

Shenzhen Textile (Holdings) Co., Ltd.

2023 Annual Report



**March 2024**

## 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, Ms. Liu Yu, Chief financial officer and 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 this annual 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 and technological risks, raw material risks and intensified competition risks. Investors are advised to pay attention to investment risks. For details, please refer to the possible risk factors that the company may face in the XI "Risks facing the Company and countermeasures " in the Section III "Management Discussion & Analysis".

The company's profit distribution plan approved by the board of directors this time is: based on 506,521,849 shares, a cash dividend of 0.65 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 shares (tax included) will be given as bonus shares. The capital reserve will not be converted into share capital.

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

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### **Documents available for inspection**

1. Accounting statements carried with personal signatures and seals of legal representative, General Manager, Chief Financial officer.
2. Original of Auditors' Report carried with the seal of Certified Public Accountants as well as personal signatures of certified Public accountants.
3. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period.

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

## Definition

Company/The Company/ Shen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holdings Co., Ltd.	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
SAPO Photoelectric	Refers to	Shenzhen SOPO Photoelectric Co., Ltd.
Beauty Century	Refers to	Shenzhen Beauty Century Garment Co., Ltd.
Huaqiang Hotel	Refers to	Shenzhen Huaqiang Hotel 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 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)
KSGC	Refers to	Kunshan Guochuang Investment Group Co., Ltd.
Xinghe Technology	Refers to	Shenzhen Xinghe Hard Technology Private Equity Investment Fund Partnership (limited partnership)
Lishui Huahui	Refers to	Lishui Huahui Equity Investment Partnership(LP)
Huzhou Pinuohuacai	Refers to	Huzhou Pinuohuacai 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)
Jiaying Painuo	Refers to	Jiaying Painuo Xiancai Equity 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	2023 Annual Report

## II. Company Profile & Financial Highlights

### 1. Company Profile

Stock abbreviation	Shen Textile A ,Shen Textile B	Stock code	000045,200045
Modified stock ID (if any)	No		
Stock exchange for listing	Shenzhen Stock Exchange		
Name in Chinese	深圳市纺织(集团)股份有限公司		
Chinese abbreviation (If any)	深纺织		
English name (If any)	SHENZHEN TEXTILE (HOLDINGS) CO. , LTD		
English abbreviation (If any)	STHC		
Legal representative	Yin Kefei		
Registered address	708M, Building 8, Qianhai Excellence Financial Center (Phase I), No.5033 Menghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen		
Postal code of the Registered Address	518052		
Historical change of the company's registered address	On April 27, 2023, the Company completed the industrial and commercial change registration, and its registered address was changed from "6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen" to "708M, Building 8, Qianhai Excellence Financial Center (Phase I), No.5033 Menghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen".		
Office Address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen		
Postal code of the office address	518031		
Internet Web Site	<a href="http://www.chinasthc.com">http://www.chinasthc.com</a>		
E-mail	szfzjt@chinasthc.com		

### 2. Contact person and contact manner

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

### 3. Information disclosure and placed

Internet website designated by CSRC for publishing the Annual report of the Company	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Newspapers selected by the Company for information disclosure	Securities Times, China Securities Journal, Shanghai Securities Daily, Securities News and <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Internet website designated by CSRC for publishing the Annual report of the Company	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
The place where the Annual report is prepared and placed	Office of the Board of directors

### 4. Changes in Registration

Unified social credit code	91440300192173749Y
Changes is the controlling shareholder in the past (is any)	In October 2004, In accordance with the Decision on

	Establishing Shenzhen Investment Holdings Co., Ltd. issued by State-owned Assets Administration Committee of Shenzhen Municipal People's Government (Shen Guo Zi Wei (2004) No. 223 Document), Shenzhen Investment Management Co., Ltd., the controlling shareholder of the Company, and Shenzhen Construction Holding Company and Shenzhen Commerce and Trade Holding Company merged into Shenzhen Investment Holdings Co., Ltd.
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## 5. Other Relevant Information

### CPAs engaged

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

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

Applicable  Not applicable

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

Applicable  Not applicable

## 6. Summary of Accounting data and Financial index

May the Company make retroactive adjustment or restatement of the accounting data of the previous years

Yes  No

	2023	2022	Changes of this period over same period of Last year(%)	2021
Operating income (Yuan)	3,079,678,375.45	2,837,988,264.36	8.52%	2,330,061,681.00
Net profit attributable to the shareholders of the listed company (Yuan)	79,268,250.45	73,309,182.94	8.13%	55,733,468.82
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	62,328,667.73	61,951,894.68	0.61%	41,288,192.98
Cash flow generated by business operation, net (Yuan)	184,766,739.80	490,238,550.60	-62.31%	-4,436,980.35
Basic earning per share(Yuan/Share)	0.16	0.14	14.29%	0.11
Diluted gains per share(Yuan/Share)	0.16	0.14	14.29%	0.11
Weighted average ROE(%)	2.77%	2.59%	0.18%	2.00%
	End of2023	End of2022	Changed over last year (%)	End of2021
Gross assets (Yuan)	5,649,822,363.44	5,617,137,367.90	0.58%	5,563,539,326.16
Net assets attributable to shareholders of the listed company (Yuan)	2,882,152,266.22	2,849,264,555.21	1.15%	2,811,366,974.46

The lower of the company's net profit before and after the deduction of non-recurring gains and losses in



the last three fiscal years is negative, and the auditor's report of the previous year shows that the Company's going concern ability is uncertain.

Yes  No

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

Yes  No

## 7.The differences between domestic and international 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

None

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

Applicable  Not applicable

None

## 8.Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	679,306,013.14	810,789,656.41	827,289,643.21	762,293,062.69
Net profit attributable to the shareholders of the listed company	13,108,613.21	23,198,549.76	30,277,434.06	12,683,653.42
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	7,600,013.36	16,086,591.17	28,366,690.84	10,275,372.36
Net Cash flow generated by business operation	2,240,056.33	12,162,917.27	50,337,535.36	120,026,230.84

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

Yes  No

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

Applicable  Not applicable

In RMB

Items	Amount (2023)	Amount (2022)	Amount (2021)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	1.72	31,264.60	-961,982.35	

Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	19,927,836.02	11,048,569.36	7,747,114.25	Mainly for the government subsidies.
Except for effective hedging business related to the normal operation of the company, the fair value gains and losses arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as the gains and losses arising from the disposal of financial assets and financial liabilities	2,151,780.82			
Reverse of the provision for impairment of accounts receivable undergoing impairment test individually	15,031,480.15		989,313.04	
Net amount of non-operating income and expense except the aforesaid items	-6,755,922.25	7,516,025.10	19,964,046.87	
Other non-recurring Gains/loss items	0.00	0.00	0.00	
Less :Influenced amount of income tax	3,478,333.83	3,294,064.39	4,241,451.36	
Influenced amount of minor shareholders' equity (after tax)	9,937,259.91	3,944,506.41	9,051,764.61	
Total	16,939,582.72	11,357,288.26	14,445,275.84	--

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

Applicable  Not applicable

Due to the special nature of the impairment provision for management and maintenance expenses advanced by the Guangzhou-Foshan Expressway to be clarified, it will affect the normal judgment of the Company's operating performance and profitability by the user of the report.

None

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

Applicable  Not applicable

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

### III. Management Discussion & Analysis

#### I. Industry information of the Company during the reporting period

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

The high-quality development of the polarizer industry has a profound impact on the entire display industry. As one of the three core raw materials for display panels, the demand for polarizers is directly affected by the fluctuations in the display panel market. In recent years, with the accelerated transfer of the global display panel industry to Chinese Mainland, China's polarizer industry has ushered in a stage of rapid development. The capacity scale and process technology level of domestic polarizer manufacturers have continued to rise. The status and influence of China's polarizer industry in the global market have significantly improved, and Chinese Mainland has become the world's largest polarizer production base.

The company is one of the main domestic polarizer research and development, production, and sales enterprises. It is a pioneer in the polarizer industry in China and has now developed into a leading enterprise in the domestic polarizer industry, becoming an important supplier of mainstream panel enterprises worldwide. In 2023, affected by the severe and complex global economic and political situation, global demand for display panels and terminal markets has slowly recovered. However, polarizer companies still face significant operational pressures such as intensified market competition, declining sales prices, and rising raw material costs.

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

##### 1. The company's main business

The company's main business covered such the high and new technology industry as represented by LCD polarizer, its own property management business and the retained business of high-end textile and garment. During the reporting period, the Company's main business has not changed significantly.

First, the Company actively adjusts the product structure, implements the product differentiation strategy, further optimizes the product structure, increases the proportion of large-size products, increases the market share of high-value products, implements the policy of "ensuring utilization" and seizes market share; Second, it carries out lean management in depth, continuously strengthens efficiency improvement, significantly reduces production line switching time, reduces production costs and strengthens production management by unifying production technology, to continuously reduce the loss rate of main raw materials, and increase the product yield rate to a higher level in the industry; Third, it strengthens the guidance of innovation, accelerates the construction of a market-oriented and professional R&D management system, focuses on key technologies and product research, completes the process optimization and upgrading of No.4 wide production line, realizes the mass production delivery of 55-inch and 65-inch high-transmittance OLED TV polarizers, and completes the development of high alkali-resistant fixed-curvature OLED mobile phone polarizers; Fourth, it actively promotes the elimination of enterprises with "non-main business assets non-dominant business assets,

inefficient assets and ineffective assets", steadily promotes the survival of the fittest, promotes the concentration of resources from non-main business to main business, and improves the efficiency of resource allocation; Fifth, it strengthens supervision and management, well ensures work safety, formulates safety management system, strengthens safety training and education, carries out safety risk management and control, investigates and rectifies hidden dangers, consolidates weak links and prevents accidents; Sixth, it continues to well ensure the lease of its own property, improves service quality, and carries out the improvement of textile business operation; Seventh, it promotes major asset restructuring, and actively promotes the audit, evaluation, due diligence and other work involved in this transaction with relevant parties.

## 2. Main products and their purposes

Currently, the Company has 7 mass production lines for polarizers, covering TN, STN, TFT, OLED, 3D, dye sheet, optical film for touch screen and other fields, It is mainly used in TV, laptops, navigators, monitors, on-board equipment, industrial control, instrumentation, smart phones, wearable devices, 3D glasses, sunglasses and other products.

the company has become a mainstream panel company such as Huaxing Optoelectronics, BOE, Sharp, LGD, Shenzhen Tianma, Huike, etc. by continuously strengthening sales channel expansion and building its own brand. Qualified suppliers.

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

Line	Place	Product breadth	Planned capacity	Main project
Line 1	Pingshan	500mm	600, 000 m2	TN/STN/ Dye sheet
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

## 3. Company's business model

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

## 4. Major factors for driving the Company's performance

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

## 5. Market position of company products

The company is one of the main polarization film research and development, production, and sales enterprises in China. It began to engage in polarization film business in 1995 and achieved mass production of the first polarization film in China in 1998. It is a pioneer in the polarization film industry in China and has now mastered the core technology of TN/STN, TFT-LCD, OLED display polarization film research and production. It is one of the few polarization film manufacturers in China with the ability to produce a full range of large, medium, and small size polarization film products. It is the first to achieve mass production of polarization films for OLED TVs and OLED phones, filling the domestic gap.

The company mainly produces polarizing film products for medium and large-sized TFT-LCD. The company's Line 7 is one of the few 2500mm ultra wide polarizing film production lines in the world, which can meet the needs of higher generation panel production lines such as the 8.5/8.6/10.5/11 generation globally. Especially matching the 10.5/11 generation line has the best economic production efficiency, and has industry-leading advantages in the technical level and production capacity of ultra large and large-sized products.

#### 6. Advantages and disadvantages in competition

##### (1) Competitive edge

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

##### (2) Competitive disadvantage

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

### III. Analysis On core Competitiveness

(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 28 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 104 patent authorizations, including 18 domestic invention patents, 82 domestic utility model patents, and 4 overseas utility model patents. 6 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 innovative platforms: Guangdong Engineering Technology Research Center, Shenzhen Polarizing Materials and Technology Engineering Laboratory and Shenzhen Enterprise Technology Center. It focuses on the R&D and industrialization of OLED and LCD polarizer core production technology, and the localization research of polarizer raw materials, among which, mass production has been achieved for the polarizer projects for OLED TV and OLED mobile phones successfully, filling the domestic gap. Based on the successful development of OLED polarizer products, the Company's "A Polarizer for Improving the Contrast of OLED Display" was granted a national patent in 2023. Through in-depth research and meticulous design of the material structure and optical path of OLED polarizer, the patent successfully solved the key technical problems in the industry and promoted the technical progress in the field of OLED polarizer, which has high commercial value and application prospects.

#### (II) Talents advantages.

The Company emphasizes independent innovation and has established its own R&D management system. At present, it has a polarizer management team and a team of senior technicians with strong technical ability, rich experience and international vision. In order to adapt to the Company's high-quality development trend, the Company continues to strengthen the construction of talent team, enhance the core competitiveness of enterprise talents by stimulating the potential and vitality of existing talents, and lay a solid foundation for the transformation and upgrading of the Company's strategy .First, the Company attaches great importance to personnel training and team building, and strives to build an efficient, collaborative and creative technical team, which team can quickly gain insight into market trends, accurately grasp the technical direction, overcome technical difficulties, and successfully launch a number of influential innovative products such as ultra-large

size TV polarizers and OLED TV/mobile phone polarizers; Second, it further enriches the ranks of middle-level cadres and core talents, and supplements them with core talents through market-oriented recruitment, social recruitment and internal introduction of subordinate enterprises; Third, it strengthens the exchange and study of internal personnel, combined with the actual situation of the Group, after full communication and brewing, it continuously carried out the two-way exchange and training activities of cadres and talents of the Group and its affiliated enterprises in 2023, which strengthened the communication and exchange of talents between the Group headquarters and its affiliated enterprises, enhanced the comprehensive ability and performance ability of employees, and stimulated the vitality of cadres; Fourth, according to the principle of "strategic leading, performance-orientation, fairness and justice", the Company has established a performance-based salary assessment and distribution mechanism of "efficiency first, fairness emphasized, rewarding the excellent and punishing the poor, allowing both high and low based on performance, and combining incentives and constraints", reasonably determining the salary structure and level, and forming an incentive and constraint mechanism in which value creation determines value distribution.

### (III).Market advantages.

The Company has a good market customer base at home and abroad. Compared with advanced foreign peers, its biggest advantage lies in the localization supporting ability close to the panel market and the strong support of the national industrial policy. In terms of market demand, with the continuous mass production of domestic 10.5/11 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, mainland manufacturers with large-size polarizers have ushered in important industry opportunities. In terms of market development, the Company focuses on customer demand, 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 earnestly provides peer-to-peer professional services. Around the overall strategic deployment, it promotes the verification of various models, forms a stable supply chain, and continuously increases market share. At the same time, it utilizes the capital market for asset restructuring, implements its development strategy, and seizes the important market opportunity of becoming better and stronger.

### (IV). Quality advantages.

The Company always adheres to the quality policy of "meeting customers' needs, pursuing excellent quality, promoting green manufacturing and realizing continuous improvement", pays attention to product quality control, and its products comply with international quality standards. The Company strictly controls product performance indicators, standardizes incoming inspection standards, and takes quality improvement and consumption reduction as the starting point to achieve simultaneous improvement of output and quality; It introduces modern management system, and passes ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system, QCO80000 hazardous substance management system and ISO50001 energy management system certification; Its products have passed CTI testing, and meet the RoHS directive environmental protection requirements, realizing the standardized management of the whole process from raw material supply, manufacturing, marketing to customer service, thus ensuring the stability of product quality.

(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 continues to implement advanced management system and reasonable incentive mechanism, etc., to improve decision-making efficiency, speed up market reaction, refine the R&D reward system, and in the meantime to realize the in-depth integration of enterprise and employee values and stimulate new business vitality; It formulates the work plan for improving the operation of subordinate companies, set up the operation improvement working group, comprehensively sort out the Company's operation, and carry out business optimization, cost control and cash flow improvement in a steady and orderly manner to help improve the Company's production and operation; It strengthens the on-site technical management level of subordinate companies, enhances the production stability, sets up a film breaking improvement task team, and the film breaking improvement results of each production line are remarkable;

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

(VI)6.Policy advantages. Polarizer is seen as an essential part of the panel display industry and SAPO Photoelectric in its development has promoted the supply capacity of national polarizers, greatly lowered the dependence of national panel enterprises on imported polarizers, and safeguarded the national panel industry, It has promoted the coordinated development of the entire industrial chain of Shenzhen "20+8" ultra-high definition video display industry cluster. the Company tightened supplier management, improved its overall purchasing strategy, and downsized suppliers while introducing a competitive mechanism, wherein focus was given to introduction of new materials at a competitive price, to further lower its production cost and improve its product competitiveness.

## **IV. Main business analysis**

### **I.General**

The year of 2023 is the first year of a new round of state-owned enterprise reform, and it is also the year when the Company continues to deepen reform, strengthen independent innovation and improve the quality of operation. Over the past year, faced with the severe and complicated economic situation, under the strong leadership of the Board of Directors of the Company, the whole Company has been firmly confident, united and hard-working. Focusing on the "Tenth Five-Year Plan" strategic plan, it has persisted in deepening the main business of polarizers, made every effort to promote the continuous improvement of production capacity and technical level and the continuous breakthrough and innovation of cutting-edge technologies, steadily promoted major asset restructuring, strived to turn challenges into opportunities, continuously optimized its business quality and steadily improved its operating efficiency, thus achieving a better overall operation situation and laying a solid foundation for further transformation and development for the Company.

During the reporting period, the Company achieved an operating income of RMB 3.08 billion, with a year-on-year increase of 8.52% and a net profit attributable to shareholders of listed companies of RMB 79,268,300, with an year-on-year increase of 8.13%.

Review of the company's key works carried out in 2023 as follows:

(I) Enhance the operational capability of polarizer business and implement the differentiated development strategy.

In 2023, first, the Company actively optimized the product structure, increased the proportion of ultra-large polarizer products, implemented the policy of "ensuring utilization" and seized market share; Second, it strengthened the guidance of innovation, accelerated the construction of a market-oriented and professional R&D management system, focused on promotion of key technologies and product research, completed the process optimization and upgrading of No.4 wide production line, completed the new product development and mass production of 55-inch and 65-inch high-transmittance OLED TV polarizers, and achieved a major breakthrough in the supply chain system of high-end OLED TV terminal brand manufacturers; Third, it strengthened technical research, completed the development of high alkali-resistant fixed-curvature OLED mobile phone polarizer, passed the strict test and verification of mainstream panel manufacturers, entered the supply chain system of domestic smart phone brand terminal manufacturers and achieve massed production; Fourth, it carried out in-depth refined management, continuously improved production capacity and yield, reduced losses, and thus improved comprehensive production efficiency, in which product yield was raised to a higher level in the industry; Fifth, it continuously improved the level of production technology, actively promoted cost reduction and quality improvement, strengthened the on-site management level, set up a film breaking improvement task team, effectively solving the problem of film breaking in production, and achieving remarkable results in film breaking improvement in various production lines; Sixth, it improved product performance, promoted the performance of glue materials to improve product durability, and greatly reduced inventory pressure and customer complaint risk.

It completed the application for 10 new patents in 2023, including 5 invention patents and 5 utility model patents; And it was granted with 7 authorized patents, including 1 invention patent and 6 utility model patents. By the end of 2023, the Company was granted with 104 authorized patents, including 18 invention patents and 86 utility model patents.

The Company has three innovative platforms: Guangdong Engineering Technology Research Center, Shenzhen Polarizing Materials and Technology Engineering Laboratory and Shenzhen Enterprise Technology Center. It focuses on the R&D and industrialization of OLED and LCD polarizer core production technology, and the localization research of polarizer raw materials, among which, mass production has been achieved for the OLED TV polarizers and OLED mobile phone polarizers successfully, filling the domestic gap. Based on the successful development of OLED polarizer products, the Company's "A Polarizer for Improving the Contrast of OLED Display" was granted a national patent in 2023. Through in-depth research and meticulous design of the material structure and optical path of OLED polarizer, the patent successfully solved the key technical problems in the industry and promoted the technical progress in the field of OLED polarizer, which has high commercial value and application prospects.

(II) Cooperate with upstream and downstream manufacturers on technical research and create an innovation ecosystem

In 2023, the Company paid attention to multi-party collaboration, cooperated with upstream and downstream manufacturers in the new display industry chain, worked together to build an innovation ecosystem and achieved outstanding results in many fields. First, it worked with the upstream optical module material manufacturers and downstream panel enterprises to carry out technical research on the project of OLED circular polarizers and optical compensation films, and obtained state funding. The project is expected to make important contributions to the localization of key materials of OLED polarizers and the industrialization of domestic OLED polarizers. Second, it cooperated with the leading manufacturers in the touch panel industry to carry out technical research on nano-silver touch integrated polarizer, and completed the development and customer verification of nano-silver touch integrated OLED polarizer. Third, it cooperated with panel



manufacturers to develop car polarizers, and the "Research and Development of Key Technologies of Polarizers for Car Display" won the policy support from Shenzhen.

(III) Stabilize property leasing and management business and maintain sufficient cash flow

In 2023, facing the grim situation of the downturn in the leasing market, property companies continued to improve their management and made steady progress in their business development. First, it actively carried out market research to analyze the needs of potential customers and judge the future development trend of the leasing market, and formulated a refined annual leasing plan; Second, it strengthened management, designed flexible lease terms and flexible payment methods to ensure the implementation and landing of the annual lease plan; Third, it actively responded to the needs of tenants, steadily improved service quality and enhanced tenant satisfaction; Fourth, it carried out refined and standardized management to improve the comprehensive ability of property management. The revenue and total profit of property leasing and management business continued to grow throughout the year, which provided sufficient cash flow for the Company's business development.

(IV) Orderly carry out the operation improvement work of textile

In 2023, the textile business faced significant operational pressure due to factors such as declining consumer demand and market contraction. Based on the actual operating conditions, the company formulates an improvement work plan, establishes a working group, steadily and orderly carries out business optimization, cost control and other work, continuously optimizes personnel, revitalizes existing assets, strengthens fund control, and promotes the improvement of Meibai Nian Company's operation.

(V) Actively promote the disposal of "two non two assets" and promote the concentration of resources towards the main business

In 2023, in order to revitalize idle assets, optimize resource allocation, and promote high-quality development, the company will plan and grasp key points in accordance with the requirements for the clearance of "two non two assets", and orderly promote the clearance work. One is to complete the cancellation and removal of Shenzhen Shengjinlian Technology Co., Ltd; The second is to complete the deregistration and retirement of the joint venture company Yehui (Jordan) Clothing Factory Co., Ltd; Thirdly, the liquidation and cancellation work of Shenzhen Huaqiang Hotel Co., Ltd. will be initiated within the year.

(VI) Carry out major asset restructuring in depth and promote industrial integration

In 2023, the Company continued to promote the acquisition of 100% equity of Hengmei Optoelectronics Co., Ltd. (hereinafter referred to as "this restructuring") by issuing shares and paying cash, and simultaneously carried out related work of raising supporting funds. Due to the changes in the shareholder composition and shareholding ratio of the target company Hengmei Optoelectronics during the reorganization, it is necessary to adjust the counterparty of this restructuring and the transaction plan according to the requirements of the relevant rules of the registration system. At present, while intermediaries continue to promote the overtime audit, evaluation and supplementary due diligence of the target company, the Company further negotiates the transaction details with the counterparty to consolidate the restructuring transaction plan. After the transaction plan is determined and the state-owned assets examination and approval procedures are fulfilled, the Company will convene the meeting of the Board of Directors again to consider matters related to this transaction.

This restructuring is the adjustment and optimization of the Company's main polarizer business in the face of the rapidly developing new display industry environment. Through the integration of high-quality resources in the same industry and the realization of large-scale development, the restructuring will help the Company to optimize the industrial chain layout in the polarizer industry, deepen the depth of technical reserves, enhance its core competitiveness, enhance its overall profitability, give full play to the synergistic effect, and help it become a bigger and stronger listed company.

## (VII) Strengthen safety awareness and earnestly well ensure safety and environmental protection

In 2023, the Company adhered to the work safety policy of "safety first, prevention foremost and comprehensive treatment", firmly established the concept of safety development, continuously consolidated the Company's work safety foundation, made great efforts to improve the safety management level and strive to create a good safety environment. First, improve the safety production responsibility system, and subordinate enterprises implement the safety target responsibility letter signed at different levels as required, consolidate the main responsibility of work safety, and ensure that the safety responsibility is implemented "horizontally to edge and vertically to the bottom"; Second, improve the safety management system, compile the safety management system, strengthen the on-site safety inspection for the engineering projects of the affiliated enterprises, standardize the punishment standards for work safety accidents, and increase the punishment for safety accidents; Third, carry out safety education and training, organize emergency drills, and improve emergency handling of safety incidents and safety management; Fourth, actively implement the environmental protection upgrading and transformation, practice the sustainable development production concept of green environmental protection, energy conservation and consumption reduction, and continue to save energy and reduce emissions.

## (VIII) Improve the quality of party building and lead the healthy development of the enterprise

In 2023, the company will strengthen the construction of party conduct and clean governance, conduct solid research on party building topics, deeply analyze the problems and difficulties faced by the company's current business management, and lead the company's high-quality development with high-quality party building. By guiding party members to tackle key technical difficulties, party building empowers and promotes business development more effectively. The problem of PVA film breakage on the production line has been significantly improved, resulting in a cumulative cost savings of over 30 million yuan.

## 2. Revenue and cost

### (1) Component of Business Income

In RMB

	2023		2022		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	3,079,678,375.45	100%	2,837,988,264.36	100%	8.52%
On Industry					
Manufacturing	2,968,884,717.77	96.40%	2,722,034,654.94	95.91%	9.07%
Lease and Management of Property	110,793,657.68	3.60%	115,953,609.42	4.09%	-4.45%
On Products					
Polarizer sheet	2,885,625,542.77	93.70%	2,693,787,636.62	94.92%	7.12%
Lease and Management of Property	194,052,832.68	6.30%	144,200,627.74	5.08%	34.57%
Area					
Domestic	2,963,091,439.22	96.21%	2,722,632,231.25	95.94%	8.83%
Overseas	116,586,936.23	3.79%	115,356,033.11	4.06%	1.07%
Sub-sale model					
Credit	2,948,168,591.89	95.73%	2,642,221,654.15	93.10%	11.58%
Cash on sale	131,509,783.56	4.27%	195,766,610.21	6.90%	-32.82%

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

Applicable  Not applicable

In RMB

	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 (%)
<b>On Industry</b>						
Manufacturing	2,968,884,717.77	2,539,763,710.92	14.45%	9.07%	8.03%	0.82%
<b>On Products</b>						
Polarizer sheet	2,885,625,542.77	2,499,416,729.45	13.38%	7.12%	7.84%	-0.58%
<b>Area</b>						
Domestic	2,963,091,439.22	2,469,125,834.03	16.67%	8.83%	8.35%	0.37%
<b>Sub-sale model</b>						
Credit	2,948,168,591.89	2,500,093,866.48	15.20%	11.58%	13.82%	-1.67%

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

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

Yes  No

Classification	Items	Unit	2023	2022	Changes
Polarizer sheet	Sales	10,000 square meters	4,067.17	3,537.08	14.99%
	Production	10,000 square meters	4,059.98	3,518.80	15.38%
	Stock	10,000 square meters	105.22	112.41	-6.40%

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

Applicable  Not applicable

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

Applicable  Not applicable

(5) Component of business cost

Industry category

In RMB

Industry classification	Items	2023		2022		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Manufacturing	Polarizer sheet, Knitted clothing	2,539,763,710.92	99.15%	2,350,898,811.44	99.03%	8.03%

Lease of Property and others	Lease of Property and others	21,868,133.61	0.85%	23,107,084.99	0.97%	-5.36%
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Product category

In RMB

Industry classification	Items	2023		2022		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Polarizer sheet	Direct materials	2,037,672,150.22	81.53%	1,825,615,761.47	76.90%	11.62%
Polarizer sheet	Direct labor	56,414,151.28	2.26%	61,855,540.37	2.61%	-8.80%
Polarizer sheet	Power cost	74,399,845.18	2.98%	68,806,666.73	2.90%	8.13%
Polarizer sheet	Manufacturing and cost	330,930,582.77	13.23%	361,515,128.87	15.23%	-8.46%

Note

**(6) Whether Changes Occurred in Consolidation Scope in the Report Period** Yes  No**(7) Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period** Applicable  Not applicable**(8) Situation of Main Customers and Main Supplier**

Information of Main Customers

Total sales amount to top 5 customers (RMB)	2,151,239,401.31
Proportion of sales to top 5 customers in	69.85%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.00%

Information of the Company's top 5 customers

No	Name	Amount (RMB)	Proportion(%)
1	Customer 1	943,955,872.82	30.65%
2	Customer 2	413,109,606.84	13.41%
3	Customer 3	338,699,601.68	11.00%
4	Customer 4	280,667,500.69	9.11%
5	Customer 5	174,806,819.28	5.68%
Total	--	2,151,239,401.31	69.85%

Other note

 Applicable  Not applicable

Principal suppliers

Total purchase of top 5 Suppliers (RMB)	936,958,039.17
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	39.02%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	0.00%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion(%)
1	Supplier 1	272,540,426.36	11.35%
2	Supplier 2	258,042,882.44	10.75%

3	Supplier 3	232,584,736.46	9.69%
4	Supplier 4	110,044,625.22	4.58%
5	Supplier 5	63,745,368.69	2.65%
Total	--	936,958,039.17	39.02%

## Other note

Applicable  Not applicable

## 3. Expenses

In RMB

	2023	2022	Increase/Decrease(%)	Notes
Sale expenses	34,195,670.61	35,962,529.35	-4.91%	
Administrative expenses	134,371,410.53	128,388,940.29	4.66%	
Financial expenses	24,399,501.16	12,943,606.57	88.51%	It was mainly due to the fluctuation of foreign currency exchange rate.
R & D expenses	104,653,040.92	80,520,155.54	29.97%	It was mainly due to the increase in R&D investment.

## 4. Research and Development

Applicable  Not applicable

Name of main R&D project	Project purpose	Project progress	Goal to be achieved	Expected impact on the future development of the Company
Development of MNT polarizer with high transmittance and high polarization	High-end model of layout	Completed	Achieve mass production and supply of clients.	Provide new market growth points and product competitiveness.
Development of 1,540mm wide OLED circular polarizer	Development of large-size OLED TV products	Completed	Import large-size products successfully into the client to achieve mass production delivery.	Increase the order volume of OLED TV polarizers and enhance the Company's competitiveness in the field of OLED TV polarizers
Key technic development of AMOLED polarizer	Improve product performance and lay out the brand mobile phone market	Completed	Solve the artificial alkaline sweat resistance, and pass the brand mobile phone terminal verification.	As the Company's first iterative product for mass production of OLED mobile phone polarizers, extend its promotion on high-end brand mobile phones to solve the problem in industrial chain.
Development of TV polarizer with high transmittance and high polarization	Requirements of industry technology development trend	Completed	Through customer verification, the volume verification is completed.	Ensure the company's ability to take orders.
Research on extension core technology of ultra-wide polarizer	Requirements for improving quality, reducing consumption and controlling cost.	Completed	Reduce switching.	Reduce waste cost of chemical materials.

Development of high performance polarizer for IPS mobile consumer electronic products	Requirements for terminal brand models.	Partially completed	IPS high-transmittance products can meet the reliability requirements of 65°C* 95%RH*14 days	Improve the product performance and competitiveness, and at the same time effectively increase the market share.
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## Company's research and development personnel situation

	2023	2022	Increase /decrease
Number of Research and Development persons (persons)	178	184	-3.26%
Proportion of Research and Development persons	12.57%	12.00%	0.57%

## The Company's R &amp; D investment situation

	2023	2022	Increase /decrease
Amount of Research and Development Investment (In RMB)	104,653,040.92	80,520,155.54	29.97%
Proportion of Research and Development Investment of Operation Revenue	3.40%	2.84%	0.56%
Amount of Research and Development Investment Capitalization (In RMB)	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 5.Cash Flow

In RMB

Items	2023	2022	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	3,078,145,063.09	3,378,370,114.97	-8.89%
Subtotal of cash outflow received from operation activities	2,893,378,323.29	2,888,131,564.37	0.18%
Net cash flow arising from operating activities	184,766,739.80	490,238,550.60	-62.31%
Subtotal of cash inflow received from investing activities	1,467,781,075.59	1,362,677,014.25	7.71%
Subtotal of cash outflow for investment activities	1,904,569,967.97	1,263,644,263.66	50.72%
Net cash flow arising from investment activities	-436,788,892.38	99,032,750.59	-541.05%
Subtotal cash inflow received from financing activities	8,000,000.00	73,230,492.79	-89.08%
Subtotal cash outflow for financing activities	169,488,356.86	92,382,872.47	83.46%

Net cash flow arising from financing activities	-161,488,356.86	-19,152,379.68	-743.18%
Net increase in cash and cash equivalents	-413,054,377.13	572,066,400.74	-172.20%

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

Applicable  Not applicable

The net cash flow from investment activities increased by -541.05% year-on-year, mainly due to the purchase of structured deposits and bank wealth management products during the reporting period;

The net cash flow generated by fund-raising activities increased by -743.18% year-on-year, mainly due to the repayment of loan

The net increase in cash and cash equivalents was -172.20% year-on-year, mainly due to the purchase of structured deposits and bank wealth management products during the reporting period.

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

Applicable  Not applicable

#### V. Analysis of Non-core Business

Applicable  Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	10,828,635.56	7.39%	It was mainly the income obtained by the Company from purchasing the unexpired part of wealth management products during the reporting period.	Have the sustainability
Gains and losses on changes in fair value	2,151,780.82	1.47%	It was mainly the income obtained by the Company from purchasing the unexpired part of wealth management products during the reporting period.	Not sustainable.
Impairment of assets	-126,089,709.42	-86.04%	It was mainly due to the Company's inventory depreciation provision in accordance with accounting policies during the reporting period.	Have the sustainability
Non-operating income	1,449,879.26	0.99%	It was mainly due to the Company's receipt of liquidated damages	Not sustainable.

			during the reporting period.	
Non-operating expense	8,205,801.51	5.60%	It was mainly due to the Company's payment for quality claims during the reporting period.	Not sustainable.
Other income	50,740,363.91	34.62%	It was mainly due to the fact that the Company received government subsidies and enjoyed preferential policies of value-added tax deduction during the reporting period.	Have the sustainability

## VI. Condition of Asset and Liabilities

### 1. Condition of Asset Causing Significant Change

In RMB

	End of 2023		End of 2022		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	472,274,448.00	8.36%	991,789,968.19	17.66%	-9.30%	Mainly due to the purchase of wealth management products
Accounts receivable	820,134,833.95	14.52%	636,583,469.93	11.33%	3.19%	It was mainly due to the Company's income growth during the reporting period and the extension of some customers' account periods.
Inventories	736,392,172.27	13.03%	558,447,648.77	9.94%	3.09%	It was mainly due to the Company's stocking during the reporting period.
Investment real estate	125,603,207.18	2.22%	126,315,834.76	2.25%	-0.03%	
Long-term equity investment	127,682,020.70	2.26%	134,481,835.74	2.39%	-0.13%	
Fixed assets	2,066,006,237.73	36.57%	2,240,221,656.36	39.88%	-3.31%	Mainly due to depreciation.
Construction in process	31,307,060.74	0.55%	38,061,619.60	0.68%	-0.13%	



Use right assets	11,999,466.57	0.21%	15,365,393.88	0.27%	-0.06%	
Short-term borrowing	8,000,000.00	0.14%	7,000,000.00	0.12%	0.02%	
Contract liabilities	1,436,943.34	0.03%	4,274,109.40	0.08%	-0.05%	
Long-term borrowing	505,578,314.56	8.95%	607,421,585.00	10.81%	-1.86%	It was mainly due to the Company's stocking during the reporting period.
Lease liabilities	6,687,317.22	0.12%	8,628,672.71	0.15%	-0.03%	
Transaction financial assets	821,946,114.68	14.55%	319,605,448.44	5.69%	8.86%	Mainly due to the purchase of wealth management products
Other payable	184,528,344.55	3.27%	197,345,455.37	3.51%	-0.24%	

Overseas assets account for a relatively high proportion.

Applicable  Not applicable

## 2.Asset and Liabilities Measured by Fair Value

Applicable  Not applicable

In RMB

Items	Opening amount	Gain/Loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other changes	Closing amount
<b>Financial assets</b>								
1. Financial assets measured at fair value through profit or loss (excluding derivative financial assets)	319,605,448.44	2,151,780.82	0.00	0.00	1,690,500,000.00	1,195,000,000.00	4,688,885.42	821,946,114.68
2. Derivative financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other creditor's right investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other equity	167,678,283.27	0.00	21,689,383.27	0.00	0.00	0.00	0.00	145,988,900.00

Instrument Investment								
5. Other Non-current Financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal of financial assets	487,283,731.71	2,151,780.82	-21,689,383.27	0.00	1,690,500,000.00	1,195,000,000.00	4,688,885.42	967,935,014.68
Real Estate investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Productive biological assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	487,283,731.71	2,151,780.82	-21,689,383.27	0.00	1,690,500,000.00	1,195,000,000.00	4,688,885.42	967,935,014.68
Financial Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other changes

None

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

Yes  No

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

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

(1) The restricted monetary funds mainly include the restricted funds equivalent to RMB 3,400,000.00 due to the freezing of the account, And the Note margin of RMB 5,905,118.06 .

and RMB 115,719,927.09 of the principal and interest of the deposit due more than three months from the date of purchase

(2) Restricted notes receivable shall be notes receivable endorsed or discounted by the Company and not yet due on the balance sheet date.

(3) limited fixed assets and intangible assets are mainly subsidiary 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).

## VII. Investment situation

### 1. General

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## 4. Investment of Financial Asset

(1) Securities investment

Applicable  Not applicable

(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.

## VIII. Sales of major assets and equity

## 1. Sales of major assets

Applicable  Not applicable

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

## 2. Sales of major equity

Applicable  Not applicable

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

Applicable  Not applicable

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

In RMB

Company name	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Property lease	2,360,000.00	32,343,767.34	26,091,145.71	7,618,402.63	2,984,011.62	3,072,437.36
Shenzhen Huaqiang Hotel	Subsidiary	Property lease	10,005,300.00	21,117,565.97	20,587,426.97	0.00	-200,059.11	-200,972.20
Shenzhen Shenfang Real Estate Management Co., Ltd.	Subsidiary	Property management	1,600,400.00	12,048,598.90	6,502,114.60	15,337,604.85	1,761,604.56	1,661,756.99
Shenzhen Beauty Century Garment	Subsidiary	Production of fully electronic jacquard	13,000,000.00	16,559,745.28	- 12,819,020.61	35,017,435.14	- 22,850,886.49	- 22,846,931.63

Co., Ltd.		knitting whole shape						
SAPO Photoelectric	Subsidiary	Production and sales of polarizer	583,333,333.00	4,434,012,261.90	3,062,504,373.22	2,944,147,907.27	135,338,212.80	119,242,465.54
Shengtou (HK) Co., Ltd.	Subsidiary	Sales of polarizer	HKD10,000	6,638,056.16	6,547,620.59	0.00	428,104.79	428,104.79
Shenzhen Shengfang Sungang Real Estate Management Co., Ltd.	Subsidiary	Property management	1,000,000	11,737,482.85	9,367,913.27	4,962,787.60	2,752,677.73	2,584,909.35
Shenzhen Shengjinlian Technology Co., Ltd.	Subsidiary	Production and sales of polarizer	1,000,000	0.00	0.00	0.00	2,984,011.62	0.00

Subsidiaries obtained or disposed in the reporting period

Applicable  Not applicable

Company name	Method of obtained or disposed of subsidiaries in the reporting period	The impact on overall production, operation, and performance
Shenzhen Shengjinlian Technology Co., Ltd.	deregistered	Complies with the company's strategic planning and has not had a significant impact on the overall production, operation, and performance of the company.

Description of the main holding and equity participation companies

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

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

## X. Structured vehicle controlled by the Company

Applicable  Not applicable

## XI. Prospect for future development of the Company

### (I) The Development Trend of the Industry

#### 1. Industry competition pattern

Polarizer industry is a highly concentrated industry. Currently, there are about 10 major polarizer manufacturers worldwide, mainly in mainland China, Japan, South Korea and Taiwan Province of China. With the transfer of production capacity and the expansion of Chinese mainland manufacturers, mainland China has become the largest polarizer production base in the world. According to Omdia data, by the end of 2023, the global share of Chinese Mainland's polarizer capacity scale is about 54.91%. It is estimated that by 2027, the share of Chinese Mainland's polarizer capacity scale will further increase to 69.66%. In the competition of ultra wide polarizer production line brought about by the rapid growth of demand for 65 inch and above large-size display products, Chinese Mainland is in the forefront of the industry. According to Omdia data, by the end of

2023, there are 12 ultra wide production lines with a length of 2.3 meters or more in the world, of which 11 have been built in Chinese Mainland. Polarizer enterprises with good production and operation capacity of ultra wide production lines will occupy a favorable position in the market competition.

## 2. Industry trends

With the gradual recovery of the global consumer electronics market and the increasing maturity of different display technologies and products in multiple scenarios, the global display industry is entering a recovery and upward trend. With the successive launch of international major events such as the Olympics and the European Cup, a new cycle of display product replacement has begun. The global demand for display panels is expected to further stabilize and accelerate its release in 2024. As one of the key upstream raw materials for display panels, polarizers are expected to fully benefit from the industry's recovery and enter a new round of demand growth.

In recent years, due to the continuous expansion of production capacity of major panel manufacturers in Chinese Mainland, the domestic polarizer market demand has grown rapidly. Overseas polarizer manufacturers have chosen to gradually shrink and exit, and there is significant room for domestic substitution, which has brought good development opportunities for mainland polarizer manufacturers with market advantages, policy advantages, and geographical advantages.

With the upgrading of consumption, the demand for large-sized televisions of 65 inches and above is constantly increasing, bringing huge demand for ultra wide polarization film products. Market institution Omdia predicts that from 2022 to 2027, the global demand for polarizers 65 inches and above will have a compound annual growth rate of about 15%. It is expected that by 2027, the demand for large-sized panels 65 inches and above will increase to 96 million square meters, corresponding to a demand for ultra wide polarizers exceeding 200 million square meters. At the same time, with the trend of OLED displays accelerating their penetration into mid to large sizes on the basis of high penetration rates in mobile phone products, the demand for multiple screens brought about by automotive intelligence and electrification, and the promotion of Apple's promotion plan for OLED IT products, the demand for high-end products such as OLED and car polarizers is rapidly growing, becoming a blue ocean market that polarizer companies are competing for. Manufacturers with large-sized polarizer products, as well as high-end cutting-edge polarizer technology reserves and mass production capabilities such as OLED and automotive, will have a greater competitive advantage.

### (II) Company development strategy

Relying on the existing business foundation, the Company will actively plan for business innovation and upgrading through two paths of tapping the potential of stock business and increasing business investment and empowerment, vigorously implement the "polarizer+" strategy, promote the core business of polarizers to become better and stronger, and meanwhile, choose the right opportunity to extend to upstream raw materials, promote the development of polarizer integration business, actively expand other advanced new material fields, and strive to build a world-class new material technology group.

### (III) Possible risks

#### 1. Macroeconomic risks

At present, the vitality of the market economy has gradually recovered, but the foundation of economic recovery is still not solid, and residents' consumption is still restricted. As a member of the upstream manufacturers of the display market, the Company cannot rule out the risk that unpredictable macroeconomic fluctuations may affect the Company's performance.

#### 2. Market risk

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

### 3. Raw material risk

As the core production technology of polarizer upstream materials has high barriers, it is basically monopolized by foreign manufacturers and the localization rate is not high. At present, the key raw materials required to manufacture polarizers, such as PVA film and TAC film, are monopolized by Japanese enterprises, and the supply of key raw materials is constrained by Japan, while the prices of major film materials are affected by suppliers' capacity, market demand and yen exchange rate, thus affecting the Company's product costs.

### 4. Risk of intensified competition

With major domestic polarizer manufacturers accelerating the construction and expansion of production lines in recent years, the production capacity of polarizers, especially large-sized polarizers, will continue to grow in the future. If the downstream consumer market recovers less than expected, the competition in the polarizer industry will further intensify.

## (IV) Key Work in 2024

### 1. Expand sales, improve quality and efficiency, and promote the steady improvement of polarizer business

In terms of market, grab orders, ensure utilization and adjust the structure, and reduce costs; In terms of operation, improve efficiency and quality, and promote the steady improvement of polarizer business operation. First, seek for project increment, follow up the opening of new projects of customers, and improve the utilization of production lines; Second, upgrade the production line process capacity, improve the on-site manufacturing environment, improve the AOI detection accuracy and speed; Third, continue to reduce costs and increase efficiency, focus on key indicators such as product yield, material loss, procurement unit price, energy consumption, R&D investment, and improve cost-output benefits; Fourth, well ensure importing domestic materials, reduce material loss and save production costs by combining new technology.

### 2. Actively promote major asset restructuring and promote the investment layout of the industrial chain

Promote the major asset restructuring in an orderly manner, ensure the completion of this major asset restructuring project on schedule, realize the strong cooperation in the polarizer industry, rapidly increase the production scale of polarizers, optimize the layout of industrial chain, and deepen the depth of technical reserves, so as to make the Company move towards a new level of high-quality development. This major asset restructuring is in line with the relevant development strategies of the state and Shenzhen, and is of positive significance to ensuring the safety of the national new display supply chain.

### 3. Strengthen innovation leadership and create differentiated competitive advantages

We will firmly pursue the path of innovative development, strengthen research and development investment, accelerate the development process and mass production scale of cutting-edge products and technologies such as mid to high end OLED TVs, OLED phones, and car mounted products, further seize market opportunities,

and create a competitive advantage in technology and product differentiation with other domestic polarizer manufacturers in the field of cutting-edge products.

4. Ensure the steady growth of property leasing business and provide effective support for the development of the Company

The property enterprises actively carry out market research, combine the market and the company's situation, formulate a refined annual lease plan, further optimize the working mechanism, continue to implement refined management, innovate and tap potential, increase revenue and reduce expenditure, improve the service quality and management level of property enterprises, and enhance operating efficiency.

5. Activate existing assets and lay a solid foundation for the development of the main business

Actively activate the existing assets of the property, optimize asset allocation, improve asset operation efficiency, and accelerate the cancellation and clearance work of Huaqiang Hotel to enrich the company's cash flow, laying a solid foundation for the company to focus on the main business of polarizing film and seek transformation and development.

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

Strengthen the echelon construction of reserve talents in the headquarters of the Company Group, improve the working mechanism of reserve talents training and assessment, and scientifically plan and design the dimension and content of reserve talents training. Introduce talents with core competitiveness, especially middle- and high-end technical talents and industrial management talents, in order to thoroughly implement the strategy of strengthening enterprises through talents, mobilize resources from all sides and broaden the channels for introducing core talents.

7. Well ensure work safety and maintain the harmony and stability of the enterprise

Always adhere to the work safety policy of "safety first, prevention foremost and comprehensive treatment", firmly establish the concept of safety development, constantly improve and refine the Company's safety management system, establish and improve various safety management system standards, further strengthen on-site safety supervision and rewards and punishments, vigorously carry out safety education and training, continuously improve the safety awareness and professional skills of all employees, and build a solid line of defense for the Company's work safety.

8. Enhance the ability to operate in compliance with laws and regulations, and improve the ability of comprehensive risk prevention and control

Build a compliance management organization and leadership mechanism, improve the risk control compliance management system, implement the risk control compliance management operation mechanism, and build a four-in-one prevention and control system with full participation, whole-process monitoring and full-field coverage, with leading by improving the core competitiveness of the enterprise as the traction, focusing on self-prevention, self-supervision and self-restraint, and aiming at effectively resolving risks and operating in compliance with laws and regulations.

9. Strengthen party building leadership and innovate enterprise culture

Adhere to the guidance of Xi Jinping's new era socialism with Chinese characteristics, thoroughly study and implement the spirit of the 20th Party Congress, comprehensively implement the important exposition of General Secretary Xi Jinping on the reform and development of state-owned enterprises and party building, continuously strengthen party building, further strengthen the ideological foundation, and lay a solid foundation and provide guarantee for the healthy development of the Company.

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

Applicable  Not applicable

The company did not receive researches, visits and interviews received in this reporting period.

**XIII. The implementation of the action plan of "Double improvement of quality and return".**

Whether the Company has disclosed the action plan of "Double improvement of quality and return".

Yes  No



## IV. Corporate Governance

### I. General situation

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

In 2023, company held a total of 3 general meetings, convened general meetings, standardized voting procedures to safeguard the effectiveness and legality in strict accordance with the regulations and requirements of Corporation Law, Articles of Corporation and Rule of Procedure of Shareholders' Meeting. Companies actively protected the voting rights of minority investors, and general meetings were convened in the form of live network to adequately assure small investors of their rights to exercise.

In 2023, the board of directors held 7 meetings, and the convening and voting procedures were all conducted in strict accordance with the Articles of Corporation and Rule of Procedure of Shareholders' Meeting. All the directors performed directors' duties, exercise directors' rights, attended related meetings and actively participated in the training and became familiar with relevant laws and regulations with serious, diligent and honest attitudes. Independent directors independently performed their duties in strict accordance with Articles of Corporation, The independent director system and other relevant laws and regulations, expressed fully their independent opinions on corporate operation, decision-making, and important matters, etc. Strategy, audit, remuneration, evaluation, nomination committees were established under board of directors, all committees functioned properly, and performed duties such as internal audits, compensation assessment, nomination of senior management personnel, and provided scientific and professional advisory opinions for board of directors' decision-making.

In 2023, the board of supervisors held 5 meetings. The board of supervisors strictly followed the requirements of Articles of Corporation and Rules of procedure of the board of supervisors and other relevant laws and regulations, supervised the legal compliance of the duties performed by company's financial personnel and directors, managers and other senior management personnel in the aim of maintaining the legitimate rights and interests of the company and its shareholders. All the supervisors fulfilled their obligations, exercised their rights according to the laws. The convening and voting procedures of the board of supervisors were legal, and the resolutions were legal and valid. The establishment and implementation of board of supervisors played an active role in improving corporate governance structure and regulating corporate operations.

In 2023, in order to promote the standardized operation of the company, ensure the independent exercise of powers by independent directors in accordance with the law, and fully leverage the role of independent directors in corporate governance, the board of directors of the company revised the company's articles of association, rules of procedure for shareholder meetings, rules of procedure for board meetings, and independent director work system in accordance with current laws, regulations, and normative documents such as the Company Law, Securities Law, Measures for the Administration of Independent Directors of Listed Companies, Shenzhen Stock Exchange Listing Rules, and Shenzhen Stock Exchange Self regulatory Guidelines No. 1- Standardized Operation

of Main Board Listed Companies, further improving the company's governance structure.

In 2023, Moreover, the Company carried out the special work Blue Sky Action according to Notification on Implementing Special Work where Investors Protect Blue Sky Action published by Shenzhen Securities Bureau to enhance the quality of information disclosure as the key point, to continuously perfect the communication mechanism and to promote the normative development of the Company. various platforms were made full use of, such as telephone, e-mail, website, especially the interactive platform of investors in Shenzhen Stock Exchange, solved questions brought by investors, and communicated with medium and small investors interactively, and ensure all the investors obtained equal opportunities for informal access. Meanwhile, in the aim of improving the transparency of listed companies, company accepted investors' on-site investigation to have comprehensive understandings of the company's business situation through face-to-face communication with management, also urged the company established a responsibility to return on investors, improved and enhanced the corporate governance standards. Meanwhile, the Company continued to perfect the voting mechanism for minority investors. In 2023, the minority investors' voting was counted separately at each of the 3 shareholder's meetings, and whose result was disclosed at the decision announcement at the shareholder's meeting, which fully guaranteed the execution of power of the minority investors

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

Yes  No

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

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

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

## III. Competition situations of the industry

Applicable  Not Applicable

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

### 1. Annual General Meeting

Sessions	Type of meeting	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
The First provisional shareholders' General meeting of 2023	Provisional shareholders' General meeting	49.58%	March 22,2023	March 23,2023	Juchao Website (http://www.cninfo.com.cn) Announcement No.: 2023-09
2022 Shareholders' general meeting	Annual Shareholders' General Meeting	49.57%	May 26,2023	May 27,2023	Juchao Website (http://www.cninfo.com.cn) Announcement No.: 2023-25

The Second provisional shareholders' General meeting of 2023	Provisional shareholders' General meeting	49.53%	December 25,2023	December 26,2023	Juchao Website (http://www.cninfo.com.cn) Announcement No.: 2023-56
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## 2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable  Not applicable

## V. Information about Directors, Supervisors and Senior Executives

### 1. Basic situation

Name	Sex	Age	Positions	Office status	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin(share)	The number of shares held in the current period( shares)	Number of shares reduced in the current period( shares)	Other change s(share s)	Number of shares held at the end of the period( shares)	Reasons for increase or decrease of shares
Yin Kefei	Male	49	Board chairman, Secretary of the party committee	In office	February 10,2021		0	0	0	0	0	0
Zhu Meizhu	Male	59	Deputy Secretary of the Party committee, Director, General Manager	In office	July 19,2017		93,000	0	0	0	93,000	0
Ning Maozhi	Male	48	Director, Deputy Secretary of the Party committee	In office	December 14,2017		0	0	0	0	0	0
Wang Chuan	Male	52	Director, Deputy	In office	October 28,2022		0	0	0	0	0	0

			General Manager									
Liu Yu	Female	52	Director, CFO	In office	February 28, 2024		0	0	0	0	0	0
Sun Minghui	Male	42	Director	In office	February 10, 2021		0	0	0	0	0	0
Wu Guangquan	Male	61	Independent Director	In office	December 25, 2023		0	0	0	0	0	0
Yang Gaoyu	Male	56	Independent Director	In office	December 25, 2023		0	0	0	0	0	0
Wang Kai	Male	40	Independent Director	In office	January 16, 2020		0	0	0	0	0	0
Ma Yi	Male	57	Chairman of the supervisory committee, Secretary of the Commission for Discipline Inspection	In office	January 16, 2020		0	0	0	0	0	0
Yuan Shuwen	Male	43	Employee supervisor	In office	January 16, 2020		0	0	0	0	0	0
Zhan Lumei	Female	54	Employee supervisor	In office	February 10, 2021		0	0	0	0	0	0
Liu Hong	Male	59	Deputy GM	In office	January 19, 2017		3,000	0	0	0	3,000	0
Jiang Peng	Female	53	Secretary to the board of	In office	January 16, 2015		0	0	0	0	0	0

			directors									
Guan Fei	Male	38	Deputy GM	Dismission	September 22, 2023	October 10, 2023	0	0	0	0	0	0
He Fei	Male	46	Director, CFO	Dismission	January 16, 2024	February 7, 2024	0	0	0	0	0	0
He Zuowen	Male	61	Independent Director	Dismission	July 19, 2023	December 25, 2023	0	0	0	0	0	0
Cai Yuanqing	Male	54	Independent Director	Dismission	July 19, 2023	December 25, 2023	0	0	0	0	0	0
Total	--	--	--	--	--	--	96,000	0	0	0	96,000	--

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

Yes  No

1. Guan Fei, the former deputy general manager of the Company, resigned on October 10, 2023. For details, please refer to the *Announcement on the Resignation of the Deputy General Manager of the Company* on CNINF (<http://www.cninfo.com.cn>) (2023-14)

2. The former independent directors of the company, He Zuowen and Cai Yuanqing, left their posts upon the expiration of their terms. On November 17, 2023, the Company held the 25th meeting of the Eighth Board of Directors, and agreed to nominate Yang Gaoyu and Wu Guangquan as candidates for independent directors of the Eighth Board of Directors. For details, please refer to the *Announcement on the Expiration of Independent Directors' Term and By-election of Independent Directors* on CNINF (<http://www.cninfo.com.cn>). (2023-484) On December 25, 2023, the Company held the Second Extraordinary General Meeting of Shareholders in 2023, and agreed to add Yang Gaoyu and Wu Guangquan as independent directors of the Eighth Board of Directors of the Company. For details, please refer to the *Announcement on Resolutions of the Second Extraordinary General Meeting of Shareholders in 2023* on CNINF (<http://www.cninfo.com.cn>). (2023-56)

3. He Fei, the Company's Director and Chief Financial Officer, left his post on February 7, 2024. On February 7, 2024, the Company held the 27th meeting of the Eighth Board of Directors, and agreed to employ Liu Yu as the Company's Chief Financial Officer and the Company's Financial Controller, and agreed to nominate Ms. Liu Yu as a candidate for non-independent directors of the Eighth Board of Directors. For details, please refer to the *Announcement on Adjusting the Chief Financial Officer and Nominating Directors Candidates* on CNINF (<http://www.cninfo.com.cn>) (No.2024-04). On February 28, 2024, the Company held the First Extraordinary General Meeting of Shareholders in 2024, and agreed to elect Liu Yu as a Non-independent Director of the Company. For details, please refer to the *Announcement of Resolutions of the First Extraordinary General Meeting of Shareholders in 2024* on CNINF (<http://www.cninfo.com.cn>). (2024-06)

As of the disclosure date of this report, except for the above changes, other directors, supervisors and senior managers of the Company have not changed

## Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Wu Guangquan	Independent Director	Elected	December 25,2023	The original Independent director resigned
Yang Gaoyu	Independent Director	Elected	December 25,2023	The original Independent director resigned
Liu Yu	Director ,CFO	Elected	February 28,2024	The original director and CFO RESIGNED
Guan Fei	Deputy	Dimission	October 10,2023	Resign
He Fei	Director ,CFO	Dimission	February 7,2024	Job adjustment
He Zuowen	Independent Director	Left for term expiration	December 25,2023	Left for term expiration
Cai Yuanqing	Independent Director	Left for term expiration	December 25,2023	Left for term expiration

## 2.Posts holding

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

## (1) Director

Yin Kefei, male, born in July 1974, master degree, engineer, member of the Communist Party of China. He has served as Technician and Deputy Director of Customer Service Center of Pipeline Gas Branch of Shenzhen Gas Group Co., Ltd.; Deputy Director, Director of Civil Service Department and Director of General Office of Pipeline Gas Customer Service Branch of Shenzhen Gas Group Co., Ltd.; Deputy General Manager of Shenzhen Gas Group Co., Ltd. Ganzhou Shenran Natural Gas Co., Ltd.; Member of the Party Group and Deputy Director of the State-owned Assets Supervision and Administration Commission of Dongguan City, Guangdong Province, and concurrently the Vice Chairman of Dongguan Water Investment Group Co., Ltd.; Deputy Secretary-General of Dongguan Municipal Government of Guangdong Province, Party Secretary and Director of Dongguan Municipal Government Liaison Office in Beijing, and concurrently Chairman of the Board of Supervisors of Dongguan Biotechnology Industry Development Co., Ltd.; Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Financial Holding Group Co., Ltd., concurrently Director of Dongguan Bank and Director of Dongguan Asset Management Company; He is currently the Deputy General Manager of Shenzhen Investment Holdings Co., Ltd. and Board chairman , Secretary of the party committee of the Company.

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

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

Wang Chuan, male, born in March 1972, \master's degree, economist and engineer, CPC party member. He has served as deputy department director, department director and assistant director of the Cooperative Development Department of Shenzhen National High-tech Industry Innovation Center, Director, General Manager and Chairman of Shenzhen Qidian Innovation Technology Co.,Ltd., and Deputy General Manager of Shenzhen Tongchan Group Co., Ltd. He is currently the Director of Industrial Management Department of Shenzhen Investment Holding Co., Ltd., member of the Party Committee, Director and Deputy General Manager of the Company, and concurrently the Chairman of Shenzhen SAPO Photoelectric Technology Co., Ltd.

Liu Yu, female, born in November 1971, bachelor degree, senior accountant, certified public accountant in China, member of Communist Party of China. She has served as the financial director of Shenzhen Women's Newspaper Magazine, the vice president of Shenzhen Women's Newspaper Magazine, and the director and chief financial officer of Shenzhen Wuzhou Hotel Group Co., Ltd. She is currently the Director and Chief Financial Officer of the Company.

Sun Minghui, male, born in September 1981, master degree, accountant, member of the Communist Party of China. He has served as Staff Member of the Finance Department of Shenzhen Energy Finance Co., Ltd. and the Financial Management Department of Shenzhen Energy Group Co., Ltd., Finance Management Director of the Financial Budget Department of Shenzhen Investment Holdings Co., Ltd., Senior Director of the Finance Department and the Board Office, and Deputy Director of the Finance Department (Settlement Center). He is currently the Chief Accountant of Shenzhen Investment Holdings Co., Ltd., concurrently serving as the Director of the Finance Department (Settlement Center), and Director of the Company

Wu Guangquan, male, born in May 1962, Master of Tongji University, member of Communist Party of China. He used to be the accountant, assistant manager of Finance Department, deputy manager, manager, deputy chief accountant, deputy general manager, general manager and chairman of China National AERO-TECHNOLOGY Shenzhen Company Limited; Chairman of Jiangxi Jiangnan Trust and Investment Co., Ltd.; Party secretary, chairman and general manager of China Aviation Technology International Holdings Co., Ltd.; Special officer of Aviation Industry Corporation of China; Party secretary and chairman of AVIC General Aircraft Co., Ltd.; He once served as chairman and legal representative of Fiyta Precision Technology Co., Ltd., chairman and legal representative of Tianma Microelectronics Co., Ltd., chairman and legal representative of Tianhong Shuke Commercial Co., Ltd., chairman and legal representative of AVIC Real Estate Co., Ltd. (now renamed as China Merchants Surplus Industry Operation Service Co., Ltd.), chairman of Shennan Circuit Co., Ltd., executive director of China South City Holdings Limited and chairman of the board of Continental Aerospace Technologies Holding Limited. He is currently the president of Federation of Shenzhen Industries, the chairman of the presidium of China Federation of Industrial Economics and the director of Global Industrial Research Center, the chairman of Shenzhen Jinling Times Technology Co., Ltd., the chairman of Shenzhen Fanjing Investment Co., Ltd., the chairman of Shenzhen Fanjing Smart Enterprise Management Consulting Co., Ltd., the independent director of Zhongchuang Xinhang Technology Group Co., Ltd., the independent director of Shenzhen Lihe Kechuang Co., Ltd. and the independent director of the Company.

Yang Gaoyu, male, born in February 1968, master degree in business administration at New York Institute of Technology in the United States, certified public accountant in China, certified tax accountant in China, and forensic accountant appraiser, member of China Zhi Gong Party. He used to be the accountant of Shenzhen A-Fontane Fabric Co., Ltd. and the auditor, audit manager, partner and chief partner of Shenzhen Great Wall Certified Public Accountants Co., Ltd. He is currently the director of Shenzhen Branch of Zhongzheng Tiantong Certified Public Accountants (Special General Partnership), the executive director and general manager of

Zhongtian Dexiang Tax Agency (Shenzhen) Co., Ltd., At the same time, he is the director of the 7th Council of Chinese Certified Tax Agents Association, the executive director of Shenzhen Tax Agents Association, the vice president of Shenzhen Futian Accounting Association, the visiting professor of Accounting College of Jiangxi University of Finance and Economics, the distinguished professor of Modern Economics and Management School of Jiangxi University of Finance and Economics, the part-time tutor of Shenzhen Research Institute of Jiangxi University of Finance and Economics, the entrepreneurial tutor of Shenzhen Research Institute Innovation and Entrepreneurship Center of Jiangxi University of Finance and Economics, the off-campus tutor of MPAcc of Shenzhen University School of Economics, the independent director of Shenzhen EXC-LED Technology Co.,Ltd., the independent director of Shenzhen New Trend International Logis-tech Co.,Ltd., and the independent director or the Company.

Wang Kai, male, born in 1983, Ph.D. of Huazhong University of Science and Technology, Member of the Communist Party of China, associate professor and researcher of Southern University of Science and Technology Department of Electronic and Electrical Engineering, and Outstanding Young Man of Guangdong Province. He has served as a member of the Technical Committee of Beijing Branch of Society for Information Display (SID), a member of the National Standardization Technical Committee of Flat Panel Display Devices, Deputy Director of the Key Laboratory of Energy Conversion and Storage Technology of the Ministry of Education, and Deputy Director of the Key Laboratory of Quantum Dot Advanced Display and Lighting in Guangdong Universities, and independent director of the Company.

## (2) Supervisor

Ma Yi, male, born in August 1966, bachelor's degree, member of Communist Party of China, assistant economist. He has successively served as a cadre of the automobile manufacturing and distribution plant of Hainan automobile transportation corporation, director of the Business Department, assistant to the general manager and manager of the Transportation Department of Shenzhen Shenjiu International Logistics Co., Ltd. Guangzhou Branch, operation director of Cosco Logistics Guangzhou Antaida Logistics Co., Ltd., general manager of Shenzhen Shenjiu International Logistics Co., Ltd. Guangzhou Branch, director of Planning and Development Department, director assistant, chief of Futian station, deputy secretary of the Party Committee, director and general manager of Shenzhen highway passenger and freight transportation service center. He is the current chairman of the board of supervisors and secretary of Discipline Inspection Committee of the Company..

Yuan Shuwen, male, born in May 1980, master's degree. He has successively served as chief of Shigu management station of Hengshan county rural management bureau, financial director of Shenzhen Fengcheng Iron Wire Products Co., Ltd., project manager of Shenzhen branch of BDO Accounting Firm Co., Ltd., general ledger accountant of Shenzhen Zhenye (Group) Co., Ltd., director of Financial Budget Department and senior director of Assessment and Distribution Department of Shenzhen Investment Holding Co., Ltd. Currently, he is vice director of Assessment and Distribution Department of Shenzhen Investment Holding Co., Ltd. and supervisor of the Company

Zhan Lumei, female, born in June 1969, college degree, Senior Labor Relations Coordinator, Senior Career Instructor, member of the Communist Party of China. She has served as the Administrative Personnel Director of Shenzhen Hualang Garment Co., Ltd., Director and Manager of the Human Resources Department of the Company. Currently, she is the vice chairman of the Federation of Trade Unions, Director of the Party-mass Work Department, and Chairman of the Trade Union and the Employee Supervisor of the Company.

## (3)Senior management



Liu Honglei, male, born in May 1964, bachelor degree and CPC member, Senior engineer, He has served Technician , Work director, Deputy director of office of First film factory of Ministry of Chemical Engineering, Director of personnel Education Dept of Education Department of China Lekai Film Group, he has served as the deputy general manager and general manager of SAPO Photoelectric Co., Ltd from June 2012 to May 2013 and the head of the party-mass work department and the manager of the business management department of Shenzhen Textile (Holdings) Co., Ltd; At present he holds the position of deputy general manager of the company.

Jiang Peng, Female, born in October 1970, Bachelor Degree, member of communist party, She has served as a Clerk and Deputy Section Chief of the office of Shandong Aquatic Enterprise Group Corporation, Section Chief of the Office of the Board of Directors of Shandong Zhonglu Ocean Fishery Co., Ltd., Deputy Director and Securities Affairs Representative. served as officer of the Secretary Office of Shandong Fishery Group Co.,Ltd., Deputy Director of the Secretary office and Securities affairs Representative of Shandong Zhonglu Oceanic Fisheries Co., Ltd., Securities Representative of Huafu Holding Co., Ltd., Securities affairs representative and Officer of the Secretariat of the Board of the Company, now serves as the secretary of the Board of the Company and Director of SAPO Photoelectric Co., Ltd

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharing date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Yin Kefei	Shenzhen Investment Holdings Co., Ltd.	Deputy GM	January 11,2021		Yes
Wang Chuan	Shenzhen Investment Holdings Co., Ltd.	Director of the Industry Management Department	May 23,2018		No
Sun Minghui	Shenzhen Investment Holdings Co., Ltd.	Director of Financial Dept( Clearing centre )	November 11,2020		Yes
Sun Minghui	Shenzhen Investment Holdings Co., Ltd.	Chief Accountant	March 14, 2024		Yes
Yuan Shuwen	Shenzhen Investment Holdings Co., Ltd.	Deputy minister of the Assessment and distribution Department	September 18,2017		Yes

Offices taken in other organizations

√Applicable □Not applicable

Name of the persons in office	Name of other organizations	Titles engaged in the other organizations	Starting date of office term	Expiry date of office term	Does he/she receive remuneration or allowance from other organization
Yin Kefei	Research Institute of Tsinghua University in Shenzhen	Director	March 17,2023		No

Yin Kefei	Shenzhen Environmental Technology Group Co., Ltd.	Director	April 23,2021		No
Yin Kefei	Shenzhen international Chamber	Vice chairman	July 24,2023		No
Yin Kefei	ULTRARICH INTERNATIONAL LIMITED	Director	September 4,2023		No
Yin Kefei	Shenzhen International Investment Promotion Federation	The candidate for the second president	January 20,2022		No
Wang Chuan	Shenzhen Shenfubao (Group) Co., Ltd.	Director	June 21,2018		No
Wang Chuan	ULTRARICH INTERNATIONAL LIMITED	Director	June 27,2018		No
Wang Chuan	Shenzhen Tongchan Group Co., Ltd.	Director	December 17,2020		No
Sun Minghui	China Nanshan Development (Group) Co., Ltd.	Supervisor	October 17,2017		No
Sun Minghui	Shenzhen Highway Passenger & Cargo Transportation Service Center Co., Ltd.	Supervisor	June 16,2017		No
Sun Minghui	ULTRARICH INTERNATIONAL LIMITED	Director	November 11,2020		No
Sun Minghui	Shenzhen Special Economic Zone Real Estate	Director	November 11,2020		No
Sun Minghui	Hubei Shentoukong Investment Development Co., Ltd	Director	November 11,2020		No
Sun Minghui	Guotai Junan Securities Co., Ltd.	Director	October 26,2023		No
Sun Minghui	Guotai Junan Investment Management Co., Ltd.	Director	October 26,2023		No
Sun Minghui	Shenzhen Chiwan Development Co., Ltd.	Supervisor	June 30,2021		No
Yuan Shuwen	Shenzhen Water Planning & Design Institute Co., Ltd.	Supervisor	February 20,2023		No
Description of his position in other	No				

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

Applicable  Not applicable

### 3. Remuneration to directors, supervisors and senior executives

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

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

In RMB10,000

Name	Sex	Age	Positions	Office status	Total remuneration received from the Company	Whether to get paid in the company related party
Yin Kefei	Male	49	Director,Board chairman , Secretary of the party committee	In office	0	Yes
Zhu Meizhu	Male	59	Deputy Secretary of the Party committee, Director, General Manger	In office	101.68	No
Ning Maozai	Male	48	Director ,Deputy Secretary of the Party committee	In office	95.75	No
Wang Chuan	Male	52	Director, Deputy GM	In office	78.75	No
Liu Yu	Female	52	Director ,CFO	In office	0	Yes
Sun Minghui	Male	42	Director	In office	0	Yes
Wu Guangquan	Male	61	Independent Director	In office	0.24	No
Yang Gaoyu	Male	56	Independent Director	In office	0.24	No
Wang Kai	Male	40	Independent Director	In office	12	No
Ma Yi	Male	57	Chairman of the supervisory committee, Secretary of the Commission for Discipline	In office	112.14	No

			Inspection			
Yuan Shuwen	Male	43	Supervisor	In office	0	Yes
Zhan Lumei	Female	54	Employee supervisor	In office	58.64	No
Liu Honglei	Male	59	Deputy GM	In office	92.87	No
Jiang Peng	Female	53	Secretary to the board of directors	In office	102.89	No
He Fei	Male	46	Original Director and CFO	Dimission	99.74	No
Guan Fei	Male	38	Original Deputy GM	Dimission	77.28	No
He Zuowen	Male	61	Original Independent director	Dimission	11.76	No
Cai Yuanqing	Male	54	Original Independent director	Dimission	11.76	No
Total	--	--	--	--	855.74	--

Other note

Applicable Not applicable

## VI. Performance of directors' duties during the reporting period

### 1. Information of the board meetings during the reporting period

Session	Convening date	Disclosure date	Meeting resolution
The 20th meeting of the Eighth Board of Directors	March 6,2023	March 7,2023	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Announcement No.:2023-06
The 21st meeting of the Eighth Board of Directors	April 1,2023	April 4,2023	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Announcement No.:2023-11
The 22nd meeting of the Eighth Board of Directors	April 27,2023	April 29,2023	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Announcement No.:2023-20
The 23rd meeting of the Eighth Board of Directors	August 22,2023	August 24,2023	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Announcement No.:2023-32
The 24th meeting of the Eighth Board of Directors	October 26,2023	October 28,2023	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Announcement No.:2023-38
The 25th meeting of the Eighth Board of Directors	November 17,2023	November 17,2023	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Announcement No.:2023-44
The 26th meeting of the Eighth Board of Directors	December 8,2023	December 8,2023	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Announcement No.:2023-54

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

Attendance of directors at the board meetings and the general meeting of shareholders							
Name of director	Number of board meetings attended during the reporting period	Number of board meetings attended in person	Number of board meetings attended by means of communication	Number of board meetings attended by proxy	Number of board meetings absent from	Whether to attend the board meeting in person twice in a row	General meetings of shareholders attended
Yin Kefei	7	6	1	0	0	No	3
Zhu Meizhu	7	6	1	0	0	No	3
Ning Maozai	7	6	1	0	0	No	3
Wang Chuan	7	5	1	1	0	No	3
He Fei	7	6	1	0	0	No	3
Sun Minghui	7	5	1	1	0	No	1
He Zhuowen	7	1	6	0	0	No	3
Cai Yunqing	7	1	6	0	0	No	3
Wang Kai	7	0	6	1	0	No	3

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

None

## 3. Directors' objections to related matters of the Company

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

Yes  No

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

## 4. Other descriptions of directors' performance of duties

Whether the directors' suggestions on the Company have been adopted

Yes  No

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

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

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

Committee name	Member information	Number of meetings convened	Convening date	Meeting content	Put forward important opinions and suggestions	Other information of duty performance	Details of objections (if any)
Nomination Committee of the Board	Cai Yuanqing, He Zhuowen,	2	October 16, 2023	To review matters concerning	It is suggested that the	No	No

of Directors	Wang Kai			the resignation of the Company's deputy general manager.	Board of Directors of the Company agree to the resignation of the deputy general manager.		
Nomination Committee of the Board of Directors	Cai Yuanqing, He Zhuowen, Wang Kai	2	November 14,2023	To review matters concerning the addition of independent directors to the Eighth Board of Directors.	It is agreed to nominate Yang Gaoyu and Wu Guangquan as candidates for independent directors of the Eighth Board of Directors of the Company and submit it to the Board of Directors of the Company for review.	No	No
Remuneration and Appraisal Committee	He Zuowen , Wang Kai, He Fei	2	October 13,2023	To review matters concerning the formulation of the 2022 annual business performance appraisal and salary management plan for senior managers.	It is agreed that the Company should formulate the <i>Annual Operating Performance Appraisal and Salary Management Plan for Senior Managers of Shenzhen Textile (Group) Co.,Ltd. in 2022</i> according to the operation and management requirements.	No	No
Remuneration and Appraisal Committee	He Zuowen, Wang Kai, He Fei	2	December 5,2023	To review the salary assessment of the Company's senior managers in	It is agreed to the performance appraisal results of the Company's	No	No

				2022.	senior managers in 2022 and the Company's senior managers' salary in 2022.		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	6	January 13,2023	To review the internal audit summary in 2022 and the audit plan in 2024, and communicate with the annual audit accounting firm about the audit matters of the annual report.	It is suggested that the accounting firm should complete the annual audit as planned and report the audit progress and problems found in the audit to the Audit Committee in time.	No	No
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	6	March 31,2023	To communicate the audit progress and problems found in the audit process with the annual audit accountant; To report on the performance of the Audit Committee in 2022; To review seven proposals including the 2022 Annual Report and the 2022 Internal Control Self-evaluation Report.	It is agreed to approve the seven proposals including the 2022 Annual Report and the 2022 Internal Control Self-evaluation Report.	No	No
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	6	April 27,2023	The Audit Department reports the internal audit work in the 1st quarter and the work	It is agreed to the Company's Work Report on Internal Control System in	No	No

				plan in the 2nd quarter to the Audit Committee; expresses opinions on the effectiveness of internal control in the 1st quarter of the Company; and reviews the Company's <i>Work Report on Internal Control System in 2022 and Report on Major Risk Assessment in 2023</i> .	<i>2022 and Major Risk Assessment Report in 2023</i> .		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	6	August 18,2023	The Audit Department reports the internal audit work in the 2nd quarter and the work plan in the 3rd quarter to the Audit Committee; expresses opinions on the effectiveness of internal control in the 2nd quarter of the Company; and reviews two proposals, including the Company's <i>2023 Semi-annual Report</i> .	It is agreed to approve two proposals, including the Company's <i>2023 Semi-annual Report</i> .	No	No
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	6	October 26,2023	The Audit Department reports the internal audit work in the	It is agreed to approve two proposals, including the Company's	No	No



				2nd quarter and the work plan in the 3rd quarter to the Audit Committee; expresses opinions on the effectiveness of the Company's internal control in the 3rd quarter; and reviews two proposals, including the Company's <i>Report on the Third Quarter of 2023</i> .	<i>Report on the Third Quarter of 2023</i> .		
Audit committee	He Zhuowen, Cai Yuanqing, He Fei	6	November 16,2023	To review the <i>Proposal on Hiring Audit Institutions in 2023</i> of the Company.	It agreed to approve the <i>Proposal on Hiring Audit Institutions in 2023</i> of the Company.	No	No

### VIII. The working status of the board of supervisors

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

Yes  No

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

### IX. Particulars about employees.

#### 1. Number of staff, professional structure and educational background

Number of in-service staff of the parent company(person)	55
Number of in-service staff of the main subsidiaries(person)	1,361
The total number of the in-service staff(person)	1,416
The total number of staff receiving remuneration in the current period(person)	1,416
Retired staff with charges paid by the parent company and main subsidiaries (person)	0
Professional	
Category	Number of persons (person)
Production	1,005

Sales	17
Technical	180
Financial	29
Administrative	185
Total	1,416
<b>Education</b>	
<b>Category</b>	<b>Number of persons (person)</b>
Holders of master's degree or above	42
Graduates of regular university	218
Colleges	150
Mid-school or below	1,006
Total	1,416

## 2. Remuneration policies

In 2023, the Company carried out management for employees' compensation in strict accordance with the state's relevant laws and regulations and guaranteed the fairness and reasonability of the compensation, which offered relevant rewards and incentives to the employees, accelerate them to jointly develop with the Company, and simultaneously reflected humanistic care of the Company.

## 3. Training plan

Combined with the Company's development strategy, continue to improve the Company's talent training system and strengthen the exchange and learning of personnel in the Shenzhen Textile system. First, combining with the work of the department and the actual situation of employees, and according to the existing network college resources, allocate appropriate courses for employees, including general management courses and professional courses. During the year, it further improved the professional level and comprehensive quality of employees through internal and external training courses; Second, continue to create an atmosphere of "reading after actual practices" and encourage employees to love reading and read good books; Third, according to the needs of the Company's business development and the actual work of various departments, organize key employees to participate in professional training arranged by superior units and professional institutions to further enhance their comprehensive ability, professional skills and professionalism.

## 4. Outsourcing situation

Applicable  No Applicable

## X. Specification of profit distribution and capitalizing of common reserves

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

Applicable  Not applicable

On May 26, 2023, the Company held the 2022 annual general meeting of shareholders to deliberate and pass the 2022 profit distribution plan. The 2022 profit distribution plan of the Company is as follows: based on the profit available for distribution in the consolidated statement, with the total share capital of 506,521,849 shares as the base as of December 31, 2022, a cash dividend of RMB 0.60 (including tax) will be distributed to all shareholders for every 10 shares, with a total cash dividend of RMB 30,391,310.94 (including tax), the remaining undistributed profits will be carried forward to the next year; No bonus shares will be given, and no capital reserve will be used to increase capital.

If the total share capital of the Company changes before the implementation of the distribution plan, the total distribution amount will be adjusted based on the total share capital of date of record when the distribution plan is implemented in the future, and with the above distribution ratio remained unchanged. The specific amount will be subject to the actual distribution.

Special description of cash dividend policy	
Whether it meets the requirements of the Articles of Association or the resolution of the general meeting of shareholders:	Yes
Whether the dividend standard and proportion are explicit and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and played their due role:	Yes
If the Company does not distribute cash dividends, specific reasons, as well as the measures to be taken to enhance investor returns should be disclosed:	Not applicable
Whether the minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
Whether the cash dividend policy is adjusted or changed, and whether the conditions and procedures are compliant and transparent:	Not applicable

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

Applicable  Not applicable

Profit distribution and capitalization of capital reserve during the reporting period

Applicable  Not applicable

Bonus shares for every ten shares(Shares)	0
Cash dividend for every ten shares (Yuan)(Tax-included)	0.65
A total number of shares as the distribution basis(shares)	506,521,849
Cash dividend amount (yuan, including tax)	32,923,920.19
Other means (such as repurchase of shares) cash dividend amount (yuan)	0.00
Total cash dividend (yuan, including tax)	32,923,920.19
Distributable profit (yuan)	216,160,896.14
Proportion of cash dividend in the distributable profit	100%
Cash dividend distribution policy	
When the company's development stage is in the growth period and there are major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%.	
Detailed explanation of the profit distribution or capital reserve transfer plan	
Based on the distributable profits in the consolidated statement, with the total share capital of 506,521,849 shares as of December 31, 2023 as the base, a cash dividend of RMB 0.6 (including tax) was distributed to every 10 shares of all shareholders, with a total cash dividend of RMB 32,923,920.19 (including tax). No bonus shares will be issued and no capital reserve will be converted	

into share capital. Do not bonus shares , the capital reserve will not be converted into share capital.

If the total share capital of the Company changes before the implementation of the distribution plan, the total distribution amount will be adjusted based on the total share capital of date of record when the distribution plan is implemented in the future, and with the above distribution ratio remained unchanged. The specific amount will be subject to the actual distribution.

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

Applicable Not applicable

None.

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

### **1. Construction and implementation of internal control**

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

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

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

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

Yes  No

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

Company name	Integration plan	Integration progress	Problems encountered in integration	Measures taken for solution	Solution progress	Subsequent planned solution
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

### **1.Self-evaluation report on internal control**

Disclosure date of appraisal report on	March 28,2024
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internal control		
Disclosure index of appraisal report on internal control	Juchao Website: ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) , Self-evaluation report of internal control in 2023	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements		100.00%
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements		100.00%
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative standard	<p>The defects related to financial reports were divided into general defects, important defects and significant defects according to their severity. Significant defects referred to one or multiple combinations of controlling defects, which may lead to serious deviation from the controlling objectives. Important defects referred to one or multiple combinations of controlling defects, and their severity and economic consequences were below significant defects, but they could still lead to serious deviation from the controlling objectives. General defects referred to other internal controlling defects which couldn't constitute significant defects or important defects.</p>	<p>In the following circumstances, the company was identified as existing non-financial –reporting related significant defects of internal controlling defects: The business activities of the company seriously violated national laws and regulations; (2) The decision-making process of "Three-Importance&amp; One-Large" were unscientific, leading to major decision errors, and causing major property loses to the company; (3) Massive loss of key posts or technology talents; (4) The controlling system involving important business fields of the company failed; (5) It Caused serious negative effects on business of the company, and the effects couldn't be eliminated; (6) The evaluation results of internal control were significant defects, and couldn't get effective rectification. Important defects referred to one or multiple combinations of controlling defects, and their severity and economic consequences were below significant defects, but they could still lead to serious deviation from the controlling objectives. General defects referred to other internal controlling defects which couldn't constitute significant defects or important defects.</p>
Quantitative criteria	<p>Misstatement amount of financial statement fell into the following intervals: significant defects: Misstatement amount <math>\geq 1.5\%</math> of total revenue; Misstatement amount <math>\geq 10\%</math> of gross profit; Misstatement amount <math>\geq 1\%</math> of total asset; Misstatement amount <math>\geq 5\%</math> of net revenue. significant defects: <math>0.5\%</math> of Total revenue <math>\leq</math> Misstatement amount <math>&lt; 1.5\%</math> of total revenue; <math>5\%</math> of gross profit <math>\leq</math> Misstatement amount <math>&lt; 10\%</math> of gross profit; <math>0.5\%</math> of Total asset <math>\leq</math> Misstatement amount <math>&lt; 1\%</math> of total revenue; <math>3\%</math> of Net assets <math>\leq</math> Misstatement amount <math>&lt; 5\%</math> of net assets. General defects: <math>0\%</math> of total revenue <math>&lt; 0.5\%</math> of Total revenue; <math>2\%</math> of gross profit <math>&lt; 5\%</math> of total</p>	Not applicable

	profit; 0% of total assets < Misstatement amount < 0.5 of total assets; 0% of net assets < Misstatement amount < 3% of net assets.	
Number of major defects in financial reporting (a)		0
Number of major defects in non financial reporting (a)		0
Number of important defects in financial reporting (a)		0
Number of important defects in non financial reporting (a)		0

## 2. Internal Control audit report

Applicable  Not applicable

Review opinions in the internal control audit report	
As of December 31, 2023, Shenzhen Textile Group has maintained effective internal control over financial reporting in all material aspects in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.	
Disclosure date of audit report	Disclosure
Index of audit report of internal control	March 28, 2024
Internal audit report's opinion	Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Type of audit report on internal control	Unqualified auditor's report
Whether there is significant deflection non-financial report	No

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

Yes  No

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

Yes  No

## XV. Rectification of self-examination problems in special governance actions of listed companies

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).

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 September 7, 2022, and is valid from December 13, 2022 to December 12, 2027.

(II) Beauty Century: The existing sewage discharge permit is valid from August 10, 2020 to August 9, 2023, The Validity Period after application for extension is from August 10, 2023 to August 9 2028.

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

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

					roof					
SAPO Photoelectric	Effluents	COD	Open trench discharge after treatment	1	Southeast side of the factory	<20mg/L	40mg/L	3.9347/a	25.0536/a	No
Beauty Century	Effluents	COD, ammonia nitrogen, PH value, suspended solids, five-day BOD, total phosphorus (calculated as P), chromaticity, aniline, chlorine dioxide, sulfide, total nitrogen (calculated as N), ammonia (ammonia gas), non-methane total hydrocarbons, sulfide and odor (concentration), Ammonia (ammonia)	Atmosphere: unorganized; wastewater: 1. Intermittent discharge, with unstable and irregular flow rate during discharge, which however is not impact discharge; 2. Intermittent discharge, with stable flow during discharge	1	Longitude: 114°15'31.36" Latitude: 22°43'38.14"	Permissible discharge value: PH value: 6-9; Aniline: 1.0 mg/L; Suspended solids: 50mg/L; Total nitrogen (calculated as N) 15 mg/L; Ammonia nitrogen: 8 mg/L; Sulfide: 0.5 mg/L; Chemical oxygen demand: 60 mg/L; Chlorine dioxide: 0.5 mg/L; Chromaticity 50; Five-day BOD: 20 mg/L; Total phosphorus (calculated as P) 0.5 mg/L;	Discharge Limit Standard for Water Pollutants DB44/26-2001, Discharge Standard of Water Pollutants in Danshui River and Shima River Basin DB44/2050-2017, Discharge Standard of Water Pollution in Dyeing and Finishing Textile Industry GB4287-2012GB 4287-2012.	CODcr:0.349t/a; Ammonia nitrogen: 0.0102t/a; Total nitrogen (Calculated as N) 0.1305t/a	CODcr1.62t/a; Ammonia nitrogen: 0.216t/a; Total nitrogen (calculated as N) 0.405t/a	No

The treatment of the pollutants

(I) SAPO Photoelectric



RTO waste gas regenerative incineration process is adopted for the organic waste gas produced in all production lines of SAPO Photoelectric, and RTO+ advanced treatment process is adopted for Line 7. RTO waste gas treatment equipment runs stably, with good waste gas treatment effect. The removal rate of VOCs in organic waste gas reaches over 99%, which can fully meet the requirements of waste gas discharge. Meanwhile, imported heat storage materials are adopted for the equipment, with a heat storage effect of 95%, and low running energy consumption of the equipment; After RTO treatment, the waste gas from the production process after treatment can meet the discharge standard. The wastewater treatment facility of SAPO Photoelectric Phase I adopts the wastewater treatment process of Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane, which has strong impact load resistance, stable system operation, low energy consumption, low maintenance cost, high degree of automation and good effluent effect. In phase II, it adopts Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane + mc membrane treatment + evaporation system, and all the wastewater is recycled to the production line after treatment. All the wastewater of SAPO Photoelectric can meet the environmental protection requirements after being treated by the treatment facilities.

## (II) Beauty Century

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

### Environmental Self-Monitoring Program

#### (I) SAPO Photoelectric

According to the monitoring requirements issued by the monitoring station and the operation requirements of each system of SAPO Photoelectric, the specific monitoring plan is as follows: 4 times/year (twice every quarter) for organic waste gas, 12 times/year (once every quarter) for wastewater discharge, 2 times/year (once every six months) for boiler waste gas, 1 time/year for canteen oil fume, 2 times/year (once every six months) for noise at factory boundary and 1 time/year for drinking water.

#### (II) Beauty Century

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

### 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

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

(I) SAPO Photoelectric

Investment in environmental governance and protection in 2023: RMB 11.1646 million;

Environmental protection tax paid in 2023: RMB 25447.85.

(II) Beauty Century

Investment in environmental governance and protection in 2023: RMB 233,200;

Environmental protection tax paid in 2023: RMB 669.06.

Cost of purchasing environmental liability insurance: RMB 12,116.86.

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

Applicable Not applicable

(I) SAPO Photoelectric

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

(II) Beauty Century

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

Administrative penalties for environmental problems during the reporting period

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

Other Environmental Information That Should Be Disclosed

(I)SAPO Photoelectric

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

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

(II)Beauty Century

None

Other Environmental Related Information

None

## II. Social responsibilities

(I) Protection of shareholders' rights and interests

During the reporting period, the Company abided by laws and regulations, operated in compliance with regulations, and constantly improved its governance structure and further standardized the Company's operation in strict accordance with the requirements of the Company Law, the Securities Law and the Governance Guidelines for Listed Companies and other laws and regulations. It adhered to the procedure system of general meeting of shareholders, Board of Directors, Board of Supervisors and independent directors as the core, further improved

the corporate governance structure and various management systems, constantly improved the internal control system in the process of the Company's operation and management, took effective operational risk prevention measures, earnestly safeguarded and protected shareholders' rights and interests, and laid a solid foundation for the healthy and sustainable development of the Company. Independent directors paid close attention to the Company's operation, put forward many valuable professional suggestions for the Company's daily operation and key concerns, and played an important role in improving the supervision mechanism and safeguarding the legitimate rights and interests of the Company and all shareholders. The Company strictly fulfilled its obligation of information disclosure according to law, truly, accurately, completely, timely and fairly disclosed information that has a significant impact on investment decision-making. The disclosure content was concise and easy to understand, fully revealed risks, and facilitated all shareholders to consult. According to regulatory requirements, it further combed and improved relevant systems and enhanced the quality of information disclosure.

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

## (II) Protection of employees' rights and interests

In 2023, according to the requirements of modern enterprise management, the Company strengthened the scientific, standardized and professional management of human resources management through measures such as system construction and cultural construction, effectively improved the management level of human resources, avoided the risks of labor employment, created a good corporate culture atmosphere, further mobilized employees' work enthusiasm, and enhanced their sense of acquisition and belonging.

First, according to the needs of enterprise development, the Company further revised and improved the human resource management system. During the year, it newly revised the Management System of Selecting and Appointing Cadres of Shenzhen Textile Group, the Management System of Employee Performance Appraisal of Shenzhen Textile Group, the Organizational Structure, Department Setting and Functional Post Establishment of Shenzhen Textile Group, and optimized and improved the Company's organizational structure and functional setting, personnel training, cadre talent team allocation, performance salary management and other human resources-related work; Second, the Company signed a formal labor contract with each employee, and implemented necessary management for employees according to the *Labor Law* and relevant management regulations of the Company; Thirdly, the Company established a scientific assessment and distribution system according to the classification of senior managers, department managers and employees, established a systematic and standardized performance assessment and evaluation system, and conducted a comprehensive, objective, fair and accurate assessment of employees' performance of duties and tasks, which is used as the basis for determining employees' remunerations, rewards and punishments and appointments; Fourth, the Company strengthened the construction of talent team, thoroughly implemented the strategy of "strengthening the enterprise through talents", and continued to carry out two-way exchange and training activities for cadres and talents of the group and its affiliated enterprises, so as to better care for and help employees grow into talents, enhance the comprehensive business ability and performance ability of employees, and stimulate the vitality of cadres. At the same time, the Company selected talents through marketization, created a good environment for talent development, and constantly stimulated innovation vitality and motivation; Fifth, the headquarters of the Group actively guided and assisted subordinate enterprises to promote various human

resources management standards and personnel optimization, and guided enterprises to strengthen salary performance management, promote enterprise personnel optimization and help enterprises reform according to their actual conditions.

### (III) Environmental protection

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

### (IV) Protection of consumers' rights and interests

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

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

In 2023, the company earnestly fulfilled its social responsibility, actively participated in the work of consumer assistance, and completed the purchase of 553,700 yuan of consumer assistance in the year to help rural revitalization; It took the initiative to respond to Shenzhen Investment Holdings' 2023 theme public welfare activity of "Love Shenzhen Investment Holdings · Helping People's Livelihood 1+1", and proposed to guide all employees to participate in garbage sorting publicity activities, and donated living materials to Keba Village in Qinghai Tibetan area, with a total of 497 winter clothes and a number of quilts, pillows, shoes and other warm materials donated.

## VI. Important Events

### I. Commitments to fulfill the situation

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

√Applicable □Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the "Guidelines on Transfer of Restricted-for-sale Original Shares of Listed	August 4, 2006	Sustained and effective	Under Fulfillment

			Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.			
Commitment made upon the assets replacement	The Company	Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided	<p>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</p>	November 17,2023	Sustained and effective	Under Fulfillment

			<p>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</p>			
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			<p>authenticity and rationality of the relevant data quoted in this transaction plan. As of the signing date of this transaction plan, the audit and evaluation related to this transaction have not been completed. The audited financial data, evaluation or valuation results of the underlying assets and the audited profit forecast data (if involved) will be disclosed in the <i>Restructuring Report</i>. The audited financial data of the underlying assets may be quite different from the disclosure of the plan; 4. During this transaction, the Company will timely disclose information about this transaction in accordance with relevant laws and regulations, and relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange, and guarantee the</p>			
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			authenticity, accuracy and completeness of such information.			
资产重组时所作承诺	All the directors, supervisors and senior managers of the company	Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information Provided	<p>Commitments made during asset restructuring:</p> <p>1. The relevant information provided by me during this transaction is authentic, accurate and complete, and it is guaranteed that there are no false records, misleading statements or major omissions, and I will bear individual and joint legal responsibilities for the authenticity, accuracy and completeness of the information provided. If there are false records, misleading statements or major omissions in the information provided, which cause losses to the company or investors, I will be liable for compensation according to law. 2. I will submit relevant information, documents and materials (including but not limited to</p>	November 17, 2023	Sustained and effective	Under Fulfillment

			<p>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</p>			
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			<p>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</p>			
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			<p>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</p>			
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			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.			
资产重组时所作承诺	All the directors, supervisors and senior managers of the company	Statement and Commitment on No Illegal Acts	<p>Commitments made during asset restructuring:</p> <p>1. There are no false records, misleading statements or major omissions in the application documents for this transaction;</p> <p>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;</p> <p>3. The listed company and its subsidiaries do not provide external guarantees in violation of regulations and have not been lifted;</p> <p>4. The listed company's financial statements for the latest year</p>	November 17, 2023	Sustained and effective	Under Fulfillment

			<p>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,</p>			
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			<p>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.</p>			
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资产重组时所作承诺	All the directors, supervisors and senior managers of the company	Explanation on the Absence of the Circumstances Stipulated in Article 12 of the Guidance on Supervision of Listed Companies No.7 - Supervision of Abnormal Trading of Stocks Related to Major Asset Restructuring of Listed Companies.	Commitments made during asset restructuring: The listed company, its directors, supervisors, senior managers and the enterprises controlled by the above-mentioned entities have not been placed on file for investigation on suspicion of insider trading related to this transaction; 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.	November 17, 2023	Sustained and effective	Under Fulfillment
资产重组时所作承诺	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,	November 17, 2023	Sustained and effective	Under Fulfillment



			if I hold shares of the listed company, I have no plans to reduce the shares of the listed company.			
资产重组时所作承诺	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	November 17,2023	Sustained and effective	Under Fulfillment

			<p>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</p>			
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			<p>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</p>			
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			<p>to the board of directors of the listed company within two trading days after receiving the notice of filing the investigation, and the board of directors of the listed company will apply to the Stock Exchange and the Depository and Clearing Company for locking on its behalf; If the application for locking is not submitted within two trading days, the board of directors of the listed company shall be authorized to directly submit the identity information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company after verification and apply for locking; If the board of directors of the listed company fails to submit the identity information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing</p>			
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			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.			
资产重组时所作承诺	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	November 17,2023	Sustained and effective	Under Fulfillment

			<p>for investigation by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations;</p> <p>3. The Company does not disclose the relevant inside information of this transaction or use the inside information for insider trading;</p> <p>4. The Company does not infringe the rights and interests of the listed company;</p> <p>5. The Company guarantees that it is willing to bear corresponding legal responsibilities if it violates the above statements and commitments.</p>			
资产重组时所作承诺	Shenzhen Investment Holdings Co., Ltd.	<p>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</p>	<p>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</p>	November 17, 2023	Sustained and effective	Under Fulfillment

		Restructuring of Listed Companies	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.			
资产重组时所作承诺	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.	November 17,2023	Sustained and effective	Under Fulfillment
资产重组时所作承诺	Qimei Material, Haosheng Danyang, Danyang Ruoyan, Xiamen Ruoyan, Fuzhou Xintou,	Statement and Commitment on the Authenticity, Accuracy and Completeness of the Information	Commitment made during asset restructuring: 1. The relevant information provided by the Enterprise	November 17,2023	Sustained and effective	Under Fulfillment

	<p>Hefei Beicheng, Hangzhou Rencheng, Xinghe Technology , lishui Huahui, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment, Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue</p>	<p>Provided</p>	<p>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</p>			
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			<p>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</p>			
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			<p>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;</p> <p>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</p>			
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			<p>the listed company will apply to the Stock Exchange and the Depository and Clearing Company for locking on its behalf; If the application for locking is not submitted within two trading days, the board of directors of the listed company shall be authorized to directly submit the information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company after verification and apply for locking; If the board of directors of the listed company fails to submit the information and account information of the Enterprise to the Stock Exchange and the Depository and Clearing Company, the Stock Exchange and the Depository and Clearing Company are authorized to directly lock the relevant shares. If any violation of laws and regulations is</p>			
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			found during the investigation, the Enterprise promises to lock in the shares and voluntarily use them for compensation arrangements of relevant investors.			
资产重组时所作承诺	Qimei Material, Haosheng Danyang, Danyang Ruoyan, Xiamen Ruoyan, Lishui Huahui, Xiamen Zhifeng, Fuzhou Xintou, Kunshan Guochuang	Commitment on share lock-up	Commitment made at the time of asset restructuring: 1. The shares of the listed company obtained by the company in this transaction shall not be transferred within 36 months from the date of the end of the issuance; 2. After the end of the issuance, if the shares obtained by the company due to this transaction are increased due to the bonus shares of the listed company, the increase in share capital and other reasons, the above lock-up period shall also be observed. After the expiration of the lock-up period, the transfer and trading of the shares of the listed company will be handled in accordance	November 17, 2023	Sustained and effective	Under Fulfillment

			with the laws and regulations in force at that time and the rules of the Shenzhen Stock Exchange; 3. If the lock-up period of the shares subscribed by the company is inconsistent with the latest regulatory opinions of the securities regulatory authorities, the company will make corresponding adjustments according to the regulatory opinions of the securities regulatory authorities; 4. After the expiration of the above-mentioned lock-up period, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.			
资产重组时所作承诺	Hefei Beicheng, Xingheyong Technology, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment, Jiaxing Painuo, Huzhou	Commitment on share lock-up	Commitment made at the time of asset restructuring: 1. The shares of the listed company obtained by the company in this transaction shall not be	November 17, 2023	Sustained and effective	Under Fulfillment

	Zhekuang, Guangdong Xingzhi, Guangzhou Boyue		<p>transferred within 12 months from the date of the end of the issuance(When the shares obtained in this transaction are registered in the name of the company, if the company holds the underlying assets for less than 12 months, they shall not be transferred within 36 months.); 2. After the end of the issuance, if the shares obtained by the company due to this transaction are increased due to the bonus shares of the listed company, the increase in share capital and other reasons, the above lock-up period shall also be observed. After the expiration of the lock-up period, the transfer and trading of the shares of the listed company will be handled in accordance with the laws and regulations in force at that time and the rules of the Shenzhen Stock Exchange; 3. If the lock-up period of the shares</p>			
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			<p>subscribed by the company is inconsistent with the latest regulatory opinions of the securities regulatory authorities, the company will make corresponding adjustments according to the regulatory opinions of the securities regulatory authorities; 4. After the expiration of the above-mentioned lock-up period, it will be implemented in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>			
资产重组时所作承诺	<p>Qimei Material, Danyang Nuoyan, Xiamen Nuoyan, Fuzhou Xintou, Hefei Beicheng, Xinghe Technology, Lishui Huahui, Huzhou Painuo, Lishui Pengbei, Fuzhou Investment, Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong</p>	<p>Commitment on Compliance and Integrity</p>	<p>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</p>	<p>November 17, 2023</p>	<p>Sustained and effective</p>	<p>Under Fulfillment</p>

	Xingzhi, Guangzhou Boyue		<p>major civil litigation or arbitration related to economic disputes; 2. In the last five years, the Enterprise has not been investigated by the judicial authorities for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; 3. The Enterprise and its main management personnel had no failure to repay large debts, or to fulfill their commitments, and were not subjected to administrative supervision measures by the China Securities Regulatory Commission or disciplinary actions by the stock exchange in the last five years; 4. The Enterprise and its main management personnel have not disclosed the relevant insider information of this transaction or used the insider information for</p>			
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			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.			
资产重组时所作承诺	Qimei material, Haosheng Danyang, Danyang Nouyan, Xiamen Nouyan, Fuzhou Xintou, Hefei Beicheng, Hangzhou Rencheng, Xinghe Technology, Lishui Huhui, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment ,	Explanation on the Absence of the Circumstances Stipulated in Article 12 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	November 17,2023	Sustained and effective	Under Fulfillment

	Xiamen Zhifeng, Jiaxing Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue		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.			
资产重组时所作承诺	Qimei material, Haosheng Danyang, Danyang Nouyan, Xiamen Nouyan, Fuzhou Xintou, Hefei Beicheng, Hangzhou Rencheng,	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	November 17,2023	Sustained and effective	Under Fulfillment

	<p>Xinghe Technology, Lishui Huhui, Huzhou Painuo, Lishui Tengbei, Fuzhou Investment , Xiamen Zhifeng, Jiaying Painuo, Huzhou Zhekuang, Guangdong Xingzhi, Guangzhou Boyue</p>		<p>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</p>			
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			<p>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</p>			
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			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.			
资产重组时所作承诺	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	November 17,2023	Sustained and effective	Under Fulfillment

			<p>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;</p> <p>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</p>			
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			<p>aforementioned equity pledge before the board meeting of the listed company deliberates the report (draft) of this restructuring, and to maintain this state after the pledge is released until the target assets are transferred to the name of the listed company or until the date of termination of this transaction (whichever is earlier); 3. The Enterprise promises to change the ownership of the underlying assets in a timely manner according to the agreement after the relevant agreement of this transaction comes into effect, and all the responsibilities arising from disputes caused by the Enterprise in the process of ownership change shall be borne by the Enterprise; 4. The ownership of the above-mentioned underlying assets to be transferred by the Enterprise has none of unresolved or</p>			
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			foreseeable disputes such as litigation and arbitration, and the responsibilities arising from disputes such as litigation and arbitration shall be borne by the Enterprise.			
资产重组时所作承诺	Qimei Material, Danyang Nuoyan, Xiamen Nuoyan	Commitment not to seek control of listed companies	Commitments made during asset restructuring: The Enterprise fully recognizes the position of Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as "Shenzhen Investment Holdings") as the controlling shareholder of listed companies, supports Shenzhen Investment Holdings to continuously control the listed companies, supports it to lead the production and operation of listed companies, and maintain its status of state-owned holding enterprise of listed companies, thus providing assistance for the sustainable operation and development of listed	November 17, 2023	Sustained and effective	Under Fulfillment



			<p>companies. Within 60 months from the date when the Enterprise obtains the shares of the listed company through this transaction, the Enterprise will not seek the status and control of the largest shareholder or controlling shareholder of the listed company by entrustment, soliciting voting rights, signing a concerted action agreement, and uniting with other shareholders in any other way, nor will it assist or urge other shareholders to seek the control of the listed company in any way.</p>			
资产重组时所作承诺	Haosheng Danyang	Commitment not to seek control of listed companies	<p>Commitments made during asset restructuring: The Enterprise fully recognizes the position of Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as "Shenzhen Investment Holdings") as the controlling shareholder of listed companies,</p>	November 17, 2023	Sustained and effective	and Under Fulfillment

			<p>supports Shenzhen Investment Holdings to continuously control the listed companies, supports it to lead the production and operation of listed companies, and maintain its status of state-owned holding enterprise of listed companies, thus providing assistance for the sustainable operation and development of listed companies. Within 60 months from the date when the Enterprise obtains the shares of the listed company through this transaction, the Enterprise will not seek the status and control of the largest shareholder or controlling shareholder of the listed company by entrustment, soliciting voting rights, signing a concerted action agreement, and uniting with other shareholders in any other way, nor will it assist</p>			
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			or urge other shareholders to seek the control of the listed company in any way.			
资产重组时所作承诺	Fuxhou Xintou, Kunshan Guochuang	Commitment not to seek control of listed companies	<p>Commitments made during asset restructuring: The Enterprise fully recognizes the position of Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as "Shenzhen Investment Holdings") as the controlling shareholder of listed companies, supports Shenzhen Investment Holdings to continuously control the listed companies, supports it to lead the production and operation of listed companies, and maintain its status of state-owned holding enterprise of listed companies, thus providing assistance for the sustainable operation and development of listed companies.</p> <p>Within 60 months from the date when the Enterprise obtains the</p>	November 17, 2023	Sustained and effective	Under Fulfillment

			shares of the listed company through this transaction, the Enterprise will not seek the status and control of the largest shareholder or controlling shareholder of the listed company by entrustment, soliciting voting rights, signing a concerted action agreement, and uniting with other shareholders in any other way, nor will it assist or urge other shareholders to seek the control of the listed company in any way.			
资产重组时所作承诺	Hefei Beicheng	Commitment not to seek control of listed companies	Commitments made during asset restructuring: The Enterprise fully recognizes the position of Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as "Shenzhen Investment Holdings") as the controlling shareholder of listed companies, supports Shenzhen Investment Holdings to continuously control the	November 17,2023	Sustained and effective	Under Fulfillment

			<p>listed companies, supports it to lead the production and operation of listed companies, and maintain its status of state-owned holding enterprise of listed companies, thus providing assistance for the sustainable operation and development of listed companies. Within 60 months from the date when the Enterprise obtains the shares of the listed company through this transaction, the Enterprise will not seek the status and control of the largest shareholder or controlling shareholder of the listed company by entrustment, soliciting voting rights, signing a concerted action agreement, and uniting with other shareholders in any other way, nor will it assist or urge other shareholders to seek the control of the listed company in any way.</p>			
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资产重组时所作承诺	Chen Rongsheng, Li Xinfei, Zhuang Yingming, Management Committee of Danyang Economic Development Zone, Jiangsu Province(Danyang Qua Street office), Danyang State-owned assets operation service Center	Commitment not to seek control of listed companies	Commitments made during asset restructuring: I and the Enterprise fully recognizes the position of Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as "Shenzhen Investment Holdings") as the controlling shareholder of listed companies, supports Shenzhen Investment Holdings to continuously control the listed companies, supports it to lead the production and operation of listed companies, and maintain its status of state-owned holding enterprise of listed companies, thus providing assistance for the sustainable operation and development of listed companies. Within 60 months from the date when the Enterprise obtains the shares of the listed company through this transaction, the Enterprise will	November 17,2023	Sustained and effective	Under Fulfillment
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			not seek the status and control of the largest shareholder or controlling shareholder of the listed company by entrustment, soliciting voting rights, signing a concerted action agreement, and uniting with other shareholders in any other way, nor will it assist or urge other shareholders to seek the control of the listed company in any way.			
资产重组时所作承诺	Hengmei Photoelectric	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	November 17,2023	Sustained and effective	Under Fulfillment

			<p>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</p>			
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			<p>the original, all signatures and seals on the documents are authentic and valid, and the photocopies are consistent with the original, and the signatories of these documents have legally authorized and effectively signed the documents, and that there are no false records, misleading statements or major omissions; 3. The Company guarantees that it has fulfilled its statutory disclosure and reporting obligations on this transaction, and there are no contracts, agreements, arrangements or other matters that should be disclosed but not disclosed. The Company is aware of the possible legal consequences of the above commitments, and will bear corresponding legal responsibilities for acts that violate the above commitments.</p>			
Commitments made upon issuance	Shenzhen Investment Holdings Co.,	Commitments on horizontal competition,	Shenzhen Investment Holdings Co.,	October 9, 2009	Sustained and effective	Under Fulfillment

	Ltd.	related transaction and capital occupation	<p>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</p>			
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			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.			
首次公开发行或再融资时所作承诺	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	July 14, 2012	Sustained and effective	Under Fulfillment

			<p>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</p>			
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			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.			
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					

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

Applicable  Not applicable

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

Applicable  Not applicable

None

## III. Illegal provision of guarantees for external parties

Applicable  Not applicable

None

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

Applicable  Not applicable

None

**VIII. Engagement/Disengagement of CPAs**

CPAs currently engaged

Name of the domestic CPAs	Deloitte Touche Tohmatsu CPA Ltd (special general partnership)
Remuneration for domestic accounting firm (Ten thousands yuan)	110
Successive years of the domestic CPAs offering auditing services	2
Name of CPA	Huang Tianyi, Chen Junheng
Continuous years of audit services of certified public accountants of domestic public accounting firms	0

Has the CPAs been changed in the current period

Yes  No

Description of the CPAs, financial advisers or sponsors engaged for internal control auditing

Applicable  Not applicable

During the reporting period, the company engaged Deloitte Touche Tohmatsu CPA Ltd.(special general partnership) as the company's internal control audit agency for 2023, with an audit remuneration of RMB 1.1 million (including travel expenses and other expenses). The related financial statement audit fee is RMB 850,000 (including tax), and the internal control audit fee is RMB 250,000 (including tax).

**IX. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report**

Applicable  Not applicable

**X. Relevant Matters of Bankruptcy Reorganization**

Applicable  Not applicable

None

**XI. Matters of Important Lawsuit and Arbitration**√ Applicable  Not applicable

Basic situation of 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
During the reporting period, the Company and its subsidiaries involved in 12 other litigation and arbitration cases that did not meet the disclosure standards of major litigation, mainly contract disputes and labor disputes, of which 3 as plaintiffs and 9 as defendants.	3,409.1	No	As of the end of the reporting period in October 2023, among the 12 cases mentioned above, 7 cases were concluded, 2 cases were withdrawn by the plaintiff, and 3 cases were not concluded.	For the concluded cases, the Company's demands were basically supported, which had no significant adverse impact on the Company.	By the end of the reporting period, the concluded cases were being executed or completed, which had no significant adverse impact on the company.		/

**XII. Situation of Punishment and Rectification** Applicable  Not applicable

None

**XIII. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers**√ Applicable  Not applicable

No such cases in the Reporting Period.

**XIV. Material related transactions****1. Related transactions in connection with daily operation** Applicable  Not applicable

During the reporting period, the total amount of related party transactions related to daily operations of a certain related party did not meet the standard for significant related party transactions.

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

Applicable Not applicable

None

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

Applicable Not applicable

None

### 4. Credits and liabilities with related parties

Applicable Not applicable

Whether was any contract related to the non-operating credits and liabilities with related parties?

Yes No

None

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

Applicable Not applicable

None

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

Applicable Not applicable

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

### 7. Other significant related-party transactions

Applicable Not applicable

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

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

Description of provisional announcement	Date of disclosing provisional announcement	Description of the website for disclosing provisional announcements
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	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Progress announcement the Proposal on "Plan for Shenzhen Textile (Holdings) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching	February 28,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>



Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction		
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	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	Juchao Website Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	May 31,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	August 29,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	September 28,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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"	October 28,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

and Its Summary and other proposals related to this transaction		
Announcement on Suspension of the Proposed Adjustment of Major Asset Restructuring Plan	November 15,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement of Resolutions of the 25th Meeting of the Eighth Board of Directors	November 17,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement of Resolutions of the 18th Meeting of the Eight board of supervisors	November 17,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on Suspension of the Proposed Adjustment of Major Asset Restructuring Plan	November 17,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement on the Shareholding of the Top Ten Shareholders One Trading Day before the Suspension of Major Asset Restructuring Plan Adjustment	November 17,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	November 29,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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	December 29,2023	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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 30,2024	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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 29,2024	Juchao Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## XV. Significant contracts and execution

### 1. Entrustments, contracting and leasing

#### (1) Entrustment

Applicable Not applicable

No such cases in the reporting period.

## (2) Contracting

Applicable Not applicable

No such cases in the reporting period.

## (3) Leasing

Applicable Not applicable

No such cases in the reporting period.

## II. Other significant contract

Applicable Not applicable

In RMB10,000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Guarantee of the company for its subsidiaries										
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guaranty (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
SAPO Photoelectric	March 18,2020	48,000	September 8,2020	36,491.45	Guaranteeing of joint liabilities			From the date the guarantee agreement takes effect to the date when the actual loan performance period expires	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)				36,491.45		
Guarantee of the subsidiaries for the controlling subsidiaries										

Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee (If any)	Counter-guarantee (If any)	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Total guarantee line for subsidiaries approved during this reporting Period (C1)			0	Total actual guarantee amount for subsidiaries during this Reporting period (C2)						0
Total Approved guarantee line for subsidiaries at the end of this reporting period (C3)			0	Total actual guarantee balance for subsidiaries at the end of this reporting Period (C4)						0
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)						36,491.45
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+B4+C4) %										12.66%
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
Situations where there is guarantee liability or evidence indicating the possibility of joint and several repayment liability for unexpired guarantee contracts during the reporting period (if any)				0						

Specific situation of the use of composite guarantees

### 3. Situation of Entrusted Finance

#### (1) Situation of Entrusted Finance

√ Applicable □ Not applicable

## Overview of entrusted wealth-management during the reporting period

√ 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	140,000	50,000	0	0
Other	Self fund	29,050	32,194.61	0	0
<b>Total</b>		<b>169,050</b>	<b>82,194.61</b>	<b>0</b>	<b>0</b>

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	Jan 9, 2023	July 7, 2023	Money market instrument	A lump-sum payment when due	3.40%	416.84	416.84	Redemption upon maturity	0	Yes	Not applicable	
Bank of Communications	Bank	Structural deposits	15,000	Self funds	Jan 9, 2023	July 1, 2023	Money market instrument	A lump-sum payment when due	3.36%	254.07	254.07	Redemption upon maturity	0	Yes	Not applicable	
Bank of Communications	Bank	Structural deposits	20,000	Self funds	July 27, 2023	Oct 31, 2023	Money market instrument	A lump-sum payment	3.00%	151.83	151.83	Redemption upon	0	Yes	Not applicable	

							nt	twhe n due				mat urit y				
Bank of China	Bank	Structural deposits	30,000	Self funds	Aug 1, 2023	Nov 1, 2023	Money market instrument	Alum-p-sum paymen twhe n due	3.20 %	241.97	241.97	Redemption upon maturity	0	Yes	Not applicable	
Bank of China	Bank	Structural deposits	50,000	Self funds	November 10, 2023	February 9, 2024	Money market instrument	Alum-p-sum paymen twhe n due	3.08 %	383.95	0	Not expired	0	Yes	Not applicable	
Southern Fund Management Co., Ltd	Funds	Monetary Fund	6,000	Self funds	June 19, 2023	June 27, 2023	Money market tools	Redemption on T day, arrival on T+1 day	2.32 %	2.67	2.67	Not expired	0	Yes	Not applicable	
Southern Fund Management Co., Ltd	Funds	Monetary Fund	6,000	Self funds	Aug 28, 2023		Money market tools	Redemption on T day, arrival on T+1 day	2.32 %	0	0	Not expired	0	Yes	Not applicable	
Southern Fund Management Co., Ltd	Funds	Monetary Fund	27,194.61	Self funds	December 16, 2022		Money market tools	Redemption on T day, arrival on T+1 day	2.19 %	0	0	Not expired	0	Yes	Not applicable	
Penghua Fund Management	Funds	Monetary Fund	5,000	Self funds	December 14, 2023		Money market tools	Redemption on T day, arrival	2.26 %	0	0	Not expired	0	Yes	Not applicable	

men t Co., Ltd.								al on T+1 day								
Total	162, 000	---	---	---	---	---	---	---	1,45 1.33	1,06 7.38	---		---	---	---	

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

Applicable  Not applicable

## (2) Situation of Entrusted Loans

Applicable  Not applicable

No such cases in the reporting period.

### 4. Other significant contract

Applicable  Not applicable

No such cases in the reporting period.

## XVI. 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 intends to purchase 100% equity of Hengmei Optoelectronics Co., Ltd. by issuing shares and paying cash, and at the same time, it plans to raise matching funds from non-public offering of shares to no more than 35 qualified specific targets (hereinafter referred to as "this transaction"). The company's shares resumed trading on the morning of January 3, 2023.

On June 28, 2023, due to the upcoming expiration of the validity period of the financial data of the target company in this transaction, the intermediary agency planned to conduct additional audit and supplementary due diligence, and the Company still needs to communicate with the counterparty to negotiate the details of the transaction, so the Company could not disclose the draft restructuring report within six months and issue a notice on the convening of General Meeting of Shareholders. After the parties to the transaction reached an agreement through consultation, the Company continued to promote the transaction, and disclosed a special explanation announcement according to relevant requirements. For details, please refer to Announcement No.2023-29 of the Company on CNINF (<http://www.cninfo.com.cn>).

Due to the changes in the shareholders and shareholding ratio of the target company Hengmei Optoelectronics during the reorganization, it is necessary to adjust the counterparty of this restructuring and the

transaction plan according to the requirements of the relevant rules of the registration system. On November 17, 2023, the Company reconvened the meeting of the Board of Directors to review and approve the revised draft of this transaction plan, and adjusted the pricing base date, issue price and counterparty of this transaction plan. At present, while intermediaries continue to promote the overtime audit, evaluation and supplementary due diligence of the target company, the Company further negotiates the transaction details with the counterparty to consolidate the restructuring transaction plan. After the transaction plan is determined and the state-owned assets examination and approval procedures are fulfilled, the Company will convene the meeting of the Board of Directors again to consider matters related to this transaction.

This restructuring is the adjustment and optimization of the Company's main polarizer business in the face of the rapidly developing new display industry environment. Through the integration of high-quality resources in the same industry and the realization of large-scale development, the restructuring will help the Company to optimize the industrial chain layout in the polarizer industry, deepen the depth of technical reserves, enhance its core competitiveness, enhance its overall profitability, give full play to the synergistic effect, and help it become a bigger and stronger listed company.

#### (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 cancellation 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.

The case was reopened in Yantian District People's Court on September 29, 2022, and Yantian District People's Court made a retrial judgment on December 30, 2022: The administrative act of Shenzhen Xieli Automobile Enterprise Co., Ltd., which was approved by Shenzhen Administration for Market Regulation on March 9, 2020, was revoked. The third party Xieli Maintenance Company filed an appeal in January 2023. Later, because Xieli Maintenance Company failed to pay the appeal fee in advance, the Shenzhen Intermediate People's Court of Guangdong Province issued an administrative ruling that Hong Kong Xieli withdrew the appeal. The retrial verdict of the first instance came into effect on March 22, 2023.

#### (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 Optoelectronics Co., Ltd. For details, see <http://www.cninfo.com.cn> ( <http://www.cninfo.com.cn> ) Company Announcement No. 2023-01. On January 19, 2023, 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 Optoelectronics 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.

## **XVII. Significant event of subsidiary of the Company**

Applicable  Not applicable

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

In July and August 2022, the Company and its holding subsidiary SAPO Photoelectric received the legal documents such as Notice of Respondence to Action, and Summon, with case numbers of (2022) Y0310 MC No. 3507, No.4013 and No.4336 served by Pingshan District People's Court, Shenzhen City, Guangdong Province, and were informed that the court had accepted Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Fund") v. SAPO Photoelectric for ① dissolution dispute, ② dispute over the confirmation of the validity of company resolutions and ③ dispute over shareholders' right to know, and the Company was informed to participate in the lawsuit as a party to the case, and SAPO Photoelectric was informed to respond as the defendant to the case. For details, please refer to the Company's Announcement No. 2022-20 and No. 2022-25 on CNINF (<http://www.cninfo.com.cn>).

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>).

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

### I. Changes in share capital

#### 1. Changes in share capital

In shares

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

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

Applicable  Not applicable

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

Applicable  Not applicable

## 3.About the existing employees' shares

Applicable  Not applicable

**III. Shareholders and actual controlling shareholder**

## 1. Number of shareholders and shareholding

In Shares

Total number of common shareholders at the end of the	26,709	Total shareholder s at the end of the month from the date of	26,787	The total n umber of pr eferred shar eholders vo ting rights pr estored at p	0	Total preference shareholders with voting rights recovered at end of last month before annual	0
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reporting period		disclosing the annual report		period-end (if any)(Note 8)		report disclosed(if any)(Note8)		
Particulars about shares held above 5% by shareholders or top ten shareholders (Excluding shares lent through refinancing)								
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	Not applicable	0
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032	0	0	16,129,032	Not applicable	0
Sun Huiming	Domestic Nature person	1.26%	6,399,653	190,800	0	6,399,653	Not applicable	0
Su Weipeng	Domestic Nature person	0.71%	3,580,000	0	0	3,580,000	Pledge	2,800,000
China Construction Bank Co., Ltd—Xinao new energy industry equity securities investment fund	Other	0.60%	3,049,784	2,851,000	0	3,049,784	Not applicable	0
Chen Zhaoyao	Domestic Nature person	0.60%	3,035,100	3,035,100	0	3,035,100	Not applicable	0
Chen Xiaobao	Domestic Nature person	0.59%	3,002,384	-27,100	0	3,002,384	Not applicable	0
Li Zengmao	Domestic Nature person	0.56%	2,831,397	607,000	0	2,831,397	Not applicable	0
Peng Xun	Domestic Nature person	0.38%	1,920,500	560,800	0	1,920,500	Not applicable	0
HKSCC	Overseas Legal person	0.36%	1,843,603	1,843,603	0	1,843,603	Not applicable	0
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
Su Weipeng	3,580,000	Common shares in RMB	3,580,000
China Construction Bank Co., Ltd — Xinao new energy industry equity securities investment fund	3,049,784	Common shares in RMB	3,049,784
Chen Zhaoyao	3,035,100	Common shares in RMB	3,035,100
Chen Xiaobao	3,002,384	Common shares in RMB	3,002,384
Li Zengmao	2,831,397	Common shares in RMB	2,831,397
Peng Xun	1,920,500	Common shares in RMB	1,920,500
HKSCC	1,843,603	Common shares in RMB	1,843,603
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		

Lending of shares by the top ten shareholders participating in refinancing business

Applicable  Not applicable

The top ten shareholders have changed from the previous period

Applicable Not applicable

In Shares

Changes of the top ten shareholders compared with the end of the previous period					
Name of shareholder (full name)	Addition/Withdrawal in this reporting period	Number of shares lent by refinancing at the end of the period and not yet returned		Number of shares held by shareholders in general accounts and credit accounts and lent by refinancing at the end of the period and not yet returned	
		Total quantity	Proportion of total share capital	Total quantity	Proportion of total share capital
HKSCC	Newly increased	0	0.00%	1,843,603	0.36%
Zhangzhou Xiaotian Venture Investment Co., Ltd.	Left	0	0.00%	0	0.00%

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

Yes  No

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

## 2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type: Legal person

Name of the Controlling shareholder	Legal representative/Leader	Date of incorporation	Organization code	Principal business activities
Shenzhen Investment Holdings Co., Ltd.	He Jianfeng	October 13, 2004	76756642-1	Investment and acquisition of financial and similar financial stock rights such as bank, security, insurance, fund and guarantee; Engage in real estate development and management business within the limit of legally-acquired land use right; Carry out investment and service in the field of strategic emerging industry; Carry out investment, operation and management of state-owned stocks of wholly-owned, holding and joint-stock company by reorganization & integration, capital operation and asset disposal; Other businesses undertaken by authorization of municipal SASAC(State Asset Supervision and Administration

				Commission) (If the above business scope needs to be approved according to national regulations, the business can only be operated after the approval is obtained)
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	<p>Shen PropertyA (000011), Quantity of shares 301.41 million, Shareholding ratio: 50.57%; SPGA (000029), Quantity of shares 564.3538 million, Shareholding ratio: 67.50%; Shen Universe A (000023), Quantity of shares 8.21 million, Shareholding ratio: 5.91%; Pingan (601318), Quantity of shares 962.72 million, Shareholding ratio: 5.27%; Guosen Securities (002736), Quantity of shares 3,223.11 million, Shareholding ratio: 33.53%; Guotai Junan (601211), Quantity of A shares 609.43 million, Quantity of H shares 103.37 million, Total shareholding ratio: 8.00%; Telling Holding (000829), Quantity of shares 195.03 million, Shareholding ratio: 19.03%; Shenzhen International (00152), Quantity of shares 1,059.0825 million, Shareholding ratio: 44.25%; Beauty Star (002243), Quantity of shares 604.82 million, Shareholding ratio: 49.96%; Infinova (002528), Quantity of shares 315.83 million, Shareholding ratio: 26.35%; Eternal Asia (002183), Quantity of shares 601.6733 million, Shareholding ratio: 23.17%; Shenzhen Water (301038), Quantity of shares 64.35 million, Shareholding ratio: 37.57%; Shenzhen Energy (000027), Quantity of shares 6.77 million, Shareholding ratio: 0.14%; Bank of Communication (601328), Quantity of shares 9.52 million, Shareholding ratio: 0.01%; CECEP (300197), Quantity of shares 113.98 million, Shareholding ratio: 4.04%; VANKE (02202), Quantity of shares 77.27 million, Shareholding ratio: 0.66%; SEG (000058), Quantity of shares 696.16 million, Shareholding ratio: 56.54%; SDG (000070), Quantity of shares 325.7215 million, Shareholding ratio: 36.18%; Shenzhen Telus A (000025), Quantity of shares 205.3416 million, Shareholding ratio: 31.79%; SDG (300917), Quantity of shares 80.7398 million, Shareholding ratio: 47.78%; Microgate (300319), Quantity of shares 72 million, Shareholding ratio: 6.49%; Merchants Shekou (001979), Quantity of shares 456.1219 million, Shareholding ratio: 5.03%.</p>			

Changes of controlling shareholder in reporting period

Applicable  Not applicable

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

### 3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

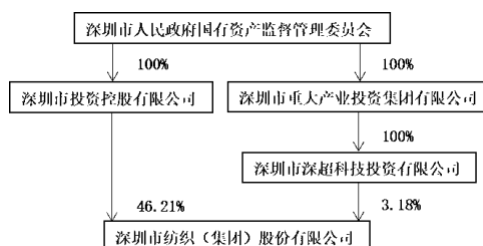
Name of the actual controller	Legal representative /Leader	Date of incorporation	Organization code	Principal business activities
State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government	Wang Yongjian	July 30, 2004	K3172806-7	Performing the responsibilities of investors on behalf of the state and supervising and managing state-owned assets according to authorization and law.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	It directly held 40.10% equity of Shenzhen Gas (601139); It directly held 21.93% equity of Shenzhen Zhenye (000006); It directly held 43.91% equity of Shenzhen Energy (000027).			

Changes of controlling shareholder in reporting period

Applicable  Not applicable

No changes of controlling shareholder for the Company in reporting period

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



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

#### **6.Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects**

Applicable Not applicable

#### **IV. Specific implementation of share repurchase during the reporting period**

Progress in implementation of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

Applicable Not applicable



### **VIII. Situation of the Preferred Shares**

Applicable Not applicable

The Company had no preferred shares in the reporting period.

## **IX. Corporate Bond**

Applicable  Not applicable

## **X. Financial Report**

Please refer to the attached financial statements and notes for details.

Chairman: Yin Kefei

Approval date for submission by the board of directors: March 26, 2024

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

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

深圳市纺织(集团)股份有限公司

补充资料

2023年12月31日止年度

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Shenzhen Textile(Holdings) Co., Ltd.  
Financial Statements and Auditor's Report  
For the year ended December 31,2023

Auditor' s Report

DeShiReport(Shen)Zi(24)No. P02833

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

## **I. Opinion**

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

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

## **II. Basis for Our Opinion**

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

## **III. Key Audit Matters**

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

### **1. Recognition of polarizer sales revenue**

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

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

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

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

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

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

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

### **2. Impairment of polarizer inventory**

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

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

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

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

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

## **IV. Other information**

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

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

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



audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu CPA Ltd.(special general partnership)

Chinese C.P.A.

Shanghai China

(Project Partner)

Chinese C.P.A.

March 26, 2024

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Consolidated balance sheet

December 31,2023

Consolidated balance sheet

In RMB

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

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Consolidated balance sheet(Continued)

In RMB

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

The notes are integral parts of the financial statements

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

Parent Company Balance Sheet

In RMB

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

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

The notes are integral parts of the financial statements

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Consolidated Income statement

In RMB

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

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vestee can not be reclassified into profit or loss.			
3. Changes in the fair value of investments in other equity instruments		(16,267,037.45)	(10,058,739.46)
4. Changes in the fair value of the company's credit risks		-	-
(II)Other comprehensive income that will be reclassified into profit or loss.		277,808.95	(26,770.28)
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	(178,640.10)
3. Other comprehensive income arising from the reclassification of financial assets		-	-
4.Allowance for credit impairments in investments in other debt obligations		-	-
5. Reserve for cash flow hedges		-	-
6.Translation differences in currency financial statements		99,168.85	151,869.82
7.Other		-	-
Net of profit of other comprehensive income attributable to Minority shareholders' equity		119,093.40	(119,093.40)
VI. Total comprehensive income		111,266,343.48	101,587,363.18
Total comprehensive income attributable to the owner of the parent company		63,279,021.95	63,223,673.20
Total comprehensive income attributable minority shareholders		47,987,321.53	38,363,689.98
VII. Earnings per share			
Basic earnings per share		0.16	0.14

The notes are integral parts of the financial statements

**Income statement of the Parent Company**

In RMB

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



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2. Changes in the fair value of investments in other debt obligations		-	-
3. Other comprehensive income arising from the reclassification of financial assets		-	-
4.Allowance for credit impairments in investments in other debt obligations		-	-
5. Reserve for cash flow hedges		-	-
6.Translation differences in currency financial statements		99,168.85	151,869.82
7.Other		-	-
VI. Total comprehensive income		18,300,705.28	16,731,288.84

The notes are integral parts of the financial statements

Consolidated Cash flow statement

In RMB

	Note	Year 2023	Year 2022
I.Cash flows from operating activities			
Cash received from sales of goods or rendering of services		2,985,794,229.99	3,046,091,280.79
Tax returned		5,073,509.20	113,982,534.22
Other cash received from business operation	(V).55(1)	87,277,323.90	218,296,299.96
Sub-total of cash inflow		3,078,145,063.09	3,378,370,114.97
Cash paid for purchasing of merchandise and services		2,466,252,261.73	2,453,492,479.82
Cash paid to staffs or paid for staffs		255,045,680.87	253,460,171.00
Taxes paid		54,636,406.53	59,230,421.14
Other cash paid for business activities	(V).55(1)	117,443,974.16	121,948,492.41
Sub-total of cash outflow from business activities		2,893,378,323.29	2,888,131,564.37
Net cash generated from /used in operating activities	(V).56(1)	184,766,739.80	490,238,550.60
II. Cash flow generated by investing			
Cash received from investment retrieving		-	28,500,000.00
Cash received as investment gains		13,769,440.75	18,075,712.72
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		11,634.84	101,301.53
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received	(V).55(2)	1,454,000,000.00	1,316,000,000.00
Sub-total of cash inflow due to investment activities		1,467,781,075.59	1,362,677,014.25
Cash paid for construction of fixed assets, intangible assets and other long-term assets		64,069,967.97	123,210,891.17
Cash paid as investment		-	1.00
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities	(V).55(2)	1,840,500,000.00	1,140,433,371.49
Sub-total of cash outflow due to investment activities		1,904,569,967.97	1,263,644,263.66
Net cash flow generated by investment		(436,788,892.38)	99,032,750.59
III.Cash flow generated by financing			
Cash received as investment		-	-
Including: Cash received as investment from minor shareholders		-	-
Cash received as loans		8,000,000.00	73,230,492.79
Other financing –related cash received		-	-
Sub-total of cash inflow from financing activities		8,000,000.00	73,230,492.79
Cash to repay debts		103,387,387.94	26,642,157.50
Cash paid as dividend, profit, or interests		57,324,944.21	56,596,142.54
Including: Dividend and profit paid by subsidiaries to minor shareholders		-	-
Other cash paid for financing activities	(V).55(3)	8,776,024.71	9,144,572.43

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

The notes are integral parts of the financial statements

Cash Flow Statement of the Parent Company

In RMB

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

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

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Consolidated Statement on Change in Owners' Equity

In RMB

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

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3. Other	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	-	-	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-
3 . Making up losses by surplus reserves.	-	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-
(V). Special reserves	-	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-	-
2. Used this term	-	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,961,599,824.63	93,607,380.81	104,262,315.64	216,160,896.14	1,229,765,091.74	4,111,917,357.96

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Consolidated Statement on Change in Owners' Equity(Continued)

In RMB

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



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

The notes are integral parts of the financial statements

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

In RMB

Items	Year 2023					
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit	Total of owners' equity
I.Balance at the end of last year	506,521,849.00	1,577,392,975.96	98,855,668.75	100,909,661.32	689,527,368.58	2,973,207,523.61
Add: Change of accounting policy	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-
Other	-	-	-	-	-	-
II. Balance at the beginning of current year	506,521,849.00	1,577,392,975.96	98,855,668.75	100,909,661.32	689,527,368.58	2,973,207,523.61
III .Changed in the current year	-	-	(15,225,837.94)	3,352,654.32	(217,422.04)	(12,090,605.66)
(I) Total comprehensive income	-	-	(15,225,837.94)	-	33,526,543.22	18,300,705.28
(II) Investment or decreasing of capital by owners	-	-	-	-	-	-
1. Ordinary Shares invested by shareholders	-	-	-	-	-	-
2.Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
( III ) Profit allotment	-	-	-	3,352,654.32	(33,743,965.26)	(30,391,310.94)
1.Providing of surplus reserves	-	-	-	3,352,654.32	(3,352,654.32)	-
2 . Allotment to the owners (or shareholders)	-	-	-	-	(30,391,310.94)	(30,391,310.94)
3. Other	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	-	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-

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3. Making up losses by surplus reserves.	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-
5. Other	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-
2. Used this term	-	-	-	-	-	-
(VI) Other	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,577,392,975.96	83,629,830.81	104,262,315.64	689,309,946.54	2,961,116,917.95

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

In RMB

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

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

The notes are integral parts of the financial statements

## **I. Basic Information of the Company**

### **1. Company overview**

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

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

### **2. Scope of consolidated financial statement**

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

## **II. Basis for the preparation of the financial report**

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

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

### **(2) Continuous operation**

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

## **II. Important accounting policies and accounting estimates**

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

The financial report prepared by the Company complies with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflects the consolidated and parent financial position of the Company as of December 31, 2023 and the consolidated and parent operating results, the consolidated and parent shareholders' equity changes and the consolidated and parent cash flows for 2023.

### **2. Accounting period**

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

### **3.Business cycle**

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

### **4. The base currency of account**

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



## 5.Determination method and selection basis for material criteria

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

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

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

### 6.1 Business combinations under common control

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

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

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

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

### 6.2 Business combinations and goodwill under non-common control

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

Consolidation cost is the fair value of assets paid, liabilities incurred or assumed and equity instruments issued to gain control of the acquired 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.

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

### 7.1 Criteria for Determining Control

Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its returns. The Group will reassess the relevant elements involved in the above definition of controls as a result of changes in the relevant facts and circumstances.

### 7.2. Methodology for the preparation of consolidated financial statement

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

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

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

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

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

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

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

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

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

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

## **8. Joint venture arrangement**

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

related to the arrangement. The jointly-operated is a joint arrangement in which the joint venture party has rights only to the net assets of the joint arrangement.

The Group's investments in joint ventures are accounted by using the equity method, please see Note (III) 17.3.2 "Long-term equity investments accounted by the equity method".

#### 9. Standards for determining cash and cash equivalents

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

#### 10.Foreign currency transactions and translation of foreign currency statements

##### 10.1 Foreign Currency Business

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

At the balance sheet date, foreign currency monetary items are converted into RMB using the spot exchange rate on that date, and the exchange difference arising from the difference between the spot exchange rate on that date and the spot exchange rate at the time of initial recognition or the day preceding the balance sheet date, except: (1) the exchange difference of foreign currency special borrowings eligible for capitalization is capitalized during the capitalization period and included in the cost of the underlying asset; (2) The exchange difference of hedging instruments for hedging in order to avoid foreign exchange risk is treated according to the hedge accounting method; The exchange 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.

##### 10.2 Translation of Foreign Currency Financial Statements

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

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

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

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

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

translation of foreign currency statements related to the overseas operation shall be transferred to the profit or loss of the period of disposal according to the proportion of the disposal of the overseas operation.

## **11.Financial instruments**

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

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

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

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

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

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

### 11.1 Classification, recognition and measurement of financial assets

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

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

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

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

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

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

The underlying financial assets were part of a centrally managed portfolio of identifiable financial instruments at

the time of initial recognition and there was objective evidence of an actual pattern of short-term profits in the recent.

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

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

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

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

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

#### 11.1.1 Financial assets measured at amortized cost

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

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

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

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

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

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

#### 11.2 Impairment of Financial Instruments

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

The Group measures the loss provision at an amount equivalent to the expected credit loss over the life of notes receivable and accounts receivable formed by transactions regulated by revenue standards that do not contain a

material financing element or do not take into account the financing component of contracts not exceeding one year, as well as operating leases receivable arising from transactions regulated by No. 21 Accounting Standard for Business Enterprises -Leases.

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

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

#### 11.2.1 Significant increase in credit risk

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

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

- (1) whether the internal price indicators have changed significantly due to changes in credit risk.
- (2) whether the interest rate or other terms of an existing financial instrument have changed significantly (e.g., stricter contractual terms, additional collateral or higher yields) if the existing financial instrument is derived or issued as a new financial instrument at the balance sheet date.
- (3) whether there has been a significant change in the external market indicators of the credit risk of the same financial instrument or similar financial instruments with the same estimated duration. These indicators include: credit spreads, credit default swap prices for borrowers, the length and extent to which the fair value of financial assets is less than their amortized cost, and other market information relevant to borrowers (such as changes in the price of borrowers' debt or equity instruments).
- (4) whether there has been a significant change in the external credit rating of the financial instrument in fact or expectation.
- (5) whether the actual or expected internal credit rating of the debtor has been downgraded.
- (6) whether there has been an adverse change in business, financial or economic circumstances that is expected to result in a significant change in the debtor's ability to meet its debt servicing obligations.
- (7) whether there has been a significant change in the actual or expected operating results of the debtor.
- (8) whether the credit risk of other financial instruments issued by the same debtor has increased significantly.
- (9) whether there has been a significant adverse change in the regulatory, economic or technical environment in which the debtor is located.
- (10) whether there has been a significant change in the value of the collateral used as collateral for the debt or in the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the economic incentive for the debtor to repay the loan within the term specified in the contract or affect the probability of default.
- (11) whether there has been a significant change in the economic incentive expected to reduce the borrower's repayment within the term agreed in the contract.
- (12) whether there has been a change in the expectations of the loan contract, including the waiver or amendment of contractual obligations that may result from the anticipated breach of the contract, the granting of interest-free periods, interest rate jumps, requests for additional collateral or guarantees, or other changes to the contractual framework of financial instruments.

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

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

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

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

#### 11.2.2 Financial assets that have undergone credit impairment

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

- (1) significant financial difficulties of the issuer or debtor;
- (2) Breach of contract by the debtor, such as default or delay in payment of interest or principal;
- (3) The creditor gives the debtor concessions under economic or contractual considerations relating to the debtor's financial difficulties that would not have been made under any other circumstances;
- (4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- (5) The financial difficulties of the issuer or debtor that result in the disappearance of an active market for that financial asset;
- (6) Purchase or derive a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

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

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

#### 11.2.3 Determination of Expected Credit Loss

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

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

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

#### 11.2.4 Write-down of Financial Assets

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

#### 11.3 Transfer of Financial Assets

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

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

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

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

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

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

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

#### 11.4 Classification of financial liabilities and equity instruments

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

##### 11.4.1 Classification, recognition and measurement of financial liabilities

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

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

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

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

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

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

The Group can designate financial liabilities that meet one of the following conditions as financial liabilities



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

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

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

#### 11.4.1.2 Other financial liabilities

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

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

#### 11.4.2 Derecognition of financial liabilities

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

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

#### 11.4.3 Equity instruments

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

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

#### 11.5 Offset of financial assets and financial liabilities

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

## 12 .Notes receivable

### 12.1 Methods for determining and accounting treatment for expected credit losses of notes receivable

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

their credit risk characteristics.

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

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

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

## 13.Account receivable

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

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

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

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

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

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

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

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

## 14. Financing of accounts receivable

### 14.1 Determination method and accounting treatment method for expected credit loss of accounts receivable financing

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

### 14.2 Judgment criteria for individual provision of credit loss reserves based on individual provision

The Group evaluates the financing of corresponding receivables based on the acceptance bank credit status of bank acceptance bills and makes provisions for credit losses.

## **15. Other accounts receivable**

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

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

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

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

## **16. Inventory**

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

#### 16.1.1 Inventory Category

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

#### 16.1.2 Goods Out Pricing Method

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

#### 16.1.3 Inventory system

The inventory system is perpetual inventory system.

#### 16.1.4 Amortization method of low-value consumables and packaging materials

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

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

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

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

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

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

## **17. Long-term equity investment**

### 17.1 Criteria for joint control and important influence

Control means that the investor has the power over the investee, enjoys variable returns by participating in the related activities of the investee, and has the ability to influence the amount of returns by using the power over the investee. Joint control refers to the common control of an arrangement according to the relevant agreement, and that

the related activities of the arrangement must be unanimously agreed by the participants who share the control rights before making decisions. Significant influence refers to the power to participate in decision-making on the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties. When determining whether the investee can be controlled or exert significant influence, the potential voting rights factors such as convertible corporate bonds and current executable warrants of the investee held by investors and other parties have been considered.

#### 17.2 Determination of initial investment cost

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

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

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

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

#### 17.3 Subsequent measurement and profit and loss recognition method

##### 17.3.1 Long-term equity investment calculated by cost method

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

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

##### 17.3.2 Long-term equity investment calculated by equity method

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

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

When accounting by the equity method, the investment income and other comprehensive income are recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the investee, and the book value of long-term equity investment is adjusted; The share is calculated according to the profit or cash dividend declared by the investee, and the book value of long-term equity investment is reduced accordingly; For other changes in the owners' equity of the investee except the net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the capital reserve. When recognizing the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and recognized based on the fair value of the identifiable assets of the investee at the time of investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company, so as to recognize the investment income and other comprehensive income. For the transactions between the Group and the associated enterprises and joint ventures, if the assets

invested or sold do not constitute business, the unrealized internal transaction gains and losses shall be offset by the portion belonging to the Group according to the proportion enjoyed, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses between the Group and the investee belong to the impairment losses of the transferred assets and shall not be offset.

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

#### 17.4 Disposal of long-term equity investment

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

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

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

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

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

## 18. Investment real estate

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

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

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

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

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

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

## 19. Fixed assets

### 19.1 Recognition conditions

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

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

### 19.2 Depreciation method

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

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

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

### 19.3 Other instructions

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

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

## 20. Construction in progress

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

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

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

## 21. Borrowing costs

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

## 22. Intangible assets

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

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

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

Category	Amortization method	Service life (year)	Estimated net salvage rate (%)
Land use right	Straight-line method	50(Legal Right to Use)	-
Software	Straight-line method	5(The useful life is determined by the period of time that is expected to bring economic benefits to the company)	-
Patent	Straight-line method	15(The useful life is determined by the period of time that is expected to bring economic benefits to the company)	-

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

For the impairment test of intangible assets, please refer to Note (III) 22 "Impairment of Long-term Assets" for details.

### 22.2 Post-employment benefits are all defined contribution plan.

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

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

current profits and losses:

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

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

### **23. Long-term asset impairment**

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

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

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

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

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

### **24. Long-term deferred expenses**

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

### **25. Contractual liabilities**

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

### **26. Employee Remuneration**

#### **26.1 Accounting treatment method of short-term Remuneration**

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

The social insurance premiums such as medical insurance premium, work injury insurance premium and maternity insurance premium and housing provident fund paid by the Group for employees, as well as the trade union funds and employee education funds withdrawn by the Group according to regulations, shall be calculated according



to the stipulated accrual basis and accrual ratio during the accounting period when employees provide services for the Group to determine the employee compensation amount, and recognize the corresponding liabilities, and be included in the current profits and losses or related asset costs.

#### 26.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

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

#### 26.3 Accounting treatment of dismissal benefits

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

### **27. Estimated liabilities**

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

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

### **28.Revenue**

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

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

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

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

If the contract contains two or more performance obligations, the Group will allocate the transaction price to each individual performance obligation on the contract start date according to the relative proportion of the separate selling price of the goods or services promised by each individual performance obligation. However, if there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to one or more related performance obligations. Separate selling price refers to the price at which the Group sells goods or services to

customers separately. If the separate selling price cannot be directly observed, the Group comprehensively considers all relevant information that can be reasonably obtained, and estimates the separate selling price by using observable input values to the maximum extent.

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

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

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

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

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

## **29. Government subsidies**

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

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

### **29.1 Judgment basis and accounting treatment method of government subsidies related to assets**

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

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

### **29.2 Judgment basis and accounting treatment method of government subsidies related to income**

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

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

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

When the confirmed government subsidy needs to be returned, if there is a relevant deferred revenue balance, the

relevant deferred income book balance will be offset, and the excess will be included in the current profits and losses; If there is no relevant deferred income, it will be directly included in the current profits and losses.

### 30. Lease

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

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

#### 30.1 The Group as the lessee

##### 30.1.1 Split of lease

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

##### 30.1.2 Right-to-use assets

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

Initial measurement amount of lease liabilities;

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

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

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

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

##### 30.1.3 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.

30.1.4 As the judgment basis and accounting treatment method for the lessee to simplify the treatment of the short-term lease

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

30.1.5 Lease change

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

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

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

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

### 30.2 The Group as the lessor

#### 30.2.1 Split of lease

If the contract contains both leased and non-leased parts, the Group will allocate the contract consideration according to the provisions of the *Accounting Standards for Business Enterprises Revenues* on transaction price allocation, and the basis of allocation is the separate prices of the leased part and the non-leased part.

#### 30.2.2 Classification and accounting treatment for rental housing leases

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

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

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

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

##### 30.2.3 Lease change

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

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

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

### 31.1 Current income tax

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

### 31.2 Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

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

### 31.3 Offset of income tax

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

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

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

### 32.1 Changes in significant accounting policy

On November 30, 2022, the Ministry of Finance (MOF) issued Interpretation No. 16 of Accounting Standards for Business Enterprises ("Interpretation No. 16"), clarifying that the accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction is not subject to the initial recognition exemption. Interpretation No. 16 revises the scope of the initial recognition exemption of deferred income tax in Accounting Standard for Business Enterprises No. 18-Income Tax, clarifying that Accounting Standard for Business Enterprises No. 18-Income Tax-provisions regarding exemption from the initial recognition of deferred tax liabilities and deferred tax assets does not apply to individual transaction that is not a business combination and the transaction does not affect neither the accounting profit nor the taxable income (or deductible loss) at the time of the transaction occurs, and the assets and liabilities initially recognized result in the same amount of taxable temporary differences to the deductible temporary differences. The regulations will come into force on January 1, 2023 and can be implemented in advance.

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

### 32.2 Significant Changes in Accounting Estimates

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

## IV. Taxes

### 1. Main tax categories and tax rates

Tax category	Tax basis	Tax rate
VAT	The balance after deducting the deductible input tax from the output tax; The tax calculation method of "exemption, offset and refund" is applied to sales of export products	The output tax for domestic sales is calculated according to 13%, 9%, 6% and 5% of the sales amount calculated according to relevant tax regulations, and the tax rebate rate for export products is 13%
Urban maintenance and construction tax	Payable turnover tax	7%
Surcharge for education	Payable turnover tax	3%

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Local education surcharge	Payable turnover tax	2%
Business income tax	Payable turnover tax	25%、20%、15%、8.25%
Property tax	Residual value or rental income after deducting 30% from the original value of property at one time	1.2%

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

Name of taxpayer	Income tax rate
The Company	25%
Shenzhen Shenfeng Property Management Co., Ltd.	25%
Shenzhen Shengjinlian Technology Co., Ltd.	25%
Shenzhen Beauty Century Garment Co., Ltd.	20% (Note 1)
Shenzhen Lisi Industrial Co., Ltd.	20% (Note 1)
Shenzhen Shenfeng Sungang Property Management Co., Ltd.	20% (Note 1)
Shenzhen Huaqiang Hotel	20% (Note 1)
Shengtou (HK) Co., Ltd.	8.25% (Note 2)
Shenzhen SAPO Photoelectric Co., Ltd.	15% (Note 3)

Note 1: See Notes (IV), 2 (2) for details.

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

Note 3: See Notes (IV), 2(1) for details.

## 2. Tax preference

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

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

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

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

## V. Notes of consolidated financial statement

### 1.Monetary Capital

In RMB

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

Note 1: Bank deposits include demand deposits and 7-day call deposit interest of RMB1,548,872.61.

Note 2: As of December 31, 2023, the Group's other monetary funds include RMB3,400,000.00 of funds whose use is restricted due to account freezing and RMB5,905,118.06 of bill margin.

### 2. Transactional financial assets

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Financial assets measured at fair value and whose changes are included in the current profits and losses	821,946,114.68	319,605,448.44
Including: money funds and structured deposits	821,946,114.68	319,605,448.44

### 3. Notes receivable

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

In RMB

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

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

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

In RMB

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

#### (4) By accrual of bad debt provision

In RMB

Category	Balance at the end of this year					Balance at the end of last year				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion		Amount	Proportion (%)	Amount	Accrual proportion	



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

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

4. Account receivable

1. (1) Disclosure by aging

In RMB

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

(2) Classified disclosure by credit loss provision accrual method

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

In RMB

Category	Balance at the end of this year				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Account receivable that withdrawal bad debt provision by single item	71,687,951.26	8.30	27,464,002.48	38.31	44,223,948.78
Account receivable withdrawal bad debt provision by portfolio	792,008,446.59	91.70	16,097,561.42		775,910,885.17
Including: Portfolio 1	779,372,185.30	90.24	15,882,600.54	2.04	763,489,584.76
Portfolio 2	12,636,261.29	1.46	214,960.88	1.70	12,421,300.41
Total	863,696,397.85	100.00	43,561,563.90		820,134,833.95

In RMB

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

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

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

In RMB

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

As of December 31, 2023, the credit risk and bad debt provision of Portfolio 2 accounts receivable are as follows:

In RMB

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

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

In RMB

Bad Debt Reserves	Stage 1	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	34,269,017.23	13,425,683.18	47,694,700.41
Balance as at January 1, 2023 in current	-	-	-
-- Reversal to the II stage	(125,323.83)	-	-
-- Reversal to the I stage	-	-	-
Provision in Current Year	10,785,115.69	2,857,008.27	13,642,123.96
Reversal in Current Year	(17,775,260.47)	-	(17,775,260.47)
Conversion in Current Year	-	-	-
Write off in Current Year	-	-	-
Other change	-	-	-
<b>Balance as at 31 Dec. 2023</b>	<b>27,153,548.62</b>	<b>16,408,015.28</b>	<b>43,561,563.90</b>

(3) Provision for bad debts

In RMB

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

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

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

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

In RMB

Name	Balance in year-end	Proportion(%)	Bad debt provision
Client 1	157,318,095.40	18.21	3,255,038.13

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

## 5.Receivable financing

### (1) Presentation of financings receivable classifications

In RMB

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

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

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

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

In RMB

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

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

## 6.Prepayments

### (1) List by aging analysis:

In RMB

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

On December 31, 2023, the Group had no prepayments with an age of more than one year and a significant amount.

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

The total amount of the top five year-end balances collected by prepayment objects is RMB 13,857,835.22, accounting for 71.07% of the total year-end balances of prepayments.

## 7. Other receivables

### (1) Disclosure by age

In RMB

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

(2) Disclosure by payment nature

In RMB

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

(3) Provision for bad debts

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

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	494,588.28	198,890.09	17,704,091.05	18,397,569.42
Balance as at January 1, 2023 in current	-	-	-	-
—Transfer to stage II	(28,089.18)	28,089.18	-	-
—Transfer to stage III	-	(106,906.07)	106,906.07	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-
Provision in Current Year	671.40	158,326.45	7,224.50	166,222.35
Reversal in Current Year	(393,251.53)	(10,103.39)	(165,506.06)	(568,860.98)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
<b>Balance as at 31 Dec. 2023</b>	<b>73,918.97</b>	<b>268,296.26</b>	<b>17,652,715.56</b>	<b>17,994,930.79</b>

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

In RMB

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

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

In RMB

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

(4) Provision for bad debts

:

In RMB

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

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

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

In RMB

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

8. Inventories

(1) Category of Inventory

In RMB

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

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

(2) Inventory falling price reserves

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Raw materials	48,809,720.50	1,768,514.83	-	43,072,187.85	-	7,506,047.48
Processing products	41,882,202.00	46,991,687.69	-	24,263,299.44	-	64,610,590.25
Semi-finished	92,381,073.63	105,484,567.76	-	154,364,101.08	-	43,501,540.31
Commissioned materials	1,164,501.70	93,806.73	-	1,164,501.70	-	93,806.73
Total	184,237,497.83	154,338,577.01	-	222,864,090.07	-	115,711,984.77

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

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

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

## 9. Other current assets

In RMN

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

## 10. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additonal investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
<b>I. Joint ventures</b>											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	129,506,271.76	-	-	(7,135,777.68)	-	-	-	-	-	122,370,494.08	-
Subtotal	129,506,271.76	-	-	(7,135,777.68)	-	-	-	-	-	122,370,494.08	-
<b>2. Affiliated Company</b>											
Shenzhen Changlianfa Printing & dyeing Company	3,105,796.55	-	-	252,320.54	-	-	-	-	-	3,358,117.09	-
Hongkong Yehui International Co., Ltd.	1,869,767.43	-	-	(15,526.75)	99,168.85	-	-	-	-	1,953,409.53	-
Subtotal	4,975,563.98	-	-	236,793.79	99,168.85	-	-	-	-	5,311,526.62	-
Total	134,481,835.74	-	-	(6,898,983.89)	99,168.85	-	-	-	-	127,682,020.	-

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Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
										70	

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11. Other equity instruments investment

(1) Investment in other equity instruments

In RMB

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

(2) Statement of the circumstances in which there is a derecognition during the year

As of December 31, 2023, there has been no derecognition of investments in other equity instruments.



12. Investment real estate

(1) Investment real estate adopted the cost measurement mode

In RMB

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

(2) Investment real estate without certificate of ownership

In RMB

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

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13. Fixed assets

(1) List of fixed assets

In RMB

Items	Houses buildings & Machinery equipment	Transportations	Other equipment	Total	
I. Original price					
1. Opening balance	742,709,971.36	2,655,871,126.91	15,875,027.26	50,483,511.70	3,464,939,637.23
2. Increased amount of the period	6,625,073.63	58,968,661.84	1,224,757.32	1,058,285.96	67,876,778.75
(1) Purchase	375,978.84	12,004,429.74	946,881.22	1,058,285.96	14,385,575.76
(2) Transferred from construction in progress	-	46,964,232.10	277,876.10	-	47,242,108.20
(3) Other changes	6,249,094.79	-	-	-	6,249,094.79
3. Decreased amount of the period	21,655,211.05	3,405,884.77	8,888.71	7,002,175.11	32,072,159.64
(1) Disposal	-	2,272,154.22	8,888.71	753,080.32	3,034,123.25
(2) Transferred from Real estate investment	21,594,189.17	-	-	-	21,594,189.17
(3) Other changes	61,021.88	1,133,730.55	-	6,249,094.79	7,443,847.22
4. Balance at period-end	727,679,833.94	2,711,433,903.98	17,090,895.87	44,539,622.55	3,500,744,256.34
II. Accumulated depreciation					
1. Opening balance	173,190,869.37	986,203,419.91	5,871,266.55	34,223,428.40	1,199,488,984.23
2. Increased amount of the period	30,063,009.36	195,106,408.71	2,005,472.53	5,841,471.09	233,016,361.69
(1) Withdrawal	23,813,914.57	195,106,408.71	2,005,472.53	5,841,471.09	226,767,266.90
(2) Other changes	6,249,094.79	-	-	-	6,249,094.79
3. Decreased amount of the period	13,833,583.45	2,177,192.99	7,124.50	6,972,131.93	22,990,032.87
(1) Disposal	-	2,177,192.99	7,124.50	723,037.14	2,907,354.63
(2) Transferred from Real estate investment	13,833,583.45	-	-	-	13,833,583.45
(3) Other changes	-	-	-	6,249,094.79	6,249,094.79
4. Closing balance	189,420,295.28	1,179,132,635.63	7,869,614.58	33,092,767.56	1,409,515,313.05
III. Impairment provision					
1. Opening balance	-	25,120,608.21	-	108,388.43	25,228,996.64
2. Increase in the reporting period	9,820,261.26	-	6,126.41	145,183.36	9,971,571.03
(1) Withdrawal	-	-	-	-	-
(2) Other changes	9,820,261.26	-	6,126.41	145,183.36	9,971,571.03
3. Decrease in the reporting period	-	9,971,571.03	-	6,291.08	9,977,862.11
(1) Disposal	-	-	-	6,291.08	6,291.08
(2) Other changes	-	9,971,571.03	-	-	9,971,571.03
4. Closing balance	9,820,261.26	15,149,037.18	6,126.41	247,280.71	25,222,705.56
IV. Book value					
1. Book value of the period-end	528,439,277.40	1,517,152,231.17	9,215,154.88	11,199,574.28	2,066,006,237.73
2. Book value of the period-begin	569,519,101.99	1,644,547,098.79	10,003,760.71	16,151,694.87	2,240,221,656.36

(2) Fixed assets without certificate of title completed

In RMB

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

(3) Mortgaged and secured fixed assets

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

14. Construction in progress

14.1 Summary of projects under construction

In RMB

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

14.2 List of construction in progress

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Installation of machines and equipment	31,307,060.74	-	31,307,060.74	38,061,619.60	-	38,061,619.60

15. Right to use assets

In RMB

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

16. Intangible assets

(1) Information

In RMB

Items	Land use right	Software	Patent right	Total
<b>I. Original price</b>				
1. Balance at period-beginning	48,258,239.00	22,336,546.33	11,825,200.00	82,419,985.33
2. Increase in the current period	-	263,523.53	-	263,523.53
(1) Purchase	-	263,523.53	-	263,523.53
3. Decreased amount of the period	-	-	-	-
4. Balance at period-end	48,258,239.00	22,600,069.86	11,825,200.00	82,683,508.86

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

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

## 17. Goodwill

### (1) Original book value of goodwill

In RMB

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

### (2) Goodwill impairment provision

In RMB

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

## 18. Long-term deferred expenses

In RMB

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

## 19. Deferred income tax assets/Deferred income tax liabilities

### (1) Uncompensated deferred income tax assets

In RMB

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets

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

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

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

In RMB

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

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

In RMB

Items	Trade-off between the deferred income tax assets and liabilities	End balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets	(10,371,998.52)	60,605,365.42	(11,871,230.37)	69,823,814.29
Deferred income tax assets	(10,371,998.52)	44,177,287.45	(11,871,230.37)	47,974,267.80

(4)Details of income tax assets not recognized

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	14,740,965.97	5,742,636.02
Deductible loss	442,263,671.30	464,226,095.10
Total	457,004,637.27	469,968,731.12

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

In RMB

Year	Balance in year-end	Balance at the end of last year
2024	69,053,143.67	79,132,962.34
2025	-	16,680,938.23

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2026	53,989,578.07	128,597,715.91
2027	10,067,397.50	12,155,889.69
2028	39,988,583.76	22,463,907.95
2029	129,732,249.98	129,766,788.98
2030	75,352,814.24	75,427,892.00
2031	-	-
2032	-	-
2033	64,079,904.08	-
Total	442,263,671.30	464,226,095.10

20 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Prepayment for engineering equipment	3,757,334.44	-	3,757,334.44	16,792,930.20	-	16,792,930.20
Investment funds to be liquidated	25,760,086.27	-	25,760,086.27	25,760,086.27	-	25,760,086.27
Total	29,517,420.71	-	29,517,420.71	42,553,016.47	-	42,553,016.47

**21. Assets with restricted ownership or right of use**

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

22. Short-term borrowings

In RMB

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

23. Notes payable

In RMB

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

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

24. Accounts payable

In RMB

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

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

25. Advance account

In RMB

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

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

26. Contract liabilities

In RMB

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

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



27. Payable Employee wage

(1) List of Payroll payable

In RMB

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

(2) Short-term remuneration

In RMB

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

(3) Defined contribution plans listed

In RMB

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

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

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

28. Tax Payable

In RMB

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

29. Other payable

(1) Other payables listed according to the payment nature

In RMB

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

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

30. Non-current liabilities due within 1 year

In RMB

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

31. Other current liabilities

In RMB

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

### 32. Long-term loans

In RMB

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

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

### 33. Lease liabilities

In RMB

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

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

In RMB

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

### 34. Deferred income

In RMB

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

### 35. Stock capital

In RMB

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

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36. Capital reserves

In RMB

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

37. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period						Year-end balance
		Amount incurred before income tax	Less : Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less : Prior period included in other composite income transferred to retained income in the current period	Less : Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Other comprehensive income that cannot be reclassified into profit or loss	108,584,344.77	(21,689,383.27)	-	-	(5,422,345.82)	(16,267,037.45)	-	92,317,307.32
1. Changes in fair value of investment in other equity instruments	108,584,344.77	(21,689,383.27)	-	-	(5,422,345.82)	(16,267,037.45)	-	92,317,307.32
II. Other comprehensive income to be reclassified into profit or loss	1,012,264.54	396,902.35	-	-	-	277,808.95	119,093.40	1,290,073.49
1. Changes in fair value of receivables financing	(178,640.10)	297,733.50	-	-	-	178,640.10	119,093.40	-
2. Translation difference of foreign currency financial statements	1,190,904.64	99,168.85	-	-	-	99,168.85	-	1,290,073.49
Total of other comprehensive income	109,596,609.31	(21,292,480.92)	-	-	(5,422,345.82)	(15,989,228.50)	119,093.40	93,607,380.81

38. Special reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	100,909,661.32	3,352,654.32	-	104,262,315.64

39. Retained profits

In RMB

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

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

#### 40. Operating income and operating cost

##### (1) Operating income and operating cost

In RMB

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

##### (2) Main business classified by product

In RMB

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

##### (3) Main business classified by region

InRMB

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

##### (4) Description of performance obligations

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

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

##### (5) Description of allocation to remaining performance obligations

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

#### 41. Taxes and surcharges

In RMB

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

#### 42. Sales expenses

In RMB

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

#### 43. Management cost

In RMB

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

#### 44. R&D expenses

In RMB

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

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

#### 45. Financial expenses

In RMB

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

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

#### 46. Other income

In RMB

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

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

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

#### 47. Investment income

In RMB

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

#### 48. Income from changes in fair value

In RMB

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

**49. Credit impairment gain (loss)**

In RMB

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

**50. Asset impairment gain (loss)**

In RMB

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

51. Asset disposal income

In RMB

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

52. Non-Operation income

In RMB

Items	Amount of current period	Amount of previous period	Recorded in the amount of the non-recurring gains and losses
Non-current asset Disposition loss	768,398.45	6,334,444.97	768,398.45
Compensation expenses	252,000.00	-	252,000.00
Insurance expenses	193,275.48	7,652,845.40	193,275.48
Other	236,205.33	1,005,792.20	236,205.33
Total	1,449,879.26	14,993,082.57	1,449,879.26

53. Non-current expenses

In RMB

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



54. Income tax expenses

(1) Income tax expenses

In RMB

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

(2) Reconciliation of account profit and income tax expenses

In RMB

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

55. Supplementary information to cash flow statement

(1) Cash related to operating activities

Other cash received relevant to operating activities

In RMB

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

Other cash paid related to operating activities

In RMB

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

(2) Cash related to investment activities

Cash received related to other investment activities

In RMB

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

Payments of cash in connection with significant investment activities

In RMB

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

Cash received in connection with significant investment activities

In RMB  
In RMB

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

Cash paid related to other investment activities

In RMB

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

(3)Cash related to financing activities

Cash paid related with financing activities

In RMB

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

Changes in various liabilities arising from fund-raising activities

In RMB

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

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

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

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

56. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

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

(2) Component of cash and cash equivalents

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

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

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

In RMB

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

**57. Foreign currency monetary items**

(1) Foreign currency monetary items

In RMB

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

**58. Leasing**

(1) As a lessee

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

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

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

(2) As a lessor

Operating lease as a lessor

In RMB

Item	Lease income	Thereinto: Income related to variable lease payments that are not included in lease receipts

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

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

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

In RMB

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

## (VI) R&D expenditures

### (1) Presented by nature of expenses

In RMB

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

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

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

## (VII) Change in the scope of consolidation

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

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

**(VIII). Equity in other subjects**

**1. Equity in subsidiaries**

(1) Composition of the enterprise group

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

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

(2) Important non-wholly-owned subsidiaries

In RMB

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

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

In RMB

Items	SAPO Photoelectric	
	Year-end balance/Amount incurred this year	Balance of the end of last year / amount of last year
Current assets	2,224,998,868.32	1,936,541,263.47
Non-current assets	2,215,651,449.74	2,419,432,602.01
Total assets	4,440,650,318.06	4,355,973,865.48

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

## 2 Equity in joint venture arrangements or joint ventures

Summary financial information of unimportant joint ventures and associated enterprises

In RMB

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

## (IX) Government subsidies

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

(2) Liabilities involving government subsidies

In RMB

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

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

In RMB

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

## X. Risks related to financial instruments

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

In RMB

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

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

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

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

#### 1.1 Market risk

##### 1.1.1 Foreign exchange risk

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

As of 31 December 2023, the Group's assets and liabilities were all RMB balances, except for the monetary items



in foreign currencies mentioned in Notes (V), (57). The foreign exchange risks arising from the assets and liabilities with foreign currency balances (converted into RMB) described in the table below may have an impact on the Group's operating results.

In RMB

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

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

Sensitivity analysis of foreign exchange risk

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

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

In RMB

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

#### 1.1.2. Interest rate risk - risk of cash flow change

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

Sensitivity analysis of interest rate risk

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

In RMB

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

#### 1.2. Credit risk

On December 31, 2023, the largest credit risk exposure that may cause the Group's financial losses mainly came from the loss of the Group's financial assets caused by the failure of the other party to the contract, including monetary funds, transactional financial assets, notes receivable, accounts receivable, receivables financing and other receivables. On the balance sheet date, the book value of the Group's financial assets has represented its maximum credit risk exposure.

In order to reduce the credit risk, the Group arranges special personnel to determine the credit limit, conduct credit approval and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the Group reviews the recovery of financial assets on each balance sheet date to ensure that sufficient credit loss provision has been made for relevant financial assets. Therefore, the management of the Group believes that the credit risk assumed by the Group has been greatly reduced.

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

credit risk.

On December 31, 2023, the balance of accounts receivable of the Group to the top five customers was RMB510,920,546.66, accounting for 59.16% of the balance of accounts receivable of the Group. In addition, the Group has no other significant credit risk exposure concentrated in a single financial asset or financial asset portfolio with similar characteristics.

### 1.3 Liquidity risk

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

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

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

In RMB

Item	Within 1 year	1-5 years	Over 5 years	Total
Short-term loan	8,202,908.33	-	-	8,202,908.33
Notes payable	31,049,291.49	-	-	31,049,291.49
Accounts payable	408,548,136.24	-	-	408,548,136.24
Other payables	184,528,344.55	-	-	184,528,344.55
Other current liabilities	42,665,954.11	-	-	42,665,954.11
Long-term loans	121,051,052.09	543,134,195.76	-	664,185,247.85
Lease liabilities	5,809,756.61	5,822,333.46	1,672,592.08	13,304,682.15

## 2. Transfer of financial assets

### 2.1 Classification of transfer methods

In RMB

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

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

In RMB

Item	Method for the financial assets transferred	The amount of the financial asset derecognized	Gains or losses related to derecognition
Financings receivable	Endorsement transfer	59,520,699.22	-
Accounts receivable	Factoring	634,780,309.98	-
Total	/	694,301,009.20	-

### 2.3 Transferred financial assets that continue to be involved

In RMB

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

## XI. Disclosure of fair value

### 1. Ending fair value of assets and liabilities measured at fair value

In RMB

Items	Year-end fair value			
	Fair value measurement of Level 1	Fair value measurement of Level 2	Fair value measurement of Level 3	Total
Measured at fair value continuously				
(I) Transactional financial assets	-	821,946,114.68	-	821,946,114.68
(II) Receivable financing	-	-	22,839,459.13	22,839,459.13
(III) Investment in other equity instruments	-	-	145,988,900.00	145,988,900.00
Total assets continuously measured at fair value	-	821,946,114.68	168,828,359.13	990,774,473.81

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

In RMB

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

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

In RMB

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

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

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

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

## XII. Related parties and related party transactions

### 1. Information about the parent company of the Enterprise.

Name of parent company	Place of registration	Business nature	Registered capital (RMB '0,000)	Shareholding ratio of the parent company to the Company %	Percentage of voting rights of the parent company to the Company %
Shenzhen Investment Holdings Co., Ltd	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment, real estate development, etc	3,235,900.00	46.21	46.21

#### Description of the parent company of the Enterprise

The parent company of the Company is a wholly state-owned company approved and authorized by the Shenzhen Municipal Government, and exercises the investor function for the state-owned enterprises within the authorized scope according to law.

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

In RMB 10,000

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

### 2. Information on subsidiaries of the Enterprise

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

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

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

### 4. Information on other related parties

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

### 5. Related party transactions

#### (1) Procurement of goods/acceptance of services

Related party	Content of related party transaction	Amount incurred this year	Amount incurred last year
Hengmei Optoelectronics Co., Ltd	Optical film materials	4,540,435.30	-

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	and processing		
Shenzhen SGE Longyan Energy Technology Co., Ltd.	Purchasing electricity	1,075,289.19	-
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Interest expenses	16,237.39	6,601.33
Total		5,631,961.88	6,601.33

(2) Sale of goods

In RMB

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

(3) Lending of related party funds

In RMB

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

(4) Rewards for the key management personnel

In RMB

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

6. Receivables and payables of related parties

(1) Receivables

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Balance of Book	Balance of Book	Bad debt Provision
Other receivable	Account Shenzhen Dailishi Underwear Co., Ltd.	1,100,000.00	58,850.00	1,100,000.00	58,850.00
Other receivable	Account Shenzhen Guanhua Printing & Dyeing Co., Ltd.	41,325.00	-	-	-
Total		1,141,325.00	58,850.00	1,100,000.00	58,850.00

(2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year
------	---------------	--------------------	----------------

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			beginning
Other payable	Yehui International Co.,Ltd.	1,124,656.60	1,124,656.60
Other payable	Shenzhen Changlianfa Printing & dyeing Co., Ltd.	2,023,699.95	2,023,699.95
Other payable	Shenzhen Guanhua Printing & dyeing Co., Ltd.	3,811,272.20	3,806,454.17
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Investment Holdings Co., Ltd	485,189.00	643,987.04
Total		7,689,607.60	7,843,587.61

### XIII. Commitments and contingencies

#### 1. Important commitments

##### (1) Capital commitment

In RMB

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

#### 2. Contingencies

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

### XIV. Matters after the balance sheet date

#### 1. Profit distribution after the balance sheet date

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

In RMB

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

### XV. Other important matters

#### 1. Segment information

##### (1) Determination basis and accounting policy of reporting segment

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

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

(2) Financial information of reporting segment

In RMB

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

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

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

(1) Major asset restructuring

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

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

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

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

Shenzhen Xieli, a sino-foreign joint venture invested and established by the Company and Hong Kong Xieli Maintenance Company (hereinafter referred to as "Hong Kong Xieli"), was cancelled by the Shenzhen Municipal Administration for Market Regulation in March 2020, but there are still three properties under the name of Shenzhen Xieli that need to be disposed of through consultation between the shareholders of both parties. In July 2020, the Company filed an administrative act in the People's Court of Yantian District, Shenzhen, Guangdong Province to revoke the cancellation of Shenzhen Xieli approved by the Shenzhen Municipal Administration for Market Regulation.

In December 2022, the People's Court of Yantian District, Shenzhen, Guangdong Province, rendered a judgment of first instance for retrial, revoking the administrative act of approving the cancellation of Shenzhen Xieli. In January 2023, the third party of the original trial, Hong Kong Xie-li, appealed to the Intermediate People's Court of Shenzhen, Guangdong Province, and later ruled that the appeal should be withdrawn by Hong Kong Xie-Li due to Hong Kong Xie-Li's failure to pay the case acceptance fee in advancement schedule, and retrial of first instance judgment took effect on March 22, 2023.

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

### 1. Accounts receivable

#### (1) Disclosure by age

In RMB

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

#### (2) Classified disclosure by credit loss provision accrual method

In RMB

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

In RMB

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Account receivable that withdrawal bad debt provision by single item	-	-	-	-	-
Account receivable withdrawal bad debt provision by portfolio	16,356,183.36	100.00	713,159.25	4.36	15,643,024.11
Total	16,356,183.36	100.00	713,159.25	/	15,643,024.11

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

In RMB

Category	Balance at the end of the year			
	Expected average loss ratio (%)	Book balance	Provision for bad debts	Book value



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Within 1 year	0.04	10,190,859.62	4,311.97	10,186,547.65
2-3 years	-	2,485,076.00	-	2,485,076.00
Total	/	12,675,935.62	4,311.97	12,671,623.65

As of December 31, 2023, the credit risk and bad debt provision of Portfolio 2 accounts receivable are as follows:

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	713,159.25	-	-	713,159.25
Balance as at January 1, 2023 in current	-	-	-	-
— Transfer to stage II	-	-	-	-
— Transfer to stage III	-	-	-	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-
Provision in Current Year	-	-	-	-
Reversal in Current Year	(708,847.28)	-	-	(708,847.28)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2023	4,311.97	-	-	4,311.97

(3) Provision for bad debts

In RMB

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

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

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

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

In RMB

Name	Balance in year-end	Proportion(%)	Bad debt provision
Total accounts receivable of the top five balances on December 31, 2023	12,652,340.62	99.81	3,073.24

2. Other receivable

(1) Disclosure by aging

In RMB

Aging	Balance at the end of this year	Balance at the end of last year
Within 1 year	1,683,810.52	3,408,892.46
1-2 years	2,213,073.28	10,707,995.02
2-3 years	10,100,800.01	-
Over 3 years	15,279,395.10	15,279,395.10
Total	29,277,078.91	29,396,282.58

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Less: Bad debt provision	15,263,525.96	15,263,525.96
book value	14,013,552.95	14,132,756.62

(2) Disclosure by payment nature

In RMB

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

(3) Accrual of credit loss provision

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

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2023	59,301.12	3,018.92	15,201,205.92	15,263,525.96
Balance as at January 1, 2023 in current				
—Transfer to stage II	(442.69)	442.69	-	-
—Transfer to stage III	-	-	-	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-
Provision in Current Year	-	5,529.83	-	5,529.83
Reversal in Current Year	(5,529.83)	-	-	(5,529.83)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2023	53,328.60	8,991.44	15,201,205.92	15,263,525.96

As of December 31, 2023, Accrual of credit loss provision

In RMB

Stage	Year-end amount			
	Expected average loss rate (%)	Book balance	Loss provision	Book value
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	52.13	29,277,078.91	15,263,525.96	14,013,552.95

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

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

(4) Changes in bad debt provisions

In RMB

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

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

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

In RMB

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

3. Long-term equity investment

In RMB

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

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(1) Investment to the subsidiary

In RMB

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

(2) Investment to joint ventures and associated enterprises

In RMB

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

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

4. Business income and Business cost

(1) Business income and Business cost

In RMB

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

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

In RMB

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

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

In RMB

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

5. Investment income

In RMB

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

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1. Particulars about current non-recurring gains and loss

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

In RMB

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

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

2. Return on net asset and earnings per share

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

In RMB

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

The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.  
 March 28, 2024