30
Cash paid for purchasing of merchandise and services	1,119,566,064.13	1,225,526,384.08
Net increase of client trade and advance	0.00	0.00
Net increase of savings in central bank and brother company	0.00	0.00



Cash paid for original contract claim	0.00	0.00
Net increase in financial assets held for trading purposes	0.00	0.00
Net increase for Outgoing call loan	0.00	0.00
Cash paid for interest, processing fee and commission	0.00	0.00
Cash paid to staffs or paid for staffs	132,029,182.07	132,733,244.30
Taxes paid	25,728,838.24	139,777,733.09
Other cash paid for business activities	78,092,678.49	49,204,337.24
Sub-total of cash outflow from business activities	1,355,416,762.93	1,547,241,698.71
Net cash generated from /used in operating activities	14,402,973.60	79,438,234.59
<b>II. Cash flow generated by investing</b>		
Cash received from investment retrieving		
Cash received as investment gains	1,456,000.00	2,636,054.80
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	7,050.00	2,776.70
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Other investment-related cash received	195,000,000.00	635,000,000.00
Sub-total of cash inflow due to investment activities	196,463,050.00	637,638,831.50
Cash paid for construction of fixed assets, intangible assets and other long-term assets	13,286,475.07	31,252,419.31
Cash paid as investment	0.00	0.00
Net increase of loan against pledge	0.00	0.00
Net cash received from subsidiaries and other operational units	0.00	0.00
Other cash paid for investment activities	631,537,000.00	650,000,001.00
Sub-total of cash outflow due to investment activities	644,823,475.07	681,252,420.31
Net cash flow generated by investment	-448,360,425.07	-43,613,588.81
<b>III. Cash flow generated by financing</b>		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	3,000,000.00	50,572,000.00
Other financing –related cash received	0.00	0.00
Sub-total of cash inflow from financing activities	3,000,000.00	50,572,000.00
Cash to repay debts	49,284,364.34	0.00
Cash paid as dividend, profit, or interests	44,088,760.65	40,857,882.81
Including: Dividend and profit paid by subsidiaries to minor shareholders	0.00	0.00
Other cash paid for financing activities	4,141,770.57	0.00
Sub-total of cash outflow due to financing activities	97,514,895.56	40,857,882.81
Net cash flow generated by financing	-94,514,895.56	9,714,117.19
<b>IV. Influence of exchange rate alternation on cash and cash equivalents</b>		
V. Net increase of cash and cash equivalents	-528,791,098.47	46,252,547.23
Add: balance of cash and cash equivalents at the beginning of term	874,474,834.46	302,408,433.72
VI. Balance of cash and cash equivalents at the end of term	345,683,735.99	348,660,980.95

## 6. Cash Flow Statement of the Parent Company

In RMB

Items	The first half year of 2023	The first half year of 2022
<b>I. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	39,612,023.57	30,439,993.40
Tax returned	1,636,664.57	200,005.60
Other cash received from business operation	1,679,622.51	8,775,816.77
Sub-total of cash inflow	42,928,310.65	39,415,815.77
Cash paid for purchasing of merchandise and services	6,111,142.09	5,066,002.25
Cash paid to staffs or paid for staffs	22,248,006.25	16,859,518.32
Taxes paid	12,755,344.10	3,475,718.60

Other cash paid for business activities	3,654,514.20	9,214,911.23
Sub-total of cash outflow from business activities	44,769,006.64	34,616,150.40
Net cash generated from /used in operating activities	-1,840,695.99	4,799,665.37
<b>II. Cash flow generated by investing</b>		
Cash received from investment retrieving	0.00	0.00
Cash received as investment gains	1,456,000.00	2,636,054.80
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	0.00	0.00
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Other investment-related cash received	135,000,000.00	635,000,000.00
Sub-total of cash inflow due to investment activities	136,456,000.00	637,636,054.80
Cash paid for construction of fixed assets, intangible assets and other long-term assets	512,293.90	238,180.00
Cash paid as investment	0.00	0.00
Net cash received from subsidiaries and other operational units	0.00	
Other cash paid for investment activities	401,537,000.00	650,000,001.00
Sub-total of cash outflow due to investment activities	402,049,293.90	650,238,181.00
Net cash flow generated by investment	-265,593,293.90	-12,602,126.20
<b>III. Cash flow generated by financing</b>		
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	30,406,699.21	25,326,092.45
Other cash paid for financing activities	0.00	0.00
Sub-total of cash outflow due to financing activities	30,406,699.21	25,326,092.45
Net cash flow generated by financing	-30,406,699.21	-25,326,092.45
<b>IV. Influence of exchange rate alternation on cash and cash equivalents</b>		
	-27,939.81	0.00
<b>V. Net increase of cash and cash equivalents</b>		
	-297,868,628.91	-33,128,553.28
Add: balance of cash and cash equivalents at the beginning of term	310,322,528.19	130,236,340.98
<b>VI. Balance of cash and cash equivalents at the end of term</b>		
	12,453,899.28	97,107,787.70

## 7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	The first half year of 2023													Min or shareholders' equity	Total of owners' equity	
	Owner's equity Attributable to the Parent Company															
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal			
		Preferred stock	Sustainable	Other												

			debt												
I. Balance at the end of last year	506,521,849.00				1,961,599,824.63		109,596,609.31		100,909,661.32		170,636,610.95		2,849,264,555.21	1,181,777,770.21	4,031,042,325.42
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		109,596,609.31		100,909,661.32		170,636,610.95		2,849,264,555.21	1,181,777,770.21	4,031,042,325.42
III. Changed in the current year							233,590.80				5,915,852.03		6,149,442.83	15,998,735.66	22,148,178.49
(1) Total comprehensive income							233,590.80				36,307.17		36,540,753.77	15,998,735.66	52,539,489.43
(II) Investment or decreasing of capital by owners															
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other															
(III) Profit allotment											-30,391,310.94		-30,391,310.94		-30,391,310.94
1. Providing of surplus reserves															

2. Providing of common risk provisions														
3. Allotment to the owners (or shareholders)														
4 . Other														
(IV) Internal transferring of owners' equity														
1. Capitalizing of capital reserves (or to capital shares)														
2. Capitalizing of surplus reserves (or to capital shares)														
3. Making up losses by surplus reserves.														
4. Change amount of defined benefit plans that carry forward Retained earnings														
5 . Other comprehensive income carry-over retained earnings														
6 . Other														
(V). Special reserves														
1. Provided this year														
2. Used this term														
(VI) Other														
IV. Balance at the end of this term	506,521,849.00			1,961,599,824.63		109,830,200.11		100,909,661.32		176,552,462.98		2,855,413,998.04	1,197,776,505.87	4,053,190,503.91

Amount in last year

In RMB

Items	The first half year of 2022													Min or shar	Total of own
	Owner's equity Attributable to the Parent Company														
	Share	Other Equity instrument	Capital	Less :	Other	Speciali	Surplus	Comm	Retained	Other	Subtotal				

	Capital	Prefere d stock	Sustai nable debt	Oth er	rese rves	Shar es in stoc k	Co mpr ehen sive Inco me	zed rese rve	rese rves	on risk prov isio n	prof it			ehol ders' equi ty	ers' equi ty
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		130,746,251.74		2,816,795,889.89	1,147,033,357.18	3,963,829,247.07
Add: Change of accounting policy													0.00		
Correcting of previous errors													0.00		
Merger of entities under common control													0.00		
Other													0.00		
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		130,746,251.74		2,816,795,889.89	1,147,033,357.18	3,963,829,247.07
III. Changed in the current year							75,756.02				17,107,432.65		17,183,188.67	27,671,185.78	44,854,374.45
(1) Total comprehensive income							75,756.02				42,433,525.10		42,509,281.12	27,671,185.78	70,180,466.90
(II) Investment or decreasing of capital by owners													0.00		
1. Ordinary Shares invested by shareholders													0.00		
2. Holders of other equity instruments invested capital													0.00		
3. Amount of shares paid and accounted as owners' equity													0.00		
4. Other													0.00		
(III) Profit allotment											-25,326,092.45		-25,326,092.45		-25,326,092.45

1. Providing of surplus reserves															
2. Providing of common risk provisions															
3 . Allotment to the owners (or shareholders)										- 25,3 26,0 92.4 5		- 25,3 26,0 92.4 5		- 25,3 26,0 92.4 5	
4 . Other												0.00			
(IV) Internal transferring of owners' equity												0.00			
1. Capitalizing of capital reserves (or to capital shares)												0.00			
2. Capitalizing of surplus reserves (or to capital shares)												0.00			
3. Making up losses by surplus reserves.												0.00			
4. Change amount of defined benefit plans that carry forward Retained earnings												0.00			
5 . Other comprehensive income carry-over retained earnings												0.00			
6 . Other												0.00			
(V). Special reserves												0.00			
1. Provided this year												0.00			
2 . Used this term												0.00			
(VI) Other												0.00			
IV. Balance at the end of this term	506, 521, 849. 00				1,96 1,59 9,82 4.63		119, 757, 875. 07		98,2 45,8 45.4 7		147, 853, 684. 39		2,83 3,97 9,07 8.56	1,17 4,70 4,54 2.96	4,00 8,68 3,62 1.52

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

Amount in this period

In RMB

Items	The first half year of 2023											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I.Balance at the end of last year	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
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		98,855,668.75		100,909,661.32	689,527,368.58		2,973,207,523.61
III .Changed in the current year							54,950.70			-16,719,201.06		-16,664,250.36
(I) Total comprehensive income							54,950.70			13,672,109.88		13,727,060.58
(II) Investment or decreasing of capital by owners												
1 . Ordinary Shares invested by shareholders												
2 . Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4 . Other												
( III ) Profit allotment										-30,391,310.		-30,391,310.

										94		94
1. Providing of surplus reserves												
2 . Allotment to the owners (or shareholders)										- 30,39 1,310. 94		- 30,39 1,310. 94
3 . Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward Retained earnings												
5 . Other comprehensive income carry-over retained earnings												
6 . Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	506,5 21,84 9.00				1,577, 392,9 75.96		98,91 0,619. 45		100,9 09,66 1.32	672,8 08,16 7.52		2,956, 543,2 73.25

Amount in last year

In RMB

Items	The first half year of 2022											Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	
		Preferred stock	Sustainable	Other								



			debt									
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							75,756.02			-19,766,851.58		-19,691,095.56
(I) Total comprehensive income							75,756.02			5,559,240.87		5,634,996.89
(II) Investment or decreasing of capital by owners												
1 . Ordinary Shares invested by shareholders												
2 . Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4 . Other												
( III ) Profit allotment										-25,326,092.45		-25,326,092.45
1.Providing of surplus reserves												
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. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	506,5				1,577,392,9		108,838,29		98,245,845.	671,112,26		2,962,111,23
	21,84				75.96		4.41		47	6.82		1.66
	9.00											

### III. Basic Information of the Company

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.

Details of the scope of the consolidated financial statement for the year are set out in the Note (X) 9, "Interests in other entities". Changes in the scope of the consolidated financial statement for the year are set out in Note (X)8, "Changes in the Scope of Consolidation".

## **IV. Basis for the preparation of financial statements**

### **(1) Basis for the preparation**

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

### **(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**

## **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 June 30, 2023 and the consolidated and parent operating results, the consolidated and parent shareholders' equity changes and the consolidated and parent cash flows for the first half 2023.

## **2. Accounting period**

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

## **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.

### **(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.

### **(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 consolidated scope of the consolidated financial statement is determined on a control basis. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its return. The Group will reassess once changes in the relevant facts and circumstances result in a change in the relevant elements covered by the above definition of control.

The merger of subsidiaries begins when the Group acquires control of the subsidiary and terminates when the Group loses control of the subsidiary.

For subsidiaries disposed of by the Group, the results of operations and cash flows prior to the date of disposal (the date of loss of control) have been duly included in the consolidated statement of income and the consolidated statement of cash flows.

For subsidiaries acquired through a business combination under non-common control, the results of operations and cash flows from the date of purchase (the date of acquisition of control) have been appropriately included in the consolidated statement of income and the consolidated statement of cash flows.

For subsidiaries acquired through a business combination under common control, regardless of when the business combination takes place in any point of the reporting period, the subsidiary shall be deemed to be included in the scope of the Group's consolidation on the date on which the subsidiary is under the control of the ultimate controlling party, the results of operations and cash flows from the beginning of the earliest period of the reporting period are duly included in the consolidated income statement and the consolidated statement of cash flows.

The principal accounting policies and the accounting periods adopted by the subsidiaries are determined in accordance with the accounting policies and accounting periods uniformly prescribed by the Company.

The impact of the Company's internal transactions with its subsidiaries and between subsidiaries on the consolidated financial statement is offset at the time of consolidation.

The shares of the subsidiary's ownership interest that are not part of the parent company are shown as minority interests under the item "minority interests" under the item on shareholders' equity in the consolidated balance sheet. The shares of the subsidiary's net profit or loss for the period that belongs to minority interests is shown under the item "minority profit and loss" under the net profit item in the consolidated statement of income.

The minority shareholders' share of the subsidiary's losses exceeds the minority shareholders' share of ownership interest enjoyed in the beginning of the period, and its balance is still offset by the minority shareholders' equity.

For transactions that purchase minority stakes in a subsidiary or dispose of part of the equity investment without losing control of the subsidiary, it's accounted as equity transactions, and the carrying amount of the owner's interest and minority interest attributable to the parent company is adjusted to reflect their change in the relevant interest in the subsidiary. The difference between the adjustment of minority interests and the fair value of the consideration paid/received is adjusted to the capital reserve, and if the capital reserve is insufficient to offset it, then it's adjusted to the retained earnings.

## **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 (X)5 , 22 "Long-term equity investments ".(3) subsequent measurement and profit and loss recognition method 2) Long-term equity investment calculated 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**

### **(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.

## **(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).

### (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

#### 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.

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.

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.

## **(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.

#### 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.

## 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:

- a) significant financial difficulties of the issuer or debtor;
- b) Breach of contract by the debtor, such as default or delay in payment of interest or principal;
- c) 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;
- d) The debtor is likely to go bankrupt or undergo other financial restructuring;
- e) The financial difficulties of the issuer or debtor that result in the disappearance of an active market for that financial asset;

- f) 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.

### 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.

### 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.

## **(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.

#### **(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.

##### **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.

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.

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.

## 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.

## 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.

### **(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. Notes receivable**

Please refer to the "10. Financial Instruments" of "V. Significant Accounting Policies and Accounting Estimates" of "Section 10 Financial Reporting" of this report.



## 12. Accounts receivable

Please refer to the "10. Financial Instruments" of "V. Significant Accounting Policies and Accounting Estimates" of "Section 10 Financial Reporting" of this report.

## 13. 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 (X) 5 "Financial Instruments" for relevant accounting policies.

## 14. Other account receivable

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

Please refer to the "10. Financial Instruments" of "V. Significant Accounting Policies and Accounting Estimates" of "Section 10 Financial Reporting" of this report.

## 15. Inventory

### (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.

### (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.

### (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.

### (4) Inventory system

The inventory system is perpetual inventory system.

**(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.

**16.Contract assets**

None

**17.Contract Cost**

None

**18.Held-for-sale assets**

None

**19.Creditor's rights investment**

None

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

None

**21.Long-term account receivable**

None

**22. Long-term equity investment**

**(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.

**(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.

### **(3) Subsequent measurement and profit and loss recognition method**

#### 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.

#### 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.

#### **(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.

### **23. Investment real estate**

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.

### **24. Fixed assets**

#### **(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.

## (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.

## (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.

## (4) Cognizance evidence and pricing method of financial leasing fixed assets

None

## 25. 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.

## 26. 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.

## 27. Biological Assets

None

## 28. Oil & Gas assets

None

## 29. Right to use assets

None

## 30. Intangible assets

### (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.

### (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.

### **31. 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.

### **32. 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.



### **33. 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.

### **34. Employee Remuneration**

#### **(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.

#### **(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.

#### **(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.

#### **(4) Accounting Treatment Method of Other Long-term Employee Benefits**

None

### **35. Lease liabilities**

Please refer to the "42. Lease (1) The Company as a lessee 1) Lease liability" of "V. Significant Accounting Policies and Accounting Estimates" of "Section 10 Financial Reporting" of this report

### **36. 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.

### **37. 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.

#### **(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.

#### **(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.

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

None

### 39. Revenue

Accounting policies adopted in income recognition and measurement

The Group's income mainly comes from the following business:

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

The Group has fulfilled its contractual obligation, that is, when the customer obtains the control right of the relevant goods or services, the income will be recognized according to the transaction price allocated to the performance obligation. Performance obligation refers to the commitment of the Group to transfer clearly distinguishable goods or services to customers in the contract. Transaction price refers to the amount of consideration that the Group is expected to receive due to the transfer of goods or services to customers, which however, does not include the money received on behalf of third parties and the money that the Group expects to return to customers.

The Group evaluates the contract on the start date of the contract, identifies the individual performance obligations contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point of time. If one of the following conditions is met, it belongs to the performance obligation within a certain period of time, and the Group recognizes the income within a certain period of time according to the performance progress: (1) The customer obtains and consumes the economic benefits brought by the performance of the Group; (2) The customer can control the goods under construction during the performance of the Group; (3) The goods produced by the Group during the performance of the contract have irreplaceable purposes, and the Group has the right to collect money for the accumulated performance part completed so far during the whole contract period. Otherwise, the Group recognizes income at the point when the customer obtains control over the relevant goods or services.

If the contract contains two or more performance obligations, the Group will allocate the transaction price to each individual performance obligation on the contract start date according to the relative proportion of the separate selling price of the goods or services promised by each individual performance obligation. 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 in the contract, the Group will allocate the contract discount or variable consideration to one or more related performance obligations. Separate selling price refers to the price at which the Group sells goods or services to customers separately. If the separate selling price cannot be directly observed, the Group comprehensively considers all relevant information that can be reasonably obtained, and estimates the separate selling price by using observable input values to the maximum extent.

For sales with return clauses, when the customer obtains the control right of the relevant goods, the Group recognizes the income according to the amount of consideration expected to be charged due to the transfer of goods to the customer (that is, excluding the amount expected to be refunded due to sales return), and recognizes the liabilities according to the amount expected to be refunded due to sales return; At the same time, according to the book value of the expected returned goods at the time of transfer, the balance after deducting

the expected cost of recovering the goods (including the loss of the value of the returned goods) is recognized as an asset, and the net carry-over cost of the above assets is deducted according to the book value of the transferred goods at the time of transfer.

For sales with quality assurance clauses, if the quality assurance provides a separate service in addition to assuring customers that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group shall handle the quality assurance responsibility in accordance with the *Accounting Standards for Business Enterprises No.13-Contingencies*.

According to whether the Group has control over the goods or services before transferring them to customers, the Group judges whether it is the main responsible person or the agent when engaging in transactions. If the Group can control the goods or services before transferring them to customers, the Group is the main responsible person, and the income is recognized according to the total consideration received or receivable; Otherwise, the Group, as an agent, recognizes income according to the expected amount of commission or handling fee, which is determined according to the net amount of the total consideration received or receivable after deducting the price payable to other interested parties.

If the Group receives the payment for the sale of goods or services from customers in advance, it will first recognize the payment as a liability, and then change it to income when the relevant performance obligations are fulfilled. When the advance payment of the Group does not need to be returned, and the customer may give up all or part of its contractual rights, if the Group is expected to be entitled to the amount related to the contractual rights given up by the customer, the above amount will be recognized as income in proportion according to the mode of the customer's exercise of contractual rights; Otherwise, the Group will only convert the relevant balance of the above liabilities into income when it is extremely unlikely that the customer will demand to perform the remaining performance obligations.

Please refer to Note (X) 5 "The Group as a lessor records the operating leasing business" for the accounting policy of the Group's income recognition in property leasing.

#### **40. 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.

##### **(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.

##### **(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.

#### **41. Deferred income tax assets/Deferred income tax liabilities**

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

##### **(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.

##### **(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.

### **(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.

## **42. Lease**

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for consideration within a certain period of time.

On the commencement date of the contract, the Group evaluates whether the contract is a lease or contains a lease. Unless the terms and conditions of the contract change, the Group will not re-evaluate whether the contract is a lease or contains a lease.

### **(1) The Group as the lessee**

#### **1) Split of lease**

If the contract contains one or more leased and non-leased parts at the same time, the Group will split each separate leased and non-leased part and allocate the contract consideration according to the relative proportion of the sum of the separate prices of each leased part and the non-leased part.

#### **2) Right-to-use assets**

Except for short-term leases, the Group recognizes the right-to-use assets on the start date of lease term. The start date of lease term refers to the start date when the lessor provides the leased assets for the use of the Group. The right-to-use assets is initially measured according to the cost. The cost includes:

Initial measurement amount of lease liabilities;

For the lease payment paid on or before the start date of the lease term, if there are lease incentives, deduct the amount related to the lease incentives enjoyed;

- Initial direct expenses incurred by the Group;
- The estimated costs incurred by the Group for dismantling and removing the leased assets, restoring the premises where the leased assets are located or restoring the leased assets to the state agreed in the lease clauses.

The Group refers to the depreciation provisions in *Accounting Standards for Business Enterprises No.4-Fixed Assets*, and accrues depreciation for right-to-use assets. If the Group can reasonably determine that it has acquired the ownership of the leased assets at the expiration of the lease term, the right-to-use assets will be depreciated within the remaining service life of the leased assets. If it cannot be reasonably determined that the ownership of the leased assets can be obtained at the expiration of the lease term, depreciation shall be accrued during the lease term or the remaining service life of the leased assets, whichever is shorter.

According to the *Accounting Standards for Business Enterprises No.8-Impairment of Assets*, the Group determines whether the right-to-use assets have been impaired, and carries out accounting treatment for the identified impairment losses.

### 3) Lease liabilities

Except for short-term leases, the Group initially measures the lease liabilities on the start date of lease term according to the present value of the unpaid lease payment on that date. When calculating the present value of the lease payment, the Group uses the lease interest rate as the discount rate. If the lease interest rate cannot be determined, the incremental loan interest rate is used as the discount rate.

Lease payment refers to the amount paid by the Group to the lessor related to the right to use the leased assets during the lease term, including:

- Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;
- Variable lease payment amount depending on index or ratio;
- The exercise price of the option reasonably determined by the Group to be exercised;
- The amount to be paid to terminate the lease when the lease term reflects that the Group will exercise the option;
- The amount expected to be paid according to the residual value of the guarantee provided by the Group.

After the start of the lease term, the Group calculates the interest expense of the lease liabilities in each period of the lease term at a fixed periodic interest rate, and includes it in the current profits and losses or related asset costs.

After the commencement of the lease term, if the following circumstances occur, the Group will re-measure the lease liabilities and adjust the corresponding right-to-use assets. If the book value of the right-to-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Group will include the difference in the current profits and losses:

- If the lease term changes or the evaluation result of the purchase option changes, the Group will re-measure the lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate;
- If the estimated payable amount according to the guarantee residual value or the index or proportion used to

determine the lease payment changes, the Group will re-measure the lease liabilities according to the present value calculated by the changed lease payment amount and the original discount rate.

#### 4) Short-term lease

For the short-term lease of some factories and some rented warehouses, the Group chooses not to recognize the right-to-use assets and lease liabilities. Short-term lease refers to the lease that does not exceed 12 months and does not include the option to purchase on the start date of the lease term. The Group will charge the lease payment for short-term lease to the current profits and losses or related asset costs in accordance with the straight-line method in each period of the lease term.

#### 5) Lease change

If the lease changes and the following conditions are met at the same time, the Group will carry out accounting treatment on the lease change as a separate lease:

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

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group will re-allocate the consideration of the changed contract, re-determine the lease term, and re-measure the lease liabilities according to the present value calculated by the changed lease payment and the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to lease change, the Group shall correspondingly reduce the book value of the right-to-use assets, and include the related gains or losses of partial or full termination of lease in the current profits and losses. If other lease changes lead to the re-measurement of lease liabilities, the Group will adjust the book value of the right-to-use assets accordingly.

#### 6) Policy-related rent concession

For the rent concessions reached between the Group and the lessor on the existing lease contract, such as rent reduction, deferred payment, etc., and the following conditions are met at the same time, the Group chooses to adopt the simplified method in the accounting treatment provisions of relevant policy rent reduction:

- (1) The lease consideration after concession is reduced or basically unchanged compared with that before concession;
- (2) After comprehensive consideration of qualitative and quantitative factors, it is determined that other clauses and conditions of the lease have not changed significantly.

The Group continues to calculate the interest expense of lease liabilities at the same discount rate as before concession and includes it in the current profits and losses, and continues to carry out subsequent measurement such as depreciation of right-to-use assets according to the same method as before concession. In case of rent reduction, the Group regards the reduced rent as a variable lease payment amount, and when the original rent payment obligation is terminated by reaching a concession agreement, the relevant asset costs or expenses are offset by the discounted amount at the discount rate before discounting or concession, and the lease liabilities are adjusted accordingly; If the rent payment is delayed, the Group will offset the lease liabilities recognized in the previous period when actually paying.

For short-term leases with simplified treatment, the Group continues to include the original contract rent in the relevant asset cost or expense in the same way as before concession. In case of rent reduction, the Group



regards the reduced rent as a variable lease payment, and offsets the cost or expense of related assets during the reduction period; If the payment of rent is delayed, the Group will recognize the rent payable as payable in the original payment period, and offset the payable recognized in the previous period when actually paying.

## **(2) The Group as the lessor**

### 1) Split of lease

If the contract contains both leased and non-leased parts, the Group will allocate the contract consideration according to the provisions of the *Accounting Standards for Business Enterprises No.14-Revenues* on transaction price allocation, and the basis of allocation is the separate prices of the leased part and the non-leased part.

### 2) Classification of lease

A lease that essentially transfers almost all the risks and rewards related to the ownership of the leased assets is a financial lease. Other leases except financing lease are operating leases.

#### ① The Group as a lessor records the operating lease business

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

The variable lease receipts related to operating leases obtained by the Group, which are not included in the lease receipts, are included in the current profits and losses when actually incurred.

## **(3) Lease change**

If the operating lease is changed, the Group will carry out accounting treatment on it as a new lease from the effective date of the change, and the lease receipts received in advance or receivable related to the lease before the change will be regarded as the receipts of the new lease.

## **(4) Policy-related rent concession**

For the rent concessions reached between the lessor and the lessor on the existing lease contract, such as rent reduction, deferred payment, etc., and the following conditions are met at the same time, the Group chooses to adopt the simplified method in the accounting treatment provisions of relevant policy rent reduction:

(1) The lease consideration after concession is reduced or basically unchanged compared with that before concession;

(2) After comprehensive consideration of qualitative and quantitative factors, it is determined that other clauses and conditions of the lease have not changed significantly.

For the operating lease of the Group's own property lease contract, the Group continues to recognize the original contract rent as lease income in the same way as before concession. In case of rent reduction, the Group regards the reduced rent as a variable lease payment, and reduces the lease income during the reduction period; If the rent collection is delayed, the Group will recognize the rent that should be collected as receivables in the original collection period, and offset the receivables recognized in the previous period when it is actually received.

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

None

**44. Change of main accounting policies and estimations****(1) Change of main accounting policies**

- Applicable  Applicable

**(2) Changes in accounting estimates**

- Applicable  Applicable

**(3) The information of the adjusting items related to the financial statements at the beginning of the year of first implementation due to the first implementation of new accounting standards from 2023.**

- Applicable  Applicable

**45. Other**

None

**VI. Taxation****1. Main categories and rates of taxes**

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% or 12%

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

Name of taxpayer	Income tax rate
The Company	25%
Shenzhen Shenfeng Property Management Co., Ltd.	25%
Shenzhen Shengjinlian Technology Co., Ltd.	25%
Shenzhen Beauty Century Garment Co., Ltd.	20%(Note 1)
Shenzhen Lisi Industrial Co., Ltd.	20%(Note 1)
Shenzhen Shenfeng 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)
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Note 1: See "Tax Preferences" in Notes 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, 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 , 2(1) for details.

## 2. Tax preference

(1) In 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 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) The subsidiaries of the Company, Beauty Century Company, Shenzhen Huaqiang Hotel Co., Ltd, Shenzhen Lisi Industrial Development Co., Ltd, Shenzhen Shenfang Sungang Property Management Co., Ltd, and Shenzhen Shenfang Property Management Co., Ltd are eligible small and micro-profit enterprises. According to the Notice on the Implementation of the Inclusive Tax Exemption and Reduction Policy for Small and Micro Enterprises (No. 13[2019]Cai Shui ) and the Announcement on Further Implementing the Preferential Income Tax Policy for Small and Micro Enterprises ( According to the No. 13 2022Announcement of the State Administration of Taxation of the Ministry of Finance), the Announcement of the State Administration of Taxation of the Ministry of Finance on the Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Enterprises (The No. 6 2023Announcement of the State Administration of Taxation of the Ministry of Finance) and the Announcement of the State Administration of Taxation on the Implementation of the Preferential Income Tax Policies for Small and Micro-Profit Enterprises (The No. 6 [2023]Announcement of State Administration of Taxation), the portion of taxable income not exceeding RMB 1 million in the current year shall be reduced to 25% as taxable income and subject to enterprise income tax at a rate of 20%.; For the portion of taxable income exceeding RMB 1 million but not exceeding RMB 3 million in the current year, it shall be reduced to 50% as taxable income and subject to enterprise income tax at a rate of 20%.

(3) According to the relevant provisions of the Notice of the General Administration of Customs and the State Administration of Taxation of the Ministry of Finance on the Import Tax Policies for Supporting the Development of the New Display Device Industry (No. 19[2021]Cai Shui), SAPO Photoelectric , a subsidiary of the Company, meets the relevant conditions and enjoys the policy of exemption from import tariffs for related products from January 1, 2021 to December 31, 2030.

(4) The subsidiaries of the Company, Shenzhen Beauty Century Company, Shenzhen Huaqiang Hotel Co., Ltd, Shenzhen Lisi Industrial Development Co., Ltd, Shenzhen Shenfang Sungang Property Management Co., Ltd, and Shenzhen Shenfang Property Management Co., Ltd are eligible small and micro-profit enterprises. In accordance with the relevant provisions of the Announcement of the State Administration of Taxation of the Ministry of Finance on Further Implementing the "Six Taxes and Two Fees" Exemption and Reduction Policy for Small and Micro Enterprises (Announcement No. 10 of 2022 of the State Administration of Taxation of the Ministry of Finance), From January 1, 2022 to December 31, 2024, the small-scale value-added tax taxpayers, small and micro-profit enterprises and individual industrial and commercial enterprises can reduce resource tax,

urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax and education fee surcharge, and local education surcharge within the tax range of 50%.

(5) According to the Notice of the Ministry of Finance, State Administration of Taxation, Ministry of Human Resources and Social Security, and Poverty Alleviation Office of the State Council on Tax Policies to Further Support and Promote the Entrepreneurship and Employment of Key Groups ( No. 22[2019]Cai Shui ), from the month of signing the labor contract and paying social insurance, the value-added tax, urban maintenance and construction tax, education fee surcharge, local education surcharge and enterprise income tax preferential will be deducted according to the actual number of recruits within 3 years in fixed amount, and the fixed amount standard is 7,800 yuan per person per year. The tax calculation basis for urban maintenance and construction tax, education fee surcharge and local education surcharge is the VAT payable before enjoying this preferential tax policy. SAPO Photoelectric, a subsidiary of the Company, applies the above preferential tax policies.

### 3. Other

None

## VII. Notes on major items in consolidated financial statements of the Company

### 1. Monetary funds

In RMB

Items	Closing balance	Opening balance
Cash at hand	2,231.43	3,980.56
Bank deposit	345,697,680.49	874,795,302.32
Other monetary funds	270,542,231.07	116,990,685.31
<b>Total</b>	<b>616,242,142.99</b>	<b>991,789,968.19</b>
Including : The total amount of deposit abroad	0.00	0.00
Total amount of money limited to use, such as mortgage, pledge or freeze	270,542,231.07	116,990,685.31

Other note

Bank deposits include interest on current deposits of RMB 16,175.93, Other monetary funds include the interest of time deposit of RMB 226,666.67 .

Note 2: On June 30, 2023, the Company's other monetary funds included the Bank Draft of RMB4,595,637.31, RMB 1,209,498.75, and the principal and interest of time deposit certificates due for more than three months from the date of purchase of RMB 265,946,593.76.

### 2. Transactional financial assets

In RMB

Items	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	613,554,063.16	319,605,448.44
Including		
money funds and structured deposits	613,554,063.16	319,605,448.44
Including		

Total	613,554,063.16	319,605,448.44
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### 3. Derivative financial assets

None

### 4. 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	56,718,590.38	74,619,100.26
Total	56,718,590.38	74,619,100.26

In RMB

Category	Balance at the end of this year					Balance at the end of last year				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Of which :										
Accrual of bad debt provision by portfolio	56,718,590.38	100.00%	0.00	0.00%	56,718,590.38	74,619,100.26	100.00%	0.00	0.00%	74,619,100.26
Including:										
.Bank acceptance Bill	56,718,590.38	100.00%	0.00	0.00%	56,718,590.38	74,619,100.26	100.00%	0.00	0.00%	74,619,100.26
Total	56,718,590.38	100.00%	0.00	0.00%	56,718,590.38	74,619,100.26	100.00%	0.00	0.00%	74,619,100.26

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

Applicable  Not applicable

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

The withdrawal amount of the bad debt provision : None

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

Applicable  Not applicable

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

None

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

In RMB

Items	Amount derecognized at the end of the period	Amount not yet derecognized at the end of the period
Bank acceptance bill	0.00	40,032,610.22
Commercial acceptance	0.00	0.00

Total	0.00	40,032,610.22
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**(5) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement**

None

**(6) The actual write-off accounts receivable**

None

**5. Account receivable**

**(1) Classification account receivables.**

In RMB

Category	Amount in year-end					Amount in year-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accrual of bad debt provision by single item	75,859,176.03	8.32%	30,412,355.96	40.09%	45,446,820.07	74,770,706.00	10.93%	28,457,163.32	38.06%	46,313,542.68
Accrual of bad debt provision by portfolio	835,796,147.09	91.68%	26,335,238.20	3.15%	809,460,908.89	609,507,464.34	89.07%	19,237,537.09	3.16%	590,269,927.25
Including :										
Portfolio 1	807,472,529.45	88.57%	24,798,245.92	3.07%	782,674,283.53	591,168,603.26	86.39%	18,295,605.12	3.10%	572,872,998.14
Portfolio 2	28,323,617.64	3.11%	1,536,992.28	5.43%	26,786,625.36	18,338,861.08	2.68%	941,931.97	5.14%	17,396,929.11
Total	911,655,323.12	100.00%	56,747,594.16	6.22%	854,907,728.96	684,278,170.34	100.00%	47,694,700.41	6.97%	636,583,469.93

Accrual of bad debt provision by single item:

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Client 1	20,940,304.25	4,900,031.19	23.40%	Expected high risk of recovery
Client 2	19,608,301.25	4,588,342.49	23.40%	Expected high risk of recovery
Client 3	8,944,810.20	2,344,434.75	26.21%	Expected high risk of recovery
Client 4	2,797,016.81	2,797,016.81	100.00%	Expected to be uncollectible
Client 5	2,701,052.56	810,315.77	30.00%	Expected high risk of recovery
Client 6	1,697,437.81	1,697,437.81	100.00%	Expected to be uncollectible

Client 7	1,609,101.31	482,730.39	30.00%	Expected high risk of recovery
Client 8	1,576,585.72	1,576,585.72	100.00%	Expected to be uncollectible
Client 9	1,298,965.36	1,298,965.36	100.00%	Expected to be uncollectible
Subtotal	14,685,600.76	9,916,495.67	67.53%	
Total	75,859,176.03	30,412,355.96		

Accrual of bad debt provision by portfolio:

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Portfolio 1	807,472,529.45	24,798,245.92	3.07%
Portfolio 2	28,323,617.64	1,536,992.28	5.43%
Total	835,796,147.09	26,335,238.20	

Note:

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.

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

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	897,992,300.67
1-2 years	779,798.03
2-3 years	0.00
Over 3 years	12,883,224.42
3-4 years	454,035.81
Over 5 years	12,429,188.61
Total	911,655,323.12

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

The withdrawal amount of the bad debt provision :

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio:	19,237,537.09	7,107,304.24	9,603.13	0.00	0.00	26,335,238.20
Accrual of bad debt provision by single item:	28,457,163.32	1,955,192.64	0.00	0.00	0.00	30,412,355.96
Total	47,694,700.41	9,062,496.88	9,603.13	0.00	0.00	56,747,594.16

Of which the significant amount of the reversed or collected part during the reporting period :None

**(3) The actual write-off accounts receivable**

None

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

In RMB

Name	Balance in year-end	Proportion(%)	Bad debt provision
Client 1	168,740,368.13	18.51%	5,214,077.39
Client 2	92,294,917.91	10.12%	2,851,912.96
Client 3	85,996,566.25	9.43%	2,657,293.90
Client 4	80,398,103.20	8.82%	2,484,301.39
Client 5	69,843,457.35	7.66%	2,158,162.83
Total	497,273,412.84	54.54%	

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

None

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

None

**6.Receivable financing**

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	22,863,088.36	54,413,796.91
Total	22,863,088.36	54,413,796.91

Changes in current period and fair value of receivables financing

 Applicable  Not applicable

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

 Applicable  Not applicable

Other note

On June 30, 2023, the endorsed or discounted unexpired bank acceptance bills that the Group derecognized amounted to RMB 54,533,024.39. 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 Company 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.

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

In RMB

Aging	Balance at the end of this year	Balance at the end of last year
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	Amount	Proportion %	Amount	Proportion %
Within 1 year	24,263,130.32	81.81%	16,690,766.68	90.75%
1-2 years	5,395,750.80	18.19%	1,700,677.99	9.25%
Total	29,658,881.12		18,391,444.67	

Note:

On June 30, 2023, 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 21,692,691.03, accounting for 73.14% of the total year-end balances of prepayments.

## 8. Other receivables

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Other receivable	3,393,141.86	10,585,975.38
Total	3,393,141.86	10,585,975.38

### (1) Interest receivable

#### 1) Classification interest receivables.

None

#### 2) Significant overdue interest

None

#### 3) Bad-debt provision

Applicable Not applicable

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

Applicable Not applicable

### (2) Dividend receivable

#### 1) Dividend receivable

None

#### 2) Significant dividend receivable aged over 1 year

None

#### 3) Bad-debt provision

Applicable Not applicable

**(3) Other accounts receivable****1) Other accounts receivable classified by the nature of accounts**

In RMB

Nature	Closing book balance	Opening book balance
Unit account	16,811,262.94	16,330,801.03
Deposit	2,186,800.03	2,801,300.29
Reserve fund and staff loans	889,740.57	580,028.97
Export rebate	709,028.56	1,023,715.60
Other	463,070.29	1,688,371.65
Freeze funds	347,284.99	6,559,327.26
<b>Total</b>	<b>21,407,187.38</b>	<b>28,983,544.80</b>

**2) ) Accrual of credit loss provision**

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	494,588.28	198,890.09	17,704,091.05	18,397,569.42
Balance as at January 1, 2023 in current				
Provision in Current Year	38,815.94	14,108.85	11,798.65	64,723.44
Reversal in Current Year	-448,247.34			-448,247.34
<b>Balance as at 30 June 2023</b>	<b>85,156.88</b>	<b>212,998.94</b>	<b>17,715,889.70</b>	<b>18,014,045.52</b>

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

 Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	2,038,042.86
1-2 years	808,278.98
2-3 years	362,049.11
Over 3 years	18,198,816.43
3-4 years	4,200.00
4-5 years	124,799.10
Over 5 years	18,069,817.33
<b>Total</b>	<b>21,407,187.38</b>

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

The withdrawal amount of the bad debt provision :

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item	17,188,131.90					17,188,131.90

Accrual of bad debt provision by portfolio	1,209,437.52	64,723.44	-448,247.34			825,913.62
Total	18,397,569.42	64,723.44	-448,247.34			18,014,045.52

Where the current bad debts back or recover significant amounts:None

#### 4) Other account receivables actually cancel after write-off

None

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
Client 1	Unit account	980,461.06	Over 5 years	4.58%	980,461.06
Client 2	Unit account	709,028.48	Over 5 years	3.31%	709,028.48
Client 3	Unit account	509,611.25	Over 5 years	2.38%	272,642.02
Client 4	Unit account	500,000.00	1-2 years	2.34%	53,500.00
Client 5	Unit account	294,983.04	2-3 years	1.38%	90,744.16
Total		2,994,083.83		13.99%	2,106,375.72

#### (6) Accounts receivable involved with government subsidies

None

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

None

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

None

### 9. Inventories

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

No

#### (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	371,378,015.36	35,514,179.23	335,863,836.13	291,062,812.80	48,809,720.50	242,253,092.30
Processing products	254,572,639.52	43,363,067.47	211,209,572.05	258,881,779.59	41,882,202.00	216,999,577.59
Merchandise inventory	196,732,911.54	87,994,399.99	108,738,511.55	183,723,885.96	92,381,073.63	91,342,812.33
Commissioned materials	7,582,759.79	292,135.99	7,290,623.80	9,016,668.25	1,164,501.70	7,852,166.55
Total	830,266,326.21	167,163,782.68	663,102,543.53	742,685,146.60	184,237,497.83	558,447,648.77

**(2) Inventory falling price reserves**

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Raw materials	48,809,720.50	-13,295,541.27				35,514,179.23
Processing products	41,882,202.00	12,852,877.82		11,372,012.35		43,363,067.47
Merchandise inventory	92,381,073.63	36,827,926.45		41,214,600.09		87,994,399.99
Commissioned materials	1,164,501.70	-872,365.71				292,135.99
Total	184,237,497.83	35,512,897.29		52,586,612.44		167,163,782.68

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

None

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

None

**10.Contract assets**

None

**11. Assets divided as held-to-sold**

None

**12. Non-current assets due within 1 year**

None

**13. Other current assets**

In RMB

Items	Year-end balance	Year-beginning balance
Receivable return cost	32,391,512.15	43,446,472.67
Advance payment of income tax	17,271,913.84	26,089,058.57
Total	49,663,425.99	69,535,531.24

**14.Creditor's right investment**

None

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

None

**16. Long-term accounts receivable****(1) List of long-term accounts receivable**

None

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

None

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

None

**17. Long-term equity investment**

In RMB

Investees	Opening balance	Increase /decrease							Closing balance	Closing balance of impairment provision	
		Add ition al inve stme nt			Other comprehe nsive income	Cha nges in othe r equity	Cash bonus or profits announc ed to issue	Wit hdra wal of imp airm ent provi sion			Ot her
<b>I. Joint ventures</b>											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	129,506,271.76			-2,192,221.35						127,314,050.41	
Subtotal	129,506,271.76			-2,192,221.35	0.00					127,314,050.41	
<b>2. Affiliated Company</b>											
Yehui International Co., Ltd.	1,869,767.43			-43,637.75	54,950.70					1,881,080.38	
Shenzhen Changlianfa Printing & dyeing Company	3,105,796.55			124,599.07						3,230,395.62	
Subtotal	4,975,563.98			80,961.32	54,950.70					5,111,476.00	
Total	134,481,835.74			-2,111,260.03	54,950.70					132,425,526.41	

**18. Other equity instruments investment**

In RMB

Items	Year-end balance	Year-beginning balance
Financial assets designated as fair value and whose changes are included in other comprehensive income	167,678,283.27	167,678,283.27
Total	167,678,283.27	167,678,283.27

**(2) Investment in non-transactional equity instruments**

In RMB

Items	Dividend income recognized this year	Cumulative gain/loss	Cumulative 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
Shenzhen Dailishi Underwear Co., Ltd.	550,000.00	21,627,143.74			Planned to be held by the Group for a long time.	
Union Development Co., Ltd.	208,000.00	123,361,939.39			Planned to be held by the Group for a long time.	
Jintian Industry (Group) Co., Ltd.			14,831,681.50		Planned to be held by the Group for a long time.	
Shenzhen Xinfang Knitting Co., Ltd.	148,000.00	1,851,903.00			Planned to be held by the Group for a long time.	
Shenzhen South Textile Co., Ltd.		14,559,440.88			Planned to be held by the Group for a long time.	

**19. Other non-current financial assets**

None

**20. Investment real estate****(1) Investment real estate adopted the cost measurement mode**

√Applicable □ Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	328,128,815.41			328,128,815.41
2. Increase in the current period	185,000.00			185,000.00
(1) Purchase	185,000.00			185,000.00
(2) Inventory\Fixed assets\ Transferred from construction in progress				

(3)Increased of Enterprise Combination			
3.Decreased amount of the period			
(1) Dispose			
(2) Other out			
4. Balance at period-end	328,313,815.41		328,313,815.41
II. Accumulated amortization			
1. Opening balance	201,812,980.65		201,812,980.65
2. Increased amount of the period	4,528,957.27		4,528,957.27
(1) Withdrawal	4,528,957.27		4,528,957.27
3. Decreased amount of the period			
(1) Dispose			
(2) Other out			
4. Balance at period-end	206,341,937.92		206,341,937.92
III. Impairment provision			
1. Balance at period-beginning			
2. Increased amount of the period			
(1) Withdrawal			
3. Decreased amount of the period			
(1) Dispose			
(2) Other out			
4. Balance at period-end			
IV. Book value			
1. Book value at period -end	121,971,877.49		121,971,877.49
2. Book value at period-beginning	126,315,834.76		126,315,834.76

**(2) Investment property adopted fair value measurement mode**

Applicable  Not applicable

**(3) Investment real estate without certificate of ownership**

In RMB

Items	Book balance	Reason
Houses and Building	8,032,003.12	Unable to apply for warrants due to historical reasons

**21. Fixed assets**

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	2,133,290,574.66	2,240,221,656.36
Total	2,133,290,574.66	2,240,221,656.36

**(1) List of fixed assets**

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Opening balance	742,709,971.36	2,655,871,126.91	15,875,027.26	50,483,511.70	3,464,939,637.23
2. Increased amount of the period	382,881.49	4,714,818.95	919,044.25	548,203.94	6,564,948.63
(1) Purchase	382,881.49	677,649.29	641,168.15	548,203.94	2,249,902.87
(2) Transferred from construction in progress		4,037,169.66	277,876.10		4,315,045.76
(3) Increased of Enterprise Combination					
3. Decreased amount of the period		28,887.08		337,730.89	366,617.97
(1) Disposal		28,887.08		337,730.89	366,617.97
4. Balance at period-end	743,092,852.85	2,660,557,058.78	16,794,071.51	50,693,984.75	3,471,137,967.89
II. Accumulated depreciation					
1. Opening balance	173,190,869.37	986,203,419.91	5,871,266.55	34,223,428.40	1,199,488,984.23
2. Increased amount of the period	11,982,665.49	97,057,786.16	993,475.36	3,447,700.18	113,481,627.19
(1) Withdrawal	11,982,665.49	97,057,786.16	993,475.36	3,447,700.18	113,481,627.19
3. Decrease in the reporting period		27,731.59		324,221.70	351,953.29
(1) Disposal		27,731.59		324,221.70	351,953.29
4. Closing balance	185,173,534.86	1,083,233,474.48	6,864,741.91	37,346,906.88	1,312,618,658.13
III. Impairment provision					
1. Opening balance		25,120,608.21		108,388.43	25,228,996.64
2. Increase in the reporting period					
(1) Withdrawal					
3. Decrease in the reporting period				261.54	261.54
(1) Disposal				261.54	261.54
4. Closing balance		25,120,608.21		108,126.89	25,228,735.10
IV. Book value					
1. Book value of the period-end	557,919,317.99	1,552,202,976.09	9,929,329.60	13,238,950.98	2,133,290,574.66
2. Book value of the period-begin	569,519,101.99	1,644,547,098.79	10,003,760.71	16,151,694.87	2,240,221,656.36



**(2) Fixed assets temporarily idled**

None

**(3) Fixed assets rented by finance leases**

None

**(4) Fixed assets without certificate of title completed**

None

**(5) Liquidation of fixed assets**

None

**22. Construction in progress**

In RMB

Items	Year-end balance	Year-beginning balance
Construction in progress	36,543,522.56	38,061,619.60
Total	36,543,522.56	38,061,619.60

**(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	36,543,522.56	0.00	36,543,522.56	38,061,619.60	0.00	38,061,619.60
Total	36,543,522.56	0.00	36,543,522.56	38,061,619.60	0.00	38,061,619.60

**(2) Changes of significant construction in progress**

None

**(3) Impairment provision of construction projects**

None

**(4) Engineering material**

None

**23. Productive biological assets****(1) Productive biological assets measured at cost methods**

Applicable  Not applicable

**(2) Productive biological assets measured at fair value**

Applicable  Not applicable

**24. Oil and gas assets**

Applicable  Not applicable

**25. Right to use assets**

In RMB

Items	House and Building	Total
1. Balance at year beginning		
4. Year-end balance	28,914,047.83	28,914,047.83
2. Increase at this period	5,893,024.28	5,893,024.28
Newly inversed	5,893,024.28	5,893,024.28
3. Decreased amount of the period	0.00	0.00
4. Balance at period-end	34,807,072.11	34,807,072.11
II. Accumulated depreciation		
1. Opening balance	13,548,653.95	13,548,653.95
2. Increased amount of the period	4,577,501.46	4,577,501.46
(1) Withdrawal	4,577,501.46	4,577,501.46
3. Decrease in the reporting period		
(1) Disposal	0.00	0.00
4. Closing balance	18,126,155.41	18,126,155.41
III. Impairment provision		
1. Opening balance	0.00	0.00
2. Increase in the reporting period	0.00	0.00
(1) Withdrawal	0.00	0.00
3. Decrease in the reporting period		
(1) Disposal	0.00	0.00
4. Closing balance	0.00	0.00
IV. Book value		
1. Book value of the period-end	16,680,916.70	16,680,916.70
2. Book value of the period-begin	15,365,393.88	15,365,393.88

**26. Intangible assets****(1) Information**

In RMB

Items	Land use right	Patent right	Non-proprietary	Software	Total
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			technology		
<b>I. Original price</b>					
1. Balance at period-beginning	48,258,239.00	11,825,200.00	0.00	22,336,546.33	82,419,985.33
<b>2. Increase in the current period</b>					
(1) Purchase	0.00	0.00	0.00	0.00	0.00
(2) Internal R & D	0.00	0.00	0.00	0.00	0.00
(3) Increased of Enterprise Combination	0.00	0.00	0.00	0.00	0.00
<b>3. Decreased amount of the period</b>					
(1) Disposal	0.00	0.00	0.00	0.00	0.00
4. Balance at period-end	48,258,239.00	11,825,200.00	0.00	22,336,546.33	82,419,985.33
<b>II. Accumulated amortization</b>					
1. Balance at period-beginning	15,274,148.35	11,825,200.00		11,128,065.03	38,227,413.38
<b>2. Increase in the current period</b>					
(1) Withdrawal	445,782.66	0.00	0.00	2,026,293.06	2,472,075.72
<b>3. Decreased amount of the period</b>					
(1) Disposal	0.00	0.00	0.00	0.00	0.00
4. Balance at period-end	15,719,931.01	11,825,200.00		13,154,358.09	40,699,489.10
<b>III. Impairment provision</b>					
1. Balance at period-beginning	0.00	0.00	0.00	0.00	0.00
<b>2. Increase in the current period</b>					
(1) Withdrawal	0.00	0.00	0.00	0.00	0.00
<b>3. Decreased amount of the period</b>					
(1) Disposal	0.00	0.00	0.00	0.00	0.00
4. Balance at period-end	0.00	0.00	0.00	0.00	0.00
<b>4. Book value</b>					
1. Book value at period -end	32,538,307.99	0.00	0.00	9,182,188.24	41,720,496.23
2. Book value at period-beginning	32,984,090.65	0.00	0.00	11,208,481.30	44,192,571.95

At the end of this period, the intangible assets formed through the company's internal research and development accounted for 0.00% of the balance of intangible assets

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

None

## 27. R&D expenses

None

## 28. Goodwill

### (1) Original book value of goodwill

In RMB

Items	Opening balance	Increase		Decrease		Closing balance
		The merger of enterprises		disposition		
SAPO Photoelectric	9,614,758.55	0.00		0.00		9,614,758.55

Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	0.00		0.00		2,167,341.21
<b>Total</b>	<b>11,782,099.76</b>	<b>0.00</b>		<b>0.00</b>		<b>11,782,099.76</b>

## (2) Impairment of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
		Provision		disposition		
SAPO Photoelectric	9,614,758.55	0.00		0.00		9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	0.00		0.00		2,167,341.21
<b>Total</b>	<b>11,782,099.76</b>	<b>0.00</b>		<b>0.00</b>		<b>11,782,099.76</b>

Information about an asset group or asset group portfolio

None

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

None

Impact of the goodwill impairment test

None

## 29. Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end
Decoration and facilities renovation fee	4,470,957.79		1,010,991.86		3,459,965.93
<b>Total</b>	<b>4,470,957.79</b>		<b>1,010,991.86</b>		<b>3,459,965.93</b>

## 30. 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
Asset impairment provision	189,041,740.48	28,356,261.07	206,115,717.20	30,917,357.58
Unrealized profit from	2,190,520.68	328,578.10	2,235,077.97	335,261.70

internal transactions				
Deductible loss	107,459,166.10	16,115,579.51	90,052,078.73	13,397,964.96
Credit loss provision	73,083,485.00	12,342,262.52	65,076,915.43	11,372,802.27
Deferred income	103,811,720.34	15,571,758.05	116,768,810.33	17,515,321.55
Changes in fair value of investment in other equity instruments	14,831,681.50	3,707,920.38	14,831,681.50	3,707,920.38
Employee compensation payable	7,202,192.55	1,594,722.64	9,397,730.55	2,143,607.14
Total	497,620,506.65	78,017,082.27	504,478,011.71	79,390,235.58

**(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
Changes in fair value of investment in other equity instruments	160,494,427.01	40,123,606.76	160,494,427.01	40,123,606.76
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
Rent receivable	8,689,653.64	2,172,413.41	7,584,635.96	1,896,158.99
Total	231,267,774.01	57,816,943.51	230,162,756.33	57,540,689.09

**(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	-9,298,589.69	68,718,492.58	-9,566,421.29	69,823,814.29
Deferred income tax liabilities	-9,298,589.69	48,518,353.82	-9,566,421.29	47,974,267.80

**(4)Details of income tax assets not recognized**

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	6,189,658.00	5,742,636.02
Deductible loss	463,254,123.12	464,226,095.10
Total	469,443,781.12	469,968,731.12

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2024	74,265,351.74	79,132,962.34	
2025	16,680,938.23	16,680,938.23	
2026	128,597,715.91	128,597,715.91	
2027	16,173,145.07	12,155,889.69	

2028	22,451,907.95	22,463,907.95	
2029	129,732,249.98	129,766,788.98	
2030	75,352,814.24	75,427,892.00	
Total	463,254,123.12	464,226,095.10	

### 31 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Prepayment for engineering and equipment	14,492,289.46	0.00	14,492,289.46	16,792,930.20	0.00	16,792,930.20
Investment funds to be liquidated	25,760,086.27	0.00	25,760,086.27	25,760,086.27	0.00	25,760,086.27
Total	40,252,375.73	0.00	40,252,375.73	42,553,016.47	0.00	42,553,016.47

### 32. Short-term borrowings

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

In RMB

Items	Balance in year-end	Balance in year-begin
Credit loans	8,000,000.00	7,000,000.00
Total	8,000,000.00	7,000,000.00

Note: None

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

The total amount of overdue short-term loans at the end of this period is in RMB 0.00, of which the important overdue short-term loans are as follows: None

### 33. Transactional financial liabilities

None

### 34. Derivative financial liability

None

### 35. Notes payable

In RMB

Type	Balance in year-end	Balance in year-begin
Bank acceptance Bill	15,284,993.54	0.00
Total	15,284,993.54	0.00

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

### 36. Accounts payable

#### (1) List of accounts payable

In RMB

Items	Balance in year-end	Balance in year-begin
Payment for goods	408,449,533.79	304,916,368.65
Service charge	16,255,936.12	11,386,158.86
Localities	7,901,712.00	4,609,134.50
Subcontracting payment	2,170,315.29	3,970,214.14
Others	2,711,668.87	2,167,997.55
<b>Total</b>	<b>437,489,166.07</b>	<b>327,049,873.70</b>

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

On June 30, 2023, the Company had no significant accounts payable with an aging of more than one year.

### 37. Advance account

#### (1) List of Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Rent and other	1,164,665.15	1,393,344.99
<b>Total</b>	<b>1,164,665.15</b>	<b>1,393,344.99</b>

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

On June 30, 2023, the Company had no significant accounts payable with an aging of more than one year.

### 38. Contract liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Goods	4,975,276.30	4,274,109.40
<b>Total</b>	<b>4,975,276.30</b>	<b>4,274,109.40</b>

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

None

### 39. 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
I. Short-term compensation	60,940,432.90	129,088,042.66	132,984,150.88	57,044,324.68
II. Post-employment benefits - defined contribution plans		7,103,766.95	7,103,766.95	

Dismissal benefits	226,012.00	334,223.86	336,765.26	223,470.60
Total	61,166,444.90	136,526,033.47	140,424,683.09	57,267,795.28

**(2) Short-term remuneration**

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	57,472,981.87	115,273,963.12	119,127,683.37	53,619,261.62
2. Employee welfare	29,185.44	4,206,521.68	4,235,707.12	0.00
3. Social insurance premiums	0.00	3,013,562.59	3,013,562.59	0.00
Including : Medical insurance	0.00	2,107,846.75	2,107,846.75	0.00
Work injury insurance	0.00	160,521.32	160,521.32	0.00
Maternity insurance	0.00	219,350.79	219,350.79	0.00
Other	0.00	525,843.73	525,843.73	0.00
4. Public reserves for housing	202,391.00	3,992,227.00	4,194,618.00	0.00
5. Union funds and staff education fee	3,235,874.59	2,601,768.27	2,412,579.80	3,425,063.06
Other	60,940,432.90	129,088,042.66	132,984,150.88	57,044,324.68

**(3) Defined contribution plans listed**

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
1. Basic old-age insurance premiums	0.00	5,633,933.03	5,633,933.03	0.00
2. Unemployment insurance	0.00	140,977.99	140,977.99	0.00
3. Annuity payment	0.00	1,328,855.93	1,328,855.93	0.00
Total	0.00	7,103,766.95	7,103,766.95	0.00

**Other note**

The Group participates in pension insurance and unemployment insurance plans established by government agencies according to regulations, and according to the plans, the Group pays fees to these plans according to the prescribed standards. In addition to the above-mentioned monthly deposit fees, the Group will no longer assume further payment obligations. The corresponding expenses are included in the current profits and losses or the related asset costs when incurred.

The Company shall contribute RMB5,633,933.03 to the pension insurance plan and RMB140,977.99 to the unemployment insurance plan. As at 30 June 2023, the Company paid the full amount of pension insurance and unemployment insurance plans payable during the reporting period.

**40. Tax Payable**

In RMB

Items	Balance in year-end	Balance in year-begin
VAT	597,591.27	1,740,677.77
Enterprise Income tax	1,944,668.44	4,655,525.64
Individual Income tax	177,457.85	1,847,004.45
Other	3,313,523.49	654,104.65



Total	6,033,241.05	8,897,312.51
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**41. Other payable**

In RMB

Items	Balance in year-end	Balance in year-begin
Other payable	187,021,282.45	197,345,455.37
Total	187,021,282.45	197,345,455.37

**(1) Interest payable**

None

**(2) Dividends payable**

Other explanations, including significant dividends payable that have not been paid for more than 1 year, it shall disclose the reasons for non-payment: None

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

In RMB

Items	Balance in year-end	Balance in year-begin
Engineering Equipment fund	80,153,167.17	83,337,092.31
Unit account	47,534,662.26	53,102,831.34
Deposit	32,910,156.52	45,628,573.39
Other	26,423,296.50	15,276,958.33
Total	187,021,282.45	197,345,455.37

**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	The final payment settlement of the project has not been completed
Total	16,724,271.45	

**42. Liabilities classified as holding for sale**

None

**43. Non-current liabilities due within 1 year**

In RMB

Items	Balance in year-end	Balance in year-begin
Long-term due within one year	100,024,512.50	97,182,080.19
Lease liabilities due within one year	7,465,519.14	7,001,358.03
Total	107,490,031.64	104,183,438.22

**44. Other current liabilities**

In RMB

Items	Balance in year-end	Balance in year-begin
Did not terminate the confirmation bill endorsement, discount	40,032,610.22	48,387,401.67
Return payable	34,117,277.42	44,558,340.11
<b>Total</b>	<b>74,149,887.64</b>	<b>92,945,741.78</b>

**45. Long-term borrowing****(1) List of Long-term borrowing**

In RMB

Items	Balance in year-end	Balance in year-begin
Guaranteed loan	657,173,111.84	704,603,665.19
Less: Long-term loans due within one year	100,024,512.50	97,182,080.19
<b>Total</b>	<b>557,148,599.34</b>	<b>607,421,585.00</b>

Description of the long-term loan classification

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.

**46. Bond payable**

None

**47. Lease liabilities**

In RMB

Items	Balance year-end	Year-beginning balance
lease liabilities	17,823,282.59	15,630,030.74
Less : Lease liabilities due within 1 year	7,465,519.14	7,001,358.03
<b>Total</b>	<b>10,357,763.45</b>	<b>8,628,672.71</b>

**48. Long-term payable**

None

**49. Long term payroll payable**

None

**50. Estimated liabilities**

None

**51. Deferred income**

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term	Reason
Government Subsidy	117,814,796.10	8,628,497.04	21,689,214.87	104,754,078.27	Government Subsidy
Total	117,814,796.10	8,628,497.04	21,689,214.87	104,754,078.27	

Details of government subsidies :

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other decrease	End of term	Asset-related or income-related
Production line subsidy	80,986,810.31	8,628,497.04		10,368,087.03		- 2,500,000.00	76,747,220.32	Asset-related
Equipment subsidy	30,827,985.79			2,821,127.84			28,006,857.95	Asset-related
Material subsidy	6,000,000.00			6,000,000.00			0.00	Income-related

**52. Other non-current liabilities**

None

**53. Stock capital**

In RMB

	Year-beginning balance	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	506,521,849.00	0.00	0.00	0.00	0.00	0.00	506,521,849.00

**54. Other equity instruments**

None

**55. Capital reserves**

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,826,482,608.54	0.00	0.00	1,826,482,608.54

Other capital reserves	135,117,216.09	0.00	0.00	135,117,216.09
Total	1,961,599,824.63	0.00	0.00	1,961,599,824.63

## 56. Treasury stock

None

## 57. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period						Year-end balance
		Amount incurred before income tax	Less : Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less : Prior period included in other composite income transfer to retained income in the current period	Less : Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Other comprehensive income that cannot be reclassified in the loss and gain in the future	108,584,344.77	0.00	0.00	0.00	0.00	0.00	0.00	108,584,344.77
Changes in fair value of investments in other equity instruments	108,584,344.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Other comprehensive income to be reclassified into profit or loss	1,012,264.54	352,684.20	0.00	0.00	0.00	233,590.80	119,093.40	1,245,855.34
Changes in fair value of receivables financing	-178,640.10	297,733.50	0.00	0.00	0.00	178,640.10	119,093.40	178,640.10
Translation difference of foreign currency financial statements	1,190,904.64	54,950.70	0.00	0.00	0.00	54,950.70	0.00	1,245,855.34
Total of other comprehensive	109,596,609.31	352,684.20	0.00	0.00	0.00	233,590.80	119,093.40	109,830,200.11

income								
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**58. Special reserves**

None

**59. Surplus reserves**

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	100,909,661.32	0.00	0.00	100,909,661.32
Total	100,909,661.32	0.00	0.00	100,909,661.32

Note to surplus reserve, including the note to its increase/decrease and the cause(s) of its movement in the reporting period: None

**60. Retained profits**

In RMB

Items	Amount of current period	Amount of previous period
Retained earnings before adjustments at the year beginning	170,636,610.95	125,317,336.31
Retained earnings after adjustments at the year end	170,636,610.95	125,317,336.31
Add: Net profit attributable to owners of the Company for the period	36,307,162.97	73,309,182.94
Less: Statutory surplus reserve	0.00	2,663,815.85
Common stock dividend payable	30,391,310.94	25,326,092.45
Retained profits at the period end	176,552,462.98	170,636,610.95

As regards the details of adjusted the beginning undistributed profits

None

**61. Business income, Business cost**

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	1,470,203,939.11	1,286,170,472.71	1,425,009,759.63	1,240,002,222.92
Other business	19,891,730.44	0.00	20,127,549.46	2,985,871.14
Total	1,490,095,669.55	1,286,170,472.71	1,445,137,309.09	1,242,988,094.06

Income-related information:

In RMB

Product type	Polarizer	Property leasing and management	Textile	Total
Product	1,412,410,148.66	56,093,359.66	21,592,161.23	1,490,095,669.55
Including				
Polarizer	1,412,410,148.66			1,412,410,148.66
Property leasing and management		56,093,359.66		56,093,359.66

Textile			21,592,161.23	21,592,161.23
Area	1,412,410,148.66	56,093,359.66	21,592,161.23	1,490,095,669.55
Including				
Domestic	1,361,868,120.05	56,093,359.66	9,702,693.10	1,427,664,172.81
Overseas	50,542,028.61	0.00	11,889,468.13	62,431,496.74
Total	1,412,410,148.66	56,093,359.66	21,592,161.23	1,490,095,669.55

#### 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 Company 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.

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

On June 30, 2023, The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was 4,975,276.30 Yuan at the period-end, among which RMB 4,975,276.30 Yuan was expected to be recognized in 2023.

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB1,867,398.72 at the period-end, among which RMB 1,867,398.72 was expected to be recognized in 2023, RMB 0 was expected to be recognized in 2024. RMB 0 was expected to be recognized in 2025.

## 62. Taxes and surcharges

In RMB

Items	Amount of current period	Amount of previous period
Property tax	2,918,264.56	2,911,689.84
Stamp tax	794,946.41	829,848.83
Urban construction tax	280,887.35	193,493.65
Education surcharge	204,444.12	133,269.00
Land use tax	188,021.08	97,737.54
vehicle and vessel usage tax	4,200.00	1,440.00
Other	6,566.26	3,883.32
Total	4,397,329.78	4,171,362.18

## 63. Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Employee compensation	10,230,501.01	9,765,028.00
Sales service charge	3,893,275.02	5,791,774.85
Other	1,154,529.29	922,396.04
Business entertainment	481,984.21	734,977.55
Travel expenses	390,639.14	444,372.70
Exhibition fee	288,544.63	697,198.25
Total	16,439,473.30	18,355,747.39

**64. Administrative expenses**

In RMB

Items	Amount of current period	Amount of previous period
Wage	44,414,164.48	40,666,351.70
Depreciation of fixed assets	5,553,209.06	7,296,978.02
Water and electricity	2,328,829.65	2,713,713.93
Intermediary organ	4,330,104.04	2,701,374.70
Intangible assets amortization	2,472,075.72	2,514,696.45
Travel expenses	224,064.04	131,833.96
Office expenses	449,240.06	362,061.20
Business entertainment	746,448.25	729,775.83
Other	4,781,274.52	4,331,403.07
Tax	65,299,409.82	61,448,188.86

**65.R & D costs**

In RMB

Items	Amount of current period	Amount of previous period
Material	25,540,854.61	23,286,446.67
Wage	8,292,440.77	8,566,206.98
Depreciation	1,686,985.39	1,908,863.88
Fuel & Power	446,284.09	473,821.67
Travel expenses	19,400.94	45,732.13
Other	18,222.82	589,921.33
Total	36,004,188.62	34,870,992.66

**66. Financial Expenses**

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	13,965,081.41	15,882,534.27
Interest income	-5,318,571.16	-773,863.34
Exchange loss	-7,582,000.80	-27,366,911.14
Fees and other	3,114,986.18	3,424,366.77
Total	4,179,495.63	-8,833,873.44

**67. Other income**

In RMB

Items	Amount of current period	Amount of previous period
Government Subsidy	19,369,307.55	10,780,654.48

**68. Investment income**

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment returns accounted for by equity method	-2,111,260.03	1,658,532.04
Investment income of transactional financial assets during the holding period	8,948,614.72	8,967,680.80

Dividend income earned during investment holdings in other equity instruments	906,000.00	708,000.00
Other		-291,040.32
Total	7,743,354.69	11,043,172.52

**69. Net exposure hedging income**

None

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

None

**71. Credit impairment loss**

In RMB

Items	Amount of this period	Amount of last period
Loss of bad debts in other receivables	383,523.90	6,951,880.47
Loss of bad note receivable	0.00	291,096.44
Loss of bad accounts receivable	-9,052,893.75	-10,228,230.44
Total	-8,669,369.85	-2,985,253.53

**72. Losses from asset impairment**

In RMB

Items	Amount of current period	Amount of previous period
II. Loss of inventory price and Impairment of contract performance costs	-35,512,897.29	-42,073,672.20
Total	-35,512,897.29	-42,073,672.20

**73. Asset disposal income**

In RMB

Items	Amount of current period	Amount of previous period
Gains& losses on the disposal of fixed assets	321.08	-11,114.72

**74. Non-Operation income**

In RMB

Items	Amount of current period	Amount of previous period	Recorded in the amount of the non-recurring gains and losses
Supplier compensation	71,816.74	1,615,000.00	71,816.74
Payable without payment	0.00	78,644.95	0.00
Other	329,571.05	74,470.10	329,571.05
Total	401,387.79	1,768,115.05	401,387.79

Government subsidies recorded into current profits and losses : None



**75. Non-current expenses**

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Compensation expenses	3,009,886.86	0.00	3,009,886.86
Non-current asset Disposition loss	8,807.87	10,885.38	8,807.87
Other	18,886.32	202,204.91	18,886.32
Total	3,037,581.05	213,090.29	3,037,581.05

**76. Income tax expenses****(1) Income tax expenses**

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	4,063,609.65	16,930.91
Deferred income tax expense	1,649,407.73	323,966.90
Total	5,713,017.38	340,897.81

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

In RMB

Items	Amount of current period
Total profits	57,899,822.61
Income tax expenses calculated at the applicable tax rate	14,474,955.65
Influence of different tax rates applied by some subsidiaries	-2,763,593.41
Income not subject to tax	299,238.91
Non-deductible costs, expenses and losses	3,425.00
Tax impact by the unrecognized deductible losses and deductible temporary differences in previous years	-17,279.47
Tax impact of unrecognized deductible losses and deductible temporary differences	-883,101.00
Tax impact of research and development fee plus deduction	-5,400,628.30
Income tax expense	5,713,017.38

**77. Other comprehensive income**

Refer to the notes 57

**78. Supplementary information to cash flow statement****(1) Other cash received relevant to operating activities**

In RMB

Items	Amount of current period	Amount of previous period
Current account and other	59,933,695.82	120,535,575.04
Government Subsidy	8,752,204.09	13,883,551.50
Letter of Credit Deposit	8,087,465.25	152,041,095.07
Interest income (Not including financing product)	1,221,464.54	559,472.02
Total	77,994,829.70	287,019,693.63

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

**(2) Other cash paid related to operating activities**

In RMB

Items	Amount of current period	Amount of previous period
Current account and other	67,303,982.70	37,548,518.13
Letter of Credit Deposit	10,788,695.79	11,655,819.11
Total	78,092,678.49	49,204,337.24

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

**(3) Cash received related to other investment activities**

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	195,000,000.00	635,000,000.00
Total	195,000,000.00	635,000,000.00

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

**(4).Cash paid related to other investment activities**

In RMB

Items	Amount of current period	Amount of previous period
Purchase of financial management, structured deposit and investment	631,537,000.00	650,000,001.00
Total	631,537,000.00	650,000,001.00

Note to other Cash paid related to other investment activities: None

**(5) Other cash received in relation to financing activities**

None

**(6) Cash paid related with financing activities**

In RMB

Items	Amount of current period	Amount of previous period
Lease payment	4,141,770.57	0.00
Total	4,141,770.57	0.00

Note to other Cash paid related with financing activities : None

**79. 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	52,186,805.23	70,104,710.88
Add: Impairment loss provision of assets	44,182,267.14	45,058,925.73
Depreciation of fixed assets, oil and gas assets and consumable biological assets	113,129,673.90	70,459,401.36
Depreciation of Use right assets	4,577,501.46	4,303,599.85
Amortization of intangible assets	2,472,075.72	460,596.04
Amortization of Long-term deferred expenses	1,010,991.86	674,121.16
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-321.08	11,114.72
Fixed assets scrap loss	0.00	0.00
Loss on fair value changes	0.00	0.00
Financial cost	-9,785,585.78	-8,833,873.44
Loss on investment	-7,387,354.69	-11,043,172.52
Decrease of deferred income tax assets	1,105,321.71	43,628.11
Increased of deferred income tax liabilities	544,086.02	97,374.65
Decrease of inventories	-140,167,792.05	-113,943,401.07
Decease of operating receivables	-172,947,643.53	-74,703,894.32
Increased of operating Payable	125,482,947.69	96,749,103.44
Other	0.00	0.00
Net cash flows arising from operating activities	14,402,973.60	79,438,234.59
II. Significant investment and financing activities that without cash flows:		
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds maturing within one year	0.00	0.00
Financing of fixed assets leased	0.00	0.00
III .Movement of cash and cash equivalents :		
Ending balance of cash	345,683,735.99	348,660,980.95
Less: Beginning balance of cash equivalents	874,474,834.46	302,408,433.72
Add : End balance of cash equivalents	0.00	0.00
Less: Beginning balance of cash equivalents	0.00	0.00
Net increase of cash and cash equivalent	-528,791,098.47	46,252,547.23

**(2) Net Cash paid of obtaining the subsidiary**

None

**(3) Net Cash receive of disposal of the subsidiary**

None

**(4) Component of cash and cash equivalents**

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	345,683,735.99	874,474,834.46
Including : Cash at hand	2,231.43	3,980.56
Demand bank deposit	345,681,504.56	874,470,853.90
III. Balance of cash and cash equivalents at the period end	345,683,735.99	874,474,834.46

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

Specify the description of the item "others" and the adjusted amount of the balance at the end of last year: None

### 81. The assets with the ownership or use right restricted

In RMB

Items	Book value at the end of the reporting period	Cause of restriction
Monetary fund	270,542,231.07	CD + structured deposit + time deposit + bank draft margin
Bill receivable	40,032,610.22	Endorsed but not yet due bank acceptance bills
Fixed assets	462,070,010.10	Mortgage
Intangible assets	32,542,134.43	Mortgage
Total	805,186,985.82	

### 82. Foreign currency monetary items

#### (1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds			9,451,451.89
Including : USD	1,235,678.45	7.2258	8,928,765.34
HKD	66,465.00	0.9220	61,280.73
Yen	9,209,697.00	0.0501	461,405.82
Account payable			37,405,548.36
Including : USD	5,141,157.27	7.2258	37,148,974.20
HKD	278,280.00	0.9220	256,574.16
Other receivable			509,611.25
Including : USD	70,526.62	7.2258	509,611.25
Account payable			331,640,814.19
Including : USD	8,752,201.63	7.2258	63,241,658.54
Yen	5,355,607,174.00	0.0501	268,315,919.42
HKD	90,277.91	0.9220	83,236.23
Other payable			5,264,875.32
Including : USD	676,686.00	7.2258	4,889,597.70
Yen	3,381,984.00	0.0501	169,437.40
Euro	22,500.00	7.8771	177,234.75
HKD	31,025.46	0.9220	28,605.47

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

Applicable  Not applicable

### 83. Hedging

Arbitrage According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and the arbitrated risk qualitative and quantitative information: None

### 84. Government subsidies

**(1) Government subsidies confirmed in current period**

In RMB

Items	Amount	Project	Amount included in current profit and loss
Production line subsidy	76,747,220.32	Deferred income	10,368,087.03
Equipment subsidy	28,006,857.95	Deferred income	2,821,127.84
Material subsidy	0.00	Deferred income	6,000,000.00
Other	180,092.68	Deferred income	180,092.68

**(2) Government subsidy return**

Applicable  Not applicable

**85.Other**

None

**VIII. Changes of merge scope****1. Business merger not under same control****(1) Business merger not under same control in reporting period**

None

**(2) Combined cost and goodwill**

None

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

None

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

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

Yes  No

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

None

**(6) Other note:**

None

## **2. Business combination under the same control**

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

None

### **(2) Combination cost**

None

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

None

## **3. Counter purchase**

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.

None

## **4. The disposal of subsidiary**

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

Yes  No

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

Yes  No

## **5. Other reasons for the changes in combination scope**

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

None

## **6. Other**

None

**IX. Equity in other entities****1. Equity in subsidiary****(1) The structure of the enterprise group**

Subsidiary	Main operation	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenfang Property Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Production of fully electronic jacquard knitting whole shape	100.00%		Establish
Shenzhen Shenfang Sungang Property Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
SAPO Photoelectric	Shenzhen	Shenzhen	Polarizer production and sales	60.00%		Establish
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Production and sales of polarizer		100.00%	Establish
Shenzhen Shengjinlian Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales of polarizer		100.00%	Establish

Explanation that the shareholding ratio in subsidiaries is different from the voting right ratio: None

Basis for holding half or less voting rights but still controlling the investee, and holding more than half voting rights but not controlling the investee: None

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

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

Other note : Note

**(2) Significant not wholly-owned subsidiaries**

In RMB

Name	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
SAPO Photoelectric	40.00%	15,879,642.26	0.00	1,197,776,505.87

Other note : None

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

In RMB

Subsidiaries	Closing balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current Liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current Liabilities	Total liabilities
SAPO Photoelectric	2,126,220,719.76	2,307,463,780.40	4,433,684,500.16	773,285,887.90	671,318,083.13	1,444,603,971.03	1,936,541,263.47	2,419,432,602.01	4,355,973,865.48	674,071,107.48	732,819,068.02	1,406,890,175.50

In RMB

Subsidiaries	Current term				Last term			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
SAPO Photoelectric	1,417,425,087.50	39,699,105.65	39,996,839.15	13,933,905.32	1,390,584,901.04	69,177,964.44	69,177,964.44	80,837,844.34

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

None

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

None

**2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary****(1) Note to owner's equity share changed in subsidiary**

None

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

None

**3. Equity in joint venture arrangement or associated enterprise****(1) Significant joint venture arrangement or associated enterprise**

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		The accounting treatment of investment in associates
				direct	indirect	
Shenzhen Guanhua Printing &	Shenzhen	Shenzhen	Property	50.16%	0.00%	Equity method



Dyeing Co., Ltd		n	leasing			
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Explanation that the shareholding ratio in the joint venture or associated enterprise is different from the voting right ratio: None

Basis for holding less than 20% of voting rights but with significant influence, or holding 20% or more of voting rights but without significant influence: None

## (2) The Summarized Financial Information of Joint Ventures

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Current assets	47,559,682.42	47,899,181.48
Including: Cash and cash equivalent		
Non-current assets	210,047,689.01	217,362,821.36
Total assets	257,607,371.43	265,262,002.84
Current liabilities	14,418,070.32	16,619,409.76
Non-current liabilities	31,942,467.19	33,025,262.69
Total liabilities	46,360,537.51	49,644,672.45
Minority equity		
Attributable to shareholders of the parent company	211,246,833.92	215,617,330.39
Share of net assets calculated by stake	105,961,411.89	108,153,652.92
Adjustment items		
-- Goodwill	21,595,462.44	21,595,462.44
-- Internal transactions did not achieve profit		
--Other	-242,823.92	-242,843.60
Book value of equity investment in joint ventures	127,314,050.41	129,506,271.76
The fair value of the equity investment of a joint venture with a public quotation		
Operating income	4,366,254.94	10,946,554.54
Financial expenses	-89,049.09	-135,801.19
Income tax expenses	-902,781.76	-717,712.93
Net profit	-4,370,457.23	2,617,456.35
Net profit from terminated operations		
Other comprehensive income		
Total comprehensive income	-4,370,457.23	2,617,456.35
Dividends received from joint ventures for this year	0.00	0.00

## (3) Main financial information of significant associated enterprise

None

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

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Associated enterprise		

Total book value of investment	4,952,342.73	4,975,563.98
Total of the following items calculated by shareholding ratio		
-Net profit	26,010.62	269,859.91
-Other comprehensive income	54,950.70	75,756.02
-Total comprehensive income	80,961.32	345,615.93

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

None

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

None

**(7) The unrecognized commitment related to joint venture investment**

None

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

None

**4. Significant common operation**

None

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

None

**6. Other**

None

**X. Risks related to financial instruments**

The Company'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.

**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 30 June 2023, the Company's assets and liabilities were all RMB balances, except for the monetary items in foreign currencies mentioned in Notes (VII), (82). 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.

Items 目	Balance at the end of this year	
	Assets	Liabilities
USD	46,587,350.79	68,131,256.24
Yen	461,405.82	268,485,356.82
Euro	0.00	177,234.75
HKD	317,854.89	111,841.70

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk.

#### 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 currencies	Appreciation of RMB by 5%	-14,476,953.90	-14,476,953.90
All foreign currencies	Depreciation of RMB by 5%	14,476,953.90	14,476,953.90

### 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%	-6,571,731.12	-6,571,731.12
Floating-rate loan	Decrease by 1%	6,571,731.12	6,571,731.12

## 1.2. Credit risk

On June 30, 2023, the largest credit risk exposure that may cause the Company's financial losses mainly came from the loss of the Company's financial assets caused by the failure of the other party to the contract, including monetary funds, transactional financial assets, notes receivable, accounts receivable, receivables 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 the credit risk, the Company arranges special 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 Group reviews the recovery of financial assets on each balance sheet date to ensure that sufficient credit loss provision has been made for relevant financial assets. Therefore, the management of the Company believes that the credit risk assumed by the Company has been greatly reduced.

The Company's monetary funds are deposited in banks with high credit ratings, so the monetary funds only have low credit risk.

On June 30, 2023, the balance of accounts receivable of the Company to the top five customers was RMB 497,273,412.84, accounting for 54.54% of the balance of accounts receivable of the Company. In addition, the Company has no other significant credit risk exposure concentrated in a single financial asset or financial asset portfolio with similar characteristics.

### 1.3 Liquidity risk

When managing liquidity risk, the Company maintains sufficient cash and cash equivalents as deemed by the management and monitors them to meet the Company's business needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank loans and ensures compliance with the loan agreement.

On June 30, 2023, the Group's unused comprehensive bank credit line was RMB 70,861.00.

The financial liabilities held by the Company are analyzed according to the maturity of the undiscounted remaining contractual obligations as follows:

In RMB

Item	Within 1 year	1-5 years	Over 5 years	Total
Short-term loan	8,151,016.67	0.00	0.00	8,151,016.67
Accounts payable	437,489,166.07	0.00	0.00	437,489,166.07
Other payables	187,021,282.45	0.00	0.00	187,021,282.45
Other current liabilities	74,149,887.64	0.00	0.00	74,149,887.64
Long-term loans	100,024,512.50	594,693,456.05	86,935,756.48	781,653,725.03
Lease liabilities	7,465,519.14	10,357,763.45		17,823,282.59

## 2. Transfer of financial assets

### 2.1 Financial assets that have been transferred but have not been derecognized as a whole

On June 30, 2023, the book value of bank acceptance bills endorsed by the Company to suppliers for settlement of accounts payable was RMB 40,032,610.22. 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 related notes receivable have not been derecognized as a whole on the endorsement date.

### 2.2 Derecognition has been made as a whole, but the transferor continues to be involved in the transferred financial assets

The Company endorses the bank acceptance bills held by large state-owned commercial banks with high credit rating and listed national joint-stock commercial banks to a third party. As almost all the risks and rewards related to the bank acceptance bills have been transferred to the banks, the Company derecognizes the endorsed and unexpired bank acceptance bills. 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 at maturity, the endorsee 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. On June 30, 2023, the unexpired bank acceptance bill endorsed by the Company was RMB 54,533,024.39.

**XI. Disclosure of fair value****1. Ending fair value of assets and liabilities measured at fair value**

In RMB

Items	Year-end fair value			
	Fair value measurement of Level 1	Fair value measurement of Level 2	Fair value measurement of Level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Transactional Financial Asset	0.00	613,554,063.16	0.00	613,554,063.16
(II) Receivable financing	0.00	0.00	22,863,088.36	22,863,088.36
(III) Other equity instrument investment	0.00	0.00	167,678,283.27	167,678,283.27
Total liabilities measured at fair value on a non-ongoing basis	0.00	613,554,063.16	190,541,371.63	804,095,434.79
II Inconsistent fair value measurement	--	--	--	--

**2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1**

None

**3. Items measured based on the continuous or uncontinuous level 2nd fair value, valuation technique as used, nature of important parameters and quantitative information**

Items	Fair value at the end of this year	Valuation technique	Input value
Transactional financial assets	613,554,063.16	Discounted cash flow technique	Expected yield

**4. Items measured based on the continuous or uncontinuous level 3rd fair value, valuation technique as used, nature of important parameters and quantitative information**

Items	Fair value at the end of this year	Valuation technique	Input value
Receivable financing	22,863,088.36	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

**5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3**

None

**6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels**

None

**7. Changes in the valuation technique in the current period and the reason for change**

None

**8. Fair value of financial assets and 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 Company 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.

**9. Other**

None

**XII. Related parties and related party transactions****1. Information about the parent company of the Enterprise.**

Name of parent company	Place of registration	Business nature	Registered capital	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	32,359,000,000.00	46.21%	46.21%

**Description of the parent company of the Enterprise**

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. The registered capital of the parent company is increased to 32.359 billion yuan after being approved by resolution of the board of directors, but the industrial and commercial change is yet not completed.

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

## 2.Subsidiaries of the Company

Details refer to the Note X-9, Interest in the subsidiary

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

Details refer to the Note X-9, Interests in joint ventures or associates

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

None

## 4.Other Related parties information

Other related party	Relationship to the Company
Shenzhen Xinfang Knitting Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Company
Shenzhen Dailishi Underwear Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Company
Hengmei Photoelectric Co., Ltd.	The controlling party of SAPO Shareholder
Shenzhen Shentou Property Development Co., Ltd.	A wholly-owned subsidiary of the parent company
Shenzhen Investment Building Hotel Co., Ltd.	A wholly-owned subsidiary of the parent company A wholly-owned - subsidiary of the parent company
	A wholly-owned subsidiary of the parent company A wholly-owned subsidiary of the parent company
Shenzhen SEG Longyan Energy Technology Co., Ltd.	A wholly-owned subsidiary of the parent company A wholly-owned subsidiary of the parent company

## 5. Related transactions.

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

Acquisition of goods and reception of labor service

In RMB

Related party	Content	Occurred current term	Trading limit approved	Over the trading limit or not	Occurred in previous term
Shenzhen SEG Longyan Energy Technology Co., Ltd.	Buy electricity	540,788.97	1,600,000.00	No	0.00
Hengmei Photoelectric Co., Ltd.	Buy optical film	3,680,715.63	15,000,000.00	Mo	0.00
Hengmei Photoelectric Co., Ltd.	Buy RTP OEM services	834,265.74	14,000,000.00	No	0.00

Sale of goods

In RMB

Related party	Content of related party transaction	Amount incurred this year	Amount incurred last year
Hengmei Photoelectric Co., Ltd.	Polarizer	4,744,631.12	0.00
Shenzhen Shentou Property Development Co., Ltd.	Textile	54,991.15	0.00
Shenzhen Investment Building Hotel	Textile	40,614.16	0.00

Co., Ltd.			
Shenzhen Investment Building Property Management Co., Ltd.	Textile	26,247.79	0.00
Shenzhen Investment Holdings Co., Ltd	Textile	15,371.68	0.00

Related transactions on sale goods and receiving services

None

**(2) Related trusteeship/contract**

None

**(3) Information of related lease**

None

**(4) Related-party guarantee**

None

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

In RMB

Related party	Amount	Start date	Expiring date	Note
Borrowing fund :				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	July 30,2019	July 30,2023	The annual lending interest rate is 0.30%
Loaned				

**(6) Related party asset transfer and debt restructuring**

None

**(7) Rewards for the key management personnel**

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	2,653,076.00	3,523,165.00

**(8) Other related transactions**

None

**6. Receivables and payables of related parties**

**(1) Receivables**

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Balance of Book	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Investment Holdings Co., Ltd	17,370.00	0.00	0.00	0.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	550,000.00	27,500.00	1,100,000.00	58,850.00



**(2) Payables**

In RMB

Name	Related party	Amount at year end	Amount at year beginning
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	0.00	643,987.04

**7. Related party commitment**

None

**8.Other**

None

**XIII. Share payment****1. Overall situation of share payment**Applicable Not applicable**2. Equity-settled share-based payment**Applicable Not applicable**3. The Stock payment settled by cash**Applicable Not applicable**4. Modification and termination of the stock payment**

None

**5.Other**

None

**XIV. Commitments****1. Significant commitments**

Significant commitments at balance sheet date

## (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	9,826,665.40	3,761,094.00

**2. Contingency****(1) Significant contingency at balance sheet date**

None

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

None

**3. Other**

None

**XV. Events after balance sheet date****1. Significant events had not adjusted**

None

**2. Profit distribution**

None

**3. Sales return**

None

**4. Notes of other significant events**

None

**XVI. Other significant events****1. Correction of the accounting errors in the previous period**

None

**2. Liabilities restructuring**

None

**3. Replacement of assets**

None

**4. Pension plan**

None

**5. Discontinuing operation**

None

**6. Segment information****(1) Basis for determining the reporting segments and accounting policy**

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

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

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

In RMB

Items	Polarizer	Textile	Property lease and other	Offset between divisions	Total
Operating income					
Including: revenue from foreign transaction	1,412,410,148.66	56,093,359.66	21,592,161.23	0.00	1,490,095,669.55
Revenue from inter-segment transactions	0.00	1,580,122.82	46,476.10	-1,626,598.92	0.00
Total operating income of segment	1,412,410,148.66	57,673,482.48	21,638,637.33	-1,626,598.92	1,490,095,669.55
Operating expenses	1,349,302,885.40	40,298,941.06	24,372,370.21	-1,483,826.81	1,412,490,369.86
Operating profit	38,699,455.89	25,336,492.52	-3,357,160.43	-142,772.11	60,536,015.87
Net profit	36,115,184.98	20,124,415.57	-3,354,455.12	-698,340.20	52,186,805.23
Total assets of segment	4,401,822,948.27	1,291,062,431.45	38,894,981.64	-58,934,723.45	5,672,845,637.91
Total liabilities of segment	1,494,650,341.37	140,990,476.37	34,122,817.74	-50,108,501.48	1,619,655,134.00

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

None

**(4) Other note**

None

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

None

**8. Other**

None

**XVII. Notes of main items in the financial statements of the Parent Company****1. Accounts receivable****(1) Accounts receivable classified by category**

In RMB

Category	Amount in year-end					Amount in year-beginning				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accrual of bad debt provision by portfolio	18,783,540.82	100.00%	779,276.24	4.15%	18,004,264.58	16,356,183.36	100.00%	713,159.25	4.36%	15,643,024.11
Total	18,783,540.82	100.00%	779,276.24	4.15%	18,004,264.58	16,356,183.36	100.00%	713,159.25	4.36%	15,643,024.11

Accrual of bad debt provision by portfolio::

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Accrual portfolio	18,783,540.82	779,276.24	4.15%
Total	18,783,540.82	779,276.24	

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

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	16,298,464.82
1- 2 years	946,760.00
2-3 years	1,538,316.00
Total	18,783,540.82

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

The withdrawal amount of the bad debt provision :

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual portfolio	713,159.25	66,116.99	0.00	0.00	0.00	779,276.24
Accrual single	0.00	0.00	0.00	0.00	0.00	0.00
Total	713,159.25	66,116.99	0.00	0.00	0.00	779,276.24

**(3) The actual write-off accounts receivable**

None

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

In RMB

Name	Closing balance	Proportion %	Balance of Bad debt provision
Client 1	12,780,240.15	68.04%	199,497.75
Client 2	2,485,076.00	13.23%	124,253.80
Client 3	1,593,487.36	8.48%	83,658.09
Client 4	1,472,107.76	7.84%	71,370.00
Client 5	84,420.00	0.45%	4,221.00
Total	18,415,331.27	98.04%	

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

None

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

None

**2. Other accounts receivable**

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	14,116,168.90	14,132,756.62
Total	14,116,168.90	14,132,756.62

**(1) Interest receivable****1) Category of interest receivable**

None

**2) Significant overdue interest**

None

**3) Bad-debt provision**
 Applicable  Not applicable

**(2) Dividend receivable****1) Category of Dividend receivable**

None

**2) Significant dividends receivable with age exceeding 1 year**

None

**3) Provision for bad debts** Applicable  Not applicable**(3) Other accounts receivable****1) Other accounts receivable classified by the nature of accounts**

In RMB

Nature	Closing book balance	Opening book balance
Internal current account	15,830,841.48	15,349,339.97
Related party transactions within the consolidation scope	13,115,619.17	12,980,241.09
Other	330,734.21	1,056,701.52
Spare funds and employee borrowing	65,000.00	0.00
Deposit and security deposit	10,000.00	10,000.00
<b>Total</b>	<b>29,352,194.86</b>	<b>29,396,282.58</b>

**2) Bad-debt provision**

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	59,301.12	3,018.92	15,201,205.92	15,263,525.96
Balance as at January 1, 2023 in current				
Provision in Current Year	27,500.00	0.00	0.00	27,500.00
Reversal in Current Year	-55,000.00	0.00	0.00	-55,000.00
Balance as at 30 June 2023	31,801.12	3,018.92	15,201,205.92	15,236,025.96

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

 Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	3,364,804.74
1-2 years	10,707,995.02
Over 3 years	15,279,395.10
Over 5 years	15,279,395.10
<b>Total</b>	<b>29,352,194.86</b>

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

The withdrawal amount of the bad debt provision :

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item	15,111,246.32	0.00	0.00	0.00	0.00	15,111,246.32
Accrual of bad debt provision by portfolio:	152,279.64	27,500.00	-55,000.00	0.00	0.00	124,779.64
<b>Total</b>	<b>15,263,525.96</b>	<b>27,500.00</b>	<b>-55,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>15,236,025.96</b>

Where the significant amount of the provision for bad debt recovered or reversed: None

**4) Accounts receivable actually written off in the reporting period**

None

**5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears 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
Client 1	Internal borrowing and interest	13,115,619.17	Over 1-5 years	44.68%	0.00
Client 2	Unit account	11,389,044.60	Over 5 years	38.80%	11,389,044.60
Client 3	Unit account	1,800,000.00	Over 5 years	6.13%	1,800,000.00
Client 4	Unit account	1,018,295.37	Over 5 years	3.47%	1,018,295.37
Client 5	Unit account	592,420.00	Over 5 years	2.02%	592,420.00
<b>Total</b>		<b>27,915,379.14</b>		<b>95.10%</b>	<b>14,799,759.97</b>

**6) Accounts receivable involved with government subsidies**

None

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

None

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

None

**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	1,974,532,127.39	16,582,629.30	1,957,949,498.09

Investments in associates and joint ventures	132,425,526.41	0.00	132,425,526.41	134,481,835.74	0.00	134,481,835.74
Total	2,106,957,653.80	16,582,629.30	2,090,375,024.50	2,109,013,963.13	16,582,629.30	2,092,431,333.83

**(1) Investment to the subsidiary**

In RMB

Name	Opening balance	Increase /decrease in reporting period				Closing balance	Closing balance of impairment provision
		Add investment			Other		
SAPO Photoelectric	1,910,247,781.94	0.00	0.00	0.00	0.00	1,910,247,781.94	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25	0.00	0.00	0.00	0.00	8,073,388.25	0.00
Shenzhen Beauty Centrutry Garment Co., Ltd.	16,598,166.34	0.00	0.00	0.00	0.00	16,598,166.34	2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08	0.00	0.00	0.00	0.00	15,489,351.08	0.00
Shenfang Property Management Co., Ltd.	1,713,186.55	0.00	0.00	0.00	0.00	1,713,186.55	0.00
Shenfang Sungang Property Management Co., Ltd.	5,827,623.93	0.00	0.00	0.00	0.00	5,827,623.93	0.00
Total	1,957,949,498.09	0.00	0.00	0.00	0.00	1,957,949,498.09	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	Decreased investment	Gain/losses of Investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
<b>I. Joint ventures</b>											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	129,506,271.76	0.00	0.00	-2,192,221.35	0.00	0.00	0.00	0.00	0.00	127,314,050.41	0.00
Subtotal	129,506,271.76	0.00	0.00	-2,192,221.35	0.00	0.00	0.00	0.00	0.00	127,314,050.41	0.00
<b>II. Associated enterprises</b>											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,105,796.55	0.00	0.00	124,599.07	0.00	0.00	0.00	0.00	0.00	3,230,395.62	0.00
Yehui International Co.,	1,869,767.43	0.00	0.00	-43,637.75	54,950.70	0.00	0.00	0.00	0.00	1,881,080.38	0.00



Ltd.											
Subtotal	4,975,563.98	0.00	0.00	80,961.32	54,950.70	0.00	0.00	0.00	0.00	5,111,476.00	0.00
Total	134,481,835.74	0.00	0.00	-2,111,260.03	54,950.70	0.00	0.00	0.00	0.00	132,425,526.41	0.00

**(3) Other note**

None

**4. 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	39,239,619.43	4,156,707.01	19,836,395.33	3,883,135.15
Other Business income	0.00	0.00	1,320,274.42	1,320,274.42
Total	39,239,619.43	4,156,707.01	21,156,669.75	5,203,409.57

Income-related information:

In RMB

Type	Property management	Total
Types of goods	39,239,619.43	39,239,619.43
Including		
Property lease management and others	39,239,619.43	39,239,619.43
Area	39,239,619.43	39,239,619.43
Including:		
Domestic	39,239,619.43	39,239,619.43
Tota	39,239,619.43	39,239,619.43

Information related to performance obligations: None

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

At the end of the reporting period, the income amount corresponding to the performance obligations that have been signed but not fulfilled or completed is 0.00 yuan. Among them, RMB 0.00 is expected to be recognized as revenue in 0 year, RMB 0.00 is expected to be recognized as revenue in 0 year, and RMB 0.00 is expected to be recognized as revenue in 0 year.

**5. Investment income**

In RMB

Items	Amount of current period	Amount of previous period
Long-term equity investment returns accounted for by equity method	-2,111,260.03	1,658,532.04
Investment income of trading financial assets during the holding period	8,906,611.67	8,967,680.80
Dividend income earned during investment holdings in other equity instruments	906,000.00	708,000.00
Total	7,701,351.64	11,334,212.84

**6. Other**

None

**XVIII. Supplement information****1. Particulars about current non-recurring gains and loss**√ Applicable  Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	321.08	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	19,369,307.55	
Other non-business income and expenditures other than the above	-2,636,193.26	Mainly for quality compensation
Less :Influenced amount of income tax	2,504,189.66	
Influenced amount of minor shareholders' equity (after tax)	5,609,409.35	
Total	8,619,836.36	--

Details of other profit and loss items that meet the non-recurring profit and loss definition

 Applicable√ Not applicable

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

 Applicable √Not applicable**2. Return on net asset and earnings per share**

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	1.27%	0.0717	0.0717
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	0.97%	0.0547	0.0547

**3. Differences between accounting data under domestic and overseas accounting standards**

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

 Applicable√ Not applicable

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

 Applicable√ Not applicable

**(3) .Explanation of the reasons for the differences in accounting data under domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences , the name of the overseas institution should be indicated**

None

**4. Other**

None