

Shenzhen Textile (Holdings) Co., Ltd.

The Semi-Annual Report 2017



August 26,2017

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.Zhu Jun, The Company leader, Mr. Zhu Jun, Chief financial officer and the Mr.Mu Linying, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in the semi-report.

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

I.Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, investors should be cautious with investment risks .

II.The company to remind the majority of investors , Securities Time, China Securities Journal, Securities Daily, Shanghai Securities News , Hongkong Commercial Daily and Juchao Website(<http://www.cninfo.com.cn>) are the media for information disclosure appointed by the Company, all information under the name of the Company disclosed on the above said media shall prevail, and investors are advised to exercise caution of investment risks.

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

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

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Definition

Terms to be defined	Refers to	Definition
Company/The Company/ Shen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holding Co., Ltd.	Refers to	Shenzhen Investment Holding Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
Shengbo Optoelectronic	Refers to	Shenzhen Shengbo Optoelectronic Technology Co., Ltd.
Kunshan Jinlin	Refers to	Kunshan Linlin Optoelectronic Material Co., Ltd.
Zhejiang Jinhao	Refers to	Zhejiang Jinhao Optoelectronic Material Co., Ltd.
“CSRC”	Refers to	China Securities Regulatory Commission
Company Law	Refers to	Company Law of the People’s Republic of China
Securities Law	Refers to	Securities Law of the People’s Republic of China
The Report	Refers to	2017 Semi- Annual Report

II. Corporate Profile and Key Financial Results

I. Company Information

Stock abbreviation	Shen Textile A ,Shen Textile B	Stock code:	000045、200045
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	Zhu Jun		

II. Contact person and contact manner

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

III.Other

(1)Way to contact the Company

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

Applicable Not Applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2016 Annual Report.

(2) Information inquiry

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

Applicable Not applicable

None of the official presses, website, and place of enquiry has been changed in the semi report period. For details please find the Annual Report 2016.

IV.Summary of Accounting data and Financial index

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

Yes No

	Reporting period	Same period of last year	YoY+/- (%)
Operating income (RMB)	739,337,756.87	552,157,585.56	33.90%
Net profit attributable to the shareholders of the listed company (RMB)	14,457,841.63	-30,097,851.40	148.04%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-4,286,186.35	-32,378,678.35	86.76%
Cash flow generated by business operation, net (RMB)	-98,176,400.94	-39,316,195.34	149.71%
Basic earning per share(RMB/Share)	0.03	-0.06	150.00%
Diluted gains per share(RMB/Share)(RMB/Share)	0.03	-0.06	150.00%
Weighted average ROE(%)	0.61%	-1.40%	1.84%
	As at the end of the reporting period	As at the end of last year	YoY+/- (%)
Total assets (RMB)	4,071,838,673.13	4,119,586,266.47	-1.16%
Net assets attributable to shareholder of listed company (RMB)	2,353,937,989.03	2,339,554,176.31	0.61%

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

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

Applicable Not applicable

No difference.

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

Applicable Not applicable

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

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

Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-1,771.59	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	5,660,961.90	
Gain/loss on entrusting others with investment or asset management	20,808,333.32	
Gain/loss on Contingent events irrelevant to the Company's normal business	418,132.96	
Other non-business income and expenditures other than the above	5,593,047.35	
Less :Influenced amount of income tax	1,506,457.54	
Influenced amount of minor shareholders' equity (after tax)	12,228,218.24	
Total	18,744,027.98	--

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. Business Profile

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

Whether the company needs to comply with the disclosure requirements of the particular industry

No

In 2016, 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

Polarizer is the upstream raw material for liquid crystal panel, also is one of the key materials for flat panel display industry, and it has been widely used in smart phones, liquid crystal display panel of tablet computers and TVs and so forth, OLED display panel, instrumentation, sun glasses, filter of photographic equipments and so on many fields. The company's five existing production lines of polarizer with mass production have products covered the fields such as TN, STN, TFT, OLED, 3D, dye plate, optical film for touch screen, and the products mainly used in TV, NB, navigator, monitor, automotive, industrial control, instrumentation, smart phones, wearable devices, 3D glasses, sunglasses and so forth products, becoming the qualified supplier to Huaxing Optoelectronic, BOE, Ivo, Shenchao Optoelectronic ,LGD and so forth panel companies.

During the reporting period, first, the company promoted the construction of Line 6 project according to the plan and currently it entered the test climbing stage; second, continued to maintain and expand cooperation with existing customers while accelerated the development of new models to support the release of capacity and reduce costs; third, sped up the whole lines and released the capacity, enhanced the quality and reduced the energy consumption, actively explored the replacement and introducing of raw materials, and reduced the production costs; fourthly, continued to do a good job in the research and development and innovation, made the optimized transfer from the forward-looking technology development to the practical technology, and made the good quality management, after-sales service and other work.

The domestic large-scale, densely fast construction of the new production lines has brought a broad market space, thus the demand of polarizer also showed a high growth rate. Currently, a number of 19 production lines of low generation LCD has been put into operation ,with a total capacity of 2.563 million pieces/month, and a number of 8 production lines of 8.5 G or above generation LCD has been put into operation, with the total investment reached RMB 211.7 billion and total capacity of 0.72 million pieces/month. Meanwhile, there are 8 production lines of high generation LCD that are under construction or under the plan of construction, with that the total capacity can reach 0.84 million pieces/month when those projects are finished. By the time, China will become the world's largest production base of the liquid crystal panel, which will enable the demand of key basic materials including polarizer to have a fast growth. By 2018, it's expected that the annual demand for polarizer will increase from the current 125 million square meters to 220 million square meters, but the production capacity is estimated at 150 million square meters, thus the gap between supply and demand will make the industry have a medium and long term development opportunity. In the future, relying on more than 20 years of industrial operation experience and geographical advantages, the company will fully tap into the resource advantages of state-owned enterprise and the institutional advantages of private enterprise, continue to make the research and development and cultivate talents, actively seek further development after the reform, thus seizing the market opportunities and integrating the industrial resources to make a stronger, bigger and better Shengbo Optoelectronics.

II.Major Changes in Main Assets

1.Major Changes in Main Assets

Main assets	Major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in process	Construction in process at the end of the reporting period increased by RMB 133.135 million compared to the beginning of the period, an increase of 111.13%, which was mainly due to the increase of investment for the second-phase project of No.6 line of TFT-LCD polarizer.
Advance payment	The amount of prepayments increased by RMB 20.4304 million or 301.63% as compared with the beginning of the period, which was mainly due to the increase in prepayment for the purchase of goods and materials.
Interest receivable	The interest receivable at the end of the period increased by RMB3.9282 million or 59.04% as compared with the beginning of the period, which was mainly due to the increase of interest receivable in structured deposits and trust wealth management.
Other account receivable	Other receivables increased by RMB36.5871 million or 54.39% as compared with the beginning of the period, which was mainly due to the increase in investment in technical and management services of the whole process of construction period and putting into operation and mass production period of light guide plate project and reflecting film project of Kunshan Jinlin and Zhejiang Jinhao.

2. Main Conditions of Overseas Assets

Applicable Not applicable

III.Analysis On core Competitiveness

Whether the company needs to comply with the disclosure requirements of the particular industry

No

(1) Technology advantages. Shengbo Optoelectronic is the first domestic national high-tech company which entered into the R&D and production of the polarizer, and it has more than 20 years of operational experience of the polarizer industry, The products include monochrome TN type, STN type, IPS-TFT type, VA-TFT type, vehicle-mounted industrial-control display, flexible display, polarizer for 3D stereo and sunglasses, optical film for touch screen etc., and the company possesses the proprietary whole-set technology of polarizer which can satisfy the customers' needs and owns various kinds of independent intellectual property rights of new products. By the end of the reporting period, the company applied for 73 invention patents and was authorized with 54 items, among which: 15 domestic invention patents(7 patents got authorized); 52 domestic utility model patents(44 patents got authorized); 1 overseas invention patent(0 patents got authorized); 9 overseas utility model patents(3

patents got authorized). There were 3 national standards and 2 industrial standards that were developed by the company are approved and then will be implemented. The company, possessing the two technology platforms "Shenzhen polarizing materials and engineering laboratory" and "Municipal research and development center", focused on the R&D and the industrialization of the core production technology of LCD polarizer, the developing and industrialization of the new products of OLED polarizer and the "domestication" research on the production materials of polarizer. Through the introduction of various types of sophisticated testing equipments to perfect the test means of small-scale test and medium-scale test, further by improving the incentive system of research and development and building the collaborative innovation platform of "Industry-Study-Research-Utilization" and so forth means, the company comprehensively enhanced the level of research and development.

(2) Talents advantages. The company has the management team and the senior technical team with strong technical ability, enduring cooperative spirit, rich experience and international vision on the polarizer. The company had engaged overseas technical personnel who have great experiences on advanced polarizer production and established the technology management team with its own technical team and complemented by engaging foreign technical personnel, and via the combination of independent innovation and technology providing by engaged foreign personnel to accumulate technology, Upon Talents Advantages, the company has established and accumulated the first-mover advantages in terms of brand, technology, operation and management. Through the perfection of assessment system and remuneration system, the company centers on the incentive remuneration to R&D staffs and technical staffs and gives a full play to the role of talents in the innovation-driven.

(3) Market advantages. The company has good customer groups not only in domestic market but in foreign market, compared with foreign advanced counterparts, the biggest advantage lies in the localization for supporting, close to the panel market, as well as the strong support of the national policy. As to the market development, centered in the production material control, extended to both ends to link the procurement and the market, established a rapid response mechanism, Fully utilize the advantages of localization, adopts the customer development strategy of "method of prescription", and strengthens the point-to-point professional services with the guidance of technology, thus to lay a solid foundation for the product marketing.

(4) Quality advantages. The company always adhered to the quality policy of "Satisfying customer demands and pursuing excellent quality" and focused on product quality control, thus the product quality has larger advantages compared with other similar-kind domestic companies. The company introduced a modern quality management system, with the products passed the ISO9001 quality management system, ISO14001 environmental management system, OHSAS18000, QCO80000 system certification and SGS testing, was in line with the ROHS environmental protection requirements, and with standardized processes of raw materials supplying, production-manufacturing, marketing, sales and customer services for ensuring the stability of the product quality. The company had increased the automatic detecting and marking equipments in the beginning section and the ending section, strictly controlled the product quality and improved the product utilization rate and product management efficiency.

(5) Management advantages. Shengbo Optoelectronic has accumulated rich management experiences in more than 20 years in the manufacturing of polarizer, possessing the home most advanced control technology of the production management process of the polarizer and quality management technology and the stable raw material procurement channel so forth management systems. The company had carried out comprehensive benchmarking work, organized the management personnel to learn advanced experiences from customers and peers to force the elevation of management ability, and drew on the foreign company's management experiences of polarizer, optimized the company's organizational structure, reduced the managerial hierarchy and further enhanced the company's management efficiency. After the introduction of the strategic investor, the company fully taps into the mechanism advantages of private enterprise, specifies the job responsibilities and inspires employees by linking

with the company's actual business profit, thus to realize the deep integration of the corporate value and the employees' values, further invigorating the new vitality of business operation and development.

(6) Policy advantages. The polarizer industry, which belongs to the industries encouraged by the Chinese government, is included in the strategic emerging industries for boosting the future economic and social development. The company's polarizer project won several times of national and provincial policy-support and funds support, and as the key raw material project of the upstream industry of new display devices, it enjoys the preferential policies of exemption for import duties on the self-used production materials which cannot be manufactured in China. Meanwhile, the company strengthened the management on suppliers, perfected the overall procurement strategy, strictly controlled the number of suppliers while drawing in competition mechanism, actively followed-up the substitution work for many kinds of raw materials and further reduced the production costs to improve the competitiveness of products.

IV. Performance Discussion and Analysis

I .General

In the first half of 2017, the company deepened the reform, persistently adhered to the transformation development, strongly promoted the construction of No. 6 line project of polarizer, actively implemented the introducing results, fully utilized the flexibility of mixed ownership, constantly stimulated the operating vitality, thus the state of operation of the three main business were steady and rising. Overall, the polarizer production and management was improved, the profitability of property business was stable, and the textile and other trade business showed a big growth. During the reporting period, the Company realized the operating income of RMB 739.3378 million, representing an increase of RMB187.1802 million or 33.9% over the same period of last year; the total profit was RMB 20.2794 million, representing an increase of RMB 46.14 million or 178.42% over the same period last year; the net profits was RMB 14.4578 million, representing an increase of RMB 44.5557 million or 148.04% over the same period last year. The main reason for the company's turnaround and gaining profits: first, the Subsidiary Shenbo Optoelectronic improved the production efficiency of polarizer, improved the yield and reduced the costs, thus the gross margin increased; Second, the appreciation of Yen was narrowed compared with the same period last year, thus the exchange losses decreased compared with the same period last year; third, the income of trust wealth management increased, leading to the increase in non-recurring gains and losses over the same period last year.

Reviewing the first half of 2017, the company focused on the key work, with contents as follows:

(1) Comprehensively enhanced the operating ability and the researching development. ability of the polarizer business

During the reporting period, firstly, the company sped up the whole lines and released the capacity, enhanced the quality and reduced the energy consumption, actively explored the replacement and introducing of raw materials, and reduced the production costs; secondly, the company continued to maintain and expand cooperation with existing customers while accelerated the development of new models to support the release of capacity and reduced costs; thirdly, the company formulated the broaden scheme of cargo-delivery specifications and sped up the product turnover, while enhanced the quality management, after-sales service to reduce the rate of return of goods. During the reporting period, the operation and production of polarizer of the company was improved, and the gross margin of polarizer business increased.

At the same time, the company increased the intensity of independent research and development. During the reporting period, the company applied for a total of four patents (2 domestic utility model patents, 1 Japan utility model patent and 1 South Korea utility model patent), getting authorized with 2 patents (utility model patent) , and there were three invention patents entered the substantive examination. The two national standards-"Determination of Optical Compensation value for Polarizer" and "Test Method for adhesion force of the optical thin-film coating for polarizer" developed and set up by the company had been officially implemented from May 1, 2017.

(2) Promoted the construction of Line 6 project according to the plan

During the reporting period, according to the construction schedule of line 6, the purification project and the procurement and installation were completed, as well as the pretreatment, extension machine, linkage test of the coating machine and the preparation of the extended samples were completed. Currently, it's undergoing the whole production line commissioning and the sample testing, and it's expected that the installation,

commissioning and trial production and other work of No.6 line will be completed in this year.It may have the condition of quantity production.

(3) Stable operation status of the property enterprises

During the reporting period, the company further strengthened the management standards of property enterprises and actively promoted the work of hidden danger check and the rectification work for safety production; secondly, the company combined the national policy of mass entrepreneurship and innovation, fitted the market demand and tendency, soundly did the renovation work in Huaqiang North Area, thus provided the conditions for the continuous enhancement of the operating efficiency; thirdly, Guan Hua building was completed and the filing procedure of project completion was completed, and it's planned to do a good job in the business invitation and leasing work in the second half of the year, making it become a new growth point of the company's property income.

(4) Continuously improved the "13th Five-Year" strategic planning

During the reporting period, according to the management and development arrangement after the introduction of strategic investors, the company further adjusted and improved the "13th Five-Year" strategic planning, which had been approved by the expert review meeting. In the second half of the year, the company will, according to the "13th Five-Year" strategic planning, arrange the relevant departments to do in-depth study and formulate the concrete measures, so as to implement it as soon as possible.

(5) Always did a good job in safe production, and maintaining the harmony and stability of the enterprise

During the reporting period, the Company persistently did the work to investigate and control the hidden dangers in production safety, thus ensured the steady and safety production. The safety checks organized by the company identified 90 hidden danger, which had been basically rectified; meanwhile, the company comprehensively organized the rental property safety hidden danger investigation and remediation work, and after investigation, a total of 96 safety hidden danger were identified, and the company formulated a rectification program targeted on the hidden safety danger; the company had responded positively to the deployment and requirements of the "safety production month" in 2017, formulated the "safety production month" program and issued it and implemented it, then as of the end of June, the rectification had removed 82 hidden danger, with the rectification rate reached 95%, so the effect was obvious.

2.Main business analysis

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

Changes in the financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause change
Operating income	739,337,756.87	552,157,585.56	33.90%	Due to significant increase in other trade income
Operating cost	677,617,195.79	511,249,697.64	32.54%	Due to significant increase in other trade income
Sale expenses	4,007,043.14	4,516,009.63	-11.27%	
Administrative expenses	40,846,568.49	46,124,255.12	-11.44%	
Financial expenses	-12,037,356.58	8,972,817.56	-234.15%	The exchange losses narrowed considerably as the Yen

				appreciation narrowed
Income tax expenses	7,742,958.27	4,237,195.44	82.74%	Due to the profits increase
R & D Investment	10,940,877.48	15,805,570.17	-30.78%	The R & D investment in the first half of the year decreased, it's expected that will increase in the second half of the year
Cash flow generated by business operation, net	-98,176,400.94	-39,316,195.34	-149.71%	Mainly due to the payment to the projects of Kunshan Jinlin and Zhejiang Jin Hao
Net cash flow generated by investment	194,444,447.29	33,062,688.27	488.11%	The proceeds in the structural deposits and trust wealth management increased over the same period last year
Net cash flow generated by financing	-8,077,450.21	-78,059,653.87	-89.65%	Cash outflows for debt repayment were substantially lower than last year
Net increasing of cash and cash equivalents	87,522,186.89	-83,369,088.81	204.98%	Due to the combined impact of the above-said

Major changes in profit composition or courses during the report period

Applicable Not applicable

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

Breakdown of main business

In RMB

	Operating revenue	operating costs	Gross profit rate(%)	Increase/decrease of reverse in the same period of the previous year(%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Domestic and foreign trade	200,455,901.49	197,195,626.83	1.63%	-0.41%	-1.05%	0.63%
Manufacturing	318,634,496.34	297,660,122.29	6.58%	4.69%	-0.02%	4.40%
Lease and Management of Property	44,151,381.93	12,641,846.17	71.37%	-0.25%	4.05%	-1.18%
Product						
Income from Lease and Management of	44,151,381.93	12,641,846.17	71.37%	-0.25%	4.05%	-1.18%

Property						
Income from textile	11,243,368.26	11,414,078.26	-1.52%	29.52%	19.22%	8.77%
Polarizer sheet	377,252,892.13	355,110,897.73	5.87%	1.85%	-1.95%	3.65%
Income from Trading	130,594,137.44	128,330,773.13	1.73%	3.19%	2.47%	0.68%
Area						
Domestic	384,324,928.13	358,905,193.32	6.61%	15.48%	14.61%	0.71%
Overseas	178,916,851.63	148,592,401.97	16.95%	-17.59%	-24.18%	7.22%

III.Non-core business analysis

√ Applicable □ Not applicable

In RMB

	Amount	Ratio to the total profit amount (%)	Notes of the causes	Recurring or not
Investment income	22,955,035.39	113.19%	Obtained the dividends from the share-participating enterprise, obtained contracting fees, and gains from trust wealth management	The dividends from the share-participating enterprise and the contracting fees possess the sustainability, but the proceeds from the trust wealth management does not possess the sustainability
Impairment of assets	30,659,832.99	151.19%	Loss of inventory price falling, loss of bad debts	Have the sustainability
Non-operating income	528,419.77	2.61%	Mainly are the received government grants.	Do not have the sustainability
Non-operating expense	3,478.36	0.02%	Loss on disposal of non current assets	Do not have the sustainability

IV.Analysis of assets and liabilities

1.Significant changes in asset composition

In RMB

	End of Reporting period		End of same period of last year		Change in percentage(%)	Reason for significant change
	Amount	As a percentage of total assets(%)				

Monetary fund	1,021,411,279.17	25.08%	933,856,912.73	22.67%	2.41%	Maturity of structured deposits
Accounts receivable	191,457,477.91	4.70%	220,222,019.41	5.35%	-0.65%	
Inventories	295,893,311.56	7.27%	283,371,714.07	6.88%	0.39%	
Real estate Investment	175,368,491.53	4.31%	179,324,547.77	4.35%	-0.04%	
Long-term equity investment	24,460,681.83	0.60%	24,849,311.00	0.60%	0.00%	
Fixed assets	687,923,881.13	16.89%	723,685,287.56	17.57%	-0.68%	
Construction in process	252,939,183.42	6.21%	119,804,231.43	2.91%	3.30%	Cumulative investment in line 6 has increased
Short-term loans	37,917,157.74	0.93%	12,335,695.77	0.30%	0.63%	
Long-term loans	80,000,000.00	1.96%	80,000,000.00	1.94%	0.02%	

2.Asset and Liabilities Measured by Fair Value

Applicable Not applicable

In RMB

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Amount at year end
Financial assets							
3.Financial assets available for sale	8,378,730.50		433,722.52				8,812,453.02
Subtotal of financial assets	8,378,730.50		433,722.52				8,812,453.02
Total	8,378,730.50		433,722.52				8,812,453.02
Financial Liability	0.00						0.00

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

Not applicable

V. Analysis on investment Status

1. General

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

4.Investment of Financial Asset

(1) Securities investment

Applicable Not applicable

There was no investment in securities by the Company in the Reporting period.

(2) Investment in Derivatives

Applicable Not applicable

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

VI. 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

VII. 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	Industry	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Domestic Trade, Property management	Wholesale	2,360,000.00	28,542,969.47	25,353,601.02	3,748,750.34	1,060,052.17	798,464.32
Shenzhen Huaqiang Hotel	Subsidiary	Accommodation, business center;	Hotel services	10,005,300.00	33,302,609.20	26,644,830.65	5,230,728.46	1,619,933.68	1,222,578.95
Shenfang Property Management Co., Ltd.	Subsidiary	Property management	Realty industry	1,600,000.00	8,992,649.81	2,922,947.62	4,915,987.96	189,428.91	142,071.68
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Production of fully electronic jacquard knitting whole shape	Textile industry	25,000,000.00	38,160,054.00	22,031,029.42	12,890,370.47	-1,525,783.98	-1,527,384.42
Shenzhen Shengbo Optoelectric Technology Co., Ltd	Subsidiary	Production and sales of polarizer	Computers, communications and other electronic equipment manufacturing	583,333,333.00	3,177,317,849.03	2,731,324,885.43	377,252,892.13	-9,893,931.35	-9,376,931.35
Shenzhen Shenfang Import & export Co., Ltd.	Subsidiary	Operating import and export business	Wholesale	5,000,000.00	94,593,510.71	12,904,261.00	304,197,983.58	6,097,888.42	4,573,416.32
Shengtou (HK) Co., Ltd.	Subsidiary	Sales of polarizer	Wholesale	HKD10,000	46,564,629.60	4,593,831.68	69,861,764.05	1,764,695.01	1,473,520.33

Subsidiaries obtained or disposed in the reporting period

Applicable Not applicable

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prediction of business performance for January -September 2017

Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason.

Applicable Not applicable

X.Risks facing the Company and countermeasures

(1) Macroeconomic risks

In 2017, China will further promote the supply-side reform and the new economic driving-force and mode will further replace the old economic driving-force and mode, and china's economic will run under the new normal with a reasonable range of growth. As china's manufacturing industry is facing the severe challenges of "two-way extrusion" by developed countries and other developing countries, China is changing from "World Factory 1.0" to "world factory 2.0", and part of it is changing to world factory 3.0. The industry, which the company situated in, is an important part of the electronic information industry, so it will be strongly supported by the nation's policies. But in the future, if the stagnant world economy and China's economy is further downward, upon that influence, the uncertainty and risk of the company's future development will also be increased.

The main measures: the company will pay close attention to and study the industry policy trends, strengthen the tracking and analysis of important information of the industry and timely grasp the development trend of the industry. Meanwhile, the company will spare no efforts to promote the polarizer project construction, constantly optimize the product structure, rev up the market development ability, enhance the internal control and the control of operating risk, thus to ensure the steady and orderly development of the company.

(2) Market risks

Due to the characteristics of display end-product including rapid replacement and upgrading and short life cycle, with the fierce competition in the industry, so there is higher requirement for the timely response ability of technology and products, while the price decline-trend also increasingly squeezes the profit space of upstream polarizer business. If the company's technology and products cannot timely respond to the needs of the application fields or the market competition that leads to lower prices, the company will get an adverse impact.

The main measures: the company will actively promote the project construction of the second phase of No.6 line TFT-LCD polarizer project, raise the production capacity, stabilize the customer confidence and improve the product bargaining power; meanwhile, the company will actively promote the work of introducing new product client, further tap into the market potential, improve the market share, continuously improve the production line yield and the utilization rate, and enhance the competitiveness of products to deal with the market risks.

(3) Raw-material risk

Currently, the key raw materials for producing polarizer, which are PVA film and TAC film, are basically

monopolized by Japanese. The price of the film-material is affected by the suppliers' capacity, the market demand, the yen exchange rate and so on, so that will further impact the company's product unit costs.

The main measures: the company will actively explore the import substitution of raw materials and increase the intensity of independent intellectual property rights research and development; meanwhile, the company will continue to improve the production stability and continuity, enhance the rate of utilization and keep the product scrap rate at a low level, and reduce the product costs;the company will choose a way to lock forward exchange rate, in order to avoid the excessive exchange losses caused by the fluctuation of exchange rate.

V. Important Events

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

1. Annual General Meeting

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The first provisional shareholders' General meeting in 2017	Provisional shareholders' General Meeting	0.02%	January 16,2017	January 17,2017	Announcement No.2017-05 www.cninfo.com.cn
Annual Genral Meeting of 2016	Annual General Meeting	0.29%	June 29,2017	June 30,2017	Announcement No.2017-32 www.cninfo.com.cn

2. Preferred stockholders restored voting rights to request to convene Provisional Shareholders' Meeting.

Applicable Not applicable

II. Proposal for profit distribution and converting capital Reserve into share actual for the reporting period

Applicable Not applicable

For the reporting period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

III. 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	Committm	Type	Contents	Time of	Peiod of	Fulfillme
------------	----------	------	----------	---------	----------	-----------

	ent maker			making commitme nt	commitme nt	nt
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.	August 4, 2006	Sustained and effective	Under Fulfillment
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement	Shenzhen Textile(Holdings) Co., Ltd.	No major asset restructuring commitments	The company, according to the relevant provisions of Measures for the Administration of Major Asset Restructuring of Listed Companies, No.10 Guidelines for Business Handling of Listed Companies- Major Asset Restructuring and No.9 Business Memorandum of Main Board Information Disclosure-Suspending Stock-trading for Listed Companies, committed that the company shall not plan a major asset restructuring matter in 2 months commenced from the date of termination of the major asset restructuring namely the date of announcement on resuming the company's stock trading.	December 19,2016	February 18,2017	Fulfilled
Commitments made upon issuance	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance” when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen	October 9, 2009	Sustained and effective	Under Fulfillment

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

			controlling Shenzhen Textile.			
Equity incentive commitment						
Other commitments made to minority shareholders						
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	No					

IV. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

Yes Not

The semi-annual report was not audited.

V.Explanations given by board of directors and supervisory board regarding “ Modified auditor’s” Issued by CPAs firm for the reporting period

Applicable Not applicable

VI. Explanations given by Board of Directors regarding “ Modified auditor’s Report” Issued for last year

Applicable Not applicable

VII. Bankruptcy and restructuring

Applicable Not applicable

No such cases in the reporting period.

VIII. Legal matters

Significant lawsuits or arbitrations

Applicable Not applicable

No such cases in the reporting period.

Other legal matters

Applicable Not applicable

IX. Punishments and rectifications

Applicable Not applicable

No such cases in the reporting period.

X. Credit conditions of the Company as well as its Controlling shareholder and actual Controller

Applicable Not applicable

No such cases in the reporting period.

XI. Equity incentive plans, employee stock ownership plans or other incentive measures for employees

Applicable Not applicable

No such cases in the reporting period.

XII. Material related transactions

1. Related transactions in connection with daily operation

Applicable Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade RMB0'000	Ratio in similar trades	Trading limit approved (RMB'0000)	Whether approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Tianma Microelectronic	The Chairman of the	Sale products to	Sales of polarizer sheet	Market Principle	Agreement price	304.43	0.81%	600	No	Transfer	304.43		

Co., Ltd.	Company was Vice Chairman of the company	related parties											
Total			--	--	304.43	--	600	--	--	--	--	--	--
Details of any sales return of a large amount			Not applicable										
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)			Not applicable										
Reason for any significant difference between the transaction price and the market reference price (if applicable)			Not applicable										

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

Applicable Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period.

3. Related-party transactions with joint investments

Applicable Not applicable

No main related transactions of joint investment outside for the Company in reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

Was there any non-operating credit or liability with any related party?

Yes No

Due from related parties

Related parties	Relationship	Causes of formation	Does there exist non-operational capital occupancy?	Opening balance (RMB '0000)	Newly increased amount in the reporting period(RMB '0000)	Amount recovered in the reporting period(RMB '0000)	Interest rate	Interest in the reporting period(RMB '0000)	Ending balance (RMB'0000)

Shenzhen Tianma Microelectronics Co., Ltd.	The Chairman of the Company was Vice Chairman of the company	Sale products	No	25.64	304.43	129.58		200.49
Anhui Huapeng Textile Co., Ltd.	Sharing company	Contract fee	No	360	90	180		270
Shenzhen Dailishi Underwear Co., Ltd.	Sharing company	Contract fee	No	30	50	80		0
Influence of the related rights of credit and liabilities upon the company's operation results and financial position	In the report period, Increase investment income of RMB1.4 million.							

Due to related parties

Related parties	Relationship	Causes of formation	Opening balance(RMB'0000)	Amount newly increased in the reporting period(RMB'0000)	Amount repaid in the reporting period(RMB'0000)	Interest rate	Interest in the reporting period(RMB'0000)	Ending balance (RMB'0000)
Shenzhen Xinfang Knitting Co., Ltd.	Sharing company	Current amount	24.48					24.48
Shenzhen Xiangjiang Trade Co., Ltd	Sharing company	Current amount	4		4			0
Shenzhen Changlianfa Printing & dyeing Co., Ltd.	Sharing company	Current amount	84.65					84.65

Shenzhen Haohao Property Leasing Co., Ltd	Sharing company	Current amount	495.45	35				530.45
Yehui International Co., Ltd.	Sharing company	Current amount	121.5	673.83				795.33
Shengbo (HK) Co., Ltd.	Sharing company	Current amount	31.5					31.5
Shenzhen Shenchao Technology Investment Co., Ltd.	Controlled by the same party	Interest payable	4,280.54	164.08				4,444.62
Influence of the related rights of credit and liabilities upon the company's operation results and financial position.	In the report period, Increase financial interest expense of RMB 1.6408 million.							

5. Other significant related-party transactions

√Applicable □Not applicable

To ensure the construction progress of polarizer with TFT-LCD, Shenzhen Shengbo Optoelectronic Technology Co., Ltd., Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Development Bank, Shenzhen Branch, First Tower Subbranch signed “ Contract on Consigned Loan ” , of whose main content is: Shenzhen Shenchao Technology Investment Co., Ltd applied to the bank for 200 million RMB of construction of dedicated plant and auxiliary projects for polarizer with TFT-LCD for Shenzhen Shengbo Optoelectronic Technology Co., Ltd The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company. The interest rate of the entrusted loan is the rate of commercial loans with a term of 5 years quoted by People's Bank of China minus 2%. In case of adjustment of such commercial loan rate, the rate of commercial loans with a term of 5 years after adjustment minus 2% shall apply as interest rate of entrusted loan from the first day of the next month after the adjustment of basic interest rate. The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company.As of June 30,2017,The Company actually received a loan of RMB 80 million.

Website for temporary disclosure of the connected transaction

Announcement	Date of disclosure	Website for disclosure
Announcement of related Transactions	December 12, 2009	http://www.cninfo.com.cn . Announcement No.2009-55

Announcement of Resolutions of the Second provisional shareholders' general meeting	December 30,2009	http://www.cninfo.com.cn . No.2009-57	Announcement
Announcement of related Transactions progress	July 1, 2010	http://www.cninfo.com.cn . No.2010-26	Announcement

XIII. Particulars about the non-operating occupation of funds by the Controlling shareholder and other related parties of the Company

Applicable Not applicable

The company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the reporting period.

XIV. Significant contracts and execution

1.Entrustments, contracting and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship, contract or leasing for the Company in reporting period.

(2) Contract

Applicable Not applicable

No any contract for the Company in the reporting period.

(3) Lease

Applicable Not applicable

No any lease for the Company in the reporting period..

2.Guarantees

Applicable Not applicable

No such cases in the reporting period.

3. Other significant contract

Applicable Not applicable

No other significant contracts for the Company in reporting period.

XV.Social responsibilities

1.Overview of the annual targeted poverty alleviation

The company has no precise social responsibility for poverty alleviation in the period and has no follow-up plan either.

2.Major environmental protection

The Listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Yes

Company or subsidiary name	Main pollutant and specific pollutant name	Emission way	Emission port number	Emission port distribution condition	Emission concentration	Implemented pollutant emission standards	Total emission	Verified total emission	Excessive emission condition
Shenzhen Shengbo Optoelectric Technology Co., Ltd	Exhaust gas:non-methane total hydrocarbons	Altitude emission	1	The discharge port is located on the east side of the roof of Building No. 1	<100mg/m ³	120mg/m ³	840kg/d	1728kg/d	Nil
Shenzhen Shengbo Optoelectric Technology Co., Ltd	Waste water: COD	Open channel discharge after treatment	1	Southeast side of plant area	<80mg/L	90mg/L	56kg/d	96kg/d	Nil
Shenzhen Shengbo Optoelectric Technology Co., Ltd	Exhaust gas:non-methane total hydrocarbons	Altitude emission	3	he discharge port is arranged at the middle part of the roof of the building	<100mg/m ³	120mg/m ³	840kg/d	1008kg/d	Nil

Prevention and control of pollution facilities construction and operation

Waste gas of Pingshan plant:

The waste gas treatment facility adopted the RTO waste gas regenerative incineration process. The equipment started construction along with production equipment in 2011, and it was completed and put into use in 2012. Upon Taiwan Chinachem RTO manufacturer, adopted the three tower regenerative incineration for waste gas treatment, it has been running for 5 years to date, and the equipment runs stably and the waste gas treatment has a good effect, which can fully meet the emission requirements of discharge gas. Meanwhile, the equipment adopted the imported thermal storage material, with the heat storage effect reached 90%, so that the equipment operation had low energy consumption; after RTO treatment, the exhaust gas produced by the production process can meet

the discharge standard.

Wastewater of Pingshan plant:

The wastewater treatment facility adopted the biological method plus the physicochemical method process, and the system was built in 2011 along with the plant main body construction, and it was put into operation together with the production equipment in 2012. The equipment has been running stably, with low energy consumption, low maintenance and repair costs, high degree of automation and a good wastewater treatment effect, and the technical process has excellent shock resistance. The waste water produced by the production process can meet the environmental protection requirements of the discharge standard after the treatment by the wastewater treatment facility.

Waste gas of Longhua factory:

The waste gas treatment facility of Longhua factory has been running since 2013, and the discharge gas always meet the requirements of the relevant national laws and regulations. Being a state-owned listed company, the company has a strong social responsibility, so the company emphasizes the increase in investment of environmental protection. This year, the conventional waste gas treatment process was upgraded to the world's advanced rotary RTO process, which further reduced the pollutant emissions upon the basis of the standard discharge. The Rotary RTO process is the most advanced VOC waste gas treatment process at present. The Japan Sino-foreign Furnace Company was selected as the supplier for this RTO equipment, and the VOC removal rate of RTO waste gas of such equipment reached more than 99%, the equipment runs stable and it has a high degree of automation. The waste gas produced by Longhua factory can be ensured to meet the discharge standard after the treatment by the system.

XVI.Other material events

√ Applicable □ Not applicable

(1) Progress information about the second phase of No.6 line TFT-LCD polarizer project

During the reporting period, according to the construction schedule of line 6, the purification project and the procurement and installation were completed, as well as the three main equipment linkage debugging and sample production of line 6 were completed. It's carrying out the whole production line linkage test and sample test, and it has entered the test climbing stage. It's expected that the installation, commissioning and trial production of line 6 will be completed this year. As of June 30, 2017, the accumulated investment for second phase of No.6 line project was RMB 475.3446 million, accounting for 67.87% of the adjusted total investment of RMB 700.34 million. Thereinto, the use of raised funds was RMB 155.5327 million and the self-own funds and government funds used were RMB 265.0551 million. It may have the condition of quantity production.

(2) Progress in the construction of Guanhua Building

At the 11th meeting of the fifth session of the Board of Directors of the Company, the "Proposal about cooperative development and construction of Guanhua Building" was examined and approved, agreed that the company contributed RMB 42.21 million in cooperation with Hong Kong Qiao Hui Industrial Co., Ltd and Shenzhen Guanhua Printing & Dyeing Co., Ltd to develop and construct Guanhua Building project. The project construction started on October 15, 2011, and currently, the construction project completion of acceptance for the record was obtained on June 26, 2017, and it's undergoing the work such as the external wall decoration and the enclosure construction and the completion settlement of project funds.

XVII. Material events of subsidiaries

√ Applicable Not applicable

Matters relating to the signing of the cooperation agreement by a subsidiary

During the reporting period, Shengbo Optoelectronics, a subsidiary of the Company, signed the "Cooperation Agreement of light guide plate production line project (Phase I) with Kunshan Jinlin in connection to the construction of light guide plate production line project (phase I) on June 6, 2017, and the subsidiary signed the "Cooperation Agreement of Liquid crystal reflective film production line project (Phase I) with Zhejiang Jin Hao in connection to the construction of the liquid crystal reflective film production line project (Phase I) on June 6, 2017. The signing of the above two cooperation agreements does not involve the related transaction, nor constitute a major asset reorganization stipulated in the Measures for the Administration of Major Assets Reorganization of Listed Companies. The cooperation of the above projects is based on equality, mutual benefit and complementary advantages, and can give full play to Shengbo Optoelectronics in technology, management, project construction and other advantages. It's expected that it'll get RMB 15million project service fees in the light guide plate production line project and it'll get RMB 13 million project service fees in the LCD reflective film production line project, which will have a positive impact on the Company's operating performance. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2017--29).

VI. Change of share capital and shareholding of Principal Shareholders

I.Changes in share capital

1. Changes in share capital

In shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1.Shares with conditional subscription	69,750	0.01%						69,750	0.01%
2.State-owned legal person shares	0	0.00%						0	0.00%
3.Other domestic shares	69,750	0.01%						69,750	0.01%
Domestic Nature shares	69,750	0.01%						69,750	0.01%
II.Shares with unconditional subscription	506,452,099	99.99%						506,452,099	99.99%
1.Common shares in RMB	457,021,849	90.23%						457,021,849	90.23%
2.Foreign shares in domestic market	49,430,250	9.76%						49,430,250	9.76%
III. Total of capital shares	506,521,849	100.00%						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

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. Issuing and listing

Applicable Not applicable

III. Shareholders and shareholding

In Shares

Total number of common shareholders at the end of the reporting period		39,293	Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)		0			
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	46.21%	234,069,436		0	0		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032		0	0		
Anhui Guofu Industrial Investment Funds Mangement Co., Ltd.	Domestic non State-owned Legal person	0.67%	3,408,341		0	0		
Sun Huiming	Domestic Nature person	0.49%	2,460,226	16,700	0	0		
Wang Mincang	Domestic Nature person	0.27%	1,377,236		0	0		

Zhu Ye	Domestic Nature person	0.26%	1,331,945	92,836	0	0		
Zheng Chungang	Domestic Nature person	0.25%	1,260,005		0	0		
Su Yunze	Domestic Nature person	0.19%	960,000		0	0		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.19%	958,300		0	0		
Hong Fan	Domestic Nature person	0.19%	952,600		0	0		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if any)(See Notes 3)	Nil							
Related or acting-in-concert parties among shareholders above	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holding Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares 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 Companies.							
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	RMB Common shares	234,069,436					
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	RMB Common shares	16,129,032					
Anhui Guofu Industrial Investment Funds Mangement Co., Ltd.	3,408,341	RMB Common shares	3,408,341					
Sun Huiming	2,460,226	Foreign shares placed in domestic exchange	2,460,226					
Wang Mincang	1,377,236	RMB Common shares	1,377,236					
Zhu Ye	1,331,945	RMB Common shares	1,331,945					

Zheng Chungang	1,260,005	RMB Common shares	1,260,005
Su Yunze	960,000	RMB Common shares	960,000
Central Huijin Asset Management Co., Ltd.	958,300	RMB Common shares	958,300
Hong Fan	952,600	RMB Common shares	952,600
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	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares 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 Companies.		
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	The Company Shareholder Wang Mincang holds 860,036 shares of the Company through stock account with credit transaction , The Company Shareholder Zhu Ye holds 1,331,945 shares of the Company through stock account with credit transaction.		

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

Yes No

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

IV. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

Applicable Not applicable

There was no any change of the actual controller of the Company in the reporting period.

VII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period

VIII. Information about Directors, Supervisors and Senior Executives

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

Applicable Not applicable

There was no change in shareholding of directors, supervisors and senior management staffs, for the specific information please refer to the 2016 Annual Report.

II. Changes in directors, supervisors and senior management staffs

Applicable Not applicable

Name	Title	Type	Date	Reason
Jin Zhenyuan	Director, CFO	Resigned	April 13,2017	Job changes
Feng Junbin	Deputy GM	Resigned	April 17,2017	Job changes
Di Yan	CFO	Be Employed	April 28,2017	Former Chief Financial Officer left office
Le Kujiu	Deputy	Be Employed	April 28,2017	Former Deputy General Manager left

IX. Corporate Bond

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

X. Financial Report

1. Audit report

Has this semi-annual report been audited?

Yes No

The semi-annual financial report has not been audited.

II. Financial statements

Currency unit for the statements in the notes to these financial statements:RMB

1. Consolidated balance sheet

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

June 30,2017

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	1,021,411,279.17	933,856,912.73
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	41,800,470.91	41,908,315.45
Account receivable	191,457,477.91	220,222,019.41
Prepayments	27,203,694.97	6,773,323.14
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	10,581,051.41	6,652,883.11
Dividend receivable		
Other account receivable	103,859,623.65	67,272,556.72

Repurchasing of financial assets		
Inventories	295,893,311.56	283,371,714.07
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	1,154,910,595.58	1,428,043,157.76
Total of current assets	2,847,117,505.16	2,988,100,882.39
Non-current assets:		
Loans and payment on other's behalf disbursed		
Disposable financial asset	41,999,500.48	41,565,777.96
Expired investment in possess		
Long-term receivable		
Long term share equity investment	24,460,681.83	24,849,311.00
Property investment	175,368,491.53	179,324,547.77
Fixed assets	687,923,881.13	723,685,287.56
Construction in progress	252,939,183.42	119,804,231.43
Engineering material		
Fixed asset disposal	10,418.34	
Production physical assets		
Gas & petrol		
Intangible assets	39,425,858.86	39,698,654.32
R & D petrol		
Goodwill		
Long-germ expenses to be amortized	849,171.70	973,081.68
Deffered income tax asset	1,743,980.68	1,584,492.36
Other non-current asset		
Total of non-current assets	1,224,721,167.97	1,131,485,384.08
Total of assets	4,071,838,673.13	4,119,586,266.47
Current liabilities		
Short-term loans	37,917,157.74	12,335,695.77
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into		

current income account		
Derivative financial liabilities		
Bill payable		
Account payable	134,519,813.42	175,461,715.72
Advance payment	42,082,230.55	30,297,446.49
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	17,387,958.30	27,379,719.86
Tax payable	9,166,018.05	13,995,726.19
Interest payable	44,641,353.52	42,842,605.52
Dividend payable		
Other account payable	145,748,929.54	147,108,590.19
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liability due in 1 year		40,000,000.00
Other current liability		
Total of current liability	431,463,461.12	489,421,499.74
Non-current liabilities:		
Long-term loan	80,000,000.00	80,000,000.00
Bond payable		
Including: preferred stock		
Sustainable debt		
Long-term payable		
Long-term payable employees's remuneration		
Special payable		
Expected liabilities		
Differed income	107,793,823.19	110,045,784.62
Differed income tax liability		
Other non-current liabilities		
Total non-current liabilities	187,793,823.19	190,045,784.62
Total of liability	619,257,284.31	679,467,284.36

Owners' equity		
Share capital	506,521,849.00	506,521,849.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,837,205,251.95	1,837,205,251.95
Less: Shares in stock		
Other comprehensive income	3,318,193.16	3,392,222.07
Special reserves		
Surplus reserves	73,710,682.05	73,710,682.05
Common risk provision		
Undistributed profit	-66,817,987.13	-81,275,828.76
Total of owner's equity belong to the parent company	2,353,937,989.03	2,339,554,176.31
Minority shareholders' equity	1,098,643,399.79	1,100,564,805.80
Total of owners' equity	3,452,581,388.82	3,440,118,982.11
Total of liabilities and owners' equity	4,071,838,673.13	4,119,586,266.47

Legal representative : Zhu Jun

Person-in-charge of the accounting work: Zhu Jun

Person-in -charge of the accounting organ: Mu Linying

2. Balance sheet of Parent Company

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	381,614,472.23	440,685,610.11
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	600,000.00	1,000,000.00
Account receivable	716,593.37	492,974.01
Prepayments	237,900.00	120,000.00

Interest receivable	8,785,807.13	3,218,526.94
Dividend receivable		
Other account receivable	9,228,512.38	12,524,256.75
Inventories		
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	110,000,000.00	30,000,000.00
Total of current assets	511,183,285.11	488,041,367.81
Non-current assets:		
Disposable financial asset	40,499,500.48	40,065,777.96
Expired investment in possess		
Long-term receivable		
Long term share equity investment	1,988,684,448.44	1,989,073,077.61
Property investment	168,567,573.77	172,279,313.75
Fixed assets	26,591,353.40	27,403,189.39
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	1,520,771.13	1,345,846.59
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset	898,341.00	1,919,804.30
Other non-current asset		
Total of non-current assets	2,226,761,988.22	2,232,087,009.60
Total of assets	2,737,945,273.33	2,720,128,377.41
Current liabilities		
Short-term loans		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable		

Account payable	411,743.57	411,743.57
Advance payment	639,024.58	639,024.58
Employees' wage payable	4,505,495.93	6,533,138.24
Tax payable	4,816,476.14	4,398,387.25
Interest payable		
Dividend payable		
Other account payable	120,659,699.78	120,954,892.58
Liabilities held for sales		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	131,032,440.00	132,937,186.22
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Differed income		
Differed income tax liability		
Other non-current liabilities		
Total of Non-current liabilities		
Total of liability	131,032,440.00	132,937,186.22
Owners' equity		
Share capital	506,521,849.00	506,521,849.00
Other equity instrument		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,576,547,075.96	1,576,547,075.96
Less: Shares in stock		
Other comprehensive income	3,318,193.16	3,392,222.07
Special reserves		

Surplus reserves	73,710,682.05	73,710,682.05
Undistributed profit	446,815,033.16	427,019,362.11
Total of owners' equity	2,606,912,833.33	2,587,191,191.19
Total of liabilities and owners' equity	2,737,945,273.33	2,720,128,377.41

3.Consolidated Income statement

In RMB

Item	Report period	Same period of the previous year
I. Income from the key business	739,337,756.87	552,157,585.56
Incl: Business income	739,337,756.87	552,157,585.56
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	747,682,301.68	582,562,825.44
Incl: Business cost	677,617,195.79	511,249,697.64
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	6,589,017.85	3,126,938.03
Sales expense	4,007,043.14	4,516,009.63
Administrative expense	40,846,568.49	46,124,255.12
Financial expenses	-12,037,356.58	8,972,817.56
Asset impairment loss	30,659,832.99	8,573,107.46
Add: Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	22,955,035.39	2,267,193.29
Incl: investment gains from affiliates	220,115.63	711,998.34
Gains from currency exchange (“-”for loss)		
Other income	5,143,961.90	

III. Operational profit (“-”for loss)	19,754,452.48	-28,138,046.59
Add : Non-operational income	528,419.77	2,298,220.41
Including: Income from disposal of non-current assets	1,510.00	
Less: Non business expenses	3,478.36	20,829.78
Incl: Loss from disposal of non-current assets	3,281.59	20,770.93
IV.Total profit(“-”for loss)	20,279,393.89	-25,860,655.96
Less: Income tax expenses	7,742,958.27	4,237,195.44
V. Net profit	12,536,435.62	-30,097,851.40
Net profit attributable to the owners of parent company	14,457,841.63	-30,097,851.40
Minority shareholders’ equity	-1,921,406.01	
VI. Other comprehensive income	-74,028.91	-2,009,434.06
Net of profit of other comprehensive income attributable to owners of the parent company.	-74,028.91	-2,009,434.06
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II) Other comprehensive income that will be reclassified into profit or loss.	-74,028.91	-2,009,434.06
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets	325,291.89	-2,240,078.24
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedg		

es and losses		
5.Translation differences in currency financial statements	-399,320.80	230,644.18
6.Other		
7.Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	12,462,406.71	-32,107,285.46
Total comprehensive income attributable to the owner of the parent company	14,383,812.72	-32,107,285.46
Total comprehensive income attributable minority shareholders	-1,921,406.01	
VIII. Earnings per share		
(I) Basic earnings per share	0.03	-0.06
(II)Diluted earnings per share	0.03	-0.06

Legal representative : Zhu Jun

Person-in-charge of the accounting work: Zhu Jun

Person-in -charge of the accounting organ: Mu Linying

4. Income statement of the Parent Company

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	31,849,598.03	31,599,060.18
Incl: Business cost	6,083,265.84	5,654,104.32
Business tax and surcharge	1,364,623.95	2,262,341.59
Sales expense		
Administrative expense	10,388,438.80	11,602,041.51
Financial expenses	-6,361,722.17	-7,662,384.78
Asset impairment loss	-3,652,130.67	16,249.72
Add: Gains from change of fir value ("-"for loss)		
Investment gain ("-"for loss)	2,146,702.07	2,267,193.29
Incl: investment gains from	220,115.63	711,998.34

affiliates		
Other income		
II. Operational profit (“-”for loss)	26,173,824.35	21,993,901.11
Add : Non-operational income	1,510.00	
Including: Income from disposal of non-current assets	1,510.00	
Less: Non business expenses	1,582.15	13,422.71
Incl: Loss from disposal of non-current assets	1,582.15	13,422.71
III.Total profit(“-”for loss)	26,173,752.20	21,980,478.40
Less: Income tax expenses	6,378,081.15	3,096,022.38
IV. Net profit (“-”for net loss)	19,795,671.05	18,884,456.02
V.Net of profit of other comprehensive income	-74,028.91	-2,009,434.06
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II)Other comprehensive income that will be reclassified into profit or loss.	-74,028.91	-2,009,434.06
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets	325,291.89	-2,240,078.24
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements	-399,320.80	230,644.18
6.Other		

VI. Total comprehensive income	19,721,642.14	16,875,021.96
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Amount in this period	Amount in last period
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	795,578,837.63	520,074,236.25
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increase of trade financial asset disposal		
Cash received as interest, processing fee and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax returned	23,710,137.30	44,974,078.38
Other cash received from business operation	35,648,684.61	33,073,522.35
Sub-total of cash inflow	854,937,659.54	598,121,836.98
Cash paid for purchasing of merchandise and services	737,896,239.33	491,834,135.65
Net increase of client trade and advance		
Net increase of savings in central bank		

and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	69,775,248.99	67,312,097.85
Taxes paid	53,257,411.02	21,995,337.06
Other cash paid for business activities	92,185,161.14	56,296,461.76
Sub-total of cash outflow from business activities	953,114,060.48	637,438,032.32
Cash flow generated by business operation, net	-98,176,400.94	-39,316,195.34
II. Cash flow generated by investing		
Cash received from investment retrieving	0.00	460,000,000.00
Cash received as investment gains	3,781,185.22	12,519,210.40
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	1,740.00	160.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	2,205,083,032.64	6.38
Sub-total of cash inflow due to investment activities	2,208,865,957.86	472,519,376.78
Cash paid for construction of fixed assets, intangible assets and other long-term assets	131,421,510.57	71,456,688.51
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	1,883,000,000.00	368,000,000.00
Sub-total of cash outflow due to investment activities	2,014,421,510.57	439,456,688.51
Net cash flow generated by investment	194,444,447.29	33,062,688.27
III. Cash flow generated by financing		

Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans	51,181,623.57	192,535,253.62
Cash received from bond placing		
Other financing –related ash received	6,809,000.00	
Sub-total of cash inflow from financing activities	57,990,623.57	192,535,253.62
Cash to repay debts	66,068,073.78	270,594,907.49
Cash paid as dividend, profit, or interests		
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	66,068,073.78	270,594,907.49
Net cash flow generated by financing	-8,077,450.21	-78,059,653.87
IV. Influence of exchange rate alternation on cash and cash equivalents	-668,409.25	944,072.13
V.Net increase of cash and cash equivalents	87,522,186.89	-83,369,088.81
Add: balance of cash and cash equivalents at the beginning of term	930,114,436.57	748,658,775.60
VI ..Balance of cash and cash equivalents at the end of term	1,017,636,623.46	665,289,686.79

6. Cash Flow Statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	32,697,766.87	31,740,661.93
Tax returned		
Other cash received from business operation	12,894,925.40	34,427,040.40
Sub-total of cash inflow	45,592,692.27	66,167,702.33

Cash paid for purchasing of merchandise and services	1,748,604.45	2,618,061.41
Cash paid to staffs or paid for staffs	8,290,247.88	8,966,862.21
Taxes paid	8,145,004.75	15,233,557.86
Other cash paid for business activities	8,891,199.29	3,324,789.03
Sub-total of cash outflow from business activities	27,075,056.37	30,143,270.51
Cash flow generated by business operation, net	18,517,635.90	36,024,431.82
II.Cash flow generated by investing		
Cash received from investment retrieving		8,863,114.47
Cash received as investment gains	3,781,185.22	
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	1,510.00	
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	80,000,000.00	6.38
Sub-total of cash inflow due to investment activities	83,782,695.22	8,863,120.85
Cash paid for construction of fixed assets, intangible assets and other long-term assets	1,371,469.00	2,967,307.80
Cash paid as investment		208,000,000.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	160,000,000.00	
Sub-total of cash outflow due to investment activities	161,371,469.00	210,967,307.80
Net cash flow generated by investment	-77,588,773.78	-202,104,186.95
III.Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received		

Sub-total of cash inflow from financing activities		
Cash to repay debts		
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities		
Net cash flow generated by financing		
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-59,071,137.88	-166,079,755.13
Add: balance of cash and cash equivalents at the beginning of term	440,685,610.11	531,582,749.03
VI ..Balance of cash and cash equivalents at the end of term	381,614,472.23	365,502,993.90

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Amount in this period												
	Owner's equity Attributable to the Parent Company										Minor shareholders' equity	Total of owners' equity	
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision			Attributable profit
preferred stock		Sustainable debt	Other										
I. Balance at the end of last year	506,521,849.00				1,837,205,251.95		3,392,222.07		73,710,682.05		-81,275,828.76	1,100,564,805.80	3,440,118,982.11
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				1,837,205,251.95		3,392,222.07		73,710,682.05		-81,275,828.76	1,100,564,805.80	3,440,118,982.11
III. Changed in the current year							-74,028.91				14,457,841.63	-1,921,406.01	12,462,406.71
(1) Total comprehensive income							-74,028.91				14,457,841.63	-1,921,406.01	12,462,406.71
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by shareholders													
2. Holders of other													

equity instruments													
invested capital													
3. Amount of shares paid and accounted as owners' equity													
4. Other													
(III) Profit allotment													
1. Providing of surplus reserves													
2. Providing of common risk provisions													
3. Allotment to the owners (or shareholders)													
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(VI) Special reserves													
1. Provided this year													
2. Used this term													
(VII) Other													
IV. Balance at the	506,521,			1,837,20		3,318,19		73,710,6		-66,817,	1,098,643,	3,452,581,3	

end of this term	849.00			5,251.95		3.16		82.05	987.13	399.79	88.82
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Amount in last year

In RMB

Items	Amount in last year												
	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrusement			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
		preferred stock	Sustainable debt	Other									
I.Balance at the end of last year	506,521,849.00			1,585,130,051.37		3,212,187.35		70,539,319.86		9,166,137.97		2,174,569,545.55	
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			1,585,130,051.37		3,212,187.35		70,539,319.86		9,166,137.97		2,174,569,545.55	
III.Changed in the current year				252,075,200.58		180,034.72		3,171,362.19		-90,441,966.73	1,100,564,805.80	1,265,549,436.56	
(1) Total comprehensive income						180,034.72				-87,270,604.54		-87,090,569.82	
(II) Investment or decreasing of capital by owners				252,075,194.20							1,100,564,805.80	1,352,640,000.00	
1. Ordinary Shares invested by shareholders													
2. Holders of other													

equity instruments													
invested capital													
3. Allotment to the owners (or shareholders)													
4. Other				252,075,194.20							1,100,564,805.80	1,352,640,000.00	
(IV) Internal transferring of owners' equity								3,171,362.19	-3,171,362.19				
1. Capitalizing of capital reserves (or to capital shares)								3,171,362.19	-3,171,362.19				
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(VI) Special reserves													
1. Provided this year													
2. Used this term													
(VII) Other													
IV. Balance at the end of this term													
(V) Special reserves													
1. Provided this year													
2. Used this term													
(VI) Other				6.38								6.38	
IV. Balance at the end of this term	506,521,849.00			1,837,205,251.95	3,392,222.07	73,710,682.05	-81,275,828.76	1,100,564,805.80	3,440,118,982.11				

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

Amount in this period

In RMB

Items	Amount in this period										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Surpluses reserves	Common risk provision	Attributable profit	Total of owners' equity
		preferred stock	Sustainable debt	Other							
I.Balance at the end of last year	506,521,849.00				1,576,547,075.96		3,392,222.07		73,710,682.05	427,019,362.11	2,587,191,191.19
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	506,521,849.00				1,576,547,075.96		3,392,222.07		73,710,682.05	427,019,362.11	2,587,191,191.19
III.Changed in the current year							-74,028.91			19,795,671.05	19,721,642.14
(I) Total comprehensive income							-74,028.91			19,795,671.05	19,721,642.14
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as											

owners' equity											
4. Other											
(III) Profit allotment											
1. Providing of surplus reserves											
2. Allotment to the owners (or shareholders)											
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											
(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			1,576,547,075.96		3,318,193.16		73,710,682.05	446,815,033.16	2,606,912,833.33	

Amount in last year

In RMB

Items	Amount in last year								
	Share Capital	Other Equity instrusement	Capital reserves	Less: Share	Other Compre	Sur plus	Common risk	Attributabl e profit	Total of owners'

		preferred stock	Sustainable debt	Other		Shares in stock	Comprehensive Income	Reserves	Provision		Equity
I. Balance at the end of last year	506,521,849.00				1,576,547,069.58		3,212,187.35		70,539,319.86	398,477,102.41	2,555,297,528.20
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	506,521,849.00				1,576,547,069.58		3,212,187.35		70,539,319.86	398,477,102.41	2,555,297,528.20
III. Changed in the current year					6.38		180,034.72		3,171,362.19	28,542,259.70	31,893,662.99
(I) Total comprehensive income							180,034.72			31,713,621.89	31,893,656.61
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Amount of shares paid and accounted as owners' equity											
4. Other											
(III) Profit allotment									3,171,362.19	-3,171,362.19	
1. Providing of surplus reserves									3,171,362.19	-3,171,362.19	
2. Allotment to the owners (or											

shareholders)											
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											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other					6.38						6.38
IV. Balance at the end of this term	506,521,849.00				1,576,547,075.96		3,392,222.07	73,710,682.05	427,019,362.11	2,587,191,191.19	1.19

III. Basic Information of the Company

(1) Company Profile

1. Enterprise registration address, organization mode and headquarter address.

The company was previously the Shenzhen Textile Industry Company, on April 13, 1994, approved by the Letter(1994)No.15 issued by Shenzhen Municipal People's Government, the Company was restructured and named as Shenzhen Textile (Holdings) Co., Ltd. In the same year, approved by the (1994) No.19 file of Shenzhenshi, the shares of the company were listed in Shenzhen Stock Exchange. The company now holds a unified social credit code for the 91440300192173749Y business license, Registration address and headquarter address are 6/F,Shenfang Building, No.3 Huaqiang Road. North, Futian District, Shenzhen.

2. Enterprise's business nature and major business operation.

At present, the Company is mainly engaged in high-tech industry focusing on R&D, production and marketing of polarizers for liquid crystal display, management of properties in bustling business districts of Shenzhen and reserved high-class textile and garment business.

3. Approval of the financial statements reported

The financial statements have been authorized for issuance by the Board of Directors of the Group on August 24, 2017.

(2) Scope of consolidated financial statements

1. As of the end of the reporting period, there are 7 subsidiaries companies included in the consolidated financial statements: Shenzhen Shengbo Optoelectronic Technology Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd., Shenzhen Huaqiang Hotel, Shenzhen Shenfang Property Management Co., Ltd. Shenzhen Beaufity Garments Co., Ltd. , Shenzhen Shenfang Import & Export Co., Ltd., and Shengtou (Hongkong) Co., Ltd.

2. The scope of consolidated financial statements this period did not change.

IV. Basis for the preparation of financial statements

(1) Basis for the preparation

The basis of the financial statements was continuous operation assumption, based on actual transactions, in accordance with the relevant provisions of Accounting Standards for Business Enterprises and in accordance with this Note V, "Significant accounting policies and accounting estimates".

(2) Continuation

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

V. Important accounting policies and estimations

Specific accounting policies and accounting estimates tips:

1. Statement on complying with corporate accounting standards

The financial statements prepared by the Company comply with the requirements of corporate accounting standards. They truly and completely reflect the financial situations, operating results, equity changes and cash flow, and other relevant information of the company.

2.Fiscal Year

The Company adopts the Gregorian calendar year commencing on January 1 and ending on December 31 as the fiscal year.

3. Operating cycle

Normal business cycle is realized by the Company in cash or cash equivalents from the purchase of assets for processing until. Less than 1 year is for the normal operating cycle in the company.

With regard to less than 1 year for the normal operating cycle, the assets realized or the liabilities repaid at maturity within one year as of the balance sheet date shall be classified into the current assets or the current liabilities.

4. Accounting standard money

The Company takes RMB as the standard currency for bookkeeping.

5. Accounting process method of enterprise consolidation under same and different controlling.

(1) Enterprise merger under same control:

For a business combination involving enterprises under common control, the party that, on the combination date, obtains control of another enterprise participating in the combination is the absorbing party, while that other enterprise participating in the combination is a party being absorbed. Combination date is the date on which the absorbing party effectively obtains control of the party being absorbed.

The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to the capital premium in the capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings.

The cost of a combination incurred by the absorbing party includes any costs directly attributable to the combination shall be recognized as an expense through profit or loss for the current period when incurred.

Accounting Treatment of the Consolidated Financial Statements:

The long-term equity investment held by the combining party before the combination will change if the relevant profit and loss, other comprehensive income and other owner equity are confirmed between the ultimate control date and the combining date for the combining party and the combined party on the acquirement date, and shall respectively offset the initial retained incomes or the profits and losses of the current period during the comparative statement.

(2)Business combination involving entities not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The difference of the merger cost minus the fair value shares of identifiable net assets obtained by the acquiree during the merger on the acquisition date, is recognized as the business reputation. While the merger cost is less than the fair value shares of identifiable net assets obtained by the acquiree during the merger, all the measurement on the identifiable assets, the liabilities, the fair value of liabilities and the merger cost obtained by the acquiree should firstly be rechecked, and the difference shall be recorded into the current profits and costs if the merger cost is still less than the fair value shares of identifiable net assets obtained by the acquiree during the merger after rechecking.

Where the temporary difference obtained by the acquirer was not recognized due to inconformity with the conditions applied for recognition of deferred income tax, if, within the 12 months after acquisition, additional information can prove the existence of related information at acquisition date and the expected economic benefits on the acquisition date arose from deductible temporary difference by the acquiree can be achieved, relevant income tax assets can be recognized, and goodwill offset. If the goodwill is not sufficient, the difference shall be recognized as profit of the current period.

For a business combination not involving enterprise under common control, which achieved in stages that involves multiple exchange transactions, according to “The notice of the Ministry of Finance on the issuance of Accounting Standards Interpretation No. 5” (CaiKuai [2012] No. 19) and Article 51 of “Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements” on the “package deal” criterion, to judge the multiple exchange transactions whether they are the “package deal”. If it belong to the “package deal” in reference to the preceding paragraphs of this section and “long-term investment” accounting treatment, if it does not belong to the “package deal” to distinguish the individual financial statements and the consolidated financial statements related to the accounting treatment:

In the individual financial statements, the total value of the book value of the acquiree's equity investment before the acquisition date and the cost of new investment at the acquisition date, as the initial cost of the investment, the acquiree's equity investment before the acquisition date involved in

other comprehensive income, in the disposal of the investment will be in other comprehensive income associated with the use of infrastructure and the acquiree directly related to the disposal of assets or liabilities of the same accounting treatment (that is, except in accordance with the equity method of accounting in the defined benefit plan acquiree is remeasured net changes in net assets or liabilities other than in the corresponding share of the lead, and the rest into the current investment income).

In the combination financial statements, the equity interest in the acquiree previously held before the acquisition date re-assessed at the fair value at the acquisition date, with any difference between its fair value and its carrying amount is recorded as investment income. The previously-held equity interest in the acquiree involved in other comprehensive income and other comprehensive income associated with the purchase of the foundation should be used party directly related to the disposal of assets or liabilities of the same accounting treatment (that is, except in accordance with the equity method of accounting in the acquiree is remeasured defined benefit plans other than changes in net liabilities or net assets due to a corresponding share of the rest of the acquisition date into current investment income).

6.Preparation of the consolidated financial statements

(1)The scope of consolidation

The scope of consolidation for the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The relevant events refer to the activities that have significant influence on the return to the invested party. In accordance with the specific conditions, the relevant events of the invested party should conclude the sale and purchase of goods and services, the management of the financial assets, the purchase and disposal of the assets, the research and development activities, the financing activities and so on.

The scope of consolidation includes the Company and all of the subsidiaries. Subsidiary is an enterprise or entity under the control of the Company.

Once the change in the relevant facts and circumstances leading to the definition of the relevant elements involved in the control of the change, the company will be re-evaluated.

(2)Preparation of the consolidated financial statements.

The Company based on its own and its subsidiaries financial statements, in accordance with other relevant information, to prepare the consolidated financial statements.

For a subsidiary acquired through a business combination not under common control, the operating results and cash flows from the acquisition (the date when the control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriated; no adjustment is made to the opening balance and comparative figures in the consolidated financial statements. Where a subsidiary and a party being absorbed in a merger by absorption was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and cash flow are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amounts, from the date that

common control was established, and the opening balances and the comparative figures of the consolidated financial statements are restated.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Where a subsidiary was acquired during the reporting period through a business combination not under common control, the financial statements was reconciliated on the basis of the fair value of identifiable net assets at the date of acquisition.

Intra-Group balances and transactions, and any unrealized profit or loss arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Minority interest and the portion in the net profit or loss not attributable to the Company are presented separately in the consolidated balance sheet within shareholders'/ owners' equity and net profit. Net profit or loss attributable to minority shareholders in the subsidiaries is presented separately as minority interest in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders'/equity of the subsidiary, the excess is allocated against the minority interests.

When the Company loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. Other comprehensive income related to the former subsidiary's equity investment, using the foundation and the acquiree directly related to the disposal of the same assets or liabilities are accounted when the control is lost(ie, in addition to the former subsidiary is remeasured at the net defined benefit plan or changes in net assets and liabilities resulting from, the rest are transferred to the current investment income). The retained interest is subsequently measured according to the rules stipulated in the - "Chinese Accounting Standards for Business Enterprises No.2 - Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22 - Determination and measurement of financial instruments".

The company through multiple transactions step deal with disposal of the subsidiary's equity investment until the loss of control, need to distinguish between equity until the disposal of a subsidiary's loss of control over whether the transaction is package deal. Terms of the transaction disposition of equity investment in a subsidiary, subject to the following conditions and the economic impact of one or more of cases, usually indicates that several transactions should be accounted for as a package deal:①these transactions are considered, simultaneously, or in the case of mutual influence made, ②these transactions as a whole in order to achieve a complete business results; ③the occurrence of a transaction depends on occurs at least one other transaction; ④a transaction look alone is not economical, but when considered together with other transaction is economical.

If they does not belong to the package deal, each of them separately, as the case of a transaction in accordance with “without losing control over the disposal of a subsidiary part of a long-term equity investments“principles applicable accounting treatment. Until the disposal of the equity investment loss of control of a subsidiary of the transactions belonging to the package deal, the transaction will be used as a disposal of a subsidiary and the loss of control of the transaction. However, before losing control of the price of each disposal entitled to share in the net assets of the subsidiary 's investment corresponding to the difference between the disposal, recognized in the consolidated financial statements as other comprehensive income, loss of control over the transferred together with the loss of control or loss in the period.

7.Joint venture arrangements classification and Co-operation accounting treatment

(1)Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control, depending of the rights and obligation of the Company in the joint arrangement. A joint operation is a joint arrangement whereby the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the Company has rights to the net assets of the arrangement.

(2)Co-operation accounting treatment

When the joint venture company for joint operations, confirm the following items and share common business interests related to:

- (1) Confirm individual assets and common assets held based on shareholdings;
- (2) Confirm individual liabilities and shared liabilities held based on shareholdings;
- (3) Confirm the income from the sales revenue of co-operate business output
- (4) Confirm the income from the sales of the co-operate business output based on shareholdings;
- (5) Confirm the individual expenditure and co-operate business cost based on shareholdings.

(3)When a company is a joint ventures, joint venture investment will be recognized as long-term equity investments .

8.Recognition Standard of Cash & Cash Equivalents

Cash and cash equivalents of the Company include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

9.Foreign Currency Transaction

(1) Foreign Currency Transaction

The approximate spot exchange rate on the transaction date is adopted and translated as RMB amount when the foreign currency transaction is initially recognized. On the balance sheet date, the monetary items of foreign currency are translated as per the spot exchange rate on the balance sheet

date, the foreign exchange conversion gap due to the exchange rate, except for the balance of exchange conversion arising from special foreign currency borrowings capitals and interests for the purchase and construction of qualified capitalization assets, shall be recorded into the profits and losses of the current period. The non-monetary items of foreign currency measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the RMB amount shall not be changed. The non-monetary items of foreign currency measured at the fair value shall be translated at the spot exchange rate on the fair value recognized date, the gap shall be recorded into the current profits and losses or other comprehensive incomes.

(2) Translation Method of Foreign Currency Financial Statement

For the assets and liabilities in the balance sheet, the spot exchange rate on the balance sheet date is adopted as the translation exchange rate. For the owner's equity, the spot exchange rate on the transaction date is adopted as the translation exchange rate, with the exception of "undistributed profits". The incomes and expenses in the income statement shall be translated at the spot exchange rate or the approximate exchange rate on the transaction date. The translation gap of financial statement of foreign currency converted above shall be listed in other comprehensive incomes under the owner's equity in the consolidated balance sheet.

10.Financial tools

One financial asset or financial liability shall be recognized when the company becomes the party in the financial instrument contract. The financial assets and the financial liabilities are measured at the fair value in the initial recognition. For the financial assets and liabilities that measured at the fair values and the variation included in the current profits and losses, the relative transaction expenses shall be directly recorded into the profits and losses. For the financial assets and liabilities of other categories, the expenses related to transactions are recognized as initial amount.

1 Determination of financial assets and liabilities' fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in the actual transaction. For a financial instrument which does not have an active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

2. Classification, recognition and measurement of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Company's financial assets are classified into including financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available-for-trade assets.

(1) Financial assets at fair value through profit or loss:

Including financial assets held-for-trade and financial assets designated at fair value through profit or loss. Financial asset held-for-trade is the financial asset that meets one of the following conditions:

- A. the financial asset is acquired for the purpose of selling it in a short term;
- B. the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;
- C. the financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

Financial asset is designated on initial recognition as at fair value through profit or loss only when it meets one of the following conditions:

- A. the designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases.
- B. a Group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnels. Formal documentation regarding risk management or investment strategy has prepared.

Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

(2) Investment held-to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Effective interest rate is the rate that exactly discounted estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company shall estimate future cash flow considering all contractual terms of the financial asset or financial liability without considering future credit losses, and also consider all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

(3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payment that are

not quoted in an active market. Financial assets classified as loans and receivables by the Company include note receivables, account receivables, interest receivable dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

(4) Financial assets available-for-trade

Financial assets available-for-trade include non-derivative financial assets that are designated on initial recognition as available for trade, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or investment held-to-maturity.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss. Interests obtained and dividends declared by the investee during the period in which the financial assets available-for-trade are held, are recognized in investment gains.

3. Impairment of financial assets

The Group assesses at the balance sheet date the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment.

The company shall make an independent impairment test on the financial assets with significant single amounts, and carry out an independent impairment test on the financial assets with insignificant single amounts, or conduct an impairment-related test after they are included in a combination of financial assets with similar credit risk features so as to carry out. Where, upon independent test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it shall be included in a combination of financial assets with similar risk features so as to conduct another impairment test. The financial assets which have suffered from an impairment loss in any single amount shall not be included in any combination of financial assets with similar risk features for any impairment test.

(1) Impairment on held-to maturity investment, loans and receivables

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

(2) Impairment loss on available-for-trade financial assets

Where the fair value of the equity instrument investment drops significantly or not contemporarily according to the integrated relevant factors, an available-for-trade financial asset is impaired. The

"serious decline" refers to the cumulative fair value declines more than 30%; "non-temporary decline" refers to the continuous decline in the fair value of time over 12 months.

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value that had been recognized in capital reserve shall be removed and recognized in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortized cost, current fair value and any impairment loss on that financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognized, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

4. Recognition and measurement of financial assets transfer

The Group derecognizes a financial asset when one of the following conditions is met:

- 1) the rights to receive cash flows from the asset have expired;
- 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a pass-through arrangement; or
- 3) the enterprise has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor control over the asset, the asset is recognized according to the extent it exists as financial asset, and correspondent liability is recognized. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the carrying amount of the financial asset transferred; and the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

The Company uses recourse sale financial assets, or financial assets held endorser, determine almost all of the risks and rewards of ownership of the financial assets have been transferred if. Has

transferred the ownership of the financial assets of almost all the risks and rewards to the transferee, the derecognition of the financial asset; retains ownership of the financial assets of almost all of the risks and rewards of financial assets that are not derecognised; neither transfers nor retains ownership of the financial assets of almost all of the risks and rewards, then continue to determine whether the enterprise retains control of the assets and the accounting treatment in accordance with the principles described in the preceding paragraphs.

5. Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

(1) Financial liabilities measured by the fair value and the changes recorded in profit or loss

The classification by which financial liabilities held-for-trade and financial liabilities designed at the initial recognition to be measured by the fair value follows the same criteria as the classification by which financial assets held-for-trade and financial assets designed at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss. For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognized in profit or loss for the current period.

(2) Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the current period.

6. Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged or cancelled or has expired. An agreement between the Company (an existing borrower) and existing lender to replace original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

7. Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the

financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

8. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders' equity. The Group does not recognize any changes in the fair value of equity instruments.

11.Accounts Receivable

1.Accounts receivable with material specific amount and specific provisioned bad debt preparation.

Judgment criteria or amount standard of material specific amount or amount criterial:	The Client Identifies single amount of accounts receivable that is not less than RMB 1 million as account receivable that are individually significant in amount. The Client Identifies single amount of accounts receivable that is not less than RMB 0.5 million as account receivable that are individually significant in amount.
Provision method with material specific amount and provision of specific bad debt preparation:	Making an independent impairment test. If any objective evidence shows that it has been impaired, the impairment-related losses shall be recognized according to the gap between its present value of future cash flow less than its book value, and the several shall be determined to withdraw the bad debt provision. If there exists no the impairment after the impairment test, they shall be included in a combination of the receivables with similar risk features so as to withdraw the bad debt provision.

2.The accounts receivable of bad debt provisions made by credit risk Group

Name	Withdrawing Method
Aging Group	Aging Analysis Method

In Group ,Accounts on age basis in the portfolio:

Applicable Not applicable

Aging	Rate for receivables(%)	Rate for other receivables(%)
Within 1 year (Included 1 year)	5.00%	5.00%
1—2 years	10.00%	10.00%
2—3 years	30.00%	30.00%
Over 3 years	50.00%	50.00%
3—4 years	50.00%	50.00%

4—5 years	50.00%	50.00%
Over 5 years	50.00%	50.00%

In Group, adopting balance percentage method for bad debt provision:

Applicable Not applicable

In Group ,adopting other method for bad debt provision:

Applicable Not applicable

(3)Account receivable with non-material specific amount but specific bad debt preparation

Reasons of Withdrawing Individual Bad Debt Provision	There is any objective evidence shows that it has been impaired.
Withdrawing Method of Bad Debt Provision	The impairment-related losses shall be recognized according to the gap between its present value of future cash flow less than its book value.

12. Inventories

Whether the company needs to comply with the disclosure requirements of the particular industry

No

1. Inventories class

Inventory shall include the finished products or goods available for sale during daily activities, the products in the process of production, the stuff and material consumed during the process of production or the services offered.

2. Valuation method of inventory issued

The company calculates the prices of its inventories according to the weighted averages method

3. Recognition Criteria for the Net Realizable Value of Different Category of Inventory and Withdrawing Method of Inventory Falling Price Reserves

The inventory shall be measured by use of the lower between the cost and the net realizable value and the inventory falling price reserves shall be withdrawn as per the gap of single inventory cost minus the net realizable value at the balance sheet date. The net realizable value refers to the amounts that the estimated sale price of inventory minus the estimated costs ready to happen till the completion of works, the estimated selling expenses and the relevant expenses of taxation. The company shall recognize the net realizable value of inventory based on the acquired unambiguous evidence and in view of the purpose to hold the inventory, the influence of matters after the balance sheet date and other factors.

The net realizable value of inventory directly for sale shall be recognized according to the amounts of the estimated sale price of the inventory minus the estimated sale expenses and the relevant expenses of taxation during the process of normal production and operation. The net realizable value of inventory that required to conduct processing shall be recognized according to the amounts of the estimated sale price of the finished products minus the estimated costs ready to happen till the

completion of works, the estimated selling expenses and the relevant expenses of taxation. On the balance sheet date, the net realizable value shall be respectively defined for the partial agreed with the contract price and others without the contract price in the same inventory, and the amounts of the inventory falling price reserves withdrawn or returned shall be respectively recognized in comparison with their corresponding costs.

4. Inventory System

Adopts the Perpetual Inventory System

5. Amortization method for low cost and short-lived consumable items and packaging materials

(1) Low cost and short-lived consumable items

Low cost and short-lived consumable items are amortized using immediate write-off method.

(2) Packaging materials

Packaging materials are amortized using

13.Held-for-sale assets

A non-current asset is classified as held-for-sale if all of the following conditions are satisfied:

- 1.The asset is immediately sellable at its current condition per usual sales term applicable to the type of assets to which it belongs ;
2. the Company's has completed official decision to dispose the asset;
3. the Company has entered into irrevokable sales contract with the purchaser; and
4. the sales will be completed within one year.

Is classified as held for sale and the disposal of non current assets in the group of assets and liabilities, are classified as current assets and current liabilities.

Termination of operation to meet one of the following conditions have been disposed of or classified as held for sale, in the operation and the preparation of the financial statements to be able to differentiate the components alone in the company within:

1. This part of main business represents an independent or a main business area;
2. This part of the proposed disposal plans for a major business independent or a main business area;
- 3 . This part is just to sell again and made subsidiary.

For the fixed assets held for sale, the company shall adjust the estimated net residual value of the fixed assets in order to make it reflecting the amount after the disposal costs deducted from the fair value, which doesn't exceed the original book value of the fixed assets when the condition of holding for sale is met. The impairment losses of the assets shall be regarded and recorded into the current profits and losses if the original book value is more than the balance of the estimated net residual value after adjusting.

The assets or the disposal group held for sale no longer meet the recognized requirements of the fixed

assets held for sale, the company shall terminate the classification of held-for-sale and measure based on the less one between the following amounts: (1) the amounts after adjusted for the assets or the disposal group classified as the book value before the held-for-sale according to the originally confirmed depreciation, amortization or impairment when supposed that have not classified as the held-for-sale. (2) the returned amounts that can't be re-sold.

The intangible assets and other non-current assets held for sale shall be treated as per above principles.

14.Long-term equity investments

Long-term equity investments referred to in this section refer to the Company invested entity has control, joint control or significant influence over the long-term equity investments. The Company invested does not have control, joint control or significant influence over the long-term equity investments as financial assets available for sale or at fair value and the changes included financial assets through profit or loss.

Joint control is the Company control over an arrangement in accordance with the relevant stipulations are common, related activities and the arrangement must be after sharing control participants agreed to the decision-making. Significant influence is the Company s financial and operating policies of the entity has the right to participate in decision-making, but can not control or with other parties joint control over those policies.

1. Determination of Investment cost

The cost of a long-term equity investment acquired through business combination under common control is measured at the acquirer's share of the combination date book value of the acquiree's net equity in the ultimate controller's consolidated financial statements. The difference between the cost and book value of cash paid, non-monetary assets transferred and liabilities assumed is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. If the consideration is transferred by way of issuing equity instruments, the face value of the equity instruments issued is recognised in share capital and the difference between the cost of the face value of the equity instruments issued is adjusted to capital reserves, and to retained earnings if capital reserves is insufficient. The cost of a long-term equity investment acquired through business combination not under common control is the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued. (For the equity of the combined party under common control obtained step-by-step through multiple transactions and the business combination under common control ultimately formed, the company should respectively dispose all the transactions if belong to the package deal. For the package deal, all the transactions will be conducted the accounting treatment as the deal with acquisition of control. For the non-package deal, the shares of the book value of the stockholders' equity/owners' equity of the combined party in the consolidated financial statements of the ultimate control party shall be as the initial investment cost of the long-term equity investment, and the capital reserves shall be adjusted for the difference between the initial investment cost of long-term equity investment and the sum of the book value of long-term equity investment before merging and that of new consideration payment obtained on the merger date, or the retained earnings shall be adjusted if the capital reserves are insufficient to offset. As for the equity investment held before the merger date, the accounting treatment will not be conducted temporarily for other

comprehensive income accounted by equity method or confirmed for the financial assets available for sale.)

All expenses incurred directly associated with the acquisition by the acquirer, including expenditure of audit, legal services, valuation and consultancy and other administrative expenses, are recognised in profit or loss for the period during which the acquisition occurs. For the merger of enterprises not under the same control through gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the sum of book value of the owner's original equity of the merged enterprise and the newly increased investment cost as the initial cost of the long-term equity investment. For the shares originally held by this enterprise accounted for by weighted equity method, the relevant other comprehensive income shall not be accounted for temporarily. If the equity investment held originally can be classified as the financial assets for sale, the difference between the fair value and the book value, and the variation in the accumulative fair value of other comprehensive returns recorded originally will be transferred into the current profits and losses.

All expenses incurred directly associated with the acquisition by the acquirer, including expenditure of audit, legal services, valuation and consultancy and other administrative expenses, are recognised in profit or loss for the period during which the acquisition occurs.

Long-term equity investments acquired not through business combination are measured at cost on initial recognition. Depending on the way of acquisition, the cost of acquisition can be the total cash paid, the fair value of equity instrument issued, the contract price, the fair value or book value of the assets given away in the case of non-monetary asset exchange, or the fair value of the relevant long-term equity investments. The cost of acquisition of a long-term equity investment acquired not through business combination also includes all directly associated expenses, applicable taxes and fees, and other necessary expenses. When the significant impact or the joint control but non-control on the invested party can be implemented due to the additional investment, the long-term equity investment cost is the sum of the fair value of the equity investment originally held and the new investment costs based on the recognition of "Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments".

2. Subsequent Measurement

To be invested joint control (except constitute common operator) or long-term equity investments significant influence are accounted for using the equity method. In addition, the Company's financial statements using the cost method of accounting for long-term equity can exercise control over the investee.

(1) Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

(2)Equity method of accounting for long-term equity investments

When using the equity method, the initial investment cost of long-term equity investment exceeds the investor's net identifiable assets of the fair share of the investment value, do not adjust the initial investment cost of long-term equity investment; the initial investment cost is less than the investee unit share of identifiable net assets at fair value, the difference is recognized in profit or loss, while the long-term equity investment adjustment costs.

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost. The carrying amount of an long-term equity investment measured using the equity method is adjusted by the Company's share of the investee's net profit and other comprehensive income, which is recognised as investment income and other comprehensive income respectively. The carrying amount of an long-term equity investment measured using the equity method is reduced by profit distribution or cash dividends announced by the investee. The carrying amount of an long-term equity investment measured using the equity method is also adjusted by the investee's equity movement other than net profit, other comprehensive income and profit distribution, which is adjusted to capital reserves. The net profit of the investee is adjusted by the fair value of the investee's identifiable assets as at acquisition. The financial statements and hence the net profit and other comprehensive income of an investee which does not adopt accounting policies or accounting period uniform with the Company is adjusted by the Company's accounting policies and accounting period. The Company's share of unrealised profit or loss arising from related party transactions between the Company and an associate or joint venture is deducted from investment income. Unrealised loss arising from related party transactions between the Company and an associate or joint venture which is associated with asset impairment is not adjusted. Where assets transferred to an associate or joint venture which form part of the Company's investment in the investee but which does not enable the Company obtain control over the investee, the cost of the additional investment acquired is measured at the fair value of assets transferred and the difference between the cost of the additional investment and the book value of the assets transferred is recognised in profit or loss. Where assets transferred to an associate or joint venture form an operation, the difference between the consideration received and the book value of the assets transferred is recognised in profit or loss. Where assets transferred from an associate or joint venture form an operation, the transaction is accounted for in accordance with CAS 20 - Business Combination, any gain or loss is recognised in profit or loss.

The Company's share of an investee's net loss is limited by the sum of the book value of the long-term equity investment and other net long-term investments in the investees. Where the Company has obligation to share additional net loss of the investee, the estimated share of loss recognised as accrued liabilities and investment loss. Where the Company has unrecognised share of loss of the investee when the investee generates net profit, the Company's unrecognised share of loss is reduced by the Company's share of net profit and when the Company's unrecognised share or loss is eliminated in full, the Company's share of net profit, if any, is recognised as investment income.

(3)Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests

and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against returned earnings.

(4) Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note applies. For disposal of long-term equity investments in any situation other than the fore-mentioned situation, the difference between the book value of the investment disposed and the consideration received is recognised in profit or loss.

The investee's equity movement other than net profit, other comprehensive income and profit distribution is recognised in profit or loss proportionate to the disposal.

Where a long-term equity investment is measured by the equity method both before and after part disposal of the investment, cumulative other comprehensive income relevant to the investment recognised prior to the acquisition is treated in the same manner that the investee disposes the relevant assets or liabilities proportionate to the disposal. The investee's equity movement other than net profit, other comprehensive income and profit distribution is recognised in profit or loss proportionate to the disposal.

Where a long-term equity investment is measured at cost both before and after part disposal of the investment, cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method or recognition and measurement principles applicable to financial instruments, prior to the Company's acquisition of control over the investee is treated in the same manner that the investee disposes the relevant assets or liabilities and recognised in profit or loss proportionate to the disposal. The investee's equity movement other than net profit, other comprehensive income and profit distribution, as a result of accounting by equity method, is recognised in profit or loss proportionate to the disposal.

Where the Company's control over an investee is lost due to partial disposal of investment in the investee and the Company continues to have significant influence over the investee after the partial disposal, the investment is measured by the equity method in the Company's separate financial statements; where the Company's control over an investee is lost due to partial disposal of investment in the investee and the Company ceases to have significant influence over the investee after the partial disposal, the investment is measured in accordance with the recognition and measurement principles applicable to financial instruments in the Company's separate financial statements and the difference between the fair value and the book value of the remaining investment at the date of loss of control is recognised in profit or loss. Cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method or recognition and measurement principles applicable to financial instruments, prior to the Company's acquisition of control over the investee is treated in the same manner that the investee disposes the relevant assets or liabilities on the date of loss of control. The investee's equity movement other than net profit, other comprehensive income and profit distribution, as a result of accounting by equity method, is recognised in profit or

loss when control is lost. Where the remaining investment is measured by equity method, the fore-mentioned other comprehensive income and other equity movement are recognised in profit or loss proportionate to the disposal; Where the remaining investment is measured in accordance with the recognition and measurement principles applicable to financial instruments, the fore-mentioned other comprehensive income and other equity movement are recognised in profit or loss in full.

Where the Company's joint control or significant influence over an investee is lost due to partial disposal of investment in the investee, the remaining investment in the investee is measured in accordance with the recognition and measurement principles applicable to financial instruments, the difference between the fair value and the book value of the remaining investment at the date of loss of joint control or significant influence is recognised in profit or loss. Cumulative other comprehensive income relevant to the investment recognised, as a result of accounting by equity method, prior to the partial disposal is treated in the same manner that the investee disposes the relevant assets or liabilities on the date of loss of joint control or significant influence. The investee's equity movement other than net profit, other comprehensive income and profit distribution is recognised in profit or loss when joint control or significant influence is lost.

Where the Company's control over an investee is lost through multiple disposals and the multiple disposals shall be viewed as one single transaction, the multiple disposals is accounted for one single transaction which result in the Company's loss of control over the investee. Each difference between the consideration received and the book value of the investment disposed is recognised in other comprehensive income and reclassified in full to profit or loss at the time when control over the investee is lost.

15. Investment property

The measurement mode of investment property

The investment property of the company includes the leased land use rights, the leased buildings, the land use rights held and prepared to transfer after appreciation.

The company shall adopt the cost mode to measure the investment property.

2. Depreciation or Amortization Method by Use of Cost Mode

The leased buildings of the investment property in the company shall be withdrawn the depreciation by the service life average method, and the depreciation policy is the same with that of the fixed assets. The land use rights held and prepared to transfer after appreciation in the investment property shall be amortized by the line method, and the specific accounting policy is same with that of the intangible assets.

16. Fixed assets

1. The conditions of recognition

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one

fiscal year. The fixed assets can be recognized when the following requirements are all met: (1) the economic benefits relevant to the fixed assets will flow into the enterprise. (2) the cost of the fixed assets can be measured reliably. The fixed assets of the company include the houses and buildings, the decoration of the fixed assets, the machinery equipment, the transportation equipment, the electronic instrument and other devices.

2. The method for depreciation

Category	The method for depreciation	Expected useful life (Year)	Estimated residual value	Depreciation
House and Building-Production	Straight-line method	35 years	4%	2.74%
House and Building-Non-Production	Straight-line method	40 years	4%	2.40%
Decoration of Fixed assets	Straight-line method	10 years		10.00%
Machinery and equipment	Straight-line method	10-14 years	4%	9.60%-6.86%
Transportation equipment	Straight-line method	8 years	4%	12.00%
Electronic equipment	Straight-line method	8 years	4%	12.00%
Other equipment	Straight-line method	8 years	4%	12.00%

3. Cognizance evidence and pricing method of financial leasing fixed assets

(1) Recognition Criteria of the Fixed Assets under Financing Lease

The financing lease shall be recognized if the following one or several criteria are met: ① the ownership of the leasing assets shall be transferred to the tenant when the expiration of lease term. ② the tenant has the option to purchase the leasing assets, and the made purchase price is expected to be far less than the fair value of the leasing assets in the implementation of the option. Thus, it can be reasonably recognized that the tenant will implement the option on the lease date. ③ the ownership of assets is not transferred, but the lease term shall be the most of the life of the lease assets. ④ the least present value of the lease payment of the tenant and the least present value of the lease receipts on the lease date almost equal to the fair value of the leasing assets on the lease date respectively. ⑤ the leasing assets have the special nature, and only the tenant can use if there is no major modifications.

(2) Valuation of Fixed Assets Acquired under Finance Leases: the fixed assets acquired under finance leases shall be book kept according to the lower between the fair value of the leasing assets and the least lease payment on the lease date.

(3) Depreciation Method of Fixed Assets Acquired under Finance Leases: the depreciation shall be withdrawn for the fixed assets acquired under finance leases as per the depreciation policy of own fixed assets.

17.Construction in progress

1. The projects under construction shall be recognized when the economic benefits may flow into and the cost can be reliably measured. Meanwhile, the projects under construction shall be measured according to the actual cost occurred before the assets are built to achieve the expected usable condition.

2. The projects under construction shall be transferred into the fixed assets according to the actual project costs when the expected usable condition achieved. For the expected usable condition achieved while the final accounts for completed projects not handled yet, the projects shall be transferred into the fixed assets as per the estimated value. After the final accounts for completed projects handled, the original estimated value shall be adjusted as per the actual cost, but the original withdrawn depreciation shall not be adjusted again.

18.Borrowing costs

1. Recognition principles for capitalizing of loan expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of current term.

2. Duration of capitalization of Loan costs

(1).When a loan expense satisfies all of the following conditions, it is capitalized:

1. Expenditures on assets have taken place.
2. Loan costs have taken place;
3. The construction or production activities to make assets to reach the intended use or sale of state have begun.

(2) Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods recognized as an expense for the current period until the acquisition, construction or production is resumed.

(3) When the construction or production meets the intended use or sale of state of capitalization conditions, the Loan costs should stop capitalization.

3. Computation Method for Capitalization Rate and Amount of Borrowing Costs

With regard to the special borrowings for the purchase and construction of qualified assets, the capitalized interest amount shall be recognized according to the amount of the interest cost for the special borrowings actually occurred during the current period (including the amortization of discount or premium recognized as per the effective interest method) minus the interest income acquired after the borrowings deposit in bank or the investment income obtained from the temporary investment. For the general borrowings for the purchase and construction of qualified assets, the capitalized interest amount of the general borrowings shall be computed and recognized according to the weighted average of accumulative asset expense beyond the expense of the special borrowings, multiplying the capitalization rate of general borrowings.

19.Intangible assets

1. Valuation Method, Service Life and Impairment Test of Intangible Assets

(1) The intangible assets include the land use rights, the professional technology and the software, which are conducted the initial measurement as per the cost.

(2) The service life of intangible assets is analyzed and judged when of the company acquires the intangible assets. For the finite service life of the intangible assets, the years of service life or the quantity of service life formed and the number of similar measurement unit shall be estimated. If the term of economic benefits of the intangible assets brought for the company is not able to be foreseen, the intangible assets shall be recognized as that with the indefinite service life.

(3) Estimation Method of Service life of Intangible Assets

1) For the intangible assets with the finite service life, the company shall generally consider the following factors to estimate the service life: ① the normal service life of products produced with the assets, and the acquired information of the service life of similar assets. ② the estimation of the current stage conditions and the future development trends in the aspects of technology and craft. ③ the demand of the products produced by the assets or the offered services in the market. ④ the expectation of actions adopted by current or potential competitors. ⑤ the expected maintenance expense for sustaining the capacity to economic benefits brought by the assets and the ability to the relevant expense expected. ⑥ the relevant law provision or the similar limit to the control term of the assets, such as the licensed use term and the lease term. ⑦ the correlation with the service life of other assets held by the company.

2) Intangible Assets with Indefinite Service Life, Judgment Criteria on Indefinite Service Life and Review Procedure of Its Service Life

The company shall be unable to foresee the term of economic benefits brought by the assets for the company, or the indefinite term of intangible assets recognized as the indefinite service life of intangible assets.

The judgment criteria of Indefinite service life: ① as from the contractual rights or other legal rights, but the indefinite service life of contract provision or legal provisions. ② unable to judge the term of economic benefits brought by the intangible assets for the company after the integration of information in the same industry or the relevant expert argumentation.

At the end of every year, the review should be made for the service life of the intangible assets with the indefinite service life, and the relevant department that uses the intangible assets, shall conduct the basic review by the method from up to down, in order to evaluate the judgment criteria of the indefinite service life if there is the change.

(4) Amortization Method of Intangible Assets Value

The intangible assets with the finite service life shall be systematically and reasonably amortized according to the expected implementation mode of the economic benefits related to the intangible assets during the service life, and the line method shall be adopted to amortize for the intangible assets unable to reliably recognize the expected implementation mode. The specific service life is as follows:

Items	Amortization life time (Year)
Land use right	50 years
Proprietary technology	15 years
Software	5 years

The intangible assets with the indefinite service life shall not be amortized, and the company shall make the review of the service life of the intangible assets during every accounting period.

(5) If there is the impairment for the intangible assets with the definite service life on the balance sheet date, the corresponding impairment provision shall be withdrawn according to the difference between the book value and the recoverable amount. The intangible assets with the indefinite service life and without the usable condition shall be conducted the impairment test every year whether the impairment exists.

2. Accounting Policy of Internal Research and Development Expenditure

The expenditure for internal research and development project in the study stage shall be recorded into the current profits and losses when occurring. The expenditure for internal research and development project in the development stage shall be recognized as the intangible assets when the following requirements are simultaneously met: (1) the completion of the intangible assets is available for use or sale, and feasible in the technology. (2) the intention to complete the intangible assets and use or sale. (3) the method for the economic benefits produced by the intangible assets, including the evidence that shows there exists the market for the products generated from the intangible assets or the intangible assets have the market. The intangible assets are used internally which shows the serviceability. (4) there are sufficient technology, financial resources and other resources to support the completion of the development of the intangible assets, and there is ability to use or sell the intangible assets. (5) the expenditure belong to the development stage of the intangible assets can be reliably measured.

The specific criteria for the division of the internal research and development projects at the research stage and the development stage of the company is as follows: (1) the investigation stage planned to obtain the new technology and knowledge, shall be recognized as the research stage,

which has the features of planning and exploration. (2) before the commercial manufacture and use, the research results or other knowledge should be applied for the plan or design, in order to produce the new or improved stages with substantial materials, devices and products, which should be recognized as the development stage, and this stage has the features of pertinence and more possibility to create the achievement.

20.Long-term Assets Impairment

The company shall make judgment of the long-term assets including the long-term equity investment, the investment property measured by the cost mode, the fixed assets and the projects under construction if there is possible impairment on the balance sheet date. If there exists the evidence shows that the long-term assets have the impairment, the impairment test should be conducted, and the recoverable amount should be estimated. The impairment shall be confirmed if there exists after the comparison of the estimated recoverable amount of the assets and its book value, and if the assets impairment provision shall be withdrawn to recognize the corresponding impairment losses. The estimation of the recoverable amount of assets should be confirmed according to the higher one between the net amount of the fair value minus the disposal costs and the present value of the cash flow of assets expected in the future.

The company shall conduct the impairment test at least every year for the goodwill established by the business combination and the intangible assets with the indefinite service life whether there exists the impairment.

The impairment loss of long-term assets after recognized shouldn't be reversed in the future accounting period.

21.Long-term amortizable expenses

Deferred charges represent expenses incurred that should be borne and amortized over the current and subsequent period (together of more than one year).

The long-term unamortized expense shall be booked as per the actual amount occurred, and shall be averagely amortize within the benefit period or the specified period. If the long-term unamortized expense can't make the benefits for the future accounting period, the amortized value of the unamortized project shall all be transferred into the current profits and losses.

22.Remuneration

1. Accounting Treatment Method of Short-term Compensation

During the accounting period of service provision of staff, the company shall regard the actual short-term compensation as the liability and record into the current profits and losses or the relevant assets cost as per the beneficiary. Of which, the non-monetary welfare shall be measured as per the fair value.

2. Accounting Treatment Method of Severance Benefit Plans

The severance benefit plans can be divided into the defined contribution plan and the defined benefit plan according to the risk and obligation borne.

(1) The Defined Contribution Plan

The contribution deposits that paid to the individual subject for the services provided by the staffs on the balance sheet date during the accounting period, shall be recognized as the liability, and recorded into the current profits and losses or the relevant asset costs as per the beneficiary.

(2) The Defined Benefit Plan

The defined benefit plan is the severance benefit plans with the exception of the defined contribution plans.

1) Based on the expected cumulative welfare unit method, the company shall adopt unbiased and mutually consistent actuarial assumptions to make evaluation of demographic variables and financial variables, measure and define the obligations arising from the benefit plan, and determine the period of the relevant obligations. The company shall discount all the defined benefit plan obligations, including the obligation within twelve months after the end of the annual report during the expected services provision of employee. The discount rate adopted in discounting shall be recognized according to the bonds matched with the defined benefit plan obligation term and the currency at the balance sheet date or the market return of high-quality corporate bonds in the active market.

2) If there exist the assets for the defined benefit plan, the deficit or surplus arising from the present value of the defined benefit plan obligations minus the fair value of the defined benefit plan assets are recognized as the net liability or the net assets of the defined benefit plan. If there exists the surplus of the defined benefit plan, the lower one between the surplus of the define benefit plan and the upper limit of assets shall be used to measure the net assets of the defined benefit plan. The upper limit of assets refers to the present value of economic benefits obtained from the refund of the defined benefit

plans or the reduction of deposit funds of future defined benefit plans.

3) At the end of period, the employee's payroll costs arising from the defined benefit plan are recognized as the service costs, the net interests on the net liabilities or the net assets of the defined benefit plan, and the changes caused by the net liabilities and the net assets of the defined benefit plan that re-measured. Of which, the service costs and the net interests on the net liabilities or the net assets of the defined benefit plan shall be recorded into the current profits and losses or the relevant assets costs, the changes caused by the net liabilities and the net assets of the defined benefit plan that re-measured shall be recorded into other comprehensive incomes, which should not be switched back to the profits and losses during the subsequent accounting period, but the amount recognized from other comprehensive incomes can be transferred within the scope of the rights and interests.

4) The profit or loss of one settlement shall be recognized when settling the defined benefit plan.

3. Accounting Treatment Method of Demission Welfare

The employee compensation liabilities generated by the demission welfare shall be recognized on the early date and recorded into the current profits and losses: (1) when the company can't withdraw the demission welfare provided due to the rundown suggestion or the termination of labor relations plans. (2) when the company recognizes the costs or the expenses related to the reorganization of demission welfare payment.

The earlier one between when the company can't withdraw the rundown suggestion or the termination of labor relations plans at its side and when the costs relevant to the recombination of demission welfare payment, shall be recognized as the liabilities arising from the compensation due to the termination of labor relations with staff and shall be recorded into the current profits and losses. Then company shall reasonably predict and recognize the payroll payable arising from the demission welfare. The demission welfare, which is expected to finish the payment within twelve months after the end of the annual report recognized, shall apply to the relevant provisions of short-term compensation. The demission welfare, which is expected to be unfinished for the payment within twelve months after the end of the annual report recognized, shall apply to the relevant provisions of short-term compensation, shall apply to the provisions related to other long-term employee benefits.

4. Accounting Treatment Method of Other Long-term Employee Benefits

If other long-term employee benefits of employees provided by the company meet the conditions of the defined contribution plan, the accounting treatment shall be made in accordance with the defined contribution plan. Except for these, other long-term benefits shall be made the accounting treatment according to the defined benefit plan, but the changes arising from the re-measurement of net liabilities or net assets of other long-term employee benefits shall be recorded into the current profits and losses or the relevant assets costs.

23. Estimated Liabilities

1. Recognition Criteria of Estimated Liabilities

The liabilities shall be recognized when external guarantee, pending litigation or arbitration, product quality assurance, staff reduction plan, loss contract, recombination obligation, disposal obligation of

the fixed assets and other pertinent businesses all meet the following requirements:

- (1) The obligation is the current obligation borne by the company.
- (2) The implementation of the obligation may cause the economic benefits out of the enterprise.
- (3) The amount of the obligation can be measured reliably.

2. Measurement Method of Estimated Liabilities

The estimated liabilities shall be made the initial measurement according to the best estimate of the expenditure required to settle the present obligation. There is the continuous scope for the required expenditure, and the best estimate with the same possibilities resulted from various outcomes within the scope shall be recognized as per the intermediate value. The best estimate should be recognize according to the following methods:

- (1) The best estimate shall be recognized as per the most possible amount if there are matters involved in the single item.
- (2) The best estimate shall be calculated and recognized as per the possible amount if there are matters involved in the multiple item.

If the company pays all the expenses for paying off the estimated liabilities, or partial estimates are compensated by the third party or other parties, the compensation amount should be separately recognized as the assets when the receipt of the compensation amount is basically determined. Meanwhile, the determined compensation amount shall not exceed the book value of the estimated liabilities recognized.

The company shall make review of the book value of estimated liabilities at the balance sheet date. If there is conclusive evidence that the book value cannot really reflect the current best estimate, the adjustment shall be made for the book value in accordance with the current best estimate.

24. Revenue

Whether the company needs to comply with the disclosure requirements of the particular industry

No

1. Recognition Principle of Revenue

(1) The Goods for Sale

The revenue of the goods for sale shall be recognized when the following requirements are met simultaneously: the transfer of main risks and rewards on ownership of the goods to the buyers, the continual management rights related to ownership no longer retained by the company and the effective control of the sold goods no longer implemented, the reliable measurement of the revenue amount, the possible inflow of the relevant economic benefits, and the reliable measurement of the relevant costs incurred or to be incurred.

(2) The Service Provision

If the provided services transaction results can be reliably estimated at the balance sheet date (the reliable measurement of the revenue amount, the possible inflow of the relevant economic benefits, the reliable recognition of the completion schedule of transaction, and the reliable measurement of the relevant costs incurred or to be incurred in the transaction), the company shall recognize the relevant

service incomes according to the completion percentage method and recognized the completion schedule of the provided service transaction according to the proportion of the costs occurred accounting for the total estimated costs. If the provided services transaction results cannot be reliably estimated at the balance sheet date and the occurred service costs can be expected to have compensation, the company shall recognize to provide the service revenue according to the occurred service cost amount and transfer the service costs as per the same amount. If the occurred service costs cannot be expected to have compensation, the occurred service costs shall be recorded into the current profits and losses and not be recognized as the service revenue.

(3) The Abalienation of the Right to Use Assets

The revenue of abalienation of the right to use assets shall be recognized when the abalienation of the right to use assets meets the requirements of the possible inflow of the relevant economic benefits and the reliable measurement of revenue amount. The interest income shall be calculated and determined according to time and actual interest rate of the monetary capital of the company used by others, and the royalty revenue shall be measured and determined in accordance with the charging time and method appointed in the relevant contract or agree.

2. The Specific Recognition Method of Revenue

The company mainly sells the polaroid, textiles and other products. The revenue of the sale of products in domestic market shall be recognized after the following requirements are met: The company has agreed to deliver the goods to the purchaser under the contract and the revenue amount of product sales has been determined, the payment for goods has been withdrawn or the payment vouchers has been obtained and related economic benefits are likely to inflow, and the costs related to the products can be measured reliably. The revenue of the sale of products in foreign market shall be recognized after the following requirements are met: The company has made customs clearance and departure from port under the contract, the bill of landing has obtained and the revenue of the sale of products has been recognized, the payment for goods has been withdrawn or the payment vouchers has been obtained and related economic benefits are likely to inflow, and the costs related to the products can be measured reliably.

25. Government subsidy

1. Judgment Basis and Accounting Treatment Method of Government Grants related to Assets

The government grants of long-term assets that obtained, used for construction or formed by other ways, shall be recognized as the government subsidy related to the assets. The government grants related to assets are recognized as the deferred income, equally distributed within the service life of the relevant assets, and recorded into the current profits or losses.

2. Judgment Basis and Accounting Treatment Method of Government subsidy related to Income

The government subsidy other than that related to income acquired by the company shall be recognized as the government subsidy related to income.

If the grant objects are not explicitly stipulated in the government files, the government subsidy shall be divided into that related to assets and that related to income, and the judgment basis is that:

① if the specific purpose of subsidy is stipulated in the government document, the review and

necessary change shall be made at the balance sheet date for the proportion of division according to the relative proportion of assets expense amount and expense amount recorded in the budget of the special item. ② only general expression is made in the government documents, and the government subsidy related to income should be made for the non-particular items.

The government subsidy related to income that used for the compensation of the related expenses or losses in subsequent period, shall be recognized as the deferred income and recorded into the current profits and losses during the period of the confirmation of relevant expenses. The relevant expenses or losses occurred for the purpose of compensation shall be directly recorded into the current profits and losses.

26.The Deferred Tax Assets / The deferred Tax Liabilities

1. Temporary Difference

The temporary difference includes the difference of the book value of assets and liabilities and the tax basis, and the difference of the book value and the tax basis that no confirmation of assets and liabilities but able to confirm the tax basis as per the provisions of tax law. The temporary difference can be classified into the taxable temporary difference and the deductible temporary difference.

2. Recognition Basis of Deferred Tax Assets

For the deductible temporary difference, the deductible loss and the tax payment offset, the company shall recognize the deferred tax assets arising from the future taxable income that obtained to deduce the deductible temporary difference, the deductible loss and the tax payment offset.

The deferred tax assets with the following features and arising from the initial recognition of assets or liabilities in the transaction shall not be recognized: (1) the transaction is not the business combination. (2) the transaction doesn't influence the accounting profits and the taxable incomes (or the deductible losses).

The company shall recognize the corresponding deferred tax assets for the deductible temporary difference related to the investment of subsidiaries, cooperative enterprises and joint ventures if the following requirements are simultaneously met: (1) the temporary difference is possible to be reversed in the foreseeable future. (2) the taxable income used to offset the deductible temporary difference is possible to be obtained in the future.

3. Recognition Basis of Deferred Tax Liabilities

All the taxable temporary differences shall be recognized as the deferred tax liabilities.

But the company shall not recognize the taxable temporary differences arising from the following transactions as the deferred tax liabilities: (1) the initial recognition of goodwill. (2) the initial recognition of assets or liabilities arising from the transactions with the following features: this transaction is not the business combination, and the transaction doesn't influence the accounting profits and the taxable incomes (or the deductible losses).

The company shall recognize the corresponding deferred tax liabilities for the taxable temporary difference related to the investment of subsidiaries, cooperative enterprises and joint ventures. Except that the following requirements are simultaneously met: (1) the investment enterprise can control the reversal time of the temporary difference. (2) the temporary difference is possible to not be reversed

in the foreseeable future.

4. Impairment of Deferred Tax Assets

The company shall review the book value of the deferred tax assets at the balance sheet date. If it is not possible to obtain sufficient taxable income for the reduction of the benefit of the deferred tax assets in the future, the book value of the deferred tax assets shall be deducted. Except that the deferred tax assets and the reduction amount are recorded into the owner's equity when the original recognition, others shall be recorded into the current income tax expense. The book value of the deferred tax assets reduced can be recovered when sufficient taxable income is possibly obtained.

5. Income Tax Expense

The income tax expense should include the current income tax and the deferred income tax.

Other comprehensive income or the current income tax and the deferred income tax related to the transactions and items directly recorded into the stockholders' equity, shall be recorded into other comprehensive incomes or the stockholders' equity, and the book value of goodwill shall be adjusted by the deferred income tax arising from the business combination, but the rest of the current income tax and the deferred income tax expense or income shall be recorded into the current profits and losses.

27. Lease

1. Accounting Treatment Method of Operating Lease

When the company is as the tenant, the rental within the lease term shall be recorded into the relevant assets cost or recognized as the current profits and losses as per the line method, and the initial direct expense occurred shall be directly recorded into the current profit and loss. The contingent rental shall be recorded into the current profit and loss once the actual occurrence.

When the company is as the leaser, the rental within the lease term shall be recognized as the current profits and losses as per the line method, and the initial direct expense occurred shall be directly recorded into the current profit and loss, except that the large amounts are capitalized and recorded into the profit and loss by stages. The contingent rental shall be recorded into the current profit and loss once the actual occurrence.

2. Accounting Treatment Method of Finance Lease

When the company is as the tenant, the company shall recognize the less one between the fair value of leasing assets and the present value of minimum lease payment at the lease commencement date as the book value of rented assets, recognize the minimum lease payment as the book value of the long-term payables, and the undetermined fiancé expense of the difference and the initial direct costs occurred shall be recorded into the leasing asset value. During each lease period, the current financing charges shall be measured and recognized by the effective interest method.

When the company is as the leaser, the company shall recognize the sum of minimum lease receivables and initial direct expense at the lease commencement date as the book value of finance lease receivables, and record the unguaranteed residual value. Meanwhile, the company shall

recognize the difference between the sums of minimum lease receivables, minimum lease receivables and unguaranteed minus the sum of the present value as the unrealized financing income. During each lease period, the current financing charges shall be measured and recognized by the effective interest method.

28.Change of main accounting policies and estimations

(1)Change of main accounting policies

Applicable Not applicable

The content and reasons of accounting policy changes	Approval procedure	Remarks
On May 10, 2017, the Ministry of Finance issued the Notice on issuing the Amendment to Accounting Standards for Business Enterprises No. 16 - Government Grants (Accounting [2017] No. 15), required it shall be implemented in the enterprise scope that performs the accounting standards from June 12, 2017. The company makes corresponding changes in accounting policies in accordance with the requirement.	Examined and approved at the third meeting of the 7th Board of Directors on August 24, 2017	The change in accounting policy does not involve the scope of the Company's business. The change will not have a significant impact on the total amount of assets, total liabilities, net assets and net profit of the Company's previous annual and 2017 financial reports.

(2) Change of main accounting estimations

Applicable Not applicable

VV.Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	The taxable turnover	17%、5%
City construction tax	Turnover tax to be paid allowances	7%
Business income tax	Turnover tax to be paid allowances	25%、15%
Education surcharge	Turnover tax to be paid allowances	3%
Local education surcharge	Turnover tax to be paid allowances	2%

In case there exist any taxpayer paying corporate income tax at different tax rates, disclose the information

Name of taxpayer	Income tax rates

Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	15%
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2. Tax preference and approval file

(1)Shenzhen Shengbo Optoelectronic Technology Co., Ltd., the subsidiary company of our company, has been qualified as national high-tech enterprise since 2016 ,High-tech and enterprise certificate No.: GR201644201276 ,The certificate is valid for three years, The enterprise income tax rate of this year is 15%.

(2).In accordance with relevant provisions of the Notice of Ministry of Finance, General Administration of Customs and State Taxation Administration Regarding Tax Preference Policies for Further Supporting the Development of New-type Display Device Industry (Cai Guan Shui (2016) No. 62), Shenzhen Shengbo Optoelectronic Technology Co., Ltd. manufactured key materials and parts for the upstream industry of new-type display devices including colorful light filter coating and polarizer sheet that comply with the planning for independent development of domestic industries may enjoy the preferential policies of exemption from import tariff for the import of raw materials and consumables for the purpose of self use and production that can not be produced domestically from January 1, 2016 and December 31, 2020.

VII. Notes of consolidated financial statement

1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	16,523.96	22,807.86
Bank deposit	1,019,095,651.39	932,021,522.23
Other monetary funds	2,299,103.82	1,812,582.64
Total	1,021,411,279.17	933,856,912.73
Including : The total amount of deposit abroad	22,553,657.90	23,329,496.78

Other notes

As of June 30, 2017, The fixed-term deposit balance of money fund is RMB 3,774,655.71 , this part will not be treated as closing cash or closing cash equivalent in preparing cash flow statement. Monetary unit is RMB yuan

2.Derivative financial assets

Applicable Not applicable

3. Bill receivables**(1) Classification Bill receivable**

In RMB

Items	Year-end balance	Year-beginning balance
Bank acceptance	41,800,470.91	41,908,315.45
Total	41,800,470.91	41,908,315.45

(2) Notes endorsement or discount and undue on balance sheet date

In RMB

Items	Amount derecognizing at period –end	Amount derecognizing at period-end
Bank acceptance	61,188,471.91	
Total	61,188,471.91	

4. Account receivable**1. Classification account receivables.**

In RMB

Classification	Amount in year-end					Amount in year-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accounts receivable of individual significance and subject to individual impairment assessment	6,301,342.71	2.98%	3,999,088.66	63.46%	2,302,254.05	6,302,912.11	2.61%	4,000,658.05	63.47%	2,302,254.06
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	198,090,470.26	94.10%	10,082,290.88	5.09%	188,008,179.37	228,090,819.33	94.56%	11,596,924.13	5.08%	216,493,895.20
Accounts receivable of individual insignificance but subject to	6,119,231.01	2.92%	4,972,186.53	81.26%	1,147,044.49	6,816,189.64	2.83%	5,390,319.49	79.08%	1,425,870.15

individual impairment assessment										
Total	210,511,043.98	100.00%	19,053,566.07		191,457,477.91	241,209,921.08	100.00%	20,987,901.67		220,222,019.41

Accounts receivable of individual significance and subject to individual impairment assessment.

Applicable Not applicable

In RMB

Debtor	Amount in year-end			
	Account receivable	Bad debt provision	Proportion(%)	Reason for allowance
Dongguan Fair LCD Co., Ltd.	1,696,834.60	1,696,834.60	100.00%	It has been included in the list of national courts dishonest debtor, unlikely to recover.
Guangdong Ruili Baolai Technology Co., Ltd.	1,348,965.36	674,482.68	50.00%	Beyond the credit period for a long time, uncertain recovered.
Dongguan Yaxing Semiconductor Co., Ltd.	3,255,542.75	1,627,771.38	50.00%	Beyond the credit period for a long time, uncertain recovered.
Total	6,301,342.71	3,999,088.66	--	--

Account receivable on which bad debt provisions are provided on age basis in the group

Applicable Not applicable

In RMB

Aging	Balance in year-end		
	Account receivable	Bad debt provision	Proportion(%)
Subitem Within 1 year			
	197,608,593.41	9,880,429.22	5.00%
Subtotal within 1 year	197,608,593.41	9,880,429.22	5.00%
1-2 years	74,742.72	7,474.28	10.00%
2-3 years	45,898.44	13,769.53	30.00%
Over 3 years	361,235.69	180,617.85	50.00%
3-4 years	128,940.73	64,470.37	50.00%
4-5 years	38,535.76	19,267.88	50.00%
Over 5 years	193,759.20	96,879.60	50.00%
Total	198,090,470.26	10,082,290.88	

Notes of the basis of recognizing the group:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable Not applicable

(2) Accrual period, recovery or reversal of bad debts situation

The current amount of provision for bad debts is RMB-1,516,202.64; recovery or payback for bad debts Amount is RMB418,132.96.

(3) The ending balance of receivable owed by the imputation of the top five parties

Name	Nature	Balance in year-end	Aging	Proportion(%)	Bad debt provision
First	Goods	72,878,869.96	Within 1 year	34.62%	3,643,943.50
Second	Goods	30,359,078.15	Within 1 year	14.42%	1,517,953.91
Third	Goods	11,971,226.55	Within 1 year	5.69%	598,561.33
Fourth	Goods	11,871,816.81	Within 1 year	5.64%	593,590.84
Fifth	Goods	7,340,986.48	Within 1 year	3.49%	367,049.32
Total		134,421,977.95		63.86%	6,721,098.90

5.Prepayments

(1) Age analysis

In RMB

Aging	Balance in year-end		Balance in year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	25,531,130.62	93.85%	5,108,950.81	75.43%
1-2 years	1,517,855.79	5.58%	592,795.34	8.75%
2-3 years	116,548.56	0.43%	1,033,416.99	15.26%
Over 3 years	38,160.00	0.14%	38,160.00	0.56%
Total	27,203,694.97	--	6,773,323.14	--

(2) The ending balance of Prepayments owed by the imputation of the top five parties

Name	Balance in year-end	Proportion
First	6,774,400.00	24.90%
Second	5,287,973.86	19.44%
Third	4,053,335.37	14.90%
Fourth	3,374,897.02	12.41%
Fifth	2,461,512.07	9.05%
Total	21,952,118.32	80.70%

6. Interest receivable**1. Category of interest receivable**

In RMB

Items	Amount in year-end	Amount in year-beginng
Fixed deposit interest	7,637,834.97	4,925,279.45
Structure deposit interest	2,943,216.44	1,599,384.48
Other financing product		128,219.18
Total	10,581,051.41	6,652,883.11

7. Other receivable**1. Category of Other receivable**

In RMB

Classification	Amount in year-end					Amount in year- begin				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of individual significance and subject to individual impairment	11,981,464.60	9.81%	11,981,464.60	100.00%		11,981,464.60	14.20%	11,981,464.60	100.00%	

assessment										
Other accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	109,609,719.65	89.77%	5,750,096.00	5.25%	103,859,623.65	71,842,367.36	85.19%	4,569,810.64	6.36%	67,272,556.72
Other accounts receivable of individual insignificance but subject to individual impairment assessment	511,820.77	0.42%	511,820.77	100.00%		511,820.77	0.61%	511,820.77	100.00%	
Total	122,103,005.02	100.00%	18,243,381.37		103,859,623.65	84,335,652.73	100.00%	17,063,096.01		67,272,556.72

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

Applicable Not applicable

In RMB

Debtor	Amount in year-end			
	Other account receivable	Bad debt provision	Withdrawal proportion (%)	Reason for allowance
Jiangxi Xuanli String Co., Ltd.	11,389,044.60	11,389,044.60	100.00%	No executable property, unlikely to recover.
Shenzhen Tianlong Industry & Trade Co., Ltd.	592,420.00	592,420.00	100.00%	Has been concealed, unlikely to recover
Total	11,981,464.60	11,981,464.60	--	--

Other receivable accounts in Group on which bad debt provisions were provided on age analyze basis:

Applicable Not applicable

In RMB

Aging	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			

Within 1 year	105,698,911.04	5,284,945.56	5.00%
Subtotal within 1 year	105,698,911.04	5,284,945.56	5.00%
1-2 years	3,712,869.88	371,286.99	10.00%
2—3 years	25,529.60	7,658.88	30.00%
Over 3 years	172,409.13	86,204.57	50.00%
3-4 years	160,403.68	80,201.84	50.00%
Over 5 years	12,005.45	6,002.73	50.00%
Total	109,609,719.65	5,750,096.00	5.25%

Notes:

Other receivable account in Group on which bad debt provisions were provided on percentage basis:

Applicable Not applicable

Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio:

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

The current amount of provision for bad debts is RMB1,180,285.36.

(3) Other account receivables category by nature of money

In RMB

Category	Year-end balance	Year-beginning balance
Customs bond	38,136,592.50	44,643,087.38
Export rebate	11,522,051.98	18,179,211.88
Unit account	64, 103,175.96	16,812,275.87
Deposit	41,359.09	1,858,126.16
Reserve fund and staff loans	1,035,084.57	900,116.01
Other	17,264,740.92	1,942,835.43
Total	122,103,005.02	84,335,652.73

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end
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					balance
First	Customs bond	38,136,592.50	Within 1 year	31.23%	1,906,829.63
Second	Unit account	36,395,640.50	Within 1 year	29.81%	1,819,782.03
Third	Unit account	15,738,000.00	Within 1 year	12.89%	786,900.00
Fourth	Export rebate	11,522,051.98	Within 1 year	9.44%	576,102.60
Fifth	Unit account	11,389,044.60	Over 5 years	9.33%	11,389,044.60
Total	--	113,181,329.58	--	92.69%	16,478,658.86

8.Inventory

Whether the company needs to comply with the disclosure requirements of the particular industry

No

(1) Inventories types

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	122,896,273.44	16,553,491.89	106,342,781.55	107,814,144.09	9,148,167.24	98,665,976.85
Processing products	5,322,949.87	279,390.02	5,043,559.85	4,519,927.47	279,390.02	4,240,537.45
Stock goods	229,914,391.43	45,407,421.27	184,506,970.16	232,620,913.26	52,155,713.49	180,465,199.77
Total	358,133,614.74	62,240,303.18	295,893,311.56	344,954,984.82	61,583,270.75	283,371,714.07

Whether the company is required to comply with the "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 4 - listed companies engaged in seed industry, planting business" disclosure requirements

No

(2) Inventory Impairment provision

In RMB

Items	Year-beginning balance	Increased in current period		Decreased in current period		Year-end balance
		Provision	Transferred back	Provision	Transferred back	
Raw materials	9,148,167.24	13,442,857.33		6,037,532.68		16,553,491.89

Processing products	279,390.02				279,390.02
Stock goods	52,155,713.49	24,468,214.88		31,216,507.10	45,407,421.27
Total	61,583,270.75	37,911,072.21		37,254,039.78	62,240,303.18

9.Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
Structural Deposit	110,000,000.00	428,000,000.00
Other financing product	1,028,000,000.00	1,000,000,000.00
After the deduction of input VAT	16,910,595.58	43,157.76
Total	1,154,910,595.58	1,428,043,157.76

10.Available-for-sale financial assets

(1)Available-for-sale financial assets

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Available-for-sale equity instruments	78,689,488.99	36,689,988.51	41,999,500.48	78,255,766.47	36,689,988.51	41,565,777.96
Measured by fair value	8,812,453.02		8,812,453.02	8,378,730.50		8,378,730.50
Measured by cost	69,877,035.97	36,689,988.51	33,187,047.46	69,877,035.97	36,689,988.51	33,187,047.46
Total	78,689,488.99	36,689,988.51	41,999,500.48	78,255,766.47	36,689,988.51	41,565,777.96

(2)Available-for-sale financial assets measured by fair value at the period-end

In RMB

Type	Available-for-sale equity instruments	Available-for-sale Debt instruments		Total
Cost of the equity	8,940,598.31			8,940,598.31

instruments/amortized cost of the liabilities instruments				
Fair value	8,812,453.02			8,812,453.02
Changed amount of the fair value accumulatively included in other comprehensive income	-128,145.29			-128,145.29

(3) Available-for-sale financial assets measured by cost at the period-end

In RMB

Investee	Book balance				Impairment provision				Shareholding proportion among the investees	Cash bonus of the reporting period
	Period-begin	Increase	Decrease	Period -end	Period-begin	Increase	Decrease	Period -end		
Shenzhen Jintian Industry (Group) Co., Ltd.	14,831,681.50			14,831,681.50	14,831,681.50			14,831,681.50	3.68%	
Shenzhen Jiafeng Textile Co., Ltd.	16,800,000.00			16,800,000.00	16,800,000.00			16,800,000.00	10.80%	
Shenzhen Guanhua Printing & dyeing Co., Ltd.	5,491,288.71			5,491,288.71	5,058,307.01			5,058,307.01	45.00%	
Shenzhen Union Development Group Co., Ltd	2,600,000.00			2,600,000.00					2.87%	
Shenzhen Xiangjiang Trade Co., Ltd.	160,000.00			160,000.00					20.00%	329,439.84
Shenzhen Xinfang Knitting Co.,	524,000.00			524,000.00					20.00%	

Ltd.										
Shenzhen Dailisi Knitting Co., Ltd.	2,559,856.26			2,559,856.26					30.00%	
Anhui Huapeng Textile Co., Ltd.	25,410,209.50			25,410,209.50					50.00%	
Shenzhen South Textile Co., Ltd.	1,500,000.00			1,500,000.00					9.84%	
Total	69,877,035.97			69,877,035.97	36,689,988.51			36,689,988.51	--	329,439.84

(4) Changes of the impairment of the available-for-sale financial assets during the reporting period

In RMB

Type	Available-for-sale Equity instruments	Available-for-sale Debt instruments		Total
Balance of the withdrawn impairment at the period-begin	36,689,988.51			36,689,988.51
Withdrawn at the period	36,689,988.51			36,689,988.51

11. Long-term equity investment

In RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint venture											
Shenzhen Haohao	5,106,487.57			-230,414.33						4,876,073.24	

Property Leasing Co., Ltd.											
Shenzhen Xieli Automobile Co., Ltd.	4,243,705.44									4,243,705.44	266,654.99
Subtotal	9,350,193.01			-230,414.33						9,119,778.68	266,654.99
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	1,968,358.12			57,430.75						2,025,788.87	
Jordan Garment Factory	2,574,327.77			-326,511.57	-56,469.01					2,191,347.19	
Hongkong Yehui International Co., Ltd.	11,223,087.09			719,610.78	-342,851.79	209,424.00				11,390,422.08	
Subtotal	15,765,772.98			450,529.96	-399,320.80	209,424.00				15,607,558.14	
Total	25,115,965.99			220,115.63	-399,320.80	209,424.00				24,727,336.82	266,654.99

Other notes

Shenzhen Xieli Automobile Co., Ltd. Business license has been revoked the business sector.

12..Investment real estate

(1) Measured by the cost of investment in real estate

√ Applicable □ Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	304,648,938.91			304,648,938.91
2. Increase in the current period				
(1) Purchase				
(2) Inventory\Fixed assets\ Transferred from construction in progress				
(3)Increased of Enterprise Combination				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end	304,648,938.91			304,648,938.91
II. Accumulated amortization				
1. Opening balance	125,324,391.14			125,324,391.14
2. Increased amount of the period	3,956,056.24			3,956,056.24
(1) Withdrawal	3,956,056.24			3,956,056.24
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				

4. Balance at period-end	129,280,447.38			129,280,447.38
III. Impairment provision				
1. Balance at period-beginning				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Dispose				
(2) Other out				
4. Balance at period-end				
IV. Book value				
1. Book value at period-end	175,368,491.53			175,368,491.53
2. Book value at period-beginning	179,324,547.77			179,324,547.77

(2) Details of fixed assets failed to accomplish certification of property

Applicable Not applicable

13. Fixed assets**(1) List of fixed assets**

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other	Total
I. Original price					
1. Balance at period-beginning	492,709,415.27	655,711,038.75	3,691,157.72	20,981,709.48	1,173,093,321.22
2. Increase in the current period		192,124.81		446,110.18	638,234.99
(1) Purchase		192,124.81		446,110.18	638,234.99

(2) Transferred from construction in progress					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period		19,951.61		71,580.00	91,531.61
(1) Disposal		19,951.61		71,580.00	91,531.61
4. Balance at period-end	492,709,415.27	655,883,211.95	3,691,157.72	21,356,239.66	1,173,640,024.60
II. Accumulated depreciation					
1. Opening balance	99,253,511.93	333,568,124.02	3,015,711.94	13,570,685.77	449,408,033.66
2. Increased amount of the period	7,175,844.02	28,268,533.31	126,369.36	814,964.80	36,385,711.49
(1) Withdrawal	7,175,844.02	28,268,533.31	126,369.36	814,964.80	36,385,711.49
3. Decrease in the reporting period		9,753.27		67,848.41	77,601.68
(1) Disposal		9,753.27		67,848.41	77,601.68
4. Closing balance	106,429,355.95	361,826,904.06	3,142,081.30	14,317,802.16	485,716,143.47
III. Impairment provision					
1. Opening balance					
2. Increase in the reporting period					
(1) Withdrawal					
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance					

IV. Book value					
1.Book value of the period-end	386,280,059.32	294,056,307.89	549,076.42	7,038,437.50	687,923,881.13
2.Book value of the period-begin	393,455,903.34	322,142,914.73	675,455.78	7,411,023.71	723,685,287.56

14. Project under construction

(1)Project under construction

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
TFT-LCD polarizing film II project	249,984,154.45		249,984,154.45	116,849,202.46		116,849,202.46
Other	2,955,028.97		2,955,028.97	2,955,028.97		2,955,028.97
Total	252,939,183.42		252,939,183.42	119,804,231.43		119,804,231.43

(2) Changes of significant construction in progress

In RMB

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Balance in year-end	Proportion (%)	Progress of work	Capitalisation of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalisation of interest ratio (%)	Source of funds
TFT-LCD polarizing film II project	700,340,000.00	116,849,202.46	133,134,951.99			249,984,154.45	35.69%	35.69%				Collect
Total	700,340,000.00	116,849,202.46	133,134,951.99			249,984,154.45	--	--				--

15.Liquidation of fixed assets

In RMB

Items	End of term	Beginning of term
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Small safes and TFT front section viscometer scrap cleaning	10,418.34	
Total	10,418.34	

16. Productive biological assets

(1) Measured by cost

Applicable Not applicable

(2) Measured by fair value

Applicable Not applicable

17. Oil-and-gas assets

Applicable Not applicable

18. Intangible assets

(1) Information

In RMB

Items	Land use right	Patent right	Non-proprietary technology	Software	Total
I. Original price					
1. Opening balance	48,822,064.61	11,825,200.00		2,143,580.00	62,790,844.61
2. Increased amount of the period				358,200.00	358,200.00
(1) Purchase				358,200.00	358,200.00
(2) Internal Development					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposal					

4. Balance at period-end	48,822,064.61	11,825,200.00		2,501,780.00	63,149,044.61
II. Accumulated amortization					
1. Balance at period-beginning	10,323,775.51	11,825,200.00		943,214.78	23,092,190.29
2. Increase in the current period	480,049.14			150,946.32	630,995.46
(1) Withdrawal	480,049.14			150,946.32	630,995.46
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	10,803,824.65	11,825,200.00		1,094,161.10	23,723,185.75
III. Impairment provision					
1. Balance at period-beginning					
2. Increase in the current period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end					
4. Book value					
1. Book value at period -end	38,018,239.96			1,407,618.90	39,425,858.86
2. Book value at period-beginning	38,498,289.10			1,200,365.22	39,698,654.32

19. Goodwill

(1) Original book value of goodwill

In RMB

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
Shenzhen Beauty Century Garment Co Ltd.	2,167,341.21					2,167,341.21
Shenzhen Shenfang Import and Export Co., Ltd.	82,246.61					82,246.61
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	9,614,758.55					9,614,758.55
Total	11,864,346.37					11,864,346.37

(2) Impairment of goodwill

In RMB

Investee	Balance in year-begin	Increased at this period		Decreased at this period		Balance in year-end
Shenzhen Beauty Century Garment Co Ltd.	2,167,341.21					2,167,341.21
Shenzhen Shenfang Import and Export Co., Ltd.	82,246.61					82,246.61
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	9,614,758.55					9,614,758.88
Total	11,864,346.37					11,864,346.37

20. Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end

Renovation fee	735,718.08	24,650.00	129,296.98		631,071.10
Other	237,363.60		19,263.00		218,100.60
Total	973,081.68	24,650.00	148,559.98		849,171.70

21. Deferred income tax assets/deferred income tax liabilities

(1) Details of the un-recognized 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
Assets depreciation reserves	5,212,652.64	1,303,163.16	4,114,242.48	1,028,560.61
Unattained internal sales profits	2,725,207.97	408,781.20	2,769,765.25	415,464.80
Changes in fair value of available for sale financial assets	128,145.29	32,036.32	561,867.81	140,466.95
Total	8,066,005.90	1,743,980.68	7,445,875.54	1,584,492.36

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

In RMB

Items	Temporarily Deductable or Taxable Difference	Deferred Income Tax liabilities	Temporarily Deductable or Taxable Difference	Deferred Income Tax liabilities
Deferred income tax assets/		1,743,980.68		1,584,492.36

(3) Details of unrecognized deferred income tax assets

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	86,089,479.45	85,972,557.55
Deductible loss	495,981,968.38	486,014,140.23
Total	582,071,447.83	571,986,697.78

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2018	129,226,944.33	129,226,944.33	
2019	148,095,898.11	148,095,898.11	
2020	83,990,395.00	83,990,395.00	
2021	124,700,902.79	124,700,902.79	
2022	9,967,828.15		
Total	495,981,968.38	486,014,140.23	--

22. Short-term loan

(1) Categories of short-term loans

In RMB

Items	Balance in year-end	Balance in year-Beginning
Credit loans	37,917,157.74	12,335,695.77
Total	37,917,157.74	12,335,695.77

23. Derivative financial liabilities

Applicable Not applicable

24.Account payable

(1) Account payable

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	133,547,809.08	174,417,235.90
1-2 years	73,646.37	57,989.27
2-3 years	50,450.66	300,642.80
3-4 years	261,559.23	37,090.00
4-5 years	28,930.20	161,238.93
Over 5 years	557,417.88	487,518.82
Total	134,519,813.42	175,461,715.72

25. Advance account**(1) Advance account**

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	41,443,205.97	29,225,153.57
1-2 years		433,268.34
Over 5 years	639,024.58	639,024.58
Total	42,082,230.55	30,297,446.49

26. Payable Employee wage**(1) Payable Employee wage**

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Short-term employee benefits	27,379,719.86	56,138,249.89	66,130,011.45	17,387,958.30
II. Post-employment benefits		5,004,073.92	5,004,073.92	
III. Termination benefit		195,715.00	195,715.00	
Total	27,379,719.86	61,338,038.81	71,329,800.37	17,387,958.30

(2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	25,906,098.18	43,987,738.76	54,135,400.46	15,758,436.48
2. Employee welfare		3,290,543.93	3,290,543.93	
3. Social insurance premiums		5,227,517.19	5,227,517.19	
Including: Medical insurance		770,516.32	770,516.32	
Work injury insurance		107,051.12	107,051.12	
Maternity insurance		109,975.58	109,975.58	

4. Public reserves for housing		2,320,496.98	2,320,496.98	
5. Union funds and staff education fee	1,473,621.68	1,311,953.03	1,156,052.89	1,629,521.82
Total	27,379,719.86	56,138,249.89	66,130,011.45	17,387,958.30

(3) Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
1. Basic old-age insurance premiums		4,094,199.74	4,094,199.74	
2. Unemployment insurance		145,774.43	145,774.43	
3. Annuity payment		764,099.75	764,099.75	
Total		5,004,073.92	5,004,073.92	

27. Tax Payable

In RMB

Items	At end of term	At beginning of term
VAT	488,297.87	6,142,344.63
Enterprise Income tax	6,114,483.49	4,152,120.51
Individual Income tax	816,541.93	428,263.53
City Construction tax	30,391.65	523,339.31
House property Tax	1,538,455.99	1,538,122.93
Education surcharge	19,199.11	373,812.63
Other	158,648.01	837,722.65
Total	9,166,018.05	13,995,726.19

28. Interest Payable

In RMB

Items	At end of term	At beginning of term
Interest on long-term borrowings payable	44,446,217.66	42,805,384.31
Interest on short-term borrowings	195,135.86	37,221.21

Total	44,641,353.52	42,842,605.52
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29.Other payable

(1) Disclosure by nature

In RMB

Items	At end of term	At beginning of term
Engineering Equipment fund	61,436,137.45	46,903,714.95
Unit account	19,106,787.92	49,538,660.22
Deposit	18,753,042.55	24,625,922.69
Other	46,452,961.62	26,040,292.33
Total	145,748,929.54	147,108,590.19

30.Non-current liabilities due within 1 year

In RMB

Items	At end of term	At beginning of term
Long-term borrowings due within 1 year		40,000,000.00
Total		40,000,000.00

31.Long-term borrowings

(1) Long-term term borrowings

In RMB

Items	At end of term	At beginning of term
Credit borrowings	80,000,000.00	80,000,000.00
Total	80,000,000.00	80,000,000.00

32.Deferred income

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term	Reason
Government Subsidy	110,045,784.62		2,251,961.43	107,793,823.19	
Total	110,045,784.62		2,251,961.43	107,793,823.19	--

Details of government subsidies:

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other changes	End of term	Asset-related or income-related
Textile special funds	857,142.88		71,428.57		785,714.31	Related to assets
High-tech Industrialization demonstration projects	600,000.00		100,000.00		500,000.00	Related to assets
National grant funds for new flat panel display industry	3,000,000.00		500,000.00		2,500,000.00	Related to assets
Borrowing discount	725,833.20		120,972.25		604,860.97	Related to assets
Grant funds for TFT-LCD polarizer industry project	6,933,333.34		649,999.98		6,283,333.36	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	3,000,000.00		250,000.02		2,749,999.98	Related to assets
Purchase of imported equipment and technology	1,027,197.18		87,545.09		939,652.09	Related to assets
Innovation and venture capital for TFT-LCD polarier I project	300,000.00		25,000.02		274,999.96	Related to assets
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	412,500.00		25,000.02		387,499.98	Related to assets
Shenzhen	4,125,000.00		250,000.02		3,874,999.98	Related to assets

Engineering laboratory polarizing material and technical engineering						
Capital funding for Technology Center	2,475,000.00		150,000.00		2,325,000.00	Related to assets
Subsidy funds to support the introduction of advanced technology	86,328.60		7,194.00		79,134.60	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 6) project	15,000,000.00				15,000,000.00	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 6) project	10,000,000.00				10,000,000.00	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 6) project	500,000.00				500,000.00	Related to assets
Imported equipment and technology of discount interest funds	857,705.00				857,705.00	Related to assets
key technology research and development projects of optical compensation film for polarizer	5,000,000.00				5,000,000.00	Related to assets
Strategic industries Development fund of Guangdong	25,000,000.00				25,000,000.00	Related to assets

Province						
Grants of Purchase equipment of TFT-LCD polarizing film phase II project	30,000,000.00				30,000,000.00	Related to assets
Energy saving transformation grant funds	145,744.42		14,821.46		130,922.96	Related to assets
Total	110,045,784.62		2,251,961.43		107,793,823.19	--

Other notes:

(1) According to the "Notice on National Development and Reform Commission to the General Office of the textile project management of the special funds" (Faigaiban [2006]2841), on December 22, 2006, the Company received "Textile special" funds RMB 2,000,000.00 from Shenzhen Finance Bureau. The company will use 14 years as asset depreciation period for amortization with the corresponding equipment in current period. The amortization in accordance with the corresponding equipment, The other income in current period is RMB71,428.57, the ending balance of uncompleted amortization is RMB785,714.31

(2) According to the document of Shenzhen Municipal Development and Reform Commission 【2009】 No. 416 that "The Notice On issued the Governmental Investment Plan in 2009 on Zhong Ke New Industrial Internet Security Audit System and Other High-tech Industrialization Demonstration Project and the Public Testing and Consultation Service of Information Security Industry and other National High-tech Industrial Base Platform Projects", on May 2009, the company received the Shenzhen Municipal Development and Reform Commission high-tech industrialization demonstration project supporting Capital RMB 2 million allocated by Shenzhen City Bureau of Finance for the construction of "The Project of the Construction Line of Polaripiece for TFT-LCD". Our company will use 10 years as asset depreciation period for amortization in current period. The other income in current period is RMB 100,000.00 and the balance amount of unfinished final amortization is RMB500,000.00.

(3) According to the document of the Office of the State Development and Reform Commission on "The Office of the State Development and Reform Commission on the Reply of New Flat-Panel Display Industrialization Special Project" (Development and Reform Office High-Tech 【2008】 No. 2104), the company obtained the state subsidies RMB 10,000,000.00 from the State Development and Reform Commission New Flat-Panel Display Industrialization Special Project for the construction of "The Project of Polaripiece Industrialization for TFT-LCD". On June 2009, December 2009 and April 2010, the company received the special subsidies of State Development and Reform Commission RMB 10,000,000.00. Our company will use 10 years as asset depreciation period for amortization. The other income in current period is RMB500,000.00, the balance amount of unfinished final amortization is RMB2,500,000.00.

(4) On December 2009 ,June 2011 and February 2013, the Company received a loan interest discount funds of RMB 992,000.00, RMB 850,000.00 and RMB 483,000.00 allocated by Shenzhen Bureau of Finance for phase-II alteration project. Our company will use 10 years as asset depreciation period for amortization in current period. The other income in current period is RMB 120,972.25 and the balance amount of unfinished final amortization is RMB604,860.97.

(5) In accordance with the Notice of Forwarding the Reply of General Office of State Development and Reform Commission Regarding Special Plan for Strategic Transformation and Industrialization of Color TV Industry issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2011) No. 823), State Development and Reform Commission approved including the project of industrialization of polarizer sheet for TFT-LCD of Shengbo Optoelectronic Company into the special plan for strategic transformation and industrialization of color TV industry in 2010 and appropriated national aid of RMB 10,000,000.00 to Shengbo Optoelectronic Company for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. On June 2012 and September 2013, the company received the national grants of RMB 10,000,000.00.. According to the Notice of Issuing the Governmental Investment Plan for 2011 Regarding Demonstration Project of High-tech Industrialization Including Specialized Services Such As Disaster Recovery of Financial Information System issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2012) No. 3), the Company received subsidy of RMB 3,000,000.00 for the project of industrialization of polarizer sheet for TFT-LCD in April 2012. Our company will use 10 years as asset depreciation period for amortization in current period. The other income in current period is RMB649,999.98. and the balance amount of unfinished final amortization is RMB6,283,333.36.

(6) According to the Notice about the Plan for Supporting the Second Group of Enterprises in Biological, Internet, New Energy and New Material Industries with Special Development Funds (Shen Fa Gai (2011) No. 1782), the Company received subsidy of RMB 5,000,000.00 for the narrow-width line (line 5) of phase-I project of polarizer sheet for TFT-LCD on February 2012. The Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB2,749,999.98.

(7) On October 2013, The company received the grants for the purchase of imported equipment and technology in 2012 of RMB 1,750,902.00, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB87,545.09 and the balance amount of unfinished final amortization is RMB939,652.09.

(8) On December 2013, The company received the funds for innovation and entrepreneurship of of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB274,999.96.

(9) On December 2013, The company received the funds for innovation and entrepreneurship of of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB387,499.98.

(10) According to the Approval of Application of Shenzhen Shengbo Optoelectronic Technology Co., Ltd. for Project Funds for Shenzhen Polarization Material and Technology Engineering Laboratory (Shen Fa Gai (2012) No. 1385), Shenzhen Polarization Material and Technology Engineering Laboratory was approved to be established on the strength of Shengbo Optoelectronic with total project investment of RMB 24,390,000.00. As approved by Shenzhen Municipal People's Government, this project was included in the plan for supporting the fourth group of enterprises with special fund for the development of strategic new industries in Shenzhen in 2012

(new material industry). According to the Notice of Issuing the Plan for Supporting the Fourth Group of Enterprises with Special Fund for Development of Strategic New Industries in Shenzhen in 2012 (Shen Fa Gai (2012) No. 1241), the Company received subsidy of RMB 5,000,000.00 on December 2012 for purchasing instruments and equipment and improving existing technological equipment and test conditions. The fund gap will be filled by the Company through raising funds by itself. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB3,874,999.98.

(11) According to the "Announcement on the Identification of Technology Centers of 24 Enterprises including Shenzhen Yuanwanggu Information Technology Joint Stock Company Limited as the Municipal Research and Development Centers (Technical Center)" (SJMXXJS [2013] No.137), the research and development center of Shenzhen SAPO Photoelectric Co., Ltd. has been regarded as 2012 annual municipal R&D center. In December 2013, the company has received the funding subsidy of RMB3 million for the construction of the technical center. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB150,000.00 and the balance amount of unfinished final amortization is RMB2,325,000.00.

(12) On March 2014 the company received the introduction of advanced technology import subsidy funds of RMB 143,881.00 from Shenzhen Finance Committee, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB7,194.00 and the balance amount of unfinished final amortization is RMB79,134.60.

(13) According to the "Shenzhen Municipal Development and Reform Commission Reply for Shenzhen Shengbo Optoelectronic Technology Co., Ltd. application for local matching funds of TFT-LCD polarizing film II project (Line 6) " (Shenzhen DRC [2013]No. 1771), the company obtained TFT-LCD polarizing film II project (line 6) local matching funds of RMB 15,000,000.00 in April 2014. The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

(14) According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2nd industrial restructuring) notify the central budget for 2014 investment plan" (NDRC Investment [2014] No. 1280), the company obtained TFT- LCD polarizer II project (line 6) state grants of RMB 10,000,000.00 in December 2014. The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

(15) In December 2014, the company received innovation venture capital (matching funding category) for Ping Shan District Development and Finance Bureau of TFT-LCD polarizing film II project (line 6) of RMB 500,000.00. The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use;

(16) On September 2014, The company received a discount of imported equipment and technology funds of RMB 857,705.00. The fund gap will be filled by the Company through raising funds by itself. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

(17) On Jan. 2015, the company received RMB 5 million of grants for key technology research and development projects of optical compensation film for polarizer from Shenzhen Scientific and Technological Innovation

Committee. The company will defer income share transferred in the current profit and loss on the basis of depreciation life as of the date of the predetermined workability state the related assets reach.

(18) According to “Reply on Congregating Development in Emerging Industrial Area Strategic Pilot Implement Scheme of Guangdong Province”(Reform and Development Office High-Tech [2013] No.2552,On December 2015, the Company received 20 million RMB of the pilot project fund(period II project of TFT-LCD polarizer).On October 2016, the Company received 5 million RMB of Shenzhen strategic emerging industries and the future development of industrial matching funds,The company will defer income share transferred in the current profit and loss on the basis of depreciation life as of the date of the predetermined workability state the related assets reach.

(19) According to Reform and Development Commission of Shenzhen Municipality sending the notice of “Reply of National Reform and Development Office on Investing in Petrification and Medicine Project within Central Budget of 2013 for Industry Structure Adjustment Special Project”(Reform and Development Commission of Shenzhen Municipality [2013]No.1449) , the Company received 30 million RMB of new production line of TFT-LCD polarizer project period II and equipment purchase subsidy in August 2015 ,December 2015 and September 2016.The company will defer income share transferred in the current profit and loss on the basis of depreciation life as of the date of the predetermined workability state the related assets reach.

(20) In 2015 and In 2016, the Company received the subsidy funds of 202,608.00 RMB and 34,535.45 RMB on energy-saving reconstruction, amortized by 8-year depreciation life of the relevant asset, the no business income was 14,821.46 RMB at the current period, the ending balance without amortization was 130,922.96 RMB

33. Stock capital

In RMB

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

34. 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	10,722,643.41			10,722,643.41
Total	1,837,205,251.95			1,837,205,251.95

35. Other Comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period				Year-end balance
		Amount for the period before income tax	Less : Previously recognized in profit or loss in other comprehensive income	Less: Income tax	After - tax attributable to the parent company	
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	3,392,222.07	34,401.72		108,430.63	-74,028.91	3,318,193.16
Gains and losses from changes in fair value of financial assets available for sale	1,789,105.39	433,722.52		108,430.63	325,291.89	2,114,397.28
Translation differences of financial statements denominated	603,116.68	-399,320.80			-399,320.80	1,203,795.88
Total of other comprehensive income	3,392,222.07	34,401.72		108,430.63	-74,028.91	3,318,193.16

36. Special reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	73,710,682.05			73,710,682.05
Total	73,710,682.05			73,710,682.05

37. Retained profits

In RMB

Items	Amount of this period	Amount of last period
Before adjustments: Retained profits at the period end	-81,275,828.76	9,166,137.97
After adjustments: Retained profits at the period beginning	-81,275,828.76	9,166,137.97
Add: Net profit attributable to owners of the Company for the period	14,457,841.63	-87,270,604.54

Less: Appropriation to statutory surplus reserve		3,171,362.19
Retained profits at the period end	-66,817,987.13	-81,275,828.76

38. Business income, Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	563,241,779.76	507,497,595.29	549,898,612.98	509,134,763.07
Other business	176,095,977.11	170,119,600.50	2,258,972.58	2,114,934.57
Total	739,337,756.87	677,617,195.79	552,157,585.56	511,249,697.64

39. Business tax and subjoin

In RMB

Items	Amount of current period	Amount of previous period
Urban construction tax	1,877,415.61	175,298.23
Education surcharge	1,341,011.11	127,629.51
House taxes	2,827,811.60	1,028,950.29
Business tax		1,683,641.93
Other	542,779.53	111,418.07
Total	6,589,017.85	3,126,938.03

40. Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	1,442,735.16	1,204,137.01
Exhibition fee	128,319.69	144,038.99
Business expenses	344,967.24	420,563.34
Transportation changes	1,507,900.57	1,655,766.13
Samples and product loss	170,061.25	369,885.00
Other	413,059.23	721,619.16
Total	4,007,043.14	4,516,009.63

41. Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	18,043,421.42	16,718,507.40
Property insurance	144,107.56	151,170.29
Repair charge	351,038.26	97,758.00
Business entertainment	394,601.48	718,023.30
Travel expenses	400,427.52	511,070.78
Office expenses	351,040.92	579,632.65
Water and electricity	1,310,312.83	363,586.77
Tax		2,353,718.22
Lawsuit expenses		175,591.27
Agency expenses	1,163,200.26	1,460,232.39
R& D	10,940,877.48	15,804,933.22
Board fees	29,223.00	54,038.00
Other	3,718,815.43	3,221,999.30
Depreciation of fixed assets	3,360,019.17	3,298,774.50
Amortization of intangible assets	630,995.46	589,675.55
Amortization of long-term deferred expenses		15,483.48
Low consumables amortization	8,487.70	10,060.00
Total	40,846,568.49	46,124,255.12

42.Financial Expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	2,240,228.08	2,623,711.45
Interest income	-17,274,220.29	-14,044,416.50
Exchange loss	1,753,688.28	19,620,000.69
Fees and other	1,242,947.35	773,521.92
Total	-12,037,356.58	8,972,817.56

43.Loss of assets impairment

In RMB

Items	Amount of current period	Amount of previous period
I .Losses for bad debts	522,788.58	2,320,690.69
II. Losses for falling price of inventory	30,137,044.41	6,252,416.77

Total	30,659,832.99	8,573,107.46
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44. Investment income

In RMB

Items	Amount of this period	Amount of last period
Investment income from the disposal of long-term equity investment	1,620,115.63	711,998.34
Hold the investment income during from available-for-sale financial assets	526,586.44	1,555,194.95
Other	20,808,333.32	
Total	22,955,035.39	2,267,193.29

45. Other income

In RMB

Source	Amount of current period	Amount of previous period
Government Subsidy	5,143,961.90	

46. 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
Total gains from disposal of non-current assets	1,510.00		
Including: Gains from disposal of fixed assets	1,510.00		
Government Subsidy	517,000.00	2,165,711.40	
Other	9,910.24	132,509.01	
Total	528,419.77	2,298,220.41	

Government subsidy reckoned into current gains/losses

In RMB

Items	Issuing subject	Reason	Nature	Whether the impact of subsidies on the current profit and	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
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				loss				
Amortization of high-tech industrialization demonstration project matching funds		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		100,000.00	Related to assets
New-style industrialization of flat panel display amortization of State subsidy funds for special projects		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		500,000.00	Related to assets
Shenzhen municipal financial transfer loan amortization of discount		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		120,972.24	Related to assets
Amortization of subsidy for the industrialization project of polarizer for TFT-LCD		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		649,999.98	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		250,000.02	Related to assets
Purchase of imported equipment and technology		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according	No	No		87,545.10	Related to assets

			to national policy legally obtained)					
Innovation and venture capital for TFT-LCD polarier I project		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		25,000.02	Related to assets
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		25,000.02	Related to assets
Shenzzhen Engineering laboratory polarizing material and technical engineering		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		250,000.02	Related to assets
Capital funding for Technology Center		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		150,000.00	Related to assets
Subsidy funds to support the introduction of advanced technology		Subsidy	Because company work on specific industry that country encourage and support, the company received grants (according to national policy legally obtained)	No	No		7,194.00	Related to assets
Shenzhen City Market and Supervision and Management Commission		Subsidy	Because research and development, technical updates and transformation of subsidies	No	No	17,000.00		Related to earnings

allocated intellectual property patent grant								
Shenzhen Science and Technology Innovation Committee allocated 2016 annual science and technology award		Subsidy	Because research and development, technical updates and transformation of subsidies	No	No	500,000.00		Related to earnings
Total	--	--	--	No	No	517,000.00	2,165,711.40	--

47 Non-current expenses

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Total of non-current asset Disposition loss	3,281.59	20,770.93	
Incl: loss of fixed assets disposition	3,281.59	20,770.93	
Other	196.77	58.85	
Total	3,478.36	20,829.78	

48 Income tax expenses

(1) Income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	7,902,446.59	6,088,398.09
Deferred income tax expense	-159,488.32	-1,851,202.65
Total	7,742,958.27	4,237,195.44

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

In RMB

Items	Amount of current period
Total profits	20,279,393.89

Income tax computed in accordance with the applicable tax rate	5,069,848.47
Effect of different tax rate applicable to the subsidiary Company	-149,999.08
Influence of income tax before adjustment	46,012.28
Influence of non taxable income	-186,675.52
Impact of non-deductible costs, expenses and losses	4,000.00
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	2,959,772.12
Income tax expense	7,742,958.27

49.Other comprehensive income

More details can be seen in Note 35.

50.Items of Cash flow statement

(1) Other cash received from business operation

In RMB

Items	Amount of current period	Amount of previous period
Government Subsidy	3,409,000.00	2,165,711.40
Bank deposit interest income and other	32,239,684.61	30,907,810.95
Total	35,648,684.61	33,073,522.35

Notes :

(2)Other cash paid related to oprating activities

In RMB

Items	Amount of current period	Amount of previous period
R&D	10,940,877.48	15,804,933.22
Office Expense	351,040.92	579,633.65
Business fee	739,568.72	1,138,586.64
Travel expenses	400,427.52	511,070.78
Transportation fee	1,507,900.57	1,655,776.13
Agency Charge	1,163,200.26	1,460,232.39
Insurance expenses	144,107.56	151,170.29
Insurance expenses	1,310,312.83	2,258,972.58

Rental fee	351,038.26	236,364.98
Exhibition expenses	128,319.69	144,038.99
Other	75,148,367.33	32,355,682.11
Total	92,185,161.14	56,296,461.76

(3)Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Fractional dividend		6.38
Structured deposits, financial products, principal and income	2,205,083,032.64	
Total	2,205,083,032.64	6.38

(4).Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structure deposit investment	1,883,000,000.00	368,000,000.00
Total	1,883,000,000.00	368,000,000.00

(5) Other cash received in relation to financing activities

In RMB

Items	Amount of current period	Amount of previous period
Obtain loans from affiliated parties	6,809,000.00	
Total	6,809,000.00	

51. 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	12,536,435.62	-30,097,851.40

Add: Impairment loss provision of assets	-164,403.72	-13,629,724.46
Depreciation of fixed assets, oil and gas assets and consumable biological assets	40,264,166.05	37,072,204.67
Amortization of intangible assets	630,995.46	589,675.55
Amortization of Long-term deferred expenses	148,559.98	153,604.01
Loss on scrap of fixed assets	3,281.59	
Financial cost	-13,992,394.49	21,494,287.45
Loss on investment	-22,955,035.39	-2,267,193.29
Decrease in deferred income tax assets	159,488.32	-240,628.26
Increased of deferred income tax liabilities		-278,469.57
Decrease of inventories	-13,178,629.92	14,425,655.98
Decrease of operating receivables	-56,290,615.85	-77,223,450.49
Increased of operating Payable	-45,338,248.59	10,685,694.47
Net cash flows arising from operating activities	-98,176,400.94	-39,316,195.34
II. Significant investment and financing activities that without cash flows:	--	--
3. Movement of cash and cash equivalents:	--	--
Ending balance of cash	1,017,636,623.46	665,289,786.79
Less: Beginning balance of cash equivalents	930,114,436.57	748,658,875.60
Net increase of cash and cash equivalents	87,522,186.89	-83,369,088.81

(2)Composition of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	1,017,636,623.46	930,114,436.57
Including: Cash at hand	16,523.96	22,807.86
Demand bank deposit	1,015,320,995.68	928,279,046.07
Demand other monetary funds	2,299,103.82	1,812,582.64
III. Balance of cash and cash equivalents at the period end	1,017,636,623.46	930,114,436.57

52.Foreign currency monetary items**(1)Foreign currency monetary items**

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Including: USD	3,376,176.45	6.7744	22,871,569.74
HKD	175,388.67	0.86792	152,223.33
JPY	1,501,017.00	0.060485	90,789.01
Including: USD	6,873,634.63	6.7744	46,564,750.44
HKD	278,280.00	0.86792	241,524.78
Prepayment			
Including: USD	1,151,820.19	6.7744	7,802,890.70
JPY	1,296,000.00	0.060485	78,388.56
Other receivable			
Including: USD	37,399.02	6.7744	253,355.92
Short-term loans			
Including: USD	2,097,385.58	6.7744	14,208,528.87
JPY	391,975,347.00	0.060485	23,708,628.86
Account receivable			
Including: USD	13,659,004.25	6.7744	92,531,558.39
JPY	728,260,506.04	0.060485	44,048,836.71
Other payable			
Including: USD	1,081,000.00	6.7744	7,323,126.40
Euro	22,500.00	7.7496	174,366.00
HKD	2,019,468.33	0.86792	1,752,736.95

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

Applicable Not applicable

VIII. Equity in other entity

1. Equity in subsidiary

(1) Constituted of enterprise group

Subsidiary	Main operation	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Domestic trade, Property Management	100.00%		Establish
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Accommodation, restaurants, business center;	100.00%		Establish
Shenfang Property Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Production of fully electronic jacquard knitting whole shape	100.00%		Establish
Shenzhen Shengbo Ophoelectric Technology Co., Ltd	Shenzhen	Shenzhen	Polarizer production and sales	60.00%		Purchase
Shenzhen Shenfang Import & export Co., Ltd.	Shenzhen	Shenzhen	Operating import and export business		60.00%	Establish
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Production and sales of polarizer		60.00%	Establish

(2) Significant not wholly-owned subsidiaries

In RMB

Name	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
Shenzhen Shengbo Ophoelectric	40.00%	-3,750,772.54		1,092,904,549.22

Technology Co., Ltd				
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(3) Main financial information of significant not wholly-owned subsidiaries

In RMB

Subsidiaries	Closing balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	2,233,500,664.69	943,817,184.34	3,177,317,849.03	259,115,777.68	186,877,185.92	445,992,963.60	2,430,237,623.43	844,274,184.45	3,274,511,807.88	344,767,093.78	189,042,897.32	445,992,963.60

In RMB

Subsidiaries	Current term				Last term			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	377,252,892.13	-9,376,931.35	-9,376,931.35	-129,287,756.72	370,391,808.49	-48,666,956.37	-48,666,956.37	-88,012,720.78

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

According to Capital Increase Agreement of Shenzhen Shengbo Optoelectronic Technology Co.,Ltd jointly signed by the company, Shenzhen Shengbo Optoelectronic Technology Co.,Ltd, Hangzhou Jinjiang Group Co., Ltd and Hangzhou Jin Hang Equity Investment Fund Partnership (limited partnership)-which was set up by Hangzhou Jinjiang Group Co., Ltd and Hangzhou Jinjiang Group Co., Ltd is the actual controller, Jin Hang Equity Investment-as the main capital increase body-subscribed 40% stake of Shenzhen Shengbo Optoelectronic Technology Co.,Ltd, and the amount of capital increase was RMB 1,352,640,000.00, and such amount of capital increase was received in the account before December 27, 2016. After this capital increase, the stake of Shengbo Optoelectronic Technology Co.,Ltd held by the company was down to 60.00% from 100%.

After the capital increase, the minority shareholders' interests calculated according to the net assets of Shenzhen Shengbo Optoelectronic Technology Co.,Ltd is RMB 1,100,564,805.80(based on the data of December 31, 2016),

and the difference of the above-said amount of capital increase is adjusted for the consolidated statement with capital reserve of RMB 252,075,194.20.

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

1. Joint venture or associated enterprise

Joint venture or associated enterprise	Place of operation	Place of registration	Nature	Holding proportion(%)		The accounting treatment of investment in associates
				Directly	Indirectly	
Shenzhen Haohao Property Leasing Co., Ltd.	Shenzhen	Shenzhen	Property leasing	50.00%		Equity method
Shenzhen Xieli Automobile Co., Ltd.	Shenzhen	Shenzhen	Property leasing	50.00%		Equity method
Shenzhen Changlianfa Printing and dyeing Company	Shenzhen	Shenzhen	Property leasing	40.25%		Equity method
Jordan Garment Factory	Jordan	Jordan	Manufacturing	35.00%		Equity method
Yehui International Co., Ltd.	Hongkong	Hongkong	Manufacturing	22.75%		Equity method

2.The Summarized Financial Information of Unimportant Joint Ventures and Associated Enterprises

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture:	--	--
Total book value of the investment	8,853,123.69	9,083,538.02
Total amount of the pro rata calculation of the following items	--	--
-- Net profit	-230,414.33	890,393.17
-- Total comprehensive income	-230,414.33	890,393.17
Associated enterprise:	--	--
Total book value of the investment	15,607,558.14	15,765,772.98

Total amount of the pro rata calculation of the following items	--	--
--Net profit	450,529.96	577,010.12
--Other Comprehensive income	-399,320.80	1,436,844.30
--Total comprehensive income	51,209.16	2,013,854.42

(4) Significant common operation

Name	Main operating place	Registration place	Business nature	Proportion /shareportion	
				Directly	Indirectly
Guanhua Building	Shenzhen	Shenzhen	Cooperate	50.16%	

Other notes

According to the company along with Hongkong Qiaohui Industries Co.,Ltd. signed "Agreement on cooperative development and construction of Guanhua building", jointly developed Guanhua building construction, the company invested 50.16%, Hong Qiao Hui Industrial Co., Ltd. invested 49.84%, the two sides need to agree matters affecting the cooperation projects.

Guanhua Building project has been completed in the current reporting period, and the two parities carried out the split according to the actual investment ratio of 50.16% and 49.84%.

IX. Risks Related to Financial Instruments

The company has the main financial instruments, such as bank deposits, receivables and payables, investments, loans and so on. Please refer to the relevant disclosure in Notes for the details. The risks associated with these financial instruments mainly include credit risk, market risk and liquidity risk. The company's management shall manage and monitor these risks and ensure above risks to be controlled within certain scope.

(I) Credit Risk

The credit risk of the company is primarily attributable to bank deposits and receivables. Of which, the bank deposits are mainly deposited in the medium and large commercial banks with strength, high credibility. For the receivables, the company has developed the relevant policies to control the credit risk, and set up the corresponding debt and credit limit after the credit status of debtor is evaluated based on financial condition of debtor, credit history, external ratings, possibility of guarantee obtained from the third party. Meanwhile, the company shall regularly monitor the debtor's credit history. With regard to the bad credit record for the debtor, the company shall adopt the written reminder, shortening or cancel of credit period to ensure the overall credit risks within the controllable scope.

(II) Market risk

Market risk of financial instrument arises from changes in fair value or future cash flow of financial instruments affected by market price. Market risks includes foreign exchange risk and interest risk.

(1) Interest Rate Risk

The interest rate risk faced by the company is mainly from the bank borrowings. The company is faced the interest rate risk of the cash flow due to the financial liability of the floating interest rate, and faced the interest rate risk of the fair value due to the financial liability of the fixed interest rate. The company shall determine the relative proportion in the fixed and floating interest rate contracts.

(2) Foreign Exchange Risk

The foreign exchange risks faced by the company are mainly from the financial assets and liabilities based on the price of US dollar and JPY. The company matches the income and expenditure of foreign currency as far as possible in order to reduce the foreign exchange risk.

(III) Liquidity risk

Liquidity risk refers to fund shortage problems when fulfilling obligations settled in cash or other financial assets. The company shall guarantee to have the sufficient funds to repay the debts through monitoring the cash balance, the marketable securities available to be cash and the rolling forecast for the future cash flow.

X. The disclosure of the fair value**1. Closing fair value of assets and liabilities calculated by fair value**

In RMB

Items	Closing fair value			
	Fir value measurement items at level 1	Fir value measurement items at level 2	Fir value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(1).Available for sale financial assets	8,812,453.02			8,812,453.02
1.Equity instrument investment	8,812,453.02			8,812,453.02
Total of Consistent fair value measurement	8,812,453.02			8,812,453.02
II. Non –persistent measure	--	--	--	--

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

The fair value of financial assets available for sale at the end of period is measured based on the closing price of Shenzhen Stock Exchange on June 30,2017.

XI. Related parties and related-party transactions

1.Parent company information of the enterprise

Name	Registered address	Nature	Registered capital (RMB'0000)	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	2,158,000.00	46.21%	49.39%

Notes

The company is authorized and approved to be state-owned independent company by Shenzhen Government, and it Executes financial contributor function on state-owned enterprise within authorization scope.

The final control of the Company was Shenzhen People's Government state owned assets supervision & Administration Commission.

2.Subsidiaries of the Company

Details refer to the Note VIII-1, Interest in the subsidiary

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

Details refer to the Note VIII-3, Interests in joint ventures or associates

4.Other Related parties information

Other related party	Relationship to the Company
Shenzhen Shenchao Technology Investment Co., Ltd.	Subject to the same party controls
Shenzhen Tianma Microelectronics Co., Ltd.	Chairman of the Board Is the Vice Chairman of the Company
Shengbo (HK) Co., Ltd.	The Company Executives are Director of the company
Shenzhen Xiangjiang Trade Co., Ltd.	Sharing Company
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company
Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company
Anhui Huapeng Textile Co., Ltd.	Sharing Company
Kunshan Jinlin Optoelectronic Material Co., Ltd.	On the subsidiary Shenzhen Shengbo Optoelectronics Technology Co., Ltd. has a significant impact on the actual control of the shareholders controlled by the enterprise

Zhejiang Jinhao Optoelectronic Material Co., Ltd.	On the subsidiary Shenzhen Shengbo Optoelectronics Technology Co., Ltd. has a significant impact on the actual control of the shareholders controlled by the enterprise
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5. Related transactions.

(1) Related transactions on purchasing goods and receiving services

Acquisition of goods and reception of labor service

In RMB

Related party	Content	Amount of current period	Amount of previous period
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarizer sheet	3,044,298.73	957,463.47

(2) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	1,897,026.00	1,869,653.00

(3) Other related transactions

For the construction of the project of polarizer sheet for TFT-LCD, the Company signed Entrusted Loan Contract with Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. in 2010. According to the contract, Shenzhen Shenchao Technology Investment Co., Ltd. entrusted Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. to extend a loan of RMB 200 million to the Company. The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company. The interest rate of the entrusted loan is the rate of commercial loans with a term of 5 years quoted by People's Bank of China minus 2%. In case of adjustment of such commercial loan rate, the rate of commercial loans with a term of 5 years after adjustment minus 2% shall apply as interest rate of entrusted loan from the first day of the next month after the adjustment of basic interest rate. As of June 30, 2017, The Company actually received a loan of RMB 80 million.

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	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	2,004,949.89	100,247.49	256,427.69	12,821.38
Other Account	Anhui Huapeng Textile	2,700,000.00	135,000.00	3,600,000.00	270,000.00

receivable	Company				
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	0.00	0.00	300,048.12	15,002.41
Other Account receivable	Kunshan Jinlin Optoelectronic Material Co., Ltd.	15,738,000.00	786,900.00		
Other Account receivable	Zhejiang Jinhao Optoelectronic Material Co., Ltd.	36,395,640.50	1,819,782.03		

(2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Xiangjiang Trade Co., Ltd.	0.00	40,000.00
Other payable	Shenzhen Changlianfa Printing and dyeing Co., Ltd.	846,503.89	846,503.89
Other payable	Shenzhen Haohao Property Leasing Co., Ltd.	5,304,489.85	4,954,489.85
Other payable	Yehui International Co.,Ltd.	7,953,264.42	1,214,994.65
Other payable	Shengbo (Hongkong)Co., Ltd.	315,000.00	315,000.00
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.	44,446,217.66	42,805,384.31

XII. Notes s of main items in financial reports of parent company**(1) Account receivable**

1.Classification account receivables.

In RMB

Classification	Amount in year-end					Amount in year-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportio	Amount	Proportion(Amount	Proporti	Amount	Proportion	

		n(%)		(%)			on(%)		(%)	
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	754,308.80	100.00%	37,715.43	5.00%	716,593.37	518,920.00	100.00%	25,945.99	5.00%	492,974.01
Total	754,308.80	100.00%	37,715.43	5.00%	716,593.37	518,920.00	100.00%	25,945.99	5.00%	492,974.01

Receivable accounts with large amount individually and bad debt provisions were provided.

Applicable Not applicable

Account receivable on which bad debt provisions are provided on age basis in the group

Applicable Not applicable

In RMB

Aging	Balance in year-end		
	Account receivable	Bad debt provision	Proportion(%)
Subitem Within 1 year			
	754,308.80	37,715.43	5.00%
Total	754,308.80	37,715.43	5.00%

Notes:

Notes of the basis of recognizing the group:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable Not applicable

In the groups, Receivable accounts on which had debt provisions are provided by other ways in the portfolio

(2) Accrual period, recovery or reversal of bad debts situation

The current amount of provision for bad debts is RMB11,769.44.

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2.Other receivable

1. Classification of Other receivable

In RMB

Classification	Amount in year-end					Amount in year- begin				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of	11,981,464.60	53.96%	11,981,464.60	100.00%		11,981,464.60	41.08%	11,981,464.60	100.00%	

individual significance and subject to individual impairment assessment										
Other accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	9,910,533.14	44.64%	682,020.76	6.88%	9,228,512.38	16,870,177.62	57.85%	4,345,920.87	25.76%	12,524,256.75
Other accounts receivable of individual insignificance but subject to individual impairment assessment	311,486.35	1.40%	311,486.35	100.00%		311,486.35	1.07%	311,486.35	100.00%	
Total	22,203,484.09	100.00%	12,974,971.71		9,228,512.38	29,163,128.57	100.00%	16,638,871.82		12,524,256.75

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

√ Applicable □ Not applicable

In RMB

Debtor	Amount in year-end			
	Other account receivable	Bad debt provision	Withdrawal proportion (%)	Reason for allowance
Jiangxi Xuanli String Co., Ltd.	11,389,044.60	11,389,044.60	100.00%	Unable to recover
Shenzhen Tianlong Industry & Trade Co., Ltd.	592,420.00	592,420.00	100.00%	Unable to recover
Total	11,981,464.60	11,981,464.60	--	--

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

√ Applicable □ Not applicable

In RMB

Aging	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
	8,251,631.66	412,568.52	5.00%

Within 1 year	8,251,631.66	412,568.52	5.00%
1-2 years	1,400,000.00	140,000.00	10.00%
Over 3 year	258,901.48	129,452.24	50.00%
Total	9,910,533.14	682,020.76	

Notes:

Other receivable account in Group on which bad debt provisions were provided on percentage basis:

Applicable Not applicable

Other Receivable accounts on which bad debt provisions are provided by other ways in the portfolio:

Applicable Not applicable

(2) Bad debt provision accrual collected or switch back

The withdrawal amount of the bad debt provision during the reporting period was of RMB170,000.00;The amount of the reversed or collected part during the reporting period was of RMB3,833,900.11.

(3) Other account receivables category by nature of money

In RMB

Category	Year-end balance	Year-beginning balance
Internal current account	7,075,831.24	12,244,280.72
Unit account	15,091,837.85	16,806,675.87
Other	35,815.00	112,171.98
Total	22,203,484.09	29,163,128.57

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Unit account	11,389,044.60	Over 3 years	51.29%	11,389,044.60
Second	Unit account	7,075,600.00	1-2 years	31.87%	457,800.00
Third	Unit account	1,800,000.00	Within 1 year	8.11%	90,000.00
Fourth	Unit account	592,420.00	Over 3 years	2.67%	296,210.00
Fifth	Unit account	146,176.80	Over 3 years	0.66%	73,088.40
Total	--	21,003,241.40	--	94.59%	12,306,143.00

3.Long-term equity investment

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment to the subsidiary	1,980,806,395.91	16,582,629.30	1,964,223,766.61	1,980,806,395.91	16,582,629.30	1,964,223,766.61
Investment to joint ventures and associated enterprises	24,727,336.82	266,654.99	24,460,681.83	25,115,965.99	266,654.99	24,849,311.00
Total	2,005,533,732.73	16,849,284.29	1,988,684,448.44	2,005,922,361.90	16,849,284.29	1,989,073,077.61

(1) Investment to the subsidiary

In RMB

Name	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	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 Centruy Garment Co., Ltd.	30,867,400.00			30,867,400.00		2,167,341.21
Shenzhen Huaqiang Hotal	15,489,351.08			15,489,351.08		
Shenfang Property Management Co., Ltd.	1,713,186.55			1,713,186.55		
Total	1,980,806,395.91			1,980,806,395.91		16,582,629.30

(2) Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of
		Add investment	Decrease d	Gain/loss of	Adjustme nt of	Other equity	Declarati on of cash	Withdraw n	Other		

		t	investmen t	Investme nt	other comprehe nsive income	changes	dividends or profit	impairme nt provision			impairme nt provision
I. Joint ventures											
Shenzhen Haohao Property Leasing Co., Ltd.	5,106,487 .57			-230,414. 33						4,876,073 .24	
Shenzhen Xieli Automobi le Co., Ltd.	4,243,705 .44									4,243,705 .44	266,654.9 9
Subtotal	9,350,193 .01			-230,414. 33						9,119,778 .68	266,654.9 9
II. Associated enterprises											
Shenzhen Changlian fa Printing and dyeing Company	1,968,358 .12			57,430.75						2,025,788 .87	
Jordan Garment Factory	2,574,327 .77			-326,511. 57	-56,469.0 1					2,191,347 .19	
Yehui Internatio nal Co., Ltd.	11,223,08 7.09			719,610.7 8	-342,851. 79		209,424.0 0			11,390,42 2.08	
Subtotal	15,765,77 2.98			450,529.9 6	-399,320. 80		209,424.0 0			15,607,55 8.14	
Total	25,115,96 5.99			220,115.6 3	-399,320. 80		209,424.0 0			24,727,33 6.82	266,654.9 9

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Income from Main	30,244,081.73	4,477,749.55	29,952,072.64	4,007,116.78

Business				
Other Business income	1,605,516.30	1,605,516.29	1,646,987.54	1,646,987.54
Total	31,849,598.03	6,083,265.84	31,599,060.18	5,654,104.32

5. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the cost method		80,000.00
Income from long-term equity investment measured by adopting the Equity method	1,620,115.63	2,039,333.34
Investment income received from holding of available-for –sale financial assets	526,586.44	147,859.95
Total	2,146,702.07	2,267,193.29

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-1,771.59	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	5,660,961.90	
Gain/loss on entrusting others with investment or asset management	20,808,333.32	
Gain/loss on Contingent events irrelevant to the Company's normal business	418,132.96	
Other non-business income and expenditures other than the above	5,593,047.35	
Less :Influenced amount of income tax	1,506,457.54	
Influenced amount of minor shareholders' equity (after tax)	12,228,218.24	
Total	18,744,027.98	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in

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

Applicable Not applicable

2. Return on net asset and earnings per share

Profit of report period	Weighted average return on equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	0.61%	0.03	0.03
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-0.18%	-0.01	-0.01

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

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

Applicable Not applicable

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

Applicable Not applicable

XI. Documents Available for Inspection

1. Financial statements bearing the seals and signatures of legal representative, the person in charge of accounting and accounting dept leader;

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

3. The original legal representative of the company signed the original 2017 semi-annual financial report.

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

Company.

The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.

August 26th, 2017