Shenzhen Textile (Holdings) Co., Ltd.

The Semi-Annual Report 2018

August 2018

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 Meizhu, 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 has the macroeconomic risks, market competition risks and raw material risks. Investors are advised to pay attention to investment risks. For details, please refer to the possible risk factors that the company may face in the “X Prospects for the future development of the company" in the “Section IV Discussion and Analysis of Business Operation”.

III.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.

Table of Contents

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.
Jinjiang Group	Refers to	Hangzhou Jinjiang Group Co., Ltd.
Nitto Denko	Refers to	Nitto Denko Corporation
Kunshan Qimei	Refers to	Kunshan Zhiqimei Material Technology Co., Ltd.
Jinhang Investment	Refers to	Hangzhou Jinhang Equity Investment Fund Partnership (LP)
Jinxin Investment	Refers to	Lanxi Jinxin Investment Management Co., Ltd.
Changxing Junying	Refers to	Changxing Junying Eqkuity Investment Partnership（LP）
Huaiji Investment	Refers to	Hangzhou Huaiji Investment Management 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	2018 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 2017 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 2017.

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）	538, 288, 050. 61	739, 337, 756. 87	-27. 19%
Net profit attributable to the shareholders of the listed company（RMB）	9, 646, 976. 15	14, 457, 841. 63	-33. 28%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company（RMB）	-10, 817, 314. 92	-4, 286, 186. 35	-152. 38%
Cash flow generated by business operation, net（RMB）	-128, 850, 889. 44	-98, 176, 400. 94	-31. 24%
Basic earning per share(RMB/Share)	0. 02	0. 03	-33. 33%
Diluted gains per share(RMB/Share)(RMB/Share)	0. 02	0. 03	-33. 33%
Weighted average ROE(%)	0. 40%	0. 61%	-0. 21%
	As at the end of the reporting period	As at the end of last year	YoY+/-（%）
Total assets（RMB）	4, 299, 888, 118. 25	4, 195, 746, 507. 56	2. 48%
Net assets attributable to shareholder of listed company（RMB）	2, 410, 183, 006. 27	2, 397, 474, 603. 79	0. 53%

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)	-43, 338. 08	
Govemment subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	5, 812, 167. 76	
Gain/loss on entrusting others with investment or asset management	28, 152, 710. 15	
Other non-business income and expenditures other than the above	-20, 094. 83	
Less :Influenced amount of income tax	231, 421. 06	
Influenced amount of minor shareholders' equity (after tax)	13, 205, 732. 87	
Total	20, 464, 291. 07	--

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

□ Applicable√ Not applicable

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

III. 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

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 six 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, the company's polarizer business is introduced as follows:

First, the company has completed fund-raising investment in the construction of Phase II project of polarizer for TFT-LCD on line 6, and such construction has transferred to fixed asset, which is in the phase of mass production; Second, the company has promoted actively the construction of ultra-wide production line for polarizer, and completed the project initiation for investment in the construction of polarizer industrialization project for ultra-large-size TVs (line 7), and feasibility study and argument, as well as expert review of the project; Third, for the acquisition and integration of the optical film industry chain, the company has re-introduced strategic investor of subsidiary SAPO photoelectric; Fourth, the company has improved the speed and quality in the production line while reducing consumption, and followed up substitution and introduction of various products to reduce production cost while improving management efficiency and production level; Fifth, the company has continued to maintain cooperation with existing customers while strengthening quality management. Through keeping track of supply of existing customer, emphasizing after-sales service, the company has understood after-sales situation and maintained business cooperation relationship to reduce product return and exchange rate; Sixth, the company has continued to conduct R&D and innovation, explored innovative development of mature products horizontally, and enhanced corporate sustainable development capacity.

At present, there are 8 10.5/11 generation lines under construction or planned construction in the world, of which 6 are in mainland China, with these capacities being built and released in the next few years, it is expected to have a considerable impact on the global flat panel display market. In particular, the impact on the relevant industrial chain in mainland China will be even more profound. In 2017, the global mainstream LCD panel shipments reached 720 million units. In terms of shipping area, the global LCD panel shipment area reached 200 million square meters. With the trend of large-screen development of various panel products, especially the trend of large-screen development of LCD TVs, the shipment area in 2018 will continue to grow. It is expected that with the gradual release of BOE's production capacity for 10.5 generation line, the shipment area will maintain steady growth in the next five years. The polarizer is a kind of material with high technology content in the panel component material. Its performance has an important influence on the key indicators of the flat panel display.

With the rapid development of the display industry, the gap of supply for domestic polarizer is further widened, which directly drives the market demand for polarizer to continuously grow. In the future, the company will rely on more than 20 years of industrial operation experience and regional advantage to fully tap and leverage the strength from resource of state-owned enterprises and institution of private enterprises, continue to deepen the reform of diversified ownership, study technology, and cultivate talents to actively seek further development. At the same time, the company will seize the market opportunity, integrate industrial resources to make SAPO photoelectric stronger and better.

Ⅱ.Major Changes in Main Assets

1.Major Changes in Main Assets

Main assets	Major changes
Equity assets	No major changes
Fixed assets	At the end of the period, the fixed assets increased by RMB 356.168 million compared with the beginning of the period, an increase of 55.65%, mainly due to the carry-over of fixed assets in the current phase II of the TFT-LCD polarizer.
Intangible assets	No major changes
Construction in process	At the end of the period, the Construction in process decreased by RMB 307.86 million compared with the beginning of the period, an decreased of 95.44%, mainly due to the carry-over of fixed assets in the current phase II of the TFT-LCD polarizer.

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.

（1）Technology advantages. Shengbo Optoelectronic is the first domestic national high-tech company which entered into the R&D and production of the polarizer，We are one of the largest, most technical and professional polarizer R&D teams in the country and has more than 20 years of operating experience in the polarizer industry. Products include TN-type, STN-type, IPS-TFT-type, VA-TFT-type, vehicle-mounted industrial display, flexible display, 3D stereo and polarizer for sunglasses, and optical film for touch screens, etc., We have proprietary technology for polarizers and new intellectual property rights for various new products. By the end of the reporting period, the company applied for 80 invention patents and was authorized with 58 items, among which: 17 domestic invention patents (8 patents got authorized); 55 domestic utility model patents (46 patents got authorized); 1 overseas invention patent (0 patents got authorized); 7 overseas utility model patents (4 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 improvement of the appraisal and distribution system, the implementation of the reserve talent echelon management mechanism and the medium and long-term incentive and restraint mechanism, the employee's interests are deeply tied with the company, and the salaries and incentives focus is shifted to core employees such as management and research and development, giving full play to the subjective initiative of the talents.

（2）Talents advantages. The company has a large number of high-quality, high-skilled technical personnel. The technical experts and main R&D personnel are senior staff in the industry. The management team and senior technician team for polarizer are experienced and have global vision. The company has established a technical management team that comprises its own technical team and external technical staff. Through the combination of independent innovation for technological accumulation and technical support from external personnel, the technical management team has integrated industry resources, enabling the company to establish and accumulate first-mover advantages of brand, technology and operation in the domestic polarizer business. In addition, through the improvement of the assessment and distribution system, the company has implemented the echelon management mechanism for reserve talent and the medium- and long-term incentive and restraint mechanism to combine the employee’s interests with the company deeply, and rewarded the key employees of management, research and development, etc with salary incentives to bring their subjective initiative of talents into full play.

（3）Market advantages. The company has a good market customer base at home and abroad. Compared with its senior foreign counterparts, the biggest advantage lies in the localization support for panel market and the strong support of national policies. In terms of market demand, most of the current new capacity investment is derived from in mainland China, which is also the main driving source for the rapid expansion of production capacity for global LCD panel. At present, there are 8 10.5/11 generation lines under construction or planned construction in the world, of which 6 are in mainland China, with these capacities being built and released in the next few years, it is expected to have a considerable impact on the global flat panel display market. In particular, the impact on the relevant industrial chain in mainland China will be more profound; In terms of market development, the company has combined production and sales by emphasizing production material control, taking technical service as the guide and attaching great importance to customer demand to establish a rapid response mechanism, and provided a point-to-point professional service in a targeted manner by giving full play to its own advantages and using the technology and talents accumulated over the years, to form a stable supply chain and grasp the market share.

(4) Quality advantages. The company always adheres to the quality policy of “meeting customer needs and

pursuing excellent quality”, attaching great importance to product quality control to make products up to the international quality standard. The company has strictly controlled product performance indicators, standardized incoming inspection standard, to achieve simultaneous improvement in output and quality by improving quality and reducing consumption.through the introduction of a modern quality management system, the products have passed ISO9001 Quality Management System and ISO14001 Environmental Management System, IATF16949 quality management system of automobile industry, OHSAS18000 Occupational Health and Safety Management System, QCO80000 System Certification; the product is tested by SGS and meets the environmental protection ,The company had increased the automatic detecting and marking equipments in the beginning section and the ending section, strictly controlled the product quality and improved the product utilization rate and product management efficiency.

（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 has carried out comprehensive benchmarking management by organizing management personnel to learn advanced experience from customers and peers and drawing lessons from other management experience of polarizer supplier to optimize the company’s organizational structure and further enhance the management efficiency. With the advantages brought by the reform of the diversified ownership, the company has managed existing production line in a unified manner to reduce the production cost while improving the automation level of the production line. The company has adopted automated machine detection method instead of manual detection method in some process, thereby reducing labor cost and improving detection accuracy. The company has continued to implement advanced management systems, reasonable incentive mechanism, and simultaneously improve the R&D reward system to make in-depth fusion of the value of the company and employees and stimulate new vitality of operation.

（6）Policy advantages. Polarizers is an important part of the flat panel display industry. Shengbo Optoelectronics guarantees the purchase rights of polarizers for domestic panel companies, reduces the purchase cost of polarizers for domestic panel companies, ensures the safety of the national panel industry, and strengthens the flat panel industry in China, has played a positive role in enhancing the overall competitiveness of the flat panel display industry chain in China and promoted the coordinated development of the entire industrial chain of the flat panel display industry cluster in Shenzhen. The company's polaroid project has won many national and provincial policies and financial support. At the same time, the company strengthened supplier management, improved its overall procurement strategy, strictly controlled the number of suppliers, introduced a competitive mechanism, and introduced price-competitive alternative materials to further reduce production costs and improve product competitiveness.

IV. Performance Discussion and Analysis

Ⅰ.General

In the first half of 2018, the company has continued to deepen the practice of diversified ownership reform, actively promoted the construction of ultra-wide production line for polarizer and the acquisition and integration of optical film industry chain. In the reporting period, it has completed project initiation for investment in the construction of polarizer industrialization project for ultra-large-size TVs (line 7), feasibility study and argument and expert review of the project, and initiated the reintroduction of strategic investors of subsidiary SAPO photoelectric; Second, the company has actively adjusted the production management strategy of polarizer, optimized product structure, and accelerated technological transformation. During the reporting period, the company has completed technical transformation and commissioning of Phase II project of polarizer for TFT-LCD on line 6, has now entered the mass production stage, and the operation quality of the polarizer supplier has been effectively improved. Third, the company has active promoted property renovation and upgrading projects to make property leasing rising stably; Fourth, the company has adjusted and optimized the customer structure to make order growing steadily, which has greatly changed the difficulties of textile and garment operations.

During the reporting period, the Company realized the operating income of RMB 538.2881 million, representing an decrease of RMB201.0497 million or 27.19% over the same period of last year; the total profit was RMB 9.88 million, representing an decrease of RMB 10.3994 million or 51.28% over the same period last year; the net profits was RMB 9.647 million, representing an decrease of RMB 4.8109 million or 33.28% over the same period last year.

During the reporting period, the company has been operated under normal operating condition. The reason for decreased net profit attributable to shareholders of listed companies compared with the same period of the previous year include: First, the research and development expenses during the reporting period had increased compared with the same period of last year. Second, the trade has a decline in business which is compared with the same period last year. Third, the adjustment of TN/STN production line had led to a decline in productio n and sales.

Reviewing the first half of 2018, the company focused on the key work, with contents as follows:

(I) Comprehensively improving the operation and R&D capabilities of polarizer business

During the reporting period, the company has improved the speed and quality in the production line while reducing consumption to improve production level and follow up substitution and introduction of various products to reduce production cost by emphasizing to improve management efficiency and improving economic efficiency as the foothold. Second, the company has continued to maintain cooperation with existing customers while strengthening quality management to gain sales share, and attach great importance to the supply of existing customers to ensure stable sales; Third, the company has improved awareness of quality management, focusing on after-sales service. Through keeping track of after-sales situation, the company has maintained business cooperation relationship to reduce product return and exchange rate. As the company has maintained relatively stable production and operation for polarizer, the polarizer business as a whole has a great development potential.

At the same time, the company has devoted greater effort to independent research and development and innovation. During the reporting period, the company has applied for one patent and obtained two authorizations, including one domestic invention patent and one authorization; one domestic utility model authorization. The two national standards “Determination of Optical Compensation Value for Polarizer” and “Test Methods for Adhesion of Optical Film Coating for Polarizer” developed by the company have been officially implemented. The company has conducted R&D and industrialization of key production technology of polarizer for LCDs and development and industrialization of new polarizer for OLEDs as well as nationalism study of raw materials for polarizer production on the two technology platforms of “Shenzhen Polarizing Materials and Technology Engineering Laboratory” and “Municipal Research and Development Center”. In addition, the company has actively expanded investment in research and development, horizontally explored the innovative development of mature products, enhancing the sustainable development of the company.

(II) Completing the construction of project on line 6 as planned

In view of the fact that the price of 32-inch products in the polarizer market declined to some extent at the end of 2017, in order to adjust the product structure and better undertake the business of ultra-large-size polarizer products with higher profits, the company launched the optimization and upgrade of host equipment in second-phase of project on line 6 at the end of 2017. As of June 30, 2018, the construction of project on line 6 has transferred to fixed asset, which has met the condition of mass production.

(III) Actively promoting the construction of project on line 7

During the reporting period, the company has completed the project initiation in the construction of polarizer industrialization project for ultra-large-size TVs (line 7), feasibility study and expert review. The company is actively carrying out preparatory work such as plant planning, equipment selection, and negotiation on technical assistance agreement with Nitto of the project on line 7, and the project still has corresponding review procedures to be performed.

(IV) Subsidiaries initiate capital increase and share expansion to introduce strategic investors

During the reporting period, in order to further optimize the equity structure of the holding subsidiary SAPO photoelectric, give full play to the advantages of the system mechanism of diversified ownership, improve the acquisition and integration of the optical film industry chain, and seize the good market opportunities to achieve the aim of making optical film business including polarizer bigger and stronger, the company plans to planned to increase capital and expand shares of SAPO photoelectric after introduction of Jinjiang Group as strategic investor in 2016, to attract other strategic investors. The company will further implement the corresponding review procedures according to the progress of the matter and information disclosure obligation.

(V) Tapping potentials of property enterprises to increase efficiency to achieve steady development

During the reporting period, first, the company has strengthened the management standards of property enterprises and actively promoted the fire rectification in the first half of the year. Second, the underground business district of Huaqiang North region has gradually matured through combination with the positive response to market demand and changes. The renovation of the external wall has created favorable conditions for the continuous improvement of the property management efficiency; Third, potential of property and hotels has been tapped to increase efficiency by emphasizing the safety management, overcoming the marketing difficulties to improve the quality of property services, and explore new growth points of the company’s property income.

(VI) Optimizing product structure of textile business to effectively improve operational capability

During the reporting period, the textile business has suffered from significant losses. Through the introduction of high-end customers, the company has controlled production capacity in a targeted manner by enhancing marketing to drive production, to make order volume reach saturation, and to make product structure more reasonable; At the same time, the company has continued to follow up the competitors to understand their dynamics, coordinated and met customer needs, and optimized sales strategies to improve profitability.

(VII) Always guaranteeing safety production and maintaining the company’s harmony and stability

During the reporting period, the company has identified 68 safety hazards by checking the safety production of its subsidiaries in accordance with the plan, which have basically been solved. In addition, the company has inspected the previous year's unresolved hidden dangers to give effective control, and developed specific measures and programs to be filed for the company's security committee. The company has set out to strengthen the monitoring mechanism of hidden danger points and hazard sources, intensified the self-inspection of safety production, and allocated the responsibility of the hidden danger points and danger sources discovered through self-inspection to specific personnel in specific time limit to make reasonable inspection, documentation, rectification and acceptance in order. If the rectification is completed in time, close-loop process is formed.

(VIII) Strengthening party building and innovating corporate culture

During the reporting period, the company has earnestly carried out party building. Under the leadership of the party committee at the higher level, first, the company's party committee has studied the spirit of the 19th CPC National Congress thoroughly and actively carried out the construction of normalization and institutionalization of learning and education proposed in "Two Studies, and One Action". Second, the party committee has earnestly implemented the "two responsibilities" of promoting ethical party and government, which has created a clean and positive atmosphere for enterprise development; Third, the committee has strengthened the ideological construction, organizational construction, leadership team building, system construction and work style construction at the grassroots level, and strengthened accountability to provide strong political and organizational guarantee for the company's deepening reform; Fourth, the committee has actively played the role of the party branch, youth league branch, and the trade unions by strengthening the construction of party branch and youth league branch to promote the role of party members and league members as a model and by taking trade union activities as a link to promote corporate culture construction and improve corporate cohesion.

II.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	538, 288, 050. 61	739, 337, 756. 87	-27. 19%	During the reporting period, the sales structure of products was readjusted, the sales of negative gross profit products were controlled, and the sales of high gross profit products were increased.
Operating cost	479, 118, 600. 37	677, 617, 195. 79	-29. 29%	
Sale expenses	3, 780, 411. 53	4, 007, 043. 14	-5. 66%	
Administrative expenses	62, 428, 219. 55	40, 846, 568. 49	52.84%	R&D expenses increased during the reporting period compared with the

				same period
Financial expenses	-3, 852, 587. 66	-12, 037, 356. 58	-67.99%	Reduced interest income
Income tax expenses	5, 321, 864. 53	7, 742, 958. 27	-31.27%	Total profit decreased year on year
R & D Investment	21, 189, 099. 82	10, 940, 227. 74	93.68%	In this issue, due to the commissioning of Line 6, the R&D investment has increased.
Cash flow generated by business operation, net	-128, 850, 889. 44	-98, 176, 400. 94	-31.24%	In the current period, the inventory reserve was increased due to the production of Line 6.
Net cash flow generated by investment	-81, 631, 016. 04	194, 444, 447. 29	-141.98%	Increase investment in wealth management products in this period
Net cash flow generated by financing	64, 472, 159. 75	-8, 077, 450. 21	898.17%	Increase bank short-term loans in the current period
Net increasing of cash and cash equivalents	-146, 504, 345. 47	87, 522, 186. 89	-267.39%	

Major changes in profit composition or cources 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 (%)
Industry						
Domestic and foreign trade	83, 688, 841. 12	82, 942, 354. 23	0. 89%	-58. 25%	-57. 94%	-0. 74%
Manufacturing	339, 002, 915. 69	316, 963, 495. 17	6. 50%	6. 39%	6. 49%	-0. 08%
Lease and Management of Property	46, 329, 028. 98	12, 678, 147. 10	72. 63%	4. 93%	0. 29%	1. 26%
Product						

Income from Lease and Management of Property	46,329,028.98	12,678,147.10	72.63%	4.93%	0.29%	1.26%
Income from textile	13,032,797.65	12,031,078.32	7.69%	15.92%	5.41%	9.21%
Polarizer sheet	325,970,118.04	304,932,416.85	6.45%	-13.59%	-14.13%	0.58%
Trading	83,688,841.12	82,942,354.23	0.89%	-35.92%	-35.37%	-0.84%
Area						
Domestic	332,974,484.74	279,210,729.87	16.15%	-13.36%	-22.20%	9.54%
Overseas	136,046,301.05	133,373,266.63	1.96%	-23.96%	-10.24%	-14.99%

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	28,552,710.15	289.00%	Obtained the dividends from the share-participating enterprise 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	17,394,332.04	176.06%	Inventory depreciation loss, bad debt loss	Have the sustainability
Non-operating income	89,905.17	0.91%	Mainly government subsidy maternity allowance。	Have the sustainability
Non-operating expense	153,338.08	1.55%	Mainly paying environmental fines。	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 percentag	Reason for significant change

	Amount	As a percentage of total assets(%)	Amount	As a percentage of total assets(%)	e(%)	
Monetary fund	1, 018, 543, 763. 36	23. 69%	1, 165, 048, 108. 83	27. 77%	-4. 08%	
Accounts receivable	224, 607, 517. 07	5. 22%	192, 503, 077. 70	4. 59%	0. 63%	
Inventories	329, 292, 048. 68	7. 66%	275, 615, 176. 16	6. 57%	1. 09%	
Real estate Investment	171, 714, 892. 81	3. 99%	173, 105, 806. 27	4. 13%	-0. 14%	
Long-term equity investment	20, 519, 573. 38	0. 48%	20, 380, 734. 56	0. 49%	-0. 01%	
Fixed assets	1,021,301,163.50	23.75%	656,133,200.19	15.64%	8.11%	During the reporting period, TFT-LCD Phase II project carried forward fixed assets
Construction in process	14,702,778.22	0.34%	322,570,173.73	7.69%	-7.35%	During the reporting period, TFT-LCD Phase II project carried forward fixed assets
Short-term loans	197,389,295.07	4.59%	88,638,181.45	2.11%	2.48%	
Long-term loans	40,000,000.00	0.93%	40,000,000.00	0.95%	-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							
1. Financial assets measured at fair value through profit	7, 994, 294. 63	-680, 155. 77		0. 00			7, 314, 138. 86

or loss (excluding derivative financial assets)							
Subtotal of financial assets	7, 994, 294. 63	-680, 155. 77					7, 314, 138. 86
Total	7, 994, 294. 63	-680, 155. 77					7, 314, 138. 86
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

I. Sales of major assets

□ Applicable √ Not applicable

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

II.Sales of major equity

□ Applicable √ Not applicable

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

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	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Domestic Trade, Property management	2,360,000.00	20,263,518.20	16,986,816.27	3,945,486.53	1,277,376.60	958,032.45
Shenzhen Huaqiang Hotel	Subsidiary	Accommodation, business center;	10,005,300.00	27,652,397.77	21,215,048.19	5,616,113.21	2,179,649.82	1,627,455.76
Shenfang Property Management Co., Ltd.	Subsidiary	Property management	1,600,400.00	9,598,191.15	3,578,845.41	4,951,532.27	179,259.68	134,444.77
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Production of fully electronic jacquard knitting whole shape	25,000,000.00	49,314,283.51	24,090,081.21	14,977,816.82	-309,079.35	-419,079.35
Shenzhen Shengbo Opotoelectric Technology Co., Ltd	Subsidiary	Production and sales of polarizer	583,333,333.00	3,348,534,345.86	2,782,231,879.95	392,382,938.55	-13,104,422.26	-13,141,819.59
Shenzhen Shenfang Import & export Co., Ltd.	Subsidiary	Operating import and export business	5,000,000.00	72,261,272.15	14,408,289.19	83,688,841.12	485,536.81	300,329.12
Shengtou （HK）Co., Ltd.	Subsidiary	Sales of polarizer	HKD10,000.00	25,788,140.78	5,272,733.86	39,766,242.97	119,297.91	119,297.91

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 2018

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 the second half of 2018, China will further deepen reform of the following points. First, structural de-leverage is carried out. Second, fictitious economy is changed to the substantial economy. Third, the overall economic operation will be maintained stable under the influence of the trade war. However, as the new and old economic drives and models are further prevailed by turn, liquidity crunch is still continuing. On the one hand, Sino-US trade war and the free trade zone agreements between countries such as Europe, the United States and Japan have forced China's manufacturing industry to face severe challenge under the "dual squeeze" of developed countries and other developing countries. On the other hand, the country has proposed to implement the strategy of building "manufacturing power". The strategy is to promote the supplier of China's manufacturing industry to carry out structural reform. The existing manufacturing powers are in a critical period of overcoming difficulties in a fiercely competitive market. As an important part of the electronic information industry, the industry in which the company is engaged in will be strongly supported by national policy, but the performance risks caused by unpredictable fluctuations in the macro economy can not eliminated.

Response measure: The company will pay close attention to and study the trend of industry policy, strengthen the tracking and analysis of important information in the industry, and timely grasp the development trend of the industry. At the same time, the company will continue to optimize product structure, increase market development capabilities, stimulate personnel vitality, and strengthen internal management, control business risks to ensure the company's steady development.

2. Competitive risk in the market

Due to the rapid update of the terminal display products, the requirement for the timely response to technology and products has also become higher. The decline in product price has also imposed pressure on the profitability of polarizer at the upstream level. China's manufacturing industry has long confronted with the embarrassment of "lack of chips and display panels", however, the polarizer industry is an important part of China's future manufacturing development, as domestic products replacement process of the polarizer industry is underway, and demand for large-size display panels and the requirements of the corresponding technologies are changing with each passing day. If the company's technology and products fail to meet the needs of its application field in a timely manner, or the market competition leads to a decline in the price of the display products, it will have an adverse impact on the company.

Response measure: On the one hand, the company will actively implement the Phase II project of polarizer for TFT-LCD on line 6, laying the foundation for the improvement of production capacity, whilst actively promoting the import of new product client, improving product bargaining power and fostering customer confidence; On the other hand, the company will tap the market potential, increase market share, continuously improve yield and utilization rate of production line, and enhance product competitiveness to cope with market risks.

3. Risk of raw material

At present, the key raw materials required for the manufacture of polarizer, PVA film and TAC film, are basically monopolized by Japanese companies, making the company constrained in the upstream supporting raw material production line and production technology. Compared with the complete industry chain model of upstream raw materials - polarizer - display panel from international manufacturers, the company does not realize industrial integration effect for the time being due to lack of corresponding supporting material. The price of the main film materials is affected by the supplier's production capacity, market demand and the Yen exchange rate, which affects the unit cost of the company's products.

Response measure: The company will actively explore the import substitution of raw materials, increase the research and development of independent intellectual property, while continuing to improve production stability and continuity, increase the utilization rate and maintain a low level of production loss rate to reduce production costs; The company can choose to lock the forward exchange rate if necessary to avoid large exchange losses caused by sharp exchange rate fluctuations.

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
Annual Genral Meeting of 2017	Annual General Meeting	48.94%	April 19, 2018	April 20, 2018	Announcement No.2018-19 www.cninfo.com.cn
The first provisional shareholders' General meeting in 2018	Provisional shareholders' General Meeting	48.94%	June 20, 2018	June 21, 2018	Announcement No.2018-27 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	Commitment maker	Type	Contents	Time of making commitment	Peiod of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.	August 4, 2006	Sustained and effective	Under Fulfillment
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance” when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may constitute direct or indirect competition with Shenzhen Textile; if the operations of Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual	October 9, 2009	Sustained and effective	Under Fulfillment

			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 controlling Shenzhen Textile.	July 14, 2012	Sustained and effective	Under Fulfillment
Equity incentive commitment	Shenzhen Textile(Holdings) Co., Ltd.	Other commitment	1.The company undertakes not to provide loans, loan guarantees, and any other forms of financial assistance to the incentive objects for obtaining the restricted stocks in the incentive plan; 2. The company undertakes that there is no circumstance that the stock incentive shall be prohibited as stipulated in the provisions of Article 7 of the “Measures for the Management of Stock Incentives of Listed Companies”.	November 27,2017	December 27,2021	Under Fulfillment
Other commitme						

nts 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	Not applicable

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

Signifieant lawsuits or arbitrations

□ Applicable √ Not applicable

No such cases in the reporting period.

Other legal matters

√ Applicable □Not applicable

Basic conditions of litigation (arbitration)	Amount involved （Ten thousand	Forming of the predicted	Litigation (arbitration) progre	Litigation (arbitration) judgement result and influence	Litigation (arbitration) judgement execution condition	Date of disclosure	Index of disclosure

	yuan ）	debt	ss				
Shenzhen Guanhua Printing and Dyeing Co., Ltd. v. the company and Qiaohui Industrial Co., Ltd. Contract Dispute Request: Require the company to strictly fulfill the contractual joint venture liability for capital contribution.	72.6	No	In the execution	1. Confirm that the land use right of 5682.06 square meters recorded in the "Real Estate Certificate" of the deeproom land character 4000275003 is owned by the applicant Guanhua Company; 2. The company shall fulfill the obligation of the investor and, in accordance with the relevant national and local laws, regulations and regulations, within five days from the date of this ruling, change and register the obligee of the deeproom land character 4000275003 Real Estate Certificate as the applicant Guanhua Company. The company and Qiaohui Industrial Co., Ltd. shall cooperate with the above registration procedures within five days from the date of this award. 3. The arbitration fee of RMB 726,000 in this case shall be borne by the company. The fee has been paid in advance by the applicant, and the company shall pay Guanhua Company directly. 4, in accordance with the requirements of the Shenzhen intermediate people's court execution notice.	In the execution		

Notes：The company shall aggregate the disclosure of other lawsuits that have not met the major lawsuit disclosure standards.

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

On December 14, 2017, the company held the third extraordinary shareholders' general meeting in 2017, which reviewed and approved the the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan (Draft) and summary and Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan and other issues. On December 14, 2017, the company held the 8th meeting of the 7th Board of Directors, which reviewed and approved the “Proposal on Adjusting the List of Incentive Objects and Granting Quantity of the 2017 Restricted Stock Incentive Plan” and the “Proposal on Granting the Restricted Stocks to Incentive Objects”. The restricted shares actually granted by this stock incentive

plan totaled 4,752,300 shares, and 119 incentive objects were granted, with the granting price was 5.73 yuan per share.For details Juchao Website:（http://www.cninfo.com.cn. (Announcement No.2017—62-68).
On December 27, 2017, the company’s restricted stock completed the grant registration formalities at China Securities Depository and Clearing Corporation Shenzhen Branch.

During the reporting period, there was no progress or change in the above plan.

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 (ten thousand)	Ratio in similar trades	Trading limit approved(ten thousand)	Whether over the approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Tianma Microelectronic Co., Ltd.	The Chairman of the Company was Vice Chairman of the company	Sale products to related parties	Sales of polarizer sheet	Market Principle	Agreement price	116.6	0.35%	600	No	Transfer	116.60		
Total				--	--	116.6	--	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 refernce 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 transitions 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-operation capital occupancy?	Opening balance (ten thousand)	Newly increased amount in the reporting period(ten thousand)	Amount recovered in the reporting period(ten thousand)	Interest rate	Interest in the reporting period(ten thousand)	Ending balance (ten thousand)
Shenzhen Tianma Microelectronics Co., Ltd.	The Chairman of the Company was Vice Chairman of the company	Sale products	No	155.55	136.11	222.8			68.86
Anhui Huapeng Textile Co., Ltd.	Sharing company	Contract fee	No	180	0	0			180
Shenzhen Dailishi Underwear Co., Ltd.	Sharing company	Contract fee	No	100	50	100			50
Influence of the related rights of credit and liabilities upon the company's operation		In the report period,Increase investment income of RMB 500,000.							

results and financial position	

Due to related parties

Related parties	Relationship	Causes of formation	Opening balance(ten thousand)	Amount newly increased in the reporting period(ten thousand)	Amount repaid in the reporting period(ten thousand)	Interest rate	Interest in the reporting period(ten thousand)	Ending balance (ten thousand)
Shenzhen Xinfang Knitting Co., Ltd.	Sharing company	Current amount	24.48					24.48
Shenzhen Changlianfa Printing & dyeing Co., Ltd.	Sharing company	Current amount	117.85					117.85
Shenzhen Haohao Property Leasing Co., Ltd	Sharing company	Current amount	410.45	35				445.45
Yehui International Co., Ltd.	Sharing company	Current amount	113.54	0.97				114.51
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	4,557.07	107.25				4,464.31
Indluence 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 1.0725 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 30,2018,The Company actually received a loan of RMB 40 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. Announcement No.2009-57
Announcement of related Transactions progress	July 1, 2010	http//www.cninfo.com.cn. Announcement No.2010-26

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

The name of the contracting company	The name of the contracted Company	Contract object	The date of signature of the contract	The book value of the assets involved in the contract (Ten thousand)(If any)	The assessed value of the assets involved in the contract(Ten thousand)(If any)	Name the evaluation organization（If any）	The Base Date evaluation(If any)	Pricing principles	Bargain price (Ten thousand)	Whether connected transaction (Y/N)	Incidence relation	The performance by the end of the term	The date of disclosure	Index
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	Hangzhou Jinjiang Group, Kunshan Zhiqimei Material Technology Co., Ltd.and、Nitto Denko Co.	Nitto Denko provides manufacturing technology support for polarizers and related cooperat	November 6,2017			No		Taking into account the market price, technical service period, etc., the final transaction price is based on	86,900	No	No relationship with the company	Normal performance	November 7,2017	See on http://www.cninfo.com.cn announcement (Announcement No.:2017-53) on November 7,2017

		ion						the results of commercial negotiations between the two parties.						

XV. Social responsibilities

1.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 (mg/Nm^3)	Implemented pollutant emission standards	Total emission	Verified total emission(Tons)	Excessive emission condition
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	Exhaust gas: total non-methane hydrocarbons	Altitude emission	2	The discharge port is located on the east side of the roof of Building No. 1	<70mg/m³	120mg/m³	12.6tons	21.6tons	No
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	Effluents：COD	Open channel discharge after treatment	1	Southeast side of plant area	<60mg/L	90mg/L	9 tons	13.5tons	No

Prevention and control of pollution facilities construction and operation

Waste gas of Pingshan plant:

The 4 line 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:

2. The waste gas treatment facility on line 6 uses a rotary RTO regenerative incineration process. Built together with the production equipment of project on line 6, this equipment is rotary RTO manufactured by Korea TECHWIN Co., Ltd., which was put into operation at the end of 2017. The equipment is stable in operation, with good waste gas treatment effect. The organic waste gas produced in the workshop is discharged after being incinerated by RTO.

Wastewater discharged from Pingshan factory

The wastewater treatment facility was put into use in May 18 after the expansion of project on line 6. The equipment runs stably, with a high degree of automation, achieving good wastewater treatment effect. After the new process is built, the wastewater treatment system has strong shock resistance under high load and the wastewater treatment effect is further optimized. The wastewater generated in the production process can meet the environmental requirements for standardized discharges after being treated by the wastewater treatment facility.

After the removal of the coating line of Longhua factory, no organic waste gas has been produced.

Situation of Construction project environmental impact assessment and other environmental protection administrative licenses

The company complied with the relevant regulations for environmental protection construction “Three Simultaneities” and obtained environmental approvals at various stages, including: Environmental Impact Assessment Report, Environmental Assessment Approval, Environmental Protection Acceptance Decision, and Pollutant Discharge Permit.

Emergency Plan for Emergency Environmental Incidents

According to the actual situation of the company, the preparation of the emergency plan for emergency environmental incidents was completed, and an emergency environmental emergency plan filing application was

Environmental Self-Monitoring Program

According to the monitoring requirements issued by the monitoring station, the specific monitoring programs are as follows: organic exhaust gas is 4 times per year (once per quarter), wastewater discharge is 4 times per year (once per quarter), boiler exhaust gas is 2 times per year (once every six months), and canteen fume is 2 times per year (once every six months), the noise at the plant boundary is 2 times per year (once every six months).

2.Overview of the annual targeted poverty alleviation

The company has no precise social responsibility for poverty alleviation in theperiodand bas no follow-up plan either.

XVI.Other material events

√ Applicable □Not applicable

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

In view of the fact that the price of 32-inch polarizer products in the end of 2017 has dropped to a certain extent, in order to adjust the product structure and better undertake the business of super-large-size polarizer products with higher profits, the company launched the optimization and upgrading of the mainframe equipment of the second phase of Line 6 at the end of 2017. During the reporting period, the technical renovation and commissioning of the TFT-LCD Polarizer Phase II Line 6 project were completed. By June 30, 2018, the Line 6 project had been consolidated and entered the stage of mass production.

(II) Progress in subsidiaries participating in the establishment of industrial funds

On November 16, 2017, the company's controlling subsidiary Shengbo Optoelectronic Co., Ltd signed the *Changxing Junying Equity Investment Partnership (Limited Partnership) Agreement* with the fund manager Huizhi Investment Management Co., Ltd, general partner Jinxin Investment Co., Ltd and other limited partners, and co-sponsored the establishment of an industrial fund, focusing on the optical film industry chain related projects related to the company's main business, with a fund size of 50 million yuan. Sapo Photoelectric Co., Ltd, as one of the limited partners of the industrial fund, subscribed for a capital contribution of 28.5 million yuan.

For details Juchao Website:（http://www.cninfo.com.cn. (Announcement No.2017--53).

As of June 30, 2018, Changxing Junying had accumulated 3 investment projects with a total investment of RMB 42 million.

No	Name	Investment	Fund contribution （Ten thousand）
1	Shenzhen Kaichuang Shijia Technology Co., Ltd.	Optical Film	1,400
2	Shenzhen shenfuyu Electronic Technology Co., Ltd.	Optical Film	1,300
3	Shenzhen Hengbaoshun Technology Development Co., Ltd.	Optical Film	1,500

(III)Progress in construction of Guanhua Building

The company has reached a joint external leasing intention for the Guanhua Building project and the Hong Kong shareholders, forming an open lending plan. During the reporting period, the company is actively promoting the completion and settlement of Guanhua Building and the real estate license. At present, there are still some cost contents of Guanhua Building to be further negotiated with the construction unit. The company will complete the public leasing work of Guanhua Building as soon as possible after the board of directors deliberated and approved.

(IV) Progress of Nitto Denko's Technical Cooperation Contract

In order to introduce the world's leading Japanese polarizer company technology, we will build a wide-width polarizer production line project for TFT-LCD with a width of 2,500mm. Sheng Bo Optoelectronics will introduce the East Japan with Jin Jiang Group and Kunshan Chi Mei on November 6, 2017. The related matters of the 2,500mm polarizer production line technology of the electrician and Nitto Denko signed the "Technical Cooperation Contract". For details, please refer to http://www.cninfo.com.cn "About Subsidiary Signing the

Announcement of Technical Cooperation Contracts (2017-53).

At present, in the normal implementation of the Technical Cooperation Contract, the company has communicated with Nitto Denko on the schedule, plant planning and design, equipment specification parameters of the No. 7 line project. The company originally disclosed that it intends to cooperate with professional investment institutions, initiated by Jinjiang Group, and Shengbo Optoelectronic participated in the establishment of the polarizer industry fund, and the “project company” established by the fund and Sapo Photoelectric Co., Ltd as the main construction investment construction No. 7 The line project. After the establishment of the “project company”, the company will inherit the responsibility of Sapo Photoelectric Co., Ltd in the Technical Cooperation Contract and pay the relevant technology licensing fees. Currently, due to the immaturity of the establishment of the industrial fund, the company will use other financing methods to invest the construction of Line 7 project, it also will not establish a “project company” as the main body of construction.

(V) Progress in construction of NO. 7 line project

The NO.7 line project being developed by the company, namely the ultra-large-size TV polarizer industrialization project (No.7 Line), has passed the project approval and feasibility study as well as the expert review. The company is actively carrying out preparatory work such as plant planning, equipment selection, and Nitto technical support agreement negotiations on the No. 7 line project. As of the disclosure date of this report, the project has been reviewed and approved at the thirteenth meeting of the seventh board of directors, and it still needs to be implemented after the company's second extraordinary shareholders meeting in 2018.

. For details Juchao Website:（http://www.cninfo.com.cn. (Announcement No.2018--33).

(VI) Progress in introduction of strategic investors by subsidiaries

To improve the operation of the subsidiary, Shengbo Optoelectronic Co., Ltd, the company introduced Jinjiang Group as a strategic investor at the level of Sapo Photoelectric Co., Ltd at the end of 2016, injecting 1.353 billion yuan in cash for Shengbo Optoelectronic Co., Ltd , and Jinhang Investment company, as the actual controller of Jinjiang Group, holds 40% of the shares. In order to give full play to the institutional and institutional advantages of private enterprises and the resource advantages of state-owned enterprises, the company and Jinjiang Group signed a "Cooperation Agreement", Jinjiang Group has made a performance commitment to Shengbo Optoelectronics. The performance commitment is detailed in Juchao Information Network (http://www.cninfo.com.cn) March 29, 2018 "Shenzhen Shenzhen Sheng" Special instructions for the completion of 2017 annual performance promise of Optoelectronics Technology Co., Ltd.

XVII. Material events of subsidiaries

√ Applicable □Not applicable

During the reporting period, in order to further optimize the shareholding structure of Shengbo Optoelectronic Co., Ltd , a holding subsidiary, give full play to the institutional and mechanical advantages of mixed ownership, and improve the acquisition and integration of the optical film industry chain to seize the good market opportunities, as well as achieve the goal of strengthening and making polarizing optical films and other optical film main industries, on the basis of introducing strategic investor Jinjiang Group, the company planned to increase capital and expand shares to introduce other strategic investors again on the level of Sapo Photoelectric Co., Ltd. On June 1, 2018, the company held the twelfth meeting of the seventh board of directors to deliberate and adopt the Proposal on the Introduction of Strategic Investors by the Capital Increase and Share Expansion of Shenzhen Sapo Photoelectric Co., Ltd, agreeing that the subsidiary Shengbo Optoelectronic Co., Ltd could openly collect no more than five strategic investors at Shenzhen United Property and Share Rights Exchange and determine the final strategic investors through competitive negotiations, based on the method of capital increase and shareholding, based on the results of the asset evaluation on the record, in accordance with the regulations on state-owned assets. The company will further fulfill the corresponding review procedures and information disclosure obligations according to the progress of the matter.

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	4, 824, 300	0. 94%				5, 250	5, 250	4, 829, 550	0. 94%
3.Other domestic shares	4, 824, 300	0. 94%				5, 250	5, 250	4, 829, 550	0. 94%
Domestic Nature shares	4, 824, 300	0. 94%				5, 250	5, 250	4, 829, 550	0. 94%
II.Shares with unconditional subscription	506, 449, 849	99. 06%				-5, 250	-5, 250	506, 444, 599	99. 06%
1.Common shares in RMB	457, 021, 849	89. 39%				-5, 250	-5, 250	457, 016, 599	89. 39%
2.Foreign shares in domestic market	49, 428, 000	9. 67%						49, 428, 000	9. 67%
III. Total of capital shares	511, 274, 149	100. 00%						511, 274, 149	100. 00%

Reasons for share changed:

√ Applicable □ Not applicable

On February 9, 2018, February 12, 2018, and February 14, 2018, Zhang Xiaodong, the company's supervisor, purchased 3,000 shares, 3,000 shares, and 1,000 shares of the company's A shares, respectively, for a total of 7,000 shares, of which 75% were 5,250 shares. Changed to a restricted sale 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

In shares

Shareholder Name	Initial Restricted Shares	Number of Unrestricted Shares This Term	Number of Increased Restricted Shares This Term	Restricted Shares in the End of the Term	Reason for Restricted Shares	Date of Restriction Removal
Zhang Xiaodong	0	0	5,250	5,250	Supervisors hold 75% of the shares as required	The shares transferred annually during the term of office determined during the term of office and within 6 months after the expiration of the term of office shall not exceed 25% of the total number of shares of the company held by the company.
Total	0	0	5,250	5,250	--	--

Ⅱ.Issuing and listing

□ Applicable √Not applicable

III. Shareholders and shareholding

In Shares

<table>
<tr><td colspan="2">Total number of common shareholders at the end of the reporting period</td><td colspan="2">36, 545</td><td colspan="3">Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)</td><td colspan="2">0</td></tr>
<tr><td colspan="9">Particulars about shares held above 5% by shareholders or top ten shareholders</td></tr>
<tr><td rowspan="2">Shareholders</td><td rowspan="2">Nature of shareholder</td><td rowspan="2">Proportion of shares held（%）</td><td rowspan="2">Number of shares held at period -end</td><td rowspan="2">Changes in reporting period</td><td rowspan="2">Amount of restricted shares held</td><td rowspan="2">Amount of un-restricted shares held</td><td colspan="2">Number of share pledged/frozen</td></tr>
<tr><td>State of share</td><td>Amount</td></tr>
<tr><td>Shenzhen Investment Holdings Co., Ltd.</td><td>State-owned legal person</td><td>45. 78%</td><td>234, 069, 436</td><td>0</td><td>0</td><td>234, 069, 436</td><td></td><td></td></tr>
<tr><td>Shenzhen Shenchao Technology Investment Co.,</td><td>State-owned Legal person</td><td>3. 15%</td><td>16, 129, 032</td><td>0</td><td>0</td><td>16, 129, 032</td><td></td><td></td></tr>
</table>

Ltd.								
Fujiang Bairui Jiayuan, Asset Management Co., Ltd.－Bairui Jiayuan Growth I Fund	Domestic non State-owned Legal person	0.77%	3,954,735	2,773,200	0	3,954,735		
Sun Huiming	Domestic Nature person	0.62%	3,192,767	126,200	0	3,192,767		
Li Songqiang	Domestic Nature person	0.55%	2,833,078	2,833,078	0	2,833,078		
Zheng Junsheng	Domestic Nature person	0.36%	1,830,000	1,130,000	0	1,830,000		
Liu Dongxia	Domestic Nature person	0.30%	1,544,800	0	0	1,544,800		
Zhu Ye	Domestic Nature person	0.22%	1,131,945	-200,000	0	1,131,945		
Deng Hua	Domestic Nature person	0.21%	1,051,404	187,904	0	1,051,404		
Hong Fan	Domestic Nature person	0.20%	1,028,900	35,100	0	1,028,900		

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
Fujiang Bairui Jiayuan, Asset Management Co., Ltd.－Bairui Jiayuan Growth I Fund	3,954,735	RMB Common shares	3,954,735
Sun Huiming	3,192,767	Foreign shares placed in	3,192,767

		domestic exchange	
Li Songqiang	2,833,078	RMB Common shares	2,833,078
Zheng Junsheng	1,830,000	RMB Common shares	1,830,000
Liu Dongxia	1,544,800	RMB Common shares	1,544,800
Zhu Ye	1,131,945	RMB Common shares	1,131,945
Deng Hua	1,051,404	RMB Common shares	1,051,404
Hong Fan	1,028,900	RMB Common shares	1,028,900
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 Fujiang Bairui Jiayuan, Asset Management Co., Ltd.－Bairui Jiayuan Growth I Fund holds 3,954,735 shares of the Company through stock account with credit transaction; The Company Shareholder Li Songqiang holds 1,837,653 shares of the Company through stock account with credit transaction ; The Company Shareholder Liu Dongxia holds 1,544,800 shares of the Company through stock account with credit transaction ; The Company Shareholder Zhu Ye holds 1,031,945 shares of the Company through stock account with credit transaction ; The Company Shareholder Deng Hua holds 1,051,404 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

Name	Positions	Office status	Beginning shareholding (shares)	Increase in the Current Period (shares)	Decrease in the Current Period (shares)	Ending shareholding (shares)	Number of granted restricted shares at the period-begin (shares)	Number of restricted shares granted in the Current Period (shares)	Number of granted restricted shares at the period-end (shares)
Zhang Xiaodong	Supervisor	In Office	0	7,000	0	7,000	0	0	0
Total	--	--	0	7,000	0	7,000	0	0	0

II. Changes in directors, supervisors and senior management staffs

√ Applicable □ Not applicable

Name	Title	Type	Date	Reason
Lin Lebo	Director	Dimission	May 24,2018	Job Change
Zhao Lin	Director	Elected	June 20,2018	
Zhao Lin	Director	Dimission	July 24,2018	Job Change

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 butnot folly 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

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

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

June 30,2018

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	1, 018, 543, 763. 36	1, 165, 048, 108. 83
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Note receivable	1, 668, 992. 95	44, 207, 119. 00
Account receivable	224, 607, 517. 07	192, 503, 077. 70
Prepayments	195, 851, 353. 47	13, 755, 152. 05
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	18, 833, 479. 86	15, 728, 872. 62
Dividend receivable		
Other account receivable	12, 418, 279. 70	12, 925, 984. 45

Repurchasing of financial assets		
Inventories	329, 292, 048. 68	275, 615, 176. 16
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	1, 120, 702, 098. 15	1, 148, 689, 874. 10
Total of current assets	2, 921, 917, 533. 24	2, 868, 473, 364. 91
Non-current assets：		
Loans and payment on other's behalf disbursed		
Disposable financial asset	65, 355, 577. 27	66, 035, 733. 04
Expired investment in possess		
Long-term receivable		
Long term share equity investment	20, 519, 573. 38	20, 380, 734. 56
Property investment	171, 714, 892. 81	173, 105, 806. 27
Fixed assets	1, 021, 301, 163. 50	656, 133, 200. 19
Construction in progress	14, 702, 778. 22	322, 570, 173. 73
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	38, 222, 487. 94	38, 870, 673. 40
R & D petrol		
Goodwill		
Long-germ expenses to be amortized	1, 182, 723. 32	1, 035, 290. 08
Deferred income tax asset	2, 625, 253. 73	1, 974, 536. 90
Other non-current asset	42, 346, 134. 84	47, 166, 994. 48
Total of non-current assets	1, 377, 970, 585. 01	1, 327, 273, 142. 65
Total of assets	4, 299, 888, 118. 25	4, 195, 746, 507. 56
Current liabilities		
Short-term loans	197, 389, 295. 07	88, 638, 181. 45
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		
Note payable	19, 500, 000. 00	
Account payable	62, 207, 789. 24	97, 104, 697. 18
Advance payment	38, 236, 394. 76	34, 952, 567. 83
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	18, 341, 973. 20	29, 503, 260. 65
Tax payable	8, 671, 873. 10	6, 935, 262. 57
Interest payable	47, 090, 395. 53	45, 799, 544. 04
Dividend payable		
Other account payable	202, 634, 969. 35	155, 026, 799. 54
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	594, 072, 690. 25	497, 960, 313. 26
Non-current liabilities：		
Long-term loan	40, 000, 000. 00	40, 000, 000. 00
Bond payable		
Including：preferred stock		
Sustainable debt		
Long-term payable		
Long-term payable employees's remuneration		
Special payable		
Expected liabilities		
Deferred income	134, 350, 896. 96	134, 767, 064. 72
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities	174, 350, 896. 96	174, 767, 064. 72
Total of liability	768, 423, 587. 21	672, 727, 377. 98

Owners' equity		
Share capital	511, 274, 149. 00	511, 274, 149. 00
Other equity instruments		
Including：preferred stock		
Sustainable debt		
Capital reserves	1, 869, 452, 669. 17	1, 866, 001, 475. 17
Less：Shares in stock	27, 230, 679. 00	27, 230, 679. 00
Other comprehensive income	1, 828, 936. 20	2, 218, 703. 87
Special reserves		
Surplus reserves	77, 477, 042. 19	77, 477, 042. 19
Common risk provision		
Undistributed profit	-22, 619, 111. 29	-32, 266, 087. 44
Total of owner's equity belong to the parent company	2, 410, 183, 006. 27	2, 397, 474, 603. 79
Minority shareholders' equity	1, 121, 281, 524. 77	1, 125, 544, 525. 79
Total of owners' equity	3, 531, 464, 531. 04	3, 523, 019, 129. 58
Total of liabilities and owners' equity	4, 299, 888, 118. 25	4, 195, 746, 507. 56

Legal Representative: Zhu Jun

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

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	383, 109, 930. 25	413, 700, 327. 95
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Note receivable		
Account receivable	546, 368. 83	449, 536. 21

Prepayments	38, 820. 00	10, 000. 00
Interest receivable	18, 735, 478. 37	13, 660, 866. 80
Dividend receivable		
Other account receivable	12, 636, 498. 23	5, 782, 620. 63
Inventories		
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	160, 000, 000. 00	120, 000, 000. 00
Total of current assets	575, 067, 095. 68	553, 603, 351. 59
Non-current assets：		
Disposable financial asset	35, 355, 577. 27	36, 035, 733. 04
Expired investment in possess		
Long-term receivable		
Long term share equity investment	1, 987, 829, 417. 05	1, 984, 849, 008. 23
Property investment	164, 478, 188. 20	165, 607, 900. 07
Fixed assets	27, 351, 496. 92	28, 119, 990. 58
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	1, 212, 840. 21	1, 413, 305. 67
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset	2, 252, 235. 59	1, 526, 871. 33
Other non-current asset		493, 620. 44
Total of non-current assets	2, 218, 479, 755. 24	2, 218, 046, 429. 36
Total of assets	2, 793, 546, 850. 92	2, 771, 649, 780. 95
Current liabilities		
Short-term loans		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		

Note payable		
Account payable	411, 743. 57	411, 743. 57
Advance payment	639, 024. 58	639, 024. 58
Employees' wage payable	6, 298, 397. 27	8, 495, 538. 21
Tax payable	4, 961, 074. 06	3, 247, 028. 64
Interest payable		
Dividend payable		
Other account payable	137, 467, 469. 73	134, 018, 771. 57
Liabilities held for sales		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	149, 777, 709. 21	146, 812, 106. 57
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	750, 000. 00	800, 000. 00
Deferred income tax liability		
Other non-current liabilities		
Total of Non-current liabilities	750, 000. 00	800, 000. 00
Total of liability	150, 527, 709. 21	147, 612, 106. 57
Owners' equity		
Share capital	511, 274, 149. 00	511, 274, 149. 00
Other equity instrument		
Including：preferred stock		
Sustainable debt		
Capital reserves	1, 603, 658, 924. 96	1, 599, 381, 854. 96
Less：Shares in stock	27, 230, 679. 00	27, 230, 679. 00
Other comprehensive income	1, 828, 936. 20	2, 218, 703. 87

Special reserves		
Surplus reserves	77, 477, 042. 19	77, 477, 042. 19
Undistributed profit	476, 010, 768. 36	460, 916, 603. 36
Total of owners' equity	2, 643, 019, 141. 71	2, 624, 037, 674. 38
Total of liabilities and owners' equity	2, 793, 546, 850. 92	2, 771, 649, 780. 95

3.Consolidated Income statement

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	538, 288, 050. 61	739, 337, 756. 87
Incl：Business income	538, 288, 050. 61	739, 337, 756. 87
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	562, 709, 531. 95	747, 682, 301. 68
Incl：Business cost	479, 118, 600. 37	677, 617, 195. 79
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	3, 840, 556. 12	6, 589, 017. 85
Sales expense	3, 780, 411. 53	4, 007, 043. 14
Administrative expense	62, 428, 219. 55	40, 846, 568. 49
Financial expenses	-3, 852, 587. 66	-12, 037, 356. 58
Asset impairment loss	17, 394, 332. 04	30, 659, 832. 99
Add：Gains from change of fir value（"-"for loss）		
Investment gain（"-"for loss）	28, 552, 710. 15	22, 955, 035. 39
Incl: investment gains from affiliates	616, 945. 67	220, 115. 63
Gains from currency exchange		
Assets dispose loss		

Other income	5, 812, 167. 76	5, 143, 961. 90
III. Operational profit（ "-" for loss）	9, 943, 396. 57	19, 754, 452. 48
Add ：Non-operational income	89, 905. 17	528, 419. 77
Less：Non-business expenses	153, 338. 08	3, 478. 36
IV.Total profit ("-" for loss)	9, 879, 963. 66	20, 279, 393. 89
Less：Income tax expenses	5, 321, 864. 53	7, 742, 958. 27
V. Net profit	4, 558, 099. 13	12, 536, 435. 62
1.Net continuing operating profit	4, 558, 099. 13	12, 536, 435. 62
2.Termination of operating net profit		
Net profit attributable to the owners of parent company	9, 646, 976. 15	14, 457, 841. 63
Minority shareholders' equity	-5, 088, 877. 02	-1, 921, 406. 01
VI.Net of profit of other comprehensive income	-389, 767. 67	-74, 028. 91
Net of profit of other comprehensive income attributable to owners of the parent company.	-389, 767. 67	-74, 028. 91
（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.	-389, 767. 67	-74, 028. 91
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	-510, 116. 82	325, 291. 89
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	120, 349. 15	-399, 320. 80
6.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	4, 168, 331. 46	12, 462, 406. 71
Total comprehensive income attributable to the owner of the parent company	9, 257, 208. 48	14, 383, 812. 72
Total comprehensive income attributable minority shareholders	-5, 088, 877. 02	-1, 921, 406. 01
VIII. Earnings per share		
(I) Basic earnings per share	0. 02	0. 03
(II)Diluted earnings per share	0. 02	0. 03

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

Legal Representative: Zhu Jun

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

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	33, 343, 899. 42	31, 849, 598. 03
Incl：Business cost	6, 934, 259. 58	6, 083, 265. 84
Business tax and surcharge	1, 458, 413. 46	1, 364, 623. 95
Sales expense		
Administrative expense	14, 436, 569. 89	10, 388, 438. 80
Financial expenses	-7, 833, 271. 26	-6, 361, 722. 17
Asset impairment loss	365, 826. 86	-3, 652, 130. 67
Add：Gains from change of fir value ("-"for loss)		

Investment gain（“-”for loss）	1, 191, 719. 82	2, 146, 702. 07
Incl: investment gains from affiliates	616, 945. 67	220, 115. 63
Assets disposal income		
Other income	50, 000. 00	
II. Operational profit（ “-” for loss）	19, 223, 820. 71	26, 173, 824. 35
Add ： Non-operational income	79, 604. 02	1, 510. 00
Less：Non-business expenses		1, 582. 15
III.Total profit (“-” for loss)	19, 303, 424. 73	26, 173, 752. 20
Less：Income tax expenses	4, 209, 259. 73	6, 378, 081. 15
IV. Net profit（ “-” for net loss）	15, 094, 165. 00	19, 795, 671. 05
1.Net continuing operating profit	15, 094, 165. 00	19, 795, 671. 05
2.Termination of operating net profit		
V.Net of profit of other comprehensive income	-389, 767. 67	-74, 028. 91
（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.	-389, 767. 67	-74, 028. 91
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	-510, 116. 82	325, 291. 89
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 fin	120, 349. 15	-399, 320. 80

ancial statements		
6.Other		
VI. Total comprehensive income	14, 704, 397. 33	19, 721, 642. 14
VII. Earnings per share：		
（I） Basic earnings per share		
(II)Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Report period	Same period of the previous year
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	510, 486, 141. 19	795, 578, 837. 63
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	24, 120, 883. 81	23, 710, 137. 30
Other cash received from business operation	26, 160, 799. 70	35, 648, 684. 61
Sub-total of cash inflow	560, 767, 824. 70	854, 937, 659. 54
Cash paid for purchasing of merchandise and services	560, 096, 998. 00	737, 896, 239. 33

Net increase of client trade and advance		
Net increase of savings n 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	76,371,093.88	69,775,248.99
Taxes paid	27,570,325.99	53,257,411.02
Other cash paid for business activities	25,580,296.27	92,185,161.14
Sub-total of cash outflow from business activities	689,618,714.14	953,114,060.48
Cash flow generated by business operation, net	-128,850,889.44	-98,176,400.94
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	1,673,214.15	3,781,185.22
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	26,597.81	1,740.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,903,828,974.66	2,205,083,032.64
Sub-total of cash inflow due to investment activities	1,905,528,786.62	2,208,865,957.86
Cash paid for construction of fixed assets, intangible assets and other long-term assets	156,659,802.66	131,421,510.57
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	1,830,500,000.00	1,883,000,000.00
Sub-total of cash outflow due to investment activities	1,987,159,802.66	2,014,421,510.57

Net cash flow generated by investment	-81, 631, 016. 04	194, 444, 447. 29
III.Cash flow generated by financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans	275, 474, 786. 49	51, 181, 623. 57
Cash received from bond placing		
Other financing –related ash received		6, 809, 000. 00
Sub-total of cash inflow from financing activities	275, 474, 786. 49	57, 990, 623. 57
Cash to repay debts	209, 562, 972. 59	66, 068, 073. 78
Cash paid as dividend, profit, or interests	1, 439, 654. 15	
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	211, 002, 626. 74	66, 068, 073. 78
Net cash flow generated by financing	64, 472, 159. 75	-8, 077, 450. 21
IV. Influence of exchange rate alternation on cash and cash equivalents	-494, 599. 74	-668, 409. 25
V.Net increase of cash and cash equivalents	-146, 504, 345. 47	87, 522, 186. 89
Add: balance of cash and cash equivalents at the beginning of term	1, 161, 240, 139. 33	930, 114, 436. 57
VI ..Balance of cash and cash equivalents at the end of term	1, 014, 735, 793. 86	1, 017, 636, 623. 46

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 rending of services	34, 341, 479. 70	32, 697, 766. 87
Tax returned		
Other cash received from business	6, 186, 752. 60	12, 894, 925. 40

operation		
Sub-total of cash inflow	40, 528, 232. 30	45, 592, 692. 27
Cash paid for purchasing of merchandise and services	2, 734, 504. 18	1, 748, 604. 45
Cash paid to staffs or paid for staffs	10, 002, 845. 66	8, 290, 247. 88
Taxes paid	7, 067, 139. 21	8, 145, 004. 75
Other cash paid for business activities	12, 230, 536. 71	8, 891, 199. 29
Sub-total of cash outflow from business activities	32, 035, 025. 76	27, 075, 056. 37
Cash flow generated by business operation, net	8, 493, 206. 54	18, 517, 635. 90
II.Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	1, 673, 214. 15	3, 781, 185. 22
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	24, 597. 81	1, 510. 00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	763, 589. 50	80, 000, 000. 00
Sub-total of cash inflow due to investment activities	2, 461, 401. 46	83, 782, 695. 22
Cash paid for construction of fixed assets, intangible assets and other long-term assets	1, 545, 005. 70	1, 371, 469. 00
Cash paid as investment		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	40, 000, 000. 00	160, 000, 000. 00
Sub-total of cash outflow due to investment activities	41, 545, 005. 70	161, 371, 469. 00
Net cash flow generated by investment	-39, 083, 604. 24	-77, 588, 773. 78
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	-30, 590, 397. 70	-59, 071, 137. 88
Add: balance of cash and cash equivalents at the beginning of term	413, 700, 327. 95	440, 685, 610. 11
VI ..Balance of cash and cash equivalents at the end of term	383, 109, 930. 25	381, 614, 472. 23

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	Undistributed profit		
		prefer red stock	Sustainable debt	Other									
I.Balance at the end of last year	511, 274, 149. 00				1, 866, 001, 475. 17	27, 230, 679. 00	2, 218, 703. 87		77, 477, 042. 19		-32, 266, 087. 44	1, 125, 544, 525. 79	3, 523, 019, 129. 58
Add: Change of accounting policy													
Correcting of													

previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of current year	511,274,149.00				1,866,001,475.17	27,230,679.00	2,218,703.87		77,477,042.19		-32,266,087.44	1,125,544,525.79	3,523,019,129.58
III.Changed in the current year					3,451,194.00		-389,767.67				9,646,976.15	-4,263,001.02	8,445,401.46
（1）Total comprehensive income							-389,767.67				9,646,976.15	-4,263,001.02	4,994,207.46
（II）Investment or decreasing of capital by owners					3,451,194.00								3,451,194.00
1．Ordinary Shares invested by shareholders													
2． Holders of other equity instruments invested capital													
3．Amount of shares paid and accounted as owners’ equity					3,451,194.00								3,451,194.00
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													
(V). Special reserves													
1. Provided this year													
2．Used this term													
（VI）Other													
IV. Balance at the end of this term	511,274,149.00				1,869,452,669.17	27,230,679.00	1,828,936.20		77,477,042.19		-22,619,111.29	1,121,281,524.77	3,531,464,531.04

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 instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Undistributed 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	4,752,300.00				28,796,223.22	27,230,679.00	-1,173,518.20		3,766,360.14		49,009,741.32	24,979,719.99	82,900,147.47
（1）Total comprehensive income							-1,173,518.20				52,776,101.46	20,885,576.41	72,488,159.67
（II）Investment or decreasing of capital by owners	4,752,300.00				22,762,870.54	27,230,679.00							284,491.54
1．Ordinary Shares invested by shareholders	4,752,300.00				22,478,379.00	27,230,679.00							
2． Holders of other equity instruments invested capital													
3 .Allotment to the owners (or shareholders)					284,491.54								284,491.54
4．Other													
(III) Profit allotment									3,766,360.14		-3,766,360.14		
1.Providing of surplus reserves									3,766,360.14		-3,766,360.14		
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													
(V) Special reserves													
1. Provided this year													
2．Used this term													
（VI）Other					6,033,352.68							4,094,143.58	10,127,496.26
IV. Balance at the end of this term	511,274,149.00				1,866,001,475.17	27,230,679.00	2,218,703.87		77,477,042.19		-32,266,087.44	1,125,544,525.79	3,523,019,129.58

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	Specialized reserve	Surplus reserves	Undistributed profit	Total of owners' equity
		preferred stock	Sustainable debt	Other							
I.Balance at the end of last year	511,274,149.00				1,599,381,854.96	27,230,679.00	2,218,703.87		77,477,042.19	460,916,603.36	2,624,037,674.38

Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	511,274,149.00				1,599,381,854.96	27,230,679.00	2,218,703.87		77,477,042.19	460,916,603.36	2,624,037,674.38
III.Changed in the current year					4,277,070.00		-389,767.67			15,094,165.00	18,981,467.33
（I）Total comprehensive income							-389,767.67			15,094,165.00	14,704,397.33
(II) Investment or decreasing of capital by owners					4,277,070.00						4,277,070.00
1．Ordinary Shares invested by shareholders											
2． Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity					4,277,070.00						4,277,070.00
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	511,274,149.00				1,603,658,924.96	27,230,679.00	1,828,936.20		77,477,042.19	476,010,768.36	2,643,019,141.71

Amount in last year

In RMB

Items	Amount in last year										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Undistributed 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	506,521				1,576,54		3,392,22		73,710,6	427,01	2,587,19

beginning of current year	,849.00				7,075.96		2.07		82.05	9,362.11	1,191.19
III.Changed in the current year	4,752,300.00				22,834,779.00	27,230,679.00	-1,173,518.20		3,766,360.14	33,897,241.25	36,846,483.19
（I）Total comprehensive income							-1,173,518.20			37,663,601.39	36,490,083.19
(II) Investment or decreasing of capital by owners	4,752,300.00				22,834,779.00	27,230,679.00					356,400.00
1．Ordinary Shares invested by share holders	4,752,300.00				22,478,379.00	27,230,679.00					
2． Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity					356,400.00						356,400.00
4．Other											
（III）Profit allotment									3,766,360.14	-3,766,360.14	
1.Providing of surplus reserves									3,766,360.14	-3,766,360.14	
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	511,274,149.00				1,599,381,854.96	27,230,679.00	2,218,703.87		77,477,042.19	460,916,603.36	2,624,037,674.38

III. Basic Information of the Company

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 27,2018.

As of the end of the reporting period, there are 7 subsidiaries companies included in the consolidate d 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. ,Shzhen Shenfang Import & Export Co., Ltd., and Shengtou (Hongkong) Co., Ltd.

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

IV.Basis for the preparation of financial statements

（1）Basis for the preparation

This company’s financial statements is based on going-concern assumption and worked out according to actual transactions and matters, Accounting Standard for Business Enterprises--Basic Standard(issued by No.33 Decree of the Ministry of Finance and revised by No.76 Decree of the Ministry of Finance) issued by the Ministry of Finance, 42 special accounting standards enacted and revised on and after Feb 15, 2006, guideline for application of accounting standard for business enterprises, ASBE interpretations and other relevant regulations(hereinafter collectively referred to as “Accounting Standard for Business Enterprises”) and No.15 of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public-- General Provisions of Financial Reports (revised in 2014) issued by China Securities Regulatory Commission.

(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:

The following important accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Businesses not mentioned are implemented in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

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

Normalbusiness cycle is realized by the Companyin cash or cash equivalentsfromthepurchaseofassetsfor mpocessing 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 Article51 of “Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements” on the “package deal” criterion, to judge the multiple exchange transations 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 valueoftheacquiree'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 partieshave 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, andobligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the Company has rights to the net assets of thearrangement.

(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 equi ty 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 shot 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 shot 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 shot exchange rate on the balance sheet date is adopted as the translation exchange rate. For the owner’s equity, the shot 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 though 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 thathad 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 norretained

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.Investories 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

If the company recovers its book value mainly by sale of non-current asset (including exchange of non-monetary assets of commercial nature and similarly hereinafter) , instead of continued use of one non-current asset or disposal group, which shall be included into available-for-sale. In specific standards, the following conditions shall be met at the same time: One non-current asset or disposal group is available for sale at all times under current status depending on standard practice of selling them in similar transactions; the company has made a resolution on the sale plan and gained definitive purchase commitments; the sale is expected to be finished within one year. In which, the disposal group refers to one set of assets that may be disposed as a whole along with other assets by sale or other ways in one deal and the liability transferred and related directly to such assets. If the asset group or combination of asset group under account title disposal group amortizes the goodwill obtained from business combination in accordance with No.8 of Accounting Standards for Business Enterprises--Asset Impairment, the disposal group shall include the goodwill amortized to it.

When the company’s initial measurement or re-measurement on the balance sheet date is classified into available-for-sale non-current asset and disposal group, the book value shall be written down to the net amount of fair value minus selling expenses if it is higher than the net amount of fair value minus selling expenses, the write-down shall be confirmed as the assets impairment loss and included in current profits and losses, meanwhile the available-for-sale asset depreciation reserves shall be accrued. For the disposal group, the asset impairment loss shall be written off pro rata the book value of each non-current asset that is applicable to No.42 of Accounting Standards for Business Enterprises: Available-for-sale Non-current Assets, Disposal Group and Discontinued Operations (hereinafter referred to as "Available-for-sale rule for measurement") after deducting the book value of goodwill in it.

If the net amount of the fair value of available-for-sale disposal group minus selling expenses increases after the balance sheet date, the previous write-downs shall be recovered and reversed in asset impairment loss of non-current assets that are applicable to available-for-sale rule for measurement after being included into available-for-sale account title, the amount of reversal shall be included in current profits and losses and increased pro rata its book value based on the proportion of the book value of each non-current asset in the disposal group that is applicable to available-for-sale rule for measurement except for goodwill; the book value of written-off goodwill and the asset impairment loss confirmed before the non-current asset specified in available-for-sale rule for measurement is classified into available-for-sale asset must not be reversed.

The available-for-sale non-current assets or the non-current assets in the disposal group shall not be accrued depreciation or amortization, the interest of debit in available-for-sale disposal group and other expenses shall continue to be confirmed.

The non-current asset will no longer be included into available-for-sale category or will be removed from the available-for-sale disposal group if it or the disposal group has no longer satisfied the conditions for classifying available-for-sale assets and measured as per the lower of: (1) book value of the non-current asset before being classified into available-for-sale asset adjusted on the basis of the depreciation, amortization or impairment that shall be confirmed on the assumption that the non-current asset is not included into available-for-sale account title; (2)Recoverable amount.

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 th e investor's net identifiable assets of the fair share of the investment value, do not adjust the initial in vestment cost of long-term equity investment; the initial investment cost is less than the investee uni t 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 acquistion. 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 in 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 reocgnised 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 estimatedshare 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 reocgnised 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 acquistion 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 reocgnised 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 reocgnised 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 in 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 in measured in accordance with the recognition and measurement principles applicable to financial instruments in the Company's separate financialstatements 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 reocgnised 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 reocgnised 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%
Machinery and equipment	Straight-line method	10-14 years	4%	9.60%-6.86%
Transportation equipment	Straight-line method	8 years	4%	12%
Electronic equipment	Straight-line method	8 years	4%	12%
Other equipment	Straight-line method	8 years	4%	12%

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.Biological Assets

Not applicable

20.Oil & Gas assets

Not applicable

21.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.

22.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.

23.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 bookkept 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.

24.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 dismission 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 dismission welfare. The dismission 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 dismission 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.

25. 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.

26. Share payment

1.Accounting Treatment Methods of Share Payment

Share payment is a transaction which is for obtaining the service provided by employees or other parties, where thus the equity instrument is granted , or for bearing the liability confirmed basing on the equity instrument. Share payment is divided into the payment settled by equities and the payment settled by cash.

(1)Shared Payment settled by Equities

The share payment settled by equities, which is used for exchanging the service provided by employees, will be measured according to the fair value of the equity instrument granted to employees on date of grant. The amount of such fair value, under the situation that the rights can only be exercised after the service is finished and the set performance is achieved within the waiting period, and basing on the optimum estimation for the number of equity instrument which exercise rights within the waiting period, will be measured according to straight-line method and counted into relevant costs and expenses. When the rights can be exercised immediately after being granted, the payment will be counted into relevant costs and expenses, and the capital reserve will be increased correspondingly.

On each and every balance sheet date within the waiting period, the Company will make optimum estimations according to the newly-obtained subsequent information after the changes occurred in the number of employees who exercise rights so as to modify the predicted number of the equity instrument of exercising rights. The influence from above-mentioned estimations will be counted into relevant costs and expenses at the current period, and the corresponding adjustment will be made for the capital reserve.

If the fair value of the other parties' service can be reliably measured, the share-based payment settled by equities which is used for exchanging the service of other parties will be measured according to that fair value on date of acquisition. If not, but the fair value of the equity instrument can be reliably measured, the payment will be counted according to the fair value of the equity instrument on date of service acquisition, and it will be counted into relevant costs and expenses, and the equity of the shareholders will be increased correspondingly.

(2) Share Payment settled by Cash

The share payment settled by cash will be measured according to the fair value of the liability confirmed basing on the shares borne by the Company and other equity instruments. If the rights can be exercised immediately after being granted, the payment will be counted into relevant costs or expenses and the liability will be increased correspondingly. If the rights can only be exercised after the situation that service within the waiting period is completed and set performance is achieved, the service obtained at the current period,according to the fair value amount of the liability borne by the Company, and basing on the optimum estimation for the condition of exercising rights, will be counted into costs or expenses on each and every balance sheet date during the waiting period, and the liability will be increased correspondingly.

Each and every balance sheet date and settlement before relevant liability settlement, the fair value of liability will be remeasured, of which changes occurred will be counted into the current period.

2.Relevant Accounting Treatment of Modification and Termination for Share-based Payment Plan

When the Company modifies the share payment plan, if the fair value of the equity instrument granted is increased after the modification, the increase in the service obtained will be correspondingly confirmed according to the increase in the fair value of equity instrument. The increase in the fair value of equity instrument means the balance between the equity instrument before modification and the equity instrument after modification on modification date. If decrease occurred in the total fair value of the equity instrument after the modification or methods which are unbeneficial to employees are adopted in the modification, accounting treatment will still continue to be made for the service obtained, and such changes will be regarded as changes that have never occurred unless the Company has canceled partial or all equity instruments.

During the waiting period, if the granted equity instrument is cancelled, the company will treat the cancelled equity instrument as the accelerated exercise of power, and immediately include the balance that should be recognized in the remaining waiting period into the current profit and loss, and simultaneously confirm the capital reserve. If the employee or other party can choose to satisfy the non-exercisable condition but not satisfied in the waiting period, then the company will treat it as cancellation of the granted equity instrument.

3. Accounting treatment involving the share payment transaction between the Company and the shareholders or the actual controller of the Company

Where involves the share payment transaction between the Company and the shareholders or the actual controller of the Company and one of the parties of the settlement company and the service-accepting company is within the company and the other is not within the company, then the company performs the accounting treatment in the consolidated financial statements of the company according to the following provisions:

(1) If the settlement company settles in its own equity instrument, then it treats the equity payment transaction as the equity-settled equity payment; otherwise, it treats as the cash-settled equity payment.

If the settlement company is an investor to the service-accepting company, it shall be recognized as a long-term equity investment in the service-accepting company in accordance with the fair value of the equity instrument or the fair value of the liability it is assumed to bear on the grant date, and the capital reserve (other capital reserve) or liabilities shall be recognized at the same time.

(2) If the service-accepting company has no settlement obligation or confers its own equity tools on the employees of the company, then such equity payment transaction shall be treated as equity-settled equity payment; if the service-accepting company has the settlement obligation and confers the employees of the company with not its own equity instrument, then such equity payment transaction shall be treated as cash-settled equity payment;

In the case of the equity payment transaction occurs between the companies within the company, and the service-accepting company and the settlement company are not the same company, then the confirmation and measurement of the equity payment transaction shall be carried out respectively in the financial report of the service-accepting company and the settlement company, with the same analogy of the above-said principle.

27. Other financial instruments such as preferred stocks and perpetual bonds

28. 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.

29.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 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. Government grants related to the company's daily activities are included in other income; those unrelated to the daily activities of the company are included in non-operating income.

30.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 deduced. 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.

31.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.

32. Other important accounting policies and accounting estimates

33.Change of main accounting policies and estimations

(1)Change of main accounting policies

□ Applicable √Not applicable

（2）Change of main accounting estimations

□ Applicable √Not applicable

34.Other

VI.Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	The taxable turnover	The tax rate has changed from 17% to 16% since May.
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%

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 materia ls and consumables for the purpose of self use and production that can not be produced domestically from January 1, 2016 and December 31, 2020.

3. Other

VII. Notes of consolidated financial statement

1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	1,720.24	17,771.09
Bank deposit	1,016,522,661.15	1,163,010,967.65
Other monetary funds	2,019,381.97	2,019,370.09
Total	1,018,543,763.36	1,165,048,108.83
Including : The total amount of deposit abroad	8,926,677.22	9,044,548.79

Other notes

As of June 30, 2018，The fixed-term deposit balance of money fund is RMB 3,807,969.50 , this part will not be treated as closing cash or closing cash equivalent in preparing cash flow statement. Monetary unit is RMB yuan

2.Financial assets measured at fair value throuth current profit and loss

□ Applicable √ Not applicable

3.Derivative financial assets

□Applicable √ Not applicable

4.Note receivables

(1) Classification note receivable

In RMB

Items	Year-end balance	Year-beginning balance
Bank acceptance	1,668,992.95	44,207,119.00
Total	1,668,992.95	44,207,119.00

（2）Note receivable endorsed or discounted by the Company as at June 30.2018 but not expired on the balance sheet date

In RMB

Items	Amount derecognizing at period –end	Amount derecognizing at period-end

Bank acceptance	29,995,613.18	
Total	29,995,613.18	

（4）There is no notes transferred to accounts receivable because drawer of the notes fails to exuted the contract or agreement

□ Applicable √ Not applicable

5. Account receivable

(1)Classification account receivables.

In RMB

Category	Amount in year-end					Amount in year-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accounts receivable of individual significance and subject to individual impairment assessment	6,301,057.07	2.58%	3,998,803.02	63.46%	2,302,254.05	6,301,057.07	2.97%	3,998,803.02	63.46%	2,302,254.05
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	232,443,460.36	95.07%	11,826,900.32	5.09%	220,916,560.04	199,198,855.51	93.99%	10,386,734.84	5.21%	188,812,120.67
Accounts receivable of individual insignificance but subject to individual impairment assessment	5,748,803.57	2.35%	4,060,100.59	70.63%	1,388,702.98	6,448,803.57	3.04%	5,060,100.59	78.47%	1,388,702.98
Total	244,493,321.00	100.00%	19,885,803.93	100.00%	224,607,517.07	211,948,716.15	100.00%	19,445,638.45	100.00%	192,503,077.70

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

√ Applicable □Not applicable

In RMB

Account receivable(Unit)	Amount in year-end			
	Account receivable	Bad debt provision	Proportion(%)	Reason for allowance
Dongguan Fair LCD Co.,	1,696,548.96	1,696,548.96	100.00%	It has been included in

Ltd.				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	6,301,057.07	3,998,803.02	--	--

Account reveivable on which bad debt proisions 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			
	231,907,311.27	11,595,365.56	5.00%
Subtotal within 1 year	231,907,311.27	11,595,365.56	5.00%
1-2 years	53,684.00	5,368.40	10.00%
2-3 years	75,330.97	22,599.29	30.00%
Over 3 years	45,898.44	22,949.22	50.00%
3-4 years	128,940.73	64,470.37	50.00%
4-5 years	232,294.95	116,147.48	50.00%
Total	232,443,460.36	11,826,900.32	

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

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 RMB440，165. 48_; recovery or payback for bad debts Amount is RMB0.00.

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

Name	Nature	Balance in year-end	Aging	Proportion(%)	Bad debt provision

First	Goods	73,332,680.33	Within 1 year	29.99%	3,666,634.02
Second	Goods	44,718,000.00	Within 1 year	18.29%	2,235,900.00
Third	Goods	32,985,000.00	Within 1 year	13.49%	1,649,250.00
Fourth	Goods	10,344,908.57	Within 1 year	4.23%	517,245.43
Fifth	Goods	8,047,326.72	Within 1 year	3.29%	402,366.34
Total		169,427,915.62		69.30%	8,471,395.78

6.Prepayments

（1）Age analysis

In RMB

Aging	Balance in year-end		Balance in year-begin	
	Amount	Proportion（%）	Amount	Proportion（%）
Within 1 year	195, 791, 204. 91	99. 97%	13, 705, 047. 27	99. 63%
1-2 years	21, 988. 56	0. 01%	11, 944. 78	0. 09%
2-3 years	38, 160. 00	0. 02%	38, 160. 00	0. 28%
Over 3 years	195, 851, 353. 47	--	13, 755, 152. 05	--
Total				

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

Name	Balance in year-end	Proportion
First	131,977,638.68	67.39%
Second	20,300,000.00	10.37%
Third	20,000,000.00	10.21%
Fourth	9,211,650.58	4.70%
Fifth	6,616,600.00	3.38%
Total	188,105,889.26	96.05%

7.Interest receivable

1.Category of interest receivable

In RMB

Items	Amount in year-end	Amount in year-beginng
Fixed deposit interest	15, 203, 853. 00	12, 676, 572. 40
Trust income		1, 627, 397. 26
Structure deposit interest	3, 629, 626. 86	1, 418, 738. 58
Other financing product		6, 164. 38
TotaL	18, 833, 479. 86	15, 728, 872. 62

（2）Important overdue interest

□Applicable √Not applicable

8.Dividend receivable

（1）Dividend receivable

In RMB

Items	Balance in year-end	Balance in year-begin

（2）Significant dividend receivable aged over 1 year

9.Other receivable

1．Category of Other receivable

In RMB

Category	Amount in year-end					Amount in year- begin				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other accounts receivable of individual significance and subject to individual impairment	13, 781, 464. 60	48. 66%	13, 781, 464. 60	100. 00%	0. 00	13, 781, 464. 60	47. 54%	13, 781, 464. 60	100. 00%	0. 00

assessment									
Other accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	13, 927, 423. 06	49. 18%	1, 509, 143. 36	10. 84%	12, 418, 279. 70	14, 596, 383. 53	50. 35%	1, 670, 399. 08	11. 44%	12, 925, 984. 45
Other accounts receivable of individual insignificance but subject to individual impairment assessment	611, 820. 77	2. 16%	611, 820. 77	100. 00%	0. 00	611, 820. 77	2. 11%	611, 820. 77	100. 00%	0. 00
Total	28, 320, 708. 43	100. 00%	15, 902, 428. 73		12, 418, 279. 70	28, 989, 668. 90	100. 00%	16, 063, 684. 45		12, 925, 984. 45

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

√ Applicable □Not applicable

In RMB

Other receivable（Unit）	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.
	1, 800, 000. 00	1, 800, 000. 00	100. 00%	Estimated irrecoverable
Shenzhen Tianlong Induatry& Trade Co., Ltd.	592, 420. 00	592, 420. 00	100. 00%	Has been conceled, unlikely to recover
Total	13, 781, 464. 60	13, 781, 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			

Subtotal Within 1 year	9,084,634.17	454,231.71	5.00%
1-2 years	3,032,560.75	303,256.08	10.00%
2—3 years	767,292.47	230,187.74	30.00%
Over 3 years	1,042,935.67	521,467.84	50.00%
3-4 years	710,122.83	355,061.42	50.00%
4-5 years	160,403.68	80,201.84	50.00%
Over 5 years	172,409.16	86,204.58	50.00%
Total	13,927,423.06	1,509,143.36	

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

Bad debt provision accrual was RMB-161,255.72, the acount collected or switches back amounting to RMB0.00.

(3) Other account receivables category by nature of money

In RMB

Category	Year-end balance	Year-beginning balance
Customs bond	265,625.07	1,454,781.62
Export rebate	2,475,289.80	7,804,119.33
Unit account	14,914,848.23	15,211,367.96
Deposit	643,518.35	1,752,199.92
Reserve fund and staff loans	947,827.17	849,212.52
Other	9,073,599.81	1,917,987.55
Total	28,320,708.43	28,989,668.90

(4)Top 5 of the closing balance of the other accounts receivable colleted 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 5 years	40.21%	11,389,044.60
Second	Unit account	1,800,000.00	1-2 years	6.36%	1,800,000.00
Third	Export rebate	1,515,881.87	Within 1 year	5.35%	75,794.09

Fourth	Deposit	629,278.35	Within 1 year	2.22%	31,463.92
Fifth	Unit account	592,420.00	Over 5 years	2.09%	592,420.00
Total	--	15,926,624.82	--		13,888,722.61

10.Inventory

（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	87,061,113.61	12,679,234.15	74,381,879.46	134,843,713.96	12,679,234.15	122,164,479.81
Processing products	49,571,566.76		49,571,566.76	3,234,902.35		3,234,902.35
Stock goods	240,737,319.36	35,398,716.90	205,338,602.46	189,554,586.67	39,338,792.67	150,215,794.00
Total	377,369,999.73	48,077,951.05	329,292,048.68	327,633,202.98	52,018,026.82	275,615,176.16

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	Other	
Raw materials	12,679,234.15					12,679,234.15
Stock goods	39,338,792.67	17,115,422.28		21,055,498.05		35,398,716.90
Total	52,018,026.82	17,115,422.28		21,055,498.05		48,077,951.05

11. Holding assets for sale

12. Non current assets due within one year

13.Other current assets

In RMB

Items	Year-end balance	Year-beginning balance

Structural Deposit	180, 000, 000. 00	210, 000, 000. 00
Trust financing	800, 000, 000. 00	800, 000, 000. 00
Other financing product	0. 00	10, 000, 000. 00
After the deduction of input VAT	140, 702, 098. 15	128, 689, 874. 10
Total	1, 120, 702, 098. 15	1, 148, 689, 874. 10

14.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	109,934,880.27	44,579,303.00	65,355,577.27	110,615,036.04	44,579,303.00	66,035,733.04
Measured by fair value	7,314,138.86		7,314,138.86	7,994,294.63		7,994,294.63
Measured by cost	102,620,741.41	44,579,303.00	58,041,438.41	102,620,741.41	44,579,303.00	58,041,438.41
Total	109,934,880.27	44,579,303.00	65,355,577.27	110,615,036.04	44,579,303.00	66,035,733.04

(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 instruments/amortized cost of the liabilities instruments	8, 940, 598. 31			8, 940, 598. 31
Fair value	7, 314, 138. 86			7, 314, 138. 86
Changed amount of the fair value accumulatively included in other comprehensive income	-1, 626, 459. 45			-1, 626, 459. 45

(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	2.39%	
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 Prnting & 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%	
Shenzhen Xinfang Knitting Co., Ltd.	524,000.00			524,000.00					20.00%	
Shenzhen Dailisi Knitting Co., Ltd.	2,559,856.26			2,559,856.26					30.00%	
Anhui	25,410,209			25,410,209	7,622,659.			7,622,659.50	50.00%	

Huapeng Textile Co., Ltd.	.50			.50	50					
Shenzhen South Textile Co., Ltd.	1,500,000.00			1,500,000.00					9.84%	
Shenzhen South Textile Co., Ltd.	4,243,705.44			4,243,705.44	266,654.99			266,654.99	50.00%	
Changxing Junying Investment Partnership	28,500,000.00			28,500,000.00					57.00%	
Total	102,620,741.41			102,620,741.41	44,579,303.00			44,579,303.00	--	

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

In RMB

Category	Available for sale equity instruments	Available for sale debts instruments		Total
Impairment amount at the beginning period	44,579,303.00			44,579,303.00
Impairment amount at the end of period	44,579,303.00			44,579,303.00

15. Held-to-maturity investment

16. Long-term account receivables

17. Long-term equity investment

In RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Addition investment	Deduction investment	Gains/loss under equity method	Other comprehensive income adjustment	Other changes in equity	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		

					ts						
I. Joint ventures											
Shenzhen Haohao Property Leasing Co., Ltd.	5,369,450.56			393,860.77			400,000.00			5,363,311.33	
Subtotal	5,369,450.56			393,860.77			400,000.00			5,363,311.33	
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	2,107,155.01			96,088.63						2,203,243.64	
Jordan Garment Factory	2,233,902.64			-68,777.00	27,739.85					2,192,865.49	
Hongkong Yehui International Co., Ltd.	10,670,226.35			195,773.27	92,609.30		198,456.00			10,760,152.92	
Subtotal	15,011,284.00			223,084.90	120,349.15		198,456.00			15,156,262.05	
Total	20,380,734.56			616,945.67	120,349.15		598,456.00			20,519,573.38	

18.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	306,466,721.91			306,466,721.91

2.Increase in the current period	2,499,538.83			2,499,538.83
(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	308,966,260.74			308,966,260.74
II.Accumulated amortization				
1.Opening balance	133,360,915.64			133,360,915.64
2.Increased amount ofthe period	3,890,452.29			3,890,452.29
(1) Withdrawal	3,890,452.29			3,890,452.29
3.Decreased amount of the period				
（1）Dispose				
（2）Other out				
4. Balance at period-end	137,251,367.93			137,251,367.93
III. Impairment provision				
1. Balance at period-beginning				
2.Increased amount of the period				
(1) Withdrawal	0.00			

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	171,714,892.81			171,714,892.81
2.Book value at period-beginning	173,105,806.27			173,105,806.27

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

□ Applicable √ Not appliucable

(3) Investment real estate without certificate of ownership

Items	Values	Reansons
The Guanhua Building	49,231,570.92	Settlement audit has not yet been completed.

19. Fixed assets

(1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery eqiupment	Transportations	Other	Total
I. Original price					
1.Opening balance	492,709,415.27	659,301,895.53	3,691,157.72	22,260,594.58	1,177,963,063.10
2.Increased amount ofthe period	53,519,097.66	335,851,249.20	6,163,861.61	5,691,897.65	401,226,106.12
(1) Purchase		32,418,176.86	6,163,861.61	5,691,897.65	44,273,936.12
(2) Transferred from construction in progress	53,519,097.66	303,433,072.34			356,952,170.00
(3)Increased of Enterprise					

Combination					
3.Decreased amount of the period		30,538.18		61,069.08	91,607.26
（1）Disposal		30,538.18		61,069.08	91,607.26
4. Balance at period-end	546,228,512.93	995,122,606.55	9,855,019.33	27,891,423.15	1,579,097,561.96
II. Accumulated depreciation					
1.Opening balance	113,563,999.41	389,901,922.93	3,268,450.66	15,095,489.91	521,829,862.91
2.Increased amount of the period	7,007,923.62	28,096,254.46	102,362.04	806,264.61	36,012,804.73
(1) Withdrawal	7,007,923.62	28,096,254.46	102,362.04	806,264.61	36,012,804.73
3.Decrease in the reporting period		16,879.34		29,389.84	46,269.18
（1）Disposal		16,879.34		29,389.84	46,269.18
4.Closing balance	120,571,923.03	417,981,298.05	3,370,812.70	15,872,364.68	557,796,398.46
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	425,656,589.90	577,141,308.50	6,484,206.63	12,019,058.47	1,021,301,163.50
2.Book value of the	379,145,415.86	269,399,972.60	422,707.06	7,165,104.67	656,133,200.19

period-begin					

20. 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	0.00		0.00	315,430,810.41		315,430,810.41
2500mm width production line	1,280,703.35		1,280,703.35	500,168.25		500,168.25
Engineering transformation	10,673,306.16		10,673,306.16	4,629,218.20		4,629,218.20
Other	2,748,768.71		2,748,768.71	2,009,976.87		2,009,976.87
Total	14,702,778.22		14,702,778.22	322,570,173.73		322,570,173.73

（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	315,430,810.41	39,520,202.14	354,951,012.55	0.00	0.00	50.68%					Other
Total	700,340,000.00	315,430,810.41	39,520,202.14	354,951,012.55			--	--				--

21. Engineering Material

22.Liquidation of fixed assets

23. Productive biological assets

24. Oil-and-gas assets

25. Intangible assets

（1）Information

In RMB

Items	Land use right	Patent right	Non-proprietary technology	Proprietary technology	Software	Total
I. Original price						
1. Balance at period-beginning	48,822,064.61			11,825,200.00	2,591,780.00	63,239,044.61
2.Increase in the current period						
(1) Purchase						
（2）Internal R & D						
（3）Increased of Enterprise Combination						
3.Decreased amount of the period					28,022.72	28,022.72
（1）Disposal					28,022.72	28,022.72
4. Balance at period-end	48,822,064.61			11,825,200.00	2,563,757.28	63,211,021.89
II.Accumulated amortization						
1. Balance at period-beginning	11,283,873.79			11,825,200.00	1,259,297.42	24,368,371.21
2. Increase in the current period	508,071.86				112,090.88	620,162.74
(1) Withdrawal	508,071.86				112,090.88	620,162.74

3.Decreased amount of the period						
（1）Disposal						
4. Balance at period-end	11,791,945.65			11,825,200.00	1,371,388.30	24,988,533.95
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	37,030,118.96				1,192,368.98	38,222,487.94
2.Book value at period-beginning	37,538,190.82				1,332,482.58	38,870,673.40

26. Research and development expenditure

27.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 Impor and Export Co. Ltd.	82,246.61					82,246.61
Shenzhen Shengb 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 Shengb Optoelectronic Technology Co.	9,614,758.55					9,614,758.55

Ltd						
Total	11,864,346.37					11,864,346.37

28. 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	841,713.23	294,770.06	73,649.05	0.00	1,062,834.24
Other	193,576.85	7,800.00	81,487.77	0.00	119,889.08
Total	1,035,290.08	302,570.06	155,136.82	0.00	1,182,723.32

29. 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	5,263,784.32	1,315,946.08	5,190,838.04	1,297,709.51
Unattained internal sales profits	2,636,093.43	395,414.03	2,680,650.70	402,097.62
Changes in fair value of available for sale financial assets	1,626,459.45	406,614.86	946,303.68	236,575.93
Temporary differences in the formation of equity incentives	2,029,115.04	507,278.76	152,615.37	38,153.84
Other				
Total	11,555,452.24	2,625,253.73	8,970,407.79	1,974,536.90

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

In RMB

Items	Trade-off between the	End balance of deferred	Trade-off between the	Opening balance of

	deferred income tax assets and liabilities	income tax assets or liabilities after off-set	deferred income tax assets and liabilities at period-begin	deferred income tax assets or liabilities after off-set
Deferred income tax assets		2,625,253.73		1,974,536.90

(3)Details of income tax assets not recognized

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	84,544,641.61	80,615,487.41
Deductible loss	356,787,195.90	486,014,140.23
Total	441,331,837.51	566,629,627.64

(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	
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	
Total	356,787,195.90	486,014,140.23	--

30 .Other non-current assets

In RMB

Items	Balance in year-end	Balance in year-begin
Advance payment for equipment fund		2,772,114.56
Dvance payment for technical services	42,346,134.84	44,394,879.92
Total	42,346,134.84	47,166,994.48

31. Short-term loan

（1）Categories of short-term loans

In RMB

Items	Balance in year-end	Balance in year-Beginning

Credit loans	197,389,295.07	88,638,181.45
Total	197,389,295.07	88,638,181.45

32. Financial liabilities measured at fair value through current profit and loss

33. Derivative financial liabilities

□ Applicable√ Not applicable

34. Note payable

In RMB

Items	Balance in year-end	Balance in year-begin
Bank acceptance bills	19,500,000.00	
Total	19,500,000.00	

35. Account payable

（1）Account payable

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	61,389,841.01	96,043,721.23
1-2 years	27,566.50	37,402.40
2-3 years	27,402.40	37,083.00
3-4 years	17,083.00	300,642.80
4-5 years	300,642.80	37,090.00
Over 5 years	445,253.53	648,757.75
Total	62,207,789.24	97,104,697.18

（2）Significant accounts payable that aged over one year

In RMB

Tems	Balance in year-end	The reason for not repaid or carried forwar d

36.Advance account

（1）Advance account

In RMB

Items	Balance in year-end	Balance in year-begin

Within 1 year	37,597,370.18	33,708,344.84
1-2 years		240,275.96
2-3 years		364,922.45
3-4 years		
Over 5 years	639,024.58	639,024.58
Total	38,236,394.76	34,952,567.83

37.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 wages	29,503,260.65	67,445,438.28	78,606,725.73	18,341,973.20
II. Welfare afterlwaving of position-fixed provision scheme		5,643,995.77	5,643,995.77	
Total	29,503,260.65	73,089,434.05	84,250,721.50	18,341,973.20

（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	27,846,341.48	58,837,127.93	70,012,519.68	16,670,949.73
2.Employee welfare		3,835,600.53	3,835,600.53	
3. Social insurance premiums		1,062,233.15	1,062,233.15	
Including：Medical insurance		834,782.99	834,782.99	
Work injury insurance		114,298.25	114,298.25	
Maternity insurance		113,151.91	113,151.91	
4. Public reserves for housing		2,489,156.08	2,489,156.08	
5.Union funds and staff education fee	1,656,919.17	1,221,320.59	1,207,216.29	1,671,023.47
Total	29,503,260.65	67,445,438.28	78,606,725.73	18,341,973.20

（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		4,686,509.82	4,686,509.82	
2.Unemployment insurance		135,191.10	135,191.10	
3. Annuity payment		822,294.85	822,294.85	
Total		5,643,995.77	5,643,995.77	

38.Tax Payable

In RMB

Items	At end of term	At beginning of term
VAT	447,369.40	548,014.78
Expenditure taxes	0.00	
Enterprise Income tax	3,849,800.68	3,912,084.91
Individual Income tax	1,059,630.01	704,212.04
City Construction tax	36,389.98	34,389.37
House property tax	2,948,571.06	1,541,424.38
Educational surtax	24,878.61	22,055.75
Other	305,233.36	173,081.34
Total	8,671,873.10	6,935,262.57

39. Interest payable

In RMB

Items	At end of term	At beginning of term
Interest on long-term borrowings payable	46,643,162.06	44,446,217.66
Interest on short-term borrowings	447,233.47	195,135.86
Total	47,090,395.53	45,799,544.04

40. Dividends payable

41.Other payable

（1）Disclosure by nature

In RMB

Items	At end of term	At beginning of term
Engineering Equipment fund	77,786,803.19	34,977,749.54
Unit account	48,697,613.74	48,697,613.74
Deposit	25,018,600.58	25,090,664.49
Restrictive stock repurchase obligation	27,230,679.00	27,230,679.00
Other	23,901,272.84	19,030,092.77
Total	202,634,969.35	155,026,799.54

42. Divided into liability held for sale

43.Non-current liabilitiesdue within 1 year

In RMB

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

44.Other current liabilities

45.Long-term borrowings

（1）Long-term term borrowings

In RMB

Items	At end of term	At beginning of term
Credit borrowings	40,000,000.00	40,000,000.00
Total	40,000,000.00	40,000,000.00

46.Bond payable

47. Long-term payable

48. Long-term employee salary payable

49. Specific payable

50. Estimates liabilities

51.Deferred income

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term	Reason
Govemment Subsidy	134,767,064.72	5,396,000.00	5,812,167.76	134,350,896.96	
Total	134,767,064.72	5,396,000.00	5,812,167.76	134,350,896.96	--

Details of government subsidies：

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other changes	End of term	Asset-related orincome-related
Textile special funds	714,285.73			71,428.58			642,857.15	Related to assets
High-tech Industrialization demonstration projects	400,000.00			100,000.00			300,000.00	Related to assets
National grant fundsfor new flat panel display industry	2,000,000.00			500,000.00			1,500,000.00	Related to assets
Grant funds for TFT-LCD polarizer industry project	5,633,333.34			649,999.97			4,983,333.37	Related to assets
Grant funds for TFT-LCD	2,500,000.00			250,000.02			2,249,999.98	Related to assets

polarizer narrow line (line 5) project								
Purchase of imported equipment and technology	852,106.98			87,545.09			764,561.89	Related to assets
Innovation and venture capital for TFT-LCD polarier I project	250,000.00			25,000.04			224,999.96	Related to assets
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	362,500.00			25,000.02			337,499.98	Related to assets
Shenzzhen Engineering laboratory polarizing material and technical engineeting	3,625,000.00			250,000.02			3,374,999.98	Related to assets
Capital funding for Technology Center	2,175,000.00			150,000.00			2,025,000.00	Related to assets
Subsidy fund s to support t he introductio n of advance d technology	71,940.51			7,194.00			64,746.51	Related to assets
Grant funds for TFT-LCD polarizer narrow line	15,000,000.00						15,000,000.0 0	Related to assets

(line 6) project								
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
key technology research and development projects of optical compensation film for polarizer	4,625,000.00			250,000.02			4,374,999.98	Related to assets
Strategic industries Development fund of Guangdong Province	25,000,000.00						25,000,000.00	Related to assets
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	116,101.49						116,101.49	Related to assets
Polarization Industrialization Project for Super	30,000,000.00						30,000,000.00	Related to assets

Large-sized TVs (Line 7) Central Budget Investment								
Old Elevator Renovation Fund Subsidy	941,796.67			50,000.00			891,796.67	Related to assets
Shenzhen standard special fund subsidy		960,000.00		960,000.00				Related to income
Research on Key Technology of Polarizer for Ultra-thin IPS Smartphone Terminal	0.00	2,000,000.00					2,000,000.00	Related to assets
Government subsidies related to income		2,436,000.00		2,436,000.00				Related to income
Total	134,767,064.72	5,396,000.00		5,812,167.76			134,350,896.96	--

(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 RMB71,428.58, the ending balance of uncompleted amortization is RMB642,857.15 .

(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 RMB100, 000. 00 and the balance amount of unfinished final amortization is RMB300, 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 non-operating income in current period is RMB500,000.00, the balance amount of unfinished final amortization is RMB1,500,000.00.

(4) 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 non-operating income in current period is RMB649,999.97. and the balance amount of unfinished final amortization is RMB4, 983, 333. 37.

(5) 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 non-operating income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB2, 249, 999. 98.

(6) 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 non-operating income in current period is RMB87,545.09 and the balance amount of unfinished final amortization is RMB764, 561. 89.

(7) On December 2013，The company received the funds for innovation and entrepreneurship 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 non-operating income in current period is RMB25,000.04 and the balance amount of

unfinished final amortization is RMB224, 999. 96元.

(8) On December 2013，The company received the funds for innovation and entrepreneurship 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 non-operating income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB337, 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 non-operating income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB3, 374, 999. 98.

(10) 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 non-operating income in current period is RMB150,000.00 and the balance amount of unfinished final amortization is RMB2, 025, 000. 00.

(11)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 non-operating income in current period is RMB7,194.00 and the balance amount of unfinished final amortization is RMB64, 746. 51.

(12) 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.

(13) According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2^{nd} 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.

(14) 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;

(15)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 has reached the expected date of use of the assets., 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 RMB4,374,999.98.

(16). 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 RMB20 million of the pilot project fund(period II project of TFT-LCD polarizer).On October 2016, the Company received RMB 5 million 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

(17). According to Reform and Development Commission of Shenzhen Municipality sending the notice of “Reply of National Reform and Development Office on Investing in Petrifaction 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.

(18). 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 Other income was RMB 0.00 at the current period, the ending balance without amortization was RMB 116,101.49.

19. According to the Notice of the Ministry of Industry and Information Technology of the National Development and Reform Commission for Releasing the Central Budgetary Investment Plan of the 2017 of the Technical Transformation of the Electronic Information Industry (NDRC Investment {2017} No. 1649), the company received oversize TV for use in November 2017. In November 2017, the company received an central budgetary investment of RMB 30,000,000.00 of the oversized TV polarizer industry project. The company shall transfer the deferred income to the current profit or loss for the period of depreciation from the date when the relevant assets are ready for their intended use.

20. In 2017, the company received 1,218,640.00 yuan for the old elevator upgrade subsidy, which was apportioned according to the depreciation period of the relevant assets. The current period was included in other income of 50,000.00 yuan, and the unassessed balance at the end of the period was 891,796.67 yuan.

21. According to the regulations of *Management Measures of Shenzhen City to Build Shenzhen Standard Special Funds* (SCG [2016] No. 7) and *Operating Procedures of Shenzhen City to Create Shenzhen Standard Special Funding* (SSZG [2017] No. 2), the national standard "Determination Method for the Adhesion of Polarizer Optical Film Coating" developed by the company was awarded 600,000 yuan by the Shenzhen Municipal Market and Quality Supervision and Administration Committee; the national standard "Determination of Optical Compensation Value of Polarizer" developed by the company was funded 360,000 yuan by Shenzhen Municipal Committee of Market and Quality Supervision and Administration, and the money arrived on January 26, 2018.

22. In accordance with the development plans and policies of Shenzhen Municipality for Strategic emerging Industries, the *Management Measures of Shenzhen City on Funds for Scientific and Technological Research and Development*, the *Management Measures of Shenzhen City on Science and Technology Plan Project* and other relevant documents, Shenzhen Science and Technology Innovation Commission and the company completed the development of the key technology of the 20170535 ultra-thin polarizer used in IPS smart phone terminal in the Shenzhen Science and Technology Plan issued by SFG [2017] No. 1447 document. In February 2018, the company received funding from Shenzhen Science and Technology Innovation Commission of 2,000,000 yuan for R & D. The company will transfer the deferred income to the current profit and loss according to the depreciation period from the date when the relevant assets reach the expected usable status.

23. According to the notice on *Certain Measures for Promoting Scientific and Technological Innovation* (SF [2016] No. 7), the company received a corporate R&D grant of RMB 2,436,000 from the Shenzhen Science and Technology Innovation Committee on January 25, 2018.

52.Other Non-current liabilities

53.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	511,274,149.00						511,274,149.00

54. Other equity instruments

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,848,960,987.54			1,848,960,987.54

Other	17,040,487.63	3,451,194.00		20,491,681.63
Total	1,866,001,475.17	3,451,194.00		1,869,452,669.17

Other exlanation, including changes and reasons for changes：

Confirm the current restricted stock incentive fee of RMB 3,451,194.00.

56.Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current	Decrease in the current period	Year-end balance
Treasury stock	27,230,679.00			27,230,679.00
Total	27,230,679.00			27,230,679.00

Notes：

57. 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	After - tax attributable to minority shareholders	
2.Other comprehensive income reclassifiable to profit or loss in subsequent periods	2, 218, 703. 87	-559, 806. 62		-170, 038. 95	-389, 767. 67		1, 828, 936. 20
Gains and losses from changes in fair value of financial assets available for sale	1, 500, 778. 50	-680, 155. 77		-170, 038. 95	-510, 116. 82		990, 661. 68
Translation differences of financial statements denominated	717, 925. 37	120, 349. 15			120, 349. 15		838, 274. 52
Total of other comprehensive income	2, 218, 703. 87	-559, 806. 62		-170, 038. 95	-389, 767. 67		1, 828, 936. 20

58. Special reserves

59. Surplus reserve

In RMB

Items	Year-beginning balance	Increase in the current	Decrease in the current	Year-end balance

		period	period	
Statutory surplus reserve	77, 477, 042. 19			77, 477, 042. 19
Total	77, 477, 042. 19			77, 477, 042. 19

60. Retained profits

In RMB

Items	Amount of current period	Amount of previous period
Retained earnings before adjustments at the year beginning	-32, 266, 087. 44	-81, 275, 828. 76
Retained earnings after adjustments at the year end	-32, 266, 087. 44	-81, 275, 828. 76
Add: Net profit attributable to owners of the Company for the period	9, 646, 976. 15	14, 457, 841. 63
Retained profits at the period end	-22, 619, 111. 29	-66, 817, 987. 13

As regards the details of adjusted the beginning undistributed profits

(1)As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00 .

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00 .

61. Business income, Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	469, 020, 785. 79	413, 056, 967. 08	563, 241, 779. 76	507, 497, 595. 29
Other business	69, 267, 264. 82	66, 061, 633. 29	176, 095, 977. 11	170, 119, 600. 50
Total	538, 288, 050. 61	479, 118, 600. 37	739, 337, 756. 87	677, 617, 195. 79

62. Business tax and subjoin

In RMB

Items	Amount of current period	Amount of previous period
Urban construction tax	293, 239. 29	1, 877, 415. 61
Education surcharge	210, 850. 54	1, 341, 011. 11

Property tax	2, 891, 819. 92	2, 827, 811. 60
Land use tax	176, 423. 79	172, 077. 94
vehicle and vessel usage tax	3, 960. 00	4, 800. 00
Stamp tax	260, 786. 33	335, 365. 36
Other	3, 476. 25	30, 536. 23
Total	3, 840, 556. 12	6, 589, 017. 85

63.Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	1, 477, 791. 73	1, 442, 735. 16
Exhibition fee	124, 705. 56	128, 319. 69
Business expenses	214, 533. 49	344, 967. 24
Transportation changes	1, 402, 849. 04	1, 507, 900. 57
Samples and product loss	179, 001. 34	170, 061. 25
Other	381, 530. 37	413, 059. 23
Total	3, 780, 411. 53	4, 007, 043. 14

64. Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	23, 790, 598. 33	18, 043, 421. 42
Property insurance	123, 836. 06	144, 107. 56
Repair charge	1, 804, 835. 86	351, 038. 26
Business entertainment	485, 191. 77	394, 601. 48
Travel expenses	512, 976. 10	400, 427. 52
Office expenses	515, 020. 20	351, 040. 92
Water and electricity	2, 017, 209. 50	1, 310, 312. 83
Agency expenses	1, 639, 670. 22	1, 163, 200. 26
R& D	21, 189, 099. 82	10, 940, 877. 48
Board fees	54, 119. 00	29, 223. 00
Other	4, 848, 892. 78	3, 718, 815. 43
Depreciation of fixed assets	4, 788, 853. 45	3, 360, 019. 17

Amortization of intangible assets	648, 185. 46	630, 995. 46
Low consumables amortization	9, 731. 00	8, 487. 70
Total	62, 428, 219. 55	40, 846, 568. 49

65. Financial expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	3, 428, 083. 94	2, 240, 228. 08
Interest income	-13, 277, 267. 58	-17, 274, 220. 29
Exchange loss	4, 824, 219. 83	1, 753, 688. 28
Fees and other	1, 172, 376. 15	1, 242, 947. 35
Total	-3, 852, 587. 66	-12, 037, 356. 58

66.Loss of assets impairment

In RMB

Items	Amount of current period	Amount of previous period
I .Losses for bad debts	278, 909. 76	522, 788. 58
II. Losses for falling price of inventory	17, 115, 422. 28	30, 137, 044. 41
Total	17, 394, 332. 04	30, 659, 832. 99

67. Gains from changes in fair value

68. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Investment income from the disposal of long-term equity investment	616, 945. 67	1, 620, 115. 63
Hold the investment income during from available-for-sale financial assets	574, 774. 15	526, 586. 44
Other	27, 360, 990. 33	20, 808, 333. 32
Total	28, 552, 710. 15	22, 955, 035. 39

69. Assets disposal income

70.Other income

In RMB

Source	Amount of current period	Amount of previous period
Government Subsidy	5,812,167.76	5,143,961.90

71. 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
Government Subsidy	55,009.21	517,000.00	55,009.21
Gains from disposal of non-current assets	24,597.81	1,510.00	24,597.81
Other	10,301.15	9,910.24	10,301.15
Total	89,905.17	528,419.77	89,905.17

Government subsidy reckoned into current gains/losses

In RMB

Items	Issuing subject	Reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
Shenzhen City Market and Supervision and Management Commissionallocated intellectual property patent grant		Subsidy	Because research and development, technical updates and transformation of subsidies	Yes	No		17,000.00	Relate to income
Shenzhen		Subsidy	Because	Yes	No		500,000.00	Relate to

Science and Technology Innovation Committee allocated 2016 annual science and technology award			research and development, technical updates and transformation of subsidies					income
Shenzhen Social Security Bureau		Subsidy		Yes	No	55,009.21		Relate to income
Total	--	--	--	--	--	55,009.21	517,000.00	--

72.Non-current expenses

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & lossed
Non-current asset Disposition loss	43,338.08	3,281.59	4,338.08
Other	110,000.00	196.77	110,000.00
Total	153,338.08	3,478.36	153,338.08

73.Income tax expenses

(1)Income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	5,972,581.36	7,902,446.59
Deferred income tax expense	-650,716.83	-159,488.32
Total	5,321,864.53	7,742,958.27

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

In RMB

Items	Amount of current period
Total profits	9,879,963.66

Income tax computed in accordance with the applicable tax rate	2, 469, 990. 92
Effect of different tax rate applicable to the subsidiary Company	1, 302, 252. 17
Influence of income tax before adjustment	10, 551. 90
Influence of non taxable income	-210, 923. 73
Affect the use of deferred tax assets early unconfirmed deductible losses	150, 670. 21
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	1, 599, 323. 06
Other	
Income tax expense	5, 321, 864. 53

74 .Other comprehensive income

Seen in Note 57.

75.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	5, 396, 000. 00	3, 409, 000. 00
Bank deposit interest income and other	20, 764, 799. 70	32, 239, 684. 61
Total	26, 160, 799. 70	35, 648, 684. 61

(2)Other cash paid related to oprating activities

In RMB

Items	Amount of current period	Amount of previous period
R&D	15, 280, 060. 45	10, 940, 877. 48
Office Expense	515, 020. 20	351, 040. 92
Business fee	699, 725. 26	739, 568. 72
Travel expenses	632, 243. 41	400, 427. 52
Transportation fee	1, 402, 849. 04	1, 507, 900. 57
Agency Charge	1, 639, 670. 22	1, 163, 200. 26
Insurance expenses	123, 836. 06	144, 107. 56

Water and electricity	2, 017, 209. 50	1, 310, 312. 83
Rental fee	1, 804, 835. 86	351, 038. 26
Exhibition expenses	124, 705. 56	128, 319. 69
Other	1, 340, 140. 71	75, 148, 367. 33
Total	25, 580, 296. 27	92, 185, 161. 14

(3)Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	1, 903, 828, 974. 66	2, 205, 083, 032. 64
Total	1, 903, 828, 974. 66	2, 205, 083, 032. 64

(4).Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structure deposit investment	1, 830, 500, 000. 00	1, 883, 000, 000. 00
Total	1, 830, 500, 000. 00	1, 883, 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

76. 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	4, 558, 099. 13	12, 536, 435. 62
Add: Impairment loss provision of assets	-3, 940, 075. 77	-164, 403. 72

Depreciation of fixed assets, oil and gas assets and consumable biological assets	40, 523, 419. 76	40, 264, 166. 05
Amortization of intangible assets	620, 162. 74	630, 995. 46
Amortization of Long-term deferred expenses	155, 136. 82	148, 559. 98
Loss on scrap of fixed assets	43, 338. 08	3, 281. 59
Financial cost	-3, 852, 587. 66	-13, 992, 394. 49
Loss on investment	-28, 152, 710. 15	-22, 955, 035. 39
Decrease in deferred income tax assets	-650, 716. 83	159, 488. 32
Decrease of inventories	-45, 300, 979. 12	-13, 178, 629. 92
Decease of operating receivables	-78, 431, 655. 56	-56, 290, 615. 85
Increased of operating Payable	-14, 422, 320. 88	-45, 338, 248. 59
Net cash flows arising from operating activities	-128, 850, 889. 44	-98, 176, 400. 94
II. Significant investment and financing activities that without cash flows:	--	--
3． Movement of cash and cash equivalents：	--	--
Ending balance of cash	1, 014, 735, 793. 86	1, 017, 636, 623. 46
Less: Beginning balance of cash equivalents	1, 161, 240, 139. 33	930, 114, 436. 57
Net increase of cash and cash equivalents	-146, 504, 345. 47	87, 522, 186. 89

(2) Composition of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	1, 014, 735, 793. 86	1, 161, 240, 139. 33
Including：Cash at hand	1, 720. 24	17, 771. 09
Demand bank deposit	1, 012, 714, 691. 65	1, 159, 202, 998. 15
Demand other monetary funds	2, 019, 381. 97	2, 019, 370. 09
III. Balance of cash and cash equivalents at the period end	1, 014, 735, 793. 86	1, 161, 240, 139. 33

77. Note of statement of changes in the owner's equity

78. The assets with the ownership or use right restricted

79. 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	1,362,638.73	6.6166	9,016,035.42
HKD	471,035.43	0.8431	397,129.97
JPY	2,034,840.00	0.059914	121,915.40
Including：USD	5,663,343.89	6.6166	37,472,081.18
HKD	278,280.00	0.8431	234,617.87
Other receivable			
Including：USD	37,399.02	6.6166	247,454.36
Account payable			
Including： HKD	2,010,068.33	0.8431	1,694,688.61
USD	1,021,849.50	6.6166	6,761,169.40
JPY	211,992,000.00	0.059914	12,701,288.69
Account payable			
Including：USD	2,512,331.38	6.6166	16,623,091.81
JPY	494,151,302.66	0.059914	29,606,581.15
Short-term loans			
Including：USD	6,408,298.91	6.6166	42,401,150.57
JPY	768,403,787.00	0.059914	46,038,144.49
Interest payable			
Including：USD	52,815.07	6.6166	349,456.19

80. Hedging

81.Other

VIII. Changes of consolidation scope

1. Enterprise consolidation not under the same control

2. Business combination under the same control

3. Counter purchase

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control
□ Yes √ No

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

□ Yes √ No

IX. Equity in other entity

1. Equity in subsidiary

（1）Constitute 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 Ophotoelectric Technology Co., Ltd	Shenzhen	Shenzhen	Polarizer production and sales	60. 00%		Establish
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	Dividend declared to non-controlling interest	Closing balance of non-controlling interest

		interest		
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	40.00%	-5,088,877.02	0.00	1,121,281,524.77

（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 Ophotoelectric Technology Co., Ltd	2,238,554,050.83	1,109,980,295.03	3,348,534,345.86	393,602,324.26	172,700,141.65	566,302,465.91	2,225,795,205.28	1,056,083,463.64	3,281,878,668.92	328,224,382.21	172,994,880.83	501,219,263.04

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 Ophotoelectric Technology Co., Ltd	392,382,938.55	-13,141,819.59	-13,141,819.59	-123,066,997.41	377,252,892.13	-9,376,931.35	-9,376,931.35	-129,287,756.72

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

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		The accounting treatment of investment in associates
				direct	indirect	
Shenzhen Haohao	Shenzhen	Shenzhen	Property leasing	50.00%		Equity method

Property Leasing Co., Ltd.						
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	5,363,311.33	5,369,450.56
Total amount of the pro rata calculation of the following items	--	--
-- Net profit	393,860.77	262,962.99
-- Total comprehensive income	393,860.77	262,962.99
Associated enterprise：	--	--
Total book value of the investment	15,156,262.05	15,011,284.00
Total amount of the pro rata calculation of the following items	--	--
--Net profit	223,084.90	838,516.63
--Other Comprehensive income	120,349.15	-885,191.31
--Total comprehensive income	343,434.05	-46,674.68

(3) 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 compa ny invested 50.16%, Hong Qiao Hui Industrial Co., Ltd. invested 49.84%, the two sides need to agree matters affe cting 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%.

X. The risk related financial instruments

XI. Disclosure of fair value

1. Ending fair value of the assets and liabiliies measured by fair value

In RMB

Items	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Consistent fair value measurement	--	--	--	--
(1).Available for sale financial assets	7,314,138.86			7,314,138.86
1.Equity instrument investment	7,314,138.86			7,314,138.86
Total of Consistent fair value measurement	7,314,138.86			7,314,138.86
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 29,2018.

XII. Related parties and related-party transactions

1.Parent company information of the enterprise

Name	Registered address	Nature	Registered capital （ten thousand）	The parent company of the Company's	The parent company of the Company’s

				shareholding ratio	vote ratio
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	23,149 million	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 finial control of the Company was Shenzhen People's Govemment state owned assets supervision & Administration Commission.

2.Subsidiaries of the Company

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

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

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

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

Name	Relation of other Related parties with the company
Shenzhen Haohao Property Leasing Co., Ltd.	Sharing Company
Shenzhen Changlianfa Printing and dyeing Company	Sharing Company
Yehui International Co., Ltd.	Sharing Company
Anhui Huapeng Textile Co., Ltd.	Sharing Company
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company
Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company

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
Hangzhou Jinjiang Group 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

Kunshan Zhiqimei Material Technology Co., Ltd.	Jinjiang Group's sharing company

5. Related transactions.

（1）Related transactions on purchasing goods and receiving services

Acquisition of goods and reception of labor service

In RMB

Related party	Content	Current amount	Approval trading limit	Whether over the trading limit(Y/N)	Last amount
Kunshan Zhiqimei Material Technology Co., Ltd.	Purchasing polarizer	14, 103, 038. 28			18, 602. 39

Related transactions on sale goods and receiving services

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarizer sheet	1, 166, 047. 31	3, 044, 298. 73

（2）Key managements payment

In RMB

Items	2018 payment	2017 payment
Key managements payment	2, 643, 194. 00	1, 897, 026. 00

（3）Other related transactions

In order to carry out TFT-LCD polarizer project construction, the company signed an entrusted loan contract with Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Jiangsu Building Branch of Ping An Bank in 2010. The contract stipulates that Shenzhen Shenchao Science & Technology Investment Co., Ltd. entrusts Shenzhen Jiangsu Building Branch of Ping An Bank to loan 200,000,000.00 yuan to the Company. The term of the loan was 108 months from the date the first entrusted loan was issued to the company's account. The entrusted loan interest rate was lowered by 2% based on the 5-year commercial loan interest rate announced and issued by the People's Bank of China. In case of adjustments to the 5-year commercial loan interest rate of the People's Bank of China, from the first day of the next month of the benchmark interest rate adjustment, the entrusted loan interest rate will be lowered by two percentage points according to the adjusted 5-year commercial loan interest rate. As of June 30, 2018, the balance of the company's borrowings was 40 million yuan.

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.	688, 530. 73	34, 426. 54	1, 555, 500. 44	77, 775. 02
Other Account receivable	Anhui Huapeng Textile Company	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	500,000.00	25,000.00	440,508.46	22,025.42
Account receivable	Kunshan Zhiqimei Material Technology Co., Ltd.	499,445.21	24,972.26		

（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 Changlianfa Printing and dyeing Co., Ltd.	1, 178, 449. 95	1, 178, 449. 95
Other payable	Shenzhen Haohao Property Leasing Co., Ltd.	4, 454, 489. 85	4, 104, 489. 85
Other payable	Yehui International Co.,Ltd.	1, 145, 111. 18	1, 135, 399. 49
Other payable	Shengbo（Hongkong)Co., Ltd.	315, 000. 00	315, 000. 00
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.	46, 643, 162. 06	45, 570, 662. 08

XIII.Share payment

1. Overall situation of share payment

√ Applicable □Not applicable

In RMB

Total amount of various equity instruments granted by the company during the current period	0. 00
Total amount of various equity instruments that the company exercises during the period	0. 00
Total amount of various equity instruments that have expired in the current period	0. 00
The scope of executive price of the company's other equity instruments at the end of the period and the remaining term of the contract	The company issued 4,752,300 restricted stocks at the end of the period, and the grant price was 5.73 yuan/share. Restrictions shall be lifted at the rate of 40%, 30%, and 30% respectively after 12 months, 24 months, and 36 months after the first transaction date of 24 months after the completion of the registration. The period of validity of the entire plan shall not exceed 60 months from the date of granting the restricted stock to the date on which the restricted stocks granted to the incentive object are all released from restrictions on sale or cancelled by repurchase.

Other notes

On December 14, 2017, the company's 3rd Extraordinary General Meeting of Shareholders in 2017 passed the Proposal on 'Shenzhen Textile (Group) Co., Ltd. 2017 Restricted Stock Incentive Plan (Draft) and Abstract'; on December 14, 2017, the board of directors of the company reviewed and passed the Proposal on Adjusting the List of Incentive Objects of Restricted Stock Incentive Plans and the Number of Equity Granted of 2017, and the Proposal on Granting Restrictive Shares to Incentive Objects. On December 14, 2017, the company granted 4,752,300 restricted shares to the incentive object, the grant price was 5.73 yuan/share. Restrictions shall be lifted at the rate of 40%, 30%, and 30% respectively after 12 months, 24 months, and 36 months after the first transaction date of 24 months after the completion of the registration. The company's performance assessment for the restricted shares granted each period is as follows:

Restriction lifting period：

The first restriction lifting period

In 2018, the earnings per share shall be no less than 0.07 yuan, and shall not be lower than the 75 fractiles level of the comparable listed companies in the same industry; the growth rate of operating revenue in 2018 compared with 2016 is not less than 70%, and is not lower than the 75 fractiles level of comparable listed companies in the same industry; in 2018, the proportion of optical film business such as polarizers to operating revenue is no less than 70%.

The second restriction lifting period

In 2019, earnings per share shall be no less than 0.08 yuan, and shall not be lower than the 75 fractiles level of the comparable listed companies in the same industry; the growth rate of operating revenue in 2019 compared with 2016 is not less than 130%, and is not lower than the 75 fractiles level of comparable listed companies in the same industry; in 2019, the proportion of optical film business such as polarizers to operating revenue is not less than 75%

The third restriction lifting period

In 2020, the earnings per share shall be no less than 0.20 yuan, and shall not be lower than the 75 fractiles level of comparable listed companies in the same industry; the growth rate of operating revenue in 2020 is not less than 200% compared to 2016, and is not lower than the 75 fractiles level of comparable listed companies in the same industry. In 2020, the proportion of optical film business such as polarizers to operating revenue will be no less than 80%.

2. Equity-settled share-based payment

√ Applicable □Not applicable

In RMB

Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
Determination basis of the number of vesting equity instruments	On each balance sheet date of the waiting period, it is determined based on the latest information such as the change in the number of people that can be released from restrictions and the completion of performance indicators
The reasons for the significant difference between the current estimate and the previous estimate	Nil
Equity-settled share-based payment is included in the accumulated amount of capital reserve	3,735,685.54
Total amount of fees confirmed by equity-settled share-based payments in the current period	4,277,070.00

3. The Stock payment settled by cash

□ Applicable √ Not applicable

4. Modification and termination of the stock payment

Nil

5.Other

XIV. Commitments

1.Importance commitment events

Important commitments of not existence of balance sheet date

2. Contingency

(1) Significant contingency at balance sheet date

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

The was no significant contingency in the Company.

XV. Notes s of main items in financial reports of parent company

（1）Account receivable

1.Classification account receivables.

In RMB

Category	Amount in year-end					Amount in year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Account receivables provided bad debt provision in credit risk groups	575,125.08	100.00%	28,756.25	5.00%	546,368.83	473,196.00	100.00%	23,659.79	5.00%	449,536.21
Total	575,125.08	100.00%	28,756.25	5.00%	546,368.83	473,196.00	100.00%	23,659.79	5.00%	449,536.21

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

□ Applicable √ Not applicable

Account reveivable on which bad debt proisions are provided on age basis in the group

√ Applicable □Not applicable

In RMB

Aging	Amount in year-end		
	Account reivable	Provision for bad debts	Proportion%
Within item 1 year			
Subtotal within 1 year	575,125.08	28,756.25	5.00%
Total	575,125.08	28,756.25	5.00%

Notes：

Receivable accounts on which had debt provisions are provided on percentage analyze basis in a portfolio

□Applicable √Not applicable

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

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

The withdrawal amount of the bad debt provision during the reporting period was of RMB 5,096.46;The amount of the reversed or collected part during the reporting period was of RMB0.00.

2. Other accounts receivable

(1) Other accounts receivable disclosed by category

In RMB

Category	Amount in year-end					Amount in year- begin				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other Accounts receivable of individual significance and subject to individual impairment assessment	13,781,464.60	49.99%	13,781,464.60	92.28%		13,781,464.60	67.70%	13,781,464.60	100.00%	
Other Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	13,477,375.01	48.88%	840,876.78	5.63%	12,636,498.23	6,262,767.01	30.77%	480,146.38	7.67%	5,782,620.63
Other Accounts receivable of individual insignificance but subject to individual impairment assessment	311,486.35	1.13%	311,486.35	2.09%		311,486.35	1.53%	311,486.35	100.00%	
Total	27,570,325.96	100.00%	14,933,827.73		12,636,498.23	20,355,717.96	100.00%	14,573,097.33		5,782,620.63

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

√ Applicable □ Not applicable

In RMB

Other receivable （Unit）	Balance at year-end			
	Other receivable	Provision for bad debts	Proportion%	Reason
Jiangxi Xuanli String Co., Ltd.	11,389,044.60	11,389,044.60	100.00%	No executable property, unlikely to recover.
Anhui Huapeng Textile Co.,Ltd.	1,800,000.00	1,800,000.00	100.00%	Estimated irrecoverable
Shenzhen Tianlong Induatry& Trade Co., Ltd.	592,420.00	592,420.00	100.00%	Has been conceled, unlikely to recover

Total	13,781,464.60	13,781,464.60	--	--

（2）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			
Subtotal within 1 year	12,208,426.23	610,421.31	5.00%
1-2 years	1,010,047.30	101,004.73	10.00%
Over 3 years	258,901.48	129,450.74	50.00%
Total	13,477,375.01	840,876.78	

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

Bad debt provision accrual was RMB335,730.40, the acount collected or switches back amounting to RMB 0.00.

Significant amount of reversed or recovered bad debt provision:

In RMB

Name	Amount	Method

(3) Other account receivables category by nature of money

In RMB

Category	Year-end balance	Year-beginning balance
Internal current account	12,888,758.00	5,075,600.00
Unit account	14,607,817.96	15,206,367.96
Other	73,750.00	73,750.00
Total	27,570,325.96	20,355,717.96

(4)Top 5 of the closing balance of the other accounts receivable colleted 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	12,575,600.00	Over 1-2 years	45.61%	11,389,044.60
Second	Unit account	11,389,044.60	Over 5 years	41.31%	712,800.00
Third	Unit account	1,800,000.00	1-2 years	6.53%	1,800,000.00
Fourth	Unit account	592,420.00	Over 5 years	2.15%	592,420.00
Fifth	Unit account	575,125.08	Within 1 year	2.08%	28,756.25
Total	--	26,932,189.68	--		14,523,020.85

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, 983, 892, 472. 97	16, 582, 629. 30	1, 967, 309, 843. 67	1, 981, 050, 902. 97	16, 582, 629. 30	1, 964, 468, 273. 67
Investment to joint ventures and associated enterprises	20, 519, 573. 38	0. 00	20, 519, 573. 38	20, 380, 734. 56		20, 380, 734. 56
Total	2, 004, 412, 046. 35	16, 582, 629. 30	1, 987, 829, 417. 05	2, 001, 431, 637. 53	16, 582, 629. 30	1, 984, 849, 008. 23

（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 Optoelectrionc Technology Co., Ltd.	1, 924, 842, 841. 18	2, 064, 690. 00	0. 00	1, 926, 907, 531. 18		14, 415, 288. 09
Shenzhen Lisi Industrial Development Co.,	8, 080, 587. 80	86, 400. 00		8, 166, 987. 80		

Ltd.						
Shenzhen Beauty Centruty Garment Co., Ltd.	30, 895, 388. 23	335, 880. 00		31, 231, 268. 23		2, 167, 341. 21
Shenzhen Huaqiang Hotal	15, 499, 430. 44	120, 960. 00		15, 620, 390. 44		
Shenfang Property Management Co., Ltd.	1, 732, 655. 32	233, 640. 00		1, 966, 295. 32		
Total	1, 981, 050, 902. 97	2, 841, 570. 00		1, 983, 892, 472. 97		16, 582, 629. 30

（2）Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											
Shenzhen Haohao Property Leasing Co., Ltd	5, 369, 450. 56			393, 860. 77			400, 000. 00			5, 363, 311. 33	
Subtotal	5, 369, 450. 56			393, 860. 77			400, 000. 00			5, 363, 311. 33	
II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	2, 107, 155. 01			96, 088. 63						2, 203, 243. 64	
Jordan Garnent Factory	2, 233, 902. 64			-68, 777. 00	27, 739. 85					2, 192, 865. 49	
Yehui	10, 670, 2			195, 773.	92, 609. 3		198, 456.			10, 760, 1	

International Co., Ltd.	26. 35			27	0		00			52. 92	
Subtotal	15, 011, 284. 00			223, 084. 90	120, 349. 15		198, 456. 00			15, 156, 262. 05	
Total	20, 380, 734. 56			616, 945. 67	120, 349. 15		598, 456. 00			20, 519, 573. 38	0. 00

4.Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Income from Main Business	31, 576, 065. 65	5, 166, 425. 81	30, 244, 081. 73	4, 477, 749. 55
Other Business income	1, 767, 833. 77	1, 767, 833. 77	1, 605, 516. 30	1, 605, 516. 29
Total	33, 343, 899. 42	6, 934, 259. 58	31, 849, 598. 03	6, 083, 265. 84

5.Investment income

In RMB

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the Equity method	616, 945. 67	1, 620, 115. 63
Investment income received from holding of available-for –sale financial assets	574, 774. 15	526, 586. 44
Total	1, 191, 719. 82	2, 146, 702. 07

6.Other

XVI. 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	-43, 338. 08	
Govemment subsidy recognized in current gain and loss(excluding those closely related to the Company’s business and granted under the state’s policies)	5, 812, 167. 76	

Gain/loss on entrusting others with investment or asset managemen	28,152,710.15	
Other non-business income and expenditures other than the above	-20,094.83	
Less :Influenced amount of income tax	231,421.06	
Influenced amount of minor shareholders' equity (after tax)	13,205,732.87	
Total	20,464,291.07	--

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 earnngs per share

Profit of report period	Weightedaverage retureon eqiuty(%)	Earningspershare	
		Basicearningspershare(RMB/share）	Diluted eqrnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	0.40%	0.02	0.02
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-0.45%	-0.0212	-0.0212

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

4.Other

XI. Documents Available for Inspection

1.Financial statements bearing the seal and signature of legal representative, General Manaager and financial controller;

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. Other relevant information

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 29, 2018