Shenzhen Textile (Holdings) Co., Ltd.

Financial Statements and Auditor's Report
For the year ended December 31,2023

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Auditor’ s Report

DeShiReport(Shen)Zi(24)No. P02833

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

I. Opinion

We have audited the financial statements of Shenzhen Textile (Holdings) Co., Ltd . (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2023, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2023 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

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

III. Key Audit Matters

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

1. Recognition of polarizer sales revenue

As mentioned in Note (V) 40 to the financial statement, in 2023 the operating income reported in the consolidated financial statement of Shenzhen Textile Group was RMB3,079,678,375.45, of which the sales revenue of polarizers was RMB 2,885,625,542.77, accounting for 93.70% of the total operating income. The sales revenue of Shenzhen Textile Group's polarizer is recognized when the customer obtains control of the relevant goods. Due to the importance of polarizer sales revenue to the consolidated financial statement as a whole, and the revenue is one of the key performance indicators of Shenzhen Textile Group, there is an inherent risk that management will manipulate revenue recognition in order to achieve specific objectives or expectations, therefore, we have identified the recognition of polarizer sales revenue as a key audit matter for the audit of the consolidated financial statement.

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

Test and evaluate the internal control of the revenue-related business of Shenzhen Textile Group.

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

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

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

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

2. Impairment of polarizer inventory

As mentioned in Note (V) 8 to the financial statement, as of December 31, 2023, the inventory book balance reported in the consolidated financial statement of Shenzhen Textile Group was RMB852,104,157.04, of which the book balance of polarizer inventory was RMB838,447,375.39 accounting for 98.40% of the total inventory, and the corresponding inventory decline reserve was RMB107,290,039.96. In accordance with the Group's accounting policy, inventories are measured at the lower of cost or net realizable value at the end of the year, and when the net realizable value of inventories is lower than cost, a provision is made for inventory price declines. As the provision for inventory declines involves significant management estimates, we have identified the impairment of polarizer inventories as a key audit matter in the audit of the consolidated financial statement.

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

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

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

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

IV. Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 2023, but excludes the financial statements and our auditor's report.

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

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

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

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

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

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

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

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

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

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

Deloitte Touche Tohmatsu CPA Ltd.(special general partnership)   Chinese C.P.A.

（Project Partner)

Shanghai China

Chinese C.P.A.

March 26, 2024

Consolidated balance sheet

December 31,2023

Consolidated balance sheet

In RMB

Items	Note	December 31,2023	December 31,2022
Current asset：			
Monetary fund	(V).1	472,274,448.00	991,789,968.19
Transactional financial assets	(V).2	821,946,114.68	319,605,448.44
Note receivable	(V).3	50,963,943.01	74,619,100.26
Account receivable	(V.).4	820,134,833.95	636,583,469.93
Financing of receivables	(V.).5	22,839,459.13	54,413,796.91
Prepayments	(V).6	19,499,886.80	18,391,444.67
Other account receivable	(V).7	3,220,285.42	10,585,975.38
Including：Interest receivable		-	-
Dividend receivable		-	-
Inventories	(V).8	736,392,172.27	558,447,648.77
Other current asset	(V.).9	60,773,457.39	69,535,531.24
Total of current assets		3,008,044,600.65	2,733,972,383.79
Non-current assets:			
Long term share equity investment	(V.).10	127,682,020.70	134,481,835.74
Other equity instruments investment	(V)..11	145,988,900.00	167,678,283.27
Real estate investment	(V.).12	125,603,207.18	126,315,834.76
Fixed assets	(V.).13	2,066,006,237.73	2,240,221,656.36
Construction in progress	(V.).14	31,307,060.74	38,061,619.60
Use right assets	(V).15	11,999,466.57	15,365,393.88
Intangible assets	(V).16	39,564,422.80	44,192,571.95
Goodwill	(V).17	-	-
Long-germ expenses to be amortized	(V.).18	3,503,660.94	4,470,957.79
Deferred income tax asset	(V).19	60,605,365.42	69,823,814.29
Other non-current asset	(V).20	29,517,420.71	42,553,016.47
Total of non-current assets		2,641,777,762.79	2,883,164,984.11
Total of assets		5,649,822,363.44	5,617,137,367.90

Consolidated balance sheet(Continued)

In RMB

	Note	December 31,2023	December 31,2022
Current liabilities：			
Short-term loans	(V).22	8,000,000.00	7,000,000.00
Notes payable	(V).23	31,049,291.49	-
Account payable	(V).24	408,548,136.24	327,049,873.70
Advance receipts	(V).25	1,450,096.30	1,393,344.99
Contract liabilities	(V).26	1,436,943.34	4,274,109.40
Employees' wage payable	(V).27	56,437,162.09	61,166,444.90
Tax payable	(V).28	4,340,895.14	8,897,312.51
Other account payable	(V).29	184,528,344.55	197,345,455.37
Including：Interest payable		-	-
Dividend payable		-	-
Non-current liability due within 1 year	(V).30	108,102,752.99	104,183,438.22
Other current liability	(V).31	80,082,477.22	92,945,741.78
Total of current liability		883,976,099.36	804,255,720.87
Non-current liabilities:			
Long-term loan	(V).32	505,578,314.56	607,421,585.00
Lease liability	(V).33	6,687,317.22	8,628,672.71
Deferred income	(V).34	97,485,986.89	117,814,796.10
Deferred income tax liability	(V).19	44,177,287.45	47,974,267.80
Total non-current liabilities		653,928,906.12	781,839,321.61
Total of liability		1,537,905,005.48	1,586,095,042.48
Owners' equity			
Share capital	(V).35	506,521,849.00	506,521,849.00
Capital reserves	(V).36	1,961,599,824.63	1,961,599,824.63
Other comprehensive income	(V).37	93,607,380.81	109,596,609.31
Special reserve	(V)..38	104,262,315.64	100,909,661.32
Retained profit	(V).39	216,160,896.14	170,636,610.95
Total of owner's equity belong to the parent company		2,882,152,266.22	2,849,264,555.21
Minority shareholders' equity		1,229,765,091.74	1,181,777,770.21
Total of owners' equity		4,111,917,357.96	4,031,042,325.42
Total of liabilities and owners' equity		5,649,822,363.44	5,617,137,367.90

The notes are integral parts of the financial statements

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

Parent Company Balance Sheet

In RMB

	Note	December 31,2023	December 31,2022
Current asset：			
Monetary fund		9,125,800.27	426,042,455.28
Transactional financial assets		741,243,309.42	319,605,448.44
Account receivable	(XVI).、1	12,671,623.65	15,643,024.11
Prepayments		-	-
Other account receivable	(XVI).2	14,013,552.95	14,132,756.62
Including：Interest receivable		-	-
Dividend receivable		-	-
Inventories		32,814.05	26,237.85
Total of current assets		777,087,100.34	775,449,922.30
Non-current assets:			
Long term share equity investment	(XVI).3	2,087,532,810.79	2,092,431,333.83
Other equity instruments investment		131,185,500.00	151,618,842.39
Real estate investment		102,430,682.27	101,190,712.85
Fixed assets		2,522,229.44	11,346,585.35
Construction in progress		191,875.56	308,243.90
Deferred income tax asset		-	-
Other non-current asset		27,823,005.45	25,997,082.15
Total of non-current assets		2,351,686,103.51	2,382,892,800.47
Total of assets		3,128,773,203.85	3,158,342,722.77
Current liabilities			
Account payable		411,743.57	411,743.57
Advance receipts		540,673.07	691,160.58
Employees’ wage payable		15,810,919.71	18,510,589.33
Tax payable		3,115,369.56	7,121,466.14
Other account payable		106,722,393.87	113,736,371.24
Including：Interest payable		-	-
Dividend payable		-	-
Total of current liability		126,601,099.78	140,471,330.86
Non-current liabilities:			
Deferred income		200,000.00	300,000.00
Deferred income tax liability		40,855,186.12	44,363,868.30
Total non-current liabilities		41,055,186.12	44,663,868.30
Total of liability		167,656,285.90	185,135,199.16
Owners’ equity			
Share capital		506,521,849.00	506,521,849.00

Capital reserves		1,577,392,975.96	1,577,392,975.96
Other comprehensive income		83,629,830.81	98,855,668.75
Surplus reserves		104,262,315.64	100,909,661.32
Retained profit		689,309,946.54	689,527,368.58
Total of owners’ equity		2,961,116,917.95	2,973,207,523.61
Total of liabilities and owners’ equity		3,128,773,203.85	3,158,342,722.77

The notes are integral parts of the financial statements

Consolidated Income statement

In RMB

	Note	Year 2023	Year 2022
1.Operating Revenue	(V).40	3,079,678,375.45	2,837,988,264.36
Less: Operating cost	(V).40	2,561,631,844.53	2,374,005,896.43
Business tax and surcharge	(V).41	9,293,623.13	7,907,126.91
Sales expense	(V).42	34,195,670.61	35,962,529.35
Administrative expense	(V).43	134,371,410.53	128,388,940.29
R & D costs	(V).44	104,653,040.92	80,520,155.54
Financial expenses	(V).45	24,399,501.16	12,943,606.57
Including：Interest expense		27,339,804.17	31,131,112.38
Interest income		12,947,471.64	8,327,248.75
Add: Other income	(V).46	50,740,363.91	26,350,210.89
Investment gain	(V).47	10,828,635.56	19,383,351.87
Incl: investment gains from affiliates		(6,898,983.89)	1,307,639.15
inancial assets measured at amortized cost cease to be recognized as income		-	-
Changing income of fair value	(V).48	2,151,780.82	-
Credit impairment loss	(V).49	4,535,775.14	(4,618,553.09)
Impairment loss of assets	(V.).50	(126,089,709.42)	(202,573,465.84)
Assets disposal income	(v).51	1.72	31,264.60
II. Operating profit		153,300,132.30	36,832,817.70
Add：Non-Operating income	(V).52	1,449,879.26	14,993,082.57
Less：Non-Operating expenses	(V).53	8,205,801.51	7,477,057.47
III. Total profit		146,544,210.05	44,348,842.80
Less: Income tax expenses	(V).54	19,407,731.47	(67,443,123.52)
IV. Net profit		127,136,478.58	111,791,966.32
(I) Classification by business continuity			
1.Net continuing operating profit		127,136,478.58	111,791,966.32
2.Termination of operating net profit		-	-
(II) Classification by ownership			
Including：Net profit attributable to the owners of parent company		79,268,250.45	73,309,182.94
Minority shareholders’ equity		47,868,228.13	38,482,783.38
V. Net after-tax of other comprehensive income	(V).37	(15,870,135.10)	(10,204,603.14)
Net of profit of other comprehensive income attributable to owners of the parent company.		(15,989,228.50)	(10,085,509.74)
（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		(16,267,037.45)	(10,058,739.46)
1.Re-measurement of defined benefit plans of changes in net debt or net assets		-	-

2.Other comprehensive income under the equity method in vestee can not be reclassified into profit or loss.		-	-
3. Changes in the fair value of investments in other equity instruments		(16,267,037.45)	(10,058,739.46)
4. Changes in the fair value of the company's credit risks		-	-
(II)Other comprehensive income that will be reclassified into profi t or loss.		277,808.95	(26,770.28)
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	(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		99,168.85	151,869.82
7.Other		-	-
Net of profit of other comprehensive income attributable to Mi nority shareholders' equity		119,093.40	(119,093.40)
VI. Total comprehensive income		111,266,343.48	101,587,363.18
Total comprehensive income attributable to the owner of the parent company		63,279,021.95	63,223,673.20
Total comprehensive income attributable minority shareholders		47,987,321.53	38,363,689.98
VII. Earnings per share			
Basic earnings per share		0.16	0.14

The notes are integral parts of the financial statements

Income statement of the Parent Company

In RMB

	Note	Year 2023	Year 2022
I.Operating revenue	(XVI).4	77,822,508.75	56,046,883.88
Less：Operating cost	(XVI).4	9,822,306.53	9,544,956.96
Business tax and surcharge		3,193,559.74	2,296,709.15
Sales expense		233,086.71	106,542.65
Administrative expense		46,901,768.72	46,419,746.13
Financial expenses		(3,418,990.44)	(5,381,252.49)
Including：Interest expenses		356,264.79	6,601.33
Interest income		3,838,789.68	5,369,095.59
Add：Other income		153,012.52	269,698.97
Investment gain	(XVI).5	19,300,515.95	18,656,000.37
Including: investment gains from affiliates		(6,898,983.89)	1,307,639.15
Financial assets measured at amortized cost cease to be recognized as income		-	-
Changing income of fair value		2,151,780.82	-
Credit impairment loss		708,847.28	940,005.04
Impairment loss of assets		-	-
Assets disposal income		-	-
II.Operating profit		43,404,934.06	22,925,885.86
Add：Non-operating income		6,431.44	6,004,050.33
Less：Non-operating expenses		59,123.40	100,500.00
III. Total profit		43,352,242.10	28,829,436.19
Less: Income tax expenses		9,825,698.88	2,191,277.71
IV. Net profit		33,526,543.22	26,638,158.48
1.Net continuing operating profit		33,526,543.22	26,638,158.48
2.Termination of operating net profit		-	-
V. Net after-tax of other comprehensive income		(15,225,837.94)	(9,906,869.64)
（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		(15,325,006.79)	(10,058,739.46)
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		(15,325,006.79)	(10,058,739.46)
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		99,168.85	151,869.82
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		99,168.85	151,869.82
7.Other		-	-
VI. Total comprehensive income		18,300,705.28	16,731,288.84

The notes are integral parts of the financial statements

Consolidated Cash flow statement

In RMB

	Note	Year 2023	Year 2022
I.Cash flows from operating activities			
Cash received from sales of goods or rending of services		2,985,794,229.99	3,046,091,280.79
Tax returned		5,073,509.20	113,982,534.22
Other cash received from business operation	(V).55(1)	87,277,323.90	218,296,299.96
Sub-total of cash inflow		3,078,145,063.09	3,378,370,114.97
Cash paid for purchasing of merchandise and services		2,466,252,261.73	2,453,492,479.82
Cash paid to staffs or paid for staffs		255,045,680.87	253,460,171.00
Taxes paid		54,636,406.53	59,230,421.14
Other cash paid for business activities	(V).55(1)	117,443,974.16	121,948,492.41
Sub-total of cash outflow from business activities		2,893,378,323.29	2,888,131,564.37
Net cash generated from /used in operating activities	(V).56(1)	184,766,739.80	490,238,550.60
II. Cash flow generated by investing			
Cash received from investment retrieving		-	28,500,000.00
Cash received as investment gains		13,769,440.75	18,075,712.72
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		11,634.84	101,301.53
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received	(V).55(2)	1,454,000,000.00	1,316,000,000.00
Sub-total of cash inflow due to investment activities		1,467,781,075.59	1,362,677,014.25
Cash paid for construction of fixed assets, intangible assets and other long-term assets		64,069,967.97	123,210,891.17
Cash paid as investment		-	1.00
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities	(V).55(2)	1,840,500,000.00	1,140,433,371.49
Sub-total of cash outflow due to investment activities		1,904,569,967.97	1,263,644,263.66
Net cash flow generated by investment		(436,788,892.38)	99,032,750.59
III.Cash flow generated by financing			
Cash received as investment		-	-
Including: Cash received as investment from minor shareholders		-	-
Cash received as loans		8,000,000.00	73,230,492.79
Other financing –related cash received		-	-
Sub-total of cash inflow from financing activities		8,000,000.00	73,230,492.79
Cash to repay debts		103,387,387.94	26,642,157.50
Cash paid as dividend, profit, or interests		57,324,944.21	56,596,142.54
Including: Dividend and profit paid by subsidiaries to minor shareholders		-	-

Other cash paid for financing activities	(V).55(3)	8,776,024.71	9,144,572.43
Sub-total of cash outflow due to financing activities		169,488,356.86	92,382,872.47
Net cash flow generated by financing		(161,488,356.86)	(19,152,379.68)
IV. Influence of exchange rate alternation on cash and cash equivalents		456,132.31	1,947,479.23
V.Net increase of cash and cash equivalents	(V).56(1)	(413,054,377.13)	572,066,400.74
Add: balance of cash and cash equivalents at the beginning of term	(V).56(2)	874,474,834.46	302,408,433.72
VI ..Balance of cash and cash equivalents at the end of term	(V).56(2)	461,420,457.33	874,474,834.46

The notes are integral parts of the financial statements

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Cash Flow Statement of the Parent Company

In RMB

	Note	Year 2023	Year 2022
I.Cash flows from operating activities			
Cash received from sales of goods or rending of services		79,719,541.58	49,647,323.90
Tax returned		-	600,618.94
Other cash received from business operation		20,183,240.81	7,065,800.34
Sub-total of cash inflow		99,902,782.39	57,313,743.18
Cash paid for purchasing of merchandise and services		3,005,590.09	2,458,133.73
Cash paid to staffs or paid for staffs		38,735,139.38	33,850,730.29
Taxes paid		19,540,659.95	6,260,647.31
Other cash paid for business activities		18,940,923.33	5,334,787.37
Sub-total of cash outflow from business activities		80,222,312.75	47,904,298.70
Net cash generated from /used in operating activities		19,680,469.64	9,409,444.48
II. Cash flow generated by investing			
Cash received from investment retrieving		-	-
Cash received as investment gains		12,954,592.48	17,348,361.22
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received		1,250,200,000.00	1,316,000,000.00
Sub-total of cash inflow due to investment activities		1,263,154,592.48	1,333,348,361.22
Cash paid for construction of fixed assets, intangible assets and other long-term assets		2,784,786.15	2,586,581.13
Cash paid as investment		-	1.00
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities		1,550,500,000.00	1,134,754,229.41
Sub-total of cash outflow due to investment activities		1,553,284,786.15	1,137,340,811.54
Net cash flow generated by investment		(290,130,193.67)	196,007,549.68
III. Cash flow generated by financing			
Cash received as investment		-	-
Cash received as loans		-	-
Other financing –related ash received		-	-
Sub-total of cash inflow from financing activities		-	-
Cash to repay debts		-	-
Cash paid as dividend, profit, or interests		30,747,575.73	25,332,693.78
Other cash paid for financing activities		-	-
Sub-total of cash outflow due to financing activities		30,747,575.73	25,332,693.78
Net cash flow generated by financing		(30,747,575.73)	(25,332,693.78)
IV. Influence of exchange rate alternation on cash and cash equivalents		571.84	1,886.83

V.Net increase of cash and cash equivalents		(301,196,727.92)	180,086,187.21
Add: balance of cash and cash equivalents at the beginning of term		310,322,528.19	130,236,340.98
VI ..Balance of cash and cash equivalents at the end of term		9,125,800.27	310,322,528.19

The notes are integral parts of the financial statements

Consolidated Statement on Change in Owners' Equity

In RMB

Items	Year 2023						
	Owner's equity Attributable to the Parent Company					Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit		
I .Balance at the end of last year	506,521,849.00	1,961,599,824.63	109,596,609.31	100,909,661.32	170,636,610.95	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	1,181,777,770.21	4,031,042,325.42
III .Changed in the current year	-	-	(15,989,228.50)	3,352,654.32	45,524,285.19	47,987,321.53	80,875,032.54
（1）Total comprehensive income	-	-	(15,989,228.50)	-	79,268,250.45	47,987,321.53	111,266,343.48
（II）Investment or decreasing of capital by owners	-	-	-	-	-	-	-
1．Ordinary Shares invested by shareho lders	-	-	-	-	-	-	-
2．Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-	-
3．Other	-	-	-	-	-	-	-
（III）Profit allotment	-	-	-	3,352,654.32	(33,743,965.26)	-	(30,391,310.94)
1.Providing of surplus reserves	-	-	-	3,352,654.32	(3,352,654.32)	-	-
2．Allotment to the owners (or shareholders)	-	-	-	-	(30,391,310.94)	-	(30,391,310.94)

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. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-	-
5．Other	-	-	-	-	-	-	-
(V). Special reserves	-	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-	-
2． Used this term	-	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,961,599,824.63	93,607,380.81	104,262,315.64	216,160,896.14	1,229,765,091.74	4,111,917,357.96

The notes are integral parts of the financial statements

Consolidated Statement on Change in Owners' Equity(Continued)

In RMB

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

3．Other	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	-	-	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-	-
5．Other	-	-	-	-	-	-	-
(V). Special reserves	-	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-	-
2. Used this term	-	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,961,599,824.63	109,596,609.31	100,909,661.32	170,636,610.95	1,181,777,770.21	4,031,042,325.42

The notes are integral parts of the financial statements

Statement of change in owner’s Equity of the Parent Company

In RMB

Items	Year 2023					
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit	Total of owners’ equity
I.Balance at the end of last year	506,521,849.00	1,577,392,975.96	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	-	-	(15,225,837.94)	3,352,654.32	(217,422.04)	(12,090,605.66)
（I）Total comprehensive income	-	-	(15,225,837.94)	-	33,526,543.22	18,300,705.28
(II) Investment or decreasing of capital by owners	-	-	-	-	-	-
1．Ordinary Shares invested by shareholders	-	-	-	-	-	-
2.Amount of shares paid and accounted as owners’ equity	-	-	-	-	-	-
3．Other	-	-	-	-	-	-
（III）Profit allotment	-	-	-	3,352,654.32	(33,743,965.26)	(30,391,310.94)
1.Providing of surplus reserves	-	-	-	3,352,654.32	(3,352,654.32)	-
2．Allotment to the owners (or shareholders)	-	-	-	-	(30,391,310.94)	(30,391,310.94)
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．Other comprehensive income carry-over retained earnings	-	-	-	-	-	-
5．Other	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-
2. Used this term	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,577,392,975.96	83,629,830.81	104,262,315.64	689,309,946.54	2,961,116,917.95

The notes are integral parts of the financial statements

Statement of change in owner’s Equity of the Parent Company(Continued)

In RMB

Items	Year 2022					
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit	Total of owners’ equity
I.Balance at the end of last year	506,521,849.00	1,577,392,975.96	108,762,538.39	98,245,845.47	690,879,118.40	2,981,802,327.22
Add: Change of accounting policy	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-
Other	-	-	-	-	-	-
II. Balance at the beginning of current year	506,521,849.00	1,577,392,975.96	108,762,538.39	98,245,845.47	690,879,118.40	2,981,802,327.22
III .Changed in the current year	-	-	(9,906,869.64)	2,663,815.85	(1,351,749.82)	(8,594,803.61)
（I）Total comprehensive income	-	-	(9,906,869.64)	-	26,638,158.48	16,731,288.84
(II) Investment or decreasing of capital by owners	-	-	-	-	-	-
1．Ordinary Shares invested by shareholders	-	-	-	-	-	-
2.Amount of shares paid and accounted as owners’ equity	-	-	-	-	-	-
3．Other	-	-	-	-	-	-
（III）Profit allotment	-	-	-	2,663,815.85	(27,989,908.30)	(25,326,092.45)
1.Providing of surplus reserves	-	-	-	2,663,815.85	(2,663,815.85)	-
2．Allotment to the owners (or shareholders)	-	-	-	-	(25,326,092.45)	(25,326,092.45)
3．Other	-	-	-	-	-	-
(IV) Internal transferring of owners’ equity	-	-	-	-	-	-

1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-
5. Other	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-
2. Used this term	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,577,392,975.96	98,855,668.75	100,909,661.32	689,527,368.58	2,973,207,523.61

The notes are integral parts of the financial statements

I. Basic Information of the Company

1.Company overview

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

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

2. Scope of consolidated financial statement

The financial statements have been authorized for issuance of Board of Directors of the Company on March 26,2024.

.II. Basis for the preparation of the financial report

（1）Basis for the preparation

The Group implements the accounting standards for enterprises and related regulations promulgated by the Ministry of Finance. In addition, the Group also discloses relevant financial information in accordance with the No. 15 Compilation Rules for Disclosure of Information by Companies ofIssuing Securities to the Public-General Provisions for Financial Reporting (2023 Revision).

(2) Continuous operation

The Group evaluated its ability to continue as a going concern for the 12 months from 31 December 2022 and found no matters or circumstances that raised significant doubts about its ability to continue as a going concern. Accordingly, the present financial reporthas 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 reportusesthe 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 paidat 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.

II. 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 December 31, 2023 and the consolidated and parent operating results, the consolidated and parent shareholders' equity changes and the consolidated and parent cash flows for 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.Determination method and selection basis for material criteria

Item	Material criteria
Receivables for a significant single provision for bad debts	The proportion of individual item exceeds 0.5% of total assets
Important accounts receivable for the recovery or reversal of bad debt reserves	The proportion of individual item exceeds 0.5% of total assets
Significant prepayments that are more than 1 year old	The proportion of individual item exceeds 0.5% of total assets
Significant accountspayable and/or advance receipts aged more than 1 year Contract liabilities and other payables	The proportion of individual item exceeds 0.5% of total assets
Cash received in connection with significant investment activities	Amount exceeding RMB 50 million yuan
Payments of cash in connection with significant investment activities	Amount exceeding RMB 50 million yuan
Significant non-wholly owned subsidiary	More than 10% of total assets, or total revenues or total profits
Significant joint ventures or associates	Net assets account for more than 5%

6. 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.

6.1 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.

6.2 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 partyby 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 periodoccurred.

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

7. Criteria for determining control and preparation method for consolidated financial statement

7.1 Criteria for Determining Control

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 returns. The Group will reassess the relevant elements involved in the above definition of controls as a result of changes in the relevant facts and circumstances.

7.2. Methodology for the preparation of consolidated financial statement

The consolidated scope of the consolidated financial statement is determined on a control basis.

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' equityin 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 tothe 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.

8. Joint venture arrangement

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 (III) 17.3.2 "Long-term equity investments accounted by the equity method".

9. 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.

10.Foreign currency transactions and translation of foreign currency statements

10.1 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; The exchange differenceresults 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.

10.2 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 losses 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.

11.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. 14Accounting 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).

11.1 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

11.1.1 Financial assets measured at amortized cost

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

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

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

Impairment losses or gains and interest income calculated using the effective interest rate methodrelated 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.

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

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

11.2 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. 21Accounting 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.

11.2.1 Significant increase in credit risk

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

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

(1) whether the internal price indicators have changed significantly due to changes in credit risk.

(2) whether the interest rate or other terms of an existing financial instrument have changed significantly (e.g., stricter contractual terms, additional collateral or higher yields) if the existing financial instrument is derived or issued as a new financial instrument at the balance sheet date.

(3) whether there has been a significant change in the external market indicators of the credit risk of the same financial instrument or similar financial instruments with the same estimated duration. These indicators include: credit spreads, credit default swap prices for borrowers, the length and extent to which the fair value of financial assets is less than their amortized cost, and other market information relevant to borrowers (such as changes in the price of borrowers' debt or equity instruments).

(4) whether there has been a significant change in the external credit rating of the financial instrument in fact or expectation.

(5) whether the actual or expected internal credit rating of the debtor has been downgraded.

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

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

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

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

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

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

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

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

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

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

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

11.2.2 Financial assets that have undergone credit impairment

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

（1）significant financial difficulties of the issuer or debtor;

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

(3)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;

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

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

(6)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.

11.2.3 Determination of Expected Credit Loss

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

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

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

11.2.4 Write-down of Financial Assets

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

11.3 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.

11.4 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.

11.4.1 Classification, recognition and measurement of financial liabilities

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

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

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

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

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

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

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

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

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

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

11.4.1.2 Other financial liabilities

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

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

11.4.2 Derecognition of financial liabilities

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

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

11.4.3 Equity instruments

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

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

11.5 Offset of financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financialliabilities, 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.

12 .Notes receivable

12.1 Methods for determining and accounting treatment for expected credit lossesof notes receivable
The Group separately assesses the credit risk of notes receivable with significantly different credit risks, including notes receivable that have not been accepted at maturity and notes receivable that have clear indications that the acceptor is likely to be unable to fulfill the acceptance obligations, and other notes receivable are accrued for expected credit losses on a portfolio basis based on The increase or reversal of the provision for expected credit losses on notes receivable is included in the profit or loss for the current period as a credit impairment loss or gain.

their credit risk characteristics.

12.2 Portfolio types and basis for determining credit loss provisions based on credit risk characteristics

Except for the notes receivable that assess the credit risk individually, the rest of the notes receivable are divided into different portfolios based on their credit risk characteristics:

Portfolio Category	Determining basis
Portfolio 1	Bank acceptance
Portfolio 2	Trade acceptance

13.Account receivable

13.1 Methods for determining expected credit losses and accounting treatment of accounts receivable

The Group uses an impairment matrix to determine the credit losses of accounts receivable on a portfolio basis. The increase or reversal of the provision for expected credit losses of accounts receivable shall be recognized in profit or loss for the current period as credit impairment losses or gains.

13.2 The type of portfolio and the basis for determining the provision for credit losses based on the credit risk characteristics of the portfolio.

The Group classifies accounts receivable into portfolio1 based on common risk characteristics. The common credit risk characteristics adopted by the Group mainly include the credit tenor and operating conditions of the debtor.

13.3 Calculation method of aging for credit risk characteristics portfolio recognized by aging

The Group uses the aging of accounts receivable as a credit risk characteristic and uses an impairment matrix to determine its credit losses. Aging is calculated from the date of its initial recognition. If the terms and conditions of the accounts receivable are modified but do not result in the derecognition of the accounts receivable, the aging shall be calculated consecutively.

13.4 Determining standard of individual provision according to individual provision for bad debts

The Group assesses credit risk of accounts receivable individually due to its significant differences in credit riskwith evidence demonstrated greater credit risk.

14. Financing of accounts receivable
14.1 Determination method and accounting treatment method for expected credit loss of accounts receivable financing
The Group recognizes credit loss provisions for accounts receivable financing in other comprehensive income and includes credit impairment losses or gains in the current period's profit and loss, without reducing the carrying amount of accounts receivable financing presented in the balance sheet.

14.2 Judgment criteria for individual provision of credit loss reserves based on individual provision
The Group evaluates the financing of corresponding receivables based on the acceptance bank credit status of bank acceptance bills and makes provisions for credit losses.

15.Other accounts receivable

15.1 Methods for determining expected credit losses and accounting treatment of other receivables

The Group determines the credit losses on other receivables on a portfolio basis. The increase or reversal of the provision for expected credit losses of other receivables is recognized as credit impairment losses or gainsin profit or loss for the current period.

15.2 Calculation method of aging for credit risk characteristics portfolio recognized by aging

Aging is calculated from the date of its initial recognition. If the terms and conditions of other receivables are modified but do not result in the derecognition of other receivables, the aging shall be calculated consecutively.

16.Inventory

16.1 Inventory Category, Goods Out Pricing Method, Inventory System, Amortization Method for Low-Value Consumables and Packaging

16.1.1 Inventory Category

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.

16.1.2 Goods Out Pricing Method

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

16.1.3 Inventory system

The inventory system is perpetual inventory system.

16.1.4 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.

16.2 Recognition criteria and accrual method of provision for inventory falling price loss

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.

17. Long-term equity investment

17.1 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.

17.2 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.

17.3 Subsequent measurement and profit and loss recognition method

17.3.1 Long-term equity investment calculated by cost method

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

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

17.3.2 Long-term equity investment calculated by equity method

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

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

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

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

17.4 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.

Provision forinventory falling price loss is generally made on the basis of a single inventory item.

18. 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 a cost model for subsequent measurement of investment properties, and adopts the average life method to provide depreciation over the useful life. The depreciation methods, depreciation periods, estimated residual value rates and annual depreciation rates for various types of investment real estate are as follows:

Category	Depreciation period (years)	Residual value rate (%)	Annual Depreciation Rate (%)
Houses, buildings	10-40	0.00-4.00	2.40-10.00

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.

19. Fixed assets

19.1 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.

19.2 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.

19.3 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.

20. 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 as a fixed asset when it reaches the intended usable state. The standards and timing points for the carry-forward of various types of projects under construction into fixed assets are as follows:

Category	The criteria for carrying forward to fixed assets	The time point at which it is carried forward to a fixed asset
Installation of machinery and equipment	The equipment has been accepted by asset management personnel and user personnel and meets one or more of the following conditions according to the actual situation: (1) Relevant equipment and other supporting facilities have been installed; (2) The equipment can maintain normal and stable operation for a period of time after debugging; (3) The production equipment can stably produce qualified products for a period of time.	It has reached the intended usable state

21. 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.

22. Intangible assets

22.1 Useful life and the basis for its determination, estimates, amortization method or review procedure

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(Legal Right to Use)	-
Software	Straight-line method	5(The useful life is determined by the period of time that is expected to bring economic benefits to the company)	-
Patent	Straight-line method	15(The useful life is determined by the period of time that is expected to bring economic benefits to the company)	-

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 (III) 22 "Impairment of Long-term Assets" for details.

22.2 Post-employment benefits are all defined contribution plan.

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.

23. 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.

24. 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.

25. 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.

26. Employee Remuneration

26.1 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.

26.2 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.

26.3 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.

27. 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.

28.Revenue

28.1 Accounting policy used for measurement and revenue recognition disclosure according to type of 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.

Transaction price refers to the amount of consideration that the Group expects to be entitled to receive as a result of the transfer of goods or services to the customer, but does not include payments received on behalf of a third party and amounts expected to be refunded to the customers by the Group. In determining the transaction price, the Group takes into account the impact of factors such as variable consideration, significant financing elements in the contract, non-cash consideration, consideration payable to customers, etc.

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 (III) 30.2.2 "The Group as a lessor records the operating leasing business" for the accounting policy of the Group's income recognition in property leasing.

29. 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.

29.1 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.

29.2 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.

30.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.

30.1 The Group as the lessee

30.1.1 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.

30.1.2 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.

30.1.3Lease 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.

30.1.4 As the judgment basis and accounting treatment method for the lessee to simplify the treatment of the 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.

30.1.5 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.

30.2 The Group as the lessor

30.2.1 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 Revenues* on transaction price allocation, and the basis of allocation is the separate prices of the leased part and the non-leased part.

30.2.2 Classification and accounting treatment for rental housing leases

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.

30.2.2.1 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.

30.2.3 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.

31. Deferred income tax assets/Deferred income tax liabilities

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

31.1 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.

31.2 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.

31.3 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.

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

32.1 Changes in significant accounting policy

On November30, 2022, the Ministry of Finance (MOF) issued Interpretation No. 16 of Accounting Standards for Business Enterprises ("Interpretation No. 16"), clarifying that the accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction is not subject to the initial recognition exemption. Interpretation No. 16 revises the scope of the initial recognition exemption of deferred income tax in Accounting Standard for Business Enterprises No. 18-Income Tax, clarifying that Accounting Standard for Business Enterprises No. 18-Income Tax-provisions regarding exemption from the initial recognition of deferred tax liabilities and deferred tax assetsdoes not apply to individual transaction that is not a business combination and the transaction does not affect neither the accounting profit nor the taxable income (or deductible loss) at the time of the transaction occurs, and the assets and liabilities initially recognized result in the same amount of taxable temporary differences to the deductible temporary differences . The regulations will come into force on January 1, 2023 and can be implemented in advance.

After assessment, the Group considers that the adoption of this regulation will not have a significant impact on the Group's financial statement.

32.2 Significant Changes in Accounting Estimates

There are no significant changes in the Group's accounting estimates during the year.

Ⅳ. Taxes

1. Main tax categories and tax rates

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

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

Name of taxpayer	Income tax rate
The Company	25%
Shenzhen Shenfang 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 Shenfang Sungang Property Management Co., Ltd.	20% (Note 1)
Shenzhen Huaqiang Hotel	20% (Note 1)
Shengtou（HK）Co., Ltd.	8.25% (Note 2)
Shenzhen SAPO Photoelectric Co., Ltd.	15% (Note 3)

Note 1: See Notes (IV), 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 Notes (IV), 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 Company's subsidiaries Shenzhen Beauty Century Garment Co., Ltd., Shenzhen Huaqiang Hotel Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd. and Shenzhen Shenfang Sungang Property Management Co., Ltd. are qualified small and low-profit enterprises, and according to the Announcement of the State Administration of Taxation of the Ministry of Finance on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (No. 13 of 2022) and 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 households (No. 6 of 2023),the part of the annual taxable income of small and low-profit enterprises not exceeding RMB 3 million will be reduced to include in the taxable income by 25%, and the enterprise income tax will be paid at the rate of 20%.

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

(4)According to the relevant provisions of the Announcement of the State Administration of Taxation of the Ministry of Finance on Clarifying the Policies for VAT Reduction and Exemption for Small-scale VAT Taxpayers (Announcement No. 1 [2023] of the State Administration of Taxation of the Ministry of Finance), SAPO Photoelectric , a subsidiary of the Company, meets the relevant conditions and is eligible to enjoy the policy for taxpayers of the production service industry to offset the tax payable for the period from January 1, 2023 to December 31, 2023in accordance with the policy of 5% addition to the current period's deductible input tax amount to offset tax payable.

V. Notes of consolidated financial statement

1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	1,710.40	3,980.56
RMB	1,651.50	3,980.56
HKD	58.90	-
Bank deposit(Note 1)	462,967,619.54	874,795,302.32
RMB	396,264,667.05	853,053,825.65
USD	62,535,102.56	17,490,003.77
Yen	3,440,280.17	4,200,382.59
HKD	727,569.76	51,090.31
Other monetary capital(Note 2)：	9,305,118.06	116,990,685.31
RMB	9,305,118.06	116,929,425.84
Yen	-	60,972.46
USD	-	287.01
Total	472,274,448.00	991,789,968.19
Including : The total amount of deposit abroad	-	-

Note 1: Bank deposits include demand deposits and 7-day call deposit interest of RMB1,548,872.61.
Note 2: As of December 31, 2023, the Group's other monetary funds include RMB3,400,000.00 of funds whose use is restricted due to account freezing and RMB5,905,118.06 of bill margin.

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	821,946,114.68	319,605,448.44
Including: money funds and structured deposits	821,946,114.68	319,605,448.44

3. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Bank acceptance	50,963,943.01	74,619,100.26

(2) On December 31, 2023, the Group had no pledged bills receivable.

(3) On December 31, 2023, the notes receivable that have been endorsed or discounted by the Group and have not yet matured on the balance sheet date

In RMB

Items	Amount to be derecognized at the end of this year	Amount not derecognized at the end of this year
Bank acceptance	-	42,665,954.11

(4) By accrual of bad debt provision

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	Accrual proportion (%)		Amount	Proportion (%)	Amount	Accrual proportion (%)	
With bad debt provision accrual on single item	-	-	-	-	-	-	-	-	-	-
with single minor amount but withdrawal single item bad debt provision	50,963,943.01	100.00	-	-	50,963,943.01	74,619,100.26	100.00	-	-	74,619,100.26
Bank acceptance bill	50,963,943.01	100.00	-	-	50,963,943.01	74,619,100.26	100.00	-	-	74,619,100.26
Total	50,963,943.01	100.00	-	/	50,963,943.01	74,619,100.26	100.00	-	/	74,619,100.26

(5) On December 31, 2023, the Group had no bills receivable actually written off.

4. Account receivable

1. (1)Disclosure by aging

In RMB

Aging	Balance at the end of this year	Balance at the end of last year
Within 1 year	848,526,236.04	670,780,300.16
1-2 years	1,640,043.18	614,645.76
2-3 years	618,907.34	-
Over 3 years	12,911,211.29	12,883,224.42
Total	863,696,397.85	684,278,170.34

(2) Classified disclosure by credit loss provision accrual method

On December 31, 2023, the credit risk and credit loss provision of the accounts receivable of the above portfolio were as follows:

In RMB

Category	Balance at the end of this year				
	Book balance		**Bad debt provision**		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Account receivable that withdrawal bad	71,687,951.26	8.30	27,464,002.48	38.31	44,223,948.78

debt provision by single item					
Account receivable withdrawal bad debt provision by portfolio	792,008,446.59	91.70	16,097,561.42		775,910,885.17
Including：Portfolio 1	779,372,185.30	90.24	15,882,600.54	2.04	763,489,584.76
Portfolio 2	12,636,261.29	1.46	214,960.88	1.70	12,421,300.41
Total	863,696,397.85	100.00	43,561,563.90		820,134,833.95

In RMB

Category	Amount at year-begin				
	Book balance		**Bad debt provision**		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Account receivable that withdrawal bad debt provision by single item	74,770,706.00	10.93	28,457,163.32	38.06	46,313,542.68
Account receivable withdrawal bad debt provision by portfolio	609,507,464.34	89.07	19,237,537.09		590,269,927.25
Including：Portfolio 1	591,168,603.26	86.39	18,295,605.12	3.09	572,872,998.14
Portfolio 2	18,338,861.08	2.68	941,931.97	5.14	17,396,929.11
Total	684,278,170.34	100.00	47,694,700.41		636,583,469.93

As of December 31, 2023, the Company has no accounts receivable with significant individual provision for bad debts.

As of December 31, 2023, the credit risk and bad debt provision for Portfolio 1 accounts receivable are as follows:

In RMB

Category	Balance at the end of the year			
	)Expected average loss ratio (%)	Book balance	Provision for bad debts	Book value
During the credit period	1.87	687,200,006.06	12,850,250.59	674,349,755.47
1-30 days overdue	2.49	88,368,765.06	2,204,379.13	86,164,385.93
31-60 days overdue	21.77	3,803,414.18	827,970.82	2,975,443.36
Total		779,372,185.30	15,882,600.54	763,489,584.76

As ofDecember 31, 2023, the credit risk and bad debt provision of Portfolio 2 accounts receivableare as follows:

In RMB

Ageing	Balance at the end of the year			
	Expected average loss ratio (%)	Book balance	Provision for bad debts	Book value
Within 1 year	1.55	12,569,011.29	194,785.88	12,374,225.41
2-3 years	30.00	67,250.00	20,175.00	47,075.00
Total		12,636,261.29	214,960.88	12,421,300.41

As o fDecember 31, 2023, the provision for bad debts is made based on the general model of expected credit losses.

In RMB

Bad Debt Reserves	Stage 1	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	34,269,017.23	13,425,683.18	47,694,700.41
Balance as at January 1, 2023 in current	-	-	-
-- Reversal to the II stage	(125,323.83)	-	-
-- Reversal to the I stage	-	-	-
Provision in Current Year	10,785,115.69	2,857,008.27	13,642,123.96
Reversal in Current Year	(17,775,260.47)	-	(17,775,260.47)
Conversion in Current Year	-	-	-

Write off in Current Year	-	-	-
Other change	-	-	-
Balance as at 31 Dec. 2023	27,153,548.62	16,408,015.28	43,561,563.90

(3) Provision for bad debts

In RMB

Category	Balance at the beginning of this year	Amount of change this year				Balance at the end of this year
		Accrual	Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debts	47,694,700.41	13,642,123.96	(17,775,260.47)	-	-	43,561,563.90

There is no bad debt provision recovered or reversed with amounts significant during the year.

（4） There are no accounts receivable actually written off during the year.

（5）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	157,318,095.40	18.21	3,255,038.13
Client 2	124,972,436.40	14.47	2,437,300.46
Client 3	105,546,202.49	12.22	1,985,018.81
Client 4	62,902,335.60	7.28	1,242,469.89
Client 5	60,181,476.77	6.97	1,117,846.56
Total	510,920,546.66	59.15	10,037,673.85

5.Receivable financing

(1) Presentation of financings receivable classifications

In RMB

Item	Balance at the end of the year	Balance at the end of the previous year
Bank acceptance bill	22,839,459.13	54,413,796.91

The Group considers that the bank acceptance bills held by the Group have a high credit rating and do not have significant credit risks, thus no provision for bad debts has been made.

(2) On December 31, 2023, the Group had no pledged receivable financing.

(3) On December 31, 2023, the receivable financing that have been endorsed or discounted by the Group and have not yet matured on the balance sheet date

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Bank acceptance bill	59,520,699.22	-

(4) On December 31, 2023,There are no Receivable financing actually written off during the year.

6.Prepayments

(1) List by aging analysis:

In RMB

Aging	Balance at the end of this year	Balance at the end of last year

	Amount	Proportion %	Amount	Proportion %
Within 1 year	16,927,119.84	86.81	16,690,766.68	90.75
1-2 years	969,677.39	4.97	1,700,677.99	9.25
2-3 years	1,603,089.57	8.22	-	-
Total	19,499,886.80	100.00	18,391,444.67	100.00

On December 31, 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 13,857,835.22, accounting for 71.07% of the total year-end balances of prepayments.

7. Other receivables

(1) Disclosure by age

In RMB

Balance at the end of this year	Balance at the end of this year	Balance at the end of last year
Within 1 year	1,860,613.92	9,677,505.85
1-2 years	548,779.55	822,689.31
2-3 years	690,301.34	329,051.11
Over 3 years	18,115,521.40	18,154,298.53
Total	21,215,216.21	28,983,544.80
Less: Bad debt provision	17,994,930.79	18,397,569.42
Book value	3,220,285.42	10,585,975.38

(2) Disclosure by payment nature

In RMB

Payment nature	Book balance at the end of this year	Book balance at the end of last year
Current payment	15,350,589.97	16,330,801.03
Deposit and security deposit	2,000,722.80	2,801,300.29
Export rebate	710,026.13	1,023,715.60
Reserve funds and employee loans	577,183.94	580,028.97
Freeze funds	-	6,559,327.26
Other	2,576,693.37	1,688,371.65
Total	21,215,216.21	28,983,544.80

(3) Provision for bad debts
As ofDecember 31, 2023, the provision for bad debts is made based on the general model of expected credit losses.

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	-	-	-	-
——Transfer to stage II	(28,089.18)	28,089.18	-	-
——Transfer to stage III	-	(106,906.07)	106,906.07	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-

Provision in Current Year	671.40	158,326.45	7,224.50	166,222.35
Reversal in Current Year	(393,251.53)	(10,103.39)	(165,506.06)	(568,860.98)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2023	73,918.97	268,296.26	17,652,715.56	17,994,930.79

As ofDecember 31, 2023, the provision for bad debts is made based on the credit risk characteristics portfolio.

In RMB

Stage	Balance at the end of the year			
	Expected average loss ratio (%)	Book balance	Provision for losses	Book value
Other receivables for which provision for credit losses is made based on the credit risk characteristics portfolio	84.82	21,215,216.21	17,994,930.79	3,220,285.42

As of December 31, 2023, the credit risk and bad debt provision for other receivables are as follows:

In RMB

Aging of accounts	Balance at the end of the year			
	Book balance	Provision for losses	Book value	账面价值
Within 1 year	3.97	1,860,613.92	73,918.97	1,786,694.95
1-2 years	9.23	548,779.55	50,646.56	498,132.99
2-3 years	31.53	690,301.34	217,649.70	472,651.64
Over 3 years	97.45	18,115,521.40	17,652,715.56	462,805.84
Total		21,215,216.21	17,994,930.79	3,220,285.42

(4) Provision for bad debts

:

In RMB

Category	Balance at the beginning of the year	Change amount for the year				Balance at the end of the year
		Accrual	Recovery or reversal	Transfer or write off	Other changes	
Expected credit loss over the entire duration	18,397,569.42	166,222.35	(568,860.98)	-	-	17,994,930.79
Total	18,397,569.42	166,222.35	(568,860.98)	-	-	17,994,930.79

(5) There are no other accounts receivable actually written off during the year.

(6) The top five of the year-end balance of other receivables categorized by the debtor

In RMB

Other receivables	Balance at the end of the year	Proportion of total balance of other receivables at the end of the year (%)	The nature of the amount	Ageing	Balance of provision for bad debts at the end of the year
The total amount of other receivables with the top five balances at the end of the year	16,287,801.03	76.77	Account current receivables of external units	Within 1 year, Over 3 years	15,246,651.03

8. Inventories

（1）Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	403,031,948.06	7,506,047.48	395,525,900.58	291,062,812.80	48,809,720.50	242,253,092.30
Processing products	309,068,674.96	64,610,590.25	244,458,084.71	258,881,779.59	41,882,202.00	216,999,577.59
Semi-finished	137,596,740.37	43,501,540.31	94,095,200.06	183,723,885.96	92,381,073.63	91,342,812.33
Commissioned materials	2,406,793.65	93,806.73	2,312,986.92	9,016,668.25	1,164,501.70	7,852,166.55
Total	852,104,157.04	115,711,984.77	736,392,172.27	742,685,146.60	184,237,497.83	558,447,648.77

Note: The carrying balance of polarizer inventory is RMB838,447,375.38, and the corresponding provision for price decline is RMB107,290,039.96.

（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	1,768,514.83	-	43,072,187.85	-	7,506,047.48
Processing products	41,882,202.00	46,991,687.69	-	24,263,299.44	-	64,610,590.25
Semi-finished	92,381,073.63	105,484,567.76	-	154,364,101.08	-	43,501,540.31
Commissioned materials	1,164,501.70	93,806.73	-	1,164,501.70	-	93,806.73
Total	184,237,497.83	154,338,577.01	-	222,864,090.07	-	115,711,984.77

The specific basis for determining the net realizable value of inventories and the reasons for the provision for the inventories price decline reversed or resold during the year:

Items	The specific basis for determining the net realizable value	The reason for the reversal or resale of the provision for inventory price decline in the current year
Raw materials, work-in-progress product, and consignment materials	The net realizable value is determined by the estimated selling price of the relevant finished product, less the estimated costs to be incurred at completion, and less the estimated selling expenses and the relevant taxes	Get used or sold in the year
Finished products	The net realizable value of the inventory is determined by the estimated selling price minus the estimated selling expenses and related taxes	Sold in the year

(3) On December 31, 2023, there was no amount in the inventory balance for guarantee and no amount for capitalization of borrowing costs.

9. Other current assets

In RMN

Items	Balance at the end of this	Balance at the end of

	year	last year
VAT to be deducted and input tax to be certified	27,399,897.46	26,077,404.45
Advance payment of income tax	47,034.59	11,654.12
Receivable return cost	33,326,525.34	43,446,472.67
Total	60,773,457.39	69,535,531.24

10. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	129,506,271.76	-	-	(7,135,777.68)	-	-	-	-	-	122,370,494.08	-
Subtotal	129,506,271.76	-	-	(7,135,777.68)	-	-	-	-	-	122,370,494.08	-
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	3,105,796.55	-	-	252,320.54	-	-	-	-	-	3,358,117.09	-
Hongkong Yehui International Co., Ltd.	1,869,767.43	-	-	(15,526.75)	99,168.85	-	-	-	-	1,953,409.53	-
Subtotal	4,975,563.98	-	-	236,793.79	99,168.85	-	-	-	-	5,311,526.62	-
Total	134,481,835.74	-	-	(6,898,983.89)	99,168.85	-	-	-	-	127,682,020.70	-

11. Other equity instruments investment

(1) Investment in other equity instruments

In RMB

Items	Balance at the end of the previous year	Changes in the current year					Closing balance	Dividend income recognized during the year	Gains accrued to other comprehensive income	Losses accrued to other comprehensive income	Reason designated as being measured at fair value and change being included in other comprehensive income
		Additional investment	Decrease in investment	Gains included in other comprehensive income during the year							
Union Development Co., Ltd.	125,753,939.39	-	-	-	(15,296,239.39)	-	110,457,700.00	208,000.00	107,857,700.00	-	Planned to be held by the Group for a long time.
Shenzhen Dailishi Underwear Co., Ltd.	23,637,000.00	-	-	-	(5,895,100.00)	-	17,741,900.00	1,037,735.85	15,182,043.74	-	Planned to be held by the Group for a long time.
Shenzhen South Textile Co., Ltd.	16,059,440.88	-	-	-	(1,256,040.88)	-	14,803,400.00	814,848.27	13,303,400.00	-	Planned to be held by the Group for a long time.
Shenzhen Xinfang Knitting Co., Ltd.	2,227,903.00	-	-	757,997.00	-	-	2,985,900.00	148,000.00	2,461,900.00	-	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.
Total	167,678,283.27	-	-	757,997.00	(22,980,045.07)	-	145,988,900.00	2,208,584.12	138,805,043.74	(14,831,681.50)	/

(2) Statement of the circumstances in which there is a derecognition during the year
As of December 31, 2023, there has been no derecognition of investments in other equity instruments.

12. Investment real estate

(1) Investment real estate adopted the cost measurement mode

In RMB

Items	House, Building
I. Original price	
1. Balance at period-beginning	328,128,815.41
2.Increase in the current period	22,238,626.99
(1)Outsourcing	644,437.82
(2) Transferred from Fixed assets	21,594,189.17
3.Decreased amount of the period	-
（1）Dispose	-
（2）Other out	-
4. Balance at period-end	350,367,442.40
II.Accumulated amortization	
1.Opening balance	201,812,980.65
2.Increased amount of the period	22,951,254.57
(1) Withdrawal	9,117,671.12
(2)Transferred from Fixed assets	13,833,583.45
3.Decreased amount of the period	-
（1）Dispose	-
（2）Other out	-
4. Balance at period-end	224,764,235.22
III. Impairment provision	
1. Balance at period-beginning	-
2.Increased amount of the period	-
(1) Withdrawal	-
3.Decreased amount of the period	-
（1）Dispose	-
4. Balance at period-end	-
IV. Book value	
1.Book value at period -end	125,603,207.18
2.Book value at period-beginning	126,315,834.76

（2）Investment real estate without certificate of ownership

In RMB

Items	Book balance	Reason
Houses and Building	12,944,151.87	Unable to apply for warrants due to historical reasons

13. Fixed assets

(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	6,625,073.63	58,968,661.84	1,224,757.32	1,058,285.96	67,876,778.75
(1) Purchase	375,978.84	12,004,429.74	946,881.22	1,058,285.96	14,385,575.76
(2) Transferred from constructi on in progress	-	46,964,232.10	277,876.10	-	47,242,108.20
(3)Other changes	6,249,094.79	-	-	-	6,249,094.79
3.Decreased amount of the period	21,655,211.05	3,405,884.77	8,888.71	7,002,175.11	32,072,159.64
（1）Disposal	-	2,272,154.22	8,888.71	753,080.32	3,034,123.25
(2)Transferred from Real estate investment	21,594,189.17	-	-	-	21,594,189.17
(3)Other changes	61,021.88	1,133,730.55	-	6,249,094.79	7,443,847.22
4. Balance at period-end	727,679,833.94	2,711,433,903.98	17,090,895.87	44,539,622.55	3,500,744,256.34
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	30,063,009.36	195,106,408.71	2,005,472.53	5,841,471.09	233,016,361.69
(1) Withdrawal	23,813,914.57	195,106,408.71	2,005,472.53	5,841,471.09	226,767,266.90
(2))Other changes	6,249,094.79	-	-	-	6,249,094.79
3.Decreased amount of the period	13,833,583.45	2,177,192.99	7,124.50	6,972,131.93	22,990,032.87
（1）Disposal	-	2,177,192.99	7,124.50	723,037.14	2,907,354.63
(2)Transferred from Real estate investment	13,833,583.45	-	-	-	13,833,583.45
(3)Other changes	-	-	-	6,249,094.79	6,249,094.79
4.Closing balance	189,420,295.28	1,179,132,635.63	7,869,614.58	33,092,767.56	1,409,515,313.05
III. Impairment provision					
1.Opening balance	-	25,120,608.21	-	108,388.43	25,228,996.64
2.Increase in the reporting period	9,820,261.26	-	6,126.41	145,183.36	9,971,571.03
（1）Withdrawal	-	-	-	-	-
(2) Other changes	9,820,261.26	-	6,126.41	145,183.36	9,971,571.03
3.Decrease in the reporting period	-	9,971,571.03	-	6,291.08	9,977,862.11
（1）Disposal	-	-	-	6,291.08	6,291.08
(2) Other changes	-	9,971,571.03	-	-	9,971,571.03
4. Closing balance	9,820,261.26	15,149,037.18	6,126.41	247,280.71	25,222,705.56
IV. Book value					
1.Book value of the period-end	528,439,277.40	1,517,152,231.17	9,215,154.88	11,199,574.28	2,066,006,237.73
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 without certificate of title completed

In RMB

Items	Book Value	Reason
Houses and Building	11,193,085.07	Unable to apply for warrants due to historical reasons

(3) Mortgaged and secured fixed assets

As of December 31, 2023, the Group's fixed assets mortgaged by bank loans are detailed in Notes (V), 21 "Assets with restricted ownership or use right":

14. Construction in progress

14.1 Summary of projects under construction

In RMB

Items	Year-end balance	Year-beginning balance
Construction in progress	31,307,060.74	38,061,619.60

14.2 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	31,307,060.74	-	31,307,060.74	38,061,619.60	-	38,061,619.60

15. Right to use assets

In RMB

Items	Houses and Building
I. Original price	
1.Opening balance	28,914,047.83
2.Increased amount of the period	11,048,317.88
(1)Newly increased	11,048,317.88
3.Decreased amount of the period	6,511,563.48
(1) Termination of lease	6,511,563.48
4. Balance at period-end	33,450,802.23
II. Accumulated depreciation	
1.Opening balance	13,548,653.95
2.Increased amount of the period	8,257,857.90
(1) Withdrawal	8,257,857.90
3.Decreased amount of the period	355,176.19
(1) Termination of lease	355,176.19
4.Closing balance	21,451,335.66
III. Impairment provision	
1.Opening balance	-
2.Increase in the reporting period	-
（1）Withdrawal	-
3.Decrease in the reporting period	-
4. Closing balance	-
IV. Book value	
1.Book value of the period-end	11,999,466.57
2.Book value of the period-begin	15,365,393.88

16. Intangible assets

(1) Information

In RMB

Items	Land use right	Software	Patent right	Total
I. Original price				
1. Balance at period-beginning	48,258,239.00	22,336,546.33	11,825,200.00	82,419,985.33
2.Increase in the current period	-	263,523.53	-	263,523.53
(1) Purchase	-	263,523.53	-	263,523.53
3.Decreased amount of the period	-	-	-	-

4. Balance at period-end	48,258,239.00	22,600,069.86	11,825,200.00	82,683,508.86
II.Accumulated amortization				
1. Balance at period-beginning	15,274,148.35	11,128,065.03	11,825,200.00	38,227,413.38
2. Increase in the current period	891,565.32	4,000,107.36	-	4,891,672.68
(1) Withdrawal	891,565.32	4,000,107.36	-	4,891,672.68
3.Decreased amount of the period	-	-	-	-
4. Balance at period-end	16,165,713.67	15,128,172.39	11,825,200.00	43,119,086.06
III. Impairment provision				
1. Balance at period-beginning	-	-	-	-
2. Increase in the current period	-	-	-	-
3.Decreased amount of the period	-	-	-	-
4. Balance at period-end	-	-	-	-
4. Book value				
1.Book value at period -end	32,092,525.33	7,471,897.47	-	39,564,422.80
2.Book value at period-beginning	32,984,090.65	11,208,481.30	-	44,192,571.95

As of December 31, 2023, the Group's intangible assets mortgaged by bank loans are detailed in Notes (V),21 "Assets with restricted ownership or use right".

17. Goodwill

(1) Original book value of goodwill

In RMB

Name of the investee or matters that form goodwill	Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
SAPO Photoelectric	9,614,758.55	-	-	9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	-	-	2,167,341.21
Total	11,782,099.76	-	-	11,782,099.76

(2) Goodwill impairment provision

In RMB

Name of the investee or matters that form goodwill	Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
SAPO Photoelectric	9,614,758.55	-	-	9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	-	-	2,167,341.21
Total	11,782,099.76	-	-	11,782,099.76

18. Long-term deferred expenses

In RMB

Items	Balance at the end of last year	Increased amount this year	Amortized amount this year	Other reduction amount	Balance at the end of this year
Decoration and facilities renovation fee	4,470,957.79	1,218,440.63	2,160,430.42	25,307.06	3,503,660.94

19. Deferred income tax assets/Deferred income tax liabilities

(1) Uncompensated deferred income tax assets

In RMB

Items	Balance in year-end	Balance in year-begin

	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Credit loss provision	59,994,128.15	10,538,054.68	65,076,915.43	11,372,802.27
Asset impairment provision	132,512,745.52	19,876,911.83	206,115,717.20	30,917,357.58
Unrealized profit from internal transactions	2,145,963.47	321,894.52	2,235,077.97	335,261.70
Employee compensation payable	4,173,800.00	1,043,450.00	9,397,730.55	2,143,607.14
Deferred income	96,647,256.82	14,497,088.52	116,768,810.33	17,515,321.55
Deductible loss	127,769,387.40	19,165,408.11	90,052,078.73	13,397,964.96
Changes in fair value of investment in other equity instruments	14,831,681.50	3,707,920.38	14,831,681.50	3,707,920.38
Lease liabilities	12,177,572.68	1,826,635.90	15,365,393.88	2,304,809.08
Total	450,252,535.54	70,977,363.94	519,843,405.59	81,695,044.66

According to the Group's profit forecast results for the future period, the Group believes that it is likely to obtain sufficient taxable income in the future period to make use of the above deductible temporary differences and deductible losses, so relevant deferred income tax assets are recognized.

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

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
The difference between the initial recognition cost of long-term equity investment and tax basis	62,083,693.36	15,520,923.34	62,083,693.36	15,520,923.34
Changes in fair value of investment in other equity instruments	138,805,043.74	34,701,260.94	160,494,427.01	40,123,606.76
Rent receivable	10,108,726.81	2,527,181.70	7,584,635.96	1,896,158.99
Use right assets	11,999,466.57	1,799,919.99	15,365,393.88	2,304,809.08
Total	222,996,930.48	54,549,285.97	245,528,150.21	59,845,498.17

(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	(10,371,998.52)	60,605,365.42	(11,871,230.37)	69,823,814.29
Deferred income tax assets	(10,371,998.52)	44,177,287.45	(11,871,230.37)	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	14,740,965.97	5,742,636.02
Deductible loss	442,263,671.30	464,226,095.10
Total	457,004,637.27	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 at the end of last year
2024	69,053,143.67	79,132,962.34
2025	-	16,680,938.23
2026	53,989,578.07	128,597,715.91

2027	10,067,397.50	12,155,889.69
2028	39,988,583.76	22,463,907.95
2029	129,732,249.98	129,766,788.98
2030	75,352,814.24	75,427,892.00
2031	-	-
2032	-	-
2033	64,079,904.08	-
Total	442,263,671.30	464,226,095.10

20 .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	3,757,334.44	-	3,757,334.44	16,792,930.20	-	16,792,930.20
Investment funds to be liquidated	25,760,086.27	-	25,760,086.27	25,760,086.27	-	25,760,086.27
Total	29,517,420.71	-	29,517,420.71	42,553,016.47	-	42,553,016.47

21. Assets with restricted ownership or right of use

Items	End of the year				End of the previous year			
	Book balance	Book value	Restricted type	Restricted circumstances	Book balance	Book value	Restricted circumstances	Restricted circumstances
Monetary funds	9,305,118.06	9,305,118.06	Restricted right of use	Account Freezing and Margin	116,990,685.31	116,990,685.31	Restricted right of use	Account Freezing and Time Deposit Certificates
Notes receivable	42,665,954.11	42,665,954.11	Restricted right of use	The endorsement of the note is not terminated	48,387,401.67	48,387,401.67	Restricted right of use	The endorsement of the note is not terminated
Other receivables	-	-	/	/	6,559,327.26	6,559,327.26	Restricted right of use	Account Freezing
Fixed asset	572,261,261.14	454,185,881.22	Restricted right of use	Mortgage	572,261,261.14	470,366,658.55	Restricted right of use	Mortgage
Intangible asset	44,770,083.00	32,092,525.33	Restricted right of use	Mortgage	44,770,083.00	32,984,090.65	Restricted right of use	Mortgage
Total	669,002,416.31	538,249,478.72	/	/	788,968,758.38	675,288,163.44	/	/

22. Short-term borrowings

In RMB

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

23.Notes payable

In RMB

Items	Balance in year-end	Balance in year-begin
Bank acceptance Bill	31,049,291.49	-

The Group has no notes payable due and unpaid at the end of the year.

24. Accounts payable

In RMB

Items	Balance in year-end	Balance in year-begin
Payment for goods	386,767,637.00	304,916,368.65
Service charge	13,817,610.72	11,386,158.86
Loyalities	2,207,166.50	4,609,134.50
Subcontracting payment	4,584,423.60	3,970,214.14
Others	1,171,298.42	2,167,997.55
Total	408,548,136.24	327,049,873.70

On December 31, 2023, the Group had no significant accounts payable with an aging of more than one year.

25.Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Rent and other	1,450,096.30	1,393,344.99

On December 31, 2023, the Group had no significant accounts payable with an aging of more than one year.

26.Contract liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Goods	1,436,943.34	4,274,109.40

On December 31, 2023, the Group had no significant contract liabilities with an aging of more than one year.

27.Payable Employee wage

(1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
Short-term compensation	60,940,432.90	223,391,192.84	230,478,544.09	53,853,081.65
Post-employment benefits - defined contribution plans	-	17,698,860.49	17,698,860.49	-
Dismissal benefits	226,012.00	8,460,265.33	6,102,196.89	2,584,080.44
Total	61,166,444.90	249,550,318.66	254,279,601.47	56,437,162.09

（2）Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Wages, bonuses, allowances and subsidies	57,472,981.87	196,563,582.14	203,551,752.29	50,484,811.72
Employee welfare	29,185.44	10,196,697.74	10,225,883.18	-
Social insurance premiums	-	3,800,816.39	3,800,816.39	-
Including：Medical insurance	-	3,098,787.68	3,098,787.68	-
Maternity insurance	-	296,157.78	296,157.78	-
Work injury insurance	-	405,870.93	405,870.93	-
Public reserves for housing	202,391.00	8,005,658.59	8,208,049.59	-
Union funds and staff education fee	3,235,874.59	4,824,437.98	4,692,042.64	3,368,269.93
Total	60,940,432.90	223,391,192.84	230,478,544.09	53,853,081.65

（3）Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Basic old-age insurance premiums	-	14,207,148.80	14,207,148.80	-
Unemployment insurance	-	3,194,871.82	3,194,871.82	-
Annuity payment	-	296,839.87	296,839.87	-
Total	-	17,698,860.49	17,698,860.49	-

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.

This year, the Group shall pay RMB 14,207,148.80 and RMB 296,839.87(2022: RMB 13,593,639.21 and RMB303,261.11) to the pension insurance and unemployment insurance plans respectively. As of December 31, 2023, the Group has fully paid the amount of pension insurance and unemployment insurance plans payable during the reporting period.

28.Tax Payable

In RMB

Items	Balance in year-end	Balance in year-begin
Enterprise Income tax	2,080,849.81	4,655,525.64
Individual Income tax	1,080,628.82	1,847,004.45
VAT	582,961.29	1,740,677.77
Other	596,455.22	654,104.65
Total	4,340,895.14	8,897,312.51

29.Other payable

(1) Other payables listed according to the payment nature

In RMB

Items	Balance in year-end	Balance in year-begin
Engineering equipment payment	67,176,881.34	83,337,092.31
Current payment	56,444,481.12	53,102,831.34
Deposit and security deposit	48,208,919.61	45,628,573.39
Others	12,698,062.48	15,276,958.33
Total	184,528,344.55	197,345,455.37

(2) On December 31, 2023, the Group had no significant other payable with an aging of more than one year.

30. Non-current liabilities due within 1 year

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Long-term loans due within one year(Note(V).32)	102,612,497.53	97,182,080.19
Lease liabilities due within one year(Note(V).、33)	5,490,255.46	7,001,358.03
Total	108,102,752.99	104,183,438.22

31.Other current liabilities

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Endorsed and unexpired acceptance bill	42,665,954.11	48,387,401.67
Return payable	37,244,449.90	44,558,340.11
To be rescheduled	172,073.21	-
Total	80,082,477.22	92,945,741.78

32. Long-term loans

In RMB

Items	Balance at the end of this year	Balance at the end of last year	Interest rate interval
Guaranteed loan (note)	608,190,812.09	704,603,665.19	3.96-4.41%
Total	608,190,812.09	704,603,665.19	
Less: Long-term loans due within one year	102,612,497.53	97,182,080.19	
Less: Long-term loans due after one year	505,578,314.56	607,421,585.00	

Note: SAPO Photoelectric, a subsidiary of the Company, mortgaged its real estate rights such as the factory building, and the Company and Hangzhou Jinjiang Group Co., Ltd. provided 60% and 40% joint guarantee for the loan respectively.

33. Lease liabilities

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Lease liabilities	12,177,572.68	15,630,030.74
Subtotal	12,177,572.68	15,630,030.74
Less: Lease liabilities due within one year	5,490,255.46	7,001,358.03
Lease liabilities becoming due after one year	6,687,317.22	8,628,672.71

The Group's lease liabilities are analysed by the maturity of the undiscounted remaining contractual obligations as follows:

In RMB

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Balance at the end of the year	513,149.55	2,012,582.22	3,284,024.84	5,822,333.46	1,672,592.08	13,304,682.15
Balance at the end of the previous year	1,075,350.63	2,330,382.48	4,884,203.14	6,111,983.10	2,819,512.65	17,221,432.00

34. Deferred income

In RMB

Items	Balance at the end of last year	**Increase this year**	**Decrease this year**	Balance at the end of this year	**Reason**
Government subsidies	117,814,796.10	4,278,925.00	24,607,734.21	97,485,986.89	Received the government subsidies

35.Stock capital

In RMB

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

36. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,826,482,608.54	-	-	1,826,482,608.54
Other capital reserves	135,117,216.09	-	-	135,117,216.09
Total	1,961,599,824.63	-	-	1,961,599,824.63

37. 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 into profit or loss	108,584,344.77	(21,689,383.27)	-	-	(5,422,345.82)	(16,267,037.45)	-	92,317,307.32
1. Changes in fair value of investment in other equity instruments	108,584,344.77	(21,689,383.27)	-	-	(5,422,345.82)	(16,267,037.45)	-	92,317,307.32
II. Other comprehensive income to be reclassified into profit or loss	1,012,264.54	396,902.35	-	-	-	277,808.95	119,093.40	1,290,073.49
1. Changes in fair value of receivables financing	(178,640.10)	297,733.50	-	-	-	178,640.10	119,093.40	-
2. Translation difference of foreign currency financial statements	1,190,904.64	99,168.85	-	-	-	99,168.85	-	1,290,073.49
Total of other comprehensive income	109,596,609.31	(21,292,480.92)	-	-	(5,422,345.82)	(15,989,228.50)	119,093.40	93,607,380.81

38. Special 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	3,352,654.32	-	104,262,315.64

39. Retained profits

In RMB

Items	Amount of current period	Amount of previous period
Undistributed profit at the end of last year before adjustment	170,636,610.95	125,317,336.31
Total undistributed profits adjusted at the beginning of the year	-	-
Adjusted undistributed profit at the beginning of the year	170,636,610.95	125,317,336.31
Add: Net profit attributable to shareholders of parent company this year	79,268,250.45	73,309,182.94
Less: Withdrawal of statutory surplus reserve	3,352,654.32	2,663,815.85
Distribution of common stock dividends (	30,391,310.94	25,326,092.45
Year end undistributed profit	216,160,896.14	170,636,610.95

Note: According to the resolution of the General Meeting of Shareholders on May 26, 2023, the Company distributed a cash dividend of RMB 0.6 (including tax) for every 10 shares, totally RMB30,391,310.94 (including tax) based on the share capital of 506,521,849 shares as of December 31, 2022.

40. Operating income and operating cost

(1) Operating income and operating cost

In RMB

Items	Amount incurred this year		Amount incurred last year	
	Income	Cost	Income	Cost
Main business	3,031,175,008.58	2,560,743,931.49	2,802,203,439.94	2,373,407,000.36
Other business	48,503,366.87	887,913.04	35,784,824.42	598,896.07
Total	3,079,678,375.45	2,561,631,844.53	2,837,988,264.36	2,374,005,896.43

(2) Main business classified by product

In RMB

Product type	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Polarizer sales	2,885,625,542.77	2,499,416,729.45	2,693,787,636.62	2,317,793,097.44
Property leasing and management	145,549,465.81	61,327,202.04	108,415,803.32	55,613,902.92
Total	3,031,175,008.58	2,560,743,931.49	2,802,203,439.94	2,373,407,000.36

(3) Main business classified by region

InRMB

Main business region	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Domestic	2,914,588,072.35	2,464,223,583.43	2,686,847,406.83	2,278,271,215.01
Overseas	116,586,936.23	96,520,348.06	115,356,033.11	95,135,785.35
Total	3,031,175,008.58	2,560,743,931.49	2,802,203,439.94	2,373,407,000.36

(4) Description of performance obligations

The Group's goods sales are mainly the production and sales of polarizer and textile-related goods. For goods sold to customers, the Group recognizes income when the control of the goods is transferred, that is, when the goods are delivered to the designated place of the other party and signed by the other party. Since the delivery of goods to customers represents the right to unconditionally receive the contract consideration, the maturity of the money only depends on the passage of time, so the Group recognizes a receivable when the goods are delivered to professional customers. When the customer prepays the payment, the Group recognizes the transaction amount received as a contractual liability until the goods are delivered to the customer.

The Group provides property and leasing services to customers, which is a performance obligation to be fulfilled within a certain period of time. The Group recognizes income in the process of providing property and leasing services. For property services, the Group recognizes revenue in the course of providing property services, and for leasing services, the Group apportions the total rental amount on a straight-line basis throughout the lease term without deducting the rent-free period and recognize rental income.

(5) Description of allocation to remaining performance obligations

On December 31, 2023, the amount of contractual liabilities corresponding to the performance obligations that the Group has signed but has not yet fulfilled or has not yet fully fulfilled is RMB 1,436,943.34, and the income will be recognized when the customer obtains the control of the goods.

41. Taxes and surcharges

In RMB

Items	Amount incurred this year	Amount incurred last year
Property tax	6,184,638.83	5,213,976.28
Urban maintenance and construction tax	555,230.22	366,211.93
Surcharge for education	400,403.17	237,396.39
Other taxes	2,153,350.91	2,089,542.31
Total	9,293,623.13	7,907,126.91

42. Sales expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	17,089,203.74	18,560,229.96
Sales service charge	10,639,607.95	10,661,049.94
Business entertainment	972,733.63	2,214,489.62
Others	5,494,125.29	4,526,759.83
Total	34,195,670.61	35,962,529.35

43. Management cost

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	90,991,755.13	83,952,597.31
Depreciation cost	11,118,057.18	12,258,281.68
Professional service fee	8,841,449.74	7,197,534.84
Amortization of intangible assets	4,891,672.68	5,082,893.36
Property leasing and utilities	4,086,627.39	5,252,212.15
Business entertainment	1,439,231.97	1,557,382.87
Others	13,002,616.44	13,088,038.08
Total	134,371,410.53	128,388,940.29

44. R&D expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	14,827,264.16	16,349,423.75
Material consumption	85,216,243.35	58,840,560.48
Depreciation cost	3,389,328.35	3,518,432.27
Others	1,220,205.06	1,811,739.04
Total	104,653,040.92	80,520,155.54

Note: The Group has no R&D project development expenditure that meets the conditions for capitalization.

45. Financial expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Interest expense (note)	27,339,804.17	31,131,112.38
Less: capitalized interest expense	-	-
Less: interest income	12,947,471.64	8,327,248.75
Exchange difference	4,332,702.63	(14,569,863.53)
Handling fees and others	5,674,466.00	4,709,606.47
Total	24,399,501.16	12,943,606.57

Note: The interest expense on lease liabilities in 2023 is RMB431,636.06.

46. Other income

In RMB

Sources of other income	Amount incurred in the current period	Amount incurred in the previous period
Transfer-in of deferred income	22,107,734.21	16,401,222.05
Industry development support funds (Note 1)	11,049,910.96	6,384,733.03
Enterprise development support funds (Note 2)	553,455.00	2,062,888.38
Tax subsidy	16,881,612.68	1,262,440.33
Others	147,651.06	238,927.10
Total	50,740,363.91	26,350,210.89

Note 1: The industry development support funds mainly include the subsidy for the incentive project for industrial enterprises to expand production capacity, the first batch of key new material industry support projects of the Shenzhen Municipal Bureau of Industry and Information Technology in 2023, the special fund project for economic development in Pingshan District, and the subsidy for the emerging industry support plan (new materials) of the Bureau of Industry and Information Technology.

Note 2: The enterprise development support funds mainly include the R&D subsidy for enterprises of the Shenzhen Science and Technology Innovation Commission, and the subsidy fund for the improvement of atmospheric environment quality of the Shenzhen Municipal Bureau of Ecology and Environment.

47. Investment income

In RMB

Items	Amount incurred this year	Amount incurred last year
Long-term equity investment income calculated by equity method	(6,898,983.89)	1,307,639.15
Investment income of transactional financial assets during the holding period	15,519,035.33	15,457,585.05
Dividend income from investment in other equity instruments during the holding period	2,208,584.12	2,618,127.67
Total	10,828,635.56	19,383,351.87

48. Income from changes in fair value

In RMB

Sources of income from changes in fair value	Amount incurred this year	Amount incurred last year
Transactional financial assets	2,151,780.82	-

49. Credit impairment gain (loss)

In RMB

Items	Amount incurred this year	Amount incurred last year
Impairment loss of notes receivable	-	365,055.74
Gain (loss) from impairment of accounts receivable	4,133,136.51	(11,584,551.67)
Gain (loss) from impairment of other receivables	402,638.63	6,600,942.84
Total	4,535,775.14	(4,618,553.09)

50. Asset impairment gain (loss)

In RMB

Items	Amount incurred this year	Amount incurred last year
Inventory depreciation loss	(126,089,709.42)	(183,706,022.57)
Impairment loss of fixed assets	-	(18,867,443.27)
Total	(126,089,709.42)	(202,573,465.84)

51. Asset disposal income

In RMB

Items	Amount incurred this year	Amount incurred last year
Gains & losses on foreign investment in fixed assets	1.72	31,264.60

52. 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
Non-current asset Disposition loss	768,398.45	6,334,444.97	768,398.45
Compensation expenses	252,000.00	-	252,000.00
Insurance expenses	193,275.48	7,652,845.40	193,275.48
Other	236,205.33	1,005,792.20	236,205.33
Total	1,449,879.26	14,993,082.57	1,449,879.26

53.Non-current expenses

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & lossed
Non-current asset Disposition loss	115,541.99	26,020.82	115,541.99
Compensation expenses	7,926,787.08	7,248,331.74	7,926,787.08
Fine expenses	42,319.72	778.86	42,319.72
Other	121,152.72	201,926.05	121,152.72
Total	8,205,801.51	7,477,057.47	8,205,801.51

54.Income tax expenses

(1)Income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	8,563,917.13	4,043,680.11
Deferred income tax expense	10,843,814.34	(71,486,803.63)
Total	19,407,731.47	(67,443,123.52)

(2)Reconciliation of account profit and income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Total profits	146,544,210.05	44,348,842.80
Current income tax expense accounted by tax and relevant regulations	36,636,052.51	11,087,210.70
Influence of different tax rates applied by some subsidiaries	(14,393,929.80)	(2,715,451.54)
The impact of non-taxable income	(1,126,262.45)	(2,483,588.11)
Non-deductible costs, expenses and losses	2,293,874.74	771,675.89
Tax impact by the unrecognized deductible losses and deductible temporary differences in previous years	(25,587.79)	(66,704,686.87)
The tax impact of the deductible loss and the deductible temporary difference is not recognized	10,154,045.89	2,931,982.20
The tax rate adjustment leads to a change in the balance of deferred income tax assets / liabilities at the beginning of the period	(21,128.84)	-
ax impact of research and development fee plus deduction	(13,995,916.51)	(10,330,265.79)
Other	(113,416.28)	-
Income tax expenses	19,407,731.47	(67,443,123.52)

55. Supplementary information to cash flow statement

(1) Cash related to operating activities
Other cash received relevant to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Letter of Credit Deposit	37,450,879.69	167,866,753.31
Interest income	18,578,870.77	8,067,195.21
Government Subsidy	16,029,942.02	33,703,713.84
Current account	15,217,631.42	8,658,637.60
Total	87,277,323.90	218,296,299.96

Other cash paid related to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Payment of credit deposit	34,639,361.27	25,106,708.19
Cash	71,894,532.84	87,642,432.49
Current account and other	10,910,080.05	9,199,351.73
Total	117,443,974.16	121,948,492.41

(2)Cash related to investment activities

Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits	950,000,000.00	430,000,000.00
Fixed deposit	245,000,000.00	753,000,000.00
Currency fund and others	259,000,000.00	133,000,000.00
Total	1,454,000,000.00	1,316,000,000.00

Payments of cash in connection with significant investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits	1,400,000,000.00	480,000,000.00
Currency fund	290,500,000.00	436,064,713.28
Fixed deposit	150,000,000.00	224,368,658.21
Total	1,840,500,000.00	1,140,433,371.49

Cash received in connection with significant investment activities

In RMB

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products,	1,454,000,000.00	1,316,000,000.00

Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products,	1,840,500,000.00	1,140,433,371.49

(3)Cash related to financing activities

Cash paid related with financing activities

In RMB

Items	Amount of current period	Amount of previous period
Lease payment	8,776,024.71	9,144,572.43

Changes in various liabilities arising from fund-raising activities

In RMB

Item	Balance at the end of the previous year	Increase in the year		Decrease in the year		Balance at the end of the year
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term borrowing	7,000,000.00	8,000,000.00	-	7,000,000.00	-	8,000,000.00
Long-term borrowing	704,603,665.19	-	26,908,168.11	123,321,021.21	-	608,190,812.09
Lease liabilities	15,630,030.74	-	5,323,566.65	8,776,024.71	-	12,177,572.68
Total	727,233,695.93	8,000,000.00	32,231,734.76	139,097,045.92	-	628,368,384.77

Note: Long-term borrowings and lease liabilities include those that are due within one year.

(4) The Group does not present cash flow on a net basis

(5) The Group does not have any major activities or financial impacts that do not involve cash receipts and expenditures for the current period but affect the financial position of the enterprise or may affect the cash flow of the enterprise in the future.

56. 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	127,136,478.58	111,791,966.32
Add: asset impairment provision	126,089,709.42	202,573,465.84
Credit loss preparation	(4,535,775.14)	4,618,553.09
Depreciation of fixed assets and investment property	235,884,938.02	256,562,100.50
Depreciation of right-of-use assets	8,257,857.90	9,007,666.58
Amortization of intangible assets	4,891,672.68	5,082,893.36
Amortization of Long-term deferred expenses	2,160,430.42	1,819,286.52
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	(1.72)	(31,264.60)
Fixed assets scrap loss	113,290.32	26,020.82
Loss on fair value changes	(2,151,780.82)	-
Financial cost	26,883,671.86	29,183,633.15
Loss on investment	(10,828,635.56)	(19,383,351.87)
Decrease of deferred income tax assets	9,218,448.87	(66,115,217.51)
Increased of deferred income tax liabilities	1,625,365.47	(5,371,586.12)
Decrease of inventories	(304,034,232.92)	1,248,186.40
Decease of operating receivables	(126,515,773.08)	(81,468,525.61)
Increased of operating Payable	90,571,075.50	40,694,723.73
Net cash flows arising from operating activities	184,766,739.80	490,238,550.60
II. Significant investment and financing activities that without cash flows:		
End balance of cash equivalents	461,420,457.33	874,474,834.46
Less: Beginning balance of cash equivalents	874,474,834.46	302,408,433.72
Net increase of cash and cash equivalent	(413,054,377.13)	572,066,400.74

(2) Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	461,420,457.33	874,474,834.46
Including：Cash at hand	1,710.40	3,980.56
Demand bank deposit	461,418,746.93	874,470,853.90
Demand other monetary funds	-	-
II.Cash equivalents	-	-
III. Balance of cash and cash equivalents at the period end	461,420,457.33	874,474,834.46

(3) During the reporting period, the Group does not have any presentation for those with restricted scope of use but still presented as cash and cash equivalents.

(4) Monetary funds that are not cash or cash equivalents

In RMB

Item	Amount incurred in the year	Amount incurred in the previous year	Reason
Bill margin	5,905,118.06	-	Cannot be used for payment at any time
Current interest and 7-day call deposit interest	1,548,872.61	324,448.42	Cannot be used for payment at any time
The principal and interest of certificates of deposit maturing more than three months	-	115,719,927.09	Cannot be used for payment at any time
Other	3,400,000.00	1,270,758.22	Account freezing
Total	10,853,990.67	117,315,133.73	/

57. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds			66,703,011.39
Including：USD	8,829,274.51	7.0827	62,535,102.56
Yen	68,513,734.89	0.0502	3,440,280.17
HKD	802,927.17	0.9062	727,628.66
Account receivable			28,289,108.51
Including：USD	3,958,508.14	7.0827	28,036,925.61
HKD	278,280.00	0.9062	252,182.90
Other receivable			498,404.86
Including：USD	70,369.33	7.0827	498,404.86
Account payable			319,354,807.51
Including：USD	4,335,058.95	7.0827	30,703,922.03
Yen	5,747,765,566.00	0.0502	288,612,552.37
HKD	42,300.00	0.9062	38,333.11
Other payable			6,587,005.74
Including：USD	860,536.00	7.0827	6,094,918.33
Yen	9,800,000.20	0.0502	492,087.41

58.Leasing

(1) As a lessee

The Group has leased a number of assets, including houses and buildings, with lease terms ranging from 1 to 10 years. The above-mentioned right-of-use assets cannot be used for the purpose of loan mortgage, guarantee, etc.

The Group does not have variable lease payments that are not included in the measurement of lease liabilities.
Lease expenses for simplified short-term leases: Simplified short-term lease expenses included in profit or loss for the current period amounted to RMB558,957.38 (previous year: RMB653,461.86).

The total lease-related cash outflow for the year is RMB9,334,982.09 (previous year: RMB9,798,034.29).

(2)As a lessor

Operating lease as a lessor

In RMB

Item	Lease income	Thereinto: Income related to variable lease payments that are not included in lease receipts
Houses and buildings	97,558,143.88	-

The Group's operating leases with it as lessor are related to premises and buildings with lease terms ranging from 1 to 15 years.

The income related to operating leases for the year is RMB97,558,143.88 (previous year: RMB67,804,574.63), of which the income related to variable lease payments that are not included in lease receipts is RMB0 (previous year: RMB0).

In RMB

Item	Undiscounted lease receipts	
	Amount incurred in the year	Amount incurred in the previous year
1st year after the balance sheet date	74,399,477.80	65,239,408.94
2nd year after the balance sheet date	54,475,653.29	49,608,649.57
3rd year after the balance sheet date	44,564,404.34	40,071,243.84
4th year after the balance sheet date	29,708,115.33	33,797,303.21
5th year after the balance sheet date	9,346,233.32	22,595,837.83
Subsequent years	7,327,310.40	5,527,129.80
The total amount of undiscounted lease receipts	219,821,194.48	216,839,573.19

(VI) R&D expenditures

（1） Presented by nature of expenses

In RMB

Items	Amount incurred in the year	Amount incurred in the previous year
Employee remuneration	14,827,264.16	16,349,423.75
Material consumption	85,216,243.35	58,840,560.48
Depreciation	3,389,328.35	3,518,432.27
Others	1,220,205.06	1,811,739.04
Total	104,653,040.92	80,520,155.54
Thereinto: Expensed R&D expenditures	104,653,040.92	80,520,155.54
Capitalized R&D expenditures	-	-

(2) The Group has no R&D project development expenditure eligible for capitalization.

(3) The Group has no significant outsourced R&D projects under development.

(VII) Change in the scope of consolidation

Shenzhen Shengjinlian Technology Co., Ltd. was deregistered on December 13, 2023, and other than that, the scope of the Group's consolidation has not changed.

Note: Shenzhen Shengjinlian Technology Co., Ltd. was cancelled on December 13, 2023.

(VIII). Equity in other subjects

1. Equity in subsidiaries

(1) Composition of the enterprise group

Subsidiary name	Main place of business	Place of registration	Registered address	Business nature	Shareholding ratio %		Acquisition method
					Direct	Indirect	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	RMB 2,360,000.00	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Huaqiang Hotel	Shenzhen	RMB 10,005,300.00	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Shenfang Real Estate Management Co., Ltd.	Shenzhen	RMB 1,600,400.00	Shenzhen	Property management	100.00	-	Establishment
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	RMB 13,000,000.00	Shenzhen	Textile production and sales	100.00	-	Establishment
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	Shenzhen	RMB 1,000,000.00	Shenzhen	Property management	100.00	-	Establishment
SAPO Photoelectric	Shenzhen	RMB 583,333,333.00	Shenzhen	Polarizer production and sale	60.00	-	Acquisition
Shengtou (Hongkong) Co.,Ltd.	Hongkong	HKD 10,000.00	Hongkong	Polarizer sales	-	100.00	Establishment
Shenzhen Shengjinlian Technology Co., Ltd.	Shenzhen	RMB 1,000,000.00	Shenzhen	Polarizer production and sale, etc.	-	100.00	Establishment

Note: Shenzhen Shengjinlian Technology Co., Ltd. was cancelled on December 13, 2023.

(2) Important non-wholly-owned subsidiaries

In RMB

Subsidiary name	Minority shareholding ratio	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Balance of minority equity at the end of the period
Shenzhen SAPO Photoelectric Co., Ltd.	40.00%	47,868,228.13	-	1,229,765,091.74

(3) Major financial information of important non-wholly-owned subsidiaries

In RMB

Items	SAPO Photoelectric	
	Year-end balance/Amount incurred this year	Balance of the end of last year / amount of last year
Current assets	2,224,998,868.32	1,936,541,263.47
Non-current assets	2,215,651,449.74	2,419,432,602.01

Items	SAPO Photoelectric	
	Year-end balance/Amount incurred this year	Balance of the end of last year / amount of last year
Total assets	4,440,650,318.06	4,355,973,865.48
Current liabilities	762,685,435.65	674,071,107.48
Non-current liabilities	608,912,888.60	732,819,068.02
Total liabilities	1,371,598,324.25	1,406,890,175.50
Operating income	2,944,147,907.27	2,735,055,209.89
Net profit	119,670,570.33	96,206,958.45
Total comprehensive income	119,968,303.83	95,909,224.95
Cash flow from operating activities	168,163,478.05	484,437,283.64

2 Equity in joint venture arrangements or joint ventures

Summary financial information of unimportant joint ventures and associated enterprises

In RMB

Items	Year-end balance/Amount incurred this year	Balance of the end of last year / amount of last year
Joint ventures Associated enterprise		
Total book value of investment	122,370,494.08	129,506,271.76
Total of the following items calculated by shareholding ratio		
-Net profit(Loss)	(7,135,777.68)	1,292,045.22
-Other comprehensive income	-	-
-Total comprehensive income	(7,135,777.68)	1,292,045.22
Associated enterprise		
Total book value of investment	5,311,526.62	4,975,563.98
Total of the following items calculated by shareholding ratio		
-Net profit	236,793.79	15,593.93
-Other comprehensive income	99,168.85	151,869.82
-Total comprehensive income	335,962.64	167,463.75

(IX) Government subsidies

(1) As of December 31, 2023, the Group does not have any government subsidies recognized on the basis of receivables.

(2) Liabilities involving government subsidies

In RMB

Liability item	The number at the beginning of the year	The amount of new subsidy added in the current year	The amount of non-operating income included in the current year	The amount of other income included in the current year	Other changes during the year	The number at the end of the year	Asset-related/ Earnings related
Deferred income	111,814,796.10	4,278,925.00	-	16,107,734.21	(2,500,000.00)	97,485,986.89	Asset-related
Deferred income	6,000,000.00	-	-	6,000,000.00	-	-	Income - related
Total	117,814,796.10	4,278,925.00	-	22,107,734.21	(2,500,000.00)	97,485,986.89	/

(3) Government subsidies included in profit or loss for the current period

In RMB

Subsidy Items	Amount incurred in the year	Amount incurred in the previous year
Other income	33,711,100.17	24,848,843.46

X. Risks related to financial instruments

The Group's main financial instruments include monetary funds, transactional financial assets, notes receivable, accounts receivable, accounts receivable financing, other receivables, other equity instruments investment, short-term loans, accounts payable, other payables, other current liabilities, long-term loans and lease liabilities, etc. At the end of this year, the financial instruments held by the Group are as follows. See Note (V) for details. The risks associated with these financial instruments and the risk management policies adopted by the Group to reduce these risks are as follows. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

In RMB

Items	Amount incurred in the year	Amount incurred in the previous year
Financial assets		
Measured at fair value, with its changes included in current profits and losses		
Transactional financial assets	821,946,114.68	319,605,448.44
Measured at fair value, with its changes included in other comprehensive income		
Receivable financing	22,839,459.13	54,413,796.91
Investment in other equity instruments	145,988,900.00	167,678,283.27
Measured in amortized cost		
Monetary funds	472,274,448.00	991,789,968.19
Note receivable	50,963,943.01	74,619,100.26
Accounts receivable	820,134,833.95	636,583,469.93
Other receivables	3,219,287.77	10,288,124.02
Financial liabilities		
Measured in amortized cost		
Short-term loan	8,000,000.00	7,000,000.00
Notes payable	31,049,291.49	-
Accounts payable	408,548,136.24	327,049,873.70
Other payables	184,528,344.55	197,345,455.37
Other current liabilities	42,665,954.11	92,945,741.78
Long-term loans	608,190,812.09	704,603,665.19

The Group uses sensitivity analysis technology to analyze the possible impact of reasonable and possible changes in risk variables on current profits and losses and shareholders' equity. Because any risk variable rarely changes in isolation, and the correlation between variables will have a great impact on the final amount of a risk variable change, the following contents are carried out under the assumption that each variable change is independent.

1.Risk management objectives, policies and procedures, and changes occurred during the year

The Group's goal in risk management is to strike a proper balance between risks and benefits, reduce the negative impact of risks on the Group's operating performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of the Group's risk management is to identify and analyze all kinds of risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise all kinds of risks to control the risks within a limited range.

1.1 Market risk

1.1.1 Foreign exchange risk

Foreign exchange risk refers to the risk of losses caused by exchange rate changes. The Group's foreign exchange risks are mainly related to US dollars, Japanese yen, Hong Kong dollars and euros. Except for some import purchases and export sales of the Group's companies located in Chinese mainland which are mainly settled in US dollars, Japanese yen, Hong Kong dollars and Euros, other major business activities of the Group are settled in RMB.

As of 31 December 2023, the Group's assets and liabilities were all RMB balances, except for the monetary items in foreign currencies mentioned in Notes (V), (57). The foreign exchange risks arising from the assets and liabilities with foreign currency balances (converted into RMB) described in the table below may have an impact on the Group's operating results.

In RMB

Items	Balance at the end of this year	
	Assets	Liabilities
USD	91,070,433.03	36,798,840.36
Yen	3,440,280.17	289,104,639.78
HKD	979,811.56	38,333.11

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. At present, the Group has not taken any measures to avoid foreign exchange risks.

Sensitivity analysis of foreign exchange risk

Sensitivity analysis of foreign exchange risk assumes that all net investment hedging and cash flow hedging of overseas operations are highly effective.

On the basis of the above assumptions, with other variables unchanged, the pre-tax impact of possible reasonable exchange rate changes on current profits and losses and shareholders' equity is as follows:

In RMB

Items	Changes in exchange rate	This year		Last Year	
		Impact on profits	Impact on shareholders' equity	Impact on profits	Impact on shareholders' equity
All foreign currencies	Appreciation of RMB by 5%	(11,522,564.42)	(11,522,564.42)	(10,266,787.69)	(10,266,787.69)
All foreign currencies	Depreciation of RMB by 5%	11,522,564.42	11,522,564.42	10,266,787.69	10,266,787.69

1.1.2.Interest rate risk - risk of cash flow change

The Company's risk of cash flow changes of financial instruments caused by interest rate changes is mainly related to bank loans with floating interest rate. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates on these loans, and there is no interest rate swap arrangement at present.

Sensitivity analysis of interest rate risk

With other variables unchanged, the pre-tax impact of possible reasonable interest rate changes on current profits and losses and shareholders' equity is as follows:

In RMB

Items	Interest rate change	This year		Last Year	
		Impact on profits	Impact on shareholders' equity	Impact on profits	Impact on shareholders' equity
Floating-rate loan	Increase by 1%	(6,154,214.55)	(6,154,214.55)	(7,108,088.43)	(7,108,088.43)
Floating-rate loan	Decrease by 1%	6,154,214.55	6,154,214.55	7,108,088.43	7,108,088.43

1.2. Credit risk

On December 31, 2023, the largest credit risk exposure that may cause the Group's financial losses mainly came from the loss of the Group'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 Group's financial assets has represented its maximum credit risk exposure.

In order to reduce the credit risk, the Group 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 Group believes that the credit risk assumed by the Group has been greatly reduced.

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

On December 31, 2023, the balance of accounts receivable of the Group to the top five customers was RMB510,920,546.66, accounting for 59.16% of the balance of accounts receivable of the Group. In addition, the Group 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 Group maintains sufficient cash and cash equivalents as deemed by the management and monitors them to meet the Group's business needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with the loan agreement.

On December 31, 2023, the Group's unused comprehensive bank credit line was RMB 111,896.00.

The financial liabilities held by the Group 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	8,202,908.33	-	-	8,202,908.33
Notes payable	31,049,291.49	-	-	31,049,291.49
Accounts payable	408,548,136.24	-	-	408,548,136.24
Other payables	184,528,344.55	-	-	184,528,344.55
Other current liabilities	42,665,954.11	-	-	42,665,954.11
Long-term loans	121,051,052.09	543,134,195.76	-	664,185,247.85
Lease liabilities	5,809,756.61	5,822,333.46	1,672,592.08	13,304,682.15

2. Transfer of financial assets

2.1Classification of transfer methods

In RMB

Transfer method	The nature of the transferred financial assets	The amount of financial assets transferred	Derecognition information	The basis for determining the situation of derecognition
Factoring	Accounts receivable	634,780,309.98	Derecognition	After the accounts receivable are factored, the factoring institution has no right to recover from the company, and it can be determined that the main risks and rewards of the accounts receivable have been transferred, so the recognition is terminated.
Endorsement transfer	Outstanding banker's acceptance bill that is classified as financings receivable	59,520,699.22	Derecognition	Since the credit risk and deferred payment risk of banker's acceptance bill in financingsreceivable are very small, and the interest rate risk related to the bill has been transferred to the bank, it can be determinedthat the main risks and rewards on the ownership of the note have been transferred, so the recognition is derecognized.
Endorsement transfer	Unexpired banker's acceptance bill classified as bills receivable	42,665,954.11	Non-derecognition	Not eligible for derecognition
Total	/	736,966,963.31		

2.2 Financial assets that have been derecognized as a result of transfer

In RMB

Item	Method for the financial assets transferred	The amount of the financial asset derecognized	Gains or losses related to derecognition
Financings receivable	Endorsement transfer	59,520,699.22	-
Accounts receivable	Factoring	634,780,309.98	-

Total	/	694,301,009.20	-

2.3 Transferred financial assets that continue to be involved

In RMB

Item	Asset transfer method	Amount of assets resulting from continued involvement	Amount of liability arising from continued involvement
Notes receivable	Transfer by endorsement	-	42,665,954.11
Total	/	-	42,665,954.11

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
Measured at fair value continuously				
(I) Transactional financial assets	-	821,946,114.68	-	821,946,114.68
(II) Receivable financing	-	-	22,839,459.13	22,839,459.13
(III) Investment in other equity instruments	-	-	145,988,900.00	145,988,900.00
Total assets continuously measured at fair value	-	821,946,114.68	168,828,359.13	990,774,473.81

2. For Level 2 items measured at fair value continuously and non-continuously, the valuation techniques and qualitative and quantitative information of important parameters are adopted

In RMB

Items	Fair value at the end of this year	Valuation technique	Input value
Transactional financial assets	821,946,114.68	Discounted cash flow technique	Expected yield

3. For Level 3 items measured at fair value continuously and non-continuously, the valuation techniques and qualitative and quantitative information of important parameters are adopted

In RMB

Items	Fair value at the end of this year	Valuation technique	Input value
Receivable financing	22,839,459.13	Discounted cash flow technique	Discount rate
Investment in other equity instruments	145,988,900.00	Comparison of listed companies	P/B ratio of similar listed companies
		Comparable income method	Market price
		Statement adjustment method	Book value

4. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include monetary funds, notes receivable, accounts receivable, other receivables, short-term loans, accounts payable, other payables, long-term loans and lease liabilities.

The management of the Group believes that the book values of financial assets and financial liabilities measured in amortized cost in the financial statements are close to their fair values.

XII. Related parties and related party transactions

1. Information about the parent company of the Enterprise.

Name of parent company	Place of registration	Business nature	Registered capital (RMB '0,000)	Shareholding ratio of the parent company to the Company %	Percentage of voting rights of the parent company to the Company %
Shenzhen Investment Holdings Co., Ltd	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment, real estate development, etc	3,235,900.00	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.

During the reporting period, the changes in the registered capital of the parent company are as follows:

In RMB 10,000

Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
2,850,900.00	385,000.00	-	3,235,900.00

2. Information on subsidiaries of the Enterprise

Please refer to Notes (VII), 1 for details of the subsidiaries of the Enterprise.

3. Information on joint ventures and associated enterprises of the Enterprise

See Notes (VII), 2 for details of the important joint ventures or associated enterprises of the Enterprise.

4. Information on other related parties

Names of other related parties	Relationship between other related parties and the Enterprise
Shenzhen Xinfang Knitting Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Group
Shenzhen Dailishi Underwear Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Group
Hengmei Optoelectronics Co., Ltd	Minority shareholder of SAPO Photoelectric , a subsidiary of the Company, one of whose directors is a supervisor of SAPO Photoelectric
Shenzhen Shentou Property Development Co.Ltd	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Investment Building Hotel Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Investment Building Property Management Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen SGE Longyan Energy Technology Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the

	parent company of the Company

5. Related party transactions

(1) Procurement of goods/acceptance of services

Related party	Content of related party transaction	Amount incurred this year	Amount incurred last year
Hengmei Optoelectronics Co., Ltd	Optical film materials and processing	4,540,435.30	-
Shenzhen SGE Longyan Energy Technology Co., Ltd.	Purchasing electricity	1,075,289.19	-
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Interest expenses	16,237.39	6,601.33
Total		5,631,961.88	6,601.33

(2) Sale of goods

In RMB

Related party	Content of related party transaction	Amount incurred this year	Amount incurred last year
Hengmei Optoelectronics Co., Ltd	Polarizer	4,744,631.12	-
Shenzhen Shentou Property Development Co.Ltd	Textile	65,634.51	-
Shenzhen Investment Building Hotel Co., Ltd.	Textile	163,729.20	-
Shenzhen Investment Building Property Management Co., Ltd.	Textile	35,522.12	-
Shenzhen Investment Holdings Co., Ltd	Textile	15,371.68	-
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Textile	-	8,849.56
Total		5,024,888.63	8,849.56

(3) Lending of related party funds

In RMB

Related party	Borrowing amount	Start date	Due date	Description
Lending				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	2019.07.30	2024.07.31	The annual lending rate is 0.30%

(4) Rewards for the key management personnel

In RMB

Rewards for the key management personnel Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	8,557,258.00	11,966,067.00

6. Receivables and payables of related parties

（1）Receivables

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Balance of Book	Balance of Book	Bad debt Provision
Other Account	Shenzhen Dailishi	1,100,000.00	58,850.00	1,100,000.00	58,850.00

receivable	Underwear Co., Ltd.				
Other Account receivable	Shenzhen Guanhua Printing & Dyeing Co., Ltd.	41,325.00	-	-	-
Total		1,141,325.00	58,850.00	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.	3,811,272.20	3,806,454.17
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Investment Holdings Co., Ltd	485,189.00	643,987.04
Total		7,689,607.60	7,843,587.61

XIII. Commitments and contingencies

1. Important commitments

(1)Capital commitment

In RMB

Items	Amount at the end of this year	Amount at the end of last year
Contracted but not recognized in the financial statements		
Commitment to purchase and build long-term assets	2,413,823.52	3,761,094.00

2. Contingencies

As of December 31, 2023, the Group has no pending litigation, external guarantees and other contingencies that shall be disclosed.

XIV. Matters after the balance sheet date

1. Profit distribution after the balance sheet date

On March 26, 2024, the Board of Directors of the Company convened and adopted the profit distribution plan for 2023. Based on the total number of shares entitled to profit distribution of 506,521,849 shares on December 31, 2023, the Company distributed RMB0.65 in cash (including tax) for every 10 shares, with a total cash dividend of RMB 32,923,920.19 元. The profit distribution plan has yet to be approved by the General Meeting of Shareholders of the Company.

In RMB

Items	Amount
Profits or dividends to be distributed	32,923,920.19
Profits or dividends declared after deliberation and approval	

XV. Other important matters

1. Segment information

(1) Determination basis and accounting policy of reporting segment

According to the Group's internal organizational structure, management requirements and internal reporting system, the Group's business operations are divided into three business segments, and the management of the Group regularly evaluates the operating results of these segments to determine the allocation of resources and evaluate the performance. On the basis of operating segments, the Group has identified the following three reporting segments: polarizer business, property leasing business and textile business.

The information reported by each segment is disclosed according to the accounting policies and measurement standards adopted by each segment when reporting to the management, and these measurement bases are consistent with those used when preparing financial statements

(2) Financial information of reporting segment

In RMB

This year or the end of this year	Polarizer	Property leasing	Offset	Total
Operating income:				
External transaction income	2,885,625,542.77	194,052,832.68	-	3,079,678,375.45
Inter-segment transaction income	-	5,228,270.79	(5,228,270.79)	-
Total operating income of segment	2,885,625,542.77	199,281,103.47	(5,228,270.79)	3,079,678,375.45
Operating expenses (note)	2,740,034,558.58	133,409,869.35	(4,899,337.05)	2,868,545,090.88
Operating profit	127,113,090.17	36,505,509.79	(10,318,467.66)	153,300,132.30
Net profit	111,017,342.91	26,450,970.51	(10,331,834.84)	127,136,478.58
Total assets of segment	4,439,757,297.25	3,223,473,385.00	(2,013,408,318.81)	5,649,822,363.44
Total liabilities of segment	1,363,903,983.44	219,428,207.11	(45,427,185.07)	1,537,905,005.48

Note: This item includes operating costs, taxes and surcharges, management costs, R&D expenses, sales expenses and financial expenses.

2. Other important transactions and matters that have an impact on investors' decisions

(1) Major asset restructuring

On December 30, 2022, the "Proposal on the Purchase of Assets by Issuing Shares and Paying Cash and Raising Matching Funds Namely the Related Party Transaction Plan" was deliberated and approved in the 19th meeting of the 8th session of the board of directors of the Company, in which the Company intends to purchase 100% of the shares of Hengmei Optoelectronics Co., Ltd. held by 17 companies including Chimei Materials and Haosheng (Danyang) by issuing shares and paying cash. The cash consideration for this transaction is intended to be paid by the Company through self-raised funds such as M&A loans and raising matching funds, and the Company intends to raise matching funds from no more than 35 qualified specific investors through non-public issuance of shares. The total amount of matching funds raised shall not exceed 100% of the transaction price of the assets to be purchased by issuing shares, and the number of shares issued shall not exceed 30% of the total share capital of the listed company after the completion of the purchase of assets by issuing shares.

On November 17, 2023, the "Proposal on Shenzhen Textile (Holdings) Co., Ltd.’s Issuance of Shares and Payment of Cash to Purchase Assets and Raise Matching Funds Namely the Related Party Transaction Plan (Revised Draft) and its Summary" wasdeliberated and approved in the 25th meeting of the 8th session of the Board of Directors of the Company, the original counterparty Hangzhou Rencheng Trading Partnership (Limited Partnership) will no longer participate in this transaction, and add the new counterparty Kunshan Guochuang Investment Group Co., Ltd., and the underlying assets will still be the 100% equity of the target company. Meanwhile, the transaction plan will be adjusted in accordance with the relevant system rules for the full implementation of the stock issuance registration system issued by the China Securities Regulatory Commission.

The transaction will not result in a change of control of the Company, and the actual controller of the Company before and after the transaction is the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government. As of the date of approval of the financial report, the transaction still needs to obtain relevant approvals, filing and other procedures, the audit, evaluation, due diligence and other work involved in the transaction are still in progress, and after the completion of the relevant work, the Company will once more convene ameeting of the board of directors to consider the relevant matters of the transaction.

(2) Real estate that has not yet been disposed of by Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli").

Shenzhen Xieli, a sino-foreign joint venture invested and established by the Company and Hong Kong Xieli Maintenance Company (hereinafter referred to as "Hong Kong Xieli"), was cancelled by the Shenzhen Municipal Administration for Market Regulation in March 2020, but there are still three properties under the name of Shenzhen Xieli that need to be disposed of through consultation between the shareholders of both parties. In July 2020, the Company filed an administrative act in the People's Court of Yantian District, Shenzhen, Guangdong Province to revoke the cancellation of Shenzhen Xieli approved by the Shenzhen Municipal Administration for Market Regulation.
In December 2022, the People's Court of Yantian District, Shenzhen, Guangdong Province, rendered a judgment of first instance for retrial, revoking the administrative act of approving the cancellation of Shenzhen Xieli. In January 2023, the third party of the original trial, Hong Kong Xie-li, appealed to the Intermediate People's Court of Shenzhen, Guangdong Province, and later ruled that the appeal should be withdrawn by Hong Kong Xie-Li due to Hong KongXie-Li's failure to pay the case acceptance fee in advancement schedule, and retrial of first instance judgment took effect on March 22, 2023.

XVI. Notes on main items of parent company's financial statements

1. Accounts receivable
(1) Disclosure by age

In RMB

Aging	Amount at the end of this year	Amount at the end of last year
Within 1 year	10,190,859.62	13,871,107.36
1-2 years	-	2,485,076.00
2-3 years	2,485,076.00	-
Total	12,675,935.62	16,356,183.36

(2) Classified disclosure by credit loss provision accrual method

In RMB

Category	Balance at the end of this year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Account receivable that withdrawal bad debt provision by single item	-	-	-	-	-
Account receivable withdrawal bad debt provision by portfolio	12,675,935.62	100.00	4,311.97	0.03	12,671,623.65
Total	12,675,935.62	100.00	4,311.97	/	12,671,623.65

In RMB

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Accrual proportion	

		(%)		(%)	
Account receivable that withdrawal bad debt provision by single item	-	-	-	-	-
Account receivable withdrawal bad debt provision by portfolio	16,356,183.36	100.00	713,159.25	4.36	15,643,024.11
Total	16,356,183.36	100.00	713,159.25	/	15,643,024.11

As of December 31, 2023, the credit risk and bad debt provision for Portfolio 1 accounts receivable are as follows:

In RMB

Category	Balance at the end of the year			
	)Expected average loss ratio (%)	Book balance	Provision for bad debts	Book value
Within 1 year	0.04	10,190,859.62	4,311.97	10,186,547.65
2-3 years	-	2,485,076.00	-	2,485,076.00
Total	/	12,675,935.62	4,311.97	12,671,623.65

As ofDecember 31, 2023, the credit risk and bad debt provision of Portfolio 2 accounts receivableare as follows:

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	713,159.25	-	-	713,159.25
Balance as at January 1, 2023 in current	-	-	-	-
——Transfer to stage II	-	-	-	-
——Transfer to stage III	-	-	-	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-
Provision in Current Year	-	-	-	-
Reversal in Current Year	(708,847.28)	-	-	(708,847.28)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2023	4,311.97	-	-	4,311.97

(3) Provision for bad debts

In RMB

Category	Balance at the beginning of this year	Amount of change this year				Balance at the end of this year
		Accrual	Recovery or reversal	Write-off or cancellation	Other changes	
Provision for bad debts	713,159.25	-	708,847.28	-	-	4,311.97
Total	713,159.25	-	708,847.28	-	-	4,311.97

There is no bad debt provision recovered or reversed with amounts significant during the year.

（4）There are no accounts receivable actually written off during the year.

（5）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
Total accounts receivable of the top five balances on December 31,	12,652,340.62	99.81	3,073.24

2023			

2.Other receivable

(1) Disclosure by aging

In RMB

Aging	Balance at the end of this year	Balance at the end of last year
Within 1 year	1,683,810.52	3,408,892.46
1-2 years	2,213,073.28	10,707,995.02
2-3 years	10,100,800.01	-
Over 3 years	15,279,395.10	15,279,395.10
Total	29,277,078.91	29,396,282.58
Less: Bad debt provision	15,263,525.96	15,263,525.96
book value	14,013,552.95	14,132,756.62

(2) Disclosure by payment nature

In RMB

Payment nature	Book balance at the end of this year	Book balance at the end of last year
Deposit and security deposit	10,000.00	10,000.00
External unit transactions	15,349,339.97	15,349,339.97
Related party transactions within the consolidation scope	12,553,241.09	12,980,241.09
Others	1,364,497.85	1,056,701.52
Total	29,277,078.91	29,396,282.58

(3) Accrual of credit loss provision

As ofDecember 31, 2023, the provision for bad debts is made based on the general model of expected credit losses.

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				
——Transfer to stage II	(442.69)	442.69	-	-
——Transfer to stage III	-	-	-	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-
Provision in Current Year	-	5,529.83	-	5,529.83
Reversal in Current Year	(5,529.83)	-	-	(5,529.83)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2023	53,328.60	8,991.44	15,201,205.92	15,263,525.96

As ofDecember 31, 2023, Accrual of credit loss provision

In RMB

Stage	Year-end amount			
	Expected average	Book balance	Loss provision	Book value

	loss rate (%)			
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	52.13	29,277,078.91	15,263,525.96	14,013,552.95

As of December 31, 2023, the credit risk and bad debt provision for other receivables are as follows:

账龄	Year-end amount			
	Expected average loss rate (%)	Book balance	Loss provision	Book value
Within 1 year	3.17	1,683,810.52	53,328.60	1,630,481.92
1-2 years	0.04	2,213,073.28	902.24	2,212,171.04
2-3 years	0.08	10,100,800.01	8,089.20	10,092,710.81
Over 3 years	99.49	15,279,395.10	15,201,205.92	78,189.18
Total		29,277,078.91	15,263,525.96	14,013,552.95

(4) Changes in bad debt provisions

In RMB

Category	Balance at the beginning of the year	Change amount for the year				Balance at the end of the year
		Accrual	Recovery or reversal	Transfer or write off	Other changes	
debt provisions	15,263,525.96	5,529.83	(5,529.83)	-	-	15,263,525.96

(5) There are no other accounts receivable actually written off during the year.

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

In RMB

Unit name	Payment nature	Year-end balance of other receivables	Aging	Proportion of total year-end balance of other receivables (%)	Year-end balance of credit loss provision
Total other receivables of the top five balances on December 31, 2023	Current payment receivable between companies and internal current payment	27,860,581.06	Within 1 year, 1-2 years, 2-3 years, Over 3 years	95.16	14,266,189.97

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	1,976,433,419.39	16,582,629.30	1,959,850,790.09	1,974,532,127.39	16,582,629.30	1,957,949,498.09
Investments in joint ventures	122,370,494.08	-	122,370,494.08	129,506,271.76	-	129,506,271.76
Investments in associates company	5,311,526.62	-	5,311,526.62	4,975,563.98	-	4,975,563.98
Total	2,104,115,440.09	16,582,629.30	2,087,532,810.79	2,109,013,963.13	16,582,629.30	2,092,431,333.83

（1）Investment to the subsidiary

In RMB

Name	Opening balance	Add investment	Decreased investment	Closing balance	Withdrawn impairment provision	Closing balance of impairment provision
SAPO Photoelectric	1,924,663,070.03	-	-	-	1,924,663,070.03	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25	-	-	-	8,073,388.25	-
Shenzhen Beauty Century Garment Co., Ltd.	18,765,507.55	1,901,292.00	-	-	20,666,799.55	2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08	-	-	-	15,489,351.08	-
Shenzhen Shenfang Real Estate Management Co., Ltd.	1,713,186.55	-	-	-	1,713,186.55	-
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	5,827,623.93	-	-	-	5,827,623.93	-
Total	1,974,532,127.39	1,901,292.00	-	-	1,976,433,419.39	16,582,629.30

（2）Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Chosing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Equity method affirmative profit and loss on investments	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	129,506,271.76	-	-	(7,135,777.68)	-	-	-	-	-	122,370,494.08	-
Subtotal	129,506,271.76	-	-	(7,135,777.68)	-	-	-	-	-	122,370,494.08	-
II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	3,105,796.55	-	-	252,320.54	-	-	-	-	-	3,358,117.09	-
Yehui International Co., Ltd.	1,869,767.43	-	-	(15,526.75)	99,168.85	-	-	-	-	1,953,409.53	-

Subtotal	4,975,563.98	-	-	236,793.79	99,168.85	-	-	-	-	5,311,526.62	-
Total	134,481,835.74	-	-	(6,898,983.89)	99,168.85	-	-	-	-	127,682,020.70	-

4.Business income and Business cost

(1）Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Income from Main Business	77,822,508.75	9,822,306.53	56,046,883.88	9,544,956.96

(2)Main business income and main business cost classified by product

In RMB

Product	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Property leasing	77,822,508.75	9,822,306.53	56,046,883.88	9,544,956.96

(3)Main business income and main business cost classified by area

In RMB

Area	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Domestic	77,822,508.75	9,822,306.53	56,046,883.88	9,544,956.96

5.Investment income

In RMB

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the equity method	(6,898,983.89)	1,307,639.15
Income from long-term equity investment measured by adopting the cost method	9,989,533.92	-
Investment income of trading financial assets during the holding period	14,816,230.07	15,748,625.37
Dividend income earned during investment holdings in other equity instruments	1,393,735.85	1,599,735.85
Tota	19,300,515.95	18,656,000.37

1. Particulars about current non-recurring gains and loss

In accordance with the provisions of the No. 1Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public-Non-Recurring Profit and Loss (Revised in 2023) (hereinafter referred to as the " No. 1Explanatory Announcement") issued by the China Securities Regulatory Commission, the Group's non-recurring profit and loss for 2023 is as follows:

In RMB

Items	Amount
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	1.72
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	19,927,836.02
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	2,151,780.82
Reversal of the account receivable depreciation reserves subject to separate impairment test	15,031,480.15
Other non-business income and expenditures other than the above	(6,755,922.25)
Total non-recurring gains and losses	30,355,176.46
Less :Influenced amount of income tax	3,478,333.83
Net non-recurring gains and losses	26,876,842.63
Influenced amount of minor shareholders' equity (after tax)	9,937,259.91
Non-recurring gains or losses attributable to the common shareholders of the Company	16,939,582.72

Note: According to No. 1Explanatory Announcement, the impact on the Group's net non-recurring profit and loss in 2022 is RMB13,006,395.30, and the impact on the non-recurring profit or loss attributable to ordinary shareholders of the Company is RMB7,803,837.18.

2. Return on net asset and earnings per share

This statement of return on net assets and earnings per share is prepared by the Group in accordance with the Rules for Information Disclosure of Companies Issuing Securities to the Public No. 9- Calculation and Disclosure of Return on Equity and Earnings per Share (revised in 2010) issued by China Securities Regulatory Commission.

In RMB

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Common stock shareholders of Company.	2.77	0.16	0.16
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	2.17	0.12	0.12