# Shenzhen Textile (Holdings) Co., Ltd.

# The Semi-Annual Report 2023

August 2023

# I. Important Notice, Table of Contents and Definitions

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

Mr.Yin Kefei, The Company leader, Mr. He Fei, Chief financial officer and the Mr.Huang Min, the person in charge of the accounting department (the person in charge of the accounting )hereby confirm the authenticity and completeness of the financial report enclosed in the semi-report.

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

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

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

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

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

## Table of Contents

## Documents available for inspection

1. Accounting statements bearing the signatures and seals of the Company's legal representative, General Manager, Chief Financial officer. and person in charge of the accounting agency.

2. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period.

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

# Definition

| Terms to be defined | Refers to | Definition |
|---|---|---|
| Company/The Company/ Shen Textile | Refers to | Shenzhen Textile (Holdings) Co., Ltd |
| Articles of Association | Refers to | Articles of Association of Shenzhen Textile (Holdings) Co., Ltd |
| Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government | Refers to | National Assets Regulatory Commission of Shenzhen Municipal People's Government |
| The Controlling shareholder/ Shenzhen Investment Holdings Co., Ltd. | Refers to | Shenzhen Investment Holdings Co., Ltd. |
| Shenchao Technology | Refers to | Shenzhen Shenchao Technology Investment Co., Ltd. |
| SAPO Photoelectric | Refers to | Shenzhen SAPO Photoelectric Co., Ltd. |
| Nitto Denko | Refers to | Nitto Denko Corporation |
| Beauty Century | Refers to | Shenzhen Beauty Century Garment Co., Ltd. |
| Shenzhen Xieli | Refers to | Shenzhen Xieli Automobile Co., Ltd. |
| Hengmei Photoelectric | Refers to | Hengmei Photoelectric Co., Ltd. |
| Qimei Material | Refers to | Qimei Material Technology Investment Co., Ltd. |
| Haosheng Danyang | Refers to | Haosheng（Danyang）Investment Management Co., Ltd. |
| Danyang Nuoyan | Refers to | Danyang Nuoyan Tianxin Investment Partnership（LP) |
| Xiamen Nuoyan | Refers to | Xiamen Nuoyan Private Equity Fund Management Co., Ltd |
| Fuzhou New Investment | Refers to | Fuzhou New Area  Development & Investment Group Co., Ltd. |
| Hefei Beicheng | Refers to | Hefei Beicheng No.2 Photoelectric industry investment partnership(LP) |
| Hangzhou Rencheng | Refers to | Hangzhou Rencheng Trade Partnership(LP) |
| Xinghe Technology | Refers to | Shenzhen Xinghe Hard Technology Private Equity Investment Fund Partnership (LP) |
| Lishui Huahui | Refers to | Lishui Huahui Equity Investment Partnership(LP) |
| Huzhou Painuo | Refers to | Huzhou Painuo Huacai Equity Investment Partnership(LP) |
| Lishui Tengbei | Refers to | Lishui Tengbei Mingcheng Equity Investment Partnership(LP) |
| Fuzhou Investment | Refers to | Fuzhou Investment Management Co., Ltd. |
| Xiamen Zhifeng | Refers to | Xiamen Zhifeng Equity Investment Partnership(LP) |
| Jiaxing Painuo | Refers to | Jiaxing Painuo Xiancai quity Investment Partnership(LP) |
| Huzhou Zhekuang | Refers to | Huzhou Zhekuang Equity Investment Partnership(LP) |
| Guangdong Xingzhi | Refers to | Guangdong Xingzhi Venture Investment Partnership(LP) |
| Guangzhou Boyue | Refers to | Guangzhou Boyue Venture Investment Partnership(LP) |
| Jinhang Investment | Refers to | Hangzhou Jinhang Investment Fund Partnership（LP） |
| Line 4 | Refers to | T TFT-LCD polarizer II phase Line 4 project |
| Line 5 | Refers to | TFT-LCD polarizer II phase Line 5 project |
| Line 6 | Refers to | TFT-LCD polarizer II phase Line 6 project |
| Line 7 | Refers to | Industrialization project of Polaroid for super large size TV |
| “CSRC” | Refers to | China Securities Regulatory Commission |
| The Report | Refers to | The Semi-annual Report 2023 |

# II. Company Profile & Financial Highlights

## I. Company Profile

| | | | |
|---|---|---|---|
| Stock abbreviation | Shen Textile A ,Shen Textile B | Stock code | 000045,200045 |
| Modified stock ID (if any) | No | | |
| Stock exchange for listing | Shenzhen Stock Exchange | | |
| Name in Chinese | 深圳市纺织(集团)股份有限公司 | | |
| Chinese abbreviation (If any) | 深纺织 | | |
| English name (If any) | SHENZHEN TEXTILE(HOLDINGS)CO.,LTD | | |
| English abbreviation (If any) | STHC | | |
| Legal Representative | Yin Kefei | | |

## II. Contact person and contact manner

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

## III. Other

### 1.Way to contact the Company

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

☑Applicable □Not applicable

| | |
|---|---|
| Registered address | 708m, Building 8 , Qianhai eXCELLENCE fINANCIAL Center(Phase I), nO.5033, Menghai Road, Nanshan Street, Qianhai Shenzhen-Hongkong Cooperation Zone, Shenzhen |
| Postal code of the Registered Address | 518052 |
| Office Address | 6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen |
| Postal code of the office address | 518031 |
| Internet Web Site | http://www.chinasthc.com |
| E-mail | szfzjt@chinasthc.com |

### 2.Information inquiry

Whether information disclosure and preparation place changed in reporting period or not

□ Applicable √ Not applicable

None of the official presses, website, and place of enquiry has been changed in the semi report period. For details please find the Annual Report 2022.

### 3. Other relevant information

Did any change occur to other relevant information during the reporting period?

□ Applicable √ Not applicable

## IV. Summary of Accounting data and Financial index

May the Company make retroactive adjustment or restatement of the accounting data of the previous years
□ Yes √ No

| | Reporting period | Same period of last year | YoY+/- (%) |
|---|---|---|---|
| Operating income (RMB) | 1,490,095,669.55 | 1,445,137,309.09 | 3.11% |
| Net profit attributable to the shareholders of the listed company (RMB) | 36,307,162.97 | 42,433,525.10 | -14.44% |
| Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB) | 27,687,326.61 | 34,970,975.47 | -20.83% |
| Cash flow generated by business operation, net (RMB) | 14,402,973.60 | 79,438,234.59 | -81.87% |
| Basic earning per share(RMB/Share) | 0.0717 | 0.0838 | -14.44% |
| Diluted gains per share(RMB/Share)(RMB/Share) | 0.0717 | 0.0838 | -14.44% |
| Weighted average ROE(%) | 1.27% | 1.50% | -0.23% |
| | As at the end of the reporting period | As at the end of last year | YoY+/- (%) |
| Total assets (RMB) | 5,672,845,637.91 | 5,617,137,367.90 | 0.99% |
| Net assets attributable to shareholder of listed company (RMB) | 2,855,413,998.04 | 2,849,264,555.21 | 0.22% |

## V. Differences between accounting data under domestic and overseas accounting standards

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

□ Applicable √Not applicable
No difference.

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

□ Applicable √Not applicable
The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP(Generally Accepted Accounting Principles) in the period.

## VI.Items and amount of deducted non-current gains and losses

√ Applicable □ Not applicable

In RMB

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

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

□ Applicable√ Not applicable

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

□ Applicable√ Not applicable

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

# III. Management Discussion & Analysis

## I.Main Business the Company is Engaged in During the Report Period

(I) The development of the industry to which the company belongs

The full name of POL is polarizer, which can control the polarization direction of a specific beam, and when natural light passes through the polarizer, the light perpendicular to the polarizer transmission axis in the vibration direction will be absorbed, and the transmitted light is only polarized light parallel to the polarizer transmission axis. The downstream application of polarizer is mainly the panel industry, and according to the different types of panels, polarizers are mainly divided into TN type, STN type, TFT type and OLED type. At present, the global polarizer market is mainly dominated by polarizers for TFT-LCD panels, and two polarizers are required for one LCD panel.

The polarizer of the Company's product is one of the key basic materials in the display panel industry, and its demand is largely affected by the fluctuation of the display panel market. In the first half of 2023, affected by insufficient terminal consumer demand, panel manufacturers reduced the purchase of polarizers, coupled with the intense competitive pressure in the polarizer industry, the overall sales price of polarizers is lower than the same period last year. As panel factories continue to adjust their operations and dynamically control production, with the slow recovery of terminal consumer demand, the relationship between market supply and demand gradually flattens, the panel price gradually stabilizes and rises, and it’s expected that the panel manufacturers' demand for polarizers will recover to a certain extent.

(II)Main Business the Company is Engaged

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

During the reporting period, the Company's main business has not changed significantly. The Company is actively striving for market orders, continuously optimizing the product structure, giving priority to orders with high gross profit and stable sales volume under the condition of meeting the operation of the production line. The sales volume of the Company's polarizer business increased YOY, and the Company stabilized the production while reducing the number of changeovers and through optimization and streamlining of assembly. The second is to strengthen customer management, stabilize key customer relations, open up new markets, strengthen the OLED-TV market, promote the proportion of polarizer products for large-size TVs. The third is to strengthen supplier management, carry out core supplier visits and negotiations, actively promote the localization of materials, and continue to promote procurement cost reduction through price negotiation and new supplier introduction; The fourth is to continue to promote lean management, pay attention to production management and output improvement, carry out improvement work such as film breaking problem solution and site environment improvement, focus on improving turnover efficiency in inventory management, strengthen cost management from supply chain negotiation, production loss, energy consumption, etc. to fully promote cost reduction and efficiency increase. The fifth is to develop and expand OLED-TV series products, promote OLED-mobile phone product performance improvement and certification delivery in terms of the R&D management. The sixth is to carry out safety inspection, safety drills and training, strengthen security forces in safety production management. The seventh is to continue to do well in leasing of its own properties and its upgrading and transforming work. The eighth is to promote the major asset restructuring matter, and actively promote auditing, appraisal, due diligence and other work involved in the transaction with relevant parties.

During the reporting period, the Company achieved the operating income of 1.490 billion yuan, an increase of 3.11% YOY; The net profit attributable to shareholders of the listed company was 36,307,200 yuan, down 14.44% YOY. The main reason for the decline in net profit attributable to shareholders of the listed company in the reporting period compared with the same period of the previous year: In the first half of 2023, affected by the lack of terminal consumer demand, the large competitive pressure in the polarizer industry and the overall lower sales price of polarizers than the same period last year, it’s resulted in a decline in the Company's performance compared with the same period last year.

(III)Main products and their purposes

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

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

| Line | Place | Product breadth | Planned capacity | Main projuct |
|---|---|---|---|---|
| Line 1 | Pingshan | 500mm | 600，000 m2 | TN/STN/ Dye piece |
| Line 2 | Pingshan | 500mm | 1.2 million m2 | TN/STN/CSTN |
| Line 3 | Pingshan | 650mm | 1 million m2 | TFT |
| Line 4 | Pingshan | 1490mm | 6 million m2 | TFT/OLED |
| Line 5 | Pingshan | 650mm | 2 millin m2 | TFT/OLED |
| Line 6 | Pingshan | 1490mm | 10 million m2 | TFT/OLED |
| Line 7 | Pingshan | 2500mm | 32 millin m2 | TFT/OLED |

(IV)Company's business model

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

(V) Market position of company products

The Company is one of the main polarizer R & D, production and sales enterprises in China, and has the production capacity of TFT-LCD polarizer, OLED TV polarizer and black and white series polarizer, and is a leading enterprise in the domestic polarizer industry. The Company mainly focuses on medium and large size polarizer products, and has the production capacity of multi-size and multi-series products. The Company's No. 7 line is one of the few ultra-wide polarizer production lines in the world, which can meet the needs of the world's high-generation panel production lines such as 8.5/8.6 generation and 10.5/11 generation, especially matching the 10.5/11 generation line with the best economic production efficiency.

(VI) Major factors for driving the Company's performance

1. Global demand for polarizers maintains a growing trend

According to Omdia research data, the total demand for global polarizers is expected to increase from 567 million square meters in 2022 to 669 million square meters in 2026. With the development trend of downstream panel industry, the polarizer industry accelerates its transfer to Chinese Mainland, it is estimated that the market demand for polarizers in Chinese Mainland will increase from 67% in 2022 to 80% in 2026, providing opportunities for the future development of the company.

2. The polarizer terminal TV market is developing in the direction of large-size and high-end

In the field of TFT-LCD products, TV is still the most important product for LCD capacity consumption. From the perspective of downstream panel demand increment, the size growth of LCD TV products has become the main part of LCD incremental demand. According to Omdia research data, the average size of TV panels has steadily increased in recent years. In 2023, the average size of TV panels has exceeded 50 inches. The large-scale display products are still an important trend in the future development of the industry, which is an important driving force for the growth of polarizer demand and will provide stable incremental demand for the polarizer market.

With the development of the TV market in the direction is large size and high-end, the polarizer manufacturers need to invest in a wider-width production line in order to match the cutting efficiency. After 2018, with the global 10.5-generation production line put-into-production, the demand for 43-inch, 49-inch, 55-inch, 65-inch and other sizes of panels has grown rapidly, therefore the market demand for polarizers matching the corresponding size will grow rapidly. However, the polarizer production lines with different widths have different cutting efficiency for cutting TV panels of different sizes. On the whole, the larger the width of the polarizer production line, the more cutting size structure of the product can be adapted, the higher the relative use efficiency, and it is more suitable for the trend of large-size panel applications.

3. The Company's own accumulated competitive advantage

For details, please refer to "II. Core Competitiveness Analysis" in this chapter.

**II. Analysis On core Competitiveness**

(I) Technology advantages. SAPO Photoelectric is the first domestic national high-tech company which entered into the R&D and production of the polarizer， We are one of the largest, most technical and professional polarizer R&D teams in the country，With more than 20 years of operating experience in the polarizer industry, its products cover mainstream display applications such as TN type, STN type, TFT type, OLED type, etc., and has a complete set of proprietary technology of polarizer that can meet customer needs and has independent intellectual property rights of various new products. As of the end of the reporting period, SAPO Photoelectric has obtained a total of 101 patent authorizations, including 18 domestic invention patents, 79 domestic utility model patents, and 4 overseas utility model patents. 4 national standards and 2 industry standards independently drafted and formulated by SAPO Photoelectric are implemented through examination and approval; In addition, 1 industry standard that it participated in the drafting and formulation passed the approval and implementation. SAPO Photoelectric has three innovation platforms of "Guangdong Engineering Technology Research Center", "Shenzhen Polarizing Materials and Technology Engineering Laboratory" and "Shenzhen Enterprise Technology Center", focusing on the research and development and industrialization of the core production technology of polarizers for LCDs, the development and industrialization of new products for polarizers for OLEDs, and the localization research of raw materials for polarizer production, among which, the OLED TV and OLED mobile phone polarizer projects have successively achieved mass production, filling the domestic gap.

(II) Talents advantages. The Company pays attention to independent innovation, establishes an efficient R & D management system, and has a polarizer management team and the senior technical personnel team with strong technical ability, rich experience and international vision. Through learning and absorbing the production technology and management concepts of advanced polarizer enterprises, meanwhile accumulating technical experience and improving its core competitiveness through independent innovation, the Company gradually accumulates its own brand, technology, operation management and other advantages. In the first half of 2023, the Company continued to deepen market-oriented reform, practiced the concept of "Everyone is a talent, not race horses", selected a group of middle-level management cadres with strong professional ability and rich industry experience, and further strengthened the core backbone team; it improved the talent growth channel and thereserved talent echelon construction mechanism, regularly organized and carried out employee grade evaluation, reserve talent pool, etc., to help employees grow and develop; and it improved the assessment incentive mechanism, and gave play to the incentive and spurring role of assessment; the Company actively explored the long-term incentive constraints of the Company's management layer, the employee benefit reward distribution mechanism, the employee stock ownership plan, etc. to build a value distribution mechanism for benefit sharing and risk sharing.

(III) Market advantages. The Company has a good market customer base at home and abroad, compared with foreign advanced counterparts, the biggest advantage of the Company is that it has localized matching ability that is close to the panel market, as well as the strong support from the national industrial policy. In terms of market demand, with the mass production of domestic 10.5/11th generation and other high-generation TFT-LCD panel production lines, the domestic polarizer market demand has also increased; And with the further acceleration of the development of large-size panels, the mainland manufacturers with large-size polarizer production capacity are ushering in important industry opportunities. In terms of market development, the Company focuses on customer needs, constantly optimizes production technology and product structure, improves quality control, organically combines production and sales, establishes a rapid response mechanism, gives full play to localization advantages, and effectively does a good job in point-to-point professional services. Centering on the overall strategic deployment, the Company will promote the verification of various models, form a stable supply chain, and continuously increase market share. Meanwhile, it will use the capital market to carry out asset restructuring, implement the Company's development strategy, and seize important market opportunities to become better and stronger.

(IV) Quality advantages. The company always adhered to the quality policy of "Satisfying customer demands and pursuing excellent quality" and focused on product quality control. The company strictly controls product performance indicators, standardizes inspection standards for incoming materials, starts with quality improvement and consumption reduction, and achieves simultaneous increase in output and quality; through the introduction of a modern quality management system, the products have passed ISO9001 Quality Management System and ISO14001 Environmental Management System, OHSAS18000 Occupational Health and Safety Management System, QCO80000 System Certification; the product is tested by SGS and meets the environmental protection ,The company had increased the automatic detecting and marking equipments in the beginning section and the ending section, strictly controlled the product quality and improved the product utilization rate and product management efficiency.

(V) Management advantages. SAPO Photoelectric has accumulated rich management experiences in more than 20 years in the manufacturing of polarizer, possessing the home most advanced control technology of the production management process of the polarizer and quality management technology and the stable raw material procurement channel so forth management systems. The company had carried out comprehensive benchmarking work, organized the management personnel to learn advanced experiences from customers and peers to force the elevation of management ability, and drew on the foreign company’s management experiences of polarizer, optimized the company's organizational structure, reduced the managerial hierarchy and further enhanced the company's management efficiency.

The Company continues to implement advanced management systems and reasonable incentive mechanisms, improve decision-making efficiency, improve market response speed, improve R&D reward system, and also realize the in-depth integration of enterprise and employee value to stimulate new vitality of operation; It formulates the subordinate company's operation improvement work plan, sets up a business improvement working group, comprehensively sorts out the company's operation, puts forward improvement suggestions, and helps improve the company's production and operation; Through the implementation of the key work management list of "doing solid party building +, lean promoting development", it uses lean means to reduce costs and increases efficiency; Through the implementation of the "Amoeba Business Model" project and the dividing of the small independent accounting unit, it enables the grassroots backbone employees can participate in production and operation activities.

(VI) Policy advantages. Polarizer is seen as an essential part of the panel display industry and SAPO Photoelectric in its development has promoted the supply capacity of national polarizers, greatly lowered the dependence of national panel enterprises on imported polarizers, It has maintained the security of the national new display industry, played a positive role in enhancing the overall competitiveness of China's new display industry chain, and promoted the coordinated development of the whole industry chain of Shenzhen's "20+8" ultra-high-definition video display industry cluster. SAPO Photoelectric has passed the identification of national high-tech enterprises, and the polarizer project has been supported by national and provincial policies and city policies for many times, and it enjoys the preferential policy of exemption from tariffs for the import of some raw materials.

## III. Main business analysis

General

Refer to relevant contents of “1. Summarization” in “Discussion and Analysis of Management”.

Changes in the financial data

In RMB

| | This report period | Same period last year | YOY change (%) | Cause change |
|---|---|---|---|---|
| Operating revenue | 1,490,095,669.55 | 1,445,137,309.09 | 3.11% | |
| Operating cost | 1,286,170,472.71 | 1,242,988,094.06 | 3.47% | |
| Sale expenses | 16,439,473.30 | 18,355,747.39 | -10.44% | |
| Administrative expenses | 65,299,409.82 | 61,448,188.86 | 6.27% | |
| Financial expenses | 4,179,495.63 | -8,833,873.44 | 147.31% | Mainly due to changes in the yen exchange rate during the reporting period and the repayment of long-term borrowings. |
| Income tax expenses | 5,713,017.38 | 340,897.81 | 1,575.87% | Mainly due to the increase in taxable income during the reporting period. |
| R & D Investment | 36,004,188.62 | 34,870,992.66 | 3.25% | |
| Cash flow generated by business | 14,402,973.60 | 79,438,234.59 | -81.87% | Mainly due to the recovery of customs deposits and the incremental tax rebates in the same period last year |

| | | | | |
|---|---|---|---|---|
| operation, net | | | | |
| Net cash flow generated by investment | -448,360,425.07 | -43,613,588.81 | -928.03% | Mainly due to the purchase of wealth management products during the reporting period. |
| Net cash flow generated by financing | -94,514,895.56 | 9,714,117.19 | -1,072.96% | Mainly due to the repayment of long-term borrowings during the reporting period. |
| Net increasing of cash and cash equivalents | -528,791,098.47 | 46,252,547.23 | -1,243.27% | Mainly due to the YOY increase in investment amount during the reporting period. |

Major changes in profit composition or sources during the report period

□ Applicable √ Not applicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Component of Business Income

In RMB

| | This report period | | Same period last year | | Increase /decrease |
|---|---|---|---|---|---|
| | Amount | Proportion | Amount | Proportion | |
| Total operating revenue | 1,490,095,669.55 | 100% | 1,445,137,309.09 | 100% | 3.11% |
| On Industry | | | | | |
| Manufacturing | 1,434,002,309.89 | 96.24% | 1,408,495,225.98 | 97.46% | 1.81% |
| Lease and Management of Property | 56,093,359.66 | 3.76% | 36,642,083.11 | 2.54% | 53.08% |
| On Products | | | | | |
| Polarizer sheet | 1,412,410,148.66 | 94.79% | 1,385,904,291.44 | 95.90% | 1.91% |
| Textile products | 21,592,161.23 | 1.45% | 22,590,934.54 | 1.56% | -4.42% |
| Lease and Management of Property | 56,093,359.66 | 3.76% | 36,642,083.11 | 2.54% | 53.08% |
| Area | | | | | |
| Domestic | 1,427,664,172.81 | 95.81% | 1,354,987,454.63 | 93.76% | 5.36% |
| Overseas | 62,431,496.74 | 4.19% | 90,149,854.46 | 6.24% | -30.75% |

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

√ Applicable □Not applicable

In RMB

| | Turnover | Operation cost | Gross profit rate(%) | Increase/decrease of revenue in the same period of the previous year(%) | Increase/decrease of business cost over the same period of previous year (%) | Increase/decrease of gross profit rate over the same period of the previous year (%) |
|---|---|---|---|---|---|---|
| On Industry | | | | | | |
| Manufacturing | 1,434,002,309.89 | 1,274,602,212.90 | 11.12% | 1.81% | 3.68% | -1.60% |
| On Products | | | | | | |
| Polarizer sheet | 1,412,410,148.66 | 1,253,289,363.27 | 11.27% | 1.91% | 4.02% | -1.79% |
| Area | | | | | | |
| Domestic | 1,427,664,172.81 | 1,236,931,349.72 | 13.36% | 5.36% | 6.01% | -0.53% |

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

business based on latest on year's scope of period-end.
□ Applicable √Not applicable

## IV. Analysis of Non-core Business

√ Applicable □Not applicable

In RMB

| | Amount | Proportion in total profit | Explanation of cause | Sustainable (yes or no) |
|---|---|---|---|---|
| Investment income | 7,743,354.69 | 13.37% | Obtaining equity enterprise dividends, contract fees, time deposit and money fund interest income | Have the sustainability |
| Impairment of assets | -35,512,897.29 | -61.34% | Mainly from the provision of inventory depreciation loss. | Have the sustainability |
| Non-operating income | 401,387.79 | 0.69% | | Not sustainable. |
| Non-operating expense | 3,037,581.05 | 5.25% | Mainly for quality compensation | Not sustainable. |
| Other income | 19,369,307.55 | 33.45% | Mainly for government subsidies. | Have the sustainability |

## V. Analysis of assets and liabilities

### 1.Significant changes in asset composition

In RMB

| | End of Reporting period | | End of same period of last year | | Change in percentage(%) | Reason for significant change |
|---|---|---|---|---|---|---|
| | Amount | As a percentage of total assets(%) | Amount | As a percentage of total assets(%) | | |
| Monetary fund | 616,242,142.99 | 10.86% | 991,789,968.19 | 17.66% | -6.80% | Mainly due to the purchase of wealth management products |
| Trading financial assets | 613,554,063.16 | 10.82% | 319,605,448.44 | 5.69% | 5.13% | Mainly due to the purchase of wealth management products |
| Accounts receivable | 854,907,728.96 | 15.07% | 636,583,469.93 | 11.33% | 3.74% | Mainly due to the extension of the account period of some customers. |
| Other receivable | 3,393,141.86 | 0.06% | 10,585,975.38 | 0.19% | -0.13% | Mainly due to the lifting of restrictions on restricted funds. |
| Inventories | 663,102,543.53 | 11.69% | 558,447,648.77 | 9.94% | 1.75% | Mainly due the preparation of stocks of materials and goods |
| Real estate Investment | 121,971,877.49 | 2.15% | 126,315,834.76 | 2.25% | -0.10% | Mainly due to depreciation. |
| Long-term equity investment | 132,425,526.41 | 2.33% | 134,481,835.74 | 2.39% | -0.06% | 。Mainly due to changes in profit and loss |
| Fixed assets | 2,133,290,574.66 | 37.61% | 2,240,221,656.36 | 39.88% | -2.27% | Mainly due to depreciation. |
| Construction in process | 36,543,522.56 | 0.64% | 38,061,619.60 | 0.68% | -0.04% | |
| Right to use assets | 16,680,916.70 | 0.29% | 15,365,393.88 | 0.27% | 0.02% | |
| Short-term loans | 8,000,000.00 | 0.14% | 7,000,000.00 | 0.12% | 0.02% | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Contract Liabilities | 4,975,276.30 | 0.09% | 4,274,109.40 | 0.08% | 0.01% | |
| Long-term loans | 557,148,599.34 | 9.82% | 607,421,585.00 | 10.81% | -0.99% | Mainly due to the repayment of loans. |
| Lease liabilities | 10,357,763.45 | 0.18% | 8,628,672.71 | 0.15% | 0.03% | |

**2. Major overseas assets**

□ Applicable √ Not applicable

**3.Asset and Liabilities Measured by Fair Value**

√ Applicable □Not applicable

In RMB

| Items | Amount at year beginning | Gain/loss on fair value change in the reporting period | Cumulative fair value change recorded into equity | Impairment provisions in the reporting period | Purchased amount in the reporting period | Sold amount in the reporting period | Other changes | Amount at year end |
|---|---|---|---|---|---|---|---|---|
| Financial assets | | | | | | | | |
| 1. Trading financial(excluding derivative financial assets) | 319,605,448.44 | | | | 480,000,000.00 | 195,000,000.00 | 8,948,614.72 | 613,554,063.16 |
| 4．Other equity Instrument Investment | 167,678,283.27 | | | | | | | 167,678,283.27 |
| Subtotal of financial assets | 487,283,731.71 | 0.00 | 0.00 | 0.00 | 480,000,000.00 | 195,000,000.00 | 8,948,614.72 | 781,232,346.43 |
| Total | 487,283,731.71 | 0.00 | 0.00 | 0.00 | 480,000,000.00 | 195,000,000.00 | 8,948,614.72 | 781,232,346.43 |
| Financial Liability | 0.00 | | | | | | | 0.00 |

Other changes

None

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

□ Yes √ No

**4. Restricted asset rights as of the end of this Reporting Period**

The restricted assets as at the end of the reporting period are monetary funds, notes receivable, fixed assets and intangible assets, including:

（1）The restricted monetary funds mainly include the deposit of RMB 4,595,637.31 for bank drafts and the principal and interest of RMB265,946,593.76 for certificates of deposit maturing more than three months from the date of purchase

(2) Limited fixed assets and intangible assets are mainly subsidiary SAPO photoelectric with its part of self sustaining property to the bank of communications co., LTD. Shenzhen branch as the lead of syndicated application for mortgage loans, and the company for the mortgage guarantee, see the tide of information

network (http://www.cninfo.com.cn) company on the company for subsidiary bank mortgage guarantee announcement (2020-19), the announcement of the progress of the company for the subsidiary guarantee (2020-46).

## VI. Analysis on investment Status

### 1. General

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

### 4.Investment of Financial Asset

**（1）Securities investment**

□ Applicable √ Not applicable
There was no investment in securities by the Company in the Reporting period.

**（2）Investment in Derivatives**

□ Applicable √ Not applicable
The Company had no investment in derivatives in the reporting period.

### 5.Application of the raised capital

□ Applicable √ Not applicable
The Company had no application of the raised capital in the reporting period.

## VII. Sales of major assets and equity

### 1. Sales of major assets

□ Applicable √ Not applicable
The Company had no sales of major assets in the reporting period.

### 2.Sales of major equity

□ Applicable √ Not applicable

## VIII. Analysis of the Main Share Holding Companies and Share Participating Companies

√ Applicable □ Not applicable
Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

In RMB

| Company name | Type | Main busine | Registered capital | Total assets | Net assets | Turnover | Operating profit | Net Profit |
|---|---|---|---|---|---|---|---|---|

| | | ss | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Shenzhen SAPO Photoelectric Co., Ltd. | Subsidiary | Production and sales of polarizer | 583,333,333.00 | 4,426,901,283.06 | 2,982,369,703.22 | 1,417,425,087.50 | 42,324,523.04 | 39,107,795.54 |
| Shenzhen Beauty Century Garment Co., Ltd. | Subsidiary | Production of fully electronic jacquard knitting whole shape | 13,000,000.00 | 38,894,981.64 | 4,772,163.90 | 21,638,637.33 | -3,357,160.43 | -3,354,455.12 |
| Shenzhen Lisi Industrial Co., Ltd. | Subsidiary | Domestic Trade, Property management | 2,360,000.00 | 36,640,494.39 | 29,783,754.79 | 3,753,060.07 | 826,082.57 | 833,983.26 |
| Shenzhen Huaqiang Hotel | Subsidiary | Accommodation, business center; | 10,005,300.00 | 22,038,970.59 | 20,683,064.79 | 0.00 | -104,525.92 | -105,334.38 |
| Shenzhen Shenfang Sungang Property Management Co., Ltd. | Subsidiary | Property management | 1,000,000 | 13,022,423.05 | 10,686,351.76 | 2,426,642.03 | 1,606,665.61 | 1,503,347.84 |
| Shenfang Property Management Co., Ltd. | Subsidiary | Property management | 1,600,400.00 | 13,520,038.63 | 8,352,492.11 | 7,239,222.11 | 548,477.45 | 512,134.50 |
| Shengtou （HK） Co., Ltd. | Subsidiary | Sales of polarizer | HKD10,000.00 | 6,802,025.90 | 6,710,825.91 | 0.00 | 591,310.11 | 591,310.11 |
| Shenzhen Shengjinlian Technology Co., Ltd. | Subsidiary | Polarizer technology development, private property leasing, property management | 1,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Subsidiaries obtained or disposed in the reporting period

□ Applicable √ Not applicable

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

**IX．Structured vehicle controlled by the Company**

□ Applicable √ Not applicable

**X.Risks facing the Company and countermeasures**

1. Macro economic risk

The overall domestic economic development is in a recovery trend, but the international geopolitical conflicts continue, the Sino-US trade frictions still exist, the international economic situation is facing more uncertainties, and the macroeconomic uncertainty and instability has increased significantly. The Company, as a member of the upstream manufacturers of the display product market, can not exclude the risk that the unpredictable macroeconomic fluctuations may affect the Company's performance.

Countermeasures: the Company will pay close attention to the economic situation, actively study and judge changes in the macro business environment, study national policies and industry trends, strengthen the tracking and analysis of major information in the industry, timely grasp the development and change trend of the industry, strengthen the ability of early warning of business risks, timely adjust the Company's operation and management strategies according to the changing market situation. Meanwhile, the Company will continue to optimize the product structure, improve the market development ability, stimulate the vitality of enterprise development, strengthen internal management, control business risks, and ensure the steady development of the Company.

2. Market risk

The polarizer industry is an important part of the development of China's new display industry, the demand for display panels and the development of corresponding technologies are changing with each passing day, and the domestic substitution process of polarizer industry is underway. However, with the development of new display technologies such as ultra-large size display, OLED display, vehicle display, etc., if the Company's technology and products can not respond to the needs of the application field in time, the wide polarizer products and applications are not as expected, or the market competition intensifies leading to a decline in the price of display products and transmitting the price reduction pressure to upstream polarizer market, it will adversely affect the Company.

Countermeasures: In the face of complex market environment, the Company will actively promote the introduction of new product clients, improve the product bargaining power, and stabilize the customer confidence; On the other hand, it will maintain close communication with customers at all levels, pay attention to product demand dynamics, tap into market potential, increase market share, adhere to technological innovation, improve and optimize the R&D innovation system, continuously improve the yield and utilization rate of production lines, and enhance core competitiveness to respond to market risks.

3. Risk of raw material

The core patents of polarizer terminal materials have high technical barriers and are basically monopolized by foreign manufacturers. Thus, patents are the main reason for limiting the localization of luminescent materials. Currently, the key raw materials for manufacturing polarizers, PVA film and TAC film, are basically monopolized by Japanese companies and the production line and production technology of upstream supporting raw materials are constrained by the Japanese side. Compared with the international manufacturer's complete industrial chain model from upstream raw materials to polarizers to display panels, the Company does not have the corresponding complete industrial support to play the role in industrial integration while the price of major membrane materials is affected by the supplier's production capacity, market demand and the yen exchange rate, which influences the unit cost of the Company's products.

Countermeasures: The company will continue to optimize the supply chain system, improve the bargaining power with suppliers, increase the R&D of independent intellectual property rights, promote the import of low-cost raw materials, actively explore the import substitution of raw materials, improve the utilization and maintain a low level of production loss rate, maintain production stability and continuity, and reduce product production costs; If necessary, the company can choose exchange rate wealth management products such as forward foreign exchange and foreign exchange options to avoid excessive exchange losses caused by sharp exchange rate fluctuations.

# IV. Corporate Governance

## I. Annual General Meeting and Provisional Shareholders’ Meetings in the Reporting Period

### 1.Annual General Meeting

| Meeting | Type | Investor participation ratio | Convened date | Disclosure date | Index to disclosed information |
|---|---|---|---|---|---|
| The First provisional General Meeting of 2023 | Provisional General Meeting | 49.58% | March 22,2023 | March 23,2023 | Announcement No.:2023-09 www.cninfo.com.cn |
| Annual General Meeting of 2022 | Annual General Meeting | 49.57% | May 26,2023 | May 27,2023 | Announcement No.:2023-25 www.cninfo.com.cn |

**2. Preferred shareholders with the restoration of voting rights made a request for the Special Meeting of Shareholders**

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

The company's directors, supervisors and senior managers did not change during the reporting period, please refer to the 2022 annual report

## III. Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period

□ Applicable √ Not applicable

The Company planned not to distribute cash dividend and bonus share, and not to convert capital reserves into share capital in half year.

## IV. Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees

√ Applicable □Not applicable

None

# V. Environmental & Social Responsibility

## I. Significant environmental issues

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

√ Yes □ No

Policies and industry standards related to environmental protection

(I) SAPO Photoelectric:

1. Names of implementation standards for air pollutant emission:

① Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boiler (DB44/765-2019);

② Emission Limit of Air Pollutants DB44/ 27—2001;

③ The limit value of electronic components in the electronic industry in Tianjin's Emission Control Standard for Volatile Organic Compounds in Industrial Enterprises (DB12/524-2020) shall be implemented;

④ Emission Standards for Odor Pollutants (GB 14554-93), Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019).

2. Names of implementation standards for water pollutant discharge:

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

(II) Beauty Century

1.Regulations of Guangdong Province on Environmental Protection

2.Administrative Measures for Ecological Environment Standards

Environmental protection administrative license

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

(II) Beauty Century: The existing sewage discharge permit was applied on August 10, 2020, and is valid from August 10, 2020 to August 9, 2023. (The license renewal has been passed, to be notified to get the new certificate).

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

| Company or subsidiary name | Main pollutant and specific pollutant Typeme | Main pollutant and specific pollutant name | Emission way | Emission port number | Emission port distribution condition | Emission concentration (mg/Nm$^3$) | Implemented pollutant emission standards | Total emission | Verified total emission(Tons) | Excessive emission condition |
|---|---|---|---|---|---|---|---|---|---|---|
| SAPO Photoelectric | Exhaust gas | Non-methane total hydrocarbons | High-altitude emission | 1 | The discharge ports are locate | <50mg/㎥ | 120mg/㎥ | 21.9t/a | 49.98t/a | No |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | d on the east side of the roof of the No. 1 and the No.3 plant | | | | | |
| SAPO Photoelectric | Waste water | COD | Nullah discharge after treatment | | In the southeast side of the factory | <20mg/L | 40mg/L | 3.9347/a | 25.0536/a | No |
| Beauty Century | Waste water | COD, ammonia nitrogen, PH, suspended solids, five-day biochemical oxygen demand, total phosphorus (noted in P), chromaticity, aniline, chlorine dioxide, sulfide, total nitrogen (in N), ammonia (ammonia), non-methane total hydrocarbons, sulfides, odor (concentration) | Atmosphere: unorganized; Wastewater: 1. Intermittent discharge, unstable and irregular flow during discharge, but not impact-type discharge; 2. Intermittent discharge, stable flow during discharge | 1 | Longitude: 114°15′31.36″ Latitude: 22°43′38.14" | Permitted emission value: PH value: 6-9; Anilines: 1.0mg/L; Suspended solids: 50mg/L; Total nitrogen (in N) 15mg/L; Ammonia nitrogen: 8mg/L; Sulfide: 0.5mg/L; Chemical oxygen demand: 60mg/L; Chlorine dioxide: 0.5mg/L; chromaticity:50; Five-day biochemical oxygen demand: 20mg/L; Total phosphorus (in P) 0.5mg/L; | GB4287-2012GB 4287-2012<br><br>Water pollutant discharge limit value DB44/26-2001, water pollutant discharge standard DB44/2050-2017 in Tamsui River and Shima River Basin, water pollution discharge standard GB4287-2012GB 4287-2012 in textile dyeing and finishing industry | 0.0135t/a<br><br>CODcr: 2.43t/a; Ammonia nitrogen: 0.27t/a; Total nitrogen (in N) 6.75t/a; Total phosphorus (in P) 0.0135t/a | CODcr: 2.43t/a; Ammonia nitrogen: 0.27t/a; Total nitrogen (in N) 6.75t/a; Total phosphorus (in P) 0.0135t/a | No |

Treatment of contaminants

(I) SAPO Photoelectric

RTO waste gas regenerative incineration process is adopted for the organic waste gas produced in all production lines of SAPO Photoelectric, and RTO+ advanced treatment process is adopted for Line 7. RTO waste gas treatment equipment runs stably, with good waste gas treatment effect. The removal rate of VOCs in organic waste gas reaches over 99%, which can fully meet the requirements of waste gas discharge. Meanwhile, imported heat storage materials are adopted for the equipment, with a heat storage effect of 90%, and low running energy consumption of the equipment; After RTO treatment, the waste gas from the production process after treatment can meet the discharge standard. The wastewater treatment facility of SAPO Photoelectric Phase I adopts the wastewater treatment process of Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane, which has strong impact load resistance, stable system operation, low energy consumption, low maintenance cost, high degree of automation and good effluent effect. In phase II, it adopts Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane + mc membrane treatment + evaporation system, and all the wastewater is recycled to the production line after treatment. All the wastewater of SAPO Photoelectric can meet the environmental protection requirements after being treated by the treatment facilities. The concentration of VOCs at the discharge port was all controlled at 〈40mg/㎥.

SAPO Photoelectric Phase I wastewater treatment facility adopts Fenton + precipitation + UASB anaerobic + aerobic + MBR membrane wastewater treatment process, which has strong shock load resistance, stable system operation, low energy consumption, low maintenance and repair costs, high degree of automation, and good wastewater treatment effluent effect. The second phase adopts the wastewater treatment process of Fenton + precipitation + UASB anaerobic + aerobic + MBR membrane + mc membrane treatment + evaporation system, and all the wastewater is reused to the production line after treatment. All wastewater of SAPO Photoelectric can meet the environmental protection requirements of standard discharge after treatment in the facilities, and the COD concentration of the total discharge is 20mg/L.

（II）Beauty Century

Beauty Century upgraded its wastewater treatment process, homogenizing water quality and quantity, hydrolyzing and transforming insoluble complex organic matter, further removing pollutants, greatly reducing the CODcr value in wastewater. After being treated by treatment facilities, the wastewater can reach the first level standard for water pollutant discharge in Guangdong Province; Upgrade the sludge discharge treatment process. After sludge concentration, use a sludge wear-resistant pump to drive it to a plate and frame filter press for mechanical dehydration. The sludge cake is bagged and handed over to a qualified unit for treatment, while the filter press filtrate is left for treatment in a regulating tank. Effectively reducing the concentration of ammonia nitrogen; Replacing natural gas boilers equipped with low nitrogen burners with natural gas boilers equipped with low nitrogen burners greatly reduces nitrogen oxide emissions.

Emergency plan for sudden environmental events

(I) SAPO Photoelectric

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

（II）Beauty Century

Some contents from the emergency plan for environmental events are extracted as follows:

Investigation and control measures for hidden dangers of environmental risks

(I) SAPO Photoelectric

Investment in environmental governance and protection in first half 2023: RMB 5.82583 million;

Environmental protection tax paid in first half 2023: RMB ：22899.67.

（II）Beauty Century

Investment in environmental governance and protection in first half 2023: RMB 469.52;

Environmental protection tax paid in first half 2023: RMB 228.9967 million.

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

Cost of purchasing environmental liability insurance in the first half 2023: RMB 12,116.85.

Environmental Self-Monitoring Program

（I）SAPO Photoelectric

According to the monitoring requirements issued by the monitoring station and the operation needs of each system of SAPO Photoelectric, the specific monitoring scheme is as follows: organic waste gas 4 times / year (once per quarter), wastewater discharge 12 times / year (once per month), boiler waste gas 2 times / year (once every six months), including nitrogen oxides 12 times / year (once a month), canteen oil fume 1 time / year, plant boundary noise 2 times / year (once every six months), drinking water 1 time / year, plant boundary waste gas 1 time / year.

（II）Beauty Century

According to the environmental management requirements of the sewage discharge permit, the specific monitoring scheme is as follows: automatic detection of wastewater pH value, flow, COD and ammonia nitrogen, 1 time/day for chromaticity, suspended solids, total nitrogen and total phosphorus, five-day biochemical oxygen demand 1 time/week, sulfide, aniline 1 time/month, chlorine dioxide 1 time/year, plant boundary ammonia, non-methane total hydrocarbons, sulfide, odor concentration 1 time/half a year.

Administrative penalties for environmental problems during the reporting period

| ne of company or subsid | Reasons for punishment | olation situati | Penalty result | npact on the production and operation listed companies | Company's rectification measures |
|---|---|---|---|---|---|
| SAPO Photoelectric | No | No | No | No | No |
| Beauty Century | No | No | No | No | No |

Other Environmental Information That Should Be Disclosed

(I)SAPO Photoelectric

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

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

(II)Beauty Century

None

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

☑Applicable □Not applicable

(I) SAPO Photoelectric

1. The control of the air conditioning water system in the factory area is optimized, and by modifying the central control automatic control program, the starting temperature of the original cooling tower fan is changed from >28°C to >21°C ; Outdoor temperature greater than 23 °C and dew point greater than 14 °C belongs to the summer mode, the chilled water outlet temperature is generally set to 7 °C, it can see the dehumidification status of the end air conditioning unit, improve the chilled water gradual outlet temperature setting, can set in the range of 7-9 °C; the outdoor temperature less than 23 °C, and dew point greater than 14 °C belongs to the

transition mode, the freezer load less than 60% and chilled water return temperature is lower than 12 °C, gradually increase the chilled water outlet temperature setting, it can set range in 8-10 °C; the outdoor temperature less than 23 °C, and the dew point is less than 14 °C belongs to the winter mode, when the freezer load is less than 60% and the chilled water return water temperature is lower than 12 °C, the chilled water outlet temperature setting is gradually increased, and the range can be set in 8-10 °C. In the first half of 2023, a total of 508,700 yuan of electricity costs were saved.

2. Adjust energy saving for air conditioning at production line shutdown, and formulate energy-saving adjustment plan for air conditioning for production and shutdown according to the shutdown and start-up plan of the production line; After the production line liaisons, the air conditioner energy saving adjustment is carried out, and the adjustment time is recorded every day to calculate the energy saving benefits; In the first half of 2023, a total of 331,100 yuan of electricity costs were saved.

（II）Beauty Century

Through the implementation of cleaner production solutions, it's estimated to save 15,870$m^3$/a of water; save electricity 17,525kwh/a; save 213,200 $m^3$ of natural gas consumption; reduce wastewater discharge by 9,870$m^3$/a; reduce raw material consumption by 12.59 tons/year; save about 8000 sheets of paper per year; reduce NOx emissions by 121.9kg/a; reduce sulfur dioxide emissions by 33.26kg/a; reduce COD emissions by 0.28t/a; reduce ammonia nitrogen emissions by 0.055t/a and reduce total nitrogen emissions by 0.83t/a.

Other Environmental Related Information

None

**II. Social responsibilities**

During the reporting period, the Company earnestly fulfilled its social responsibilities, actively participated in the consumption assistance work, completed the procurement of 534,900 yuan of consumption assistance, and helped the comprehensive revitalization of the countryside with practical actions.

# VI. Important Events

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

√ Applicable □ Not applicable

| Commitment | Commitment maker | Type | Contents | Time of making commitment | Period of commitment | Fulfillment |
|---|---|---|---|---|---|---|
| Commitment on share reform | Shenzhen Investment Holdings Co., Ltd. | Share reduction commitment | As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the "Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies" and the provisions of the relevant business principles of Shenzhen Stock Exchange. | August 4, 2006 | Sustained and effective | Under Fulfillment |
| Commitment made upon the assets replacement | The Company | Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided | Commitments made during asset restructuring: 1. The relevant information provided by the Company during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Company will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the company or investors, the Company will be liable for compensation according to law; 2. The Company will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to relevant intermediaries in a timely manner, and at the same time it promises that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. The Company guarantees the authenticity and rationality of the relevant data quoted in this transaction plan. As of the signing date of this transaction plan, the audit and evaluation related to this transaction have not been completed. The audited financial data, evaluation or valuation results of the underlying assets and the audited profit forecast data (if involved) will be disclosed in the *Restructuring Report*. The audited financial data of the underlying assets may be quite different from the disclosure of the plan; 4. During this transaction, the Company will timely disclose information about this transaction in accordance with relevant laws and regulations, and relevant regulations of China Securities Regulatory Commission | December 30,2022 | Sustained and effective | Under Fulfillment |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | and Shenzhen Stock Exchange, and guarantee the authenticity, accuracy and completeness of such information. | | | |
| Commitment made upon the assets replacement | All the directors, supervisors and senior managers of the company | Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided | Commitments made during asset restructuring:<br>1. The relevant information provided by me during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and I will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the company or investors, I will be liable for compensation according to law. 2. I will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the company and relevant intermediaries in a timely manner, and at the same time I promise that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions. 3. During this transaction, I will timely disclose information about this transaction in accordance with relevant laws and regulations, and relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, and guarantee the authenticity, accuracy and completeness of such information. 4. If this transaction is investigated by the judicial authorities or by the China Securities Regulatory Commission because of false records, misleading statements or major omissions in the information provided or disclosed by me, I will suspend the transfer of the shares in the company before the conclusion of the case investigation is determined, and submit a written application for suspension of the transfer and the stock account to the board of directors of the company within two trading days after receiving the notice of filing the investigation, and the board of directors of the company will apply to the Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as "CSDC") for locking; If the application for locking is not submitted within two trading days, the board of directors of the company is authorized to directly submit my identity information and account information to Shenzhen Stock Exchange and CSDC after verification and apply for locking; If the board of directors of the listed company fails to submit my identity information and account information to Shenzhen Stock Exchange and CSDC, Shenzhen Stock Exchange and CSDC are authorized to directly lock the relevant stocks. If any violation of laws and regulations is found during the investigation, I promise to lock in the shares and voluntarily use them for compensation arrangements of relevant investors. | December 30,2022 | Sustained and effective | Under Fulfillment |
| Commitment made upon the assets | All the directors, supervisors and senior managers of the | Statement and Commitment on No Illegal | Commitments made during asset restructuring:<br>1. There are no false records, misleading statements or major omissions in the application documents for this transaction; 2. The rights and interests of the listed company are not seriously damaged by the controlling shareholder or actual controller and have not been eliminated; 3. The listed company and its subsidiaries do not provide external guarantees in violation of | December 30,2022 | Sustained and effective | Under Fulfillment |

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| replacement | company | Acts | regulations and have not been lifted; 4. The listed company's financial statements for the latest year and the first stage have no audit reports with qualified opinions, negative opinions or disclaimer of opinions issued by certified public accountants; 5. The listed company and its current directors, supervisors and senior managers have not been subjected to administrative punishment by the China Securities Regulatory Commission in the last 36 months, and nor have they been publicly condemned by the stock exchange or found with other major acts of dishonesty in the last 12 months; 6. The listed company and its current directors and senior managers have not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations, including but not limited to receiving or foreseeing the decision/notice of filing investigation by the judicial authorities, the notice of filing investigation by the China Securities Regulatory Commission and its dispatched institutions, and the advance notice of administrative punishment, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment; 7. The listed company has no other circumstances that seriously damage the legitimate rights and interests of investors and social public interests; 8. The directors, supervisors and senior managers of the listed company do not disclose the relevant inside information of this transaction and use the inside information for insider trading. | | | |
| Commitment made upon the assets replacement | All the directors, supervisors and senior managers of the company | Explanation on the Absence of the Circumstances Stipulated in Article 13 of the Guidance on Supervision of Listed Companies No.7 - Supervision of Abnormal Trading of Stocks Related to | Commitments made during asset restructuring:<br>The listed company, its directors, supervisors, senior managers and the enterprises controlled by the above-mentioned entities have not been placed on file for investigation on suspicion of insider trading related to this transaction; In the last 36 months, they have not been punished by the China Securities Regulatory Commission or investigated by the judicial organs for criminal responsibility according to law for insider trading related to major asset restructuring of listed companies, which does not allow them to participate in any major asset restructuring of listed companies. | December 30,2022 | Sustained and effective | Under Fulfillment |

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| | | Major Asset Restructuring of Listed Companies. | | | | |
| Commitment made upon the assets replacement | All the directors, supervisors and senior managers of the company | Explanation on Whether There is a Reduction Plan | Commitment made during asset restructuring: From the date of resumption of trading to the completion of this transaction, if I hold shares of the listed company, I have no plans to reduce the shares of the listed company. | December 30,2022 | Sustained and effective | Under Fulfillment |
| Commitment made upon the assets replacement | Shenzhen Investment Holdings Co., Ltd. | Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided | Commitment made during asset restructuring: 1. The relevant information provided by the Company during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Company will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the listed company or investors, the Company will be liable for compensation according to law; 2. The Company will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the listed company and relevant intermediaries in a timely manner, and at the same time it promises that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. During this transaction, the Company will timely disclose information about this transaction in accordance with relevant laws and regulations, and relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, and guarantee the authenticity, accuracy and completeness of such information;4. If this transaction is investigated by the judicial authorities or by the China Securities Regulatory Commission because of false records, misleading statements or major omissions in the information provided or disclosed by the Enterprise, the Enterprise will suspend the transfer of shares with interests in the listed company, and submit the written application for suspension of transfer and the stock account to the board of directors of the listed company within two trading days after receiving the notice of filing the investigation, and the board of directors of the listed company will apply to the Stock Exchange and the Depository and Clearing Company for locking on its behalf; If the application for locking is not submitted within two trading days, the board of directors of the listed company shall be authorized to directly submit the identity | December 30,2022 | Sustained and effective | Under Fulfillment |

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| | | | information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company after verification and apply for locking; If the board of directors of the listed company fails to submit the identity information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company, the Stock Exchange and the Depository and Clearing Company are authorized to directly lock the relevant shares. If any violation of laws and regulations is found during the investigation, the Enterprise promises to lock in the shares and voluntarily use them for compensation arrangements of relevant investors. | | | |
| Commitment made upon the assets replacement | Shenzhen Investment Holdings Co., Ltd. | Commitment on Compliance and Integrity | Commitment made during asset restructuring: 1. The Company has not been subjected to administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last three years; 2. The Company is in good credit, with no public condemnation by the stock exchange or other major dishonesty in the last 12 months; In the last three years, the Company has not been placed on file for investigation by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Company does not disclose the relevant inside information of this transaction or use the inside information for insider trading; 4. The Company does not infringe the rights and interests of the listed company; 5. The Company guarantees that it is willing to bear corresponding legal responsibilities if it violates the above statements and commitments. | December 30,2022 | Sustained and effective | Under Fulfillment |
| Commitment made upon the assets replacement | Shenzhen Investment Holdings Co., Ltd. | Explanation on the Absence of the Circumstances Stipulated in Article 13 of the Guidance on Supervision of Listed Companies No.7 - Supervision of Abnormal Trading of Stocks Relate | Commitment made during asset restructuring: Shenzhen Investment Holdings and all its directors, supervisors, senior managers and the enterprises controlled by the above-mentioned entities have not been placed on file for investigation due to insider trading related to major asset restructuring; In the last 36 months, they were not subjected to administrative punishment imposed by China Securities Regulatory Commission or investigated for criminal responsibility by judicial organs according to law, which does not allow them to participate in any major asset restructuring of listed companies. | December 30,2022 | Sustained and effective | Under Fulfillment |

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| | | d to Major Asset Restructuring of Listed Companies | | | | |
| Commitment made upon the assets replacement | Shenzhen Investment Holdings Co., Ltd. | Explanation on Whether There is a Reduction Plan | Commitment made during asset restructuring: During the period from the date of resumption of this restructuring to the completion of this restructuring, the Company has no plans to reduce the shares of listed company. | December 30,2022 | Sustained and effective | Under Fulfillment |
| Commitment made upon the assets replacement | Qimei Material, Haosheng Danyang, Danyang Ruoyan, Xiamen Ruoyan, Fuzhou Xintou, Hefei Beicheng, Hangzhou Rencheng, Xinghe Technology , lishui Huahui, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment, Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue | Statement and Commitment on the Authenticity , Accuracy and Completeness of the Information Provided | Commitment made during asset restructuring: 1. The relevant information provided by the Enterprise during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Enterprise will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the listed company or investors, the Enterprise will be liable for compensation according to law; 2. The Enterprise will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the listed company and relevant intermediaries in a timely manner, and at the same time it promises that the information and documents provided are authentic, complete and accurate, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. The Enterprise guarantees that it has fulfilled its statutory disclosure and reporting obligations on this transaction, and there are no contracts, agreements, arrangements or other matters that should be disclosed but not disclosed. The Enterprise is aware of the possible legal consequences of the above commitments, and will bear corresponding legal responsibilities for acts that violate the above commitments; 4. If this transaction is investigated by the judicial authorities or by the China Securities Regulatory Commission because of false records, misleading statements or major omissions in the information provided or disclosed by the Enterprise, the Enterprise will suspend the transfer of shares with interests in the listed company, and submit the written application for suspension of transfer and the stock account to the board of directors of the listed company within two trading days after receiving the notice of filing the investigation, and the board of directors of the listed company will apply to the Stock Exchange and the Depository and Clearing Company for locking on its behalf; If the application for | December 30,2022 | Sustained and effective | Under Fulfillment |

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| | | | locking is not submitted within two trading days, the board of directors of the listed company shall be authorized to directly submit the information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company after verification and apply for locking; If the board of directors of the listed company fails to submit the information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company, the Stock Exchange and the Depository and Clearing Company are authorized to directly lock the relevant shares. If any violation of laws and regulations is found during the investigation, the Enterprise promises to lock in the shares and voluntarily use them for compensation arrangements of relevant investors. | | | |
| Commitment made upon the assets replacement | Haosheng Danyang | Commitment on Compliance and Integrity | Commitment made during asset restructuring: 1. The penalties, regulatory measures or disciplinary actions suffered by the Enterprise and its key management personnel in the last five years are as follows: (1) Mr. Chen Rongsheng, the executive director of the Enterprise, received the Decision on Taking Measures to Issue Warning Letters to Cai Xiaoru, Chen Rongsheng, Liu Tieying and Han Yang issued by Fujian Supervision Bureau of China Securities Regulatory Commission (Decision on Administrative Supervision Measures of Fujian Supervision Bureau of China Securities Regulatory Commission [2020] No.6) on January 14, 2020, due to the failure of Fuzhou Dahua Intelligent Technology Co., Ltd. where he served as the general manager to disclose in time the progress of major equity transfer, and the breach of contract for failure to pay off major debts due, the conclusion of important contracts, and the insufficient basis for impairment of available-for-sale financial assets; (2) Mr. Chen Rongsheng, the executive director of the Enterprise, received the Decision on Giving informed criticism to Fuzhou Dahua Intelligent Technology Co., Ltd. and Related Parties issued by Shenzhen Stock Exchange (SZS [2019] No.311) on May 29, 2019 due to the failure Fuzhou Dahua Intelligent Technology Co., Ltd. where he served as the general manager, to reply to the Shenzhen Stock Exchange's inquiry and make disclosure within the prescribed time limit as required. In addition to the above circumstances, the Enterprise and its main management personnel have not been subjected to other criminal penalties or administrative penalties (except those obviously unrelated to the securities market), administrative supervision measures by the China Securities Regulatory Commission or disciplinary actions by the stock exchange in the last five years, and there is no major civil litigation or arbitration related to economic disputes; 2. In the last five years, the Enterprise has not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Enterprise and its main management personnel in the last five years had no failure to repay large debts, or to fulfill their commitments; 4. The Enterprise and its main management personnel have not disclosed the relevant insider information of this transaction or used the insider information for insider trading; 5. The Enterprise has none of the following circumstances: (1) It has a large amount of debt, which is not paid off at maturity and is in a continuous state; (2) It has major illegal acts or suspected major illegal acts in the last 3 years; (3) It has serious acts of dishonesty in the securities market in the last 3 years; (4) Other circumstances stipulated by laws and administrative regulations and determined by China Securities Regulatory Commission that it | December 30,2022 | Sustained and effective | Under Fulfillment |

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| | | | is not allowed to acquire listed companies. | | | |
| Commitment made upon the assets replacement | Hangzhou Rencheng | Commitment on Compliance and Integrity | Commitment made during asset restructuring: 1. The penalties, regulatory measures or disciplinary actions imposed on the Enterprise and its main management personnel in the last five years are as follows: (1) Ms. Zhang Qiuli received the Decision on Administrative Punishment of China Securities Regulatory Commission (for Li Shengkai and Zhang Qiuli of Fujian Daochong Investment Management Co., Ltd.) ([2019] No. 2) issued by China Securities Regulatory Commission on January 18, 2019 due to the manipulation of securities market by Fujian Daochong Investment Management Co., Ltd., where she served as the general manager and executive director; (2) On March 31, 2020, Ms. Zhang Qiuli received the Decision on Administrative Punishment of China Securities Regulatory Commission (for Li Shengkai and Zhang Qiuli of Fujian Daochong Investment Management Co., Ltd.) ([2020] No.11) issued by China Securities Regulatory Commission due to the reported and undisclosed excessive shareholding in Jianyan Group, and restricted trading behavior of Fujian Daochong Investment Management Co., Ltd., where she served as the general manager and executive director. In addition to the above circumstances, the Enterprise and its main management personnel have not been subjected to other criminal penalties or administrative penalties (except those obviously unrelated to the securities market) in the last five years, and there is no major civil litigation or arbitration related to economic disputes; 2. In the last five years, the Enterprise has not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Enterprise and its main management personnel had no failure to repay large debts, or to fulfill their commitments, and were not subjected to administrative supervision measures by the China Securities Regulatory Commission or disciplinary punishment by the stock exchange in the last five years; 4. The Enterprise and its main management personnel have not disclosed the relevant insider information of this transaction or used the insider information for insider trading; 5. The Enterprise has none of the following circumstances: (1) It has a large amount of debt, which is not paid off at maturity and is in a continuous state; (2) It had major illegal acts or suspected major illegal acts in the last 3 years; (3) It had serious acts of dishonesty in the securities market in the last 3 years; (4) Other circumstances stipulated by laws and administrative regulations and determined by China Securities Regulatory Commission that it is not allowed to acquire listed companies. | December 30,2022 | Sustained and effective | Under Fulfillment |
| Commitment made upon the assets replacement | Qimei Material, Danyang Nuoyan, Xiamen Nuoyan, Fuzhou Xintou, Hefei Beicheng, Xinghe Technology, Lishui Huahui, | Commitment on Compliance and Integrity | Commitment made during asset restructuring: The Enterprise and its main management personnel have not been subjected to criminal penalties or administrative penalties (except those obviously unrelated to the securities market) in the last five years, and there is no major civil litigation or arbitration related to economic disputes; 2. In the last five years, the Enterprise has not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Enterprise and its main management personnel had no failure to repay large debts, or to fulfill their commitments, and were not subjected to administrative supervision measures by the China Securities Regulatory Commission or disciplinary actions by the stock exchange in the last five years; 4. The Enterprise and its main management personnel have not | December 30,2022 | Sustained and effective | Under Fulfillment |

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| | Huzhou Painuo, Lishui Pengbei, Fuzhou Investment, Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue | | disclosed the relevant insider information of this transaction or used the insider information for insider trading; 5. The Enterprise has none of the following circumstances: (1) It has a large amount of debt, which is not paid off at maturity and is in a continuous state; (2) It had major illegal acts or suspected major illegal acts in the last 3 years; (3) It had serious acts of dishonesty in the securities market in the last 3 years; (4) Other circumstances stipulated by laws and administrative regulations and determined by China Securities Regulatory Commission that it is not allowed to acquire listed companies. | | | |
| Commitment made upon the assets replacement | Qimei material, Haosheng Danyang, Danyang Nouyan, Xiamen Nouyan, Fuzhou Xintou, Hefei Beicheng, Hangzhou Rencheng, Xinghe Technology, Lishui Huhui, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment , Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue | Explanation on the Absence of the Circumstances Stipulated in Article 13 of the Guidance on Supervision of Listed Companies No.7 - Supervision of Abnormal Trading of Stocks Related to Major Asset Restructuring of Listed Companies | Commitment made during asset restructuring: The Enterprise and its main management personnel (including directors, supervisors and senior management personnel in the case of a company; or executive partners and key management personnel in the case of a partnership), the controlling shareholder and actual controller of the Enterprise and the enterprises controlled by the above-mentioned entities have not been placed on file for investigation due to insider trading related to major asset restructuring; In the last 36 months, they were not subjected to administrative punishment imposed by China Securities Regulatory Commission or investigated for criminal responsibility by judicial organs according to law, which does not allow them to participate in any major asset restructuring of listed companies. | December 30,2022 | Sustained and effective | Under Fulfillment |

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

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| | | | Enterprise promises to change the ownership of the underlying assets in a timely manner according to the agreement after the relevant agreement of this transaction comes into effect, and all the responsibilities arising from disputes caused by the Enterprise in the process of ownership change shall be borne by the Enterprise; 4. The ownership of the above-mentioned underlying assets to be transferred by the Enterprise has none of unresolved or foreseeable disputes such as litigation and arbitration, and the responsibilities arising from disputes such as litigation and arbitration shall be borne by the Enterprise. | | | |
| Commitment made upon the assets replacement | Lishui Huahui, Xiamen Zhifeng | Explanation on the Ownership of the Underlying Assets | Commitment made during asset restructuring: 1. The Enterprise legally owns the corresponding shares of the target company, and its capital contribution to the target assets will be paid in full before January 31, 2023, and there will be no false capital contribution or withdrawal of capital contribution, and the Enterprise has complete ownership of the target assets, with no other circumstances that may affect the legal existence of the target company; 2. The Enterprise is the ultimate and true owner of the underlying assets, and the ownership of the underlying assets is clear with no dispute, and there are no circumstances of holding the underlying assets by means of trust, entrusting others or accepting others' entrustment; The underlying assets are not in custody, with no pledge, mortgage, lien and other security rights or other third-party rights, or other terms or agreements restricting transfer signed, and no dispute or potential dispute. The underlying assets have not been sealed up or frozen by administrative or judicial organs, and there are no other restrictions or prohibitions on transfer. The Enterprise guarantees that the above-mentioned state will continue until the transfer of the underlying assets to the name of the listed company or until the date of termination of this transaction (whichever is earlier); 3. The Enterprise promises to change the ownership of the underlying assets in a timely manner according to the agreement after the relevant agreement of this transaction comes into effect, and all the responsibilities arising from disputes caused by the Enterprise in the process of ownership change shall be borne by the Enterprise; 4. The ownership of the above-mentioned underlying assets to be transferred by the Enterprise has none of unresolved or foreseeable disputes such as litigation and arbitration, and the responsibilities arising from disputes such as litigation and arbitration shall be borne by the Enterprise. | December 30,2022 | Sustained and effective | Under Fulfillment |
| Commitment made upon the assets replacement | Hengmei Photoelectric | Statement and Commitment on the Authenticity, Accuracy and Completeness of the Informatio | Commitment made during asset restructuring: 1. The relevant information provided by the Company during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and the Company will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the listed company or investors, the Enterprise will be liable for compensation according to law; 2. The Company will submit relevant information, documents and materials (including but not limited to original written materials, electronic materials, duplicate materials and oral testimony) required for this transaction to the listed company and relevant intermediaries in a timely manner, and at the same time it promises that the information and documents of the paper and electronic materials provided are authentic, complete, accurate and reliable, the relevant duplicate materials or photocopies are consistent with the original, all signatures and seals | December 30,2022 | Sustained and effective | Under Fulfillment |

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| | | n Provided | on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. The Company guarantees that it has fulfilled its statutory disclosure and reporting obligations on this transaction, and there are no contracts, agreements, arrangements or other matters that should be disclosed but not disclosed. The Company is aware of the possible legal consequences of the above commitments, and will bear corresponding legal responsibilities for acts that violate the above commitments. | | | |
| Commitments made upon issuance | Shenzhen Investment Holdings Co., Ltd. | Commitments on horizontal competition, related transaction and capital occupation | Shenzhen Investment Holdings Co., Ltd. signed a "Letter of Commitment and Statement on Horizontal Competition Avoidance" when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may constitute direct or indirect competition with Shenzhen Textile; if the operations of Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it compete with Shenzhen Textile in the same industry or contradict the interest of the issuer in the future, Shenzhen Investment Holdings Co., Ltd. shall urge such companies to sell the equity, assets or business to Shenzhen Textile or a third party; when the horizontal competition may occur due to the business expansion concurrently necessary for Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it and Shenzhen Textile, Shenzhen Textile shall have priority. | October 9, 2009 | Sustained and effective | Under Fulfillment |
| Commitments made upon issuance | Shenzhen Investment Holdings Co., Ltd. | Commitments on horizontal competition, related transaction and capital occupation | The commitments during the period non-public issuance in 2012: 1. Shenzhen Investment Holdings, as the controlling shareholder of Shenzhen Textile, currently hasn't the production and business activities of inter-industry competition with Shenzhen Textile or its share-holding subsidiary. 2. Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights can't be directly and indirectly on behalf of any person, company or unit to engage in the same or similar business in any districts in the future by the form of share-holding, equity participation, joint venture, cooperation, partnership, contract, lease, etc., and ensure not to use the controlling shareholder's status to damage the legitimate rights and interests of Shenzhen Textile and other shareholders, or to gain the additional benefits. 3. If there will be the situation of inter-industry competition with Shenzhen Textile for Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights in the future, Shenzhen Investment Holdings will promote the related enterprises to avoid the inter-industry competition through the transfer of equity, assets, business and other ways. 4. Above commitments will be continuously effective and irrevocable during Shenzhen Investment Holdings as the controlling shareholder of Shenzhen Textile or indirectly controlling Shenzhen Textile. | July 14, 2012 | Sustained and effective | Under Fulfillment |
| Executed timely or not? | | | | Yes | | |
| If the commitments failed to complete the execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan | | | | Not applicable | | |

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

□ Applicable √ Not applicable

No such cases in the reporting period.

## III. Illegal provision of guarantees for external parties

□ Applicable √ Not applicable
No such cases in the reporting period.

## IV. Engagement and disengagement of CPAs firm

Whether the semi-annual financial report has been audited

□ Yes √ No

The semi-annual financial report of the Company has not been audited

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

□ Applicable √ Not applicable

## VI. Notes for the related information of "non-standard audit reports" last year by board of directors

□ Applicable √ Not applicable

## VII. Bankruptcy and restructuring

□ Applicable √ Not applicable
No such cases in the reporting period.

## VIII. Litigations and arbitrations

Matters of Important Lawsuit
√ Applicable □Not applicable

| Basic situation of litigation(arbitration) | Amount involved (Ten thousand yuan) | Whether to form estimated liabilities | Litigation(arbitration)progress | Litigation(arbitration)trial results and impact | Implementation of litigation(arbitration)judgments | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|
| Jinhang Fund v. SAPO Photoelectric Dissolution Dispute | 0 | No | The Court has ruled to withdraw the case | The plaintiff Jinhang Fund withdrew the lawsuit, which did not affect the Company's operation. | Not applicable | April 11,2023 | http://www.cninfo.com.cn (Announcement No.:2023-19) |
| Jinhang Fund v. SAPO Photoelectric Shareholders' Right to | 0 | No | The Court has ruled to withdraw the case | The plaintiff Jinhang Fund withdrew the lawsuit, which did not affect | Not applicable | April 11,2023 | http://www.cninfo.com.cn (Announcement No.:2023-19) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Know Dispute | | | | the Company's operation. | | | |
| Jinhang Fund v. SAPO Photoelectric Resolution Validity Confirmation Dispute | 0 | No | The court has ruled to dismiss all of the plaintiff's claims. | The court dismissed all claims of the plaintiff Jinhang Fund. | Not applicable | June 1,2023 | http://www.cninfo.com.cn (Announcement No.:2023-28) |

Other litigation matters

√ Applicable □Not applicable

| Basic situation of litigation(arbitration) | Amount involved (ten thousand yuan) | Whether to form estimated liabilities | Litigation(arbitration)progress | Litigation(arbitration)trial results and impact | Implementation of litigation(arbitration)judgments | Disclosure date | Disclosure index |
|---|---|---|---|---|---|---|---|
| Shenzhen Shenbao Light Textile Industry and Trade Co., Ltd Manager v. the Company, Shenzhen Yuanxingchang Industry Co., Ltd, Su Xingbinin Liquidation Liability Dispute | 256.75 | No | The plaintiff sued the Company, Shenzhen Yuanxingchang Industrial Co., Ltd and Su Xingbin, demanding that the three defendants bear joint and several liability for the debts of 2,567,479.11 yuan of Shenbao Company. The case was heard in the first instance on May 27, 2022 and June 30, 2022. The Companywon the case in the first-instance, and the plaintiff had filed an appeal, and the case was opened by the second-instance court in February 2023, and it is still pending. | The trial has not been completed, and it yet has no impact on the Company's operation | Pending trial | | Not applicable |
| Shenzhen Luban Construction Supervision Co.,Ltd (applicant) and the Company's construction project supervision contract dispute case | 796.16 | No | The applicant sued the Company, demanding that the Company pays the overdue supervision fee, occupancy interest and late payment fee of Guanhua Building totaling in 7,961,641.01 yuan. Presently, the two parties have settled, the Company has completed the execution in accordance with the settlement agreement, the applicant has submitted an application for withdrawal to the Shenzhen Arbitration Commission on June 25, 2023, and the arbitration commission has made a decision to withdraw the case on June 30, 2023. | The settlement fee was paid by Guanhua Company and had no impact on the Company's operation | It has been implemented in accordance with the settlement agreement. | | Not applicable |
| Guan Chongheng v. the Company's Right to | 234.55 | No | The plaintiff requested that the Company be ordered to perform the decision of the eighth meeting of the board of directors of Guanhua Building in 2012 and pay the | The plaintiff has withdrawn the | The case has been withdrawn | | Not applicable |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Recourse Dispute Case | | | upfront expenses of 1,325,100 yuan and interest losses of 1,020,369 yuan in lieu of Guanhua Building in the early stage. The case was heard on April 18, 2023, and the plaintiff submitted an application for withdrawal to the court in court, and the court issued a ruling on the same day allowing the plaintiff to withdraw the lawsuit. | lawsuit and it has no impact on the Company's operations | | | |
| Shenzhen Dingxiang Investment Co., Ltd and Shenzhen United Equity Exchange Co., Ltd and the Company concluded a dispute over liability for negligence | 390 | No | The plaintiff sued the Company and the United Equity Exchange for the return of the 3.9-million-yuan deposit plus interest. The Company lost the case in the first-instance, and the court ruled that the Company needed to return the deposit and interest of 3.9 million yuan; The Company won the lawsuit in the second-instance, and upon the second-instance the court ruled to revoke the first-instance judgment and dismiss the plaintiff's claim. The plaintiff filed a retrial with the Guangdong Provincial High Court, which ruled on June 13, 2023 with rejection to Dingxiang Investment's application for retrial. | It has been implemented in accordance with the original second-instance judgment and it has no impact on the Company's operation. | It has been implemented in accordance with the original judgment of the second instance. | | Not applicable |
| Liu Guowei v. the Company Labor Dispute Case | 10 | No | The plaintiff requested the Company to pay the pension insurance for the period of 1989-1999 and to compensate 100,000 yuan. The case will be heard in Futian District Court on October 19, 2023. | It has no impact on the Company's operations | Yet not in session | | Not applicable |
| Shenzhen Chiming Electronics Co., Ltd v. Zhang Ziping and the Company housing lease contract dispute case | 7.37 | No | The plaintiff sued Zhang Ziping and the Company for rent reduction of 73,710 yuan, and demanded that Zhang Ziping returns the deposit of 31,200 yuan and pays liquidated damages of 30,000 yuan. The case will be heard in Futian District Court on August 23, 2023. | It has no impact on the Company's operations | Yet not in session | | Not applicable |

## IX. Punishments and rectifications

□ Applicable √ Not applicable

## X. Credit conditions of the Company as well as its controlling shareholder and actual controller

□ Applicable √ Not applicable

## XI.Material related transactions

### 1. Related transactions in connection with daily operation

☑Applicable □Not applicable

| Related parties | Relationship | Type of trade | Subjects of the related transactions | Principle of pricing the related transactions | Price of trade | Amount of trade(Ten thousand) | Ratio in similar trades | Trading limit approved (Ten thousand yuan) | Whether over the approved limited or not (Y/N) | Way of payment | Market price of similar trade available | Date of disclosure | Index of information disclosure |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hengmei Photoelectric | Other | Sell products and commodities to related persons | Sales of contract coating products | Based on market price | Market Price | 474.46 | 100.00% | 1,100 | No | T/T | 474.46 | August 24,2023 | www.cninfo.com.cn.Announcement No.:2023-024, August 24, 2023. |
| Hengmei Photoelectric | Other | Purchase of service | Procurement of | Based on market price | Market Price | 83.43 | 100.00% | 1,400 | No | T/T | 83.43 | August 24,2023 | www.cninfo.com.cn.Announcement No.:2023-024, August 24, 2023. |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | from the Related person | RTPOEM services | | | | | | | | | | |
| Hengmei Photoelectric | Other | Purchase of raw materials from the Related person | Buy optical film | Based on market price | Market Price | 368.07 | 100.00% | 1,500 | No | T/T | 368.07 | August 24,2023 | www.cninfo.com.cn.Announcement No.:2023-024, August 24, 2023. |
| Total | | | | -- | -- | 925.96 | -- | 4,000 | -- | -- | -- | -- | -- |
| Details of any sales return of a large amount | | | | | | | | | | | | | Not applicable |
| Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any) | | | | | | | | | | | | | Not applicable |
| Reason for any significant difference between the transaction price and the market reference price (if applicable) | | | | | | | | | | | | | Not applicable |

**2. Related-party transactions arising from asset acquisition or sold**

□Applicable √ Not applicable

No such cases in the reporting period.

**3. Related-party transitions with joint investments**

□Applicable √ Not applicable

No such cases in the reporting period.

**4. Credits and liabilities with related parties**

√ Applicable □ Not applicable

Does there exist non-operating current associated rights of credit and liabilities

□ Yes √No
No such cases in the reporting period.

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

□Applicable √ Not applicable
No such cases in the reporting period.

**6. Transactions with related finance company controlled by the Company**

□ Applicable √ Not applicable
No such cases in the reporting period.

**7. Other significant related-party transactions**

☑Applicable □Not applicable

The Company intends to purchase 100% of the equity of Hengmei Photoelectric by issuing shares and paying cash, and intends to raise matching funds from no more than 35 eligible specific objects by non-public offering of shares (hereinafter referred to as the "Transaction"). This transaction constitutes a related party transaction, which is expected to constitute a major asset restructuring, but does not constitute a restructuring listing, and this transaction will not lead to a change in the actual controller of the Company.

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

| Description of provisional announcement | Date of disclosing provisional announcement | Description of the website for disclosing provisional announcements |
|---|---|---|
| Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction | January 30,2023 | http://www.cninfo.com.cn |
| Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction | February 28,2023 | http://www.cninfo.com.cn |
| Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction | March 31,2023 | http://www.cninfo.com.cn |
| Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction | April 29,2023 | http://www.cninfo.com.cn |
| Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise | May 31,2023 | http://www.cninfo.com.cn |

| | | |
|---|---|---|
| Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction | | |
| Special explanation on being unable to issue notice of convening a shareholders' meeting within the specified period on the progress of issuing shares and paying cash to purchase assets and raise matching funds namely the related party transaction | June 28,2023 | http://www.cninfo.com.cn |
| Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction | July 28,2023 | http://www.cninfo.com.cn |

## XII. Significant contracts and execution

### 1.Entrustments, contracting and leasing

#### （1）Entrustment

□Applicable √ Not applicable

No such cases in the reporting period.

#### （2）Contracting

□Applicable √ Not applicable

No such cases in the reporting period.

#### （3）Leasing

□Applicable √ Not applicable

No such cases in the reporting period.

### 2.Significant Guarantees

√ Applicable □ Not applicable

In RMB10,000

| Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name of the Company | Relevant disclosure date/No. of the guaranteed amount | Amount of Guarantee | Date of happening (Date of signing agreement) | Actual mount of guarantee | Guarantee type | Guaranty（If any） | Counter-guarantee（If any） | Guarantee term | Complete implementation or not | Guarantee for associated parties (Yes or no) |
| Guarantee of the company for its subsidiaries | | | | | | | | | | |
| Name of the Company | Relevant disclosure date/No. of | Amount of Guarantee | Date of happening (Date of signing | Actual mount of guarantee | Guarantee type | Guaranty（If any） | Counter-guarantee（If any） | Guarantee term | Complete implementation | Guarantee for associated |

| | the guaranteed amount | | agreement) | | | | | | or not | parties (Yes or no) |
|---|---|---|---|---|---|---|---|---|---|---|
| SAPO Photoelectric | March 18,2020 | 48,000 | September 8,2020 | 39,391.47 | Guaranteeing of joint liabilities | | | Two years from the date of expiration of the principal debt | No | No |
| Total of guarantee for subsidiaries approved in the period(B1) | | 0 | | Total of actual guarantee for subsidiaries in the period (B2) | | 0 | | | | |
| Total of guarantee for subsidiaries approved at period-end(B3) | | 48,000 | | Total of actual guarantee for subsidiaries at period-end(B4) | | 39,391.47 | | | | |
| Guarantee of the subsidiaries for the controlling subsidiaries | | | | | | | | | | |
| Name of the Company | Relevant disclosure date/No. of the guaranteed amount | Amount of Guarantee | Date of happening (Date of signing agreement) | Actual mount of guarantee | Guarantee type | Guaranty（If any） | Counter-guarantee（If any） | Guarantee term | Complete implementation or not | Guarantee for associated parties (Yes or no) |
| The Company’s total guarantee(i.e. total of the first three main items) | | | | | | | | | | |
| Total guarantee quota approved in the reporting period （A1+B1+C1） | | 0 | | Total amount of guarantee actually incurred in the reporting period （A2+B2+C2） | | 0 | | | | |
| Total guarantee quota already approved at the end of the reporting period （A3+B3+C3） | | 48,000 | | Total balance of the actual guarantee at the end of the reporting period （A4+B4+C4） | | 39,391.47 | | | | |
| The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+B4+C4） % | | | | 13.80% | | | | | | |
| Including： | | | | | | | | | | |
| Amount of guarantee for shareholders, actual controller and its associated parties （D） | | | | 0 | | | | | | |
| The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly （E） | | | | 0 | | | | | | |
| Proportion of total amount of guarantee in net assets of the company exceed 50% （F） | | | | 0 | | | | | | |
| Total guarantee Amount of the abovementioned guarantees （D+E+F） | | | | 0 | | | | | | |

Description of the guarantee with complex method: None

**3. Situation of Entrusted Finance**

√ Applicable □Not applicable

In RMB10，000

| Specific type | Source of funds for entrusted financial management | The Occurred Amount of Entrusted Wealth-management | Undue balance | Amount overdue | Un-recovered of overdue amount |
|---|---|---|---|---|---|
| Bank financial products | Self fund | 40,000.00 | 45,000.00 | 0 | 0 |
| Other | Self fund | 8,180.77 | 15,641.32 | 0 | 0 |
| Total | | 48,180.77 | 60,641.32 | 0 | 0 |

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

√ Applicable □Not applicable

In RMB10,000

| Name of Trustee Organization (or Trustee Name) | Type of Trustee Organization(or Trustee) | Product Type | Amount | Capital Source | Start Date | Expiry Date | Funds Allocation | Method of Reward Determination | Reference Annualized Rate of Return | Expected Income (if any) | Actual profit and loss during the reporting period | The actual recovery of profit and loss during the reporting period | Amount of provision for impairment (if any) | Whether passed the statutory procedure | Whether there is any entrusted financial plan in the future | Summary of events and related search index (if any) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of China | Bank | Structural deposits | 25,000 | Self funds | January 9,2023 | July 7,2023 | money market instrument | A lump-sum payment when due | 3.40% | 416.85 | 0.00 | Not expir ed | | Yes | Not applicable | |
| Bank of Communication | Bank | Structural deposits | 15,000 | Self funds | January 9,2023 | July 12,2023 | money market instrument | A lump-sum payment when due | 3.36% | 254.07 | 0.00 | Not expir ed | | Yes | Not applicable | |
| Southern Fund Managemen | Funds | Monetary | 15,641.32 | Self funds | December 16,2022 | Long-term | Other | Redemption on T day, | 2.19% | 0.00 | 0.00 | Not expir ed | | Yes | Not applicable | |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| t Co., Ltd | | Fund | | | | | | arrival on T+1 day | | | | | | | | |
| Total | | | 55,641.32 | -- | -- | -- | -- | -- | -- | 670.92 | 0.00 | -- | | -- | -- | -- |

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

□ Applicable √ Not applicable

**4. Other significant contract**

□ Applicable √ Not applicable

**XIII. Explanation on other significant events**

√ Applicable □Not applicable

(I) Issue shares to purchase assets and raise supporting funds

According to the relevant regulations of Shenzhen Stock Exchange, upon the application of the company, the shares of the company were suspended from trading on the morning of December 19, 2022. On December 30, 2022, the company held the nineteenth meeting of the Eighth Board of Directors and the thirteenth meeting of the Eighth Board of Supervisors, and deliberated and passed the Proposal on the "Plan for Shenzhen Textile (Group) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction. The company's shares resumed trading on the morning of January 3, 2023. The Company intends to purchase 100% equity of Hengmei Photoelectric Co., Ltd. by issuing shares and paying cash, and at the same time, it plans to raise matching funds from non-public offering of shares to no more than 35 qualified specific targets (hereinafter referred to as "this transaction"). This transaction constitutes a related party transaction and is expected to constitute a major asset restructuring, but it does not constitute a restructuring and listing, nor will it lead to the change of the actual controller of the company. This transaction is conducive to the company's strong alliance in the polarizer industry, rapidly increasing the production scale of polarizers, optimizing the layout of industrial chain and deepening the depth of technical reserves, making the company move towards a new level of high-quality development. Meanwhile, this major asset restructuring is in line with the relevant development strategies of the country and Shenzhen, and has positive significance for ensuring the security of the national new display supply

Since the disclosure of the transaction plan, the Company and the relevant parties have actively promoted the audit, evaluation, due diligence and other work involved in this transaction. According to the requirements of relevant laws and regulations, the Company shall convene the meeting of the board of directors before June 30, 2023 to consider the draft restructuring report and issue a notice of convening a general meeting of shareholders. Since the validity period of the financial data of the target company of this transaction is about to expire, the intermediary intends to conduct additional audits and supplementary due diligence, and the Company still needs to communicate and negotiate the details of the transaction with the counterparty, there is uncertainty as to whether to adjust the restructuring plan, therefore the Company can not disclose the draft restructuring report plan and issue a notice of convening a general meeting of shareholders before June 30, 2023.After mutual consensus among all parties involved in the transaction, the Company will continue to advancethis transaction.

For details, please refer to the Company's Announcement No. 2023-29 on CNINF (http://www.cninfo.com.cn).

Presently, the Company is further communicating and negotiating the details of the transaction with the counterparty, and coordinating with various intermediaries to carry out additional audit, assessment and supplementary due diligence of the target company, as well as negotiating with the counterparty to determine the transaction plan and perform the state-owned assets approval procedures. Upon completion of the relevant work, the Company will reconvene the meeting of the Board of Directors to consider matters related to the transaction, and the date of the announcement of the resolution of the Board of Directors will be used as the pricing reference date for the shares to be issued for the transaction.

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

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

On July 26, 2021, the Company filed a complaint with the People's Court of Yantian District, Shenzhen City, Guangdong Province to revoke the approval of cancelation of Shenzhen Xieli Automobile Enterprise Co., Ltd by the Shenzhen Market Supervision and Administration Bureau. In November 2021, the court ruled to revoke the aforementioned approval of cancellation. Hong Kong Xieli Maintenance Company and Shenzhen Market Supervision and Administration Bureau were not satisfied and submitted appeal petitions to the Shenzhen Intermediate People's Court respectively. On June 28, 2022, the Shenzhen Intermediate People's Court ruled in the second instance: revoked the administrative judgment-No. 1883(2021) Yue 0308 Xingchuof the Yantian District People's Court of Shenzhen City, Guangdong Province, and remanded it to the Yantian District People's Court of Shenzhen City, Guangdong Province for a new trial.

After a new trial, the Yantian District People's Court ruled in favor of the Company on December 30, 2022, and revoked the administrative act of Shenzhen Xieli to cancel its registration. The third party in the original trial, Hong Kong Xieli Maintenance Company, was not satisfied and appealed to the Shenzhen Intermediate People's Court on January 10, 2023. Later, as Hong Kong Xieli Maintenance Company failed to pay the case acceptance fee in advance, the Shenzhen Intermediate People's Court issued the No. 387(2023) Yue 03 Xing Final Administrative Ruling, ruling that the appellant Hong Kong Xieli Maintenance Company in the case withdraws its appeal.

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

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

## XIV. Significant event of subsidiary of the Company

√ Applicable □ Not applicable

About the progress of the Company and its holding subsidiaries involved in litigation

In the above-mentioned lawsuits, concerning the dissolution dispute of SAPO Photoelectric and the dispute over shareholders' right to know, the People's Court of Pingshan District of Shenzhen City, Guangdong Province received the plaintiff's application for withdrawal on March 30, 2023, and made a ruling on April 6, 2023. The Company and SAPO Photoelectric have received the Civil Rulings of the above two cases, with the rulings as follows: The plaintiff's withdrawal of the lawsuit is a self-disposition of its right of action, which does not violate the law, does not harm the interests of the state, the collective and others, and it is allowed according to law.

For details, please refer to the Company's Announcement No. 2023-19 on CNINF (http://www.cninfo.com.cn).

In addition, on May 25, 2023, the People's Court of Pingshan District of Shenzhen City, Guangdong Province rendered a first-instance judgment in the above-mentioned dispute case over the confirmation of the validity of the resolution of SAPO Photoelectric, and the Company and SAPO Photoelectric have received the Civil Judgment of the above-mentioned case, with the judgment is as follows: all claims of the plaintiff Jinhang Fund are dismissed.

For details, please refer to the Company's Announcement No. 2023-28 on CNINF (http://www.cninfo.com.cn).

# VI. Change of share capital and shareholding of Principal Shareholders

## I. Changes in share capital

### 1. Changes in share capital

In shares

| | Before the change | | Increase/decrease (+, -) | | | | | After the Change | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | Proportion | Share allotment | Bonus shares | Capitalization of common reserve fund | Other | Subtotal | Quantity | Proportion |
| 1.Shares with conditional subscription | 72,000 | 0.01% | 0 | 0 | 0 | 0 | 0 | 72,000 | 0.01% |
| 1.State -owned shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 2. State-owned legal person shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 3.Other domestic shares | 72,000 | 0.01% | 0 | 0 | 0 | 0 | 0 | 72,000 | 0.00% |
| Incl：Domestic legal person shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| Domestic Natural Person shares | 72,000 | 0.01% | 0 | 0 | 0 | 0 | 0 | 72,000 | 0.01% |
| 4.Foreign share | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| Incl：Foreign legal person share | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| Foreign Natural Person shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| II.Shares with unconditional subscription | 506,449,849 | 99.99% | 0 | 0 | 0 | 0 | 0 | 506,449,849 | 99.99% |
| 1.Common shares in RMB | 457,021,849 | 90.23% | 0 | 0 | 0 | 0 | 0 | 457,021,849 | 90.23% |
| 2.Foreign shares in domestic market | 49,428,000 | 9.76% | 0 | 0 | 0 | 0 | 0 | 49,428,000 | 9.76% |
| 3. Foreign shares in foreign market | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 4.Other | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| III. Total of capital shares | 506,521,849 | 100.00% | 0 | 0 | 0 | 0 | 0 | 506,521,849 | 100.00% |

Reasons for share changed

□ Applicable √ Not applicable

Approval of Change of Shares

□Applicable √Not applicable

Ownership transfer of share changes

□Applicable √Not applicable

Progress on any share repurchase:

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

□ Applicable √Not applicable

**2. Change of shares with limited sales condition**

□ Applicable √Not applicable

**II. Securities issue and listing**

□ Applicable √Not applicable

**III. Number of shareholders and shareholding**

| Total number of common shareholders at the end of the reporting period | 27,717 | Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8) | | | | | 0 |
|---|---|---|---|---|---|---|---|
| Particulars about shares held above 5% by shareholders or top ten shareholders | | | | | | | |
| Shareholders | Nature of shareholder | Proportion of shares held (%) | Number of shares held at period -end | Changes in reporting period | Amount of restricted shares held | Amount of un-restricted shares held | Number of share pledged/frozen | |
| | | | | | | | State of share | Amount |
| Shenzhen Investment Holdings Co., Ltd. | State-owned legal person | 46.21% | 234,069,436 | 0 | 0 | 234,069,436 | | |
| Shenzhen Shenchao Technology Investment Co., Ltd. | State-owned Legal person | 3.18% | 16,129,032 | 0 | 0 | 16,129,032 | | |
| Sun Huiming | Domestic Nature person | 1.26% | 6,399,653 | 190,800 | 0 | 6,399,653 | | |
| Zhangzhou Xiaotian Venture Investment Co., Ltd. | Domestic Non-State-owned Legal person | 0.83% | 4,188,800 | 1,264,300 | 0 | 4,188,800 | | |
| Su Weipeng | Domestic Nature person | 0.71% | 3,580,000 | 0 | 0 | 3,580,000 | Pledge | 2,800,000 |
| Chen Xiaobao | Domestic Nature person | 0.60% | 3,056,484 | 27,000 | 0 | 3,056,484 | | |
| Chen Zhaoyao | Domestic Nature person | 0.59% | 2,990,300 | 2,990,300 | 0 | 2,990,300 | | |
| China Construction Bank Co., Ltd —Xinao new energy industry equity securities investment fund | Domestic Non-State-owned Legal person | 0.50% | 2,513,684 | 2,314,900 | 0 | 2,513,684 | | |
| Li Zengmao | Domestic Nature person | 0.48% | 2,428,297 | 203,900 | 0 | 2,428,297 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Peng Xun | Domestic Nature person | 0.33% | 1,652,800 | 293,100 | 0 | 1,652,800 | | |
| Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)（See Notes 3） | None | | | | | | | |
| Explanation on shareholders participating in the margin trading business | Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the company does not know whether there is an associated relationship among the top 10 ordinary shareholders, and between the top 10 ordinary shareholders and the top 10 shareholders, or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Company. | | | | | | | |
| Above shareholders entrusting or entrusted with voting rights, or waiving voting rights | None | | | | | | | |
| Top 10 shareholders including the special account for repurchase (if any) (see note 10) | None | | | | | | | |

| Shareholding of top 10 shareholders of unrestricted shares | | | |
|---|---|---|---|
| Name of the shareholder | Quantity of unrestricted shares held at the end of the reporting period | Share type | |
| | | Share type | Quantity |
| Shenzhen Investment Holdings Co., Ltd. | 234,069,436 | Common shares in RMB | 234,069,436 |
| Shenzhen Shenchao Technology Investment Co., Ltd. | 16,129,032 | Common shares in RMB | 16,129,032 |
| Sun Huiming | 6,399,653 | Foreign shares in domestic market | 6,399,653 |
| Zhangzhou Xiaotian Venture Investment Co., Ltd. | 4,188,800 | Common shares in RMB | 4,188,800 |
| Su Weipeng | 3,580,000 | Common shares in RMB | 3,580,000 |
| Chen Xiaobao | 3,056,484 | Common shares in RMB | 3,056,484 |
| Chen Zhaoyao | 2,990,300 | Common shares in RMB | 2,990,300 |
| China Construction Bank Co., Ltd－Xinao new energy industry equity securities investment fund | 2,513,684 | Common shares in RMB | 2,513,684 |
| Li Zengmao | 2,428,297 | Common shares in RMB | 2,428,297 |
| Peng Xun | 1,652,800 | Common shares in RMB | 1,652,800 |
| Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders | Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the company does not know whether there is an associated relationship among the top 10 ordinary shareholders, and between the top 10 ordinary shareholders and the top 10 shareholders, or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Company. | | |
| Explanation on shareholders participating in the margin trading business(if any )(See Notes 4) | None | | |

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

□ Yes √ No

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

## IV. Changes in shareholdings of directors, supervisors and executive officers

□ Applicable √Not applicable
There was no change in shareholding of directors, supervisors and senior management staffs, for the specific information please refer to the 2022 Annual Report

## V. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period
□ Applicable √ Not Applicable
There was no any change of the controlling shareholder of the Company in the reporting period.
Change of the actual controller in the reporting period
□ Applicable √ Not applicable
There was no any change of the actual controller of the Company in the reporting period.

# VIII. Situation of the Preferred Shares

□Applicable √Not applicable

The Company had no preferred shares in the reporting period

# IX. Corporate Bond

□Applicable √Not applicable

# X. Financial Report

## I. Audit report

Has this semi-annual report been audited?

□ Yes √ No

The semi-annual financial report has not been audited.

### II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

### 1. Consolidated balance sheet

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

June 30,2023

In RMB

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

| | | |
|---|---|---|
| Long term share equity investment | 132,425,526.41 | 134,481,835.74 |
| Other equity instruments investment | 167,678,283.27 | 167,678,283.27 |
| Other non-current financial assets | | |
| Real estate investment | 121,971,877.49 | 126,315,834.76 |
| Fixed assets | 2,133,290,574.66 | 2,240,221,656.36 |
| Construction in progress | 36,543,522.56 | 38,061,619.60 |
| Production physical assets | | |
| Oil & gas assets | | |
| Use right assets | 16,680,916.70 | 15,365,393.88 |
| Intangible assets | 41,720,496.23 | 44,192,571.95 |
| Development expenses | | |
| Goodwill | | |
| Long-germ expenses to be amortized | 3,459,965.93 | 4,470,957.79 |
| Deferred income tax asset | 68,718,492.58 | 69,823,814.29 |
| Other non-current asset | 40,252,375.73 | 42,553,016.47 |
| Total of non-current assets | 2,762,742,031.56 | 2,883,164,984.11 |
| Total of assets | 5,672,845,637.91 | 5,617,137,367.90 |
| Current liabilities | | |
| Short-term loans | 8,000,000.00 | 7,000,000.00 |
| Loan from Central Bank | | |
| Borrowing funds | | |
| Transactional financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | 15,284,993.54 | |
| Account payable | 437,489,166.07 | 327,049,873.70 |
| Advance receipts | 1,164,665.15 | 1,393,344.99 |
| Contract liabilities | 4,975,276.30 | 4,274,109.40 |
| Selling of repurchased financial assets | | |
| Deposit taking and interbank deposit | | |
| Entrusted trading of securities | | |
| Entrusted selling of securities | | |
| Employees' wage payable | 57,267,795.28 | 61,166,444.90 |
| Tax payable | 6,033,241.05 | 8,897,312.51 |
| Other account payable | 187,021,282.45 | 197,345,455.37 |
| Including：Interest payable | | |
| Dividend payable | | |
| Fees and commissions payable | | |
| Reinsurance fee payable | | |
| Liabilities held for sales | | |
| Non-current liability due within 1 year | 107,490,031.64 | 104,183,438.22 |
| Other current liability | 74,149,887.64 | 92,945,741.78 |
| Total of current liability | 898,876,339.12 | 804,255,720.87 |
| Non-current liabilities： | | |
| Reserve fund for insurance contracts | | |
| Long-term loan | 557,148,599.34 | 607,421,585.00 |
| Bond payable | | |
| Including：preferred stock | | |
| Sustainable debt | | |
| Lease liability | 10,357,763.45 | 8,628,672.71 |
| Long-term payable | | |
| Long-term remuneration payable to staff | | |
| Expected liabilities | | |
| Deferred income | 104,754,078.27 | 117,814,796.10 |
| Deferred income tax liability | 48,518,353.82 | 47,974,267.80 |
| Other non-current liabilities | | |
| Total non-current liabilities | 720,778,794.88 | 781,839,321.61 |

| | | |
|---|---|---|
| Total of liability | 1,619,655,134.00 | 1,586,095,042.48 |
| Owners' equity | | |
| Share capital | 506,521,849.00 | 506,521,849.00 |
| Other equity instruments | | |
| Including：preferred stock | | |
| Sustainable debt | | |
| Capital reserves | 1,961,599,824.63 | 1,961,599,824.63 |
| Less：Shares in stock | | |
| Other comprehensive income | 109,830,200.11 | 109,596,609.31 |
| Special reserve | | |
| Surplus reserves | 100,909,661.32 | 100,909,661.32 |
| Common risk provision | | |
| Retained profit | 176,552,462.98 | 170,636,610.95 |
| Total of owner's equity belong to the parent company | 2,855,413,998.04 | 2,849,264,555.21 |
| Minority shareholders' equity | 1,197,776,505.87 | 1,181,777,770.21 |
| Total of owners' equity | 4,053,190,503.91 | 4,031,042,325.42 |
| Total of liabilities and owners' equity | 5,672,845,637.91 | 5,617,137,367.90 |

Legal Representative: Yin Kefei

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

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

**2.Parent Company Balance Sheet**

In RMB

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

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

## 3.Consolidated Income statement

In RMB

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

| | | |
|---|---|---|
| assets | | |
| 2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss. | | |
| 3. Changes in the fair value of investments in other equity instruments | | |
| 4. Changes in the fair value of the company's credit risks | | |
| 5.Other | | |
| (II) Other comprehensive income that will be reclassified into profit or loss. | 233,590.80 | 75,756.02 |
| 1.Other comprehensive income under the equity method investee can be reclassified into profit or loss. | | |
| 2. Changes in the fair value of investments in other debt obligations | 178,640.10 | |
| 3. Other comprehensive income arising from the reclassification of financial assets | | |
| 4.Allowance for credit impairments in investments in other debt obligations | | |
| 5. Reserve for cash flow hedges | | |
| 6.Translation differences in currency financial statements | 54,950.70 | 75,756.02 |
| 7.Other | | |
| Net of profit of other comprehensive income attributable to Minority shareholders' equity | 119,093.40 | |
| VII. Total comprehensive income | 52,539,489.43 | 70,180,466.90 |
| Total comprehensive income attributable to the owner of the parent company | 36,540,753.77 | 42,509,281.12 |
| Total comprehensive income attributable minority shareholders | 15,998,735.66 | 27,671,185.78 |
| VIII. Earnings per share | | |
| (I) Basic earnings per share | 0.0717 | 0.0838 |
| (II)Diluted earnings per share | 0.0717 | 0.0838 |

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

Legal Representative: Yin Kefei

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

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

### 4. Income statement of the Parent Company

In RMB

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

| | | |
|---|---|---|
| Assets disposal income | | |
| II. Operational profit（"-"for loss） | 18,119,161.75 | 5,921,647.53 |
| Add ：Non-operational income | | |
| Less：Non -operational expenses | 263.13 | 100,000.00 |
| III. Total profit("-"for loss) | 18,118,898.62 | 5,821,647.53 |
| Less：Income tax expenses | 4,446,788.74 | 262,406.66 |
| IV. Net profit | 13,672,109.88 | 5,559,240.87 |
| 1.Net continuing operating profit | 13,672,109.88 | 5,559,240.87 |
| 2.Termination of operating net profit | | |
| V. Net after-tax of other comprehensive income | 54,950.70 | 75,756.02 |
| （I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period | | |
| 1.Re-measurement of defined benefit plans of changes in net debt or net assets | | |
| 2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss. | | |
| 3. Changes in the fair value of investments in other equity instruments | | |
| 4. Changes in the fair value of the company's credit risks | | |
| 5.Other | | |
| (II)Other comprehensive income that will be reclassified into profit or loss | 54,950.70 | 75,756.02 |
| 1.Other comprehensive income under the equity method investee can be reclassified into profit or loss. | | |
| 2. Changes in the fair value of investments in other debt obligations | | |
| 3. Other comprehensive income arising from the reclassification of financial assets | | |
| 4.Allowance for credit impairments in investments in other debt obligations | | |
| 5. Reserve for cash flow hedges | | |
| 6.Translation differences in currency financial statements | 54,950.70 | 75,756.02 |
| 7.Other | | |
| VI. Total comprehensive income | 13,727,060.58 | 5,634,996.89 |
| VII. Earnings per share | | |
| （I）Basic earnings per share | | |
| (II)Diluted earnings per share | | |

## 5. Consolidated Cash flow statement

In RMB

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

| | | |
|---|---|---|
| Cash paid for original contract claim | 0.00 | 0.00 |
| Net increase in financial assets held for trading purposes | 0.00 | 0.00 |
| Net increase for Outgoing call loan | 0.00 | 0.00 |
| Cash paid for interest, processing fee and commission | 0.00 | 0.00 |
| Cash paid to staffs or paid for staffs | 132,029,182.07 | 132,733,244.30 |
| Taxes paid | 25,728,838.24 | 139,777,733.09 |
| Other cash paid for business activities | 78,092,678.49 | 49,204,337.24 |
| Sub-total of cash outflow from business activities | 1,355,416,762.93 | 1,547,241,698.71 |
| Net cash generated from /used in operating activities | 14,402,973.60 | 79,438,234.59 |
| II. Cash flow generated by investing | | |
| Cash received from investment retrieving | | |
| Cash received as investment gains | 1,456,000.00 | 2,636,054.80 |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 7,050.00 | 2,776.70 |
| Net cash received from disposal of subsidiaries or other operational units | 0.00 | 0.00 |
| Other investment-related cash received | 195,000,000.00 | 635,000,000.00 |
| Sub-total of cash inflow due to investment activities | 196,463,050.00 | 637,638,831.50 |
| Cash paid for construction of fixed assets, intangible assets and other long-term assets | 13,286,475.07 | 31,252,419.31 |
| Cash paid as investment | 0.00 | 0.00 |
| Net increase of loan against pledge | 0.00 | 0.00 |
| Net cash received from subsidiaries and other operational units | 0.00 | 0.00 |
| Other cash paid for investment activities | 631,537,000.00 | 650,000,001.00 |
| Sub-total of cash outflow due to investment activities | 644,823,475.07 | 681,252,420.31 |
| Net cash flow generated by investment | -448,360,425.07 | -43,613,588.81 |
| III.Cash flow generated by financing | | |
| Cash received as investment | | |
| Including: Cash received as investment from minor shareholders | | |
| Cash received as loans | 3,000,000.00 | 50,572,000.00 |
| Other financing –related cash received | 0.00 | 0.00 |
| Sub-total of cash inflow from financing activities | 3,000,000.00 | 50,572,000.00 |
| Cash to repay debts | 49,284,364.34 | 0.00 |
| Cash paid as dividend, profit, or interests | 44,088,760.65 | 40,857,882.81 |
| Including: Dividend and profit paid by subsidiaries to minor shareholders | 0.00 | 0.00 |
| Other cash paid for financing activities | 4,141,770.57 | 0.00 |
| Sub-total of cash outflow due to financing activities | 97,514,895.56 | 40,857,882.81 |
| Net cash flow generated by financing | -94,514,895.56 | 9,714,117.19 |
| IV. Influence of exchange rate alternation on cash and cash equivalents | -318,751.44 | 713,784.26 |
| V.Net increase of cash and cash equivalents | -528,791,098.47 | 46,252,547.23 |
| Add: balance of cash and cash equivalents at the beginning of term | 874,474,834.46 | 302,408,433.72 |
| VI ..Balance of cash and cash equivalents at the end of term | 345,683,735.99 | 348,660,980.95 |

## 6. Cash Flow Statement of the Parent Company

In RMB

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

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

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

Amount in this period

In RMB

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

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | debt | | | | | | | | | | | | |
| I .Balance at the end of last year | 506,521,849.00 | | | | 1,961,599,824.63 | | 109,596,609.31 | | 100,909,661.32 | | 170,636,610.95 | | 2,849,264,555.21 | 1,181,777,770.21 | 4,031,042,325.42 |
| Add: Change of accounting policy | | | | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | | | | |
| Merger of entities under common control | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | |
| II. Balance at the beginning of current year | 506,521,849.00 | | | | 1,961,599,824.63 | | 109,596,609.31 | | 100,909,661.32 | | 170,636,610.95 | | 2,849,264,555.21 | 1,181,777,770.21 | 4,031,042,325.42 |
| III .Changed in the current year | | | | | | | 233,590.80 | | | | 5,915,852.03 | | 6,149,442.83 | 15,998,735.66 | 22,148,178.49 |
| （1）Total comprehensive income | | | | | | | 233,590.80 | | | | 36,307,162.97 | | 36,540,753.77 | 15,998,735.66 | 52,539,489.43 |
| （II）Investment or decreasing of capital by owners | | | | | | | | | | | | | | | |
| 1．Ordinary Shares invested by shareholders | | | | | | | | | | | | | | | |
| 2．Holders of other equity instruments invested capital | | | | | | | | | | | | | | | |
| 3．Amount of shares paid and accounted as owners' equity | | | | | | | | | | | | | | | |
| 4．Other | | | | | | | | | | | | | | | |
| （III）Profit allotment | | | | | | | | | | | -30,391,310.94 | | -30,391,310.94 | | -30,391,310.94 |
| 1.Providing of surplus reserves | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2.Providing of common risk provisions | | | | | | | | | | | | | | | |
| 3．Allotment to the owners (or shareholders) | | | | | | | | | | | -30,391,310.94 | | -30,391,310.94 | | -30,391,310.94 |
| 4．Other | | | | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | | | | |
| 3．Making up losses by surplus reserves. | | | | | | | | | | | | | | | |
| 4.Change amount of defined benefit plans that carry forward Retained earnings | | | | | | | | | | | | | | | |
| 5．Other comprehensive income carry-over retained earnings | | | | | | | | | | | | | | | |
| 6．Other | | | | | | | | | | | | | | | |
| (V). Special reserves | | | | | | | | | | | | | | | |
| 1. Provided this year | | | | | | | | | | | | | | | |
| 2．Used this term | | | | | | | | | | | | | | | |
| （VI）Other | | | | | | | | | | | | | | | |
| IV. Balance at the end of this term | 506,521,849.00 | | | | 1,961,599,824.63 | | 109,830,200.11 | | 100,909,661.32 | | 176,552,462.98 | | 2,855,413,998.04 | 1,197,776,505.87 | 4,053,190,503.91 |

Amount in last year

In RMB

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

| | Capital | Preferred stock | Sustainable debt | Other | reserves | Shares in stock | Comprehensive Income | zed reserve | reserves | on risk provision | profit | | | eholders' equity | ers' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| I .Balance at the end of last year | 506,521,849.00 | | | | 1,961,599,824.63 | | 119,682,119.05 | | 98,245,845.47 | | 130,746,251.74 | | 2,816,795,889.89 | 1,147,033,357.18 | 3,963,829,247.07 |
| Add: Change of accounting policy | | | | | | | | | | | | | 0.00 | | |
| Correcting of previous errors | | | | | | | | | | | | | 0.00 | | |
| Merger of entities under common control | | | | | | | | | | | | | 0.00 | | |
| Other | | | | | | | | | | | | | 0.00 | | |
| II.Balance at the beginning of current year | 506,521,849.00 | | | | 1,961,599,824.63 | | 119,682,119.05 | | 98,245,845.47 | | 130,746,251.74 | | 2,816,795,889.89 | 1,147,033,357.18 | 3,963,829,247.07 |
| III .Changed in the current year | | | | | | | 75,756.02 | | | | 17,107,432.65 | | 17,183,188.67 | 27,671,185.78 | 44,854,374.45 |
| （1）Total comprehensive income | | | | | | | 75,756.02 | | | | 42,433,525.10 | | 42,509,281.12 | 27,671,185.78 | 70,180,466.90 |
| （II）Investment or decreasing of capital by owners | | | | | | | | | | | | | 0.00 | | |
| 1．Ordinary Shares invested by shareholders | | | | | | | | | | | | | 0.00 | | |
| 2．Holders of other equity instruments invested capital | | | | | | | | | | | | | 0.00 | | |
| 3．Amount of shares paid and accounted as owners' equity | | | | | | | | | | | | | 0.00 | | |
| 4．Other | | | | | | | | | | | | | 0.00 | | |
| （III）Profit allotment | | | | | | | | | | | -25,326,092.45 | | -25,326,092.45 | | -25,326,092.45 |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1.Providing of surplus reserves | | | | | | | | | | | | | | | |
| 2.Providing of common risk provisions | | | | | | | | | | | | | | | |
| 3．Allotment to the owners (or shareholders) | | | | | | | | | | | -25,326,092.45 | | -25,326,092.45 | | -25,326,092.45 |
| 4．Other | | | | | | | | | | | | | 0.00 | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | | 0.00 | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | 0.00 | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | | 0.00 | | |
| 3．Making up losses by surplus reserves. | | | | | | | | | | | | | 0.00 | | |
| 4.Change amount of defined benefit plans that carry forward Retained earnings | | | | | | | | | | | | | 0.00 | | |
| 5．Other comprehensive income carry-over retained earnings | | | | | | | | | | | | | 0.00 | | |
| 6．Other | | | | | | | | | | | | | 0.00 | | |
| (V). Special reserves | | | | | | | | | | | | | 0.00 | | |
| 1. Provided this year | | | | | | | | | | | | | 0.00 | | |
| 2．Used this term | | | | | | | | | | | | | 0.00 | | |
| （VI）Other | | | | | | | | | | | | | 0.00 | | |
| IV. Balance at the end of this term | 506,521,849.00 | | | | 1,961,599,824.63 | | 119,757,875.07 | | 98,245,845.47 | | 147,853,684.39 | | 2,833,979,078.56 | 1,174,704,542.96 | 4,008,683,621.52 |

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

Amount in this period

In RMB

| Items | The first half year of 2023 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other Equity instrument | | | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Retained profit | Other | Total of owners' equity |
| | | Preferred stock | Sustainable debt | Other | | | | | | | | |
| I.Balance at the end of last year | 506,521,849.00 | | | | 1,577,392,975.96 | | 98,855,668.75 | | 100,909,661.32 | 689,527,368.58 | | 2,973,207,523.61 |
| Add: Change of accounting policy | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | |
| Other | | | | | | | | | | | | |
| II. Balance at the beginning of current year | 506,521,849.00 | | | | 1,577,392,975.96 | | 98,855,668.75 | | 100,909,661.32 | 689,527,368.58 | | 2,973,207,523.61 |
| III .Changed in the current year | | | | | | | 54,950.70 | | | -16,719,201.06 | | -16,664,250.36 |
| （I）Total comprehensive income | | | | | | | 54,950.70 | | | 13,672,109.88 | | 13,727,060.58 |
| (II) Investment or decreasing of capital by owners | | | | | | | | | | | | |
| 1．Ordinary Shares invested by shareholders | | | | | | | | | | | | |
| 2．Holders of other equity instruments invested capital | | | | | | | | | | | | |
| 3.Amount of shares paid and accounted as owners' equity | | | | | | | | | | | | |
| 4．Other | | | | | | | | | | | | |
| （III）Profit allotment | | | | | | | | | | -30,391,310. | | -30,391,310. |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 94 | | 94 |
| 1.Providing of surplus reserves | | | | | | | | | | | | |
| 2．Allotment to the owners (or shareholders) | | | | | | | | | | -30,391,310.94 | | -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.Change amount of defined benefit plans that carry forward Retained earnings | | | | | | | | | | | | |
| 5．Other comprehensive income carry-over retained earnings | | | | | | | | | | | | |
| 6．Other | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | | | | | |
| 1. Provided this year | | | | | | | | | | | | |
| 2．Used this term | | | | | | | | | | | | |
| （VI）Other | | | | | | | | | | | | |
| IV. Balance at the end of this term | 506,521,849.00 | | | | 1,577,392,975.96 | | 98,910,619.45 | | 100,909,661.32 | 672,808,167.52 | | 2,956,543,273.25 |

Amount in last year

In RMB

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

| | | | debt | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| I.Balance at the end of last year | 506,521,849.00 | | | | 1,577,392,975.96 | | 108,762,538.39 | | 98,245,845.47 | 690,879,118.40 | | 2,981,802,327.22 |
| Add: Change of accounting policy | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | |
| Other | | | | | | | | | | | | |
| II. Balance at the beginning of current year | 506,521,849.00 | | | | 1,577,392,975.96 | | 108,762,538.39 | | 98,245,845.47 | 690,879,118.40 | | 2,981,802,327.22 |
| III. Changed in the current year | | | | | | | 75,756.02 | | | -19,766,851.58 | | -19,691,095.56 |
| (I) Total comprehensive income | | | | | | | 75,756.02 | | | 5,559,240.87 | | 5,634,996.89 |
| (II) Investment or decreasing of capital by owners | | | | | | | | | | | | |
| 1．Ordinary Shares invested by shareholders | | | | | | | | | | | | |
| 2．Holders of other equity instruments invested capital | | | | | | | | | | | | |
| 3.Amount of shares paid and accounted as owners' equity | | | | | | | | | | | | |
| 4．Other | | | | | | | | | | | | |
| （III）Profit allotment | | | | | | | | | | -25,326,092.45 | | -25,326,092.45 |
| 1.Providing of surplus reserves | | | | | | | | | | | | |
| 2．Allotment to the owners (or shareholders) | | | | | | | | | | -25,326,092.45 | | -25,326,092.45 |
| 3．Other | | | | | | | | | | | | |
| (IV) Internal transferring | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| of owners' equity | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | |
| 3．Making up losses by surplus reserves. | | | | | | | | | | | | |
| 4.Change amount of defined benefit plans that carry forward Retained earnings | | | | | | | | | | | | |
| 5．Other comprehensive income carry-over retained earnings | | | | | | | | | | | | |
| 6．Other | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | | | | | |
| 1. Provided this year | | | | | | | | | | | | |
| 2．Used this term | | | | | | | | | | | | |
| （VI）Other | | | | | | | | | | | | |
| IV. Balance at the end of this term | 506,521,849.00 | | | | 1,577,392,975.96 | | 108,838,294.41 | | 98,245,845.47 | 671,112,266.82 | | 2,962,111,231.66 |

## III. Basic Information of the Company

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

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

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

## IV.Basis for the preparation of financial statements

### （1） Basis for the preparation

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

### (2) Continuous operation

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

### (3) Bookkeeping basis and pricing principle

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

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

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

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

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

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

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

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

## V. Important accounting policies and accounting estimates

**1.Statement of compliance with accounting standards for business enterprises**

The financial report prepared by the Company complies with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflects the consolidated and parent financial position of the Company as of June 30, 2023 and the consolidated and parent operating results, the consolidated and parent shareholders' equity changes and the consolidated and parent cash flows for the first half 2023.

**2. Accounting period**

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

**3.Business cycle**

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

**4. The base currency of account**

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

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

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

**（1） Business combinations under common control**

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

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

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

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

**（2）Business combinations and goodwill under non-common control**

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

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

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

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

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

**6. Methodology for the preparation of consolidated financial statement**

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

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

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

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

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

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

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

The shares of the subsidiary's ownership interest that are not part of the parent company are shown as minority interests under the item "minority interests" under the item on shareholders' 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 to the parent company is adjusted to reflect their change in the relevant interest in the subsidiary. The difference between the adjustment of minority interests and the fair value of the consideration paid/received is adjusted to the capital reserve, and if the capital reserve is insufficient to offset it, then it's adjusted to the retained earnings.

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

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

The Group's investments in joint ventures are accounted by using the equity method, please see Note (X)5 , 22"Long-term equity investments ".(3) Subsequent measurement and profit and loss recognition method 2) Long-term equity investment calculated by the equity method ".

**8. Standards for determining cash and cash equivalents**

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

**9.Foreign currency transactions and translation of foreign currency statements**

**（1） Foreign Currency Business**

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

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

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

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

**（2）Translation of Foreign Currency Financial Statements**

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

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

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

Where the Group 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.

**10.Financial instruments**

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

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

Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value and changes in which are recorded in profit or loss for the period, the related transaction costs are recognized directly in profit or loss for the period; For other categories of financial assets and financial liabilities, the related transaction costs are included in the initial recognition amount. Where the Group initially recognizes accounts receivable that do not contain a material financing component or do not take into account the financing component in a contract not older than one year in accordance with No. 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).

**（1）Classification, recognition and measurement of financial assets**

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

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

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

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

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

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

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

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

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

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

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

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

1）Financial assets measured at amortized cost

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

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

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

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

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

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

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

**（2）Impairment of Financial Instruments**

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

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

1）Significant increase in credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2）Financial assets that have undergone credit impairment

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

a) significant financial difficulties of the issuer or debtor;
b) Breach of contract by the debtor, such as default or delay in payment of interest or principal;
c) The creditor gives the debtor concessions under economic or contractual considerations relating to the debtor's financial difficulties that would not have been made under any other circumstances;
d) The debtor is likely to go bankrupt or undergo other financial restructuring;
e) The financial difficulties of the issuer or debtor that result in the disappearance of an active market for that financial asset;

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

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

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

3）Determination of Expected Credit Loss

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

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

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

4）Write-down of Financial Assets

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

**（3）Transfer of Financial Assets**

Financial assets that meet one of the following conditions are derecognized: (1) the contractual right to receive cash flows from the financial asset is terminated; (2) the financial asset has been transferred and substantially all of the risks and rewards in the ownership of the financial asset have been transferred to the transferring party; (3) the financial asset has been transferred, and although the Group has neither transferred nor retained substantially all of the risks and rewards in the ownership of the financial asset, it has not retained control over the financial asset.

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

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

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

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

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

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

**（4）Classification of financial liabilities and equity instruments**

The Group classifies the financial instruments or their components as financial liabilities or equity instruments at initial recognition according to the contract terms of the financial instruments issued and their economic essence, not just in legal form, combined with the definitions of financial liabilities and equity instruments.

1) Classification, recognition and measurement of financial liabilities

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

① Financial liabilities measured at fair value and whose changes are included in the current profits and losses

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

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

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

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

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

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

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

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

② Other financial liabilities

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

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

2) Derecognition of financial liabilities

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

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

3) Equity instruments

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

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

**（5）Offset of financial assets and financial liabilities**

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

**11. Notes receivable**

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

**12. Accounts receivable**

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

**13. Receivable financing**

For notes receivable classified as at fair value and whose changes are included in other comprehensive income, the part with a term of one year (including one year) from the date of acquisition is listed as receivable financing; the part with a term of more than one year from the date of acquisition is listed as other creditor's right investment. See Note (X) 5 "Financial Instruments" for relevant accounting policies.

**14.Other account receivable**

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

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

**15. Inventory**

**（1） Classification of inventory**

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

**（2） Valuation method of issued inventory**

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

**（3） Determination basis of net realizable value of inventory**

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

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

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

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

**（4） Inventory system**

The inventory system is perpetual inventory system.

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

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

**16.Contract assets**

None

**17.Contract Cost**

None

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

None

**19.Creditor's rights investment**

None

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

None

**21.Long-term account receivable**

None

**22. Long-term equity investment**

**（1）Criteria for joint control and important influence**

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

**（2）Determination of initial investment cost**

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

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

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

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

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

1) Long-term equity investment calculated by cost method

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

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

2) Long-term equity investment calculated by equity method

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

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

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

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

**（4）Disposal of long-term equity investment**

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

If the Group loses control of the investee due to the disposal of part of its equity investment, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee in the preparation of individual financial statements, it shall be accounted for by the equity method instead, and the remaining equity shall be treated as if it were adjusted by the equity method at the time of acquisition; If the remaining equity after disposal cannot be jointly controlled or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of the standards for the recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of control loss shall be included in the current profits and losses. For other comprehensive income recognized by the Group before it gains control of the investee, when it loses control of the investee, it shall be treated on the same basis as the direct disposal of related assets or liabilities by the investee. Changes in owners' equity in the net assets of the investee, except net profit and loss, other comprehensive income and profit distribution, shall be carried forward to current profits and losses when it loses control of the investee. If the remaining equity after disposal is accounted by the equity method, other comprehensive income and other owners' equity will be carried forward in proportion; If the remaining equity after disposal is changed to accounting treatment according to the recognition and measurement standards of financial instruments, all other comprehensive income and other owners' equity will be carried forward.

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

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

**23. Investment real estate**

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

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

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

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

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

**24. Fixed assets**

**（1） Recognition conditions**

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

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

**（2） Depreciation method**

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

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

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

**（3）Other instructions**

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

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

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

None

**25. Construction in progress**

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

**26. Borrowing costs**

Borrowing costs that can be directly attributed to the purchase, construction or production of assets that meet the capitalization conditions will be capitalized when the asset expenditure has occurred, the borrowing costs have occurred, and the necessary purchase, construction or production activities to make the assets reach the predetermined serviceable or saleable state have begun; Capitalization shall stop when the assets that meet the capitalization conditions purchased, constructed or produced reach the predetermined serviceable state or saleable state. The remaining borrowing costs are recognized as expenses in the current period.

**27.Biological Assets**

None

**28.Oil & Gas assets**

None

**29. Right to use assets**

None

**30. Intangible assets**

**（1） Valuation method, service life and impairment test of intangible assets**

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

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

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

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

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

**（2） Internal R&D expenditure**

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

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

(1) It is technically feasible to complete the intangible assets so that they can be used or sold;

(2) Having the intention to complete the intangible assets and use or sell them;

(3) The ways in which intangible assets generate economic benefits, including the ability to prove that the products produced by using the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;

(4) Having sufficient technical, financial and other resources to support the development of the intangible assets, and having the ability to use or sell the intangible assets;

(5) Expenditure attributable to the development stage of the intangible assets can be reliably measured.

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

**31. Long-term asset impairment**

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

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

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

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

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

**32. Long-term deferred expenses**

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

**33. Contractual liabilities**

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

**34. Employee Remuneration**

**（1） Accounting treatment method of short-term Remuneration**

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

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

**（2）Accounting treatment of post-employment benefits**

Post-employment benefits are all defined contribution plans.

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

**（3） Accounting treatment of dismissal benefits**

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

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

None

**35.Lease liabilities**

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

**36. Estimated Liabilities**

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

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

**37. Share-based payment**

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

**（1）Equity-settled share-based payment**

Equity-settled share-based payment granted to employees

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

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

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

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

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

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

None

**39. Revenue**

Accounting policies adopted in income recognition and measurement

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

(1) Polarizer sales;

(2) Textile sales;

(3) Property leasing and management;

(4) Other business.

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

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

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

For sales with return clauses, when the customer obtains the control right of the relevant goods, the Group recognizes the income according to the amount of consideration expected to be charged due to the transfer of goods to the customer (that is, excluding the amount expected to be refunded due to sales return), and recognizes the liabilities according to the amount expected to be refunded due to sales return; At the same time, according to the book value of the expected returned goods at the time of transfer, the balance after deducting the expected cost of recovering the goods (including the loss of the value of the returned goods) is recognized as an asset, and the net carry-over cost of the above assets is deducted according to the book value of the transferred goods at the time of transfer.

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

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

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

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

**40. Government subsidies**

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

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

**（1）Judgment basis and accounting treatment method of government subsidies related to assets**

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

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

**（2）Judgment basis and accounting treatment method of government subsidies related to income**

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

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

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

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

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

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

**（1）Current income tax**

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

**（2）Deferred income tax assets and deferred income tax liabilities**

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

In general, all temporary differences are recognized as related deferred income tax. However, for deductible temporary differences, the Group recognizes related deferred income tax assets to the extent that it is likely to obtain taxable income to offset the deductible temporary differences. In addition, for the temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business merger nor affect accounting profits and taxable income (or deductible losses), the relevant deferred income tax assets or liabilities are not recognized.

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

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

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

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

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

**（3）Offset of income tax**

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

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

**42. Lease**

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

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

**（1）The Group as the lessee**

1）Split of lease

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

2）Right-to-use assets

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

Initial measurement amount of lease liabilities;

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

· Initial direct expenses incurred by the Group;

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

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

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

3）Lease liabilities

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

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

· Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;

· Variable lease payment amount depending on index or ratio;

· The exercise price of the option reasonably determined by the Group to be exercised;

· The amount to be paid to terminate the lease when the lease term reflects that the Group will exercise the option;

· The amount expected to be paid according to the residual value of the guarantee provided by the Group.

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

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

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

· If the estimated payable amount according to the guarantee residual value or the index or proportion used to determine the lease payment changes, the Group will re-measure the lease liabilities according to the present value calculated by the changed lease payment amount and the original discount rate.

4）Short-term lease

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

5）Lease change

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

· The lease change expands the lease scope by increasing the right to use one or more leased assets;

· The increased consideration is equivalent to the individual price of the expanded part of the lease scope adjusted according to the contract situation.

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

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

6）Policy-related rent concession

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

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

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

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

For short-term leases with simplified treatment, the Group continues to include the original contract rent in the relevant asset cost or expense in the same way as before concession. In case of rent reduction, the Group regards the reduced rent as a variable lease payment, and offsets the cost or expense of related assets during the reduction period; If the payment of rent is delayed, the Group will recognize the rent payable as payable in the original payment period, and offset the payable recognized in the previous period when actually paying.

**（2）The Group as the lessor**

1）Split of lease

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

2）Classification of lease

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

①The Group as a lessor records the operating lease business

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

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

**（3）Lease change**

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

**（4）Policy-related rent concession**

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

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

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

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

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

None

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

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

- □ Applicable √ Applicable

**（2） Changes in accounting estimates**

□ Applicable √ Applicable

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

□ Applicable √ Applicable

### 45.Other

None

## VI. Taxation

### 1. Main categories and rates of taxes

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

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 "Tax Preferences" in Notes 2 (2) for details.

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

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

**2. Tax preference**

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

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

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

（4）The subsidiaries of the Company, Shenzhen Beauty Century Company, Shenzhen Huaqiang Hotel Co., Ltd, Shenzhen Lisi Industrial Development Co., Ltd, Shenzhen Shenfang Sungang Property Management Co., Ltd, and Shenzhen Shenfang Property Management Co., Ltd are eligible small and micro-profit enterprises. In accordance with the relevant provisions of the Announcement of the State Administration of Taxation of the Ministry of Finance on Further Implementing the "Six Taxes and Two Fees" Exemption and Reduction Policy for Small and Micro Enterprises (Announcement No. 10 of 2022 of the State Administration of Taxation of the Ministry of Finance), From January 1, 2022 to December 31, 2024, the small-scale value-added tax taxpayers, small and micro-profit enterprises and individual industrial and commercial enterprises can reduce resource tax, urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax and education fee surcharge, and local education surcharge within the tax range of 50%.

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

**3.Other**

None

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

**1. Monetary funds**

In RMB

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

Other note

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

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

**2. Transactional financial assets**

In RMB

| Items | Balance at the end of this year | Balance at the end of last year |
|---|---|---|
| Financial assets measured at fair value and whose changes are included in the current profits and losses | 613,554,063.16 | 319,605,448.44 |
| Including | | |
| money funds and structured deposits | 613,554,063.16 | 319,605,448.44 |
| Including | | |

| | | |
|---|---|---|
| Total | 613,554,063.16 | 319,605,448.44 |

**3. Derivative financial assets**

None

**4. Notes receivable**

**(1) Notes receivable listed by category**

In RMB

| Items | Balance at the end of this year | Balance at the end of last year |
|---|---|---|
| Bank acceptance | 56,718,590.38 | 74,619,100.26 |
| Total | 56,718,590.38 | 74,619,100.26 |

In RMB

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

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

□ Applicable √ Not applicable

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

The withdrawal amount of the bad debt provision：None

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

□ Applicable √ Not applicable

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

None

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

In RMB

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

| | | |
|---|---|---|
| Total | 0.00 | 40,032,610.22 |

**（5）Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement**

None

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

None

**5. Account receivable**

**(1)Classification account receivables.**

In RMB

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

Accrual of bad debt provision by single item:

In RMB

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

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

Accrual of bad debt provision by portfolio:

In RMB

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

Note：

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

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

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

□ Applicable √ Not applicable

Disclosure by aging

In RMB

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

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

The withdrawal amount of the bad debt provision：

In RMB

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

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

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

None

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

In RMB

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

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

None

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

None

**6.Receivable financing**

In RMB

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

Changes in current period and fair value of receivables financing

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

Other note

On June 30, 2023, the endorsed or discounted unexpired bank acceptance bills that the Group derecognized amounted to RMB 54,533,024.39. For the bank acceptance bills of large state-owned commercial banks with high credit rating and listed national joint-stock commercial banks, the Group believes that after the endorsement or discount of such bank acceptance bills, the related main risks and rewards have been transferred to the counterparty, and such endorsed or discounted unexpired bank acceptance bills should be derecognized.

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

**7.Prepayments**

**(1) List by aging analysis:**

In RMB

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

| | Amount | Proportion % | Amount | Proportion % |
|---|---|---|---|---|
| Within 1 year | 24,263,130.32 | 81.81% | 16,690,766.68 | 90.75% |
| 1-2 years | 5,395,750.80 | 18.19% | 1,700,677.99 | 9.25% |
| Total | 29,658,881.12 | | 18,391,444.67 | |

Note：

On June 30, 2023, the Group had no prepayments with an age of more than one year and a significant amount.

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

The total amount of the top five year-end balances collected by prepayment objects is RMB 21,692,691.03, accounting for 73.14% of the total year-end balances of prepayments.

**8. Other receivables**

In RMB

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

**（1） Interest receivable**

**1）Classification interest receivables.**

None

**2) Significant overdue interest**

None

**3）Bad-debt provision**

☑Applicable □Not applicable

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

□ Applicable √Not applicable

**(2)Dividend receivable**

**1) Dividend receivable**

None

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

None

**3）Bad-debt provision**

□ Applicable √ Not applicable

### （3） Other accounts receivable

#### 1) Other accounts receivable classified by the nature of accounts

In RMB

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

#### 2）) Accrual of credit loss provision

In RMB

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

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

□ Applicable √Not applicable

Disclosure by aging

In RMB

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

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

The withdrawal amount of the bad debt provision：

In RMB

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

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

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

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

None

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

In RMB

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

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

None

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

None

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

None

**9. Inventories**

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

No

**（1）Category of Inventory**

In RMB

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

### （2）Inventory falling price reserves

In RMB

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

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

None

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

None

### 10.Contract assets

None

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

None

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

None

### 13. Other current assets

In RMB

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

### 14.Creditor's right investment

None

### 15.Other creditor's rights investment

None

### 16. Long-term accounts receivable

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

None

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

None

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

None

### 17. Long-term equity investment

In RMB

| Investees | Opening balance | Increase /decrease | | | | | | | | Closing balance | Closing balance of impairment provision |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Additional investment | | | 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 | | | -2,192,221.35 | | | | | | 127,314,050.41 | |
| Subtotal | 129,506,271.76 | | | -2,192,221.35 | 0.00 | | | | | 127,314,050.41 | |
| 2. Affiliated Company | | | | | | | | | | | |
| Yehui International Co., Ltd. | 1,869,767.43 | | | -43,637.75 | 54,950.70 | | | | | 1,881,080.38 | |
| Shenzhen Changlianfa Printing & dyeing Company | 3,105,796.55 | | | 124,599.07 | | | | | | 3,230,395.62 | |
| Subtotal | 4,975,563.98 | | | 80,961.32 | 54,950.70 | | | | | 5,111,476.00 | |
| Total | 134,481,835.74 | | | -2,111,260.03 | 54,950.70 | | | | | 132,425,526.41 | |

**18. Other equity instruments investment**

In RMB

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

(2) Investment in non-transactional equity instruments

In RMB

| Items | Dividend income recognized this year | Cumulative gain/loss | Cumulative loss | Amount transferred from other comprehensive income to retained income this year | Reason designated as being measured at fair value and change being included in other comprehensive income | Reasons for transferring from other comprehensive income to retained income this year |
|---|---|---|---|---|---|---|
| Shenzhen Dailishi Underwear Co., Ltd. | 550,000.00 | 21,627,143.74 | | | Planned to be held by the Group for a long time. | |
| Union Development Co., Ltd. | 208,000.00 | 123,361,939.39 | | | Planned to be held by the Group for a long time. | |
| Jintian Industry（Group）Co., Ltd. | | | 14,831,681.50 | | Planned to be held by the Group for a long time. | |
| Shenzhen Xinfang Knitting Co., Ltd. | 148,000.00 | 1,851,903.00 | | | Planned to be held by the Group for a long time. | |
| Shenzhen South Textile Co., Ltd. | | 14,559,440.88 | | | Planned to be held by the Group for a long time. | |

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

None

**20. Investment real estate**

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

√Applicable □ Not applicable

In RMB

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

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

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

□Applicable√ Not applicable

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

In RMB

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

### 21. Fixed assets

In RMB

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

### (1) List of fixed assets

In RMB

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

### (2) Fixed assets temporarily idled

None

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

None

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

None

### （5）Liquidation of fixed assets

None

## 22. Construction in progress

In RMB

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

### (1) List of construction in progress

In RMB

| Items | Year-end balance | | | Year-beginning balance | | |
|---|---|---|---|---|---|---|
| | Book balance | Provision for devaluation | Book value | Book balance | Provision for devaluation | Book value |
| Installation of machines and equipment | 36,543,522.56 | 0.00 | 36,543,522.56 | 38,061,619.60 | 0.00 | 38,061,619.60 |
| Total | 36,543,522.56 | 0.00 | 36,543,522.56 | 38,061,619.60 | 0.00 | 38,061,619.60 |

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

None

### （3）Impairment provision of construction projects

None

### （4）Engineering material

None

## 23. Productive biological assets

### (1) Productive biological assets measured at cost methods

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

## 24. Oil and gas assets

□ Applicable √ Not applicable

## 25. Right to use assets

In RMB

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

## 26. Intangible assets

### (1) Information

In RMB

| Items | Land use right | Patent right | Non-proprietary | Software | Total |
|---|---|---|---|---|---|

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

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

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

None

## 27. R&D expenses

None

## 28. Goodwill

### (1) Original book value of goodwill

In RMB

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

| | | | | | | |
|---|---|---|---|---|---|---|
| Shenzhen Beauty Century Garment Co., Ltd. | 2,167,341.21 | 0.00 | | 0.00 | | 2,167,341.21 |
| Total | 11,782,099.76 | 0.00 | | 0.00 | | 11,782,099.76 |

**（2）Impairment of goodwill**

In RMB

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

Information about an asset group or asset group portfolio

None

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

None

Impact of the goodwill impairment test

None

**29. Long term amortize expenses**

In RMB

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

**30. Deferred income tax assets/Deferred income tax liabilities**

**(1) Uncompensated deferred income tax assets**

In RMB

| Items | Balance in year-end | | Balance in year-begin | |
|---|---|---|---|---|
| | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Asset impairment provision | 189,041,740.48 | 28,356,261.07 | 206,115,717.20 | 30,917,357.58 |
| Unrealized profit from | 2,190,520.68 | 328,578.10 | 2,235,077.97 | 335,261.70 |

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

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

In RMB

| Items | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Deductible temporary difference | Deferred income tax liabilities | Deductible temporary difference | Deferred income tax liabilities |
| Changes in fair value of investment in other equity instruments | 160,494,427.01 | 40,123,606.76 | 160,494,427.01 | 40,123,606.76 |
| The difference between the initial recognition cost of long-term equity investment and tax basis | 62,083,693.36 | 15,520,923.34 | 62,083,693.36 | 15,520,923.34 |
| Rent receivable | 8,689,653.64 | 2,172,413.41 | 7,584,635.96 | 1,896,158.99 |
| Total | 231,267,774.01 | 57,816,943.51 | 230,162,756.33 | 57,540,689.09 |

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

In RMB

| Items | Trade-off between the deferred income tax assets and liabilities | End balance of deferred income tax assets or liabilities after off-set | Trade-off between the deferred income tax assets and liabilities at period-begin | Opening balance of deferred income tax assets or liabilities after off-set |
|---|---|---|---|---|
| Deferred income tax assets | -9,298,589.69 | 68,718,492.58 | -9,566,421.29 | 69,823,814.29 |
| Deferred income tax liabilities | -9,298,589.69 | 48,518,353.82 | -9,566,421.29 | 47,974,267.80 |

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

In RMB

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

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

In RMB

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

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

## 31 .Other non-current assets

In RMB

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

## 32. Short-term borrowings

### （1）Categories of short-term loans

In RMB

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

Note：None

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

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

## 33. Transactional financial liabilities

None

## 34. Derivative financial liability

None

## 35.Notes payable

In RMB

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

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

### 36. Accounts payable

#### (1) List of accounts payable

In RMB

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

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

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

### 37.Advance account

#### (1) List of Advance account

In RMB

| Items | Balance in year-end | Balance in year-begin |
|---|---|---|
| Rent and other | 1,164,665.15 | 1,393,344.99 |
| Total | 1,164,665.15 | 1,393,344.99 |

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

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

### 38.Contract liabilities

In RMB

| Items | Balance in year-end | Balance in year-begin |
|---|---|---|
| Goods | 4,975,276.30 | 4,274,109.40 |
| Total | 4,975,276.30 | 4,274,109.40 |

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

None

### 39.Payable Employee wage

#### (1) List of Payroll payable

In RMB

| Items | Balance in year-begin | Increase in this period | Payable in this period | Balance in year-end |
|---|---|---|---|---|
| I. Short-term compensation | 60,940,432.90 | 129,088,042.66 | 132,984,150.88 | 57,044,324.68 |
| II.Post-employment benefits - defined contribution plans | | 7,103,766.95 | 7,103,766.95 | |

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

### （2）Short-term remuneration

In RMB

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

### （3）Defined contribution plans listed

In RMB

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

Other note

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

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

### 40.Tax Payable

In RMB

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

| | | |
|---|---|---|
| Total | 6,033,241.05 | 8,897,312.51 |

## 41.Other payable

In RMB

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

### （1）Interest payable

None

### （2）Dividends payable

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

### (3) Other accounts payable

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

In RMB

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

### 2） Important other payables with an aging of more than 1 year

In RMB

| Items | Balance at the end of this year | Reasons for no payment or carry-over |
|---|---|---|
| Beijing CEEDI Engineering & Technology Co., Ltd. | 16,724,271.45 | The final payment settlement of the project has not been completed |
| Total | 16,724,271.45 | |

## 42. Liabilities classified as holding for sale

None

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

In RMB

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

## 44.Other current liabilities

In RMB

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

## 45. Long-term borrowing

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

In RMB

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

Description of the long-term loan classification

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

## 46.Bond payable

None

## 47. Lease liabilities

In RMB

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

## 48. Long-term payable

None

## 49. Long term payroll payable

None

## 50.Estimated liabilities

None

### 51.Deferred income

In RMB

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

Details of government subsidies：

In RMB

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

### 52. Other non-current liabilities

None

### 53.Stock capital

In RMB

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

### 54. Other equity instruments

None

### 55. Capital reserves

In RMB

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

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

## 56.Treasury stock

None

## 57. Other comprehensive income

In RMB

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

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| income | | | | | | | | |

### 58. Special reserves

None

### 59. Surplus reserves

In RMB

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

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

### 60. Retained profits

In RMB

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

As regards the details of adjusted the beginning undistributed profits

None

### 61. Business income, Business cost

In RMB

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

Income-related information:

In RMB

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

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

Description of performance obligations

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

The Company provides property and leasing services to customers, which is a performance obligation to be fulfilled within a certain period of time. The Group recognizes income in the process of providing property and leasing services.

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

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

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

**62.Taxes and surcharges**

In RMB

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

**63.Sales expenses**

In RMB

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

### 64. Administrative expenses

In RMB

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

### 65.R & D costs

In RMB

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

### 66.Financial Expenses

In RMB

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

### 67.Other income

In RMB

| Items | Amount of current period | Amount of previous period |
|---|---|---|
| Govemment Subsidy | 19,369,307.55 | 10,780,654.48 |

### 68. Investment income

In RMB

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

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

### 69.Net exposure hedging income

None

70. Gains on the changes in the fair value

None

### 71. Credit impairment loss

In RMB

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

### 72. Losses from asset impairment

In RMB

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

### 73. Asset disposal income

In RMB

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

### 74. Non-Operation income

In RMB

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

Government subsidies recorded into current profits and losses： None

## 75.Non-current expenses

In RMB

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

## 76.Income tax expenses

### (1)Income tax expenses

In RMB

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

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

In RMB

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

## 77. Other comprehensive income

Refer to the notes 57

## 78. Supplementary information to cash flow statement

### (1) Other cash received relevant to operating activities

In RMB

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

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

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

In RMB

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

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

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

In RMB

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

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

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

In RMB

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

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

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

None

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

In RMB

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

Note to other Cash paid related with financing activities： None

**79. Supplement Information for cash flow statement**

**（1）Supplement Information for cash flow statement**

In RMB

| Items | Amount of current period | Amount of previous period |
|---|---|---|
| I. Adjusting net profit to cash flow from operating activities | | |

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

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

None

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

None

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

In RMB

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

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

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

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

In RMB

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

**82. Foreign currency monetary items**

**(1) Foreign currency monetary items**

In RMB

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

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

□ Applicable √ Not applicable

**83. Hedging**

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

**84. Government subsidies**

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

In RMB

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

**（2）Government subsidy return**

□ Applicable √ Not applicable

**85.Other**

None

## VIII. Changes of merge scope

### 1. Business merger not under same control

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

None

**(2) Combined cost and goodwill**

None

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

None

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

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reporting period
□ Yes √ No

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

None

**(6) Other note:**

None

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

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

None

**(2) Combination cost**

None

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

None

**3. Counter purchase**

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.
None

**4. The disposal of subsidiary**

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

□ Yes √No

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

□ Yes √ No

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

Note to the change in the consolidation scope (e.g. new subsidiaries, liquidation subsidiaries, etc.) caused by other reasons and relevant information:
None

**6.Other**

None

## IX. Equity in other entities

### 1. Equity in subsidiary

#### (1) The structure of the enterprise group

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

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

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

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

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

Other note：Note

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

In RMB

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

Other note：None

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

In RMB

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

In RMB

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

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

None

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

None

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

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

None

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

None

**3. Equity in joint venture arrangement or associated enterprise**

**(1) Significant joint venture arrangement or associated enterprise**

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

| | | | | | | |
|---|---|---|---|---|---|---|
| Dyeing Co., Ltd | | n | leasing | | | |

Explanation that the shareholding ratio in the joint venture or associated enterprise is different from the voting right ratio: None

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

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

In RMB

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

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

None

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

In RMB

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

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

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

None

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

None

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

None

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

None

**4. Significant common operation**

None

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

None

**6.Other**

None

## X. Risks related to financial instruments

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

1. Risk management objectives and policies

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

1.1 Market risk

1.1.1 Foreign exchange risk

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

As of 30 June 2023, the Company's assets and liabilities were all RMB balances, except for the monetary items in foreign currencies mentioned in Notes (VII), (82). The foreign exchange risks arising from the assets and liabilities with foreign currency balances (converted into RMB) described in the table below may have an impact on the Group's operating results.

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

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

Sensitivity analysis of foreign exchange risk

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

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

In RMB

| Items | Changes in exchange rate | This year | |
|---|---|---|---|
| | | Impact on profits | Impact on shareholders' equity |
| All foreign currencies | Appreciation of RMB by 5% | -14,476,953.90 | -14,476,953.90 |
| All foreign currencies | Depreciation of RMB by 5% | 14,476,953.90 | 14,476,953.90 |

1.1.2. Interest rate risk - risk of cash flow change

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

Sensitivity analysis of interest rate risk

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

In RMB

| Items | Interest rate change | This year | |
|---|---|---|---|
| | | Impact on profits | Impact on shareholders' equity |
| Floating-rate loan | Increase by 1% | -6,571,731.12 | -6,571,731.12 |
| Floating-rate loan | Decrease by 1% | 6,571,731.12 | 6,571,731.12 |

1.2. Credit risk

On June 30,2023, the largest credit risk exposure that may cause the Company's financial losses mainly came from the loss of the Company's financial assets caused by the failure of the other party to the contract, including monetary funds, transactional financial assets, notes receivable, accounts receivable, receivables financing and

other receivables. On the balance sheet date, the book value of the Company's financial assets has represented its maximum credit risk exposure.
In order to reduce the credit risk, the Company arranges special personnel to determine the credit limit, conduct credit approval and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the Group reviews the recovery of financial assets on each balance sheet date to ensure that sufficient credit loss provision has been made for relevant financial assets. Therefore, the management of the Company believes that the credit risk assumed by the Company has been greatly reduced.
The Company's monetary funds are deposited in banks with high credit ratings, so the monetary funds only have low credit risk.
On June 30, 2023, the balance of accounts receivable of the Company to the top five customers was RMB 497,273,412.84, accounting for 54.54% of the balance of accounts receivable of the Company. In addition, the Company has no other significant credit risk exposure concentrated in a single financial asset or financial asset portfolio with similar characteristics.

1.3 Liquidity risk

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

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

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

In RMB

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

**2. Transfer of financial assets**

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

On June 30, 2023, the book value of bank acceptance bills endorsed by the Company to suppliers for settlement of accounts payable was RMB 40,032,610.22. The Company believes that almost all risks and rewards related to notes receivable at the time of endorsement have not been transferred, which does not meet the conditions for derecognition of financial assets. Therefore, the related notes receivable have not been derecognized as a whole on the endorsement date.

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

The Company endorses the bank acceptance bills held by large state-owned commercial banks with high credit rating and listed national joint-stock commercial banks to a third party. As almost all the risks and rewards related to the bank acceptance bills have been transferred to the banks, the Company derecognizes the endorsed and unexpired bank acceptance bills. According to the relevant provisions of the Negotiable Instruments Law of the People's Republic of China, if the bank acceptance bill fails to be paid and accepted at maturity, the endorsee has the right to require the Company to pay off the outstanding balance, so the Company continues to be involved in the endorsed bank acceptance bill. On June 30, 2023, the unexpired bank acceptance bill endorsed by the Company was RMB 54,533,024.39.

## XI. Disclosure of fair value

### 1. Ending fair value of assets and liabilities measured at fair value

In RMB

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

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

None

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

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

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

| Items | Fair value at the end of this year | Valuation technique | Input value |
|---|---|---|---|
| Receivable financing | 22,863,088.36 | Discounted cash flow technique | Discount rate |
| Investment in other equity instruments | 167,678,283.27 | Comparison of listed companies | P/B ratio of similar listed companies |
| | | Comparable income method | Market price |

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

None

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

None

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

None

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

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

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

**9.Other**

None

**XII. Related parties and related party transactions**

**1. Information about the parent company of the Enterprise.**

| Name of parent company | Place of registration | Business nature | Registered capital | Shareholding ratio of the parent company to the Company % | Percentage of voting rights of the parent company to the Company % |
|---|---|---|---|---|---|
| Shenzhen Investment Holdings Co., Ltd | 18/F, Investment Building, Shennan Road, Futian District, Shenzhen | Equity investment, real estate development, etc | 32,359,000,000.00 | 46.21% | 46.21% |

Description of the parent company of the Enterprise

The parent company of the Company is a wholly state-owned company approved and authorized by the Shenzhen Municipal Government, and exercises the investor function for the state-owned enterprises within the authorized scope according to law. The registered capital of the parent company is increased to 32.359 billion yuan after being approved by resolution of the board of directors, but the industrial and commercial change is yet not completed.

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

**2.Subsidiaries of the Company**

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

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

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

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:
None

**4.Other Related parties information**

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

**5. Related transactions.**

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

Acquisition of goods and reception of labor service

In RMB

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

Sale of goods

In RMB

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

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

Related transactions on sale goods and receiving services

None

**(2) Related trusteeship/contract**

None

**(3) Information of related lease**

None

**(4) Related-party guarantee**

None

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

In RMB

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

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

None

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

In RMB

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

**(8) Other related transactions**

None

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

**（1）Receivables**

In RMB

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

**（2）Payables**

In RMB

| Name | Related party | Amount at year end | Amount at year beginning |
|---|---|---|---|
| Other payable | Yehui International Co.,Ltd. | 1,124,656.60 | 1,124,656.60 |
| Other payable | Shenzhen Changlianfa Printing & dyeing Co., Ltd. | 2,023,699.95 | 2,023,699.95 |
| Other payable | Shenzhen Guanhua Printing & dyeing Co., Ltd. | 3,806,454.17 | 3,806,454.17 |
| Other payable | Shenzhen Xinfang Knitting Co., Ltd. | 244,789.85 | 244,789.85 |
| Other payable | Shenzhen Investment Holdings Co., Ltd | 0.00 | 643,987.04 |

**7. Related party commitment**

None

**8.Other**

None

**XIII. Share payment**

**1. Overall situation of share payment**

□Applicable √Not applicable

**2. Equity-settled share-based payment**

□Applicable √Not applicable

**3. The Stock payment settled by cash**

□ Applicable √ Not applicable

**4. Modification and termination of the stock payment**

None

**5.Other**

None

**XIV. Commitments**

**1. Significant commitments**

Significant commitments at balance sheet date

(1) Capital commitment

In RMB

| Items | Amount at the end of this year | Amount at the end of last year |
|---|---|---|
| Contracted but not recognized in the financial statements | | |
| Commitment to purchase and build long-term assets | 9,826,665.40 | 3,761,094.00 |

**2. Contingency**

**(1) Significant contingency at balance sheet date**

None

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

None

**3.Other**

None

**XV. Events after balance sheet date**

**1. Significant events had not adjusted**

None

**2. Profit distribution**

None

**3. Sales return**

None

**4. Notes of other significant events**

None

**XVI. Other significant events**

**1. Correction of the accounting errors in the previous period**

None

**2. Liabilities restructuring**

None

**3. Replacement of assets**

None

**4. Pension plan**

None

**5. Discontinuing operation**

None

**6. Segment information**

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

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

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

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

In RMB

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

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

None

**（4）Other note**

None

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

None

**8.Other**

None

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

### 1. Accounts receivable

### (1) Accounts receivable classified by category

In RMB

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

Accrual of bad debt provision by portfolio:：

In RMB

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

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

□ Applicable √ Not applicable

Disclosure by aging

In RMB

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

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

The withdrawal amount of the bad debt provision：

In RMB

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

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

None

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

In RMB

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

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

None

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

None

**2. Other accounts receivable**

In RMB

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

**（1）Interest receivable**

**1) Category of interest receivable**

None

**2) Significant overdue interest**

None

**3）Bad-debt provision**

□ Applicable √ Not applicable

**(2)Dividend receivable**

**1) Category of Dividend receivable**

None

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

None

**3) Provision for bad debts**

□ Applicable √ Not applicable

**（3） Other accounts receivable**

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

In RMB

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

**2）Bad-debt provision**

In RMB

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

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

□ Applicable √Not applicable

Disclosure by aging

In RMB

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

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

The withdrawal amount of the bad debt provision：

In RMB

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

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

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

None

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

In RMB

| Unit name | Payment nature | Year-end balance of other receivables | Aging | Proportion of total year-end balance of other receivables (%) | Year-end balance of credit loss provision |
|---|---|---|---|---|---|
| Client 1 | Internal borrowing and interest | 13,115,619.17 | Over 1-5 years | 44.68% | 0.00 |
| Client 2 | Unit account | 11,389,044.60 | Over 5 years | 38.80% | 11,389,044.60 |
| Client 3 | Unit account | 1,800,000.00 | Over 5 years | 6.13% | 1,800,000.00 |
| Client 4 | Unit account | 1,018,295.37 | Over 5 years | 3.47% | 1,018,295.37 |
| Client 5 | Unit account | 592,420.00 | Over 5 years | 2.02% | 592,420.00 |
| Total | | 27,915,379.14 | | 95.10% | 14,799,759.97 |

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

None

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

None

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

None

**3. Long-term equity investment**

In RMB

| Items | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Investments in subsidiaries | 1,974,532,127.39 | 16,582,629.30 | 1,957,949,498.09 | 1,974,532,127.39 | 16,582,629.30 | 1,957,949,498.09 |

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

**（1）Investment to the subsidiary**

In RMB

| Name | Opening balance | Increase /decrease in reporting period | | | | Closing balance | Closing balance of impairment provision |
|---|---|---|---|---|---|---|---|
| | | Add investment | | | Other | | |
| SAPO Photoelectric | 1,910,247,781.94 | 0.00 | 0.00 | 0.00 | 0.00 | 1,910,247,781.94 | 14,415,288.09 |
| Shenzhen Lisi Industrial Development Co., Ltd. | 8,073,388.25 | 0.00 | 0.00 | 0.00 | 0.00 | 8,073,388.25 | 0.00 |
| Shenzhen Beauty Centruty Garment Co., Ltd. | 16,598,166.34 | 0.00 | 0.00 | 0.00 | 0.00 | 16,598,166.34 | 2,167,341.21 |
| Shenzhen Huaqiang Hotal | 15,489,351.08 | 0.00 | 0.00 | 0.00 | 0.00 | 15,489,351.08 | 0.00 |
| Shenfang Property Management Co., Ltd. | 1,713,186.55 | 0.00 | 0.00 | 0.00 | 0.00 | 1,713,186.55 | 0.00 |
| Shenfang Sungang Property Management Co., Ltd. | 5,827,623.93 | 0.00 | 0.00 | 0.00 | 0.00 | 5,827,623.93 | 0.00 |
| Total | 1,957,949,498.09 | 0.00 | 0.00 | 0.00 | 0.00 | 1,957,949,498.09 | 16,582,629.30 |

**（2）Investment to joint ventures and associated enterprises**

In RMB

| Name | Opening balance | Increase /decrease in reporting period | | | | | | | | Closing balance | Closing balance of impairment provision |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Add investment | Decreased investment | Gain/loss of Investment | Adjustment of other comprehensive income | Other equity changes | Declaration of cash dividends or profit | Withdrawn impairment provision | Other | | |
| I. Joint ventures | | | | | | | | | | | |
| Shenzhen Guanhua Printing & Dyeing Co., Ltd. | 129,506,271.76 | 0.00 | 0.00 | -2,192,221.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 127,314,050.41 | 0.00 |
| Subtotal | 129,506,271.76 | 0.00 | 0.00 | -2,192,221.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 127,314,050.41 | 0.00 |
| II. Associated enterprises | | | | | | | | | | | |
| Shenzhen Guanhua Printing & Dyeing Co., Ltd. | 3,105,796.55 | 0.00 | 0.00 | 124,599.07 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,230,395.62 | 0.00 |
| Yehui International Co., | 1,869,767.43 | 0.00 | 0.00 | -43,637.75 | 54,950.70 | 0.00 | 0.00 | 0.00 | 0.00 | 1,881,080.38 | 0.00 |

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

**（3）Other note**

None

**4.Business income and Business cost**

In RMB

| Items | Amount of current period | | Amount of previous period | |
|---|---|---|---|---|
| | Business income | Business cost | Business income | Business cost |
| Income from Main Business | 39,239,619.43 | 4,156,707.01 | 19,836,395.33 | 3,883,135.15 |
| Other Business income | 0.00 | 0.00 | 1,320,274.42 | 1,320,274.42 |
| Total | 39,239,619.43 | 4,156,707.01 | 21,156,669.75 | 5,203,409.57 |

Income-related information:

In RMB

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

Information related to performance obligations: None

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

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

**5.Investment income**

In RMB

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

**6.Other**

None

**XVIII. Supplement information**

**1. Particulars about current non-recurring gains and loss**

√ Applicable □Not applicable

In RMB

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

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

□ Applicable√ Not applicable

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

□ Applicable √Not applicable

**2. Return on net asset and earnings per share**

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

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

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

□ Applicable□√ Not applicable

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

□ Applicable□√ Not applicable

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

None

**4. Other**

None

The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.

August 24, 2023