

Shenzhen Textile (Holdings) Co., Ltd.  
The Semi-Annual Financial Report 2020



**August 20, 2020**

## 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 30,2020

In RMB

Items	June 30,2020	December 30,2019
Current asset :		
Monetary fund	208,316,334.46	409,564,847.52
Settlement provision		
Outgoing call loan		
Transactional financial assets	779,000,000.00	830,000,000.00
Derivative financial assets		
Note receivable	43,359,624.18	40,424,601.97
Account receivable	437,419,876.54	365,325,029.38
Financing of receivables		17,933,597.98
Prepayments	13,159,741.33	18,445,857.53
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	13,661,767.18	12,440,761.13
Including: Interest receivable	8,217,934.25	7,610,043.19
Dividend receivable		
Repurchasing of financial assets		
Inventories	465,530,597.15	391,717,935.12
Contract assets		
Assets held for sales		

Non-current asset due within 1 year		
Other current asset	153,181,153.73	140,821,609.72
Total of current assets	2,113,629,094.57	2,226,674,240.35
Non-current assets:		
Loans and payment on other' s behalf disbursed		
Creditor's right investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	150,344,313.44	152,209,929.72
Other equity instruments investment	251,031,389.11	248,781,946.73
Other non-current financial assets		
Real estate investment	110,981,279.05	112,730,320.90
Fixed assets	850,896,074.15	903,229,077.83
Construction in progress	955,248,196.39	839,866,275.92
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	36,621,663.74	36,517,996.34
Development expenses		
Goodwill		
Long-germ expenses to be amortized	2,408,396.07	2,692,750.67
Deferred income tax asset	5,138,467.73	5,618,026.43
Other non-current asset		3,079,321.10
Total of non-current assets	2,362,669,779.68	2,304,725,645.64
Total of assets	4,476,298,874.25	4,531,399,885.99
Current liabilities		
Short-term loans		
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	226,976,267.97	241,297,770.64

Advance receipts	23,352,862.33	30,530,117.62
Contract liabilities	2,379,082.85	
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	34,810,699.85	38,556,180.20
Tax payable	7,353,738.67	22,545,550.33
Other account payable	151,289,669.81	152,645,780.14
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	446,162,321.48	485,575,398.93
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	116,384,476.41	121,264,571.22
Deferred income tax liability	66,052,288.66	69,944,345.66
Other non-current liabilities		
Total non-current liabilities	182,436,765.07	191,208,916.88
Total of liability	628,599,086.55	676,784,315.81
Owners' equity		
Share capital	507,835,189.00	509,338,429.00

Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,967,811,922.83	1,974,922,248.03
Less: Shares in stock	7,525,438.20	16,139,003.40
Other comprehensive income	121,813,181.68	119,737,783.31
Special reserve		
Surplus reserves	90,596,923.39	90,596,923.39
Common risk provision		
Retained profit	50,027,498.77	49,307,764.03
Total of owner' s equity belong to the parent company	2,730,559,277.47	2,727,764,144.36
Minority shareholders' equity	1,117,140,510.23	1,126,851,425.82
Total of owners' equity	3,847,699,787.70	3,854,615,570.18
Total of liabilities and owners' equity	4,476,298,874.25	4,531,399,885.99

Legal Representative: Zhu Jun

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

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

## 2.Parent Company Balance Sheet

In RMB

Items	June 30,2020	December 31,2019
Current asset :		
Monetary fund	12,264,752.47	27,979,338.37
Transactional financial assets	645,000,000.00	650,000,000.00
Derivative financial assets		
Note receivable		
Account receivable	8,203,393.69	522,931.04
Financing of receivables		
Prepayments	113,035.17	768,099.94
Other account receivable	16,879,106.51	17,039,506.00
Including: Interest receivable	8,016,893.16	7,329,228.31

Dividend receivable		
Inventories		
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		
Total of current assets	682,460,287.84	696,309,875.35
Non-current assets:		
Debt investment		
Other investment on bonds		
Long-term receivable		
Long term share equity investment	2,100,564,895.60	2,102,430,511.88
Other equity instruments investment	209,066,395.02	206,816,952.64
Other non-current financial assets		
Real estate investment	105,720,014.17	107,199,622.80
Fixed assets	24,905,656.28	25,500,695.77
Construction in progress	19,552.00	19,552.00
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	657,302.15	659,937.75
Development expenses		
Goodwill		
Long-germ expenses to be amortized	732,222.25	800,858.17
Deferred income tax asset	4,993,437.12	5,466,478.06
Other non-current asset		
Total of non-current assets	2,446,659,474.59	2,448,894,609.07
Total of assets	3,129,119,762.43	3,145,204,484.42
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Note payable		
Account payable	411,743.57	411,743.57

Advance receipts	639,024.58	2,878,936.58
Contract Liabilities	2,236,912.00	
Employees' wage payable	7,266,874.43	11,910,175.11
Tax payable	5,607,736.61	20,801,961.18
Other account payable	111,633,093.71	119,984,209.60
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	127,795,384.90	155,987,026.04
Non-current liabilities:		
Long-term loan		
Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	550,000.00	600,000.00
Deferred income tax liability	63,061,040.14	66,953,097.14
Other non-current liabilities		
Total non-current liabilities	63,611,040.14	67,553,097.14
Total of liability	191,406,425.04	223,540,123.18
Owners' equity		
Share capital	507,835,189.00	509,338,429.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,582,759,174.16	1,589,869,499.36
Less: Shares in stock	7,525,438.20	16,139,003.40
Other comprehensive income	112,839,436.11	110,764,037.74

Special reserve		
Surplus reserves	90,596,923.39	90,596,923.39
Retained profit	651,208,052.93	637,234,475.15
Total of owners' equity	2,937,713,337.39	2,921,664,361.24
Total of liabilities and owners' equity	3,129,119,762.43	3,145,204,484.42

## 3.Consolidated Income statement

In RMB

Items	The first half year of 2020	The first half year of 2019
I. Income from the key business	856,313,348.74	1,008,863,295.50
Incl: Business income	856,313,348.74	1,008,863,295.50
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	847,649,045.52	1,013,198,391.97
Incl: Business cost	760,908,303.61	940,587,510.73
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	2,689,728.06	3,897,496.78
Sales expense	13,380,921.28	7,369,804.52
Administrative expense	44,347,465.66	42,901,879.68
R & D costs	24,561,050.95	19,172,388.20
Financial expenses	1,761,575.96	-730,687.94
Including: Interest expense	221,034.71	3,783,883.97
Interest income	-1,738,185.54	-15,744,104.66
Add: Other income	13,045,221.53	11,035,139.06
Investment gain ( "-" for loss )	13,932,825.63	-206,057.55



Incl: investment gains from affiliates	-2,253,932.85	-1,114,057.55
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	-3,807,687.50	2,333,764.98
Impairment loss of assets	-35,474,634.93	-21,259,451.35
Assets disposal income	-6,837.44	12,236,686.25
III. Operational profit ( "-" for loss )	-3,646,809.49	-195,015.08
Add : Non-operational income	20,431.28	4,247,261.65
Less: Non-operating expense	106,410.77	6,092.62
IV. Total profit( "-" for loss)	-3,732,788.98	4,046,153.95
Less: Income tax expenses	5,258,391.87	9,773,007.83
V. Net profit	-8,991,180.85	-5,726,853.88
(I) Classification by business continuity		
1.Net continuing operating profit	-8,991,180.85	-5,726,853.88
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	719,734.74	7,832,287.98
2.Minority shareholders' equity	-9,710,915.59	-13,559,141.86
VI. Net after-tax of other comprehensive income	2,075,398.37	52,056,251.94
Net of profit of other comprehensive income attributable to owners of the parent company.	2,075,398.37	52,056,251.94
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	1,687,081.80	51,249,010.40
1.Re-measurement of defined benefit plans of changes in net debt or net assets		

2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	1,687,081.80	51,249,010.40
4. Changes in the fair value of the company' s credit risks		
5.Other		
(II) Other comprehensive income that will be reclassified into profit or loss.	388,316.57	807,241.54
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	388,316.57	807,241.54
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	-6,915,782.48	46,329,398.06
Total comprehensive income attributable to the owner of the parent company	2,795,133.11	59,888,539.92
Total comprehensive income attributable minority shareholders	-9,710,915.59	-13,559,141.86
VIII. Earnings per share		
( I ) Basic earnings per share	0.0014	0.0153
(II)Diluted earnings per share	0.0014	0.0153

Legal Representative: Zhu Jun

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

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

#### 4. Income statement of the Parent Company

In RMB

Items	The first half year of 2020	The first half year of 2019
I. Income from the key business	26,969,922.20	34,593,508.28
Incl: Business cost	4,305,058.16	5,929,735.08
Business tax and surcharge	834,883.15	1,412,933.65
Sales expense		
Administrative expense	13,651,499.00	16,206,040.37
R & D expense		
Financial expenses	-158,395.30	-10,132,086.89
Including: Interest expenses		
Interest income	-176,466.36	-9,924,921.96
Add: Other income	57,638.72	50,000.00
Investment gain ( "-" for loss )	11,066,543.43	-206,057.55
Including: investment gains from affiliates	-2,253,932.85	-1,114,057.55
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	-357,278.55	23,970.35
Impairment loss of assets		
Assets disposal income		12,301,144.92
II. Operational profit ( "-" for loss )	19,103,780.79	33,345,943.79
Add : Non-operational income		
Less: Non -operational expenses	27,244.40	
III. Total profit( "-" for loss)	19,076,536.39	33,345,943.79
Less: Income tax expenses	5,102,958.61	8,655,961.40
IV. Net profit	13,973,577.78	24,689,982.39

1.Net continuing operating profit	13,973,577.78	24,689,982.39
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	2,075,398.37	52,056,251.94
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	1,687,081.80	51,249,010.40
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	1,687,081.80	51,249,010.40
4. Changes in the fair value of the company's credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss	388,316.57	807,241.54
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements	388,316.57	807,241.54
7.Other		
VI. Total comprehensive income	16,048,976.15	76,746,234.33

VII. Earnings per share		
( I ) Basic earnings per share		
(II)Diluted earnings per share		

## 5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2020	The first half year of 2019
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	771,604,176.04	999,946,160.35
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	1,315,022.98	9,977,371.04
Other cash received from business operation	91,408,927.56	29,115,913.92
Sub-total of cash inflow	864,328,126.58	1,039,039,445.31
Cash paid for purchasing of merchandise and services	799,466,447.26	884,541,697.70
Net increase of client trade and advance		

Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	84,518,321.17	82,695,671.17
Taxes paid	31,950,122.40	15,981,651.90
Other cash paid for business activities	84,012,710.98	31,994,062.19
Sub-total of cash outflow from business activities	999,947,601.81	1,015,213,082.96
Net cash generated from /used in operating activities	-135,619,475.23	23,826,362.35
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	9,408,374.94	2,513,730.75
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	600.00	6,200.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	1,812,790,070.06	620,264,450.94
Sub-total of cash inflow due to investment activities	1,822,199,045.00	622,784,381.69
Cash paid for construction of fixed assets, intangible assets and other long-term assets	119,759,298.85	88,061,134.28
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment	1,654,000,000.00	985,495,790.87

activities		
Sub-total of cash outflow due to investment activities	1,773,759,298.85	1,073,556,925.15
Net cash flow generated by investment	48,439,746.15	-450,772,543.46
III.Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans		81,566,681.47
Other financing – related cash received		
Sub-total of cash inflow from financing activities		81,566,681.47
Cash to repay debts		479,551,062.11
Cash paid as dividend, profit, or interests		42,197,297.00
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	8,981,300.40	11,448,442.40
Sub-total of cash outflow due to financing activities	8,981,300.40	533,196,801.51
Net cash flow generated by financing	-8,981,300.40	-451,630,120.04
IV. Influence of exchange rate alternation on cash and cash equivalents	1,220,721.03	548,334.28
V.Net increase of cash and cash equivalents	-94,940,308.45	-878,027,966.87
Add: balance of cash and cash equivalents at the beginning of term	268,646,588.18	1,133,574,235.22
VI ..Balance of cash and cash equivalents at the end of term	173,706,279.73	255,546,268.35

## 6. Cash Flow Statement of the Parent Company

In RMB

Items	The first half year of 2020	The first half year of 2019
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I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	19,462,991.54	35,598,741.25
Tax returned		
Other cash received from business operation	2,298,590.45	4,798,306.72
Sub-total of cash inflow	21,761,581.99	40,397,047.97
Cash paid for purchasing of merchandise and services	3,731,669.95	1,795,145.94
Cash paid to staffs or paid for staffs	13,526,840.12	11,643,989.59
Taxes paid	27,458,170.70	10,101,259.32
Other cash paid for business activities	1,020,252.05	24,376,996.84
Sub-total of cash outflow from business activities	45,736,932.82	47,917,391.69
Net cash generated from /used in operating activities	-23,975,350.83	-7,520,343.72
II. Cash flow generated by investing		
Cash received from investment retrieving		12,000,000.00
Cash received as investment gains	6,311,044.65	2,513,730.75
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	791,934,487.06	8,629,426.36
Sub-total of cash inflow due to investment activities	798,245,531.71	23,143,157.11
Cash paid for construction of fixed assets, intangible assets and other long-term assets	1,003,466.38	54,410.00
Cash paid as investment		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	780,000,000.00	60,000,000.00



Sub-total of cash outflow due to investment activities	781,003,466.38	60,054,410.00
Net cash flow generated by investment	17,242,065.33	-36,911,252.89
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Other financing – related ash received		
Sub-total of cash inflow from financing activities		
Cash to repay debts		
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities	8,981,300.40	11,448,442.40
Sub-total of cash outflow due to financing activities	8,981,300.40	11,448,442.40
Net cash flow generated by financing	-8,981,300.40	-11,448,442.40
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	-15,714,585.90	-55,880,039.01
Add: balance of cash and cash equivalents at the beginning of term	27,979,338.37	85,416,567.74
VI ..Balance of cash and cash equivalents at the end of term	12,264,752.47	29,536,528.73

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

Amount in this period

In RMB

Items	The first half year of 2020														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
Preferred stock		Sustainable debt	Other												
I. Balance at the end of last year	509,338,429.00				1,974,922,248.03	16,139,003.40	119,737,783.31		90,596,923.39		49,307,764.03		2,727,764,144.36	1,126,851,425.82	3,854,615,570.18
Add:															
Change of accounting policy															
Correcting of previous errors															
Merger of entities															

under common control															
Other															
II. Balance at the beginning of current year	509,338,429.00				1,974,922,248.03	16,139,003.40	119,737,783.31		90,596,923.39		49,307,764.03		2,727,764,144.36	1,126,851,425.82	3,854,615,570.18
III. Changed in the current year	-1,503,240.00				-7,110,325.20	-8,613,565.20	2,075,398.37				719,734.74		2,795,133.11	-9,710,915.59	-6,915,782.48
(1) Total comprehensive income							2,075,398.37				719,734.74		2,795,133.11	-9,710,915.59	-6,915,782.48
(II) Investment or decreasing of capital by owners	-1,503,240.00				-7,110,325.20	-8,613,565.20									
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested															

capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other	-1,503,240.00				-7,110,325.20	-8,613,565.20									
(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. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehens															

ive income carry-over retained earnings																
6. Other																
(V). Special reserves																
1. Provided this year																
2. Used this term																
(VI) Other																
IV. Balance at the end of this term	507,835,189.00				1,967,811,922.83	7,525,438.20	121,813,181.68		90,596,923.39		50,027,498.77		2,730,559,277.47	1,117,140,510.23	3,847,699,787.70	

Amount in last year

In RMB

Items	The first half year of 2019														Minor shareholders' equity	Total of owners' equity
	Owner' s equity Attributable to the Parent Company												Subtotal			
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other				
	Preferred stock	Sustainable	Other													

			debt												
I .Balance at the end of last year	511,274,149.00				1,865,716,983.63	27,230,679.00	1,339,208.41		80,004,803.23		-57,774,473.41		2,373,329,91.86	1,086,150,534.88	3,459,480,526.74
Add:															
Change of accounting policy							147,376,128.10						147,376,128.10		147,376,128.10
Correcting of previous errors															
Merger of entities under common control															
Other															
II.Balance at the beginning of current year	511,274,149.00				1,865,716,983.63	27,230,679.00	148,715,336.51		80,004,803.23		-57,774,473.41		2,520,706,119.96	1,086,150,534.88	3,606,856,654.84
III .Changed in the current year							52,056,251.94				7,832,287.98		59,888,539.92	-13,802,135.00	46,086,404.92
(1) Total comprehens							52,056,2				7,832,287.9		59,888,539.	-13,802,	46,086,404.

ive income							51.94				8		92	135.00	92
(II)															
Investment or decreasing of capital by owners															
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other															
(III) Profit allotment															
1. Providing of surplus reserves															



2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)															
4. Other															
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by															

surplus reserves.															
4.Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other															
IV. Balance at the end	511,274,149.00				1,865,716,983.	27,230,679.00	200,771,588.45		80,004,803.23		-49,942,185.43		2,580,594.6	1,072,348,399.8	3,652,943,059.76

of this term					63							59.88	8	
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## 8.Statement of change in owner' s Equity of the Parent Company

Amount in this period

In RMB

Items	The first half year of 2020											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I.Balance at the end of last year	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74		90,596,923.39	637,234,475.15		2,921,664,361.24
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	509,338,429.00				1,589,869,499.36	16,139,003.40	110,764,037.74		90,596,923.39	637,234,475.15		2,921,664,361.24
III .Changed in the current year	-1,503,240.00				-7,110,325.20	-8,613,565.20	2,075,398.37			13,973,577.78		16,048,976.15
(I) Total comprehensive income							2,075,398.37			13,973,577.78		16,048,976.15
(II) Investment or decreasing of capital	-1,503,240.00				-7,110,325.20	-8,613,565.20						

Items	The first half year of 2020											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
by owners					5.20	65.20						
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other	-1,503,240.00				-7,110,325.20	-8,613,565.20						
( 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)												

Items	The first half year of 2020											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	507,835,189.00				1,582,759,174.16	7,525,438.20	112,839,436.11		90,596,923.39	651,208,052.93		2,937,713,337.39

Amount in last year

In RMB

Items	The first half year of 2019										
	Share Capital	Other Equity instrument	Capital	Less:	Other	Special	Surplus	Retained profit	Other	Total of	

		Preferred stock	Sust aina ble debt	Othe r	reserves	Share s in stock	Comprehensive Income	ized reserve	reserves			owners' equity
I. Balance at the end of last year	511,274,149.00				1,599,025,454.96	27,230,679.00	1,339,208.41		80,004,803.23	483,666,452.70		2,648,079,389.30
Add: Change of accounting policy							138,402,384.72					138,402,384.72
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	511,274,149.00				1,599,025,454.96	27,230,679.00	139,741,593.13		80,004,803.23	483,666,452.70		2,786,481,774.02
III. Changed in the current year							52,056,251.94			24,689,982.39		76,746,234.33
( I ) Total comprehensive income							52,056,251.94			24,689,982.39		76,746,234.33
(II) Investment or decreasing of capital by owners												
1 . Ordinary Shares invested by shareholders												
2 . Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other												
( III ) Profit allotment												

Items	The first half year of 2019											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
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. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												

Items	The first half year of 2019											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	511,274,149.00				1,599,025,454.96	27,230,679.00	191,797,845.07		80,004,803.23	508,356,435.09		2,863,228,008.35



### 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 of the 31th meeting of the Seventh Board of Directors of the Group on August 8, 2020.

As of the end of the reporting period, there are 7 subsidiaries companies included in the consolidated financial statements: Shenzhen Shengbo Optoelectronic Technology Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd., Shenzhen Huaqiang Hotel, Shenzhen Shenfang Property Management Co., Ltd. Shenzhen Beauity Garments Co., Ltd., Shenzhen 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:

According to the actual production and operation characteristics, the company has formulated specific accounting policies and accounting estimates for such transactions or events as provision for bad debts of receivables, depreciation of fixed assets, amortization of intangible assets, and revenue recognition.

#### 1. Statement on complying with corporate accounting standards

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

#### 2. Fiscal Year

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

#### 3. Operating cycle

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

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

#### 4. Accounting standard money

The Company takes RMB as the standard currency for bookkeeping.

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

##### (1) Enterprise merger under same control:

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

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

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

#### Accounting Treatment of the Consolidated Financial Statements:

The long-term equity investment held by the combining party before the combination will change if the relevant profit and loss, other comprehensive income and other owner equity are confirmed between the ultimate

control date and the combining date for the combining party and the combined party on the acquirement date, and shall respectively offset the initial retained incomes or the profits and losses of the current period during the comparative statement.

## (2) Business combination involving entities not under common control

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

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

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

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

In the individual financial statements, the total value of the book value of the acquiree's equity investment before the acquisition date and the cost of new investment at the acquisition date, as the initial cost of the investment, the acquiree's equity investment before the acquisition date involved in other comprehensive income, in the disposal of the investment will be in other comprehensive income associated with the use of infrastructure and the acquiree directly related to the disposal of assets or liabilities of the same accounting treatment (that is, except in accordance with the equity method of accounting in the defined benefit plan acquiree is remeasured net changes in net assets or liabilities other than in the corresponding share of the lead, and the rest into the current investment income).

In the combination financial statements, the equity interest in the acquiree previously held before the acquisition date re-assessed at the fair value at the acquisition date, with any difference between its fair value and its carrying amount is recorded as investment income. The previously-held equity interest in the acquiree

involved in other comprehensive income and other comprehensive income associated with the purchase of the foundation should be used party directly related to the disposal of assets or liabilities of the same accounting treatment (that is, except in accordance with the equity method of accounting in the acquiree is remeasured defined benefit plans other than changes in net liabilities or net assets due to a corresponding share of the rest of the acquisition date into current investment income).

## 6.Preparation of the consolidated financial statements

### (1) The scope of consolidation

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

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

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

### (2) Preparation of the consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

### (1) Joint arrangement

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

### (2) Co-operation accounting treatment

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

- (1) Confirm individual assets and common assets held based on shareholdings;
  - (2) Confirm individual liabilities and shared liabilities held based on shareholdings;
  - (3) Confirm the income from the sales revenue of co-operate business output
  - (4) Confirm the income from the sales of the co-operate business output based on shareholdings;
  - (5) Confirm the individual expenditure and co-operate business cost based on shareholdings.
- (3)When a company is a joint ventures, joint venture investment will be recognized as long-term equity investments .

#### 8.Recognition Standard of Cash & Cash Equivalents

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

#### 9.Foreign Currency Transaction

##### (1) Foreign Currency Transaction

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

##### (2) Translation Method of Foreign Currency Financial Statement

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

#### 10.Financial instruments

When the company becomes a party to the financial instrument contract, the relevant financial assets or financial liabilities are confirmed.

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

In accordance with the characteristics of business model for managing financial assets and the contractual cash flow of financial assets, the Company classifies financial assets into: financial assets measured in amortized cost; financial assets measured at fair value and their's changes are included in other comprehensive income; financial assets measured at fair value and their's changes are included in current profits and losses.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value, whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets, relevant transaction costs are included in the initial recognition amount. Accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not include or take into account significant financing components are initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive.

① Financial assets measured at amortized cost

The business model of the Company's management of financial assets measured by amortized cost is aimed at collecting the contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the Company adopts the method of real interest rate and makes subsequent measurement according to the cost of amortization. The profits or losses resulting from amortization or impairment are included in current profits and losses.

② Financial assets measured at fair value and changes included in other comprehensive income

The Company's business model for managing such financial assets is to collect the contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures such financial assets at fair value and their changes are included in other comprehensive gains, but impairment losses or gains, exchange gains and losses and interest income calculated according to the actual interest rate method are included in current profits and losses.

In addition, the Company designated some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company includes the relevant dividend income of such financial assets in current profits and losses, and the changes in fair value in other comprehensive gains. When the financial asset ceases to be recognized, the accumulated gains or losses previously included in other comprehensive gains shall be transferred into retained income from other comprehensive income, and not be included in current profit and loss.

③ Financial assets measured at fair value and changes included in current profits and losses

The Company includes the above-mentioned financial assets measured at amortized cost and those measured at fair value and their's changes in financial assets other than financial assets of comprehensive

income and classifies them as financial assets measured at fair value and their's changes that are included in current profits and losses. In addition, the Company designates some financial assets as financial assets measured at fair value and includes their changes in current profits and losses in order to eliminate or significantly reduce accounting mismatches during initial recognition. In regard with such financial assets, the Company adopts fair value for subsequent measurement, and includes changes in fair value into current profits and losses.

## 2. Classification and measurement of financial liabilities

Financial liabilities are classified as financial liabilities and other financial liabilities measured at fair value at the time of initial recognition and their changes are included in the current profits and losses. For financial liabilities measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses, and relevant transaction costs for other financial liabilities are included in their initial recognition amount.

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

Financial liabilities measured at fair value and whose changes are included in current profits and losses include transactional financial liabilities (including derivatives which are financial liabilities) and financial liabilities designated at fair value at initial recognition and whose changes are included in current profits and losses.

Transactional financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured according to fair value. Except for hedging accounting, changes in fair value are included in current profits and losses.

Financial liabilities designated as financial liabilities that are measured at fair value and their's changes are included in current profits and losses. The liabilities are included in other comprehensive gains due to changes in fair value caused by changes in the Company's own credit risk, and when the liabilities are terminated, the changes in fair value caused by changes in its own credit risk of other comprehensive gains are included in the cumulative changes in its fair value caused by changes in its own credit risk of other comprehensive gains. The amount is transferred to retained earnings. The remaining changes in fair value are included in current profits and losses. If the above-mentioned way of dealing with the impact of the changes in the credit risk of such financial liabilities will result in or expand the accounting mismatch in the profits and losses, the Company shall include all the profits or losses of such financial liabilities (including the amount of the impact of the changes in the credit risk of the enterprise itself) into the current profits and losses.

### ② Other financial liabilities

In addition to the transfer of a financial asset is not in conformity with the conditions to stop the recognition or formed by its continuous involvement in the transferred financial asset, financial liabilities and financial guarantee contract of other financial liabilities classified as financial liabilities measured at the amortized cost,



measured at the amortized cost for subsequent measurement, recognition has been stopped or amortization of the profit or loss is included in the current profits and losses.

### 3. Recognition and measurement of financial assets transfer

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

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

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

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

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

The Company uses recourse sale financial assets, or financial assets held endorser, determine almost all of the risks and rewards of ownership of the financial assets have been transferred if. Has transferred the ownership of the financial assets of almost all the risks and rewards to the transferee, the derecognition of the financial asset; retains ownership of the financial assets of almost all of the risks and rewards of financial assets that are not derecognised; neither transfers nor retains ownership of the financial assets of almost all of the risks and rewards, then continue to determine whether the enterprise retains control of the assets and the accounting treatment in accordance with the principles described in the preceding paragraphs.

### 4. Termination confirmation of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof). If the Company (the debtor) signs an agreement with the lender to replace the original financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities are substantially different from those of the original financial liabilities, it shall terminate the recognition of the original financial liabilities and at the same time confirm a new financial liabilities. If the Company substantially amends the contract terms of the original financial liabilities (or part thereof), it shall terminate the confirmation of the original financial liabilities and at the same time confirm a

new financial liabilities in accordance with the revised terms.

If the financial liabilities (or part thereof) are terminated, the difference between their book value and the consideration paid (including the transferred non-cash assets or liabilities assumed) shall be included in the profits and losses of the current period.

#### 5. 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.

#### 6. Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant must pay to sell or transfer a liability in an orderly transaction that occurs on the measurement date. If there is an active market for financial instruments, the Company will determine their fair value by quoting prices in the active market. Quotes in active markets refer to prices that are easily obtained from exchanges, brokers, trade associations, pricing service agencies, etc. on a regular basis, and represent the prices of market transactions that actually occur in fair transactions. For financial instruments with active market, the Company adopts valuation technology to determine their fair values. Valuation techniques include reference to prices used in recent market transactions by parties familiar with the situation and willing to trade, and reference to current fair values of other financial instruments that are substantially the same, discounted cash flow method, option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable in the current situation and supported by sufficient data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and give priority to the use of relevant observable input values as far as possible. Unallowable values are used if the relevant observable input values are not available or are not practicable.

#### 7. Our own equity instruments

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

#### 11. Notes receivable

The Company shall measure loss preparation for Notes receivable according to the amount of anticipated credit loss equivalent to the entire duration. Based on the credit risk characteristics of bills receivable, they are

divided into different combinations:

Items	Basis for determining combination
Bank acceptance	This combination is a receivable bank acceptance bill.
Commercial acceptance bills	This combination is a commercial acceptance bill receivable

## 12.Accounts Receivable

The Company measures the loss reserve for receivables by an amount equivalent to the expected credit loss during the duration.

In regard to accounts receivable with significant financing components, the Company shall choose to measure loss preparation according to the amount equivalent to the expected credit loss within the duration all the time.

In addition to the accounts receivable for which credit risk is assessed individually, aging is used as the credit risk characteristic to measure loss reserve.

Items	Basis for determining combination
Aging portfolio	The credit risk is characterized by the aging of receivables.

## 13. Receivable financing

For bills receivable and accounts receivable classified as those measured at fair value and whose changes are included in other comprehensive income, the portion with self-financing period within one year (including one year) is listed as receivables financing; If the period of self-acceptance is more than one year, it shall be listed as other creditor's rights investment. For relevant accounting policies, please refer to Note III, (10) "Financial Instruments" and Note V, (10) "Impairment of Financial instruments".

## 14.Other account receivable

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

The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk of other receivables has increased significantly since the initial recognition.

In addition to the other accounts receivable which assesses the credit risk individually, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis for determining combination
Interest receivable	This combination is interest receivable
Dividend receivable	This combination is dividend receivable
Other receivable	This combination is all kinds of daily accounts receivable

## 15.Inventory

### 1.Inventories class

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

### 2. Valuation method of inventory issued

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

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

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

The net realizable value of inventory directly for sale shall be recognized according to the amounts of the estimated sale price of the inventory minus the estimated sale expenses and the relevant expenses of taxation during the process of normal production and operation. The net realizable value of inventory that required to conduct processing shall be recognized according to the amounts of the estimated sale price of the finished products minus the estimated costs ready to happen till the completion of works, the estimated selling expenses and the relevant expenses of taxation. On the balance sheet date, the net realizable value shall be respectively defined for the partial agreed with the contract price and others without the contract price in the same inventory, and the amounts of the inventory falling price reserves withdrawn or returned shall be respectively recognized in comparison with their corresponding costs.

### 4. Inventory System: Adopts the Perpetual Inventory System

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

#### (1) Low cost and short-lived consumable items

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

#### (2) Packaging materials

Packaging materials are amortized using

## 16.Contract assets

The Company lists the customer's unpaid contract consideration for which the Company has fulfilled its performance obligations according to the contract, and which is not the right to collect money from customers unconditionally (that is, only depending on the passage of time) as a contract asset in the balance sheet. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset.

## 17.Contract assets

### (1) Method for determining asset amount related to contract cost

Assets related to contract costs include contract acquisition costs and contract performance costs.

The contract performance cost, that is, the cost incurred by the company for the performance of the contract, which does not fall within the scope of other accounting standards for business enterprises and meets the following conditions at the same time, is recognized as an asset for contract performance cost: The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly borne by customers, and other costs incurred only because of the contract; This cost increases the resources of the Company for fulfilling its performance obligations in the future; The cost is expected to be recovered.

The contract acquisition cost, that is, the incremental cost incurred by the company to obtain the contract is expected to be recovered, is recognized as an asset for contract acquisition cost; If the amortization period of this asset does not exceed one year, it will be included in the current profits and losses in when it occurs. Incremental cost refers to the cost that will not happen if the company does not obtain the contract (such as sales commission, etc.). Other expenses (such as travel expenses that will be incurred regardless of whether the contract is obtained or not) incurred by the Company in order to obtain the contract are included in the current profits and losses when they occur, except those explicitly borne by the customer.

### (2) Amortization of assets related to contract costs

The assets related to the contract cost shall be amortized on the same basis as the revenue recognition of goods or services related to the assets, and shall be included in the current profits and losses.

### (3) Impairment of assets related to contract cost

If the book value of the asset related to the contract cost is higher than the expected residual consideration for transferring the goods or services related to the asset minus the estimated cost to be incurred, the company will make provision for impairment of the excess and recognize it as the asset impairment loss. If the factors of impairment in previous periods change later, so that the remaining consideration expected to be obtained by transferring the goods or services related to the asset minus the estimated costs to be incurred is higher than the book value of the asset, the original provision for impairment of assets shall be reversed and included in the current profits and losses, but the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date assuming no accrual for impairment provision.

## 18.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.

#### 19. Creditor's rights investment

Creditor's rights investment mainly accounts for bond investment measured by amortized cost, etc. The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk has increased significantly since the initial recognition.

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

Other debt investments are mainly accounted for as bond investments measured at fair value and their changes are included in other comprehensive income. The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk has increased significantly since the initial recognition.

## 21. Long-term account receivable

None

## 22. Long-term equity investments

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

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

### 1. Determination of Investment cost

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

All expenses incurred directly associated with the acquisition by the acquirer, including expenditure of audit, legal services, valuation and consultancy and other administrative expenses, are recognised in profit or loss for the period during which the acquisition occurs. For the merger of enterprises not under the same control through gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the sum of book value of the owner's original equity of the merged enterprise and

the newly increased investment cost as the initial cost of the long-term equity investment. For the shares originally held by this enterprise accounted for by weighted equity method, the relevant other comprehensive income shall not be accounted for temporarily. If the equity investment held originally can be classified as the financial assets for sale, the difference between the fair value and the book value, and the variation in the accumulative fair value of other comprehensive returns recorded originally will be transferred into the current profits and losses.

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

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

## 2. Subsequent Measurement

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

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

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

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

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

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost. The carrying amount of an long-term equity investment measured using the equity method is adjusted by the Company's share of the investee's net profit and other comprehensive income, which is recognised as investment income and other comprehensive income respectively. The carrying amount of an long-term equity investment measured using the equity method is reduced by profit distribution or cash dividends announced by the investee. The carrying amount of an long-term equity investment measured using



the equity method is also adjusted by the investee's equity movement other than net profit, other comprehensive income and profit distribution, which is adjusted to capital reserves. The net profit of the investee is adjusted by the fair value of the investee's identifiable assets as at acquisition. The financial statements and hence the net profit and other comprehensive income of an investee which does not adopt accounting policies or accounting period uniform with the Company is adjusted by the Company's accounting policies and accounting period. The Company's share of unrealised profit or loss arising from related party transactions between the Company and an associate or joint venture is deducted from investment income. Unrealised loss arising from related party transactions between the Company and an associate or joint venture which is associated with asset impairment is not adjusted. Where assets transferred to an associate or joint venture which form part of the Company's investment in the investee but which does not enable the Company obtain control over the investee, the cost of the additional investment acquired is measured at the fair value of assets transferred and the difference between the cost of the additional investment and the book value of the assets transferred is recognised in profit or loss. Where assets transferred to an associate or joint venture form an operation, the difference between the consideration received and the book value of the assets transferred is recognised in profit or loss. Where assets transferred from an associate or joint venture form an operation, the transaction is accounted for in accordance with CAS 20 - Business Combination, any gain or loss is recognised in profit or loss.

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

### (3) Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against returned earnings.

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

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

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

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

income and profit distribution is recognised in profit or loss proportionate to the disposal.

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

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

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

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

### 23. Investment property

The measurement mode of investment property

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

Depreciation or Amortization Method by Use of Cost Mode

#### 1. 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.

### 24. 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	4	2.74
House and Building-Non-Production	Straight-line method	40	4	2.4
Decoration of Fixed assets	Straight-line method	10	0	10
Machinery and equipment	Straight-line method	10-14	4	9.60-6.86

Transportation equipment	Straight-line method	8	4	12
Electronic equipment	Straight-line method	8	4	12
Other equipment	Straight-line method	8	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.

#### 25. 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.

#### 26. 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.

## 27. Biological Assets

Not applicable

## 28. Oil & Gas assets

Not applicable

## 29. Right to use assets

Not applicable

## 30. 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.

### 31. 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.

### 32. Long-term amortizable expenses

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

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

### 33.Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods to customers for the received or receivable consideration from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional collection right before the Company transfers the goods to the customer, the Company will list the received or receivable amount as the contract liability at the earlier of the actual payment made by the customer and the due date for payment. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset. 39. Income

### 34.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 dismissal 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 dismissal welfare. The dismissal 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 dismissal 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.

### 35. Lease liabilities

Not applicable

### 36. 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.

## 37. 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.

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

Not applicable

### 39. Revenue

#### Accounting policies adopted for income recognition and measurement

When the contract between the company and the customer meets the following conditions at the same time, the income is recognized when the customer obtains the control right of the relevant goods: the parties to the contract have approved the contract and promised to fulfill their respective obligations; The contract clarifies the rights and obligations of the parties to the contract related to the transferred goods or services; The contract has clear payment terms related to the transferred goods; The contract is of commercial nature, that is, the performance of the contract will change the risk, time distribution or amount of the company's future cash flow; The consideration that the company is entitled to obtain due to the transfer of goods to customers is likely to be recovered.

On the commencement date of the contract, the Company identifies each individual performance obligation in the contract, and distributes the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation. In determining the transaction price, the influence of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors are considered.

If one of the following conditions is met, the performance obligation will be considered fulfilled within a certain period of time; otherwise, the performance obligation will be considered fulfilled at a certain time point:

(1) The customer obtains and consumes the economic benefits brought by the company's performance at the same time;

(2) Customers can control the goods under construction during the performance of the company;

(3) The goods produced during the performance of the Company have irreplaceable purposes, and the Company has the right to collect payment for the performed part accumulated so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the income according to the performance progress within that period of time, except that those with performance progress that cannot be reasonably determined. When the performance schedule cannot be reasonably determined, if the already incurred costs are expected to be compensated, the Company shall recognize the income according to the already incurred costs until the performance schedule can be reasonably determined.

For the performance obligation performed at a certain time, the Company recognizes the income when the customer obtains the control right of the relevant goods or services. When judging whether the customer has

obtained the control of goods or services, the company considers the following signs:

(1) The Company has the right to collect money now for the goods or services, that is, customers have the obligation of immediate payment for the goods or services.

(2) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.

(3) The Company has transferred the goods in kind to the customer, that is, the customer has taken possession of the goods in kind.

(4) The Company has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods.

(5) The customer has accepted the goods or services.

The adoption of different business models in similar businesses leads to differences in accounting policies for income recognition

None

#### 40. Government subsidy

Government grants are monetary assets and non-monetary assets that the company has obtained free of charge from the government and are divided into government grants related to assets and government grants related to income. Asset-related government grants refer to government grants obtained by the company that are used to purchase or construct or otherwise form long-term assets. Income-related government subsidies refer to government subsidies other than government subsidies related to assets.

If there is evidence at the end of the period that the company is able to meet the relevant conditions stipulated in the financial support policy and it is expected to receive financial support funds, the government subsidies shall be recognized according to the amount receivable. In addition, government grants are confirmed upon actual receipt.

Asset-related government grants are recognized as deferred income and are charged to profit or loss for the current period in a reasonable and systematic manner over the useful life of the relevant assets. Revenue-related government subsidies, which are used to compensate for the related costs or losses of the Company in the future period, are recognized as deferred income, and are recognized in the profits and losses of the current period in the period in which the relevant costs, expenses or losses are recognized. The relevant costs, expenses or losses that have been used to compensate the Company have been directly recorded in 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.

For the policy-subsidized discounted loans obtained by the company, the accounting treatment is divided into the following two cases: when the finance allocates the interest-subsidy funds to the loan bank and the loan bank provides the company with a policy-based preferential interest rate, the company uses the actual amount of the loan received as the entry value of the loan, and calculates the relevant borrowing costs according to the loan principal and the preferential policy interest rate; if the finance allocates the interest-free funds directly to the company, the company will reduce the relevant borrowing costs by the corresponding discount interest.

#### 41. 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.

## 42. 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.

## 43. Other important accounting policies and accounting estimates

## (1) Change of main accounting policies

Accounting policy changes caused by implementation of new financial instrument standards

## (2) Changes in accounting estimates

No significant changes in accounting estimates have occurred in the current period.

## 44. Change of main accounting policies and estimations

## (1) Change of main accounting policies

Applicable  Not applicable

The content and reason for change of accounting policy	Approval process	Remarks
In 2017, the Ministry of Finance issued 4 new financial instrument standards	Adopted at the 27th meeting of the 7th Board of Directors	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> On March 14, 2020 (Announcement No.: 2020-14)

<p>including the revised Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No.14-Revenue (hereinafter referred to as the new revenue standard), which stipulated that enterprises listed at home and abroad at the same time, as well as enterprises listed overseas and adopting international financial reporting standards or accounting standards for business enterprises to prepare financial statements, should implement the new standards from January 1, 2018. According to regulations, the company will implement the new income standards from January 1, 2020, and adjust the relevant contents of accounting policies.</p>		
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## (2) Change of main accounting estimations

Applicable  Not applicable

## (3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases from year 2020

Applicable

Whether need to adjust the balance sheet account at the beginning of the year

Yes  No

Consolidated balance sheet

In RMB

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Current asset :			
Monetary fund	409,564,847.52	409,564,847.52	
Settlement provision			
Outgoing call loan			
Transactional financial assets	830,000,000.00	830,000,000.00	



Derivative financial assets			
Notes receivable	40,424,601.97	40,424,601.97	
Account receivable	365,325,029.38	365,325,029.38	
Financing of receivables	17,933,597.98	17,933,597.98	
Prepayments	18,445,857.53	18,445,857.53	
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			
Other account receivable	12,440,761.13	12,440,761.13	
Including: Interest receivable	7,610,043.19	7,610,043.19	
Dividend receivable			
Repurchasing of financial assets			
Inventories	391,717,935.12	391,717,935.12	
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	140,821,609.72	140,821,609.72	
Total of current assets	2,226,674,240.35	2,226,674,240.35	
Non-current assets :			
Loans and payment on other's behalf disbursed			
Creditor's right investment			
Other investment on bonds			
Long-term receivable			
Long term share equity investment	152,209,929.72	152,209,929.72	
Other equity instruments investment	248,781,946.73	248,781,946.73	
Other non-current financial assets			
Real estate investment	112,730,320.90	112,730,320.90	
Fixed assets	903,229,077.83	903,229,077.83	

Construction in progress	839,866,275.92	839,866,275.92	
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	36,517,996.34	36,517,996.34	
Development expenses			
Goodwill			
Long-term expenses to be amortized	2,692,750.67	2,692,750.67	
Deferred income tax asset	5,618,026.43	5,618,026.43	
Other non-current asset	3,079,321.10	3,079,321.10	
Total of non-current assets	2,304,725,645.64	2,304,725,645.64	
Total of assets	4,531,399,885.99	4,531,399,885.99	
Current liabilities			
Short-term loans			
Loan from Central Bank			
Borrowing funds			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Account payable	241,297,770.64	241,297,770.64	
Advance receipts	30,530,117.62	28,180,668.72	-2,349,448.90
Contract liabilities		2,349,448.90	2,349,448.90
Selling of repurchased financial assets			
Deposit taking and interbank deposit			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	38,556,180.20	38,556,180.20	
Tax payable	22,545,550.33	22,545,550.33	
Other account payable	152,645,780.14	152,645,780.14	

Including: Interest payable			
Dividend payable			
Fees and commissions payable			
Reinsurance fee payable			
Liabilities held for sales			
Non-current liability due within 1 year			
Other current liability			
Total of current liability	485,575,398.93	485,575,398.93	
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable			
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	121,264,571.22	121,264,571.22	
Deferred income tax liability	69,944,345.66	69,944,345.66	
Other non-current liabilities			
Total non-current liabilities	191,208,916.88	191,208,916.88	
Total of liability	676,784,315.81	676,784,315.81	
Owners' equity			
Share capital	509,338,429.00	509,338,429.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	1,974,922,248.03	1,974,922,248.03	

Less: Shares in stock	16,139,003.40	16,139,003.40	
Other comprehensive income	119,737,783.31	119,737,783.31	
Special reserve			
Surplus reserves	90,596,923.39	90,596,923.39	
Common risk provision			
Retained profit	49,307,764.03	49,307,764.03	
Total of owner' s equity belong to the parent company	2,727,764,144.36	2,727,764,144.36	
Minority shareholders' equity	1,126,851,425.82	1,126,851,425.82	
Total of owners' equity	3,854,615,570.18	3,854,615,570.18	
Total of liabilities and owners' equity	4,531,399,885.99	4,531,399,885.99	

## Adjustment statement

The main changes and impacts of the implementation of the new income standards on the Company are as follows: The Company will reclassify the accounts received in advance with some outstanding performance obligations as contract liabilities on or after January 1, 2020.

## Parent Company Balance Sheet

In RMB

Items	December 31,2019	January 1,2020	Amount involved in the adjustment
Current asset :			
Monetary fund	27,979,338.37	27,979,338.37	
Transactional financial assets	650,000,000.00	650,000,000.00	
Derivative financial assets			
Notes receivable			
Account receivable	522,931.04	522,931.04	
Financing of receivables			
Prepayments	768,099.94	768,099.94	
Other account receivable	17,039,506.00	17,039,506.00	
Including: Interest	7,329,228.31	7,329,228.31	

receivable			
Dividend receivable			
Inventories			
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset			
Total of current assets	696,309,875.35	696,309,875.35	
Non-current assets:			
Creditor's right investment			
Other investment on bonds			
Long-term receivable			
Long term share equity investment	2,102,430,511.88	2,102,430,511.88	
Other equity instruments investment	206,816,952.64	206,816,952.64	
Other non-current financial assets			
Real estate investment	107,199,622.80	107,199,622.80	
Fixed assets	25,500,695.77	25,500,695.77	
Construction in progress	19,552.00	19,552.00	
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	659,937.75	659,937.75	
Development expenses			
Goodwill			
Long-germ expenses to be amortized	800,858.17	800,858.17	
Deferred income tax asset	5,466,478.06	5,466,478.06	
Other non-current asset			
Total of non-current assets	2,448,894,609.07	2,448,894,609.07	
Total of assets	3,145,204,484.42	3,145,204,484.42	
Current liabilities			
Short-term loans			

Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Account payable	411,743.57	411,743.57	
Advance receipts	2,878,936.58	639,024.58	-2,239,912.00
Contract Liabilities		2,239,912.00	2,239,912.00
Employees' wage payable	11,910,175.11	11,910,175.11	
Tax payable	20,801,961.18	20,801,961.18	
Other account payable	119,984,209.60	119,984,209.60	
Including: Interest payable			
Dividend payable			
Liabilities held for sales			
Non-current liability due within 1 year			
Other current liability			
Total of current liability	155,987,026.04	155,987,026.04	
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable			
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	600,000.00	600,000.00	
Deferred income tax liability	66,953,097.14	66,953,097.14	
Other non-current liabilities			
Total non-current liabilities	67,553,097.14	67,553,097.14	
Total of liability	223,540,123.18	223,540,123.18	

Owners' equity			
Share capital	509,338,429.00	509,338,429.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	1,589,869,499.36	1,589,869,499.36	
Less: Shares in stock	16,139,003.40	16,139,003.40	
Other comprehensive income	110,764,037.74	110,764,037.74	
Special reserve			
Surplus reserves	90,596,923.39	90,596,923.39	
Retained profit	637,234,475.15	637,234,475.15	
Total of owners' equity	2,921,664,361.24	2,921,664,361.24	
Total of liabilities and owners' equity	3,145,204,484.42	3,145,204,484.42	

## Note

The main changes and impacts of the implementation of the new income standards on the Company are as follows: The Company will reclassify the accounts received in advance with some outstanding performance obligations as contract liabilities on or after January 1, 2020.

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2020

Applicable  Not applicable

## 45.Other

None

**VI. Taxes of the Company**

## 1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	The taxable turnover	16.00%、13.00%、5.00%
City construction tax	Turnover tax to be paid allowances	7%
Business income tax	Turnover tax to be paid allowances	25%、16.5%、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.	15.00%

## 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 2019 ,High-tech and enterprise certificate No.: GR201944205666 ,The certificate is valid for three years, The enterprise income tax rate of this year is 15%.

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

## 3.Other

None

## VII. Notes of consolidated financial statement

### 1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	8,432.52	11,091.94
Bank deposit	177,437,894.00	272,366,495.29
Other monetary funds	30,870,007.94	137,187,260.29
Total	208,316,334.46	409,564,847.52
Including : The total amount of deposit abroad	6,380,553.27	3,272,384.31

### Other notes

① Ending amount of other monetary funds was RMB 163,680,930.25 And deposit an investment of RMB 236,266.53.



②As of June 30, 2020, The fixed-term deposit balance of money fund is RMB 34,610,054.73 , this part will not be treated as closing cash or closing cash equivalent in preparing cash flow statement.

## 2. Transactional financial assets

In RMB

Items	Year-end balance	Year-beginning balance
financial assets measured at their fair values and with the variation included in the current profits and losses	779,000,000.00	830,000,000.00
Including:		
Structure deposit	779,000,000.00	830,000,000.00
Including:		
Total	779,000,000.00	830,000,000.00

Other note: None

## 3. Derivative financial assets

Not applicable

## 4. Notes receivable

### (1) Notes receivable listed by category

In RMB

Items	Year-end balance	Year-beginning balance
Bank acceptance	43,359,624.18	40,424,601.97
Total	43,359,624.18	40,424,601.97

All bills receivable are bank acceptance bills, and because there is no significant credit risk, no credit impairment provision is accrued.

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

Applicable  Not applicable

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

The withdrawal amount of the bad debt provision: None

Of which the significant actual write-off accounts receivable:

Applicable  Not applicable

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

Not applicable

(4) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

In RMB

Items	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance	89,284,511.43	
Total	89,284,511.43	

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

Not applicable

(6) The actual write-off accounts receivable

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(%)	
Accrual of bad debt provision by single item	12,788,676.67	2.71%	10,852,610.18	84.86%	1,936,066.49	12,753,137.41	3.22%	10,823,862.18	84.87%	1,929,275.23
Including:										
Accrual of bad debt provision by portfolio	458,681,723.32	97.29%	23,197,913.27	5.06%	435,483.810.05	382,700,561.55	96.78%	19,304,807.40	5.04%	363,395,754.15
Including:										
Total	471,470,399.99	100.00%	34,050,523.45	7.22%	437,419.87	395,453,698.96	100.00%	30,128,669.58	7.62%	365,325,029.38

					6.54				
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Accrual of bad debt provision by single item: 10,852,610.18 yuan

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Dongguan Yaxing Semiconductor Co., Ltd.	2,797,016.81	1,650,239.92	59.00%	Beyond the credit period for a long time, uncertain recovered.
Dongguan Fair LCD Co., Ltd.	1,698,534.99	1,698,534.99	100.00%	Beyond the credit period for a long time, uncertain recovered.
Guangdong Ruili Baolai Technology Co., Ltd.	1,298,965.36	649,482.68	50.00%	Beyond the credit period for a long time, uncertain recovered.
Shenzhen Gulida Microelectronics Co., Ltd.	1,029,587.20	978,107.84	95.00%	Beyond the credit period for a long time, uncertain recovered.
Other	5,964,572.31	5,876,244.75	98.52%	Beyond the credit period for a long time, uncertain recovered.
<b>Total</b>	<b>12,788,676.67</b>	<b>10,852,610.18</b>	<b>--</b>	<b>--</b>

Accrual of bad debt provision by portfolio: 23,197,913.27 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	458,013,563.82	22,994,725.97	5.02%
1-2 years	668,159.50	203,187.30	30.41%
<b>Total</b>	<b>458,681,723.32</b>	<b>23,197,913.27</b>	<b>--</b>

Notes of the basis of recognizing the group:

The combination of the ageing status of accounts receivable as a credit risk feature.

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

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	458,030,961.99

1-2 years	704,645.92
2-3 years	108,476.48
Over 3 years	12,626,315.60
3-4 years	133,439.29
4-5 years	895,242.68
Over 5 years	11,597,633.63
Total	471,470,399.99

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio:	19,304,807.40	3,893,105.87				23,197,913.27
Accrual of bad debt provision by single item:	10,823,862.18	28,748.00				10,852,610.18
Total	30,128,669.58	3,921,853.87				34,050,523.45

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

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

None

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

In RMB

Name	Balance in year-end	Proportion(%)	Bad debt provision
First	172,427,160.60	36.57%	8,621,358.03
Second	56,323,722.65	11.95%	2,816,186.13
Third	44,409,349.53	9.42%	2,220,467.48
Fourth	28,624,747.18	6.07%	1,431,237.36
Fifth	27,535,861.55	5.84%	1,376,793.08

Total	329,320,841.51	69.85%	
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(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

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

None

Other note: None

#### 6.Receivable financing

In RMB

Items	Closing balance	Opening balance
Note receivable		17,933,597.98
Total		17,933,597.98

Changes in current period and fair value of receivables financing

Applicable  Not applicable

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

Applicable  Not applicable

Other note: None

#### 7.Prepayments

(1) List by aging analysis:

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	12,942,710.16	98.35%	18,234,600.87	98.86%
1-2 years	194,292.29	1.48%	188,517.78	1.02%
2-3 years	9,530.00	0.07%	9,530.00	0.05%
Over 3 years	13,208.88	0.10%	13,208.88	0.07%
Total	13,159,741.33	--	18,445,857.53	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time

On June 30, 2020, there was no large prepayment with an accounting age of more than one year in the balance of prepayment .

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

Name	June 30,2020	Proportion %
First	3,844,784.69	29.22
Second	1,795,386.82	13.64
Third	1,604,402.71	12.19
Fourth	853,318.59	6.48
Fifth	751,681.15	5.71
Total	8,849,573.96	67.24

Other note: None

## 8.Other receivable

In RMB

Items	Closing balance	Opening balance
Interest receivable	8,217,934.25	7,610,043.19
Other accounts receivable	5,443,832.93	4,830,717.94
Total	13,661,767.18	12,440,761.13

## (1) Interest receivable

## 1) Category of interest receivable

In RMB

Items	Closing balance	Opening balance
Fixed deposit		109,425.24
Structure deposit	8,217,934.25	7,500,617.95
Total	8,217,934.25	7,610,043.19

## 2) Significant overdue interest

As of June 30,2020,No overdue interest

## 3) Bad-debt provision

 Applicable  Not applicable

## (2)Dividend receivable

Not applicable

## (3) Other accounts receivable

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

In RMB

Nature	Closing book balance	Opening book balance
Customs bond	73,192.60	326,628.25
Export rebate	709,028.48	1,191,949.50
Unit account	16,298,671.39	15,674,175.33
Deposit	2,073,363.99	2,109,061.49
Reserve fund and staff loans	669,432.99	428,019.47
Other	1,474,930.09	1,069,836.88
<b>Total</b>	<b>21,298,619.54</b>	<b>20,799,670.92</b>

## 2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2020	1,575,667.61		14,393,285.37	15,968,952.98
Balance as at January 1, 2020 in current	---	---	---	---
Turn back in the current period	114,166.37			114,166.37
Balance as at June 30, 2020	1,461,501.24		14,393,285.37	15,854,786.61

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

 Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	3,912,546.56
1-2 years	571,073.49
2-3 years	612,362.92
Over 3 years	16,202,636.57

3-4 years	1,844,818.50
4-5 years	577,633.07
Over 5 years	13,780,185.00
Total	21,298,619.54

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by single item	1,575,667.61		114,166.37			1,461,501.24
Accrual of bad debt provision by portfolio	14,393,285.37					14,393,285.37
Total	15,968,952.98		114,166.37			15,854,786.61

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

## (4) Other account receivables actually cancel after write-off

None

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Unit account	11,389,044.60	Over 5 years	51.32%	11,389,044.60
Second	Unit account	1,800,000.00	3-4 years	8.11%	1,800,000.00
Third	Unit account	1,018,295.37	Within 1 year, 1-3 years	4.59%	181,045.68
Fourth	Deposit	980,461.06	Over 5 years	4.42%	490,230.53
Fifth	Deposit	592,420.00	Over 5 years	2.67%	592,420.00
Total	--	15,780,221.03	--	71.11%	14,452,740.81



## (6) Accounts receivable involved with government subsidies

None

## (7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

None

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

None

## 9. Inventories

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

No

## (1) Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	271,527,185.13	29,058,383.63	242,468,801.50	212,371,911.48	31,148,714.05	181,223,197.43
Processing products	4,701,813.03		4,701,813.03	5,962,105.18		5,962,105.18
Goods in transit				1,618,894.41	48,491.27	1,570,403.14
Finished product	150,976,269.58	57,389,369.96	93,586,899.62	135,636,148.29	53,692,060.27	81,944,088.02
Semi-finished	127,303,360.12	20,635,187.32	106,668,172.80	130,209,635.92	36,196,938.50	94,012,697.42
Commissioned materials	21,742,875.87	3,637,965.67	18,104,910.20	30,643,409.60	3,637,965.67	27,005,443.93
<b>Total</b>	<b>576,251,503.73</b>	<b>110,720,906.58</b>	<b>465,530,597.15</b>	<b>516,442,104.88</b>	<b>124,724,169.76</b>	<b>391,717,935.12</b>

## (2) Inventory depreciation reserve

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Raw materials	31,148,714.05	2,332,142.48		4,422,472.90		29,058,383.63

Finished product	53,692,060.27	11,431,280.23		7,733,970.54		57,389,369.96
Semi-finished product	36,196,938.50	21,711,212.22		37,272,963.40		20,635,187.32
Goods in transit	48,491.27			48,491.27		
Commissioned materials	3,637,965.67					3,637,965.67
<b>Total</b>	<b>124,724,169.76</b>	<b>35,474,634.93</b>		<b>49,477,898.11</b>		<b>110,720,906.58</b>

Items	Specific basis for withdrawal of provision for inventory	Reason for recovery of provision for inventory in this year	Reason for write-off of provision for inventory in this year
Raw materials	Due to a decline in the market price of polarizer products in this period, the realizable net value of relevant materials was lower than their inventory cost.	No	Use of relevant materials
Finished product	Due to a decline in the market price of polarizer products in this period, the realizable net value of relevant materials was lower than their inventory cost.	No	Selling related finished goods
Semi-finished product	Due to a decline in the market price of polarizer products in this period, the realizable net value of relevant materials was lower than their inventory cost.	No	Selling related finished goods
Goods in transit	Due to a decline in the market price of polarizer products in this period, the realizable net value of relevant materials was lower than their	No	Selling related finished goods

	inventory cost.		
--	-----------------	--	--

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

None

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

None

#### 10.Contract assets

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

Applicable  Not applicable

Provision for impairment of contract assets in the current period

Not applicable

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

Not applicable

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

Not applicable

#### 13. Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
After the deduction of input VAT	153,181,153.73	140,821,609.72
Total	153,181,153.73	140,821,609.72

Other notes: None

#### 14.Creditor's right investment

Not applicable

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

Applicable  Not applicable

#### 15.Other creditor's rights investment

Not applicable

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

Applicable  Not applicable

## 16. Long-term accounts receivable

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

Not applicable

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

Applicable  Not applicable

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

Not applicable

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

Not applicable

## 17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision	
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other			
I. Joint ventures												
Anhui Huapeng Textile Co.,Ltd.	10,098,833.77			-51,447.40							10,047,386.37	
Shenzhen Guanhu Printing	129,623,072.69			-974,221.54							128,648,851.15	

& Dyeing Co., Ltd.											
Subtotal	139,72 1,906.4 6			-1,025, 668.94						138,69 6,237.5 2	
2. Affiliated Company											
Shenzhen Changli anfa Printing & dyeing Company	2,450,6 76.14			91,484. 11						2,542,1 60.25	
Jordan Garment Factory	902,26 9.19			-924,09 7.64	6,568.8 4					-15,259 .61	
Hongkong Yehui International Co., Ltd.	9,135,0 77.93			-395,65 0.38	381,74 7.73					9,121,1 75.28	
Subtotal	12,488, 023.26			-1,228, 263.91	388,31 6.57					11,648, 075.92	
Total	152,20 9,929.7 2			-2,253, 932.85	388,31 6.57					150,34 4,313.4 4	

Other note: None

## 18. Other equity instruments investment

In RMB

Items	Year-end balance	Year-beginning balance
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Fuao auto parts co., Ltd. (000030)	8,818,366.14	6,568,923.76
Shenzhen Dailishi Underwear Co., Ltd.	12,315,939.61	12,315,939.61
Union Development Group Co., Ltd.	152,469,200.00	152,469,200.00
Shenzhen Xiangjiang Trade Co., Ltd.	7,474,900.00	7,474,900.00
Shenzhen Xinfang Knitting Co., Ltd.	2,227,903.00	2,227,903.00
Jintian Industry (Group) Co., Ltd.		
Shenzhen Jiafeng Textile Industry Co., Ltd.		
Shenzhen Xieli Auto Co., Ltd.	25,760,086.27	25,760,086.27
Shenzhen South Textile Co., Ltd.	13,464,994.09	13,464,994.09
Changxing Junying Investment Partnership	28,500,000.00	28,500,000.00
<b>Total</b>	<b>251,031,389.11</b>	<b>248,781,946.73</b>

## Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earning
Fuao auto parts co., Ltd. (000030)	234,604.42		122,232.17		Long-term holding	
Shenzhen Dailishi Underwear Co., Ltd.	500,000.00	9,756,083.35			Long-term holding	
Union Development Group Co., Ltd.	208,000.00	149,869,200.00			Long-term holding	
Shenzhen Xiangjiang Trade Co., Ltd.	320,030.40	7,314,900.00			Long-term holding	
Shenzhen Xinfang Knitting	156,000.00	1,703,903.00			Long-term holding	

Co., Ltd.						
Jintian Industry (Group) Co., Ltd.			14,831,681.50		Long-term holding	
Shenzhen Jiafeng Textile Industry Co., Ltd.			16,800,000.00		Long-term holding	
Shenzhen Xieli Auto Co., Ltd.		21,516,380.83			Long-term holding	
Shenzhen South Textile Co., Ltd.		11,964,994.09			Long-term holding	
Changxing Junying Investment Partnership					Long-term holding	
Total	1,418,634.82	202,125,461.27	31,753,913.67		--	

Other note: None

#### 19. Other non-current assets

Not applicable

#### 20. Investment real estate

(1) Investment real estate adopted the cost measurement mode

Applicable  Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	257,183,260.74			257,183,260.74
2. Increase in the current period	1,277,175.96			1,277,175.96
(1) Purchase				
(2) Inventory\Fixed	1,277,175.96			1,277,175.96

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	258,460,436.70			258,460,436.70
II.Accumulated amortization				
1.Opening balance	144,452,939.84			144,452,939.84
2.Increased amount of the period	3,243,096.97			3,243,096.97
(1) Withdrawal	3,243,096.97			3,243,096.97
3.Decreased amount of the period	216,879.16			216,879.16
(1) Dispose				
(2) Other out	216,879.16			216,879.16
4. Balance at period-end	147,479,157.65			147,479,157.65
III. Impairment provision				
1. Balance at period-beginning				
2.Increased amount of the period				
(1) Withdrawal				
3.Decreased amount of the period				
(1) Dispose				
(2) Other out				



4. Balance at period-end				
IV. Book value				
1.Book value at period-end	110,981,279.05			110,981,279.05
2.Book value at period-beginning	112,730,320.90			112,730,320.90

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

Applicable  Not applicable

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

Not applicable

## 21. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	850,896,074.15	903,229,077.83
Total	850,896,074.15	903,229,077.83

## (1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Opening balance	554,790,414.11	1,019,329,690.87	10,160,884.32	32,219,076.82	1,616,500,066.12
2. Increased amount of the period		527,317.31	620,824.60	1,472,337.85	2,620,479.76
(1) Purchase		527,317.31	620,824.60	1,472,337.85	2,620,479.76
(2) Transferred from construction in progress					
(3) Increased of Enterprise Combination					

3. Decreased amount of the period		247,000.00		27,453.00	274,453.00
(1) Disposal		247,000.00		27,453.00	274,453.00
4. Balance at period-end	554,790,414.11	1,019,610,008.18	10,781,708.92	33,663,961.67	1,618,846,092.88
II. Accumulated depreciation					
1. Opening balance	146,482,472.12	545,861,440.05	2,841,269.42	17,965,170.04	713,150,351.63
2. Increased amount of the period	10,066,551.75	42,987,821.81	416,227.97	1,468,869.28	54,939,470.81
(1) Withdrawal	10,066,551.75	42,987,821.81	416,227.97	1,468,869.28	54,939,470.81
3. Decrease in the reporting period		237,218.80		23,221.57	260,440.37
(1) Disposal		237,218.80		23,221.57	260,440.37
4. Closing balance	156,549,023.87	588,612,043.06	3,257,497.39	19,410,817.75	767,829,382.07
III. Impairment provision					
1. Opening balance	120,636.66				120,636.66
2. Increase in the reporting period					
(1) Withdrawal					
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	120,636.66				120,636.66
IV. Book value					
1. Book value of the period-end	398,120,753.58	430,997,965.12	7,524,211.53	14,253,143.92	850,896,074.15
2. Book value of the period-begin	408,187,305.33	473,468,250.82	7,319,614.90	14,253,906.78	903,229,077.83

## (2) Fixed assets temporarily idled

Not applicable

## (3) Fixed assets rented by finance leases

Not applicable

## (4) Fixed assets leased in the operating leases

Not applicable

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

Not applicable

## (6) Liquidation of fixed assets

Not applicable

## 22. Construction in progress

In RMB

Items	Year-end balance	Year-beginning balance
Construction in progress	955,248,196.39	839,866,275.92
Total	955,248,196.39	839,866,275.92

## (1) List of construction in progress

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
Industrialization project of polaroid for super large size TV (Line 7)	954,824,238.97		954,824,238.97	839,443,318.50		839,443,318.50
Other	423,957.42		423,957.42	422,957.42		422,957.42

Total	955,248,196.39		955,248,196.39	839,866,275.92		839,866,275.92
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## (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
Industrialization project of polaroid for super large size TV (Line 7)	1,959,498.40 1.80	839,443,318.50	115,380,920.47			954,824,238.97	48.73%	The main body of the building has been capped				Other
Total	1,959,498.40 1.80	839,443,318.50	115,380,920.47			954,824,238.97	--	--				--

## (3) Impairment provision of construction projects

Not applicable

## (4) Engineering material

Not applicable

## 23. Productive biological assets

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

 Applicable  Not applicable

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

Applicable  Not applicable

#### 24. Oil and gas assets

Applicable  Inapplicable

#### 25. Right to use assets

Not applicable

#### 26. Intangible assets

##### (1) Information

In RMB

Items	Land use right	Patent right	Non-proprietary technology	Software	Total
I. Original price					
1. Balance at period-beginning	48,258,239.00	11,825,200.00		2,936,607.54	63,020,046.54
2. Increase in the current period				853,431.04	853,431.04
(1) Purchase				853,431.04	853,431.04
(2) Internal R & D					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	48,258,239.00	11,825,200.00		3,790,038.58	63,873,477.58
II. Accumulated amortization					
1. Balance at period-beginning	12,591,751.27	11,825,200.00		2,085,098.93	26,502,050.20
2. Increase in the current period	447,720.00			302,043.64	749,763.64

(1) Withdrawal	447,720.00			302,043.64	749,763.64
3. Decreased amount of the period					
(1) Disposal					
4. Balance at period-end	13,039,471.27	11,825,200.00		2,387,142.57	27,251,813.84
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	35,218,767.73			1,402,896.01	36,621,663.74
2. Book value at period-beginning	35,666,487.73			851,508.61	36,517,996.34

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end.

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

Not applicable

## 27. R&D expenses

Not applicable

## 28. Goodwill

## (1) Original book value of goodwill

In RMB

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

## (2) Impairment of goodwill

In RMB

Investee	Balance in year-begin	Increased at this period		.Decreased at this period		Closing balance
		Provision		disposition		
Shenzhen Beauty Century	2,167,341.21					2,167,341.21

Garment Co., Ltd.						
Shenzhen Shenfang Import & Export Co., Ltd.	82,246.61					82,246.61
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	9,614,758.55					9,614,758.55
Total	11,864,346.37					11,864,346.37

## 29. 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	1,631,423.46		183,409.34		1,448,014.12
Other	1,061,327.21		100,945.26		960,381.95
Total	2,692,750.67		284,354.60		2,408,396.07

## 30. 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	20,264,822.69	4,567,562.50	17,933,263.39	4,478,077.03



Unattained internal sales profits	2,457,864.47	368,679.67	2,502,421.73	375,363.26
Changes in fair value of available for sale financial assets	122,232.17	30,558.06	2,371,674.55	592,918.64
Temporary difference formed by the interest of share incentive repurchase	686,670.00	171,667.50	686,670.00	171,667.50
Total	23,531,589.33	5,138,467.73	23,494,029.67	5,618,026.43

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

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in fair value of investments in other equity instruments	202,125,461.26	50,531,365.32	202,125,461.26	50,531,365.32
The difference between the initial recognition cost and tax base of long-term equity investment of Guanhua Company	62,083,693.36	15,520,923.34	77,651,921.36	19,412,980.34
Total	264,209,154.62	66,052,288.66	279,777,382.62	69,944,345.66

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

In RMB

Items	Trade-off between the deferred income tax assets and liabilities	End balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		5,138,467.73		5,618,026.43
Deferred income tax liabilities		66,052,288.66		69,944,345.66

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

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	145,880,695.37	156,410,415.69
Deductible loss	629,783,473.03	605,506,184.05
Total	775,664,168.40	761,916,599.74

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2021	1,128,868.47	1,128,868.47	
2023	129,226,944.33	129,226,944.33	
2024	148,095,898.11	148,095,898.11	
2025	83,287,153.64	83,287,153.64	
2026	120,820,767.06	120,820,767.06	
2028	22,594,586.97	22,594,586.97	
2029	100,351,965.47	100,351,965.47	
2030	24,277,288.98		
Total	629,783,473.03	605,506,184.05	--

Other note: None

### 31 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Advance payment for equipment fund				3,079,321.10		3,079,321.10
Total				3,079,321.10		3,079,321.10

Other note: None

## 32. Short-term borrowings

## (1) Categories of short-term loans

Not applicable

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

Not applicable

## 33. Transactional financial liabilities

Not applicable

## 34. Derivative financial liability

Not applicable

## 35. Notes payable

Not applicable

## 36. Accounts payable

## (1) List of accounts payable

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	224,275,297.87	238,370,055.75
1-2 years	125,319.05	196,392.86
2-3 years	1,486,921.12	1,691,830.35
3-4 years	49,238.25	37,402.40
4-5 years	37,402.40	35,075.05
Over 5 years	1,002,089.28	967,014.23
Total	226,976,267.97	241,297,770.64

## (2) Significant accounts payable that aged over one year

Not applicable

## 37. Advance account

## (1) List of Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	22,713,837.75	27,541,644.14
1-2 years		
2-3 years		
Over 3 years	639,024.58	639,024.58
Total	23,352,862.33	28,180,668.72

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

None

## 38.Contract liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	2,372,551.70	2,342,917.75
1-2 years	6,531.15	6,531.15
Total	2,379,082.85	2,349,448.90

## 39.Payable Employee wage

## (1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Short-term employee benefits	38,556,180.20	77,113,020.47	82,396,880.07	33,272,320.60
II. Post-employment benefits		3,468,908.25	1,930,529.00	1,538,379.25
III. Termination benefit		2,985,500.66	2,985,500.66	
Total	38,556,180.20	83,567,429.38	87,312,909.73	34,810,699.85

## (2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	decrease in this period	Balance in year-end
1.Wages, bonuses, allowances and subsidies	36,751,528.90	68,183,820.87	74,342,872.85	30,592,476.92
2.Employee welfare		3,519,842.56	3,519,842.56	

3. Social insurance premiums		764,603.19	310,655.32	453,947.87
Including: Medical insurance		612,352.02	260,716.62	351,635.40
Work injury insurance		37,141.01	9,980.99	27,160.02
Maternity insurance		115,110.16	39,957.71	75,152.45
4. Public reserves for housing		2,831,234.28	2,831,234.28	
5. Union funds and staff education fee	1,804,651.30	1,813,519.57	1,392,275.06	2,225,895.81
Total	38,556,180.20	77,113,020.47	82,396,880.07	33,272,320.60

## (3) Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	decrease in this period	Balance in year-end
1. Basic old-age insurance premiums		2,531,567.29	1,040,522.72	1,491,044.57
2. Unemployment insurance		61,710.88	14,456.20	47,254.68
3. Annuity payment		875,630.08	875,550.08	80.00
Total		3,468,908.25	1,930,529.00	1,538,379.25

Other note: None

## 40. Tax Payable

In RMB

Items	Balance in year-end	Balance in year-begin
VAT	430,359.01	2,992,712.57
Enterprise Income tax	4,752,036.65	18,567,808.63
Individual Income tax	485,695.72	441,485.02
City Construction tax	40,032.38	209,489.81
House property tax	1,558,824.88	127,685.17
Educational surtax	27,158.67	149,635.58
Other	59,631.36	56,733.55
Total	7,353,738.67	22,545,550.33

Other note: None

## 41. Other payable

In RMB

Items	Balance in year-end	Balance in year-begin
Other payable	151,289,669.81	152,645,780.14
Total	151,289,669.81	152,645,780.14

## (1) Interest payable

Not applicable

## (2) Dividends payable

Not applicable

## (3) Other accounts payable

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

In RMB

Items	Balance in year-end	Balance in year-begin
Engineering Equipment fund	33,859,305.46	36,025,975.90
Unit account	52,701,920.52	51,891,693.06
Deposit	31,140,665.22	27,258,145.87
Restrictive stock repurchase obligation	7,844,373.00	16,825,673.40
Other	25,743,405.61	20,644,291.91
Total	151,289,669.81	152,645,780.14

## (2) Other significant accounts payable with aging over one year

Not applicable

## 42. Liabilities classified as holding for sale

Not applicable

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

Not applicable

## 44.Other current liabilities

Not applicable

## 45. Long-term borrowing

Not applicable

## 46.Bond payable

Not applicable

## 47. Lease liability

Not applicable

## 48. Long-term payable

Not applicable

## 49. Long term payroll payable

Not applicable

## (1) Statement of long-term payroll payable

Not applicable

## (2) Change of defined benefit plans

Not applicable

## 50.Predicted liabilities

Not applicable

## 51.Deferred income

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term	Reason
Government Subsidy	121,264,571.22	1,190,000.00	6,070,094.81	116,384,476.41	Formation of government subsidy

Total	121,264,571.22	1,190,000.00	6,070,094.81	116,384,476.41	--
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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 or income-related
Textile special funds	428,571.41			71,428.58			357,142.83	Related to assets
Grant funds for TFT-LCD polarizer industry project	3,033,333.34			649,999.98			2,383,333.36	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	1,500,000.00			250,000.02			1,249,999.98	Related to assets
Purchase of imported equipment and technology	501,926.58			87,545.10			414,381.48	Related to assets
Innovation and venture capital for TFT-LCD polarier I project	150,000.00			25,000.02			124,999.98	Related to assets
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	262,500.00			25,000.02			237,499.98	Related to assets
Shenzhen Engineering laboratory polarizing material and technical engineering	2,625,000.00			250,000.02			2,374,999.98	Related to assets
Capital funding for Technology Center	1,575,000.00			150,000.00			1,425,000.00	Related to assets
Subsidy funds to support the introduction of advanced technology	43,164.31			7,194.06			35,970.25	Related to assets
Local supporting funds for TFT-LCD polarizer Phase II Project (line 6)	12,750,000.00			750,000.00			12,000,000.00	Related to assets
State subsidy for TFT-LCD polarizer Phase II Project (line 6)	425,000.00			25,000.02			399,999.98	Related to assets
key technology research and development projects of	3,625,000.00			250,000.02			3,374,999.98	Related to assets



optical compensation film for polarize								
Innovation and venture capital for TFT-LCD polarizer Phase II Project (line 6)	8,500,00 0.00			500,000 .00			8,000,00 0.00	Related to assets
Strategic industries Development fund of Guangdong Province	21,250,0 00.00			1,250,0 00.04			19,999,9 99.96	Related to assets
Grants of Purchase equipment of TFT-LCD polarizing film phase II project	25,500,0 00.00			1,499,9 99.99			24,000,0 00.01	Related to assets
Energy saving transformation grant funds	56,815.6 3			0.00			56,815.6 3	Related to assets
Old elevator renovation fund subsidies	1,004,75 2.95			55,877. 85			948,875. 10	Related to assets
Polarization Industrialization Project for Super Large-sized TVs (Line 7) Central Budget Investment	30,000,0 00.00			0.00			30,000,0 00.00	Related to assets
Research & development subsidy for key technologies of ultra-thin IPS polarizer for smart phone terminals	2,000,00 0.00			0.00			2,000,00 0.00	Related to assets
Finance committee of Shenzhen municipality (R&D of key technology of high-performance polarizer for large size display panel of 2018N007)	5,000,00 0.00	1,000,0 00.00		0.00			6,000,00 0.00	Related to assets
Special Subsidy for Improving Atmospheric Environment Quality in Shenzhen	1,033,50 7.00			221,465 .76			812,041. 24	Related to assets
2020 Double subsidies for special technological renovation investment project		190,000 .00		1,583.3 3			188,416. 67	Related to assets
Total	121,264, 571.22	1,190,0 00.00		6,070,0 94.81			116,384, 476.41	

Other note:

(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 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 RMB357, 142. 83 .

2. 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 SAPO

Photoelectric 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 SAPO Photoelectric for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. On June 2012 and September 2013, the company received the national grants of RMB 10,000,000.00.. According to the Notice of Issuing the Governmental Investment Plan for 2011 Regarding Demonstration Project of High-tech Industrialization Including Specialized Services Such As Disaster Recovery of Financial Information System issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2012) No. 3), the Company received subsidy of RMB 3,000,000.00 for the project of industrialization of polarizer sheet for TFT-LCD in April 2012. Our company will use 10 years as asset depreciation period for amortization in current period. The other income in current period is RMB649,999.98. and the balance amount of unfinished final amortization is RMB 2,383,333.36.

3. According to the Notice about the Plan for Supporting the Second Group of Enterprises in Biological, Internet, New Energy and New Material Industries with Special Development Funds (Shen Fa Gai (2011) No. 1782), the Company received subsidy of RMB 5,000,000.00 for the narrow-width line (line 5) of phase-I project of polarizer sheet for TFT-LCD on February 2012. The Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB1,249,999.98.

4. On October 2013, The company received the grants for the purchase of imported equipment and technology in 2012 of RMB 1,750,902.00, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB87,545.10 and the balance amount of unfinished final amortization is RMB414,381.48.

5. 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 other income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB124,999.98 .

6. 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 other income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB237,499.98 .

7. According to the Approval of Application of SAPO Photoelectric 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 SAPO Photoelectric with total project investment of RMB 24,390,000.00. As approved by Shenzhen Municipal People's Government, this project was included in the plan for supporting the fourth group of enterprises with special fund for the development of strategic new industries in Shenzhen in 2012 (new material industry). According to the Notice of Issuing the Plan for Supporting the Fourth Group of Enterprises with Special Fund for Development of Strategic New Industries in Shenzhen in 2012 (Shen Fa Gai (2012) No. 1241), the Company received subsidy of RMB 5,000,000.00 on December 2012 for purchasing instruments and equipment and improving existing technological equipment and test conditions. The fund gap will be filled by the Company through raising funds

by itself. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB2,374,999.98 .

8. 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 SAPO has been regarded as 2012 annual municipal R&D center. In December 2013, the company has received the funding subsidy of RMB3 million for the construction of the technical center. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The Other income in current period is RMB150,000.00 and the balance amount of unfinished final amortization is RMB1,425,000.00.

9. On March 2014 the company received the introduction of advanced technology import subsidy funds of RMB 143,881.00 from Shenzhen Finance Committee, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB7,194.06 and the balance amount of unfinished final amortization is RMB35,970.25.

10. According to the "Shenzhen Municipal Development and Reform Commission Reply for SAPO 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. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, The other income in current period is RMB750,000.00 and the balance amount of unfinished final amortization is RMB12,000,000.00.

11. 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. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 25,000.02 was included into other incomes in the current period and the ending outstanding balance was RMB399,999.98.

12. 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 RMB3,374,999.98.

13. According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2<sup>nd</sup> 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. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB500,000.00 元 was included into other incomes in the current period and the ending outstanding balance was RMB8,000,000.00.

14. 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, TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB1,250,000.04 was included into other incomes in the current period and the ending outstanding balance was RMB1,250,000.04.

15. According to Reform and Development Commission of Shenzhen Municipality sending the notice of “Reply of National Reform and Development Office on Investing in Petrification and Medicine Project within Central Budget of 2013 for Industry Structure Adjustment Special Project”(Reform and Development Commission of Shenzhen Municipality [2013]No.1449) , the Company received 30 million RMB of new production line of TFT-LCD polarizer project period II and equipment purchase subsidy in August 2015 ,December 2015 and September 2016. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 1,499,999.99 was included into other incomes in the current period and the ending outstanding balance was RMB 24,000,000.01.

16. 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 RMB0.00 at the current period, the ending balance without amortization was RMB56,815.63.

17. In 2017, the company received 1,218,640.00 yuan for the old elevator upgrade subsidy, the company received 160,800.00 yuan for the old elevator upgrade subsidy in 2018,which was apportioned according to the depreciation period of the relevant assets. The current period was included in other income of 115,760.00 yuan, and the unassessed balance at the end of the period was 986,836.67 yuan. Subsidiaries that run property management business were subsidized by RMB 164,580.00 for updating and transforming old and obsolete elevators this year and this subsidy was income-related; RMB55,877.85 was included into the operating income in the current period and the ending outstanding balance was RMB948,875.10.

18. 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.

19. 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 SAPO Photoelectric 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.

20. According to Measures for Management of Science and Technology Research & Development Funds in Shenzhen, Measures for Management of Projects in Shenzhen Municipal Science and Technology Program and other documents concerned, SAPO Photoelectric Co., Ltd. and Shenzhen Science and Technology Innovation Committee entered into a Contract of Projects in Shenzhen Municipal Science and Technology Program through consultation to complete development of key techniques for high-performance polarizers for 2018N007 jumbo display panels in the program delivered in Shen Fa Gai [2018] No.324 document. The Company was granted with a financial subsidy of RMB 1,000,000.00 this year. The Company amortized and transferred the deferred income into the current profit and loss by period of depreciation after relevant assets hit the expected available state.

21. According to the Measures of Shenzhen Municipality on Subsidy for Improving Atmospheric Environmental Quality (2018-2020) (SRHG [2018] No.2), in December 2019, the Company received a subsidy of 1,033,507.00 yuan from Shenzhen Municipal Human Settlements Committee. The Company completed the transformation of the relevant assets into fixed assets in December 2019. The Company will allocate the relevant assets according to their depreciation years in January 2020, The Company was granted with a financial subsidy of RMB 1,000,000.00 this year. The current period is charged to the current profit and loss of 221465.76 yuan, the ending balance without amortization was RMB812,041.24.

22. According to the Shenzhen Action Plan on Implementing Technical Transformation Multiplication Plan to Expand Effective Industrial Investment (2017-2020)" (SFB [2017] No.22) and Shenzhen's Several Measures on Implementing Technical Transformation Multiplication Plan to Expand Effective Industrial Investment (SFBG [2017] No.9), in June 2020, the company received the first subsidy of 190,000.00 yuan for the special technical transformation investment project of technical transformation multiplication in 2020, which was allocated according to the depreciation period of related assets of 10 years. Other income of 1,583.33 yuan was included in the current period, and the undistributed balance at the end of the period was 188,416.67 yuan.

## 52. . Other non-current liabilities

Not applicable

## 53. Stock capital

In RMB

	Year-beginning balance	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	509,338,429.00				-1,503,240.00	-1,503,240.00	507,835,189.00

Other note:

On February 26, 2020, the Company repurchased and cancelled the restricted stocks held by the resigned incentive objects, thus reducing the share capital by 69,900 yuan.

On April 10, 2020, the Company repurchased and cancelled the second restricted stocks that did not meet

the conditions for lifting the restrictions on sales and the restricted stocks held by the incentive objects who left the company totaled 1,433,340 shares, and the share capital decreased by 1,433,340.00 yuan.

#### 54. Other equity instruments

(1) Basic information on the outstanding other financial instruments, including preferred shares, perpetual bonds, etc. at the end of the reporting period

Not applicable

(2) Movement of the outstanding other financial instruments, including preferred shares, perpetual bonds, etc. at the end of the reporting period

Not applicable

#### 55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,839,805,031.94		7,110,325.20	1,832,694,706.74
Other	135,117,216.09			135,117,216.09
Total	1,974,922,248.03		7,110,325.20	1,967,811,922.83

Other notes, including the note to its increase/decrease and the cause(s) of its movement in the reporting period:

The company reduced its capital reserve (capital premium) by 7,110,325.20 yuan due to the cancellation of restricted stock repurchase.

#### 56. Treasury stock

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Treasury stock	16,139,003.40		8,613,565.20	7,525,438.20
Total	16,139,003.40		8,613,565.20	7,525,438.20

Other notes, including the note to its increase/decrease and the cause(s) of its movement in the reporting period:

This year, 1,503,240 shares were repurchased and cancelled, and the treasury shares decreased by 8,613,565.20 yuan.

#### 57. Other comprehensive income

In RMB

Items	Year-beg inning balance	Amount of current period						Year-e nd balanc e
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehe nsive income in prior period	Less: Prior period included in other composi te income transfer to retained income in the current period	Less: Income tax expense s	After-tax attribut e to the parent compan y	After-tax attribut e to minority sharehol der	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	118,183,6 58.54	2,249,4 42.38			562,360. 58	1,687,08 1.80		119,87 0,740. 34
Changes in fair value of investments in other equity instruments	118,183,6 58.54	2,249,4 42.38			562,360. 58	1,687,08 1.80		119,87 0,740. 34
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	1,554,124 .77	388,316 .57				388,316 .57		1,942, 441.34
Translation differences of financial statements denominated	1,554,124 .77	388,316 .57				388,316 .57		1,942, 441.34
Total of other comprehensive income	119,737,7 83.31	2,637,75 8.95			562,360. 58	2,075,39 8.37		121,81 3,181. 68

Other notes include the valid part of gain and loss of a cash-flow hedge converted into initial amount of arbitrated items for adjustment:

#### 58. Special reserves

Not applicable

#### 59. Surplus reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	90,596,923.39			90,596,923.39
Total	90,596,923.39			90,596,923.39

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

#### 60. Retained profits

In RMB

Items	Amount of current period	Amount of previous period
Retained earnings before adjustments at the year beginning	49,307,764.03	-57,774,473.41
Retained earnings after adjustments at the year end	49,307,764.03	-57,774,473.41
Add: Net profit attributable to owners of the Company for the period	719,734.74	7,832,287.98
Retained profits at the period end	50,027,498.77	-49,942,185.43

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	853,157,761.73	758,822,814.42	1,006,315,551.63	938,514,710.11
Other business	3,155,587.01	2,085,489.19	2,547,743.87	2,072,800.62



Total	856,313,348.74	760,908,303.61	1,008,863,295.50	940,587,510.73
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Income-related information: None

Information related to performance obligations: None

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

At the end of the reporting period, the income amount corresponding to the performance obligations that have been signed but not fulfilled or completed is 0.00 yuan.

## 62.Taxes and surcharges

In RMB

Items	Amount of current period	Amount of previous period
Consumption tax	0.00	0.00
Urban construction tax	293,203.50	290,794.73
Education surcharge	208,749.85	212,086.40
Resource tax	0.00	0.00
Property tax	1,431,139.71	2,826,536.51
Land use tax	50,266.26	98,031.18
vehicle and vessel usage tax	0.00	3,960.00
Stamp tax	700,759.15	458,231.50
Other	5,609.59	7,856.46
Total	2,689,728.06	3,897,496.78

Other note: None

## 63.Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	3,554,124.69	1,605,556.15
Transportation changes	4,551,167.40	2,580,690.13
Exhibition fee	0.00	131,576.37
Business expenses	193,747.29	187,361.86
Samples and product loss	305,048.70	359,519.68
Property insurance	0.00	2,231,202.83
Sell	4,217,847.51	27,358.27
Travel expenses	388,231.96	12,700.24
Other	170,753.73	233,838.99

Total	13,380,921.28	7,369,804.52
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Other note: None

#### 64. Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	29,847,030.96	22,919,081.61
Depreciation of fixed assets	4,973,342.05	6,383,207.78
Water and electricity	893,936.96	1,281,518.80
Intermediary organ	1,931,057.09	4,393,993.81
Intangible assets amortization	749,763.64	689,491.93
Travel expenses	232,235.49	738,353.90
Office expenses	429,662.27	342,201.90
Business entertainment	150,393.20	196,500.00
Lawsuit expenses	30,953.77	465,456.54
Repair charge	318,416.19	1,031,667.72
Property insurance	91,409.02	102,845.11
Low consumables amortization	22,644.20	18,322.00
Board fees	46,687.88	1,341.50
Rental fee	776,298.48	674,331.08
Other	3,853,634.46	3,663,566.00
Tax	44,347,465.66	42,901,879.68

Other note: None

#### 65.R & D costs

In RMB

Items	Amount of current period	Amount of previous period
Wage	5,751,277.54	6,498,554.63
Material	16,679,205.26	10,185,129.50
Depreciation	1,470,406.20	1,371,404.00
Fuel & Power	553,582.61	763,053.12
Travel expenses	58,048.90	201,113.88

Other	48,530.44	153,133.07
<b>Total</b>	<b>24,561,050.95</b>	<b>19,172,388.20</b>

Other note: None

## 66. Financial Expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	221,034.71	3,783,883.97
Interest income	-1,738,185.54	-15,744,104.66
Exchange loss	1,579,207.02	9,972,336.73
Fees and other	1,699,519.77	1,257,196.02
<b>Total</b>	<b>1,761,575.96</b>	<b>-730,687.94</b>

Other note: None

## 67. Other income

In RMB

Items	Amount of current period	Amount of previous period
Government Subsidy	13,045,221.53	11,035,139.06

## 68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment returns accounted for by equity method	-2,253,932.85	-1,614,057.55
Investment income from the disposal of long-term equity investment	518,152.41	0.00
Dividend income earned during investment holdings in other equity instruments	1,418,634.82	1,408,000.00
Structured deposit interest	14,249,971.25	
<b>Total</b>	<b>13,932,825.63</b>	<b>-206,057.55</b>

Other note: None

## 69. Net exposure hedging income

Not applicable

## 70. Gains on the changes in the fair value

Not applicable

## 71. Credit impairment loss

In RMB

Items	Amount of this period	Amount of last period
Loss of bad debts in other receivables	114,166.37	310,848.71
Loss of bad accounts receivable	-3,921,853.87	2,022,916.27
Total	-3,807,687.50	2,333,764.98

Other note: None

## 72. Losses from asset impairment

In RMB

Items	Amount of current period	Amount of previous period
II. Loss of inventory price and Impairment of contract performance costs	-35,474,634.93	-21,259,451.35
Total	-35,474,634.93	-21,259,451.35

Other note: None

## 73. Asset disposal income

In RMB

Items	Amount of current period	Amount of previous period
I.Gains & losses on foreign investment in fixed assets		12,301,144.92
II.Gains& losses on the disposal of fixed assets	-6,837.44	-64,458.67
Total	-6,837.44	12,236,686.25

## 74. Non-Operation income

In RMB

Items	Amount of current period	Amount of previous period	Recorded in the amount of the non-recurring gains and losses
Other	20,431.28	213,415.65	20,431.28

Return insurance settlement income		4,033,846.00	
Total	20,431.28	4,247,261.65	20,431.28

## 75.Non-current expenses

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Non-current asset Disposition loss	3,275.19		3,275.19
Other	103,135.58	6,092.62	103,135.58
Total	106,410.77	6,092.62	106,410.77

Other note: None

## 76.Income tax expenses

## (1)Income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	5,341,193.75	9,599,442.08
Deferred income tax expense	-82,801.88	173,565.75
Total	5,258,391.87	9,773,007.83

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

In RMB

Items	Amount of current period
Total profits	-3,732,788.98
Income tax computed in accordance with the applicable tax rate	-933,197.25
Effect of different tax rate applicable to the subsidiary Company	2,397,975.56
Influence of income tax before adjustment	39,310.93
Influence of non taxable income	-229,658.71
Impact of non-deductible costs, expenses and losses	563,317.39
Affect the use of deferred tax assets early unconfirmed deductible losses	-119,013.34
The current period does not affect the deferred tax assets	3,684,886.27

recognized deductible temporary differences or deductible loss	
Impact of income tax relief preferences	-145,228.98
Income tax expense	5,258,391.87

## 77. Other comprehensive income

Refer to the notes 57

## 78. Supplementary information to cash flow statement

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

In RMB

Items	Amount of current period	Amount of previous period
Interest income and other( Not including financing product )	30,410,217.36	18,080,774.86
Letter of Credit Deposit	50,473,165.17	
Government Subsidy	10,525,545.03	11,035,139.06
Total	91,408,927.56	29,115,913.92

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

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

In RMB

Items	Amount of current period	Amount of previous period
Payment of credit deposit	63,184,256.28	4,906,692.00
Other	20,828,454.70	27,087,370.19
Total	84,012,710.98	31,994,062.19

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

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

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	1,711,990,437.06	620,264,450.94
L/C margin for purchase of line 7 equipment	100,799,633.00	
Total	1,812,790,070.06	620,264,450.94

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

(4).Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structure deposit investment	1,654,000,000.00	985,495,790.87
Total	1,654,000,000.00	985,495,790.87

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

(5) Other cash received in relation to financing activities

Not applicable

(6) Cash paid related with financing activities

In RMB

Items	Amount of current period	Amount of previous period
Restricted stock of stock repurchase incentive object	8,981,300.40	11,448,442.40
Total	8,981,300.40	11,448,442.40

Note to other Cash paid related with financing activities: None

79. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

In RMB

Items	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	-8,991,180.85	-5,726,853.88
Add: Impairment loss provision of assets	39,282,322.43	-14,622,141.27
Depreciation of fixed assets, oil and gas assets and consumable biological assets	54,769,598.66	55,627,659.43
Amortization of intangible assets	749,763.64	689,491.93
Amortization of Long-term deferred expenses	284,354.60	350,578.98

Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	6,837.44	-12,236,686.25
Loss on scrap of fixed assets	3,275.19	
Financial cost	221,034.71	-730,687.94
Loss on investment	13,932,825.63	206,057.55
Decrease in deferred income tax assets	479,558.70	348,251.61
Increased of deferred income tax liabilities	-3,892,057.00	
Decrease of inventories	-73,812,662.03	-63,857,296.55
Decrease of operating receivables	-86,494,322.83	110,200,333.49
Increased of operating Payable	-44,293,172.26	-46,422,344.75
Net cash flows arising from operating activities	-135,619,475.23	23,826,362.35
II. Significant investment and financing activities that without cash flows:	--	--
3. Movement of cash and cash equivalents:	--	--
Ending balance of cash	173,706,279.73	255,546,268.35
Less: Beginning balance of cash equivalents	268,646,588.18	1,133,574,235.22
Net increase of cash and cash equivalents	-94,940,308.45	-878,027,966.87

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

Not applicable

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

Not applicable

## (4) Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	173,706,279.73	268,646,588.18
Including: Cash at hand	8,432.52	11,091.94
Demand bank deposit	173,461,580.68	268,424,080.67
Demand other monetary funds	236,266.53	211,415.57



III. Balance of cash and cash equivalents at the period end	173,706,279.73	268,646,588.18
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Other note: None

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

Specify the description of the item "others" and the adjusted amount of the balance at the end of last year:

Not applicable

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

In RMB

Items	Book value at the end of the reporting period	Cause of restriction
Monetary fund	30,633,741.41	Deposit for L/C
Total	30,633,741.41	--

Other note: None

#### 82. Foreign currency monetary items

##### (1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds	--	--	
Including: USD	976,292.51	7.07950	6,911,662.83
Euro			
HKD	65.00	0.91338	59.37
Yen	18,740,661.00	0.06581	1,233,285.42
Account payable	--	--	
Including: USD	11,711,660.55	7.07950	82,912,700.87
Euro			
HKD	278,280.00	0.91338	254,180.95
Long-term borrowing	--	--	
Including: USD			
Euro			
HKD			
Other receivable			
Including: USD	37,399.02	7.07950	264,766.36

Yen			
Other payable	2,202,900.00	0.06581	144,968.45
Including: USD	676,686.00	7.07950	4,790,598.54
HKD	1,986,068.33	0.91338	1,814,098.81
Yen			
Euro			
Account payable			
Including: USD	4,902,180.15	7.07950	34,704,984.37
Yen	1,389,977,850.05	0.06581	91,471,662.36

Other note: None

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

Applicable  Not applicable

### 83. Hedging

Not applicable

### 84. Government subsidies

(1) Government subsidies confirmed in current period

In RMB

Items	Amount	Project	Amount included in current profit and loss
Textile special funds	2,000,000.00	Deferred income	71,428.58
Grant funds for TFT-LCD polarizer industry project	13,000,000.00	Deferred income	649,999.98
Grant funds for TFT-LCD polarizer narrow line (line 5) project	5,000,000.00	Deferred income	250,000.02
Shenzhen Engineering laboratory polarizing material and technical engineering	5,000,000.00	Deferred income	250,000.02
Procurement of imported equipment and technical subsidies	1,750,902.00	Deferred income	87,545.10
Municipal Research and	3,000,000.00	Deferred income	150,000.00

Development Centre (TRC) grants			
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	500,000.00	Deferred income	25,000.02
Pingshan New District Development and Finance Bureau special support funds	500,000.00	Deferred income	25,000.02
Shenzhen to encourage the introduction of advanced technology import funding	143,881.00	Deferred income	7,194.06
Local supporting funds for TFT-LCD polarizer Phase II Project (line 6)	15,000,000.00	Deferred income	750,000.00
Production plant and equipment (line 6)	40,000,000.00	Deferred income	1,999,999.98
Innovation and venture capital for TFT-LCD polarizer Phase II Project (line 6)	500,000.00	Deferred income	25,000.02
key technology research and development projects of optical compensation film for polarizer	5,000,000.00	Deferred income	250,000.02
Strategic industries Development fund of Guangdong Province	5,000,000.00	Deferred income	1,250,000.04
Government subsidies related to income	356,671.43	Deferred income	356,671.43
Industrialization Project of Polarizer for Ultra Large Size TV (Line 7)	30,000,000.00	Deferred income	0.00
Shenzhen Standard Special subsidy	966,000.00	Deferred income	966,000.00
Research & development subsidy for key technologies of ultra-thin IPS polarizer for smart phone terminals	2,000,000.00	Deferred income	0.00
Finance committee of	6,000,000.00	Deferred income	0.00

Shenzhen municipality (R&D of key technology of high-performance polarizer for large size display panel of 2018N007)			
Atmosphere Environmental Quality Improvement Special Fund Subsidy Agreement	1,033,507.00	Deferred income	221,465.76
2020Subsidies for technical reconstruction projects	190,000.00	Deferred income	1,583.33
Old elevator renovation fund subsidies	325,380.00	Deferred income	55,877.86
Electricity subsidies	255,550.00	Other income	255,550.00
Epidemic prevention subsidies	2,744,803.29	Other income	2,744,803.29
Pingshan Finance Bureau 2018 Corporate Harmonious Relationship Award Fund	1,000,000.00	Other income	1,000,000.00
Shenzhen Science and Technology Innovation Commission 2018 Enterprise R&D Funding	1,278,000.00	Other income	1,278,000.00
Shenzhen Water Affairs Bureau's 2019 Water Saving Carrier Award Fund	374,102.00	Other income	374,102.00
Total			13,045,221.53

## (2) Government subsidy return

Applicable  Not applicable

85.Other

None

**VIII. Changes of merge scope**

## 1. Business merger not under same control

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

Not applicable

## (2) Combined cost and goodwill

Not applicable

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

Not applicable

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

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reporting period

Yes  No

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

Not applicable

## (6) Other note

Not applicable

## 2. Business combination under the same control

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

Not applicable

## (2) Combination cost

Not applicable

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

Not applicable

## 3. Counter purchase

Not applicable

## 4. The disposal of subsidiary

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

Yes  No

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

Yes  No

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

Note to the change in the consolidation scope (e.g. new subsidiaries, liquidation subsidiaries, etc.) caused by other reasons and relevant information:

Not applicable

#### 6. Other

Not applicable

### IX. Equity in other entities

#### 1. Equity in subsidiary

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

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

Shenzhen Shengfang Import & export Co., Ltd.	Shenzhen	Shenzhen	Operating import and export business		100.00%	Establish
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Production and sales of polarizer		100.00%	Establish

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

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

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

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

Other note: Note

## (2) Significant not wholly-owned subsidiaries

In RMB

Name	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
Shenzhen Shengbo Ophoelectronic Technology Co., Ltd	40.00%	-9,710,915.59		1,117,140,510.23

Other note: None

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

In RMB

Subsidiaries	Closing balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Shengbo Ophoelectronic	1,361,796.54	1,839,533.42	3,201,329.97	308,448,333.	115,021,642.	423,469,976.	1,455,718.29	1,778,011.92	3,233,730.22	312,419,750.	119,774,431.	432,194,182.
	2.29	8.67	0.96	70	86	56	5.17	5.06	0.23	90	23	13

Techn ology Co., Ltd												
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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 Ophotelectronic Technology Co., Ltd	802,362,703.39	-28,210,564.14	-28,210,564.14	-114,179,379.34	893,168,312.79	-35,069,023.71	-35,069,023.71	73,481,662.86

Other note: None

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

Not applicable

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

Not applicable

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

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

Not applicable

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

Not applicable

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
				direct	indirect	



						associates
Shenzhen Guanhua Printing & Dyeing Co., Ltd	Shenzhen	Shenzhen	Property leasing	50.16%		Equity method

Explanation that the shareholding ratio in the joint venture or associated enterprise is different from the voting right ratio: None

Basis for holding less than 20% of voting rights but with significant influence, or holding 20% or more of voting rights but without significant influence: None

## (2) The Summarized Financial Information of Joint Ventures

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
	Shenzhen Guanhua Printing & Dyeing Co., Ltd	Shenzhen Guanhua Printing & Dyeing Co., Ltd
Current assets	17,443,819.49	10,286,534.45
Non-current assets	255,457,678.25	254,848,270.68
Total assets	272,901,497.74	265,134,805.13
Current liabilities	19,983,109.96	10,815,587.15
Non-current liabilities	40,063,433.44	39,522,035.69
Total liabilities	60,046,543.40	50,337,622.84
Attributable to shareholders of the parent company	212,854,954.34	214,797,182.29
Share of net assets calculated by stake	106,768,045.10	107,742,266.64
--Goodwill	21,595,462.44	21,595,462.44
--Other	285,343.61	285,343.61
Book value of equity investment in joint ventures	128,648,851.15	129,623,072.69
Operating income	5,729,179.52	0.00
Financial expenses	-20,457.73	0.00
Income tax expenses	1,130,362.67	0.00
Net profit	-1,942,227.95	-1,037,556.84
Total comprehensive income	-1,942,227.95	-1,037,556.84

## (3) Main financial information of significant associated enterprise

Not applicable

## (4) Summary financial information of insignificant joint venture or associated enterprise

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture:	--	--
Total amount of the pro rata calculation of the following items	10,047,386.36	10,098,833.77
Total amount of the pro rata calculation of the following items	--	--
-- Net profit	-51,447.41	-912,673.03
-- Total comprehensive income	-51,447.41	-912,673.03
Associated enterprise:	--	--
Total book value of the investment	11,648,075.93	12,488,023.26
Total amount of the pro rata calculation of the following items	--	--
--Net profit	-1,228,263.90	-1,243,075.64
--Other Comprehensive income	388,316.57	807,241.54
--Total comprehensive income	-839,947.33	-435,834.10

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

Not applicable

(6) The excess loss of joint venture or associated enterprise

Not applicable

(7) The unrecognized commitment related to joint venture investment

Not applicable

(8) Contingent liabilities related to joint venture or associated enterprise investment

Not applicable

4. Significant common operation

Not applicable

5. Equity of structure entity not including in the scope of consolidated financial statements

None

6. Other

None

**X. Risks Related to Financial Instruments**

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

(I) Credit Risk

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

(II) Market risk

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

(1) Interest Rate Risk

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

(2) Foreign Exchange Risk

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

(III) Liquidity risk

Liquidity risk refers to fund shortage problems when fulfilling obligations settled in cash or other financial assets. The company shall guarantee to have the sufficient funds to repay the debts through monitoring the cash balance,

the marketable securities available to be cash and the rolling forecast for the future cash flow.

## XI. The disclosure of the fair value

### 1. Closing fair value of assets and liabilities calculated by fair value

In RMB

Items	Closing fair value			
	Fir value measurement items at level 1	Fir value measurement items at level 2	Fir value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(1) Transactional Financial Asset			779,000,000.00	779,000,000.00
1. Financial assets measured at fair value through profit or loss			779,000,000.00	779,000,000.00
(2) 1. Financial assets measured at fair value through profit or loss			779,000,000.00	779,000,000.00
(3) Other1. Financial assets measured at fair value through profit or loss	8,940,598.31		242,090,790.80	251,031,389.11
II Inconsistent fair value measurement	--	--	--	--

### 2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

The fair value of the Fuao Stoke held by the Company at the end of the period is measured based on the closing price of Shenzhen Stock Exchange on June 30, 2020.

### 3. Items measured based on the continuous or uncontinuous level 2nd fair value, valuation technique as used, nature of important parameters and quantitative information

Not applicable

4. Items measured based on the continuous or uncontinuous level 3rd fair value, valuation technique as used, nature of important parameters and quantitative information

1. Financial assets measured at fair value and whose changes are included in the profits and losses of the current period are bank structured deposits held by the Company, which are measured at fair value based on the principal amount due to their short maturity;

2. Accounts receivable financing is a bank acceptance bill with a short face value and a face value close to the fair value, which is measured at the face value as the fair value;

3. Investment in other equity instruments is held by the Company. Investment in non-tradable equity instruments is mainly valued and measured by market method, asset-based method and income method. Among them: Shenzhen Jiafeng Textile Industry Co., Ltd. and Jintian Industry (Group) Co., Ltd. faced with a operating environment and operating conditions and financial status, so the Company uses zero yuan as a reasonable estimate of fair value for measurement; Changxing Junying Equity Investment Partnership (Limited Partnership) has no significant changes in its operating environment, operating conditions and financial status, so the Company measures the investment cost as a reasonable estimate of fair value.

5. Continuous third-level fair value measurement items, adjustment information between initial and final book values and sensitivity analysis of un-observable parameters

Not applicable

6. Continuous fair value measurement items, the conversion between different levels in the current period, the reasons for the conversion and the policy for determining the conversion time

Not applicable

7. Change of valuation technique incurred in the current period and cause of such change

Not applicable

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

Not applicable

9. Other

None

**XII. Related parties and related-party transactions**

## 1.Parent company information of the enterprise

Name	Registered address	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company' s vote ratio
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	RMB 27,649 million	45.96%	45.96%

Note to the parent company:

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.

Therefore, the Company' s ultimate controller is Shenzhen Investment Holdings Co., Ltd.

Other note: None

## 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 Dailishi Underwear Co., Ltd.	Sharing Company

## 4.Other Related parties information

Other related party	Relationship to the Company
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
Hangzhou Jinjiang Group Co., Ltd.	The controlling party of SAPO Shareholder
Kunshan Zhiqimei Material Technology Co., Ltd.	Sharing Company of Hangzhou Jinjiang Group Co., Ltd.
Shenzhen Xinfang Knitting Co., Ltd.	Sharing Company

Shenzhen Dailishi Underwear Co., Ltd.	Sharing Company
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	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	101,405,636.84	267,440,000.00	No	58,479,328.60

## 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	800,866.29	740,904.84
Kunshan Zhiqimei Material Technology Co., Ltd.	Sales polarizer sheet	78,432,195.79	79,108,319.24

## (2) Related trusteeship/contract

Not applicable

## (3) Information of related lease

Not applicable

## (4) Related-party guarantee

Not applicable

## (5) Inter-bank lending of capital of related parties:

In RMB

Related party	Amount	Start date	Expiring date	Note
Borrowing fund:				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	July 30,2019	July 30,2020	The annual lending rate is 0.30%

## (6) Related party asset transfer and debt restructuring

Not applicable

## (7) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	3,067,183.00	3,136,527.00

## (8) Other related transactions

None

## 6. Receivables and payables of related parties

## (1) Receivables

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Balance of Book	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	493,132.55	24,656.63	733,038.52	36,651.93
Account receivable	Kunshan Zhiqimei Material Technology Co., Ltd.	56,323,722.65	2,816,186.13	53,893,840.80	2,694,692.04
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.	0.00	0.00	404,780.23	20,239.01

## (2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Account payable	Kunshan Zhiqimei Material	60,914,052.12	56,245,028.58



	Technology Co., Ltd.		
Other payable	Shenzhen Dailishi Underwear Co., Ltd.	605,758.62	0.00
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Changlianfa Printing & dyeing Co., Ltd.	1,580,949.95	1,580,949.95
Other payable	Yehui International Co.,Ltd.	1,224,163.03	1,216,719.38
Other payable	SAPO (Hongkong) Co., Ltd.	315,000.00	315,000.00
Other payable	Shenzhen Guanhua Printing & dyeing Co., Ltd.	3,811,053.20	3,811,053.20

### 7. Related party commitment

Not applicable

### 8. Other

None

## 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	1,503,240.00
The scope of executive price of the company's outstanding share options at the end of the period and the remaining term of the contract	0
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	5.73yuan/shares, 0.5 year

Other note

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	Performance assessment goals
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%.

Note: Earnings per share=net profit/total capital stock attributable to common shareholders of the Company upon deduction of non-recurring profit and loss.

On January 16, 2020, the Company convened the first extraordinary shareholders' meeting in 2020 to consider and pass the Proposal on Repurchase and Cancellation of Some Restricted Shares and agreed to repurchase and cancel 69,900 shares of restricted shares held by 3 original incentive objects who left the

company for personal reasons at a repurchase price of 5.73 yuan per share.

On March 12, 2020, according to the resolutions of the 27th meeting of the 7th Board of Directors and the 19th meeting of the 7th Board of Supervisors, the company repurchased and cancelled 1,313,340 restricted stocks that failed to meet the conditions for lifting the restricted sales in the second phase, and repurchased and cancelled 120,000 restricted stocks that had been granted to the 3 resigned incentive objectives but had not yet been released from sales restriction, and repurchased and cancelled 1,433,340 restricted stocks in total.

On June 8, 2020, according to the resolution of the 30th meeting of the 7th Board of Directors of the Company, the Company repurchased and cancelled 57,150 restricted stocks which had been granted but not released from sales restriction, and 5,760 restricted stocks held by one original incentive object who resigned due to retirement, totaling 62,910 restricted stocks. The industrial and commercial change registration and other related procedures for this capital reduction have not yet completed, and the ending share capital still includes 62,910 shares repurchased as mentioned above.

## 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
Equity-settled share-based payment is included in the accumulated amount of capital reserve	0.00
Total amount of fees confirmed by equity-settled share-based payments in the current period	0.00

## Other note

The earnings per share after deduction of non-recurring profit and loss was RMB -0.12/share in 2019, which was lower the performance assessment target in the second period of lifting restrictions on sales; besides, the Company's 2020 budget rolling operation plan show that the Company is not expected to complete the performance assessment targets in the second period of lifting restrictions on sales and third period of lifting restrictions ,In the current period, Company's Unconfirmed Share Payment Fee in the former recognized share payment disbursement in interests from occupation of funds by the interest rate of 2.10% for two-year deposits set by the People's Bank of China for restricted stock investment sum.

## 3. The Stock payment settled by cash

Applicable  Not applicable

## 4. Modification and termination of the stock payment

Not applicable

## 5.Other

None

## **XIV. Commitments**

### 1. Significant commitments

Significant commitments at balance sheet date

As of June 30,2020,The company does not disclose the pension plan undisclosed matter should exist.

### 2. Contingency

(1) Significant contingency at balance sheet date

As of June 30,2020,The company does not disclose the pension plan undisclosed matter should exist.

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

None

### 3.Other

None

## **XV. Events after balance sheet date**

### 1. Significant events had not adjusted

Not applicable

### 2. Profit distribution

Not applicable

### 3. Sales return

Not applicable

#### 4. Notes of other significant events

None

#### **XVI. Other significant events**

##### 1. Correction of the accounting errors in the previous period

###### (1) Retroactive restatement

Not applicable

###### (2) Prospective application

Not applicable

##### 2. Liabilities restructuring

None

##### 3. Replacement of assets

###### (1) Non-monetary assets exchange

None

###### (2) Other assets exchange

None

##### 4. Pension plan

None

##### 5. Discontinuing operation

Not applicable

##### 6. Segment information

###### (1) Basis for determining the reporting segments and accounting policy

The Company determines its operating divisions based on its internal organizational structure, management requirements and internal reporting system. Based on the operating divisions, the Company confirms four

reporting divisions, namely textiles, polarizer, trade and property leasing.

Divisional reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each division when reporting to the management. These measurement basis are consistent with the accounting and measurement basis for financial statement preparation.

(2) Financial information of the report division

In RMB

Items	Polarizer	Textile	Property leasing and others	Inter-segment elimination	Total
Main business income	799,129,105.40	15,998,728.16	41,293,975.08	-108,459.90	856,313,348.74
Main business cost	735,064,148.97	13,356,181.08	12,534,088.66	-46,115.10	760,908,303.61
Total assets	3,228,161,781.96	30,039,329.67	1,229,765,402.03	-11,667,639.41	4,476,298,874.25
Total liabilities	441,528,959.63	13,116,971.22	181,828,755.70	-7,875,600.00	628,599,086.55

Note: The financial information of the reporting segment should be disclosed in light of the Company's specific conditions, including information such as main business income and main business costs.

(3) In case there is no reporting segment or the total assets and liabilities of the reporting segments cannot be disclosed, explain the reason

(4) Other note

None

7. Other significant transactions and matters that may affect investors' decision making

Not applicable

8. Other

Not applicable

**XVII. Notes of main items in the financial statements of the Parent Company**

1. Accounts receivable

(1) Accounts receivable classified by category

In RMB

Category	Amount in year-end	Amount in year-beginning
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	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Including:										
Accrual of bad debt provision by portfolio	8,635,151.26	100.00%	431,757.57	5.00%	8,203,393.69	550,453.73	100.00%	27,522.69	5.00%	522,931.04
Including:										
Total	8,635,151.26	100.00%	431,757.57	5.00%	8,203,393.69	550,453.73	100.00%	27,522.69	5.00%	522,931.04

Accrual of bad debt provision by single item

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion

Accrual of bad debt provision by portfolio: 431,757.57 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	8,635,151.26	431,757.57	5.00%
Total	8,635,151.26	431,757.57	--

Notes of the basis of recognizing the group: The combination of the ageing status of accounts receivable as a credit risk feature.

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

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	8,635,151.26
Total	8,635,151.26

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad debt provision by portfolio:	27,522.69	404,234.88				431,757.57
Total	27,522.69	404,234.88				431,757.57

Where the significant amount of the reserve for bad debt recovered or reversed: None

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

Not applicable

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

In RMB

Name	Closing balance	Proportion %	Balance of Bad debt provision
Shenfang Building and Peripheral rent	8,635,151.26	100.00%	431,757.57
Total	8,635,151.26	100.00%	

## (5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

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

None

## 2. Other accounts receivable

In RMB

Items	Closing balance	Opening balance
Interest receivable	8,016,893.16	7,329,228.31



Other accounts receivable	8,862,213.35	9,710,277.69
Total	16,879,106.51	17,039,506.00

## (1) Interest receivable

## 1) Category of interest receivable

In RMB

Items	Closing balance	Opening balance
Structure deposit	8,016,893.16	7,329,228.31
Total	8,016,893.16	7,329,228.31

## 2) Significant overdue interest

Not applicable

## 3) Bad-debt provision

Not applicable

## (2) Dividend receivable

## 1) Category of Dividend receivable

Not applicable

## 2) Significant dividends receivable with age exceeding 1 year

Not applicable

## 3) Provision for bad debts

Not applicable

## (3) Other accounts receivable

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

In RMB

Nature	Closing book balance	Opening book balance
Internal current account	8,884,955.75	9,366,582.51
Unit account	15,214,243.58	15,678,175.33
Other	94,852.59	44,314.75

Total	24,194,051.92	25,089,072.59
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## 2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2020	1,285,843.95		14,092,950.95	15,378,794.90
Balance as at January 1, 2020 in current	---	---	---	---
Turn back in the current period	46,956.33			46,956.33
Balance as at June 30, 2020	1,238,887.62		14,092,950.95	15,331,838.57

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

 Applicable  Not applicable

## Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year )	4,248,573.06
1-2 years	3,828,819.36
2-3 years	1,830,359.77
Over 3 years	14,286,299.73
3-4 years	1,810,047.30
Over 5 years	12,476,252.43
Total	24,194,051.92

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of bad	14,092,950.95					14,092,950.95

debt provision by single item					
Accrual of bad debt provision by portfolio	1,285,843.95		46,956.33		1,238,887.62
Total	15,378,794.90		46,956.33		15,331,838.57

Where the significant amount of the provision for bad debt recovered or reversed: None

#### 4) Accounts receivable actually written off in the reporting period

Not applicable

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Unit account	11,389,044.60	Over 5 years	47.07%	11,389,044.60
Second	Internal current account	7,875,600.00	Within 1 year, 1-3 years	32.55%	912,680.00
Third	Unit account	1,800,000.00	3-4 years	7.44%	1,800,000.00
Fourth	Unit account	1,018,295.37	Within 1 year, 1-3 years	4.21%	50,467.79
Fifth	Internal current account	1,009,355.75	Within 1 year	4.17%	181,045.68
Total	--	23,092,295.72	--	95.44%	14,333,238.07

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

Not applicable

#### (7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

Not applicable

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

Not applicable

### 3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	1,966,803,211.46	16,582,629.30	1,950,220,582.16	1,966,803,211.46	16,582,629.30	1,950,220,582.16
Investments in associates and joint ventures	150,344,313.44		150,344,313.44	152,209,929.72		152,209,929.72
Total	2,117,147,524.90	16,582,629.30	2,100,564,895.60	2,119,013,141.18	16,582,629.30	2,102,430,511.88

## (1) Investment to the subsidiary

In RMB

Name	Opening balance	Increase /decrease in reporting period				Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Withdrawn impairment provision	Other		
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	1,910,247,781.94					1,910,247,781.94	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25					8,073,388.25	
Shenzhen Beauty Centrutry Garment Co., Ltd.	14,696,874.34					14,696,874.34	2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08					15,489,351.08	
Shenfang Property Management Co., Ltd.	1,713,186.55					1,713,186.55	
Total	1,950,220,582.16					1,950,220,582.16	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		
<b>I. Joint ventures</b>											
Anhui Huapeng Textile Co.,Ltd.	10,098,833.77			-51,447.41						10,047,386.36	
Shenzhen Guanhu Printing & Dyeing Co., Ltd.	129,623,072.69			-974,221.54						128,648,851.15	
Subtotal	139,721,906.46			-1,025,668.95						138,696,237.51	
<b>II. Associated enterprises</b>											
Shenzhen Changli anfa Printing and dyeing Company	2,450,676.14			91,484.12						2,542,160.26	
Jordan Garnet Factory	902,269.19			-924,097.64	6,568.84					-15,259.61	

Yehui International Co., Ltd.	9,135,077.93			-395,650.38	381,747.73					9,121,175.28	
Subtotal	12,488,023.26			-1,228,263.90	388,316.57					11,648,075.93	
Total	152,209,929.72			-2,253,932.85	388,316.57					150,344,313.44	

## (3) Other note

Not applicable

## 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	25,667,881.46	3,003,017.42	33,021,263.65	4,357,490.45
Other Business income	1,302,040.74	1,302,040.74	1,572,244.63	1,572,244.63
Total	26,969,922.20	4,305,058.16	34,593,508.28	5,929,735.08

Information related to performance obligations: None

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

At the end of the reporting period, the income amount corresponding to the performance obligations that have been signed but not fulfilled or completed is 0.00 yuan.

## 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	-2,253,932.85	-1,614,057.55
Investment income from the disposal of long-term equity investment	518,152.41	
Dividend income earned during investment holdings in other equity instruments	1,418,634.82	1,408,000.00
Structured deposit interest	11,383,689.05	
Total	11,066,543.43	-206,057.55

## 6.Other

None

**XVIII. Supplement information**

## 1. Particulars about current non-recurring gains and loss

√ Applicable □Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	-6,837.44	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company' s business and granted under the state' s policies)	13,045,221.53	Mainly due to recognize other income from government subsidies related to the main business.
Other non-business income and expenditures other than the above	-85,979.49	
Less :Influenced amount of income tax	22,685.75	
Influenced amount of minor shareholders' equity (after tax)	5,092,038.68	
Total	7,837,680.17	--

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

□ Applicable √ Not applicable

## 2. Return on net asset and earnings per share

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share(RMB/share)	Diluted earnings per share(RMB/share)
Net profit attributable to the Common stock shareholders of Company.	0.03%	0.0014	0.0014
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-0.26%	-0.0140	-0.0140

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

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

Not applicable

4. Other

None