



Shenzhen Textile (Holdings) Co., Ltd.

2012 Annual Report

March 2013

I. Important Notice, Table of Contents and Definitions

The Board of Directors of the Company hereby guarantees that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

Mr.Wang Bin, The Company leader, Mr. Zhu Jun, Chief financial officer and the Mr.Liu Yi, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

All the directors attended the board meeting for reviewing the Annual Report.

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

This annual report involves the forecasting description such as the future plans, and does not constitute the actual commitments of the company to the investors. The investors should pay attention to the investment risks.

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Definition

Terms to be defined	Refers to	Definition
Company/The Company/ Shen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holdings Co., Ltd.	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
Shengbo Optoelectronic	Refers to	Shenzhen Shengbo Optoelectronic Technology Co., Ltd.
CSOT	Refers to	Shenzhen China Star Optoelectronic Technology Co., Ltd.
“CSRC”	Refers to	China Securities Regulatory Commission
Company Law	Refers to	Company Law of the People’s Republic of China
Securities Law	Refers to	Securities Law of the People’s Republic of China
The Report	Refers to	2012 Annual Report

II. Basic Information of the Company

1. Company Information

Stock abbreviation	Shen Textile A ,Shen Textile B	Stock code :	000045,200045
Modified stock ID(if any)	None		
Stock exchange for listing :	Shenzhen Stock Exchange		
Name in Chinese	深圳市纺织(集团)股份有限公司		
English name (If any)	SHENZHEN TEXTILE (HOLDINGS) CO.,LTD.		
English abbreviation (If any)	STHC		
Legal Representative	Wang Bin		
Registered address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen		
Postal code of the Registered Address	518031		
Office Address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen		
Postal code of the office address	518031		
Internet Web Site	http://www.chinasthc.com		
E-mail	szfzjt@chinasthc.com		

2. Contact person and contact manner

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

3. Information disclosure and placed

Newspapers selected by the Company for	Securities Times, China Securities, Shanghai Securities
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information disclosure	Daily ,Securities Daily and Hongkong Commercial Daily.
Internet website designated by CSRC for publishing the Annual report of the Company	http://www.cninfo.com.cn
The place where the Annual report is prepared and placed	Secretarial office of the Board

4.Changes in Registration

	Date of Registration	Authority Registered with	Number of Business License of Enterprise as Legal Person	Taxation Registration No.:	Organization Code
Initial registration	August 5, 1994	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen	440301105031014	DSDZ No.: 440304192173749 GSDZ No.: 440301192173749	19217374-9
Registration at the end of the reporting period	July 17, 2012	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen	440301105031014	DSDZ No.: 440304192173749 GSDZ No.: 440301192173749	19217374-9
Changes in principal business activities since listing (if any)		In July 2012, The business scope of the company is changed to "production, textiles processing, knitwear, clothing, upholstery fabrics, belts, trademark bands, handicrafts (without restrictions); general merchandise, the special equipment of the textile industry, textile equipment and accessories, instruments, standard parts, raw textile materials, dyes, electronic products, chemical products, mechanical and electrical equipment, light industrial products, office supplies and domestic trade (excluding the franchise, the control and the monopoly of goods) ; operation of import and export business." after approval of Shenzhen Market Supervisory Authority . According to the Shenzhen Trade Administration 034 files for import and export business. SMGSZZD No.034.			
Changes is the controlling shareholder in the past (is any)		In October 2004,In accordance with the Decision on Establishing Shenzhen Investment Holdings Co., Ltd. issued by State-owned Assets Administration Committee of Shenzhen Municipal People's Government (Shen Guo Zi Wei (2004) No. 223 Document), Shenzhen Investment Management Co., Ltd., the controlling shareholder of the Company, and			

	Shenzhen Construction Holding Company and Shenzhen Commerce and Trade Holding Company merged into Shenzhen Investment Holdings Co., Ltd.
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V. Other Relevant Information

CPAs engaged

Name of the CPAs	Peking Certified Public Accountants
Office address :	11/F, Zhongtang Building , No.110, Xihimen Street , Beijing
Names of the Certified Public Accountants as the signatories	Xiao Yi, Pan Zhongmin

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

Applicable Not applicable

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

Applicable Not applicable

III. Summary of Accounting Highlights and Business Highlights

I. Summary of accounting /Financial Data

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors.

Yes No

	2012	2011	Changed over last year (%)	2010
Operating Gross income (RMB)	845,114,483.38	712,893,557.26	18.55%	637,801,565.40
Net profit attributable to the shareholders of the listed company (RMB)	-80,988,887.59	48,915,594.47	-265.57%	40,709,271.22
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-90,003,071.80	28,195,007.31	-419.22%	22,279,756.15
Cash flow generated by business operation, net	-155,151,561.96	27,750,962.45	-659.61%	56,893,780.45

(RMB)				
Basic earning per share(RMB/Share)	-0.24	0.15	-260%	0.14
Diluted gains per share(RMB/Share)(RMB/Share)	-0.24	0.15	-260%	0.14
Net asset earning ratio (%)	-6.06%	3.6%	Decreased by 9.66%	4.74%
	End of 2012	End of 2011	Changed over last year (%)	End Of 2010
Gross assets (RMB)	1,880,660,667.21	1,808,226,905.67	4.01%	1,655,422,298.41
Shareholders' equity attributable to shareholders of the listed company (RMB)	1,303,011,954.39	1,369,628,593.61	-4.86%	1,345,969,224.97

(II) The differences between domestic and international accounting standards

1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Unit:RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	-80,988,887.59	48,915,594.47	1,303,011,954.39	1,369,628,593.61
Items and amount adjusted according to IAS				

2. Difference in Net profit and net Assets in the Financial Report as Disclosed Respectively according to the Accounting standards Outside Mainland China and the Chinese Accounting Standards.

Unit:RMB

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	-80,988,887.59	48,915,594.47	1,303,011,954.39	1,369,628,593.61
Items and amount adjusted according to IAS				

3. Note to the Difference in the Accounting Data based on the Accounting Standards of CAS and IAS.

The financial reports prepared by the Company according to domestic and international accounting standards are consistent.

(III) Items and amount of deducted non-current gains and losses

Unit: RMB

Items	Amount (2012)	Amount (2011)	Amount(2010)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	30,022.03	186,017.76	-13,674.29	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	11,526,881.62	13,258,252.62	10,201,057.17	Mainly including the amortized governmental R&D subsidy of RMB 7,909,980, amortized national aid of RMB 1,000,000 for the special project of new-type panel display industrialization, special subsidy of RMB 800,000 for the new production process R&D project for polarizer sheet in dye sector, amortized subsidy of RMB 800,000 for the project of industrialization for polarizer sheet for TFT-LCD, amortized supporting funds of RMB 200,000 for the demonstration project of hi-tech industrialization, special subsidy of RMB 200,000 for industrial development of Futian District, financial aid of RMB 195,000 for the implementation of standardization strategy by Shenzhen Market Administration in Shenzhen in 2012, amortized discount of loans appropriated by Shenzhen Treasury Board and amortized amount of RMB 142,857.14 for special fund project of textile.
Gain/loss from change of fair value of transactional financial	2,436,544.20	1,482,128.46	12,252,760.25	Investment income obtained through the secondary market to

asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets other than valid period value instruments related to the Company's common businesses.				sell the ST Shen Victor Onward A and * ST Shengrun A
Other non-business income and expenditures other than the above	-3,072,383.76	10,868,359.09	317,696.58	Including Shengbo optoelectronic Longhua factory fire accident loss of RMB 3,313,315.07 .
Amount of influence of income tax	1,906,879.88	5,074,170.77	4,328,324.64	
Total	9,014,184.21	20,720,587.16	18,429,515.07	--

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

Applicable Not applicable

IV. Report of the Board of Directors

I. General

Facing the complex and changeable economic situation and the challenges in 2012, the company has taken the initiative in achieving the established work objectives as scheduled on the basis of the efforts of management personnel and all the staff. First, "the phase I of TFT-LCD polarizer film project" has been successfully completed and entered to the stage of mass production. Second, the item of "the phase II of TFT-LCD polarizer film project" constructed with the funds-raised by the non-public shares issuance has been examined and passed unconditionally by China Securities Regulatory Commission. Third, the company has stabilized the business, controlled the costs, made all the efforts to conduct the production and operation of the main business and strived to develop the market to achieve the synchronized and coordinated development between the transformation upgrade and stable operation, based on the optimization of integration of resources, the divestiture of non-core business assets and the promotion of the achievement of the company's strategic transformation goals. Due to the climbing period of "the phase I of TFT-LCD polarizer film project" (Line 4), the company has achieved a total profit of RMB -97.66 million, with down 259.91% compared with the same period last year. The company has achieved a Net profit of RMB -80.99 million, with down 265.53% compared with the same period last year.

II. Analysis on principal Business

1.General

(1)The main operation index in this report period.

Items	2012	2011	Increase/Decrease(%)
Business income	845,114,483.38	712,893,557.26	18.55%
Business cost	809,070,880.87	591,225,114.92	36.85%
Sale Expenses	8,566,463.34	8,191,131.82	4.58%
Administration Expenses	124,751,094.63	75,484,285.64	65.27%
Including :R & D Investment	54,658,769.63	14,231,905.62	284.06%
Financial expenses	-389,710.01	-7,337,055.20	94.69%
Cash flow generated by business operation, net	-155,151,561.96	27,750,962.45	-659.09%
Net cash flow generated by investment	-118,550,763.51	-59,743,024.80	-98.43%
Net cash flow generated by financing	37,758,754.20	79,818,694.47	-52.69%

(2) Analysis of the increase and decrease of the changes of the key indicators compared to the year-ago data:

The operation cost increased by RMB 217.468 million and 36.85% over the previous period mainly due to increase of the cost of trial batch production of phase-I project of polarizer sheet for TFT-LCD, the increase of sales cost caused by the growth of export trade .

Administrative expenses increased by 49.2668 million and 65.27% year on year, mainly due to increase of R&D expense and other relevant expenses after trial batch production of line 4 of phase-I project of polarizer sheet for TFT-LCD;

Financial expenses increased by RMB 6.9473 million and 94.69% over the previous period mainly due to the expenses related to long-term loans incurred in current period were accounted for as profits or losses for current period after production line 4 of phase-I project of polarizer sheet for TFT-LCD was put into production.

Net cash flow from the funds-raised activities is down 52.69% compared with the previous period, which mainly caused by the decrease in cash received from borrowings.

Net cash flows from operating activities decreased by 659.09% year on year mainly due to the increase of purchases raw materials and relevant costs after trial batch production of line 4 of phase-I project of polarizer sheet for TFT-LCD;

Net cash from investment activities decreased by 98.43% year on year mainly due to decrease of capital principal and interest of the time deposit resulted in the decrease of cash flow of investment activities.

Progress of development strategy and operation plans in this period that are disclosed by the company in the previous annual reports.

① The phase I of polarizer film project has been successfully completed and achieved the mass production. After the chemical test, trial production and pilot mass production, Line 4 will accomplish the mass production with the average yield of 85%. Shengbo Optoelectronic has become a qualified supplier of Shenzhen CSOT, Century Display, Infovision Optoelectronics (IVO) and Chunghwa Picture Tubes (CPT). Also, Shengbo Optoelectronic has entered into the cooperation intents with many main downstream panel manufacturers, and has respectively signed “Cooperation Agreement”, “Cooperation Agreement of Product Sales” and “Cooperation Memorandum” with

BOE, Highbroad Advanced Material and Shenzhen CSOT. The customers of Century Display and Shenzhen CSOT have placed orders of mass production to the company. Meanwhile, Line 5 formally has the mass production at the end of December.

② Continually intensify to develop technology and innovative products. There are 6 development projects in the whole year. Of which, there are 4 (7 products) involving the new products coming into the market, the promotion of technological innovation and the market tracking, 1 for the product quality upgrading, and 1 for the material application. Also, the development of TFT polarizer films for ultrathin IPS and high-end PMVA has been accomplished. Now, the company has a total of 13 patents and 10 authorizations in 2012, including 2 invention patents, 7 utility models and 1 PCT (Taiwan). Moreover, 3D stereo glasses with polarizer films have gained the certificate of “Key New Product in Guangdong Province”. Shengbo Optoelectronic also has awarded the “Key High-tech Enterprise of National Torch Plan in 2012”.

③ Strengthen the enterprise management, improve the level of management and control and further control the costs. Not only improve the construction of internal control system to conduct the amendment and perfectness for “Internal Control Manual”, but also perfect the budget and funds management fully. In addition, make efforts to reduce the costs through the details, responsibility, meticulous organization, negotiation improvement and other measures, and have saved TFT raw material procurement cost about RMB11.38 million and the commissioning expense about RMB61.21 million.

④ Optimize the integration of resources and timely start the preparatory work of the second phase of the project. During the report period, in order to concentrate the resources to develop the polarizer film business, the company has completed the export business of textile processing after Jinlan drops out and successfully received the corresponding funds; has accomplished the liquidation of ZTE and the tax cancellation of Tianlong; and has determined to divest of three non-core business assets from Top Form, Huapeng and Hualian. With the smooth progress of the first phase of the project, the company has timely started the preparatory work of the second phase of the project, set up Line 6 project department of the second phase of project, and preliminarily completed three host devices of Line 6 and the plans for post-segment auxiliary equipment and the communication work of the global technology.

⑤ Deepen the reform and accelerate talents team construction. Actively take both methods of external introduction and internal training to accelerate the talents team construction in order to provide the personnel support for the company’s development. First, the company has set up the leading group of reform and hired a management advisory agency to adjust and optimize the company’s organizational structure and control model. Second, the company has established the talent introduction plan during the company’s strategic transformation period in order to provide the talent guarantee for the transformation development of the company. Third, the company has vigorously introduced high-quality personnel and optimized the personnel structure. Lastly, the company has perfected the training system of enterprise, standardized the internal training system, organized 39 internal and external trainings throughout the year and effectively improved the professional quality of the staff.

⑥ Enhance the safety in production and maintain the harmony and stability in enterprise. The company has strengthened the elimination and investigation efforts of safe hidden concerns, strictly implemented the third level of training for all the staff and increase the coverage of safety training. Also, the company has established the emergency action plan of the production safety, standardized the emergency management and response procedures of the production safety accidents and disasters, increased the number of emergency drills and improved the safety awareness of all staff to ensure the successful completion of the production and management tasks.

⑦ Focus on the development goals of strategic transformation and strive to cultivate the unique enterprise culture. The company has established the concept of corporate culture corresponding to the transformation and upgrading

strategy, refined and formed “Spirit Idea System of Enterprise” and “Conduct Norms System of Enterprise” of the company, prepared and printed the “Enterprise Culture Manual” of the company and released the “3-Year Strategic Development Plan on Culture Construction of Enterprise”.

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

Applicable Not applicable

2. Revenue

Notes:

In the report period, the Company earned operating income of RMB 845.1145 million. The income from manufacturing was RMB 306.6795 million, which decreased by 0.46% year on year mainly due to the termination of garment processing business of Shenzhen Jinlan Decoration Articles Co., Ltd., a subsidiary of the Company. The income from polarizer sheet increased by 13.12% year on year mainly due to the realization of batch production of phase-I polarizer sheet project in the fourth quarter. The income from trade was RMB 451.6346 million, which increased by 40.32% year on year mainly due to growth of export trade. The income from operation management was RMB 81.8508 million, which increased by 4.53% year on year mainly due to service optimization by the property operation company and rise in unit rent.

Is the income from sales in kind greater than the service income?

Yes No

Classification	Items	2012	2011	Increase/decrease(%)
Polarizer sheet (0000'square meters)	Sales	196.9	218.7	-9.97%
	Production	205.2	227.3	-9.72%
	Inventory	29.9	23.5	27.23%

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

Applicable Not applicable

Significant orders in hand

Applicable Not applicable

Significant change in or adjustment of the products or services in the reporting period:

Applicable Not applicable

Main customers

Total sales amount to top 5 customers (RMB)	555,926,668.20
Proportion of sales to top 5 customers in the annual sales(%)	65.78%

Information of the Company's top 5 customers

Applicable Not applicable

No	Name	Amount of sales	Proportion(%)
1	Shenzhen Lianya Textile Co., Ltd.	444,263,527.49	52.57%
2	Shenzhen CSOT	47,363,077.68	5.6%
3	Shenzhen Fuhaipeng Electronic Technology Co., Ltd.	24,626,302.39	2.91%
4	Jinshitai Investment Development Co., Ltd.	23,626,295.00	2.8%
5	Jiangmen Yidu Semiconductor Co., Ltd.	16,047,465.64	1.9%

Total	—	555,926,668.20	65.78%
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3.Costs

Classification of sectors

Unit:RMB

Classification of sectors	Items	2012		2011		Increase/Decrease (%)
		Amount	Proportion in operation costs(%)	Amount	Proportion in operation costs (%)	
Domestic and foreign trade		448,904,371.85	55.83%	320,752,156.30	54.67%	39.95%
Manufacturing	Polarizer sheet, Textile	331,474,025.69	41.22%	243,557,199.79	41.52%	36.1%
Lease and Management of Property		23,745,635.87	2.95%	22,346,699.73	3.81%	6.26%
Total		804,124,033.41	100%	586,656,055.82	100%	37.07%

Classification of products

Unit:RMB

Classification of products	Items	2012		2011		Increase/Decrease (%)
		Amount	Proportion in operation costs(%)	Amount	Proportion in operation costs(%)	
Management of Property		23,745,635.87	2.95%	22,346,699.73	3.81%	6.26%
Textile		34,007,671.05	4.23%	62,605,852.97	10.67%	-45.68%
Polarizer sheet		297,466,354.64	36.99%	180,951,346.82	30.85%	64.39%
Trade		448,904,371.85	55.83%	320,752,156.30	54.67%	39.95%
Total		804,124,033.41	100%	586,656,055.82	100%	37.07%

Notes

The cost of main operation increased by RMB 217.468 million and 37.07% over the previous period mainly due to increase of the cost of trial batch production of phase-I project of polarizer sheet for TFT-LCD, the increase of sales cost caused by the growth of export trade and decrease of the operating cost of textile products caused by the termination of processing business of Shenzhen Jinlan Decoration Articles Co., Ltd., a subsidiary of the Company.

Principal suppliers

Total sales volume of top 5 clients (RMB)	322,982,222.95
Percentage of total sales volume of top 5 clients in total annual sales volume (%)	35.07%

Information about the top 5 suppliers

√ Applicable Not applicable

No	Name	Amount of purchase (RMB)	Proportion(%)
1	Jiangyin Kangyuan Printing & dyeing Co., Ltd.	114,717,461.73	12.46%
2	Fujifilm (China) Investment Co., Ltd	66,545,936.57	7.23%
3	Lite Optoelectronic Technology Co., Ltd.	52,838,738.74	5.73%
4	Changzhou Jinhan Textile Co., Ltd.	49,530,778.94	5.38%
5	Shanghai Wanggang Hualun Printing & Dyeing Co., Ltd.	39,349,306.97	4.27%
Total	—	322,982,222.95	35.07%

4. Expenses

Administrative expenses increased by RMB 49.2668 million and 65.27% over the previous period, mainly due to trial batch production of production line 4 of phase-I project of polarizer sheet for TFT-LCD and increase of R&D expense and other relevant expenses. Financial expenses increased by RMB 6.9473 million and 94.69% over the previous period mainly because the expenses related to long-term loans incurred in current period were accounted for as profits or losses for current period after production line 4 of phase-I project of polarizer sheet for TFT-LCD was put into production. Income tax expenses decreased by RMB 28.8220 and 237.19% over the previous period mainly due to the decrease in the current period taxable income and deductible losses for deferred income tax assets, due to the reduction of income tax expense.

5. R& D Expenses

In 2012, the Company accumulatively invested RMB 54.6588 million in R&D, which increased by 284.06% over 2011 and accounted for 20.8% of the operating income from polarizer sheet in 2012 and 4.19% of the net assets at the end of period. The Company has mainly invested in R&D fields including polarizer sheet products for monitors and TV, polarizer sheet for 3D glasses, functional membranes for touch screen, AM-OLED, process improvement and raw materials application development concerning the production of PVA adhesives and functional coating (TAC membrane). For the four models of TFT-TN EWV wide visual-angle polarizer sheet for liquid crystal monitors and TFT-TN thick polarizer sheet, internal optical test and reliance test have been completed. According to internal technology assessment, optical performance has met the specifications required by customers and reached the level of world-class polarizer sheet manufacturer. The reliance has met the specifications required by customers and satisfied the conditions for sample test.

The company has reinforced the research and development in the new materials, new products and new production technology. For the display product PMVA used for the car and the high-end appliances, its development has gained the customers' acceptance and the mass orders have been placed. For the flexible LCD

sample used for the high-end bank card also has obtained the customers' recognition and the batch supply has been reached. At the same time, the small and medium brightening TFT polarizer panels used for the mobile phones, the a tablet-like computers and other smart terminal products cover the multiple types of TN/IPS/MVA polarizer sheets. Of which, TN brightening polarizer films used for 4.3-inch smartphone have achieved the bulk supply. Moreover, 3D stereo glasses and other household products have entered the development and improvement stage of production technology.

6. Cash Flow

Unit: RMB

Items	2012	2011	Increase/Decrease(%)
Subtotal of cash flow received from operation activities	833,131,986.01	814,454,902.48	2.29%
Subtotal of cash flow paid for operating activities	988,283,547.97	786,703,940.03	25.62%
Net cash flow arising from operating activities	-155,151,561.96	27,750,962.45	-659.09%
Subtotal of investment activity cash inflows	9,438,265.34	431,206,097.88	-97.81%
Subtotal of investment activity cash outflows	127,989,028.85	490,949,122.68	-73.93%
Net cash flow arising from investment activities	-118,550,763.51	-59,743,024.80	-98.43%
Subtotal of fund raising activity cash inflows	40,153,434.48	103,280,991.70	-61.12%
Subtotal of fund raising activity cash outflows	2,394,680.28	23,462,297.23	-89.79%
Net cash flow arising from raising activities	37,758,754.20	79,818,694.47	-52.69%
Net increase in cash and cash equivalents	-236,627,888.36	46,131,047.99	-612.95%

Notes to the year-on-year change of the relevant data by over 30%

√Applicable □Not applicable

The net cash flow generated from the operation activities has decreased by 659.09% compared with the previous period, which is mainly caused by the increase of raw materials purchased and the relative costs for “the phase I of TFT-LCD polarizer film project” (Line 4) in the trial batch production. With the ending of the phase I of TFT-LCD polarizer film project, and the decrease of capital principal and interest of the time deposit with the use of funds-raised, the net cash flow from the investment operation has a decrease of 98.43% compared with the previous period. mainly due to the decrease of term deposits of principal and interest compared to the previous

period, due to the significant decrease of net cash from investment activities; the net cash flow from the funds-raised activities is down 52.69% compared with the previous period, which mainly caused by the decrease in cash received from borrowings.

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

√Applicable □Not applicable

During the report period, the net cash flow of the company's business operation is -155.298 million. Compared with the yearly net profit of -80.989 million, there exists great difference, which is mainly caused by the substantial increase in the procurement of raw materials and the trade receivables during a credit period when "the phase I of TFT-LCD polarizer film project" putting into the production.

III. Composition of principal businesses

Unit:RMB

	Operating revenue	operating costs	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of rincipal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Industry						
Domestic and foreign trade	451,634,641.37	448,904,371.85	0.6%	40.32%	39.95%	73.93%
Manufacturing	306,679,542.93	331,474,025.69	-8.08%	-0.46%	36.1%	-138.59%
Lease and Management of Property	81,850,802.05	23,745,635.87	70.99%	4.53%	6.26%	-0.66%
Product						
Income from Lease and Management of Property	81,850,802.05	23,745,635.87	70.99%	4.53%	6.26%	-0.66%
Income from textile	43,865,136.66	34,007,671.05	22.47%	-42.1%	-45.68%	29.42%
Income from Polarizer sheet	262,814,406.27	297,466,354.64	-13.18%	13.12%	64.39%	-159.61%
Income from Trading	451,634,641.37	448,904,371.85	0.6%	40.32%	39.95%	73.93%
District						

Domestic	270,948,389.89	198,010,505.25	26.92%	-6.77%	-1.17%	-13.33%
Overseas	569,216,596.46	606,113,528.16	-6.48%	36.29%	56.9%	-186.36%

Under the circumstance that the statistic specifications for the Company's principal business data experienced adjustment in the reporting period, the principal business data upon adjustment of the statistic specifications at the end of the reporting period in the latest year.

Applicable Not applicable

IV. Analysis on Assets and Liabilities

1. Significant Change in assets

Unit:RMB

	End of 2012		End of 2011		Proportion increase/decrease (%)	Notes to the significant change
	Amount	Proportion in the total assets(%)				
Monetary fund	232,417,736.06	12.42%	468,879,357.70	25.93%	-13.51%	Mainly due to the investment of raised proceeds into phase-I project of polarizer sheet for TFT-LCD;
Accounts receivable	100,941,342.96	5.39%	56,969,205.31	3.15%	2.24%	Mainly due to the increase of accounts receivable in credit period
Inventories	143,404,645.46	7.66%	71,575,724.23	3.96%	3.7%	Mainly due to increase of raw materials for the production of phase-I project of polarizer sheet for TFT-LCD;
Investment based real estate	154,761,895.71	8.27%	161,658,463.35	8.94%	-0.67%	
Long-term equity investment	48,094,489.26	2.57%	47,316,633.57	2.62%	-0.05%	
Fixed assets	881,166,024.08	47.09%	504,127,839.36	27.88%	19.21%	Mainly due to the fixed assets carried forward from phase-I project of polarizer sheet for TFT-LCD;
Construction-in-process	70,119,732.63	3.75%	334,788,805.45	18.51%	-14.76%	Mainly due to the line 4 of phase-I project of polarizer sheet for TFT-LCD was transferred into fixed assets;

2. Significant Change in Liabilities

Unit:RMB

	2012		2011		Proportion increase/decrease(%)	Notes to the significant change
	Amount	Proportion in the total assets (%)				
Short-term borrowing	40,153,434.48	2.15%			2.15%	New current loans in the current period
Long-term borrowings	200,000,000.00	10.63%	200,000,000.00	11.06%	-0.43%	
Other payable	168,127,716.36	8.94%	122,417,628.78	6.51%	2.43%	Mainly due to increase of payables for engineering equipment for phase-I project of polarizer sheet for TFT-LCD;

3. Assets and liabilities Measured with Fair value

Unit:RMB

Item	Amount at year beginning	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Amount at year end
Financial assets							
Available-for-sale financial assets	52,272,895.86		17,887,097.83				70,159,993.69
Subtotal of financial assets	52,272,895.86		17,887,097.83				70,159,993.69
Total	52,272,895.86		17,887,097.83				70,159,993.69
Financial Liability	0.00						0.00

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

 Yes No

V. Analysis on core Competitiveness

1. The company is an experienced management team and technical staff team with strong technology, long-term cooperation and international views, and has accumulated the management experience in brand, technology, operations and other advantages in the field of polarizer film in the domestic market. Also, the company has the unique sets of proprietary technology for all the products combined with the technology features of the company's devices.
2. The company has the special technology of polarizer film production and the independent intellectual property of various new products for meeting the customers' demand. Now, the company has a total of 41 patents and patent applications including 8 invention patents, 31 utility models and 2 international patents, and several product performances have reached the international level of similar products.
3. The company owns the laboratory and municipal R&D center of polarizer material and technical engineering in Shenzhen, and has a dedicated R&D team and equipment in the development and industrialization of core production technology in LCD polarizer film, in the development and industrialization of new products for OLED polarizer film and in the nationalization of raw materials in polarizer sheet. Based on the all-round cooperation on the aspects of industry, academia and research, the company ensures to have a sustained and rapid innovative capacity in the research and development, in order to adapt to the rapid updating characteristics of polarizer industry and meet the demands of large-scale development of the company.
4. The company has a good customer group in the domestic and international market and can fully show the advantage of localization. Adopting "Prescription Method" strategy to develop the customers and conducting one-on-one support services to develop the personalized products, shorten the delivery period and offer the fast and high-quality after-sales service for providing customers with a competitive and cost-effective products.
5. Shengbo Optoelectronic enjoys the preferential tax policies of the new display devices industry and has the exemption from import tariff policy on import of production materials not produced domestically for self-use. So, the production costs have been further reduced and the product competitiveness has been improved.
6. Shengbo Optoelectronic has been recognized as "TFT-LCD Polarizer sheet Industrialization Unit" by National Development and Reform Commission, and identified as "Implementation Unit of TFT-LCD Polarizer sheet Engineering Technology Development Project for National Hi-Technology Research and Development Program (863 Program)" by Ministry of Science and Technology. Also, Shengbo Optoelectronic is the only one enterprise of polarizer sheet production listed in the first batch of the color filter sheet and polarizer enterprises with enjoying the policy.

VI. Analysis on investment Status

1. External Equity investment

(1) External investment

External investment		
Investment Amount in 2012(RMB)	Investment Amount in 2011(RMB)	Change rate
0.00	0.00	0%
Particulars of investees		

Companies	Principal business	Proportion in the investees' equity (%)
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(2) Holding of the equity in financial enterprises

Company Name	Company type	Initial Investment cost (RMB)	Number of shares held at the beginning of the reporting period (shares)	Shareholding proportion at the beginning of the reporting period (%)	Number of shares held at the end of the reporting period (shares)	Shareholding proportion at the end of the reporting period (%)	Book balance at the end of the reporting period (RMB)	Gain.loss of the reporting period (RMB)	Accounting items	Sauce of the shares
None										

(3) Investment in Securities

Security category	Security code	Short form of security	Initial investment cost(RMB)	Number of shares held at the beginning of the reporting period(shares)	Shareholding proportion at the beginning of the reporting period(%)	Number of shares held at the end of the reporting period (shares)	Shareholding proportion at the end of the reporting period(%)	Book balance at the end of the reporting period (RMB)	Gain.loss of the reporting period (RMB)	Accounting items	Sauce of the shares
Stock	000018	ST victor onward	11,356,638.86	9,543,394	6.71%	9,233,394	5.64%	61,771,405.86	1,890,819.13	Financial assets available for sale	Legal shares
Stock	000030	*ST Sengrun A	9,847,598.31	1,085,733	0.38%	985,733	0.34%	8,388,587.83	545,725.07	Financial assets available for sale	Debt restructuring repayment of shares
Total			21,204,237.17		--		--	70,159,993.69	2,436,544.20	--	--

Notes to holding of the equity in other listed companies

None

2. Entrusted Financing , investment in derivative products and entrusted loan

(1) Entrusted Financing

Unit:RMB

Trustee'S Name	Amount of the entrusted financing	Starting date of entrusted financing	Expiry date of entrusted financing	Method for determining the remuneration	Amount of the principal actually recovered	Actual income in the reporting period	Income actually obtained	Has the statutory procedure s been gone ghrough	Provision for impairment	Related transaction(Y.N)	Associati on
None											

Notes

(2) Investment in derivatives

Position of derivatives invested at the End of the Report Period

 Applicable Not applicable

Notes:

(3) Entrusted loan

Unit:RMB'0000

Prospective borrower	Is it a related party	Amount	Interest rate	Guarantor or collateral	Application of the loan by the borrower	Exhibition period, overdue or contentious matter	Countermeasures against the risks of exhibition period, overdue period or contentious matter
None							

3.Application of the Raised capital

(1) General application of the raised capital

Unit:RMB

Total amount of the raised capital	82,876.8
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Total raised capital invested in the report period	17,428.66
Total accumulative raised capital invested	83,538.49
Amount of raised capital of which the purpose was changed in the report period	0
Accumulative amount of raised capital of which the purpose has been changed	0
Proportion of raised capital of which the purpose has been changed (%)	0%

Notes to use of raised capital

In 2012, the amount of raised proceeds invested in phase-I project of polarizer sheet for TFT-LCD was RMB 174.2866 million. As of December 31, 2012, raised proceeds of RMB 835.3849 million were accumulatively used (As of December 31, 2012, the income from accumulated interest in the special account of raised proceeds was RMB 13.2321 million). The balance of raised proceeds was RMB 6.6152 million. The balance of the special account of raised proceeds was RMB 6.6152 million.

(2) Promised projects of raised capital

Unit:RMB'0000

Committed investment projects and investment	Project changed(including partial change)	Total raised capital invested as committed	Total investment after adjustment (1)	Amount invested in the reporting period	Accumulated amount invested at the end of the reporting period(2)	Investment progress ended the reporting period(%)(3)=(2)/(1)	Date when the project has reached the predicted applicable status	Benefit realized in the reporting period	Has the predicted result be realized	Has any material change taken place in feasibility
Committed investment projects										
Phase-I project of polarizer sheet for TFT-LCD		82,876.8	82,876.8	17,428.66	83,538.49	100.8%	Line 4:April 2012; Line 5: December 2012	Notes 2	Notes 3	No
Subtotal of committed investment projects	--	82,876.8	82,876.8	17,428.66	83,538.49	--	--	--	--	--
Investment of excessive raised capital										
Repayment of bank loan(If any)	--	0	0	0	0	0%	--	--	--	--

Replenishing the working capital (If any)	--	0	0	0	0	0%	--	--	--	--
Subtotal of intended investment with unbooked proceeds	--	0	0	0	0	--	--		--	--
Total	--	82,876.8	82,876.8	17,428.66	83,538.49	--	--		--	--
Analysis For Failure To Reach The Planned Schedule And Earnings (Specific Projects)	Notes 3									
Notes to significant change in feasibility of the project	Not applicable									
Amount, application and application progress of the unbooked proceeds	Not applicable									
About the change of the implementation site of the projects invested with the proceeds	Not applicable									
Adjustment of the implementation way of investment funded by raised capital	Not applicable									
About the initial investment in the projects planned to be invested with the proceeds and the replacement	Not applicable									
Using the idle proceeds to supplement the working capital on temporary basis	Not applicable									
Balance of the proceeds in process of project implementation and the cause	Not applicable									
About application and	As of December 31, 2012,, The balance amount of fundraising special account is RMB									

status of the proceeds unused	6.6152 million, It will be fully used in committed investment project.
Problems existing in application of the proceeds and the information disclosure or other issues	Non-existent

Notes:

1.As of December 31, 2012, The balance amount of fundraising special amount is RMB 849.37 million , it will be fully used in committed investment phase-I project of polarizer sheet for TFT-LCD project. The total investment of the project is RMB 849.37 million and the adjusted investment amounted is RMB 926.40 million, the company will pay the balance by fundraising

2. TFT-LCD with a Polaroid projects phase-I include a wide production line (Line 4) and narrow production line (Line 5).,In 2012, Phase-I project of polarizer sheet for TFT-LCD project achieved the sales margin of RMB -79.28 million.

3. Wide production line (Line 4) will start to work in April 2012 and the project payback period is 7.74 years (including construction period of 2 years); Wide production line (Line 5) will start to work in December 2012 and the project payback period is 8.53 years (including construction period of 2 years);Phase-I project of polarizer sheet for TFT-LCD project operating time is short, it is difficult to determine whether the investment projects to reach the entire operation period of the anticipated revenue.

(3) Change of the Projects invested with the Raised Capital

Unit:RMB

Projects after change	Corresponding projects for undertaking	Total raised capital invested in the projects after change(1)	Amount actually invested in the reporting period	Accumulated amount invested at the end of the reporting period(2)	Investment progress ended the reporting period(%) $(3)=(2)/(1)$	Date when the project has reached the predicted applicable status	Benefit realized in the reporting period	Has the predicted result be realized	Has any material change taken place in feasibility after the change
None									

4.Analysis on principal subsidiaries and Mutual Shareholding Companies

Particulars about the principal subsidiaries and Mutual shareholding companies

Company Name	Company type	Sectors engaged in	Leading products	Registered capital	Total assets(RMB)	Net assets (RMB)	Tumover (RMB)	Operating profit	Net Profit (RMB)
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			and services)			(RMB)	
Shenzhen Jinlan Decorative Articles Industrial Co., Ltd.	Subsidiary	Textile Industry	Fabrics, bedding, clothing, textiles raw materials processing manufacturing, wholesale and retail.	4,000,000.00	20,429,737.07	15,020,563.24	11,217,664.65	2,394,199.18	1,810,754.08
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Lease	Property management	2,360,000.00	30,843,449.25	25,565,936.33	5,361,654.94	2,330,097.67	2,014,436.18
Shenzhen Huaqiang Hotel	Subsidiary	Hotel services	Accommodation, business center;	10,005,300.00	26,503,916.49	21,083,952.72	9,308,082.65	1,857,495.11	1,384,407.13
Shenfang Property Management Co., Ltd.	Subsidiary	Property management	Property management and as the agent of the Department of property management services company	1,600,000.00	8,672,675.84	2,455,817.25	9,452,973.19	288,967.22	187,751.63
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Textile industry	Production of fully electronic jacquard knitting whole shape	25,000,000.00	48,553,307.83	34,431,122.15	37,762,846.71	1,317,609.46	910,130.12
Shenzhen Shenfang Import & export Co., Ltd.	Subsidiary	Textile trade	Operating import and export business	5,000,000.00	64,439,263.30	11,301,901.38	451,634,641.37	476,327.69	348,893.50
Shenzhen Shengbo Ophotoelect	Subsidiary	Flat display	Production and sales of polarizer	250,000.00	1,361,540.411.83	905,940.088.10	265,031.425.70	-124,705.890.03	-94,913,670.49

ric Technology Co., Ltd									
Shengtou (HK) Co., Ltd.	Subsidiary	Flat display	Sales of polarizer	HKD10,000 .00	53,556,474. 24	-1,978,259. 36	56,222,881. 54	-2,327,32 4.74	-2,342,638.79

Particulars about the principal subsidiaries and Mutual holding companies

Notes 1. Share holding ratio is not accord with voting power ratio in amalgamated subsidiary company. That is interlocking shareholding style of every subsidiary company making parent company actual share control being 100%.

Notes 2. Shenzhen Tianlong Industrial & Trading Co., Ltd., had established liquidation group in 2009 and started liquidation procedures, The Cancellation date of Shenzhen Zhongxing Fiber Wimple Cotton Raiment Co., Ltd is 4th January 2013

Notes 3. Shenzhen Dailisi underwear Co., Ltd. and Anhui Huapeng textile Co., Ltd. had adopted outsourcing for contractual operation.

Acquirement and disposal of subsidiaries in the Reporting period

Applicable Not applicable

5. Projects invested with the non-raised capital

Unit: RMB'0000

Name	Total investment	Amount invested in the reporting year	Amount accumulatively invested up to the end of the reporting period	Project progress	Earnings
Notes to the material projects invested with non-raised capital					
Important investment of the Company did not use non-raised proceeds in the report period					

VII. Special purpose principal under the control of the Company

None.

VIII. Development prospect

(1) Development trend of the industry

According to the forecast of Displaysearch, the global flat panel display output will be up to USD 148 billion in 2015. Of which, TFT-LCD panel output will reach USD 133.7 billion with accounting for 91% of the flat panel display industry. Mainland China is a global manufacturing center and an important market for TFT-LCD

application products, and has a clear comparative advantage in the cost of production factors including labor, land and intellectual resources. Also, the country is vigorously developing the flat panel display industry in recent years and gives all supports in the industrial policy, tax policy, fiscal subsidies and other aspects. So, mainland China is becoming a new hot spot in investment of global TFT-LCD industry since for the above factors of market, cost and policy. Despite the rapid growth of China's TFT-LCD industry scale, the industry chain is not perfect. Relatively speaking, the whole machine is more developed, but the upstream industry always lags the foreign, and the raw materials including the polarizer film required by TFT-LCD basically is in the blank. However, TFT-LCD panel industry is booming in China, which brings a rare opportunity for the development of the upstream raw material industry. Based on the DisplaySearch, which predicts that TFT-LCD industry in China will be raised to 30% share of the global in 2013, and China will become the third largest production place of flat panel display in the world, behind South Korea and China Taiwan. Moreover, the yearly demands in LCD panel amount to 3.2 billion pieces, with an increase of 4%; the tablet-like computers, touch-screen mobile phone still have large market with great growth; LCD TVs, digital cameras, professional display also show a growth trend and have a corresponding increase in the demand for raw materials such as the polarizer sheet.

(2).Development opportunities and challenges

The company will centralize the advanced resources to accelerate the development of the leading industries based on the core of polarizer films. In accordance with the scheme of “Overall Planning and Construction by Installment”, the company has established the TFT-LCD polarizer film project to promote Shengbo Optoelectronic to become a well-known brand enterprise with the competitive strength similar to the foreign-class enterprise, and be a major supplier of TFT-LCD polarizer sheet business worldwide.

The company has always persisted in reform and innovation, established the sound incentive and restraint mechanisms, fostered a long-term and stable personnel team, formed a R&D system with independent intellectual property rights and achieved the sustainable development of the company in the leading industry based on the core of polarizer sheet and the relevant high-tech industries.

(3) Operation Plan

In 2013, the company complies with the the spirit of enterprise of “To Advocate Science, To Work Hard”, adheres to the business ideal of “Technology First, Market as Source and Efficiency-Oriented” and abide the work objectives of “Refined Management, Intensive Management, Phase II Construction and Enhanced Vigor” to accelerate the development of business model on the basis of the customer as the center, joint research and full-service, establish the strategic product planning, set up a new prospective technology reserve mechanism, strengthen the life-cycle management and the cost planning management of products, optimize the management process, innovate the management methods, make up for the management shortcomings, improve the management efficiency and focus on the following works:

1. Refine the management, well open Line 4 and Line 5 and reach and stabilize the production to ensure the realization of work objectives of all the projects.
2. Intensify the operation, pay attention to the research and development innovation, optimize the product structure, actively development the market, strengthen the internal management, reduce the production costs, control the operational risks to ensure the steady increase in the existing output of enterprise.
3. Strengthen the talent team construction with people-oriented to ensure to construct a high-quality of staff team and achieve the target of strong enterprise with talents.
4. Solidify the foundation to ensure the quality, the cost, the efficiency, the achievement and the vitality of the management.
5. Make an inventory of assets to ensure the achievement of the revenue maximization.

6. Do a good job of production safety and make sure the stability of enterprise.

7. Mainly focus on the actual production and operation of enterprise and make sure the implementation of enterprise's culture.

(4) Possible Risks Faced

In 2013, many variables impacting on the global economy still exist and the slowness of the flat panel display growth maybe shows. However, due to the advanced generation panel lines gathering to transfer to the mainland of China, which enhances the overseas polarizer film manufacturers to set up the post-stage processing enterprises in the mainland, so, the competition in the domestic polarizer sheet market may be sharpened. Meanwhile, several categories disciplines like precision machinery, optics, polymer and chemical are involved in the manufacturing process of TFT-LCD polarizer sheet. So, there exists the difficulty technology, high quality and highly admittance request. With the product technology structure evolving, the higher requirements on the research and development of new products and new technology and manufacturing level of the company are put forward.

Therefore, the company will solidify the foundation, form the soft power and improve the management efficiency to effectively reduce the cost, enhance the competition advantage of products in the market, improve the shares for the key customers for the international and the domestic and advance the company's profitability. At the same time, the company will strengthen the technical reserves and research and development, and focus on the development of technology upgrading and innovation. In addition, the company will do the adjustment of the control mode, the optimization of the organization structure, the improvement of operation mechanism and further establish the sound management system to make the correspondence between the management level and transformation and development and promote the healthy and sustainable development of the enterprise.

IX. Explanation of the Board of Directions Concerning the “ non-standard audit report” issued by the CPAs firm for the reporting period.

Not applicable.

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

During the reporting period, the company's accounting policies, accounting estimates and accounting methods were not changed.

XI. Explain retrospective restatement due to correction of significant accounting errors in the reporting period.

During the reporting period, the company does not have significant accounting errors occurred.

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

The scope of consolidation of the company's financial statements did not change compared with the previous year's financial report.

XIII. Dividend Distribution Preparation

Implementation or adjustment of the Company's profit Distribution policy, Especially Cash Dividend Distribution Policy in the Reporting Period.

In the report period, In order to perfect and improve the scientific, sustained and stable dividend decision and monitor mechanism of the company, actively repay the investors and fully safeguard the company's shareholders to have the right of assets return under the law, the company has made the emendation for the terms of profit distribution (especially the cash dividends policy) and some other terms involved in the "Articles" of the company, and formulated "Shareholder Return Plan (2012 to 2014)". (Refer to No. 2012-18 and 2012-28 Announcement of the Company for details)

The company has made a special explanation and announcement for the profit distribution policy and the dividends in the last three years (Refer to No. 2012-30 Announcement of the Company for details). There are the clear dividends standard and the profit-sharing ratio for the company's profit distribution policy. Only the independent directors can express the opinion, which fully protects medium and small investors' legitimate rights and is line with the provisions of Articles of Association and the examination procedures. Also, the conditions and procedures of adjustment or change of the profit distribution policy is transparent and in compliance with t regulations.

The company will comply with the revised Articles of Association, planning and relevant provisions to continue to implement the cash dividend, and will establish reasonable cash bonus system, pay attention to reward for our shareholders and be committed to create more returns for shareholders according to the specific business development and the requirement of Articles of Association.

The profit distribution preplan or proposal and the preplan or proposal of conversion of the capital reserve into share capital in the past three years(with the reporting period inclusive):

(1) The company's annual profit distribution and the capital accumulation funds to increased capital stock for 2010.

The Company is to allocate 10% of net profit for the parent company(RMB 22,542,644.29), ie ., RMB 2, 254, 264.43 , For the needs of construction of TF-LCD polarizing sheet phase I Project, company ys not planning to allocate the other undistributed profits achieved in 2010 or shifting the capital accumulation funds to increased capital stock, the undistributed profit will be used to supplement working capital needed by the company for business development

(2) The company's annual profit distribution and the capital accumulation funds to increased capital stock for 2011.

The Company is to allocate 10% of net profit for the parent company(RMB 18,262,631.16), ie ., RMB 1,826,263.12 , For the needs of construction of TF-LCD polarizing sheet phase I Project, company ys not planning to allocate the other undistributed profits achieved in 2011 or shifting the capital accumulation funds to increased capital stock, the undistributed profit will be used to supplement working capital needed by the company for business development

(3) The company's annual profit distribution and the capital accumulation funds to increased capital stock for 2012.

As audited by Peking certified Public Accountants, the net profit of the Company for 2012 is RMB -80,988,887.59, Net profit of attributable to shares equity of the parent company is RMB-80,988,887.59 and the net profit for the parent company is RMB6,949,532.71 .

According to the Articles of Association of the Company, The Company is to allocate 10% of net profit for the parent company(6,949,532.71), ie .,RMB694,953.27 , For the needs of construction of TF-LCD polarizing sheet phase I Project, company ys not planning to allocate the other undistributed profits achieved in 2012 or shifting the capital accumulation funds to increased capital stock.

Dividend distribution of the latest three years

Unit: RMB

Year	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements
2012	0.00	-80,988,887.59	0%
2011	0.00	48,915,594.47	0%
2010	0.00	40,709,271.22	0%

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

Applicable Not applicable

XIV. Social responsibility

(1) The Protection of Shareholders' Interests

1. The company should pay attention to the reasonable investment returns for the investors, especially the medium and small investors, and establish the sustained and stable profit distribution policy. Also, the company has made the amendment for the terms of profit distribution (especially the cash dividend policy) and some other terms involved in the "Articles of Association", defined the dividend standard and ratio, set up the "Shareholder Returns Plan (From 2012 to 2014)", and fully safeguarded the assets incomes rights enjoyed according to the laws.

2. Perfect the voting system of shareholders' meeting and facilitate the small shareholders to participate in the shareholders' meeting via voting in Internet. Meanwhile, the company should standardize the management in the convening, holding and proceeding of the shareholders' meeting to ensure the medium and small shareholders have the right of information, participation and vote on the major matters of the company.

(2) Guarantee the Legitimate Rights and Interests of Employees

1. As per the relevant provisions of "Labor Law" and "Labor Contract Law", the company has implemented the labor contract system for all the staff, constantly improved all the human resource system, especially the compensation evaluation system, and ensured a reasonable allocation of employee incomes and the harmonious and stable labor relations for the company.

2. The company always persists in the working guidance of "Safety First, Precaution Crucial". On the one hand,

the company has objectively and effectively guaranteed the personal safety and the occupational health of employees from the system on the basis of the establishment and perfection of the security system, the organization of the relevant learning and the strict assessment of safety; on the other hand, the company has continually enhanced the on-site protection of operation and taken the preventive risk management system to ensure the safety monitoring system to operate effectively.

3. The company has conducted the normalized regular training management to enhance the professional skill of employee and continued to improve the professional and comprehensive quality of staff.

(3) The Protection of the Environment

The company has regarded the environmental protection as the important work of the sustainable development, always taken the development guidance of energy-saving and emission reduction, actively promoted the scientific and technological innovation, improved the efficiency of resource used, taken the construction of resource-saving and environment-friendly enterprise as the key social responsibility of the company and achieved the combination of economic and environmental benefits. Also, the company has actively promoted the project of energy conservation and emission reduction and has passed the ISO14001 environmental management system. The company hasn't any serious punishment due to violation on environment during the report period.

(4) Guarantee the Rights and Interests of Consumers

The company advocates the development ideal of "Human-Oriented, Science and Technology First, Innovation Development, Independent Research". With the unceasing investment in the technology research and development of relevant industries and on the premise of the customers' demands, the company continues to research the market and surpass itself, who has effectively promoted the sustained progress of industry technology level of the company, ensured the stable quality of product and guaranteed the rights and interests of consumers.

XV. Statement of such activities as reception, research, communication, interview in the reporting period

Reception time	Reception place	Way of reception	Types of visitors	Vistors received	Discussion topics and provision of materials
February 9, 2012	The Company	Onsite investigatio	Organization	Guangfa Fund	To learn about the team of polarizer sheet project, requirements on high quality rate, status of R&D and future development
February 20, 2012	The Company	Onsite investigatio	Organization	Zhongshan Securities, Dongguan Securities, First Capital , Minshen Investment, China Southern	To learn about the trying to mass produce of line 4 of phase-I project of polarizer sheet for TFT-LCD

				Fund ,Dacheng Fund. Guangfa Securities and CIFM	
April 17,2012	The Company	Onsite investigatio	Organization	China Merchants Securities,Capital synergy invest , Dongguan Securities and China Investment securities	To learn about the Polaroid Line 4 of phase-I project of polarizer sheet
May 17, 2012	The Company	Onsite investigatio	Organization	China Merchants Securities	To learn about the polarizer sheet industry
June 19, 2012	The Company	Onsite investigatio	Organization	Huaxia Fund	To learn about the production and operation of a project to understand the polarizer sheet of phase-I project
July 3, 2012	The Company	Onsite investigatio	Organization	Qilu Securities, Huaxia Fund, China Merchants Fund, Hantong Securities ,China Post Fund and Small & medium-sized market of Qilu Securities	Visit the Polaroid production line for project construction
September 12, 2012	The Company	Onsite investigatio	Individual	Ma Weizhong	Understand the progress of project phase 1
November 1, 2012	The Company	Onsite investigatio	Organization	China Fund Investment Research Department	To learn about the construction of phase-I project and the progress of secondary offering
November 12, 2012	The Company	Onsite investigatio	Organization	Everbright Securities Securities Investment Headquarters	To learn about the construction of phase-I project and the progress of secondary offering
November 22,2012	The Company	Onsite investigatio	Organization	Everbright Securities Securities	To learn about the construction of phase-I project and the progress

				Institute of electronics industry analyst	of secondary offering
November 30,2012	The Company	Onsite investigatio	Organization	Hubei High-Technology Industry Investment Co., Ltd.	To learn about the construction of phase-I project and the progress of secondary offering

V. Important Events

I. Major lawsuits and Arbitration affairs

Applicable Not applicable

In the reporting year, the Company had never been involved in any material lawsuit or arbitration.

Notes to other lawsuits: The decision on the case of suing China Huawei Business Development Corporation in respect of counter guarantee for loans disclosed in the previous report period was still under court enforcement.

Query from media

Applicable Not applicable

In the reporting year, the Company had no query from media

II. Non—operation oriented Fund Occupancy by the Controlling Shareholder and/ or Related Parties

Name of shareholder or related parties	Occupancy time	Cause	Amount at the beginning of the reporting period(RMB)	Amount increased in the reporting period(RMB)	Total repaid in the reporting period (RMB)	Amount at the end of the reporting period(RMB)	Predicted way of repayment	Predicted amount to be repaid (RMB'0000)	Predicted repayment time (month)
None									
Relevant decision procedure			Not applicable						
The cause of the current new major shareholders and their affiliated enterprise non—operation fund occupancy, responsible persons shall be investigated and proposed measures will be explained by the board of directors			Not applicable						
The cause of liquidation of non-operating fund occupancy, responsible persons shall be investigated and proposed measures will be explained by the board of directors			Not applicable						
Disclosure date for specific approval opinion on fund occupation from CPA			March 30, 2013						

Disclosure index of special auditing opinions of certified public accountants on fund occupation	Special Statement on Fund Occupation by the Controlling Shareholder and Other Related Parties in 2012 published on www.cninfo.com.cn (Qin Xin Zhuan Zi (2013) No. 169)
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III. Bankruptcy or Reorganization Related Events

Not applicable

IV. Assets Transactions

1. Acquisition of Assets

The other party or eventual controller	Assets acquisition or transferred in	Transaction price(RMB)	Progress	Net profit contributed to the company from the acquisition date to the year end (RMB '0000) (Applicable to the consolidation of the enterprises not under the)	Net profit contributed to the Company from the year beginning to the year end (RMB'0000) (Applicable to the consolidation of the enterprises)	Proportion of the net profit contributed by the asset for the Company in the total profit (%)	Is it a related transaction (Y/N)	Connectivity relations with the other party (applicable to the related transaction)	Disclosure date	Disclosure index

Geneaal on Acquisition of Assets

None.

2. Sales of Assets

Other party of the transaction	Assets sold	Date of sale	Transaction price (RMB)	Net profit contributed to the company from the beginning of the	Gain/loss arising from sales (RMB'0000)	Proportion of the net profit contributed by the asset for the company in the total	Pricing principle for the asset sold	Is it a related transaction (Y/N)	Connectivity Relations with the other party (applicable to the related	Has all the ownership of the assets involved been transferred	Has all the credit /debt involved been transferred	Disclosure date	Disclosure index

				reporting year to the date of sales of the asset (RMB'000)		profit (%)			transaction				

Notes to the sales of assets:

On August 31, 2012, the 20th meeting of the fifth board of directors of the Company examined and adopted the Proposal for Assigning the Equity of Anhui Huapeng Textile Co., Ltd., the proposal for assigning the Equity of Shenzhen Dailishi underwear Co., Ltd. and the proposal for assigning the Equity of Union Development Group Co., Ltd. (Refer to No. 2012-36 Announcement of the Company for details).

The 31st meeting of the fifth board of directors of the Company adopted the Proposal for Assigning the Equity of Union Developing Group Co., Ltd. (Refer to No. 2013-08 Announcement of the Company for details).

As of the disclosure day of this report, the above-mentioned sale of assets was not completed.

3. Enterprise Consolidation

None.

V. Implementation of the Company's equity Incentive plan and its influences

Not applicable

VI. Material related transactions

1. Related transactions in connection with daily operation

Related parties	Relationship	Type of related parties	Description of related transactions	Principle of pricing of the related transaction	Price of related transactions	Amount of the related transaction (RMB'000)	Proportion in the amount of the similar transaction (%)	Mode of settlement	Market price	Disclosure date	Disclosure index
Shenzhen	Related	Daily	Sales of	Agreement	The average	4,736.31	18.02%				Announ

CSOT	Legal	operation	polarizer sheet	nt price	age price of market						ment of estimation of daily related transactions in 2012, (Announcement No. 45) Announcement of increasing the estimated amount of daily related transactions in 2012.(Announcement No. 57)
Necessity and continuity of related transaction, and reasons of transaction with related parties (but not with other dealers in market)				Refer to No. 2012-45 and No.2012-47 Announcement of the Company for details							
Affected on independent of listed company from related transaction				The supply of products by Shengbo Optoelectronic to Shenzhen CSOT will not affect the independence of the Company. The polarizer sheet business of the Company will not consequently depend on Huaxing Optoelectronic. At present, Shengbo Optoelectronic has become a qualified supplier of customers including Shenzhen CSOT , Shenchao Optoelectronic, Orient Electronics, Longteng Optoelectronic, China Reflection Tube. The company will reasonably arrange production and supply goods according to customers' requirements on different product specifications and models.							
Dependence severity with related party and relevant countermeasures(if any)				Not applicable							
For those predicted daily related transaction by category, actual				The amount of daily related transaction, i.e., the sales of polarizer sheet to Shenzhen CSOT in 2012 was expected to be no more than RMB 68 million. The amount of actual							

implementation in reporting period(if any)	orders was RMB 65.30 million. Announcement of estimation of daily related transactions in 2012; Announcement of increasing the estimated amount of related transactions in 2012.
Reason of major difference between trading price and market reference price	Not applicable

2. Related transactions concerning assets acquisition/sales

Related party	Relationship	Type of related party	Description of related transaction	Principle of pricing of the related transaction	Book value of the assigned assets (RMB '0000)	Estimated value of the assigned assets (RMB '0000)	Fair market value (RMB '0000)	Assignment price (RMB '0000)	Way of Settlement for the related transaction	Income from the assigned assets (RMB '0000)	Disclosure date	Disclosure index
None												

3. Important related transactions with joint investment

Joint investors	Relationship	Pricing principle for the joint investment	Name of the investee	Principal business of the investee	Registered capital of the investee	Total assets of the investee (RMB'0000)	Net assets of the investee (RMB)	Net profit of the investee (RMB)
None								

4. Current Associated rights of credit and liabilities

Did there exist any non-operational related rights of credit and liabilities

Yes No

Associated party	Association relationship	Type of claims and debts	Reason for formation	Whether there is the use of non-operating capitals	Balance at the beginning of period (RMB'0000)	Amount in this period (RMB'0000)	Balance at the end of period (RMB'0000)
Jordan Garment Factory	Affiliated enterprise	Related party debt receivable	Current amount	Yes	18.39	-18.39	
Shenzhen Xieli Automobile Co., Ltd	Affiliated enterprise	Related party debt receivable	Current amount	Yes	16.93	-16.93	
Shenzhen Tianlong	Affiliated	Related party	Current a	Yes	68.64		68.64

Trade Co., Ltd.	enterprise	debt receivable	mount				
Shenzhen Xinfang Knitting Co., Ltd.	Sharing company	Related party debt payable	Current amount	No	21.68		21.68
Shenzhen Xiangjiang Trade Co., Ltd	Sharing company	Related party debt payable	Current amount	No	24	14	38
Shenzhen Changlianfa Printing & dyeing Co., Ltd.	Sharing company	Related party debt payable	Current amount	No	80.71	-7.99	72.72
Shenzhen Haohao Property Leasing Co., Ltd	Sharing company	Related party debt payable	Current amount	No	340.39	12.5	352.89
Influence of the related rights of creditand liabilities upon the Company's operation results and financial position		Non-operational related rights of credit- Other account receivable is RMB 0.6864 million, Non-operational related debt , Other account payable is RMB4.8529 million.					

5. Other material related transactions

On February 10, 2012, the 18th meeting of the fifth board of directors the Company examined and adopted the Proposal Concerning Private Issue of Shares by the Company to Specific Investors in 2012 and the proposal for signing the Conditional Share Subscription Contract Regarding Private Issue. Shenzhen Investment Holding subscribed for the shares privately issued by the Company with cash of no less than RMB 300 million but no more than RMB 600 million, which constituted a significant related transaction. On February 10, 2012 and October 26, 2012, Shenzhen Investment Holding signed the Conditional Share Subscription Contract Regarding Private Issue and the Supplemental Agreement of the Conditional Share Subscription Contract Regarding Private Issue and finally subscribed for 51,457,976 shares at the issue price of RMB 5.83 per share. These shares are restricted negotiable shares. The period of sale restriction is 36 months from the listing day of new shares.

Independent directors accepted this related transaction in advance and expressed independent opinions. Related directors and shareholders were absent at the time of voting. (Refer to No. 2012-03 , No.2012-14, No.2012-40 and No.2012.52 Announcement of the Company for details).

Relevant inquiry with the internet website for disclosing provisional report on material related transactions

Description of provisional announcement	Date of disclosing provisional announcement	Description of the website for disclosing provisional announcements
Announcement of resolutions of the 18th meeting of the Fifth Board of Directors (No.2012-03)	February 11, 2012	(http://www.cninfo.com.cn)
Announcement of resolutions of the first provisional shareholders' General Meeting in 2012 (No.2012-14)	April 14, 2012	(http://www.cninfo.com.cn)

Announcement of resolutions of the 27th meeting of the Fifth Board of Directors (No.2012-40)	October 27, 2012	(http://www.cninfo.com.cn)
Announcement of resolutions of the first provisional shareholders' General Meeting in 2012(No.2012-14)	November 13, 2012	(http://www.cninfo.com.cn)
Announcement of estimation of daily related transactions in 2012 (No.2012-45)	November 5, 2012	(http://www.cninfo.com.cn)
Announcement of increasing the estimated amount of daily related transactions in 2012. (No.2012-57)	December 18, 2012	(http://www.cninfo.com.cn)

VII. Important contracts and implementation

1. Custody, contacting and leases

(1) Custody

Description of custodies

None

Projects that have brought about gains/losses to the company taking over 10% of the Company's total profit in the reporting period.

Applicable Not applicable

(2) Contracts

Description of contracts

None

Projects that have brought about gains/losses to the Company taking over 10% of the Company's total profit in the reporting period

Applicable Not applicable

(3) Leases

Description of leases

None

Projects that have brought about gains/losses to the company taking over 10% of the Company's total profit in the reporting period

Applicable Not applicable

2. Guarantees

Unit:RMB'0000

External Guarantee (Exclude controlled subsidiaries)								
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Total of external guarantee approved in Period(A1)		0		Total of actual external guarantee in Period(A2)		0		
Total of external guarantee approved at Period-end(A3)		0		Total balance of actual external guarantee at Period-end(A4)		0		
Guarantee of the Company for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual amount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	June 19, 2012	11,500	October 23, 2012	0	The joint liability guaranty	12 months	No	Yes
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	June 19, 2012	20,000	August 27, 2012	3,215.34	The joint liability guaranty	12 months	No	Yes
Total of guarantee for subsidiaries approved in the Period (B1)		31,500		Total of actual guarantee for subsidiaries in the Period (B2)		3,215.34		
Total of guarantee for subsidiaries approved at Period-end (B3)		31,500		Total of actual guarantee for subsidiaries at Period-end (B4)		3,215.34		

Total of Company's guarantee (namely total of the large two aforementioned)			
Total of guarantee in the Period (A1+B1)	31,500	Total of actual guarantee in the Period (A2+B2)	3,215.34
Total of guarantee at Period-end (A3+B3)	31,500	Total of actual guarantee at Period-end (A4+B4)	3,215.34
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4)		2.47%	
Including:			
Amount of guarantee for shareholders, actual controller and its associated parties(C)		0	
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)		0	
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)		0	
Total guarantee amount of the abovementioned guarantees(C+D+E)		0	
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees		Not applicable	
Remarks on illegal providing of external guarantee		Not applicable	

Description of the guarantee with complex method

(1) Outward guarantee against law

Unit:RMB'0000

Name of the guarantee	Relationsh ip with the Company	Amount involved in the guarantee against the law(RMB' 0000)	Proportion in the net assets at the end of the reporting period(%)	Guarantee type	Guarantee period	Balance of the guarantee against law up to the annual report (RMB'000 0)	Proportion in the net assets at the end of the reporting period(%)	Predicted way of release	Predicted amount released (RMB'000 0)	Predicted time of release(mo nth)
None		0	0%			0	0%			

Total	0	0%	--	--	0	0%	--	--	--
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3. Other important contracts

Name of the company concluding the contract	Name of the counterpart concluding the contract	Book value of the assets involved in the contract (RMB'000 0)(if any)	Appraised value of the assets involved in the contract (RMB'000 0) (if any)	Name of the appraisal agent (is any)	Benchmark date of appraisal (is any)	Pricing policy	Transaction price(RMB'0000)	Is it a related transaction	Relationship	Implementation status ended the reporting period
None										

VIII. Implementation of Commitments

1. The commitments of the Company and its shareholders holding over 5% of the Company's total shares in the report year of extending to the report year from previous year.

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

Commitment made upon the assets replacement					
Commitments made upon issuance	Shenzhen Investment Holdings Co., Ltd.	<p>Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance” when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may constitute direct or indirect competition with Shenzhen Textile; if the operations of Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it compete with Shenzhen Textile in the same industry or contradict the interest of the issuer in the future, Shenzhen Investment Holdings Co., Ltd. shall urge such companies to sell the equity, assets or business to Shenzhen Textile or a third party; when the horizontal competition may occur due to the business expansion concurrently necessary for Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it and Shenzhen Textile, Shenzhen Textile shall have priority. The commitments during the period non-public issuance in 2012: 1. Shenzhen Investment Holdings, as the controlling shareholder of Shenzhen Textile, currently hasn't the production and business activities of inter-industry competition with Shenzhen Textile or its share-holding subsidiary. 2. Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights can't be directly and indirectly on behalf of any person, company or unit to engage in the same or similar business in any districts in the future by the form of share-holding, equity participation, joint venture, cooperation, partnership, contract, lease, etc., and ensure not to use the controlling shareholder's status to damage</p>		Sustained and effective	Under Fulfillment

		the legitimate rights and interests of Shenzhen Textile and other shareholders, or to gain the additional benefits. 3. If there will be the situation of inter-industry competition with Shenzhen Textile for Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights in the future, Shenzhen Investment Holdings will promote the related enterprises to avoid the inter-industry competition through the transfer of equity, assets, business and other ways. 4. Above commitments will be continuously effective and irrevocable during Shenzhen Investment Holdings as the controlling shareholder of Shenzhen Textile or indirectly controlling Shenzhen Textile			
Other commitments made to minority shareholders					
Executed timely or not?	Yes				
Detailed reason for failing to execute and the next plan	Not applicable				
Make commitments on causing the problems of horizontal competition and related-party transactions or not?	No				
Settlement period of commitment	Not applicable				
Way of settlement	Not applicable				
Fulfillment of commitment	Under strict fulfillment				

2. There existed profit anticipation for the Company's assets or projects while the reporting period was still within the duration of the profit anticipation. The Company made explanation on whether the assets or projects reached the anticipated profit and the cause

Profit-predicted assets or name of project	Predicted starting time	Predicted ending time	Predicted result in the reporting period(RMB)	Actual result in the reporting period (RMB)	Cause of failure to realize the	Predicted disclosure date	Predicted disclosure index
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			'0000)	'000)	predicted result(if applicable)		
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IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Peking Certified Public Accountants
Remuneration for domestic accounting firm (RMB'0000)	40
Continuous life of auditing service for domestic accounting firm	2
Name of domestic CPA	Xiao Yi, Pan Zhongmin

Has the CPAs been changed in the current period

Yes No

Description of the CPAs, financial adviser or sponsor engaged for internal control auditing

Applicable Not applicable

In the report year, the Company engaged Peking Certified Public Accountants as the internal control audit body in 2012. The audit remuneration was RMB 0.25 million (including traveling expenses).

In the report year, the Company engaged Changjiang Securities Underwriting & Sponsoring Co., Ltd. as the sponsoring institution and lead underwriter for this private issue of shares. The total amount of sponsoring expenses (including continuous supervision expenses) was RMB 2.5 million.

X. Explanation of the Supervisory Committee and Independent Directors (If applicable) on the Qualified Auditor's Report Issued by the CPAs.

Not applicable

XI. Punishment and Rectification

During the reporting period, the company has conducted the self-inspection for the shares traded by the learners of insider information, and hasn't found the learners of insider information uses the insider information to conduct the trade in the company's shares before the significant sensitive information that affects the company's stock price is disclosed. Also, the company hasn't the supervision measures and administrative penalties adopted by the supervision department under suspicion of the insider transactions.

About directors, supervisors, senior executives or shareholders holding over 5% of the Company's total shares suspected of being involved in trading of the Company's shares against the regulations and recovery of the profit obtained by such persons suspected of being involved in trading of the Company's shares against the regulations as disclosed by the Company.

Applicable Not applicable

XII. Situation of being confronted of suspension or termination of listing upon disclosure of the Annual report

Not applicable

XIII. Notes to other significant Events

None .

XIV. Significant events of subsidiaries

(I) On February 15, 2012, Shengbo Optoelectronic, a wholly-owned subsidiary of the Company, received 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 issued by Shenzhen Development and Reform Commission, Shenzhen Technology, Industry , Trade and Informatization Commission and Shenzhen Treasury Board (Shen Fa Gai (2011) No. 1782) and received subsidy of RMB 5 million for the narrow-width line (line 5) of phase-I project of polarizer sheet for TFT-LCD. (Refer to No. 2012-05 Announcement of the Company for details)

(II) On June 18, 2012, Shengbo Optoelectronic, a wholly-owned subsidiary of the Company, entered into a letter of intent and signed the Cooperation Agreement with Orient Electronics Technology Group Co., Ltd. in respect of the development and introduction of polarizer sheet products of Orient Electronics and subsequent cooperation. (Refer to No. 2012-22 Announcement of the Company for details)

(III) On June 19, 2012, Shengbo Optoelectronic, a wholly-owned subsidiary of the Company entered into a letter of intent and signed Product Sales Cooperation Agreement with Hanbogao New Material (Hefei) Co., Ltd. in respect of purchase of polarizer sheet products (Refer to 2012-23 Announcement of the Company for details).

(IV) On July 24, 2012, a fire accident occurred at the production line on the first floor of Longhua factory area of Shengbo Optoelectronic. The accident did not cause any casualty. Longhua factory area temporarily suspended production. (Refer to No. 2012-32 Announcement of the Company for details)

(V) On October 29, 2012, Shengbo Optoelectronic, a wholly-owned subsidiary of the Company, and Shenzhen Huaxing Optoelectronic Technology Co., Ltd. signed Cooperation Memorandum to realize the industrial chain complementation for manufacturing localization more quickly and better and promote the development of both parties (Refer to 2012-43 Announcement of the Company for details).

(VI) On November 10, 2012, Shengbo Optoelectronic, a wholly-owned subsidiary of the Company, received the Notice of Printing and Issuing the Scope of Imported Materials of Enterprises Manufacturing Colorful Light Filtering Coating and Polarizer Sheets and the List of the First Group of Enterprises Enjoying Preferential Policies issued by Ministry of Finance, General Administration of Customs and State Taxation Administration (Cai Guan Shui (2012) No. 53). Shengbo Optoelectronic was included in the list of the first group of enterprises enjoying the above-mentioned policies, enjoying the preferential policy of exemption from import tariff for the import of raw materials for production and consumables that can not be produced domestically, which can further reduce production cost and enhance product competitiveness. (Refer to 2012-51 Announcement of the Company for details)

(VII) On December 4, 2012, Shengbo Optoelectronic, a wholly-owned subsidiary of the Company, received

the Approval of Application of Shenzhen Shengbo Optoelectronic Technology Co., Ltd. for Project Funds for Shenzhen Polarization Material and Technology Engineering Laboratory issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2012) No. 1385). Shenzhen Polarization Material and Technology Engineering Laboratory was approved to be established on the strength of Shengbo Optoelectronic to carry out the research and technology transformation of new products of polarizer sheet, optical thin film materials and the materials replacing the raw materials of polarizer sheet. Shengbo Optoelectronic obtained governmental subsidy of RMB 5 million. (Refer to 2012-53 Announcement of the Company for details)

XV. Issuing of Company Bonds

In the report period, The company did not issue bonds.

VI. Change of share capital and shareholding of Principal Shareholders

(I). Changes in share capital

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1. Shares with conditional subscription	53,838,478	16%						53,838,478	16%
2. State-owned legal person shares	53,763,440	15.98%						53,763,440	15.98%
3. Other domestic shares								0	0%
Incl : Non-state owned domestic legal person shares								0	0%
5 .Executive shares	75,038	0.02%						75,038	0.02%
II. Shares with unconditional subscription	282,683,371	84%						282,683,371	84%
1. Common shares in RMB	233,258,409	69.31%						233,258,409	69.31%
2. Foreign shares in domestic market	49,424,962	14.69%						49,424,962	14.69%
III. Total of capital shares	336,521,849	100%						336,521,849	100%

Approval of changes in shares

During the reporting period the total number of shares is not changed.

Approval of Change of Shares

Applicable Not applicable

Transfer of Change of shares

Influence from the shareholding movements upon such financial indicators as earnings per share, net asset per share of the lastest year and the latest accounting period

Applicable Not applicable

II. Issuing and listing

1. Issuing activities over the past three Years

Description of stock and its Derivative Securities	Ussuing date	Issuing price (Or interest rate)	Issuing quantity	Listing date	Quantity approved for listing	Expiration date of transaction
Stock						
Common shares in RMB (A shares)	July 7, 2010	9.30	91,397,849	August 9, 2010	91,397,849	
Convertible Corporate Bonds, Detachable Convertible Bond and Corporate Bonds						
Stock options						

Statement of security issuing in latest three years

In July 2010, the company issued 91,397, 849 shares of common stocks at the price of RMB 9.3 to some specific investors according to Zheng Jian License[2010]882 by China Securities Regulatory Commission(briefly “CSRC”), and the new shares started to be traded on Shenzhen Securities Exchange on August 9, 2010. As the blackout period lasts 36 months, the 53,763,440 shares issued to Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. can be publicly traded from August 9, 2013; and the 37,634,409 shares issued to the 4 institutional investors can be publicly traded from August 8, 2011 as the blackout period is 12 months. With this private placement, the total capital stock of the company changes from 245,124,000 to 336,521,849 shares.

On January 4, 2013, the Company was approved by Zhen Jian Xu Ke (2013) No. 2 Document of CSRC to privately issue 170,000,000 RMB ordinary shares to 7 specific investors at the price of RMB 5.83 per share. Shenzhen Investment Holdings Co., Ltd. subscribed for 51,457,976 shares. The period of sale restriction is 36 months. The expected time of listing of such shares is March 26, 2016. The period of sale restriction of the shares issued to the other 6 investors is 12 months. The expected time of listing of such shares is March 26, 2014. After the completion of this issue, the total share capital of the Company changed from 336,521,849 shares into 506,521,849 shares.

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

In the report period, the total number of the shares of the Company remained unchanged. From the end of report period to the disclosure day of this report, the Company issued 170,000,000 ordinary shares (A shares) to 7 specific investors. After the registration of new shares, the total number of shares, shareholder structure and the Company's assets and liabilities structure changed as follows:

(I) Effect on company capital shares

Items	Before Public Issue		Public Issue this time	After this Public Issue	
	(February 28, 2013)			Amount (Shares)	Amount (Shares)
	Amount (Shares)	Proportion	Amount (Shares)		
I. Shares with conditional subscription	53,838,478	16.00%	170,000,000	223,838,478	44.19%
II. Shares with unconditional subscription	282,683,371	84.00%	-	282,683,371	55.81%
III. Total of capital shares	336,521,849	100%	170,000,000	506,521,849	100%

(II) Influence on the Company's asset structure

The investors for this private issue subscribed for the issued shares with cash. After the registration of new shares, the total assets and net assets of the Company will increase and its assets-liabilities ratio will decrease while its capital structure and financial structure will improve and financial risks will lower, which will lay a solid foundation for the further development of the Company.

3. About the existing employees' shares

Date of issuing the employees' shares	Issuing price of the employees' shares (RMB)	Issuing quantity of the employees' shares (shares)
Notes to the existing employees' shares	There exists no employees' shares in the Company	

III. Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

Unit: shares

Total shareholders in the reporting period	21,190	Total shareholders at the end of the 5 th day from the date of disclosing the annual report	18,251				
Shares held by 5% shareholders							
Shareholder name	Proper	Share	Quantity at	Increase/decrease	Number of the	Number of the	Pledging or freezing

	ties of shareholder	proportion %	the end of the reporting period	ase in the reporting period	restricted shares held	Non-restricted shares held	Status of the shares	Quantity
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	54.26%	182,611,460	0	37,634,408	144,977,052		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)	None							
Explanation on associated relationship among the aforesaid shareholders	Not applicable							
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period (Note 4)	Share type						
		Share type	Quantity					
Shenzhen Investment Holdings Co., Ltd.	144,977,052	RMB Common shares	144,977,052					
Zheng Bangsheng	1,203,800	Foreign shares placed in domestic exchange	1,203,800					
Zheshang Securities Co., Ltd. credit transaction guarantee securities accounts	1,142,000	RMB Common shares	1,142,000					
Chen Duorui	899,600	RMB Common shares	899,600					
Yu Ruijiang	791,688	Foreign shares placed in domestic exchange	791,688					
China Merchants Securities (HK) Co., Ltd.	712,498	Foreign shares placed in domestic exchange	712,498					
Zheng Chuangjian	643,800	Foreign shares placed in domestic exchange	643,800					
Jin Mingfei	621,950	Foreign shares placed in domestic exchange	621,950					
Dong Xueya	604,764	Foreign shares placed in domestic exchange	604,764					
Li Chuang	575,800	RMB Common shares	575,800					
Explanation on associated relationship	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned							

or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	subsidiary of Shenzhen Investment Holdings Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares and the top 10 shareholders or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Companies.
Notes to the shareholders involved in financing securities (if any)	1,142,000 shares in the credit transaction and guarantee stock account of Zheshang Securities Co., Ltd. are held by Cai Zhihao. The Company does not know whether he holds additional stocks through ordinary stock accounts or not.

2. Controlling shareholder

Name of the Controlling shareholder	Legal representative /Leader	Date of incorporation	Organization code	Registered Capital	Principal business activities
Shenzhen Investment Holdings Co., Ltd.	Fan Mingchun	October 13, 2004	767566421	RMB 5600 million	Providing guarantee to municipal state-owned enterprises, managing state-owned equity of enterprises other than those directly supervised by Municipal State-owned Assets Commission, conducting asset reorganization, system transformation and capital operation of affiliated enterprises, making investment and doing other businesses authorized by the Municipal State-owned Assets Commission.
Operating results, financial position, cash flow and future development strategy	As of December 31, 2012, the total assets, total liabilities and the total shareholder's equity for the parent company were respectively RMB 169.961 billion, RMB 100.359 billion and 69.602 billion, in January-December 2012, The Business income of the Company was RMB 20.629 billion, The Total profit of the Company was RMB 6.898 billion, The Net Profit of the Company was RMB 5.451 billion and The net cash flows from operating activities was RMB 1.514 (The above data is unaudited). In the future, the company will further carry out and implement the scientific development concept, accelerate the transformation of economic				

	development mode and intensify the property management, integration and restructuring, capital operation, strategic investment and business collaboration strength with closely surrounding the company's function positioning to achieve the main economic indicators have a relatively great increase in the planning period, successfully complete the investment and financing tasks directed by the municipal government, actively develop the strategic investments in the emerging industries. Also, the company will realize the centralization of system resources for the advanced enterprises in the field of financial services, real estate, advanced manufacturing and strategic emerging industries, in order to cultivate a number of well-known enterprise with the core competition and the industry influence, significantly enhance the level of asset securities, and enhance the control and influence of the state-owned capital.
The equity of the controlling shareholder in other domestic and foreign listed companies held or partly held by it in the report period	Shen property (000011), Quantity of shares held 380.366 million, Shareholding ratio: 63.71%; Shenbo (000019), Quantity of shares held 40.1436 million, Shareholding ratio: 16%; Shen Real estate (000029), Quantity of shares held 642.8843 million, Shareholding ratio: 63.55%; Pingan(601318), Quantity of shares held 481.3596 million, Shareholding ratio: 6.08%; Shenzhen International (Main market of Hongkong, 00152), Quantity of shares held 7955.2168 million, Shareholding ratio: 48.59%.

Change of the actual controller in the reporting period

Applicable Not applicable

3. Information about the controlling shareholder of the Company

Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Institution code	Registered capital	Main business
State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government	Zhang Xiaoli	July 3, 2004	K3172806-7		Performing the responsibilities of investors on behalf of the state and supervising and managing state-owned assets according to authorization and law.
Operating results, financial position, cash flow and future development strategy	Shenzhen State-owned Assets Commission was established on July 31, 2004. In 2009, it was renamed as State-owned assets Administration of Shenzhen Municipal People's Government. In 2011, it was renamed as State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government. As a special entity directly under Shenzhen Municipal Government, Shenzhen State-owned Assets Commission performs the responsibilities of investors on behalf of the state and supervises and manages state-owned assets according to authorization and law.				

Change of the actual controller in the reporting period

Applicable Not applicable

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

National Assets Regulatory Commission of Shenzhen Municipal People's Government

Shenzhen Investment Management Co., Ltd.

Shenzhen Shenchao Technology Investment Co., Ltd.

Shenzhen Textile (Holdings) Co., Ltd.



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

Applicable Not applicable

4.Other corporate shareholder holding over 10% of the Company's shares

Corporate shareholder	Legal representative/Leader	Date of incorporation	Organization code	Registered capital	Principal businesses or management activities

None					
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IV. Share Acquisition plan proposed or implemented by the Company's Shareholder and its concerted actor in the reporting period

Name of the shareholder/concerted actor	Quantity of the shares to be acquired	Proportion of the shares to be acquired (%)	Quantity of shares actually acquired	Proportion of the shares actually acquired (%)	Date of initial disclosure of the shares to be acquired	Date of disclosing the end of implementation of the share acquisition plan
None						

Notice to other conditions

None

VII. Information about Directors, Supervisors and Senior Executives

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

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Number of shares acquired at end of the reporting period (shares)	Volume of shares acquired during the reporting period (shares)	Volume of shares sold during the reporting period (shares)	Number of shares held at end of the reporting period (shares)
Wang Bin	Board chairman	In office	Male	42	May 4, 2010	May 3, 2013	0	0	0	0
Zhu Jun	Director, General Manager	In office	Male	49	May 4, 2010	May 3, 2013	0	0	0	0
Gao Guoshi	Director	In office	Male	59	May 4, 2010	May 3, 2013	0	0	0	0
Wang Yongjian	Director	In office	Male	48	May 4, 2010	May 3, 2013	0	0	0	0
Zhang Yong	Independent	In office	Male	53	May 4, 2010	May 3, 2013	0	0	0	0
Shi Weihong	Independent	In office	Female	45	May 4, 2010	May 3, 2013	0	0	0	0

Yang Shibin	Independent	In office	Male	43	May 4, 2010	May 3, 2013	0	0	0	0
Xiang Dong	Director, Chief Financial officer	In office	Male	42	December 23, 2010	May 3, 2013	0	0	0	0
Xu Shiyang	Director	In office	Male	47	December 23, 2010	May 3, 2013	0	0	0	0
Wang Junzhao	Chairman of the supervisory committee	In office	Male	53	May 4, 2010	May 3, 2013	0	0	0	0
Li Wei	Supervisor	In office	Male	47	May 4, 2010	May 3, 2013	0	0	0	0
Zhou Meirong	Employee supervisor	In office	Female	54	April 23, 2010	May 3, 2013	7,050	0	0	7,050
Feng Junbin	Deputy GM	In office	Male	50	May 4, 2010	May 3, 2013	0	0	0	0
Zhang Hong	Deputy GM	In office	Male	47	May 4, 2010	May 3, 2013	0	0	0	0
Zhu Meizhu	Deputy GM	In office	Male	48	May 4, 2010	May 3, 2013	93,000	0	0	93,000
Chao Jin	Deputy GM	In office	Female	50	August 26, 2011	May 3, 2013	0	0	0	0
Chao Jin	Secretary to the board of directors	In office	Female	50	May 4, 2010	May 3, 2013	0	0	0	0
Liu Yi	Financial Manager	In office	Male	59	May 4, 2010	May 3, 2013	0	0	0	0
Total	--	--	--	--	--	--	100,050	0	0	100,050

II. Posts holding

Work Experience in the past five years of Directors, supervisors and senior Executives in Current office

(1) Director

Wang Bin , Male, Doctor, Senior Economist , member of the Communist party, He served successively as secretary of Personnel Division of Equipment Branch of Henan Textile Machinery Plant, secretary of Communist Youth League of the Company, manager of a number of subsidiaries of the Company, general manager assistant and general manager of the Company. In the report period, He served as Board chairman and Secretary of Party Committee of the Company.

Zhu Jun, Male, Master degree, senior engineer , member of the Communist party, He served successively as secretary of Lige Village, Yutai County, Shandong Province, workshop director of Shandong Jining Cotton Mill, deputy factory director of Jining Chemical Fibre Factory, office director of Jining Textile Industry Company, deputy county head of Wenshang County, Shandong Province, office director of Shandong Textile Department, chief of Personnel Education Division, manager of Enterprise management Dept, general manager assistant and Deputy General Manager of the Company. In the report period, He served as Director, general manager and Vice secretary of Party Committee of the Company and Director and Vice Board chairman of Tianma Microelectronic Co., Ltd.

Gao Guoshi, Male, Master degree, senior political engineer , member of the Communist party, He served successively as physician of Hunan Liuyang Wenjiazhuang Municipal Hospital, president of Liuyang Yonghe Hospital, director general of Liuyang Municipal Health Bureau, member of standing committee of Liuyang municipal Party committee and deputy mayor of Liuyang municipal people's government, deputy director general and secretary of Party committee of Changsha Municipal Health Bureau, director general of Shenzhen Nanshan District Health Bureau, office director, member of Party Group and standing committee of CPPCC of Shenzhen Nanshan District, deputy general manager of Shenzhen Medicine Production and Supply Corporation and deputy general manager of Shenzhen Accordance Medical Co., Ltd. In the report period, He served as Director, Vice secretary of Party Committee and Secretary of Disciplinary Committee of the Company.

Wang Yongjian , Male, Master degree, Economic engineer , member of the Communist party, He served successively as Financial Analyst Financial Manger and Chief Financial Officer of U.S.Digital Equipment (China) Company, Senior staff and principal staff of Shenzhen Government Economic Restructuing Office, Manager of China South Securities Co., Ltd., Deputy General Manager of Administrative Headquarters, Deputy Director of office, the board secretary of Shenzhen Shahe Industrial Group ., Deputy General Manager of Shahe Industrial Company, He served as Deputy General Manager of Shenzhen Investment Management Co., Ltd. In the report period, He served as Director of the Company.

Xiang Dong, Male, Master degree, The Chinese Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, Participated in the work in 1996, once served successively as Staffer of Dalian Intrust Company, Manager of Nantai Electronics (Shenzhen) Co., Ltd., Assistant Chief Financial Officer of Wal-Mart (China) Investment Co., Ltd., Chief Financial officer of Memory Technology (Shenzhen) Co., Ltd. and Chief Financial Offier of Shenzhen Xinbang Technology Co., Ltd. Iin ther report period, He served as

director and Chief Financial officer of the Company.

Xu Shiyong , Male, Master degree, Engineer, Participated in the work in 1988, once served successively as staffer of China Electronic Devices industry Company, Director of Market Dept and Director of Expansion Preparatory office of Production of Shenzhen SEG Samsung Co., Ltd. Assistant General Manager ,Director of Engineering Dept and Director of Management Dept of Shenzhen Huafa Electronics Co., Ltd. He served as Duputy General Manager of Shenzhen Shenchao Technology Investment Co., Ltd., Deputy secretary-General of Shenzhen Flat panel Display Industry Association and Secretary –General of Shenzhen Flat panel Display Industry Association, Touch Screen Branch .In the report period, He served as director of the Company.

Zhang Yong, Male, Doctor , Lawyer, once served successively as Deputy director of International Economic Law Dept of China University of Political Science ,Associate professor of International Economic Law Dept of Wuhan University, Judge of Shenzhen Intermediate People’s Court Second chamber and Third chamber, Vice president of Shenzhen Lawyer Association, He served as independent Director of Shenzhen Agricultural Products Co., Ltd., He new serves as Partner of Guangdong Renren law firm and Secretary of Party Committee of Shenzhen Lawyer Association. In the report period, He served as Independent Director of the Company.

Shi Weihong, Female, Doctor, certified public accountant, Certified asset appraiser, Certified tax agent, once served successively as Auditor, Project Manger and Director of Guangming Certified public Accountants, He served as Independent Director of Shenzhen Tili(Group) Co., Ltd, He new serves as Senior prtner of Shenzhen Guangming Certified public Accountants and Concurrently as Independent director of Shenzhen SEG Samsung Co., Ltd. In the report period, He served as Independent director of the Company.

Yang Shibin, Male, Master degree , senior engineer ,once served successively as Staff of Production Dept of Ministry of Textiles, Senior staff of International Dept of China Textiles Association, Assistant investigator of State textiles industry Bureau Office, Secretary-general of China Textiles Enterprise Management Association , General Manager of Jiangsu Changshu Jjianghe Tianrong –China Soybean protein Fiber Co., Ltd.. He new serves as Deputy secretary-general of China Textiles industry Association, Chairman of China Knitting Industry Association and Concurrently as Independent Director of Shanghai Dragon Corporation, In the report period, He served as Independent director of the Company.

(II) Supervisor

Wang Junzhao, Male, Doctor , Senior Economic engineer, member of the Communist party, once served successively as Teacher of Wuhan Poper School ,Teacher and Associate director of Shenzhen Education College, the board secretary and Duputy Director of Shenzhen SEG Group Co., Ltd., Chief Eccnomist of Shenzhen Special Economic Zone Real Estate (Group) Co., Ltd., Chairman of the board of Shenzhen Digital ,Investment Co., Ltd., Members of Shenzhen Luohu District CPPCC, Assistant Chief Economist ,Vice Party secretary and Deputy Genearl Manager of Shenzhen SEG Group Co., Ltd. .In the report period, He served as Chairman of the Supervisory Committee of the Company.

Zhou Meirong , Female, bachelor degree, Senior political engineer, Once served as a statistician of No. 2 Mine of Guangdong Shaoguan Coal Bureau and chief section staff of Shaoguan Communist Youth League Committee, deputy secretary and secretary of Communist Youth League, deputy director and director of Party Office and office director of the Company. She new serves as chairman of labor union and director of Party committee office of the Company. In the report period, she serves as employee-representing supervisor of the Company.

Li Wei, Male, Master degree, Economic engineer, member of the Communist party,

once served successively as Staffer of Shenzhen Aihua Electronics Company, Cadres of Shenzhen Municipal Taiwan Affairs Office, Assistant director of Office ,Secretary of Board Chairman of Zhongshen Internation Cooperation office, .Assistant Manager of Office and Deputy Director of Assets Dept of Shenzhen Trade Investment Holding Company, Deputy Director of Law Affair Dept and Deputy director of Enterprise No2. Dept of Shenzhen Investment Management Co., Ltd., He new serves as Deputy director of Enterprise No2. Dept of Shenzhen Investment Management Co., Ltd., In the report period, He served as Supervisor of the Company.

(III) Senior Executives

Feng Junbin , Male, College degree ,Auditor, He served successively as special enterprise controller of Guangdong Dapu County Finance Bureau, deputy section head of Guangdong Fengshun County, director of Audit Dept., manager of Enterprise Management Dept., general manager assistant and supervisor of the Company. In the report period, he served as Deputy general manager of the Company.

Zhang Hong, Male, master degree, Engineer, once served successively as assistant of China Textile University, cadre of China Textile Material Company, Chief of Management Dept of Shenzhen Textile (Holding) Co., Ltd., Company manager subordinate enterprises, General Manager assistant. In the report period, He served as Deputy General Manager of the Company.

Zhu Meizhu, Male, Master degree, Senior engineer, once served successively as chief Deputy general Manager of Enterprise Management Dept of the Company, Director of R& D Center, Assistant General Manager, He served as Deputy general Manager of the Company and Administer director of Shenzhen Shengbo Optoelectronic Technology Co., Ltd.

Chao Jin, Female, Master degree, Senior political engineer, Economic engineer, She served successively as teacher of Shanxi Chinese Medicinal Material School and Jilin Business College, head of Employment Section of Personnel and Employment Dept. of the Company, office director and manager of Personnel Dept. of subsidiary and general manager secretary of the Company. In the report period, she served as Deputy General Manager and the board secretary of the Company.

Liu Yi , Male, Bachelor degree, Senior Economic engineer, He served successively as section staff of People's Bank Tonghua Sub-branch, director of teaching and research section of Tonghua Bank School and manager of Finance Dept and Deputy chief accountant of the Company. In the report period, he served as chief Financial and manager of Finance Dept of the Company.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Sharting date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Wang Yongjian	Shenzhen Investment Holdings Co., Ltd.	Deputy General Manager	July 1, 2009		Yes

Xu Shiyong	Shenzhen Shenchao Technology Investment Co., Ltd.	Deputy General Manager	January 1, 2009		Yes
Li Wei	Shenzhen Investment Holdings Co., Ltd.	Deputy Director of Enterprise No.2 Dept	February 1, 2009		Yes

Offices taken in other organizations

Applicable Not applicable

III. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives

In the report period, The remuneration of directors and senior management paid by the company is determined by “Director Compensation Management System” and “Executive Compensation Management and Evaluation System”, the remuneration of independent directors is determined as per the resolution of shareholders’ meeting, and the remuneration of supervisors paid by the company is determined by their position held in the company.

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

Name	Positions	Sex	Age	Office status	Total remuneration received from the Company	Total remuneration received from the shareholder	Remuneration actually received at the end of the reporting period
Wang Bin	Board chairman	Male	42	In Office	68.00	0.00	68.00
Zhu Jun	Director, General Manager	Male	49	In office	65.80	0.00	65.80
Gao Guoshi	Director	Male	59	In Office	59.30	0.00	59.30
Wang Yongjian	Director	Male	48	In office	0.00	62.40	62.40
Zhang Yong	Independent	Male	53	In Office	8.00	0.00	8.00
Shi Weihong	Independent	Female	45	In office	8.00	0.00	8.00
Yang Shibin	Independent	Male	43	In Office	8.00	0.00	8.00
Xiang Dong	Director, Chief	Male	42	In office	40.00	0.00	40.00

	Financial officer						
Xu Shiyang	Director	Male	47	In Office	0.00	38.25	38.25
Wang Junzhao	Chairman of the supervisory committee	Male	53	In office	41.00	0.00	41.00
Li Wei	Supervisor	Male	47	In Office	0.00	24.70	24.70
Zhou Meirong	Supervisor	Female	54	In office	55.20	0.00	55.20
Feng Junbin	Deputy GM	Male	50	In Office	57.60	0.00	57.60
Zhang Hong	Deputy GM	Male	47	In office	65.60	0.00	65.60
Zhu Meizhu	Deputy GM	Male	48	In Office	58.30	0.00	58.30
Chao Jin	Deputy GM, Secretary to the board of directors	Female	50	In Office	58.60	0.00	58.60
Liu Yi	Financial Manager	Male	59	In office	55.90	0.00	55.90
Total	--	--	--	--	649.30	125.35	774.65

Incentive equity to directors, supervisors or/and senior executives in the reporting period

Applicable Not applicable

IV. Retirement and dismissal of Directors, Supervisors and senior Executives

Names	Titles	Types	Date	Causes
None				

V. Change of the Core Team of Technology of Key technical personnel (Other than director, supervisor or senior executive) in the Reporting Period

The company has continually established and improved the incentive and restraint mechanisms to cultivate a long-term and stable talent team, and has formed a relatively stable technology and management team. Thus, there is no the significant impact on the company's core competitiveness caused by the turnover in core technical team and key technical personnel during the reporting period.

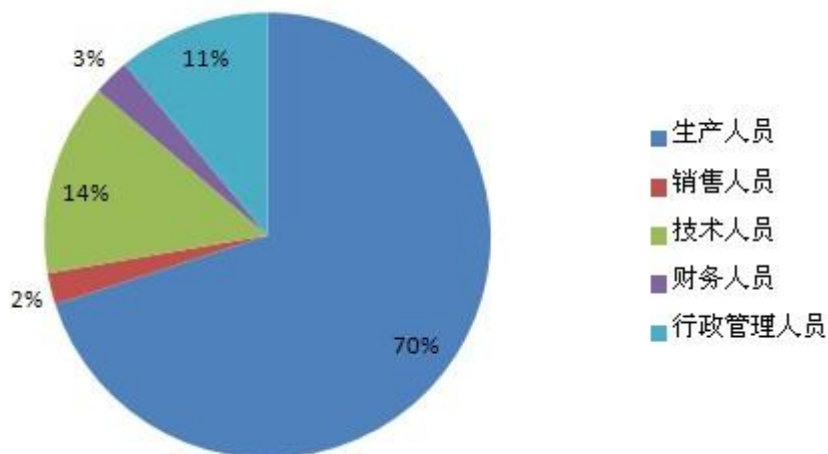
VI. Particulars about employees.

Classified	Divided by function	Number of persons	Proportion
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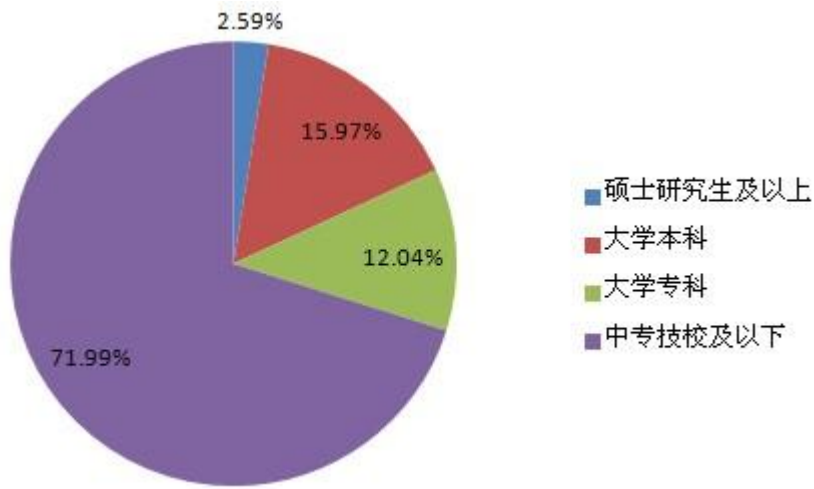
Classified according to professions	Production	859	70.01%
	Sales	28	2.28%
	Technical	171	13.94%
	Financial	33	2.69%
	Administrative	136	11.08%
Classified according to education background	Postgraduate or above	31	2.59%
	Universities	191	15.97%
	Colleges	144	12.04%
	Mid-school or below	861	71.99%

As of December 31, 2012, The Company should bear expenses for 73 retired employees.

(1) The figure of professional composition



(2) The figure of education background of the professional composition



VIII. Administrative structure

I. General situation

The company has been trying to perfect the internal organization structure, establish all kinds of systems for internal control, standardize the business operation and enhance corporate governance in accordance with Company Law, Securities Law, Principles for Corporate Governance of Public Companies, Standard Operation Guidelines for Public Companies Listed on the Main Board of Shenzhen Securities Exchange and all other relevant laws, legal provisions and requirements of the guideline documents by CSRC.

The rules of procedure of “Three-Meetings” of the company are sound. Before the meeting is held, the company can issue the meeting notice on schedule and organize to complete the draft and the corresponding amendment, supplement and improvement of the meeting proposal on time. Also, the company can reasonably arrange time and agenda of in-site meeting and communication meeting to ensure the directors and supervisors can participate in the meeting as much as possible and fully understand the contents of proposal to fulfill the corresponding responsibilities. In addition, all the special committees like the Strategy and Development Committee, the Compensation Evaluation Committee, the Audit Committee and the Nomination Committee under the Board of Directors of the company strictly operate according to the standard work rules.

In 2012, the Board of Directors has further improved the governance structure of the company and perfected the scientific, continuous and stable dividend policy-making and supervision mechanisms to promote the standardized operation of the company. Also, the company has made the amendment of “Articles of Association”, “Rules of Procedure of Shareholders’ Meeting”, “Rules of Procedure of the Board of Directors”, “Rules of Procedure of the Board of Supervisors”, “Work Rules of General Manager”, “Investment Management System”, “Management System of Guarantee Business” and “Budget Management System”, and established the additional “Financing Management System”. The above systems has been examined and approved by the Board of Directors and the shareholders' meeting respectively.

In 2012, The Board of Directors of the company has further perfected the scientific, continuous and stable dividend policy-making and supervision mechanisms, and now the “Shareholder Returns Plan (From 2012 to 2014)” (hereinafter referred to as “Plan”) has been established. Based on the shareholders’ interests, the forecast of business from 2012 to 2014 and the plan of project investment capitals, the company has reasonably balanced the relationship between the business profits used for enterprise development and the shareholders’ returns, determined a reasonable profit distribution program, and established the implementation plan of profit distribution policy during a certain period. At the same time, the company has clearly defined the profit distribution policy in the “Articles of Association”, especially the specific contents of the cash dividend policy.

In 2012, The Board of Directors of the company has further intensified the transparency of information to do the propaganda work of investor protection well. They make full use of various platforms, such as telephone, e-mail and website of the company, especially the interactive platform of Investor Relations in Shenzhen Stock Exchange, to timely answer the questions raised by investors and make the fine interaction with the medium and small investors. Meanwhile, in order to further enhance the understanding of the company by the parties and improve the transparency of listed company, the company encourages investors to make a visit. The parties can fully review the business status of the company through visiting the production and operation place of the company and by the face-to-face communication with the core executives. Thereby, they will have more intuitive and comprehensive understanding to the company. Also, the company can be supervised to establish a sense of

responsibility of investor returns, and the governance level can be improved and enhanced.

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

Yes No

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

The controlling shareholders of Shenzhen Investment Holdings is under Shenzhen State-owned Assets Supervision and Administration Commission (SASAC), the company will report the non-public information to the controlling shareholders according to the relevant provisions of state-owned assets administration. The company will monthly report the monthly financial indicators Letters, the expense budget implementation and the cash flows, and quarterly report the bank deposits and loans table, the available-for-sale financial assets list, the investment real estate list and non-operating profit and loss summary table. For strengthening the management of non-public information, the company strictly controls the range of learners, regulates the flow of information delivery, and implements the “Management System on Learners of Insider Information”.

In addition, there is no difference among the governance of the company, “Company Law” and the relevant provisions of China Securities Regulatory Commission.

Implementation of the Campaign of Corporate Governance and Preparation and Implementation of the Registration Management System for insiders

(1) Work on Insider Transaction Prevention. According to the requirements of “Announcement on ‘Caution and Education Exhibition of Insider Transaction’” of Shenzhen Securities Regulatory Bureau, the company has first organized all the directors, supervisors, senior executives and relevant staff in Shenzhen to actively participate in, and has gained profound education by the visit and study on the spot. Also, the company has sent the contents of “Announcement on ‘Caution and Education Exhibition of Insider Transaction’” to all the directors, supervisors and senior executives for self-study by e-mail. Let them be aware of the harmfulness of insider transaction and improve their thought understanding of insider transaction prevention through the promotion of laws and norms for the prohibition of insider transaction and market manipulation and the typical case and work achievement on fighting against and preventing the insider transaction. In addition, the company should further do the prevention of insider transaction source well, resolutely resist and oppose the transaction and make precaution.

(2) Propaganda Work of Implementation of Listed Company’s Investor Protection. According to the “Announcement on Perfectness of Propaganda Work of Listed Company’s Investor protection” (Shenzhen Securities Regulatory Bureau [2012] No. 60), the company has completed the following works combined with the company’s actual situation: 1. Pay great attention and clarify the responsibility. The director is the first person responsible for the propaganda work of investor protection, the secretary of the Board of Directors is fully responsibility for the implementation of the propaganda activity, and the Secretariat of the Board is responsible for the specific propaganda work of investor protection. Thus, the propaganda work mechanism of investor protection has been formed. 2. Use the company’s website to enhance the propaganda of investor protection. The company has uploaded the “the recent 50 hot questions concerned by the investor” and the reply in the inside online. 3. Make full use of various platforms to interact with investors. The company has timely answered the questions raised by investors and deepened the interaction with the investors by telephone, e-mail and website of the company, especially the interactive platform of Investor Relations in Shenzhen Stock Exchange. 4. Pay attention to the particular visit and encourage investors to come into the company. During the event, the company has received a total of 6 teams about 13 visitors of individual and institutional investors. Moreover, the company fairly discloses the information and doesn’t reveal any important non-public information in any way when serving

the investors. There is rigorous reception process and specifications. Also, the company has made a record for the reception and established a complete work file, which is followed up by the special person responsible and should be clarified in time if any falseness or misleading contents.

(3) Work on Protection of Investors' Interests during Non-public Issuance. The Board of Directors of the company has put forward the pre-planning of issuing the non-public shares to the special investors in February of this year. Due to the weak Share A market since this year, the share price and the base price of issuance of the company in the second half of year appear the serious upside down. In order to ensure the successful issuance and protect the investors' interests, the Board of Directors has only adjusted the base price of issuance when the issuance program is proposed, and maintained the issuance shares and the total amount of funds-raised of original issuance program unchanged. The company has also fully communicated with the medium and small shareholders, which shows that the necessity of price adjustment program based on the rights and interests of medium and small shareholders. Through the above practical action and the full respect for the shareholders, the distance with investors is closer and the company has gained most of shareholders' understanding and support. Thus, the adjustment of non-public issuance program has accomplished successfully.

(4) Establishment and Implementation of the Registration and Management System on Learners of Insider Information. The company complies with the relevant requirements of "Provisions on Registration and Management System on Learner of Insider Information Established by Listed Company" of China Securities Regulatory Commission, has amended the "Registration System on Learner of Insider Information", perfected the archives of learner of insider information and added the requirement of the memo of major matters process. During the report period, the company has timely and completely recorded the learners of insider information of each time point when disclosing the major matters of non-public issuance, asset disposal and periodic reports, and has made the process memo for the major matters. So, during the report period, the company hasn't found the learners of insider information uses the insider information to conduct the trade in the company's shares before the significant sensitive information that affects the company's stock price is disclosed. In accordance with the principle of fair disclosure of information, the company has made a synchronous disclosure of "Announcement of 2012 preliminary Earnings estimate" when report the Announcement of 2012 preliminary Earnings estimate to the major shareholders.(Announcement No.2012-02)

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

1. Annual General Meeting

Sessions	Meeting Date	Description of proposals	Resolution	Disclosure date	Disclosure index
2011 Shareholders' general meeting	April 18, 2012	(1) The Work Report of the Board of Directors for 2011; (2) The Work Report of the supervisory Committee for 2011; (3) 2011 Financial settlement report; (4) 2011 Profit distribution proposal; (5) The Proposal for Retaining Certified Public Accountants in 2012;(6) Listen to the independent directors made the debriefing	Adoption	April 19, 2012	D8 ,Securities times, A20, Hong Kong Commercial Daily

		report for 2011.			
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2.Extraordinary Shareholders' Meetings

Sessions	Meeting Date	Description of proposals	Resolution	Disclosure date	Disclosure index
The first provisional shareholders' General meeting in 2012	April 13, 2012	<p>(1) The Proposal Concerning the Company's Satisfaction of Conditions for Private Issue of Shares</p> <p>(2) The Proposal Concerning the Company's Private Issue of Shares to Specific Investors in 2012</p> <p>(3) The Proposal Concerning the Preplan for the Company's Private Issue of Shares to Specific Investors in 2012</p> <p>(4) The proposal for signing Conditional Share Subscription Contract for Private Issue</p> <p>(5) The proposal for authorizing the board of directors to handle the matters concerning private issue of shares in 2012</p> <p>(6) The proposal concerning additional investment in Shenzhen Shengbo Optoelectronic Technology Co., Ltd., a wholly-owned subsidiary, for constructing phase-II project of polarizer sheet for TFT-LCD</p> <p>(7) Feasibility report on the use of the proceeds raised through private issue of shares in 2012</p> <p>(8) Report on the conditions of use of the proceeds previously raised</p> <p>(9) The proposal for approving exempting Shenzhen Investment Holdings Co., Ltd. and its persons taking concerted action from making tender offer</p>	Adoption	April 14, 2012	B21,Securities times, A12 Hong KongCommercial Daily
The Second provisional shareholders' General meeting in 2012	July 12, 2012	<p>(1) The proposal for providing guarantee to a subsidiary for its application to Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. for credit line</p> <p>(2) The proposal for formulating Planning for Return to Shareholders (2012-2014)</p>	Adoption	July 13, 2012	D8,Securities times, A24 Hong KongCommercial Daily

		(3) The proposal for revising the Articles of Association (4) The proposal for revising the Rules of Procedure of Shareholders' General Meeting (5) The proposal for revising the Rules of Procedure of the Board of Directors (6) The proposal for revising the Rules of Procedure of the Supervisory Committee (7) The proposal for revising the business scope of the Company (8) The supplemental proposal for revising the Articles of Association			
The Third provisional shareholders' General meeting in 2012		(1) The Proposal for adjusting the matters concerning the plan for the Company's private issue of shares to specific investors in 2012 (2) The Proposal for revising the Company's Preplan for Private Issue of Shares to Specific Investors in 2012 (3) The proposal for signing Supplemental Agreement of Conditional Share Subscription Contract for Private Issue (4) The proposal for authorizing the board of directors to handle the matters concerning private issue of shares in 2012	Adoption	November 13, 2012	D32, Securities times, A7 Hong Kong Commercial Daily

III. Duty performance of independent Directors

1. Attendance of Board Meetings and General Meetings

Independent Directors' Attendance at Board Meetings						
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)
Zhang Yong	12	4	8	0	0	No
Shi Weihong	12	4	8	0	0	No
Yang Shibin	12	4	8	0	0	No
Number of general meetings attended by independent directors as non-voting		4				

delegates	
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Notes to failure to personally attend Board Meetings Successively Twice

Not applicable

2. Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

Yes No

Independent directors proposed no objection against the relevant matters in the reporting period.

3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

Yes No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

In 2012, 3 independent directors worked in the Company for not less than 10 working days. Except attending shareholders' general meetings, board meetings and meetings of special committees on time, they also actively participated in the activities organized by supervision authority. In the report period, 3 independent directors expressed independent opinions on the proposals of the board of directors. They gave many opinions and suggestions during meetings and adjournment and the Company adopted all of them.

IV. Duty Performance of Special Committees under the Board of Directors in the Reporting Period

In the preparation process of 2012 annual report, the Audit Committee has heard the annual business report of management personnel, reviewed the company's financial statements, and timely known and mastered the production operation and major matters process of the company. During the audit process of annual report, the company has strengthened the communication with Certified Public Accountants (CPAs) of annual audit, carefully reviewed the relevant data, mastered the audit arrangement and process of the accountants, met and communicated with CPAs on the problems found in the process of audit, and made supervision and check of the disclosure information, in order to exert the independent role to ensure the audit report fully reflects the actual situation of the company. On the basis of the financial statements, the audit reports, the report of internal control self-evaluation, the annual audit work summary of CPAs, the employment of audit agency and other matters, the Audit Committee has held the meeting and formed the resolutions. In addition, the Audit Committee will continue to supervise the economic responsibility audit and the funds-raised use.

During the report period, the Compensation Committee has held the meeting for the performance appraisal matters of the company's senior executives and established the resolutions.

V. Work of the supervisory Committee

Did the supervisory Committee find any risk existing in performing the supervision activities in the reporting period

Yes No

The supervisory Committee has no objection against any matters under supervision in the reporting period

VI. Independence and Completeness in business, personnel , assets, organization and finance

All the company and the controlling shareholders can implement “Five Separation” on the aspect of business, personnel, assets, institutions and finance. The Board of Directors, the Supervisory Committee and the internal agencies all operate independently, and the company has independent and complete business and self-operation ability.

VII. Horizontal Competitions

Not applicable

VIII. Assessment and incentive Mechanism for Senior executives

The company complies with “Executive Compensation Management and Evaluation System” to conduct the evaluation for the accomplishment of annual work of the senior executives. The salaries of the senior executives are determined according to the duty scope, post value, individual ability, wages level on the market, economic profits of the company and operation goal accomplishment of senior executives with adhering to the principle of market orientation, responsibility with unified right, and incentive and equal restriction. During the reporting period, the senior executives are all qualified in 2011 after evaluation. The directors and the general manager have conducted the feedback on the annual appraisal evaluation for the senior executives in accordance with the “Executive Compensation Management and Evaluation System” and proposed the recommendation for improvement.

IX. Internal Control

I. Internal control Construction

According to the requirements of “Announcement on Pilot Work of Internal Control Norms of Listed Company in Shenzhen” of Shenzhen Regulatory Bureau of the China Securities Regulatory Commission (Shenzhen Regulatory Bureau Company (2011) No. 31), the company has carried out the optimization of internal control system and the self-evaluation of internal control, in order to ensure the effectiveness of the design and operation of internal control system.

1. In order to further screen and optimize the internal control system, the company has officially started up the arrangement and optimization of the internal control system since April of 2012 and has brought a total of 7 units of headquarters and subsidiaries into the optimization scope of internal control system. Also, the company has conducted the deep and detail research and interview with each department using the system, and the internal control group has strived to balance in compliance with regulations and efficiency and conducted the optimization for the major risks control measures of key enterprises, based on the feedback and optimization suggestions of all departments in the process of operation, on the premise of risk controllable and fully considering the operational efficiency. Meanwhile, “Internal Control Manual (2012 version)” with the stronger applicability is formed in June of 2012 and is issued to implement, in order to ensure the design effectiveness of internal control system. Moreover, the company insists on the internal control system updated continuously, and timely adjusts the internal control system as per the changing operation annually to gradually achieve the balance and unification in

compliance with the regulations and efficiency and ultimately reach the internal control targets of improvement of operational efficiency and effects and promotion of strategy objectives.

2. The company has strengthened the supervision of internal control for the self-evaluation when improve the internal control activities, in order to ensure the effective implementation of the internal control system. The Audit Department of the company has respectively carried out the semi-annual and annual internal control self-assessment in July and November of 2012, and established the semi-annual and annual internal control self-assessment reports, which will be disclosed outside after the Board of Directors of the company examined and approved. At the same time, the company fully seeks the optimization recommendations of each department user in the process of evaluation to ensure the applicability of the internal control system.

3. For the improvement of relevant system, the company has established the identification standard of defects, the evaluation method of internal control, the management system of internal control defects reports and the relevant supporting systems which in line with their own conditions. Meanwhile, the company has asked all enterprises to revise the corresponding original systems to ensure the uniformity and enforceability of systems according to the internal control system.

II. Statement of the Board of directors on the Responsibility of internal control

The Board of Directors believes that: the company has strictly abided by the relevant laws, rules and regulations, and the requirements of regular documents, basically established and perfected the internal control system. The company has considered the internal environment, risk assessment, control activities, information and communication, internal supervision and other basic elements for the internal control system; and strictly and effectively controlled its subsidiaries, the affiliated transactions, external guarantee, significant investment, information disclosure and other internal controls, so that all kinds of systems have implemented effectively. Thus, there is no grave defect for the internal control mechanism and system of the company, no significant deviation in the process of actual implementation, and the operation of the internal control system is effective. Also, the internal control self-evaluation is in conformity with the actual situation of internal control of the company.

III. Basis for establishment of internal control of the Financial Report

Based on the actual situation of the company's business, the company has complied with the requirements of "Fundamental Norms for Enterprise Internal Control", "Standard Operation Guideline in Main Board of Listed Company of Shenzhen Stock Exchange" and the relevant laws and regulations to establish the internal control of financial reports.

IV. Self-assessment report of the internal control

About the significant Defects of the internal control found in the internal control self-assessment report in the reporting period	
No significant defect of internal control was found in the reporting period	
Date of disclosing the internal control self-assessment report, full text	March 30, 2013
Index of disclosing the internal control self-assessment report, full text	"Self-evaluation report of internal control for year of 2012 of Shenzhen Textile (Holdings) Co., Ltd." published on www.cninfo.com.cn

text	
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V. Internal control audit report

Applicable Not applicable

Review opinions in the internal control audit report	
Date of disclosing the internal control audit report, full text	March 30, 2013
Index of disclosing the internal control audit report, full text	“Audit report of internal control for year of 2012 of Peking Certified Public Accountants (QXSZ(2012)No.224. on www .cninfo.com.cn

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

Yes No

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

Yes No

VI. Establishment and implementation of the Responsibility investigation system for serious Errors in the Annual Report

The company has abided by the laws, rules and regulations, and the regular documents such as “Corporate Law”, “Accounting Law” and “Management Methods of Information Disclosure of Listed Companies”, established “Responsibility Claim System on Significant Error in Information Disclosure of Annual Report”, defined the responsibility identification and claim on significant error in information disclosure of the annual report, and stipulated that the responsible person will be treated strictly as per the provisions of this system in the event of the occurrence of significant accounting errors and omission. Due to the company strictly implements according to the system, there are no the occurrence of serious accounting errors correction, grave omission of information supplements, performance forecast amendments and other issues during the report period.

X. Financial Report

I. Audit report

Type of audit opinion	Standard Unqualified Audit Opinion
Date for signing the auditor's report	March 28, 2013
Name of audit firm	Peking Certified Public Accountants
Document No. of the auditor's report	QXSZ 【2013】 No.:223

Auditors' Report

Auditor's Report

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

We audited accompanying financial statements of Shenzhen Textile (Holdings) Co., Ltd.(the "Company), including Consolidated and parent Company balance sheet as of December 31, 2012, and the Parent Company and Consolidated profit statement, The parent company and Consolidated cash flow statement ,The parent Company and Consolidated Statements of Changes in equity for the year then ended, and the notes to the financial statements .

I. The responsibility of the Management for the financial statements

Preparation of financial statement in accordance with the Accounting standards for Business Enterprises is the responsibility of the management of Shenzhen Textile (Holdings) Co., Ltd . Such responsibility includes: (1) Prepare the financial statements according to business enterprises regulation , so that making reasonable accounting estimate;(2) Design, implementation and maintenance of internal control related to the preparation of financial statements so that financial statements are free from material misstatement caused by fraudulent practices or errors.

II. Responsibility of certified public accountants

We are responsible for expressing opinions on financial statements based on our audit. We conducted audit in accordance with the audit criteria for Chinese certified public accountants. The audit criteria for Chinese certified public accountants require us to abide by professional ethics, plan and conduct audit to obtain reasonable assurance as to whether financial statements are free from material misstatement.

Audit involves carrying out audit procedure to obtain the audit evidences about the amounts and disclosure of financial statements. The selected audit procedure relies on the judgment of certified public accountants, including the appraisal of risk of material misstatement of financial statements caused by fraudulent practices or errors. While appraising risks, we considered the internal control related to the preparation of financial statements to design proper audit procedure but the purpose is not to express an opinion on the effectiveness of internal control. The audit also includes the appraisal of suitability of accounting policies selected by the management, the reasonableness of accounting estimate and the overall presentation of financial statements.

We believe that the audit evidences obtained by us are full and appropriate and provide a basis for expressing audit opinion.

III. Audit opinion

In our opinion, the financial statements of the Company Wharf present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2012, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance sheet

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

Unit: RMB

Items	Year-end balance	Year-beginning balance
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Current asset:		
Monetary fund	232,417,736.06	468,879,357.70
Settlement provision		
Outgoing call loan		
Trading financial assets		
Bill receivable	20,139,334.03	10,432,562.82
Account receivable	100,941,342.96	56,969,205.31
Prepayments	12,711,147.09	13,018,880.05
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other account receivable	51,069,068.33	20,736,467.89
Repurchasing of financial assets		
Inventories	143,258,151.49	71,575,724.23
Non-current asset due in 1 year		
Other current asset		
Total of current assets	560,536,779.96	641,612,198.00
Non-current assets :		
Loans and payment on other's behalf disbursed		
Disposable financial asset	70,159,993.69	52,272,895.86
Expired investment in possess		
Long-term receivable		
Long term share equity investment	48,094,489.26	47,316,633.57
Property investment	154,761,895.71	161,658,463.35
Fixed assets	949,164,677.21	504,127,839.36
Construction in progress	11,576,523.39	334,788,805.45
Engineering material		
Fixed asset disposal		
Production physical assets		

Gas & petrol		
Intangible assets	46,162,461.69	46,568,689.89
R & D petrol		
Goodwill	9,614,758.55	9,614,758.55
Long-germ expenses to be amortized	1,005,588.08	1,625,608.41
Differed income tax asset	29,583,499.67	8,641,013.23
Other non-current asset		
Total of non-current assets	1,320,123,887.25	1,166,614,707.67
Total of assets	1,880,660,667.21	1,808,226,905.67
Current liabilities		
Short-term loans	40,153,434.48	
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Trade off financial liabilities		
Bill payable		
Account payable	101,232,698.62	40,064,666.59
Advance payment	25,663,352.59	15,512,620.90
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	25,914,720.85	21,718,286.71
Tax payable	-67,845,188.78	-20,266,912.29
Interest payable	15,091,123.12	5,546,514.63
Dividend payable		
Other account payable	168,127,716.36	122,417,628.78
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Non-current liability due in 1 year		
Other current liability		
Total of current liability	308,337,857.24	184,992,805.32

Non-current liabilities :		
Long-term loan	200,000,000.00	200,000,000.00
Bond payable		
Long-term payable		
Special payable		
Expected liabilities		
Differed income tax liability	12,596,833.13	7,845,002.67
Other non-current liabilities	56,714,022.45	45,760,504.07
Total of non-current liabilities	269,310,855.58	253,605,506.74
Total of liability	577,648,712.82	438,598,312.06
Owners' equity		
Share capital	336,521,849.00	336,521,849.00
Capital reserves	828,913,137.67	814,540,889.30
Less : Shares in stock		
Special reserves		
Surplus reserves	36,607,659.49	35,912,706.22
Common risk provision		
Undistributed profit	100,969,308.23	182,653,149.09
Different of foreign currency translation		
Total of owner's equity belong to the parent company	1,303,011,954.39	1,369,628,593.61
Minority shareholders' equity		
Total of owners' equity	1,303,011,954.39	1,369,628,593.61
Total of liabilities and owners' equity	1,880,660,667.21	1,808,226,905.67

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

2. Balance sheet of Parent Company

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

Unit: RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	33,906,151.53	133,011,826.29
Trading financial assets		
Bill receivable		
Account receivable	1,520.00	323,582.19
Prepayments		1,719,680.00
Interest receivable		
Dividend receivable		
Other account receivable	18,611,433.26	13,020,387.68
Inventories		
Non-current asset due in 1 year		
Other current asset		
Total of current assets	52,519,104.79	148,075,476.16
Non-current assets :		
Disposable financial asset	70,159,993.69	52,272,895.86
Expired investment in possess		
Long-term receivable		
Long term share equity investment	1,064,734,607.06	955,793,681.34
Property investment	145,306,758.35	151,665,495.95
Fixed assets	31,796,996.71	33,578,271.19
Construction in progress	9,416,319.19	4,664,276.19
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	2,651,093.96	1,373,482.16
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		

Differed income tax asset	5,539,715.63	5,148,905.27
Other non-current asset		
Total of non-current assets	1,329,605,484.59	1,204,497,007.96
Total of assets	1,382,124,589.38	1,352,572,484.12
Current liabilities		
Short-term loans		
Trade off financial liabilities		
Bill payable		
Account payable	411,743.57	1,388,181.57
Advance payment	639,024.58	639,024.58
Employees' wage payable	5,899,315.45	5,606,640.12
Tax payable	1,608,258.72	3,661,093.00
Interest payable		
Dividend payable		
Other account payable	74,456,509.51	68,280,337.84
Non-current liability due in 1 year		
Other current liability		
Total of current liability	83,014,851.83	79,575,277.11
Non-current liabilities :		
Long-term loan		
Bond payable		
Long-term payable		
Special payable		
Expected liabilities		
Differed income tax liability	12,557,914.13	7,767,164.67
Other non-current liabilities		
Total of Non-current liabilities	12,557,914.13	7,767,164.67
Total of liability	95,572,765.96	87,342,441.78
Owners' equity		
Share capital	336,521,849.00	336,521,849.00
Capital reserves	820,330,155.88	805,957,907.51
Less : Shares in stock		
Special reserves		

Surplus reserves	36,607,659.49	35,912,706.22
Provision of general risk		
Undistributed profit	93,092,159.05	86,837,579.61
Different of foreign currency translation		
Total of owners' equity	1,286,551,823.42	1,265,230,042.34
Total of liabilities and owners' equity	1,382,124,589.38	1,352,572,484.12

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

3.Consolidated Profit Statement

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

Unit: RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	845,114,483.38	712,893,557.26
Incl : Business income	845,114,483.38	712,893,557.26
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	958,686,543.64	682,254,753.43
Incl : Business cost	809,070,880.87	591,225,114.92
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	7,745,312.89	7,012,444.48

Sales expense	8,566,463.34	8,191,131.82
Administrative expense	124,751,094.63	75,484,285.64
Financial expenses	-389,710.01	-7,337,055.20
Asset impairment loss	8,942,501.92	7,678,831.77
Add : Gains from change of fair value ("-"for loss)		
Investment gain ("-"for loss)	7,428,039.19	6,118,515.24
Incl: investment gains from affiliates	1,177,855.69	3,441,206.34
Gains from currency exchange ("-"for loss)		
III. Operational profit ("-"for loss	-106,144,021.07	36,757,319.07
Add : Non-business income	11,818,453.86	24,333,800.91
Less : Non business expenses	3,333,933.97	24,171.44
Incl : Loss from disposal of non-current assets	20,497.40	21,101.44
IV.Total profit("-"for loss)	-97,659,501.18	61,066,948.54
Less : Income tax expenses	-16,670,613.59	12,151,354.07
V. Net profit ("-"for net loss)	-80,988,887.59	48,915,594.47
Including: Net profit realized by the entity taken over before the takeover		
Net profit attributable to the owners of parent company	-80,988,887.59	48,915,594.47
Minority shareholders' equity		
VI. Earnings per share :	--	--

(I) Basic earnings per share	-0.24	0.15
(II)Diluted earnings per share	-0.24	0.15
VII. Other comprehensive income	14,372,248.37	-25,256,225.83
VIII. Total comprehensive income	-66,616,639.22	23,659,368.64
Total comprehensive income attributable to the owner of the parent company	-66,616,639.22	23,659,368.64
Total comprehensive income attributable minority shareholders		

Enterprise combination under same controlling at the end of current period. the net profit for the enterprise to be combined is 0.00.

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

4. Profit statement of the Parent Company

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

Unit: RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	58,769,828.08	55,922,541.23
Lessl : Business cost	14,264,055.74	12,828,704.32
Business tax and surcharge	4,893,464.06	4,640,661.80
Sales expense		
Administrative expense	35,666,282.31	35,039,410.96
Financial expenses	-399,149.34	-6,141,927.24
Asset impairment loss	1,563,241.42	2,516,293.33
Add : Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	6,354,399.89	5,066,549.81
Incl: investment gains from	1,177,855.69	3,441,206.34

affiliates		
II. Operational profit (“-”for loss)	9,136,333.78	12,105,947.87
Add : Non-business income		11,517,912.68
Less : Non- business expenses		88.28
Incl : Loss from disposal of non-current assets		88.28
III.Total profit(“-”for loss)	9,136,333.78	23,623,772.27
Less : Income tax expenses	2,186,801.07	5,361,141.11
IV. Net profit (“-”for net loss)	6,949,532.71	18,262,631.16
V. Earnings per share :	--	--
(I) Basic earnings per share	0.02	0.05
(II)Diluted earnings per share	0.02	0.05
VI. Other comprehensive income	14,372,248.37	-25,256,225.83
VII. Total comprehensive income	21,321,781.08	-6,993,594.67

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

5. Consolidated Cash flow statement

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

Unit: RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	752,086,541.93	734,656,241.74

Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increase of trade financial asset disposal		
Cash received as interest, processing fee and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax returned	43,405,458.48	65,783,124.03
Other cash received from business operation	37,639,985.60	14,015,536.71
Sub-total of cash inflow	833,131,986.01	814,454,902.48
Cash paid for purchasing of merchandise and services	829,125,165.84	645,011,290.15
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	81,537,956.32	71,345,424.52

Taxes paid	35,395,205.57	28,909,697.93
Other cash paid for business activities	42,225,220.24	41,437,527.43
Sub-total of cash outflow from business activities	988,283,547.97	786,703,940.03
Cash flow generated by business operation, net	-155,151,561.96	27,750,962.45
II.Cash flow generated by investing		
Cash received from investment retrieving	3,712,444.20	1,715,606.46
Cash received as investment gains	3,671,006.73	4,601,890.54
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	471,624.41	233,971.36
Net cash received from disposal of subsidiaries or other operational units		
Net cash received from disposal of subsidiaries or other operational units	1,583,190.00	424,654,629.52
Sub-total of cash inflow due to investment activities	9,438,265.34	431,206,097.88
Cash paid for construction of fixed assets, intangible assets and other long-term assets	127,989,028.85	485,887,407.77
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		5,061,714.91
Sub-total of cash outflow due to investment activities	127,989,028.85	490,949,122.68
Net cash flow generated by investment	-118,550,763.51	-59,743,024.80
III.Cash flow generated by		

financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans	40,153,434.48	103,280,991.70
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities	40,153,434.48	103,280,991.70
Cash to repay debts		23,000,000.00
Cash paid as dividend, profit, or interests	21,206.63	462,297.23
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	2,373,473.65	
Sub-total of cash outflow due to financing activities	2,394,680.28	23,462,297.23
Net cash flow generated by financing	37,758,754.20	79,818,694.47
IV. Influence of exchange rate alternation on cash and cash equivalents	-684,317.09	-1,695,584.13
V.Net increase of cash and cash equivalents	-236,627,888.36	46,131,047.99
Add: balance of cash and cash equivalents at the beginning of term	463,817,642.79	417,686,594.80
VI.Balance of cash and cash equivalents at the end of term	227,189,754.43	463,817,642.79

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

6. Cash flow statement of the Parent Company

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

Unit: RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	58,864,966.03	56,341,625.31
Tax returned		
Other cash received from business operation	12,657,653.01	16,069,131.73
Sub-total of cash inflow	71,522,619.04	72,410,757.04
Cash paid for purchasing of merchandise and services	5,343,628.46	8,069,568.30
Cash paid to staffs or paid for staffs	19,183,009.63	20,907,890.55
Taxes paid	10,708,112.77	10,141,366.86
Other cash paid for business activities	25,554,110.89	11,579,319.92
Sub-total of cash outflow from business activities	60,788,861.75	50,698,145.63
Cash flow generated by business operation, net	10,733,757.29	21,712,611.41
II.Cash flow generated by investing		
Cash received from investment retrieving	3,712,444.20	1,715,606.46
Cash received as investment gains	3,140,300.00	3,549,925.11
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		151,683.59
Net cash received from disposal of subsidiaries or other operational units		
Other cash receivable for investment activities		407,974,708.26

Sub-total of cash inflow due to investment activities	6,852,744.20	413,391,923.42
Cash paid for construction of fixed assets, intangible assets and other long-term assets	6,155,725.00	6,389,294.56
Cash paid as investment	108,163,070.03	380,000,000.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	114,318,795.03	386,389,294.56
Net cash flow generated by investment	-107,466,050.83	27,002,628.86
III.Cash flow generated by financing		
Cash received from absorbing investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities		
Cash to repay debts		
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities	2,373,473.65	
Sub-total of cash outflow due to financing activities	2,373,473.65	
Net cash flow generated by financing	-2,373,473.65	
IV. Influence of exchange rate alternation on cash and cash equivalentents	92.43	-56,771.85
V.Net increase of cash and cash	-99,105,674.76	48,658,468.42

equivalents		
Add: balance of cash and cash equivalents at the beginning of term	133,011,826.29	84,353,357.87
VI.Balance of cash and cash equivalents at the end of term	33,906,151.53	133,011,826.29

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

7. Consolidated Statement on Change in Owners' Equity

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

Amount in this period

Unit: RMB

Items	Amount in this period									
	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surpluses reserves	Comm on risk provisions	Attributable profit	Other		
I.Balance at the end of last year	336,521,849.00	814,540,889.30			35,912,706.22		182,653,149.09			1,369,628,593.61
Add: Change of accounting policy										
Correcting of previous errors										
Other										
II.Balance at the beginning of current year	336,521,849.00	814,540,889.30			35,912,706.22		182,653,149.09			1,369,628,593.61
III.Changed in the current year		14,372,248.37			694,953.27		-81,683,840.86			-66,616,639.22
(I) Net profit							-80,988,887.59			-80,988,887.59
(II) Other misc.income		14,372,248.37								14,372,248.37
Total of (I) and (II)		14,372,248.37					-80,988,887.59			-66,616,639.22

		48.37				887.59			9.22
(III) Investment or decreasing of capital by owners									
1. Capital inputted by owners									
2 . Amount of shares paid and accounted as owners' equity									
3. Other									
(IV) Profit allotment					694,953.27	-694,953.27			
1.Providing of surplus reserves					694,953.27	-694,953.27			
2.Providing of common risk provisions									
3 . Allotment to the owners (or shareholders)									
4. Other									
(V) Internal transferring of owners' equity									
1. Capitalizing of capital reserves (or to capital shares)									
2. Capitalizing of surplus reserves (or to capital shares)									
3 . Making up losses by surplus reserves.									
4. Other									
(VI) Special reserves									
1. Provided this year									
2 . Used this term									
(VII) Other									
IV. Balance at the end of this term	336,521,849.00	828,913,137.67			36,607,659.49	100,969,308.23			1,303,011,954.39

Amount in last year

Unit: RMB

Items	Amount in last year
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	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surpluses reserves	Common risk provision	Attributable profit	Other		
I. Balance at the end of last year	336,521,849.00	839,797,115.13			34,086,443.10		135,563,817.74			1,345,969,224.97
Add: Retrospective adjustment caused by merger of entities under common control										
Add: Change of accounting policy										
Correcting of previous errors										
Other										
II. Balance at the beginning of current year	336,521,849.00	839,797,115.13			34,086,443.10		135,563,817.74			1,345,969,224.97
\ III. Changed in the current year		-25,256,225.83			1,826,263.12		47,089,331.35			23,659,368.64
(I) Net profit							48,915,594.47			48,915,594.47
(II) Other misc.income		-25,256,225.83								-25,256,225.83
Total of (I) and (II)		-25,256,225.83					48,915,594.47			23,659,368.64
(III) Investment or decreasing of capital by owners										
1. Capital inputted by owners										
2 . Amount of shares paid and accounted as owners' equity										
3. Other										
(IV) Profit allotment					1,826,263.12		-1,826,263.12			
1. Providing of surplus reserves					1,826,263.12		-1,826,263.12			
2. Providing of common risk provisions										

3 . Allotment to the owners (or shareholders)										
4. Other										
(V) Internal transferring of owners' equity										
1. Capitalizing of capital reserves (or to capital shares)										
2. Capitalizing of surplus reserves (or to capital shares)										
3 . Making up losses by surplus reserves.										
4. Other										
(VI) Special reserves										
1. Provided this year										
2 . Used this term										
(VII) Other										
IV. Balance at the end of this term	336,521,849.00	814,540,889.30			35,912,706.22		182,653,149.09			1,369,628,593.61

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

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

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

Amount in this period

Unit: RMB

Items	Amount in this period							
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserves	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	336,521,849.00	805,957,907.51			35,912,706.22		86,837,579.61	1,265,230,042.34

Add: Change of accounting policy								
Correcting of previous errors								
Other								
II. Balance at the beginning of current year	336,521,849.00	805,957,907.51			35,912,706.22		86,837,579.61	1,265,230,042.34
III. Changed in the current year		14,372,248.37			694,953.27		6,254,579.44	21,321,781.08
(I) Net profit							6,949,532.71	6,949,532.71
(II) Other misc.income		14,372,248.37						14,372,248.37
Subtotal of (I) and (II)		14,372,248.37					6,949,532.71	21,321,781.08
(III) Investment or decreasing of capital by owners								
1. Capital inputted by owners								
2 . Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment					694,953.27		-694,953.27	
1. Providing of surplus reserves					694,953.27		-694,953.27	
2. Providing of common risk provisions								
3 . Allotment to the owners (or shareholders)								
4. Other								
(V) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								

3 . Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2 . Used this term								
(VII) Other								
IV. Balance at the end of this term	336,521,849.00	820,330,155.88			36,607,659.49		93,092,159.05	1,286,551,823.42

Amount in last year

Unit: RMB

Items	Amount in last year							
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	336,521,849.00	831,214,133.34			34,086,443.10		70,401,211.57	1,272,223,637.01
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II. Balance at the beginning of current year	336,521,849.00	831,214,133.34			34,086,443.10		70,401,211.57	1,272,223,637.01
III. Changed in the current year		-25,256,225.83			1,826,263.12		16,436,368.04	-6,993,594.67
(I) Net profit							18,262,631.16	18,262,631.16
(II) Other misc.income		-25,256,225.83						-25,256,225.83
Subtotal of (I) and (II)		-25,256,225.83					18,262,631.16	-6,993,594.67
(III) Investment or decreasing of capital by owners								
1. Capital inputted by owners								

2 . Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment					1,826,263. 12		-1,826,263. 12	
1.Providing of surplus reserves					1,826,263. 12		-1,826,263. 12	
2.Providing of common risk provisions								
3 . Allotment to the owners (or shareholders)								
4. Other								
(V) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3 . Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2 . Used this term								
(VII) Other								
IV. Balance at the end of this term	336,521,84 9.00	805,957,90 7.51			35,912,706 .22		86,837,579 .61	1,265,230, 042.34

Legal representative : Wang Bin

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

Person-in -charge of the accounting organ: Liu Yi

(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 Municipal Textile (Group) 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 has got the corporate business certification of Shensizi No. 440301105031014, Registration address and headquarter address are 6/F,Shenfang Building, Huaqiang Road. North, Futian District, Shenzhen.

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

Major in manufacturing and im-exporting trade on textile, polarizer, clothes and associated products, concurrently managing property leasing, storage, real estate development and hotel business, etc.

3. Names of parent company and group parent company.

The company's parent company is Shenzhen Investment Holdings Co.,Ltd.

4. The reporting person of the approval of financial statements and the reporting date of the approval of financial statements.

The reporting person of the approval of financial statements of the company: Board of Directors of the Company
The reporting date of the approval of financial statements of the Company: March 25, 2013

(IV) Principal accounting policies, accounting estimates and early errors

1. Basis for the preparation of financial statements

On the basis of continuous operation, in accordance with actual transactions and events, the company carried out confirmation and measurement in accordance with "Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance and other various accounting standards, on the basis of it, the Company prepared the financial statements.

2. Statement on complying with corporate accounting standards

Based on the requirement that the financial reports edited according to above-mentioned editing conditions is accordance with enterprise accounting standards, the company reflected its financial condition on December 30, 2012 truly and completely and business result in 2012 and cash flow information, etc.

3. Fiscal year

A calendar year, that is, from January 1 to December 31 is a fiscal year.

4. Accounting standard money

Accounting standard money is RMB. Referring to notes to unless separately stated. Currency:RMB
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 the enterprise merger under same control, the assets and liabilities obtained by the merging party from enterprise merger was measured according to book value of the merged party on the merger date. The capital reserve was adjusted according to the deference between the book value of net assets obtained by the merging party and the book value of merger price paid (or the total book value of shares issued); if capital surplus was not big for the offset, the retained earnings should be adjusted. Amalgamating parties reckon every direct relate expenses produced in enterprise consolidation including auditing expense, valuation expense and legal service expense paid on enterprise consolidation to current profit and loss when those expenses produced. On parent subsidiary relationship formed via enterprise consolidation, parent company is responsible of editing amalgamation property balance sheet, amalgamation profit statement and amalgamation cash flow meter of amalgamation date. In amalgamation property balance sheet, every asset and liability of amalgamated parties is measured according to its book value. For the accounting policy adopted by the amalgamated parties is not accordance with amalgamating party, and it is adjusted according to criterions, the book value after adjusted is measured. The amalgamating profit chart contains income, expenses and profit happened from the beginning of amalgamation and amalgamating date. The realized net profit before amalgamation from the amalgamated party shall be reflected on the amalgamating profit chart. Amalgamation cash flow meter contains the cash flow of every party in amalgaion from the beginning of amalgamation and amalgamating date.

(2) Enterprise merger under different control:

For the enterprise merger under same control, the merger cost was the assets for the obtaining the control right of the party being purchased on the purchase date, the liabilities happened or undertook and the fair value of the equity securities. For the enterprise merger realized through a number of transactions, the merger cost was the sum of all individual transaction. All the direct costs and related costs for the enterprise merger were included in the cost of enterprise merger. The purchase date referred to date that the company had the control right of the party being purchased. The difference between merger cost over the fair value of identifiable net value obtained from the merger should be confirmed as goodwill. The difference between the identifiable net assets of the party being purchased obtained in the merger and the amount of identifiable net assets of the party being purch ased obtained in the merger should be included in the loss and gain of the current period. On parent subsidiary relationship formed via enterprise consolidation, parent company is responsible of editing amalgamation property

balance sheet on amalgamation date; the acquired every identified asset, liability acquired from enterprise consolidation is listed via fair value.

6. The compiling method of combined financial statement

(1) The compiling method of combined financial statement

(1) Combined financial statements has financial statements and other related material of every subsidiary company within combined financial statements as combination basis, adjust long-term equity investment of subsidiary company according to equity method, compensate investment, trade activities of the company and every subsidiary company within the combined financial statements, calculate few shareholder profit and loss and few shareholder rights and interests. Then compile the financial statements after those activities.

(2) In compiling, if the accounting policy of any subsidiary company within the combination scope is not accordance with it of the company, adjust it according to the accounting policy of the company, then combine.

(3) On the subsidiary company acquired from enterprise consolidation under same controlling, treat amalgamation produced at the beginning, bring its assets, liabilities, business result and cash flow into financial statements at the beginning of the amalgamation.

(4) On the enterprise consolidation under same controlling, the net income and loss of the amalgamated parties is reckoned into nonrecurring profit and loss before amalgamation and separately listed in submitting financial statement.

(5) Recombination belongs to enterprise non-combination issue under same company controller, when the combined parties combine the assets amount of last account year end, business income of last accounting year or total profit of last accounting year, if it reaches or excesses 20% of relative item of the company, compile income statements at the beginning of the combination period.

(6) For the subsidiary company acquired from enterprise consolidation under non-same controlling, in compiling combination statements, adjust individual financial statements based on fair value of identified net assets at the purchasing date.

(2) Accounting treatment when the share equity of the same subsidiary is purchased and sold, or sold and purchased in successively two years.

(7) Recognition Standard of Cash & Cash Equivalents

Cash means the cash on hand and deposit for payment at any moment.

Cash equivalent refers to the investment with few value alteration risks that the company holds the cash with the characters of short term (generally means 3 months from the purchasing date), strong fluidity, easy transferring to known amount.

(8) Foreign Currency Transaction

(1) Foreign currency operations

The foreign currency operation is translated into recording currency according to approximate exchange rate at sight of business happening date. The approximate exchange rate at sight refers to the exchange rate at the beginning of the business happening month.

On balance sheet date, dispose foreign currency monetary item and foreign currency non-monetary item according to the following regulations:

A. Foreign currency monetary item is translated adopting exchange rate at sight of balance sheet date. The balance of exchange produced from the difference between exchange rate at sight at balance sheet date and initial confirmation or exchange rate at sight at former balance sheet date shall be reckoned into profit and loss at current period.

B. Foreign currency non-monetary item measured with historic cost, adopt exchange rate at sight on business happening date and not to change recording currency (amount).

C. Foreign currency non-monetary item measured by fair value adopts exchange rate at sight of fair value confirmation date. The difference between recording currency after translating and the original recording currency is disposed as fair value alteration and reckoned into profit and loss at current period.

(2) Conversion for foreign financial statement

The subsidiaries of the company whose standard currency was foreign currency, all asset and liability items should be converted into the standard money of parent company according to the spot rate on the balance sheet date, and all the owners' equity items, accept for "retained profits", should be converted into the standard money of parent company according to the spot rate on the balance sheet date. The income and cost items in the profit statement should be converted into the standard money of parent company according to the spot rate during the

period of consolidating financial statements. The conversion differences due to different exchange rate, should be reflected by opening the "foreign currency conversion difference statements" in RMB. And open the "foreign currency statements conversion differences" in cash flow statement in RMB.

9. Financial instruments

(1) Classification of financial instruments:

Financial assets can be divided into: the financial assets which measured by fair value and its changes are included in the current loss and gain (including transactional financial assets and the financial assets which measured by fair value and its changes are included in the current loss and gain), the expired investments, loans and receivables held, and financial assets to be sold, the four categories;

(2) Measurement of financial instruments

A. The initial recognition financial assets are accounted in accordance with fair values. For the financial assets which measured by fair value and its changes are included in the current loss and gain, the relevant transactional costs should be included in the current loss and gain; for other financial assets, the relevant transactional costs should be included in the initial recognition amount.

B. The Company makes follow-up measurement on financial assets according to fair value, the transactional cost to deal with the financial assets which may happen in the future will not be deducted. But, except the following situations:

(a). The expired investments and loans held, should be measured according to amortized costs by the actual interest method. Accounts receivable, in accordance with the purchase contract or agreement price receivable amount as initial confirmation, when recovery or disposal the account receivable, the price difference between the carrying amount of the receivable included in the current profits and losses

(b) The equity tool investments which do not have quotation in market and their fair value can not be reliably measured, and the derivative financial assets which are related to the equity tool and are to be delivered to the equity tool to account, should be measured according to costs.

(3) Recognition basis and measurement for transferred financial assets

The company will transfer almost all risk and earnings into the transferred parties on the ownership of financial assets or when the controlling on financial assets is given up, it will expire confirming the financial assets.

(4) The conditions to stopping the financial liabilities

(5) Recognition basis of financial assets and financial liabilities

Determination of fair value of financial assets:

A, The financial assets which exist in the market, the quotation in the market will be determined as fair value;

B, The financial assets which do not exist in the market, adopt valuation techniques to determine the fair value.

The results by the valuation techniques show the transaction prices which may be used in fair transactions on the valuation day.

(6) Providing of impairment provision on financial assets (exclude receivable accounts)

On the balance sheet date, carry out inspection on the book value of financial assets which are not included in the financial assets measured according to fair value and its changes are include in the current loss and gain. If there are objective evidence showing that the financial assets have impairment, the provision for impairment should be accounted. The objective evidences which show the impairment of financial assets include the following items:

- A. The issuing party or the debtor had serious financial difficulties;
- B. The debtor violated the terms in the contract, such as the payment of interest or principal had default or delayed;
- C. For the consideration in economy and law, the Company made concessions to the debtor in difficulties;
- D. The debtor was likely to collapse or carry out other financial restructuring;
- E. The issuing party had major financial difficulties, and the financial assets can not be traded in market;
- F. The debtor had major adverse changes in technology, market, economic and legal environment, and the Company was may not be able to recover the investment costs;
- G. The fair values of the equity tool investments had serious and non-temporary decline;
- H. Other objective evidences which show the impairment of financial asset

Measurement of impairment losses of financial assets:

A. The financial assets measured according to fair value and its changes are include in the current loss and gain require no test of impairment;

B. The measurement of impairment loss of expired investments: Account provision for impairment according to the difference of the value of future cash flow lower than the book value;

C. The confirmation standard and withdrawal method of doubtful accounts receivable: when single item amount is much, separately practice deduction testing and confirm its depreciation loss and withdrawal doubtful accounts according to the difference between future cash flow and its book value; when single item amount is not much, the non-decreased accounts receive via testing, aging analysis method shall be adopted, depreciation loss is confirmed and withdrawal doubtful accounts according to aging of accounts of accounts receivables and regulated withdrawal ration; when single amount is not much, while the accounts receivables and regulated withdrawal ration; when single amount is not much, while the accounts receivables with bigger risk after combination according to credit risk nature and withdrawal doubtful accounts. The non-decreased accounts receivable via testing, aging analysis method shall be adopted, depreciation loss is confirmed according to aging of accounts of accounts receivables and regulated withdrawal ration.

D. Judgment of impairment of available-for-sale financial assets: if there is a significant decline in the fair value of available-for-sale financial assets, more than 30% of its cost of ownership, expect this downward trend is temporary (duration more than 12 months), depends on the estimated balance of the book value and the present value of future cash flows to decide the provision for impairment.

(7) If investment held to mature is reclassified to sellable financial assets, please state the intention or evidence of change incapability .

10. Recognition standard and providing basis of bad debt provision on receivable accounts

(1) Bad debt provision on receivable accounts with major amount individually

Criteria and norm of individual significance	The Client Identifies single amount of accounts receivable that is not less than RMB 1 million as account receivable that are individually significant in amount. The Client Identifies single amount of accounts receivable that is not less than RMB 0.5 million as account receivable that are individually significant in amount.
Measurement of impairment allowances for receivables of individual significance	If it is objectively evidential that a receivable of individual significance has impaired, the impairment loss shall be recognized based on the difference of the book values higher than the present value of future cash flows.

(2) Accounts receivable belong to recognition of impairment allowances by group:

Name	Method for recognition of impairment allowances by group	Basis of determination of group
Account's age group	The age analysis method:	The classified according shall be recognized based on the accounts' age

In Group, the adopting aging analysis method

Applicable Not applicable

Age	% for accounts receivable	% for other receivables
Within 1 year (incl: 1 year)	5%	5%
1—2 years	10%	10%
2—3 years	30%	30%
Over 3 years	50%	50%

Accounts on percentage basis in group:

applicable not applicable

Accounts on other basis in group:

applicable not applicable

(3) Accounts receivable belong to individual insignificant but individually assessed for impairment:

The reason for individually assessed for impairment	There is evidence that differences in the receivable are apparently .
Method for recognition of impairment allowances	A receivable which is individually insignificant but the credit risk is high, should be individual it assessed for impairment, the impairment loss shall be recognized based on the difference of the book values higher than the present value of future cash flows.

11.Inventory

(1) Inventory classification

Inventory can be divided into five categories: raw materials, materials commissioned to process, products, finished products, working materials;

(2) Pricing method of stock delivered

Stock delivered is measured according to weighted average method.

(3) Confirmation basis of stock net realizable value and withdrawal method of inventory falling price reserves.

Inventory net realizable value is the integrant value that estimated sales price deducting estimated work completing cost and integrant estimated cost according to the normal business process.

Withdrawal method of inventory falling price reserves: with the basis that the company making complete inventory taking at the end of medium term and end of year, on the inventory that suffered loss, entire or partial old and outdated or sale price lower than sales price, according to inventory cost and net realizable value (lower is preferred), the company measure it and reckoned it according to the difference of net realizable value of single inventory item upon similar inventory items lower than inventory cost as withdrawal inventory falling price reserves to profit and loss at current period. In confirming net realizable value, the infection upon future item shall be considered beside the price and cost fluctuation of the inventory at balance sheet date.

(4) Inventory system

Inventory system adopts the perpetual inventory method.

(5) Amortization method of consumption goods with low value and wrap page

Consumption goods with low value: Consumption goods with low value adopt one time amortization method

when used. Packing:

Wrap page: Wrap page adopts one time amortization when used.

12. Long-term equity investment

(1) Investment cost confirmation

A. The long-term equity investment formed via enterprise consolidation confirm its initial investment cost according to the following criterions:

a. On enterprise consolidation under same controlling, amalgamating parties, managing payment cash, transferring non-cash assets or undertaking liability style as amalgamation consideration, treat the acquired equity book value share from amalgamated parties on amalgamation date as the initial investment cost of long-term equity investment. The difference between long-term equity investment initial investment cost and the paid cash transferred non-cash assets and undertook liability book value is adjusted to be capital reserves; if capital reserves are not sufficient to be deducted, which shall be adjusted to be retained earnings.

When the amalgamating parties via issuing equity securities as amalgamation consideration, treat the acquired equity book value share from amalgamated parties on amalgamation date as the initial investment cost of long-term equity investment. Treat the book value amount of the issued shares as capital stock, the difference between the initial investment cost of long-term equity investment and book value amount of stock issued as capital stock is adjusted to be capital reserves; if capital reserves is not sufficient to be deducted, which shall be adjusted to be retained earnings.

b. On enterprise consolidation under different controlling, the confirmed amalgamation cost according to the following criterions is as initial investment cost of long-term equity investment:

1/ On enterprise consolidation realized from one time exchanging deal, the amalgamation cost is the paid assets, reliabilities happened or undertook, and the fair value of issued equity securities from purchasing parties on purchasing date for the purpose of acquiring the controlling right upon the purchased parties.

2/ On the enterprise amalgamation realized step by step by several times exchanging deal, the amalgamation cost is the summation of every deal cost.

3/ Every direct associated expense produced from purchasing parties for enterprise consolidation is reckoned to enterprise consolidation cost.

4/ If the future issues that possibly affect amalgamation cost in amalgamation contract or agreement is

promised, on purchasing date, if the future issues that possibly happen and affect amalgamation cost can be reliably measured, purchasing parties shall reckon it to be amalgamation cost.

B、 Except the long-term equity investment formed via enterprise consolidation , the long-term equity investment acquired through other methods is confirmed to be its initial investment cost according to the following regulations:

a. The long-term equity investment acquired via cash payment is treated as initial investment cost according actually paid purchase price. The initial investment cost contains the expense, tax and other necessary payout that directly associated to long-term equity investment.

B. The acquired long-term equity investment via issuing equity securities is as initial investment cost according to the fair value of equity securities.

c. The long-term equity investment input by investor is as initial investment cost according to the value stipulated in investment contract or agreement, while the unfair value stipulated in contract or agreement is excluded.

d.The long-term equity investment acquired via non-monetary assets exchange, e. g. if non-monetary assets exchange has commercial nature, then the long-term equity investment took in exchange is as initial investment cost according to fair value and payable relative taxation; if non-monetary assets exchange has no commercial nature, then the long-term equity investment in took in exchange has the book value of out took asset in exchange and payable relative taxation as initial investment cost.

e. On the acquired long-term equity investment via liability recombination, its initial investment cost is confirmed by fair value and payable relative taxation.

(2) Rear measuring and profit and loss confirmation method

A. According to infection degree of investing enterprise against the invested unit , enlivening market or not, fair value reliably received or not, separately adopts cost method or equity method to measure.

B. The confirmation of investment profit and loss

Long-term equity investment reckoned via equity method, shall be adjusted in considering the infection of the following factors under the basis of book net profit of invested unit in confirming the net profit or net deficit enjoyed or undertook by invested unit.

a. If the accounting policy adopted by invested unit is not accordance with investing unit, adjust according to

accounting policy of investing enterprise and financial reports of invested unit to confirm the profit and loss of invested unit under the basis.

b. With the fair value of fixed assets, intangible assets of invested unit as basis, the withdrawn depreciation amount or amortization amount and assets depreciation reserves produced infection upon the invested unit net profit.

c. The unrealized profit and loss produced from the investing unit and its affiliated enterprise and joint enterprise shall be compensated. Namely the unrealized profit and loss between investing enterprise and affiliated enterprise and joint enterprise is calculated and attributes to investing enterprise according to no.8 share ratio, which will be compensated and investment benefit and loss shall be confirmed under the basis. The trade loss between investing enterprise and invested unit, attributing to assets depreciation loss, is completely confirmed.

(3) Confirm the basis that has common control and major infection upon invested unit.

A. Common controlling basis:

a. Any joint enterprise can not individually control production and operating activities of joint enterprise;

b. The decision making related to basic business operations of joint enterprise shall be agreed by both parties;

c. Every joint-venture enterprises nominate one joint enterprise according to contract or protocol to manage daily activities of joint-venture enterprise; it must implement management right within the wholly agreed financial and business policy scope.

B. Major infection basis:

a. Appoint represent in the board of invested unit or similar capability mechanism, enjoy relative actual participation decision making right, investing enterprise can participate in the constitution of business policy of the invested unit and realize implementing major infection upon the invested unit.

b. Participate in the policy making of the invested unit including the making of dividend allotment policy. Under the circumstance, the represent can bring forward suggestion or idea for its own interest and bring large infection upon the invested unit.

c. Realize important trade with the invested unit. Relative trade affects production operations decision-making of invested unit at certain degree.

d. Appoint administrative person to the invested unit. Under the condition, appoint administrative person to the invested unit, the person has right and is responsible for the financial and business activities of the invested

unit, so as to implement import infection on the invested unit.

e. Offer key technical documents to the invested unit. Production operations of the invested unit relies upon the technique or technical document of the investing enterprise, which indicate investing enterprise has major infection upon the invested unit.

To confirm investing unit has major infection upon the invested unit, one side, consider the voting power share that investing unit directly or indirectly hold from the invested unit, one other side, consider the infection produced by enterprise and other parties holding executable potential voting power presumably transferring into stock right of invested unit, such as the issued current transferable subscription warrant, stock option and transferable corporate bond, etc. If these transferred into stock right of invested unit, which can increase the voting power rate of investing enterprise or decrease the voting power rate of other investors in invested unit, so as to make investing enterprise joining in the financial and business policy-making of the invested unit, and consider investing enterprise have large infection upon the invested unit.

(4) Depreciation testing method and depreciation reserve withdrawal method.

On balance sheet date, inspect long-term equity investment, judge long term equity investment has the depreciation evidence or not. If the depreciation evidence of the operation state of invested unit appears, estimate its recoverable fund. The measured value of recoverable fund indicates the recoverable fund of long term equity investment is lower than its book value; deduct the book value of long term equity investment into recoverable fund. The deducted fund is confirmed to be the loss of assets depreciation and reckoned into benefit and loss at current period, meanwhile withdrawal relative long term investment depreciation deserve. Once the long term investment depreciation loss is confirmed, which will not be transferred in the later accounting period.

13. Investment property

(1). Scope of investment real estate: refers to the real estate for rent or for capital appreciation or for both of them, including the rented land use rights, the land use rights held and to transferred, and the leased building;

(2). Initial measurement of investment real estate: conduct initial measurement in accordance with the cost to obtain it;

(3) Follow-up measurement of investment real estate: the Company conducts follow-up measurement on the investment real estate by cost model; the follow-up expenditure relating to investment real estate, if the related profit is likely to flow into the company and can be measured, then it should be included in the cost of the investment real estate, other follow-up expenditures should be recognized as the current loss and gain;

(4) The classification, depreciation and amortization policies of real estate investments and the depreciation and amortization policies of fixed assets and intangible assets should be coherent.

Provision for impairment of investment real estate should be treated according for asset impairment.

14. Fixed assets

(1) Confirmation conditions of fixed assets

The tangible assets held for producing goods, providing services, rent or operation, and the service time is longer than one fiscal year.

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

(3) Fixed assets depreciation method

Classification of fixed asset	Depreciable life (Year)	Residual rate (%)	Depreciation rate (%)
Machinery and equipment	10	4%	9.6%
Electronic Equipment	8	4%	12%
Transportation equipment	8	4%	12%
House and Building- Production	35	4%	2.74%
House and Building-Non-Production	40	4%	2.4%
Machinery and equipment	14	4%	6.86%
Decoration of Fixed assets	10		10%
Other equipment	8	4%	12%

(4) Depreciation measuring method and depreciation reserves withdrawn method of fixed assets

Judge fixed assets appearing the depreciation evidence or not at balance sheet date. If assets market value continuously decreases, or technology is old, damaged or long-term left un-used, draw back amount. The measured result of recoverable amount indicates the recoverable amount of fixed assets is lower than its book value; deduct the book value of fixed assets into recoverable amount. The deducted amount is confirmed to be assets depreciation loss and is reckoned into benefit and loss at current period; meanwhile withdraw relative fixed assets depreciation reserve. Once fixed assets depreciation loss is confirmed, which will not be transferred at the later accounting period.

(5) Other description

Cognizance evidence and pricing method of financial leasing fixed assets

If all risk and reward associated to certain hired fixed asset actually have transferred, the company confirms it to

be financial leasing. Financial leased fixed assets should take the lower one of fair value of leased assets at leasing date and lowest leasing payment, added with the initial direct expenses directly belonging to leasing item, will be book value of leased assets. Taking the lowest leasing amount as the book value of long term account payable, its difference will be unconfirmed financial charges. The unconfirmed financial charges will adopt actual interest rate method to allocate within leasing period. The leased fixed assets ensure depreciation rate according to lease term and estimated net salvage and accrual of depreciation.

15. Projects under construction

(1) Categories of projects under construction

The projects under construction include pre-construction preparations, the building projects under construction, installation projects, technical transformation projects and overhaul works, etc.

(2) Standard and timing for transferring of projects under construction to fixed assets

The projects under construction should be accounted according to actual expenditures by items, and should be converted to fixed assets when the projects reached the predicted use state. The costs for borrowing relating to projects under construction (including loan interests, excess discount amortization, exchange gains and losses, etc.), which should be included in the cost before the related projects reach the predicted use state, and included in the current financial cost after the related projects reach the predicted use state;

(3) Impairment text and providing of impairment provisions on projects under construction

Make complete inspection on construction in progress on the date of balance sheet, judge fixed assets occurring possible depreciation evidence or not. If yes: (1) project in progress without construction for long time is estimated not to start working again in future 3 years, (2) project in progress has evidence that its character and technology have fallen behind and the economic benefit brought has great uncertainty and other depreciation evidence, which shall be estimated its recoverable amount. The result of recoverable amount shows the recoverable amount of project in progress is loss than its book value, write-down its book value of project in progress into recoverable amount. The written down amount is confirmed to be assets depreciation loss and is reckoned into current period profit and loss, meanwhile withdraw relative depreciation reserve of project in progress. Once depreciation loss of project in progress is confirmed, which will not be transferred.

16. Borrowing cost

(1) Principle of the recognition of capitalized borrowing costs

If the borrowing expenses meet the following conditions at the same time, they should be capitalized:

A. Capital expenditures have already occurred, capital expenditures include the expenditures paid by cash, transferring non-cash assets or by bearing interest-debt;

B. The borrowing costs have occurred;

C. The construction to make the asset to reach the intended use state or sale state, or the production activities have already begun.

(2) Capitalizing period of borrowing expenses

The borrowing expenses, if they comply with the capitalization conditions, should be capitalized and included in the cost of relevant assets; other borrowing expenses, should be determined according to the amount occurred and be included in the current loss and gain.

(3) Temporarily suspension of capitalizing period

When the assets which meet the capitalization condition reach the intended use or sale state, the capitalization of the borrowing expenses should be stopped. The borrowing expenses for the assets which meet the capitalization conditions and reach the intended use or sale state, the expenses should be confirmed according to the amount occurred, and be included in the current loss and gain.

(4) Calculation of the amount of capitalization of Loan costs

17. Biological assets

(1) Simultaneously, biological assets that meets the following conditions will be confirmed:

- A. For the past trade or issues, the company possesses or controls biological assets;
- B. The economic interest associated with the biological assets may flow into the company;
- C. The biological assets cost can be reliably measured.

(2) Biological assets is divided into consumable biological assets, manufacturing biological assets and public welfare biological assets.

(3) Biological assets is initially measured according to cost.

(4) On the date of balance sheet, check consumable biological assets, if there are specific evidences showing the reasons like natural disasters, plant diseases and insect pests, animal epidemic situation attack or market requirements, make the net realizable value of consumable biological assets or recoverable amount of manufacturing biological assets are lower than their book value, according to the difference between net realizable value or recoverable amount and their book value, withdraw biological assets depreciation preparation or value decreasing preparation and reckon it to current profit and loss. If the contributing factor of consumable biological assets value decreasing has already disappeared, the deducted amount will be resumed and is transferred within the original withdrawn price decreasing standard and transferred amount is reckoned into current profit and loss.

18. Oil gas assets**19. Intangible assets****(1) Pricing of intangible assets**

Intangible asset is valued according the actual cost to obtain it;

For the intangible assets with definite service life, since the availability of the intangible assets, they should be amortized by straight-line method within the service life, and included in the current loss and gain; the intangible assets with no definite service life will not be amortized; the company should conduct review on the service life and amortization methods of the intangible assets at the end of the year, if the service life and amortization methods are inconsistent with what estimated previously, then the amortization period and amortization methods should be changed.

(2) Estimation of service life of intangible assets with limited service life

Items	Expected Useful life	Confirmation
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(3) Intangible assets without certain useful life**(4) Provision for impairment of investment assets**

Inspect the ability of every intangible assets bring to future economic benefit to the company, when any one of the following exists: (1) certain intangible assets has been replaced by other new technology, which make its ability bringing benefit to enterprise seriously affected; (2) the market price of certain intangible assets greatly fall at the current period and will not resume within the left amortization period; (3) certain intangible assets has overpasses legal protection period, but it still has the depreciation evidence with partial usage value, then valueate its recoverable amount. The measuring result of recoverable amount shows if the recoverable amount is less than its book value, then write-down its book value into its recoverable amount, the written down amount is confirmed to be assets depreciation loss and reckoned into to current profit and loss, meanwhile withdraw corresponding intangible assets depreciation reserve; (4) For other conditions that fully prove certain intangible assets substantially produced depreciation reserve, withdraw intangible assets depreciation reserve according to the difference between recoverable amount and book value. Once intangible assets depreciation loss is confirmed, which will not be written back in the later accounting period.

(5) Recondition criterion for capitalization of cost of R& D.

(6) Accounting of internal R& D expenses

20 Long-term amortization expenses

(1) Long-term prepaid expenses refer to that enterprises have already spent, and amortization periods of all expenses are more than one year (excluding 1 year), they should be amortized in the regulated years.

(2) Long-term deferred expense is valued according to actual cost, the installation cost should be equally amortized during two major overhauls or the contract period (depends on which is shorter), other long-term deferred expenses should be equally amortized according to the benefit period of the project. For the long-term deferred expenses which can not bring predicted profit in the future accounting period, all the unamortized value should be converted to the current loss and gain.

21. Asset transferring with repurchasing terms

22. Predicted liabilities

(1) Recognition of Predicted liabilities

The liabilities which are relevant to contingent events and meet the following conditions at the same time, the Company recognizes it as predicted liabilities: the liability is the current obligation the company undertakes; the performance of the liability may result in the outflow of economic interests; the amount of the liability can be reliably measured;

(2) Accounting of Predicted liabilities

If the predicted liability to be fully or partly paid by the company and be compensated by the third party, the compensation amount can be recognized as assets individually only when it can be basically recovered, at the same time, the compensation on the asset should not be more than the corresponding book amount of the predicted liability.

23. Share payment and equity instrument

- (1) Category of share payment
- (2) Recognition of fair value of equity instruments
- (3) Recognition basis of best estimation of exercisable equity instruments
- (4) Accounting treatment of share payment plan to be implemented, revised, and terminated

24. Repurchasing of the Company's shares

25. Revenues

- (1) Recognition time for sales of goods

After the risks and rewards of the goods are transferred to the buyer, the company will no longer conduct the management right and the actual control right, and the relevant incomes have been received or the documents of receiving have been obtained, and the cost of the goods can be reliably measured, the realization of the revenue should be confirmed.

The time confirmation of specific sales of main trade styles:

A. FOB is the trade style of goods exportation, means that the seller delivers when the goods pass the ship's rail at the named port of shipment in contract;

B. CIF is the trade style of goods exportation, means that the seller delivers when the goods pass the ship's rail in the destination port ;

C. Domestic sales time confirmation means the time of commodities ownership evidence transfer or physical goods delivery.

- (2) Incomes from transferring asset use right

Incomes from transferring asset use right include interest income and income from use payment; The amount of interest income, is determined in accordance with the time and actual interest rate; the income from use payment is determined according to the time and method of relevant contract and agreement.

- (3) Confirm the evidence to provide labor income

In the same fiscal year and the service has been completed, the income should be confirmed upon the completion of the service; If the starting and completion of the service belong to different fiscal

year, then when the service can be reliably measured, the service income should be confirmed at the period end according to the percentage of the service not completed.

(4) Deciding of completion percentage when percentage basis is adopted to recognize income from serviceproviding or construction contracts

26. Governmental subsidy

(1) Categories

It contains financial appropriations, financial discount, taxation return and transfer non-monitory assets free of charge.

(2) Accounting treatment

The governmental subsidy associated to assets, the company confirms it to be deferral benefit. When relative assets reach to scheduled usage condition, reckon it to be benefit and loss of every period at average within the usage lifetime of the assets. If relative assets is sold, transferred, scrapped or damaged before lifetime expiration, transfer the deferral benefit balance into current period benefit and loss of assets disposal. The received governmental subsidy associated to benefit is confirmed to be deferral benefit if used for the remedy of relative expense or loss of later period; and it is reckoned into benefit and loss at current period during relative expense confirmation; for those used for compensation of relative expense or loss happened, which will be reckoned directly into benefit and loss at current period

27. Deferred income tax assets/Deferred income tax liability

(1) Confirmation of deferred income tax assets

A.Limited by the company possibly acquired taxability amount for deducting temporary difference, confirm the deductible difference deferred income tax assets produced from temporary difference. But the deferred income tax assets produced from the initial confirmation of assets or liability in trade with the following characters are not confirmed:

- a. The trade is not enterprise consolidation ;
- b. When trade happens, which will neither affect accounting benefit nor affect taxability amount of income

(or deduct loss).

B. The company, on the deductible temporary difference associated to investment of subsidiary company, affiliated company and partnership business simultaneously meet the following conditions, confirms relative deferred income tax assets:

- a. Temporary difference most likely is transferred in the foresight future.
- b. Taxability amount of income that most likely used to deduct temporary difference in future.

C. The company confirms relative deferred income tax assets for transferable later annual deductible loss and taxation decreasing with future taxability amount of income for deducting deductible loss and taxation decreasing as limitation.

(2) The confirmation of deferred income tax liability

Besides the deferred income tax liability produced under the following conditions, the company confirms all deferred income tax liability produced by all taxability temporary difference:

A. The initial confirmation of business Goodwill;

B. Simultaneously meeting the initial confirmation of assets or liability produced in trade with the characters of following characters:

- a. The trade is not enterprise consolidation;
- b. Trade occurrence affects neither accounting benefit nor taxability amount of income (or the deductible loss).

C. When the company has relative taxability temporary difference with its subsidiary company, affiliated company and partnership business, and simultaneously meets the following conditions:

- a. Investment enterprise can control the transferring time of temporary difference;
- b. Temporary difference may possibly not transfer in the foreseeable future.

rage raw material and raw material purchasing order appointed to be hedged object that make company facing fair value alteration risk.

28. Operating and finance leases

- (1) Operating lease charges
- (2) Assets leased out under operating leases
- (3) Assets acquired under finance lease

29. Sellable assets in possession

- (1) Recognition of sellable assets in possession
- (2) Accounting treatment of sellable assets in possession

30. Securitization of assets

31. Hedging instruments

(1) The hedged item of the company refers to storage raw material and raw material purchasing order appointed to be headed object that make company facing fair value alteration risk.

(2) Hedging instruments of the company refers to the transferring instrument that is appointed and its fair value alteration can eliminate the fair value alteration of hedged items-----forward contract.

(3) If fair value hedging simultaneously meet the following conditions, the company only can use hedging accounting method to dispose:

A. When hedging begins, the company has official appointment on hedging relation (namely the relation between hedging instrument and hedging items), and prepares the official written file about hedging period risk, risk management target and hedging policy.

B. The estimated highness of the hedging period is effective, and meets the risk management policy confirmed originally by the company for the hedging relation.

C. Hedging effectiveness can be reliably measured.

D. The company continuously makes evaluation on the effectiveness of hedging period and confirms that the hedging period is highly effective during the accounting period appointed in hedging relations.

(4) For fair value hedging that meeting above-mentioned conditions, implement accounting disposal

according to the following regulations:

A. The benefit or loss produced from alteration of fair value hedging is reckoned into benefit and loss at current period.

B. The benefit or loss formed via risk in hedged period on hedged item is reckoned into benefit and loss at current period; meanwhile adjust the book value of the hedged item.

C. Any one of the following conditions is satisfied in hedged period, the company will expire using fair value hedging account:

- a. Hedging instruments have expired, been sold, contract expire or come into practice.
- b. The hedging will not satisfy the conditions that using hedging
- c. Enterprise cancels the appointment of hedging relation.

32.Change of main accounting policies and estimations

Is there any material change of accounting policies occurred in the year

Yes No

(1) Change of accounting policies

Is there any change in accounting policies in the report period

Yes No

(2) Change of accounting estimations

Is there any change in accounting estimations in the report period

Yes No.

33.Correction of accounting errors in previous period

Is there any accounting error with previous period found in the report period

Yes No

(1) Retrospective restatement

Is there any retrospective restatement on the accounting error with previous periods done in the report term

Yes No

None

(2) Future adoption method

Is there any future adoption method apply able to accounting errors with previous period, found in the report period.

Yes No

None

34. Other principal accounting policies, estimations and preparation method of financial statements**(V). Taxes of the Company**

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	Incomes from product sales	17.00%
Business tax.	Providing labor services, real estate sales, the transfer of intangible assets	5.00%
City construction tax	VAT, sales tax, turnover tax, etc	7.00%
Business income tax	Taxable income	25.00%、15.00%

Income tax rate applicable to branches and factories.

The company has not the conditions that every branch company or branch plant independently hand in business income tax.

2. Tax preference and approval file

Shenzhen Shengbo Optoelectronic Technology 6Co., Ltd., the subsidiary company of our company, has been qualified as national high-tech enterprise since 2010 ,High-tech and enterprise certificate No.: GR201044200171 ,The certificate is valid for three years, The enterprise income tax rate of this year is 15%.

Awin 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 (2012) No. 16), the enterprises manufacturing 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 tarriff for the import of raw materials and consumables for the purpose of self use and production that can not be produced domestically and levy of import-related value added tax according to relevant regulations in the period from June 1, 2012 and December 31, 2015. For the concrete regulations on tax exemption, the Provisional Regulations on Taxation Policies for Imported Materials of Enterprises Manufacturing New-type Display Device Panels (the appendix of Cai Guan Shui (2012) No. 16 Document) shall prevail. According to the Notice of Printing and Issuing the Scope of

Imported Materials of Enterprises Manufacturing Colorful Light Filtering Coating and Polarizer Sheets and the List of the First Group of Enterprises Enjoying Preferential Policies (Cai Guan Shui (2012) No. 53), Shenzhen Shengbo Optoelectronic Technology Co., Ltd. was included in the list of the first group of enterprises enjoying the above-mentioned policies.

3.Other

(VI) Enterprise consolidation and combined financial statements

1. Subsidiary

(1) Subsidiary obtained through establishment or investment

Unit: RMB

Full name of subsidiary	Subsidiary type	Registration place	Business	Registered capital	Business scope	Actual capital amounts of the end	Other projects balance essentially from net investment to subsidiary	Holding proportion (%)	Proportion of voting rights (%)	Whether consolidation of report form	Interest of minority shareholder	Amount used to write down lost included in minority shareholder interest	After wrote down current period loss of minority shareholders over equity beginning of minority shareholders in the subsidiary from the parent company's share ,Balance of Owner's equity
Shenzhen Jinlan Decorati	Wholly-owned subsidiary	Shenzhen	Fabrics, bedding, clothing nabyfactub	4,000,000.00	Fabrics, bedding, clothing,	4,000,000.00		90%	100%	Yes			

ve Articles Industri al Co., Ltd.	y		g		textiles raw materials processing manufactur ing, wholesale and retail.								
Shenzhe n Lisi Industri al Co., Ltd	Wholly-o wned subsidiar y	Shenzh en	Domestic commerce, materials supply and sales	2,360,00 0.00	Domestic commerce, materials supply and sales	2,360,00 0.00		90.68 %	100%	Yes			
Shenzhe n Huaqian g Hotel	Wholly-o wned subsidiar y	Shenzh en	Accommo dation, restaurants , business center	10,005,3 00.00	Accommo dation, restaurants, business center; ticket consignme nt; Property Manageme nt (required to obtain the relevant qualificatio n certificate for their operations)	10,005,3 00.00		95%	100%	Yes			
Shenzhe n Shenfan g Property Manage	Wholly-o wned subsidiar y	Shenzh en	Property manageme nt	1,600,00 0.00	The Company property manageme nt	1,600,00 0.00		93.75 %	100%	Yes			

ment Co., Ltd.													
Shenzhen Beauty Century Garmen t Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Production of fully electronic jacquard knitting whole shape	25,000,000.00	Production of fully electronic jacquard knitting whole shape Production of fully electronic jacquard knitting whole shape	25,000,000.00	25,000,000.00	100%	100%	Yes			

					industrial projects (the specific items to be declared separately)								
Shenzhen Shengfan Import & Export Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Operating import and export business	5,000,000.00	Operating import and export business (the specific approval by the relevant import and export business handled)	5,000,000.00		100%	100%	Yes			
Shenzhen Zhongxing Fibre Folds Cotton Clothing Ornament Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Spewing acupuncture cloth, revision, and fusible interlining fabric	1,680,000.00	Production and operation of bedding, clothing and textiles for infants and young children.	1,680,000.00		75%		No			
Shengtou (HK) Co., Ltd.	Wholly-owned subsidiary	Hongkong	Polaroid Sales	HKD10000				100%	100%	Yes			

Note: The shareholding proportion of consolidated subsidiaries is inconsistent with the vote right proportion, which is through the way of getting the cross-shareholdings among subsidiaries to make the parent company actually control 100%; Shenzhen Tianlong Industrial & Trading Co., Ltd. and Shenzhen Zhongxing Fiber Wimple Cotton Raiment Co., Ltd. had established liquidation group in 2009 and started liquidation procedures, The cancellation date is 4th January 2013 and the company will not be included in consolidation scope since they went into liquidation procedures.

(2) The company has no subsidiary company acquired via enterprise consolidation under same controlling.

Unit: RMB

Full name of subsidiary company	Subsidiary type	Registration Place	Business character	Registration capital	Scope of business	Actual capital amounts of the end	Other projects balance essentially from net investment to subsidiary	Holding proportion (%)	Proportion of voting rights(%)	Whether consolidation of report form	Interest of minority shareholder	Amount used to write down lost included in minority shareholder interest	After wrote down current period loss of minority shareholders over equity beginning share of minority shareholders in the subsidiary from the parent company's share ,Balance of Owner's equity

Notes

The company has no subsidiary company acquired via enterprise consolidation under same controlling.

(3) The company has no subsidiary company acquired via enterprise consolidation under same controlling.

Unit: RMB

Full name of subsidiary company	Subsidiary type	Registration Place	Business character	Registration capital	Scope of business	Actual capital amounts of the end	Other projects balance essentially from net	Holding proportion (%)	Proportion of voting rights(%)	Whether consolidation of report form	Interest of minority shareholder	Amount used to write down lost included in	After wrote down current period loss of

							investmen t to subsidiary					minority sharehold er interest	minority sharehold ers over equity beginning share of minority sharehold ers in the subsidiary from the parent company' s share ,Bal ance of Owner's equity
Shenzhen Shengbo Optoelect ronic Technology Co., Ltd	Limited Liability Company	Shenzhe n	Productio n and sales of polarizer	RMB 250 million	Wholes ale, manufac turing and process various specific ations material s and apparatu s of polarize r, LCD; import and export business (except projects inhibite d by law, administ rative	250,000 ,000.00		100%	100%	Yes			

					regulation, State Department), the limited projects shall be managed with the permission								
--	--	--	--	--	--	--	--	--	--	--	--	--	--

Notes

2. Entities with special purposes or entities on which the Company has controlling power through entrusted operation or leasing

Unit: RMB

Name	Major transactions with the Company	Major assets, liabilities items recognized in the consolidated statements and its year-end balances
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Notes

3. Changes of combination scope at current period

Notes

Applicable Not applicable

4. Entities that are newly included in the scope of consolidation in current reporting period

Unit:RMB

Name	Net asset at the end of 2012	Net profit of 2012
------	------------------------------	--------------------

There is no other changes in consolidation scope except this . there is no other is no other main part to be newly included or to be excluded in consolidation scope of this period.

Unit: RMB

Name	Net asset of Disposition date	Net profit of at disposal day
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Notes

5. Business combinations involving entities under common control that happened in current reporting period

Unit:RMB

Combined party	Justifications for classifying as business combinations involving entities under common control	The actual controller which imposes the common control	Income	Net profit	Consolidated cash flows from current period to the combining date
----------------	---	--	--------	------------	---

None

6. Business combinations involving entities under common control that happened in current reporting period

Unit: RMB

Merged party	Goodwill Amount	Goodwill calculation method
--------------	-----------------	-----------------------------

None

7. Sell stock right losing controlling right to decrease subsidiary company.

None

8. Reverse acquisition occurred in the report period

Backdoor	Reverse acquisition occurred	method to determine the combination costs	Recognition of goodwill or merge through profit or loss calculation method
----------	------------------------------	---	--

None

9. Takeover occurred in the report period.

Unit: RMB

Type of consolidation by merger	main assets to merge		Main Liabilities to merge	
Merger under the same control	Items	Amount	Items	Amount
Merger by absorption under the different control	Items	Amount	Items	Amount

None

10.Exchange rate of main accounts of overseas businesses

VII. Notes to the major items of consolidated financial statement**(I) Monetary Capital**

Unit: RMB

Items	Year-end balance			Year-beginning balance		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash:	--	--	105,473.78	--	--	128,049.24
RMB	--	--	59,331.88	--	--	46,075.39
HKD	4,226.94	81%	3,427.39	29,843.30	81%	24,193.96
USD	6,784.10	629%	42,641.46	9,170.10	630%	57,779.89
JPY	1,000.00	7%	73.05			
Bank deposit:	--	--	210,503,784.94	--	--	440,517,944.72
RMB	--	--	194,980,561.64	--	--	433,585,496.45
HKD	3,032,356.82	81%	2,458,698.80	2,113,058.22	81%	1,713,056.30
USD	2,073,931.29	6.9%	13,035,695.12	828,356.58	630%	5,219,391.97
JPY	394,658.00	7%	28,829.38			
Other Capital	--	--	21,808,477.34	--	--	28,233,363.74
RMB	--	--	20,779,057.48	--	--	26,251,079.47
JPY	14,088,785.00	7%	1,029,171.66	24,438,564.00	8%	1,982,040.86
EUR	29.84	832%	248.20	29.82	816%	243.41
Total	--	--	232,417,736.06	--	--	468,879,357.70

Notes of Monetary fund has not these conditions such as usage limitation for mortgage, pledge or frozen fund, stored overseas, with potential recovery risk.

2.Transaction financial assets

(1) Transaction financial assets

Unit: RMB

Items	Year-end balance	Year-Beginning balance
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(2) Transactional financial assets with restriction to liquefy

Unit : RMB

Items	Limited conditions in sales, liquidation and some others	Year-end amount
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(3) Statements on hedge instruments and related trading

3. Bill receivable

(1) Classification bill receivable

Unit: RMB

Classification	Year-end balance	Year-beginning balance
Bank acceptance	20,139,334.03	10,432,562.82
Total	20,139,334.03	10,432,562.82

(2) Bill receivable under pledge

Unit: RMB

Issuer	Date of issue	Expired on	Amount	Remark
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(3) Bill transferred to account receivable for the issuer is not able to execute the liability , and notes endorsed to other parties but are not mature yet at the end of period.

Bill transferred to account receivable for the issuer is not able to execute the liability

Unit: RMB

Issuer	Date of issue	Expired on	Amount	Remark
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Notes:

As of December 31, 2013, Bill transferred to account receivable for the issuer is not able to execute the liability.

Bill endorsed to other parties but not due

Unit: RMB

Issuer	Date of issue	Expired on	Amount	Remark
Shantou Ultrasonic Display (No.2 Plant) Co., Ltd.	September 20, 2012	March 20, 2013	843,086.00	

Shantou Ultrasonic Display (No.2 Plant) Co., Ltd.	October 22, 2012	April 22,2013	716,225.00	
Hangzhou Juhua Technology Co., Ltd.	October 17, 2012	April 17,2013	600,000.00	
Guizhou Crystal Chemical Co., Ltd.	September 12, 2012	March 12, 2013	500,000.00	
Anhui Jianghui Motor Co., Ltd.	August 28,2012	February 28, 2013	500,000.00	
Total	--	--	3,159,311.00	--

Notes

Statements on commercial accepted notes already discounted or under pledge:

4. Dividends receivable

Unit:RMB

Items	Amount at year beginning	Increase at this period	Decrease at this period	Amount at period end	Reasons for not being recovered	Whether the relevant funds have signs for impairment
Including:	--	--	--	--	--	--
Including:	--	--	--	--	--	--

Notes

5. Interest receivable

(1) Interest receivable

Unit :RMB

Items	Amount at year beginning	Increase at this period	Decrease at this period	Amount at period end
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(2) Overdue interests

Unit: RMB

Lender	Overdue time (Day)	The amount of overdue interest
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(3) Notes

6. Account receivable

1.Classification accojunt receivables.

Unit :RMB

Classification	Amount in year-end				Amount in year- begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Receivables with major individual amount and bad debt provision provided individually	1,807,687.37	1.61%	1,807,687.37	100%				
Receivables provided bad debt provision in groups								
Age of group	106,479,274.60	94.83%	5,537,931.64	5.2%	60,001,603.99	93.03%	3,032,398.68	5.05%
Subtotal of group	106,479,274.60	94.83%	5,537,931.64	5.2%	60,001,603.99	93.03%	3,032,398.68	5.05%
Account receivable with minor individual amount but bad debt provision is provided	4,003,127.89	3.56%	4,003,127.89	100%	4,492,763.89	6.97%	4,492,763.89	
Total	112,290,089.86	--	11,348,746.90	--	64,494,367.88	--	7,525,162.57	--

Category explanation of accounts receivable:

Receivables with significant individual amount and provision made for individual item refers to customer accounts receivable with single amount more than 1 million, its provision for impairment will be made based on specific identification method. For receivables without significant individual amount, after deducting those parts which had conducted individual impairment test for its obvious difference in collectability with concrete evidence, making group by aging with character of credit risks and making provision for impairment based on aging analysis method. The receivables made provision for impairment without significant individual amount refers to those receivables which has obvious difference in collectability with concrete evidence, its provision will be made based on specific identification method.

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

√ Applicable □ not applicable

Unit:RMB

Description	Book balance	Bad debt provision	Rate(%)	Reason to provide
Receivable accounts with large amount	1,807,687.37	1,807,687.37	100%	Unable to recover

individually				
Total	1,807,687.37	1,807,687.37	--	--

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

Applicable not applicable

Unit: RMB

Age	Balance in year-end			Balance in year-begin		
	Balance of book		Bad debt provision	Balance of book		Bad debt provision
	Amount	Proportion(%)		Amount	Proportion(%)	
Within 1 year						
In which:	--	--	--	--	--	--
	105,490,691.55	99.07%	5,274,534.58	58,984,012.56	98.3%	2,901,137.11
Subtotal of within 1 year	105,490,691.55	99.07%	5,274,534.58	58,984,012.56	98.3%	2,901,137.11
1-2 years	288,946.25	0.27%	28,894.62	889,653.87	1.48%	88,965.39
2-3 years	576,579.80	0.54%	172,973.94	108,363.00	0.18%	32,508.90
Over 3 years	123,057.00	0.12%	61,528.50	19,574.56	0.04%	9,787.28
3-4 years	108,057.00	0.1%	54,028.50	19,574.56	0.04%	9,787.28
4-5 years	15,000.00	0.02%	7,500.00			
Total	106,479,274.60	--	5,537,931.64	60,001,603.99	--	3,032,398.68

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

Applicable Not applicable

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

Applicable Not applicable

Receivable accounts with minor amount but on which had debt provisions are provided individually at end of period

Applicable Not applicable

Unit:RMB

Description Of other receivables	Book balance	Amount of bad debt	rate	reason
Receivable accounts with no large amount individually	4,003,127.89	4,003,127.89	100%	Unable to recover
Total	4,003,127.89	4,003,127.89	--	--

(2) Receivable accounts written back or retrieved in the report period

Unit: RMB

Description of receivables	Reason to write back or retrieve	Basis of original bad debt provision	Bad debt provision provided before writing back or retrieving	Amount written back or retrieved
----------------------------	----------------------------------	--------------------------------------	---	----------------------------------

In the end report period, separate amount is not large, the account receivable with big combination risk after combined via risk character

Unit: RMB

Name	Book balance	Amount of bad debt	Proportion (%)	Reason
Receivables account more than 1 million	1,807,687.37	1,807,687.37	100%	Unable to recover
receivables less than 1 million	4,003,127.89	4,003,127.89	100%	Unable to recover
Total	5,810,815.26	5,810,815.26	--	--

Notes

Individual amount is not significant but the portfolio of risky accounts receivable is risky if the closing balance is less than 1 million. If it cannot contact and the financial condition is deteriorated, it can be proved that the decrease in value of receivables impairment aged over 1 year.

(3) Receivable accounts actually written off in the report period

Unit: RMB

Name	Quality	Time of written off	Amount of written	reasons of written off	Whether because of the connected transaction
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Notes

(4) Particulars about the receivable accounts due from shareholders with 5% or over of the Company's shares in the report period.

Unit: RMB

Name	Year-end balance		Year-beginning balance	
	Book Balance	Amount	Book Balance	Amount

(5) The front 5 units' information of account receivable

Unit : RMB

Name	Relation with the Company	Amount	Ages	Portion in total receivables (%)
Shenzhen China Star Optoelectronics Technology Co., Ltd.	Client, related parties	47,273,531.25	Within 1 year	42.1%
Fuhai peng Electroinc Technology Co., Ltd.	Client	10,723,815.08	Within 1 year	9.55%
Guangdong Ruili Baolai Technology Co., Ltd.	Client	6,006,311.19	Within 1 year	5.35%
Shenzhen Riguang Display Technology Co., Ltd.	Client	2,608,090.10	Within 1 year	2.32%
Jiangxi Helitai Technology Co., Ltd.	Client	2,242,145.04	Within 1 year	2%
Total	--	68,853,892.66	--	61.32%

(6) Account receivable from Related parties

Unit: RMB

Name	Relation with the company	Amount	Portion in total receivables account(%)
Shenzhen China Star Optoelectronics Technology Co., Ltd.	Client, related parties	47,273,531.25	42.1%
Shenzhen Tianma Microelectronics Co., Ltd.	Client, related parties	1,234,396.37	1.1%
Total	--	48,507,927.62	43.2%

(7) Termination of receivable accounts

Unit: RMB

Items	Derecognised amount	Gains/losses associated with the derecognition
-------	---------------------	--

(8) For securitization on receivable accounts, please provide the amount of asset and liability formed by continuous involving

Unit: RMB

Items	Year-end balance
Assets:	
Liability:	

7. Other receivable

1. Type analyses:

Unit: RMB

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other receivables with major individual amount and had debt provision provided individually	12,075,436.43	17.93%	12,075,436.43	100%	12,075,436.43	34.19%	12,075,436.43	100%
Other receivables provided bad debt provision in groups								
Account age group	54,519,378.91	80.93%	3,450,310.58	6.33%	22,454,828.12	63.58%	1,718,360.23	7.65%
Subtotal of group	54,519,378.91	80.93%	3,450,310.58	6.33%	22,454,828.12	63.58%	1,718,360.23	7.65%
Other account receivable with minor individual amount but bad debt provision is provided	766,081.15	1.14%	766,081.15	100%	786,081.15	2.23%	786,081.15	100%
Total	67,360,896.49	--	16,291,828.16	--	35,316,345.70	--	14,579,877.81	--

Category explanation of other accounts receivable:

Receivables with significant individual amount and provision made for individual item refers to customer accounts receivable with single amount more than 0.5 million, its provision for impairment will be made based on specific identification method. For receivables without significant individual amount, after deducting those parts which had conducted individual impairment test for its obvious difference in collectability with concrete evidence, making group by aging with character of credit risks and making provision for impairment based on aging analysis method. The receivables made provision for impairment without significant individual amount refers to

those receivables which has obvious difference in collectability with concrete evidence, its provision will be made based on specific identification method.

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

Applicable Not applicable

Unit: RMB

Decription	Book balance	Amount of bad debts	Rate (%)	Reason
Other receivables account more than 0.5 million	12,075,436.43	12,075,436.43	100%	Estimated uncollectible
Total	12,075,436.43	12,075,436.43	--	--

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

Applicable Not applicable

Unit: RMB

Age	At end of term			At beginning of term		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proporti on(%)		Amount	Proporti on(%)	
Within 1 year						
In which:						
	50,412,655.15	92.47%	2,520,627.76	19,171,874.02	85.38%	958,593.70
Subtotal of within 1 year	50,412,655.15	92.47%	2,520,627.76	19,171,874.02	85.38%	958,593.70
1-2 years	2,103,003.04	3.86%	210,300.30	1,565,909.45	6.97%	156,590.96
2-3 years	1,412,389.24	2.59%	423,716.77	1,276,700.78	5.69%	383,003.63
Over 3 years	591,331.48	1.08%	295,665.75	440,343.87	1.96%	220,171.94
3-4 years	374,087.17	0.69%	187,043.59	246,437.31	1.1%	123,218.66
4-5 years	207,244.31	0.38%	103,622.16			
Over 5 years	10,000.00	0.01%	5,000.00	193,906.56	0.86%	96,953.28
Total	54,519,378.91	--	3,450,310.58	22,454,828.12	--	1,718,360.23

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

Applicable not applicable

Receivable account on which bad debt provisions are provided by other ways in the portfolio

Applicable not applicable

Other receivable accounts with minor amount but were provided had debt provisions individually at end of period

Applicable not applicable

Unit: RMB

Content	Book balance	Bad debt Provision	Rate (%)	Reason
Receivables account Less than 0.5 million	766,081.15	766,081.15	100%	Estimated uncollectible
Total	766,081.15	766,081.15	--	--

(2) Other receivable accounts written back or retrieved in the report period

Unit: RMB

Content	Cause of written back or retrieved	Determine the Basis of Bad Debt Provision	Accumulatively Accruing Allowances for Bad Debt before Reversal or Recovery	Amount of Reversal or Recovery

Separate amount is big at end of the period or not big but other account receivable and doubtful reserves shall be withdrawn

Unit: RMB

Description	Book balance	Amount of bad debts	Rate (%)	Reason
Receivables account more than 0.5 million	12,075,436.43	12,075,436.43	100%	Estimated uncollectible
Receivables account Less than 0.5 million	766,081.15	766,081.15	100%	Estimated uncollectible
Total	12,841,517.58	12,841,517.58	--	--

Notes

Individual amount is not significant but the portfolio of risky accounts receivable is risky if the closing balance is less than 0.5 million. If it cannot contact and the financial condition is deteriorated, it can be proved that the decrease in value of receivables impairment aged over 1 year.

(3) Other receivable accounts actually written off in the report period

Unit: RMB

Name	Quality	Time of written off	Amount of written off	Reasons of written off	Whether because of the connected transaction

Notes

(4) Particulars about the other receivable accounts due from shareholders with 5% or over of the Company's shares in the report period

Unit: RMB

Name	Balance at the period end		Balance in year-begin	
	Book amount	Amount of bad debt provision	Book amount	Amount of bad debt provision

(5) Natures or contents of other receivable accounts with large amount

Unit: RMB

Name	Amount	Quality and content	Proportion(%)

Notes

(6) The front 5 units' information of other account receivable

Unit: RMB

Name	Relation with the company	Amount	Ages	Portion in total other receivables(%)
Export tax rebates	Non-related parties	43,668,404.96	Within 1 year	64.83%
Jiangxi Xuanli String Co., Ltd.	Non-related parties	11,389,044.60	3-4 years	16.91%
Non-public issuing fee	Non-related parties	2,373,473.65	Within 1 year	3.52%
Anhui Huapeng Textile Co., Ltd.	Stock Company	1,800,000.00	Within 1 year	2.67%
Shenzhen Finance Committee	Non-related parties	1,047,437.10	2-3 year	1.55%
Total	--	60,278,360.31	--	89.48%

(7) Account receivable from Related parties

Unit: RMB

Name	Relation with the company	Amount	Portion in total other receivables(%)
Shenzhen Dailisi Underwear Co., Ltd.	Stock Company	265,493.20	0.39%
Anhui Huapeng Textile Co., Ltd.	Stock Company	1,800,000.00	2.67%

Shenzhen Tianlong Industry & trade Co., Ltd.	Stock Company	686,391.83	1.02%
Total	--	2,751,885.03	4.08%

(8) Termination of other receivable accounts

Unit: RMB

Items	Derecognised amount	Gains/losses associated with the derecognition
No		

(9) For securitization on other receivable accounts, please provide the amount of account of asset and liability formed by continuous involving

Unit: RMB

Items	Amount in year-end
Assets:	
Liability:	

8. Prepayments

(1) Age analysis

Unit: RMB

Age	Balance in year-end		Balance in year-begin	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	12,711,147.09	100%	11,994,227.69	92.13%
1-2 years			1,021,817.83	7.85%
2-3 years			2,834.53	0.02%
Total	12,711,147.09	--	13,018,880.05	--

Notes to age of payment in advance: The prepayments are mainly with age of less than 1 year.

(2) The front 5 units' information of Prepayments

Unit: RMB

Name	Relation with the company	Amount	Time	Reason of not clearing
Customs	Regulatory authority	5,709,916.93	December 11, 2012	Tariff

Jiangyin Hupao Textile Printing & dyeing Co., Ltd.	Supplier	1,272,272.76	December 9, 2012	Not available
Anqing Zhaofeng Printing & Dyeing Co., Ltd.	Supplier	1,050,205.70	December 21, 2012	Not available
Huizhou Dayawan Dongzhen Real Estate Co., Ltd.	Supplier	1,000,000.00	December 20, 2012	Earnest
Mitsubishi Plastics Trading (Shanghai) Co., Ltd.	Supplier	876,266.16	December 24, 2012	Not available
Total	--	9,908,661.55	--	--

Notes

(3) Prepayment received by shareholding parties holding 5% or above of the Company's shares in the report period.

Unit: RMB

Name	Balance in year-end		Balance in year-begin	
	Book Balance	Amount of Bad debt provision	Book Balance	Amount of Bad debt provision

(4) Statements on prepayments

As of December 31, 2012, There was no Prepayment due from shareholders with more than 5% (including 5%) of the voting shares of the company.

9. Inventory

(1) Inventory types

Unit: RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	98,163,670.98	4,589,447.60	93,574,223.38	42,943,054.63	4,485,919.10	38,457,135.53

Processing products	21,914,860.08	2,773,084.10	19,141,775.98	10,975,548.60		10,975,548.60
Stock goods	34,004,107.39	3,434,000.51	30,570,106.88	26,627,636.17	4,524,220.04	22,103,416.13
Turnover materials	118,539.22		118,539.22	39,623.97		39,623.97
Commissioned goods	1,598,561.17	1,598,561.17		1,598,561.17	1,598,561.17	
Total	155,799,738.84	12,395,093.38	143,404,645.46	82,184,424.54	10,608,700.31	71,575,724.23

(2) Inventory Impairment provision

Unit: RMB

Type	Book balance at year beginning	Amount accounted in current period	Amount Decreased in current period		Book balance at period end
			Transferred back	Reselling	
Raw materials	4,485,919.10	446,182.57		342,654.07	4,589,447.60
Processing products		2,773,084.10			2,773,084.10
Stock goods	4,524,220.04	293,294.56		1,383,514.09	3,434,000.51
Commissioned goods	1,598,561.17				
Total	10,608,700.31	3,512,561.23		1,726,168.16	12,395,093.38

(3) Condition of inventory value decline

Items	Base of stock value decline	Reason of issuing back to stock value decline plan of this period	Proportion of issuing back amount to the stock balance at this period
Raw materials	Net realisable value is lower than the corresponding cost		
Stock goods	Net realisable value is lower than the corresponding cost		
Processing products	Net realisable value is lower than the corresponding cost		
Turnover materials	Net realisable value is lower than the corresponding cost		

10. Other current assets

Unit: RMB

Items	End of term	Beginning of term
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Notes

Net realisable value is lower than the corresponding cost

11. Disposable financial assets

(1) Sellable financial assets

Unit: RMB

Items	Fair value at end of term	Fair value at beginning of term
Available-for-sale equity instruments	70,159,993.69	52,272,895.86
Total	70,159,993.69	52,272,895.86

This issue will be re-held-to-maturity investments classified as available for sale financial assets, the current re-classification of the amount of RMB 0.00 .

Explanation of financial assets available for sale: the amount of available for sale assets are held by Shenzhen Victor Onward Textile Industrial Co., Ltd. shares, ST Shen Victor Onward A of the company holds a total of 9,233,394 shares of the outstanding shares of the highest A share price of 6.69 yuan in December 31, 2012, ST Shengrun A of the company holds a total of 985,733 shares of the outstanding shares of the highest A share price of 8.51 yuan in December 31, 2012, .

(2) Long-term liability investment in the sellable financial assets

Unit: RMB

Bond items	Type of bond	Face value	Initial costs	Expired on	Beginning balance	Interest of the period	Accumulated interest received or receivable	Ending balance
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Statement on long-term liability investment in the sellable financial assets:

12. Investment held to mature

(1) Investment held to mature

Unit: RMB

Items	Balance of book value at end of term	Balance of book value at beginning of term
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Statement on investment held to mature:

(2) Investment hold to mature disposed in the report period before mature

Unit: RMB

Items	Amount	Proportion (%)
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Notes s

13.Long-term receivables

Unit: RMB

Type	Balance in-end	Balance in-Beginning
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14.Investment to joint venture and affiliated Enterprises

Unit: RMB

Name	Proportion (%)	Voting proportion(%)	End total assets	End total liabilities	End total net assets	Total current revenues	Net profit
I. Joint venture							
Shenzhen Haohao Property Leasing Co., Ltd.	50%	50%	6,952,069.10	466,521.84	6,485,547.26	1,794,375.00	1,067,817.55
Shenzhen Xieli Automobile Co., Ltd.	50%	50%	7,782,434.81	2,363,360.26	5,419,074.55	1,734,100.00	711,694.45
Shenzhen Tianlong Industry & trading Co., Ltd.	50%		285,209.76	2,579,618.45	-2,294,408.69		-23,275.08
II. Affiliated enterprise							
Shenzhen	40.25%	40.25%	5,344,349.31	991,031.14	4,353,318.17	329,050.00	-1,353.33

Changlianfa Printing & dyeing Company							
Jordan Garment Factory	35%	35%	12,424,569.70	5,025,959.46	7,398,610.24	27,313,140.84	1,060,160.19
Hengshun (Saipan) Industry Co., Ltd.	35%	35%					

Notes:

There is no significant difference among the significant accounting policy of joint venture and Affiliated enterprise, the accounting estimate and the company accounting policy, the accounting estimate.

15. Long term share equity investment.

(1) Long-term equity investments are listed according to the situation of investment unit :

Unit : RMB

Name	Accounting method	Initial investment cost	Original balance	change	Ending Balance	Shareholding proportion in the investee	Voting right proportion in the investee	Explanation of difference between shareholding proportion and voting right proportion in investee	Devalue	Current devalue	Cash bonus
Shenzhen Jintian Industry (Group) Co., Ltd.	Cost method	14,831,681.50	14,831,681.50		14,831,681.50	3.68%	3.68%		14,831,681.50		
Shenzhen Haohao Property Leasing Co., Ltd.	Equity method	2,040,102.73	3,537,070.37	128,048.22	3,665,118.59	50%	50%				400,000.00
Shenzhen Xieli Automobile Co., Ltd.	Equity method	1,529,483.67	2,691,516.71	284,675.66	2,976,192.37	50%	50%		266,654.99		
Shenzhen Changliang Printing & dyeing Company	Equity method	2,524,500.00	1,752,755.27	-544.71	1,752,210.56	40.25%	40.25%				
Jordan Garment Factory	Equity method	7,240,625.00	2,221,984.47	365,676.52	2,587,660.99	35%	35%				
Hengshun (Saipan) Industry Co., Ltd.	Equity method	8,228,350.00				35%	35%				
Shenzhen Tianlong	Equity method	685,000.00				50%		Go into liquidation			

Industrial & Trading Co., Ltd											
Shenzhen Jiafeng Textile Co., Ltd.	Cost method	16,800,000.00	16,800,000.00		16,800,000.00	10.8%	10.8%		16,800,000.00		
Shenzhen Guanhua Printing & dyeing Co., Ltd.	Cost method	5,491,288.71	5,491,288.71		5,491,288.71	45%	45%		5,058,307.01		
Shenzhen Union Development Group Co., Ltd	Cost method	2,600,000.00	2,600,000.00		2,600,000.00	2.87%	2.87%				130,000.00
Shenzhen Xiangjian Trade Co., Ltd.	Cost method	160,000.00	160,000.00		160,000.00	20%	20%				
Shenzhen Xinfang Knitting Co., Ltd.	Cost method	524,000.00	524,000.00		524,000.00	20%	20%				
Hongkong Yehui International Co., Ltd.	Cost method	2,392,914.37	2,392,914.28		2,392,914.28	17.85%	17.85%				
Shenzhen Dailisi Knitting Co., Ltd.	Cost method	532,062.50	2,559,856.26		2,559,856.26	30%		Operate and contracted by the third party			810,300.00
Anhui Huapeng Textile Co., Ltd.	Cost method	25,000,000.00	25,410,209.50		25,410,209.50	50%		Operate and contracted by the third party			1,800,000.00
Shenzhen	Cost	1,500,000	1,500,000		1,500,000	9.84%	9.84%				530,706.7

South Textile Co., Ltd.	method	.00	.00		.00						3
Shenzhen Tongyi Silk Co., Ltd.	Cost method	1,800,000.00	1,800,000.00		1,800,000.00	18%	18%				542,932.57
Shenzhen Zhongxing Fibreg Folds Cotton Clothing Ornament Co., Ltd.	Cost method	1,460,000.00	1,460,000.00		1,460,000.00	100%		It is cancelled in 2013	1,460,000.00		
Total	--	95,340,008.48	85,733,277.07	777,855.69	86,511,132.76	--	--	--	38,416,643.50		4,213,939.30

(2) Constrains on the ability to transfer capital to invested entities

Unit: RMB

Constrains on the ability to transfer capital to long-term invested entities	Causation of constrain	Accumulated investment loss not recognized
--	------------------------	--

Notes

During the reporting period, the company is not limited to transfer funds to the Investment Company limited circumstances.

The company has no long-term equity investment of limited sales condition in the end.

16. Investment real estate

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

Unit: RMB

Items	Book amount at year beginning	Increase at this period	Decrease at this period	Book balance in year -end
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1. Total original price	258,462,134.46			258,462,134.46
1.House, Building	258,462,134.46			258,462,134.46
II.Total accumulated depreciation accumulated amortization	96,803,671.11	6,896,567.64		103,700,238.75
1.House, Building	96,803,671.11	6,896,567.64		103,700,238.75
III. Total book value of investment real estate	161,658,463.35	-6,896,567.64		154,761,895.71
1.House, Building	161,658,463.35	-6,896,567.64		154,761,895.71
IV. Total book value of investment real estate	161,658,463.35	-6,896,567.64		154,761,895.71
1.House, Building	161,658,463.35	-6,896,567.64		154,761,895.71

Unit: RMB

	This period
Current amount of depreciation and amortization	6,896,567.64

(2) Investment property on fair value basis.

Unit : RMB

Items	Book amount at year beginning	Increase at this period			Decrease at this period		Book balance in year -end
		Purchase	Owned real estate or stock transfer	Changes in the fair value gain or loss	Disposition	Transferred as owned real estate	

During the reporting period,introduction of the changed measurement model of the investment real estate and the incompletd certificate of the investment real estate, explain the reason of the incompletd certificate and the expected time to complete

The company has no fair value measurement of investment real estate.

17. Fixed assets

(1) Fixed assets

Unit: RMB

Items	Book amount at year beginning	Increase at this period		Decrease at this period	Book balance in year -end
I. Total of Original price of fixed assets	624,037,352.83	430,829,395.06		4,801,294.60	1,118,0654,106.42
Including : House and building	459,841,176.81	2,710,060.56		1,209,611.06	461,341,626.31
Machine equipment	145,619,918.73	493,124,986.05		2,496,961.51	636,247,943.27
Transporation Equipment	4,131,654.03			343,100.00	3,788,554.03
Electricity equipment and other	14,444,603.26	2,993,001.58		751,622.03	16,685,982.81
--	Book balance at year beginning	Current term new extra	Current term provision	Decrease at this period	Book balance in year -end
II. Total of Accumulated depreciation	119,603,712.35		51,866,404.55	2,805,921.31	168,664,195.59
Including : House and building	38,030,132.12		13,021,731.69	322,563.01	50,729,300.80
Machine equipment	71,721,979.39		37,024,619.57	1,585,279.82	107,161,319.14
Transporation Equipment	1,438,673.02		497,837.20	246,609.27	1,689,900.95
Electricity equipment and other	8,412,927.82		1,322,216.09	651,469.20	9,083,674.70
--	Book balance in year-begin	--			Balance in year-end
III. Total book value of Fixed assets	504,433,640.48	--			949,399,910.83
Including : House and building	421,811,044.69	--			410,612,325.51
Machine equipment	73,897,939.34	--			529,086,624.13
Transporation Equipment	2,692,981.01	--			2,098,653.08
Electricity equipment and other	6,031,675.44	--			7,602,308.11
IV. Total of Devalued Provision	305,801.12	--			235,233.62
Transporation Equipment	305,801.12	--			235,233.62

Electricity equipment and other		--	
V. Total book value of Fixed assets	504,127,839.36	--	949,164,677.21
Including : House and building	421,811,044.69	--	410,612,325.51
Machine equipment	73,897,939.34	--	529,086,624.13
Transportation Equipment	2,387,179.89	--	1,863,419.46
Electricity equipment and other	6,031,675.44	--	7,602,308.11

(2) Current depreciation is RMB 51,866,404.55 . The issue of fixed assets transferred from construction in progress original price is RMB 446,649,324.34.

(2) Fixed assets temporarily in idle status

Unit: RMB

Items	Original book value	Accumulated depreciation	Impairment provision	Net book value	Notes

(3) Fixed assets leased by finance

Unit: RMB

Items	Original book value	Accumulated depreciation	Net book value

(4) Fixed assets leased out on finance

Unit: RMB

Type	Book balance in year-end

(5) Fixed assets held for sale at end of period

Unit: RMB

Items	Book value	Fair value	Predicted disposal expense	Predicted disposal date

(6) Fixed asset not licensed yet

Items	Reason for not granted	Expected date of grant
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Notes

(1) As of December 31, 2012, The company has no temporary situation of idle fixed assets.

(2) As of December 31, 2012, The company has no lease by financing the fixed assets of the situation.

(3) As of December 31, 2012, The fixed assets leased through operating leases.

(4) The TFT-LCD polarizing film project the carry-over of buildings and structures in fixed assets , the company has not yet completed the property certificate, In 2013 is expected to go through.

18. Project under construction

(1) Project under construction

Unit : RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
TFT-LCD polarizing film I project				330,124,529.26		330,124,529.26
TFT-LCD polarizing film II project TFT-LCD	2,160,204.20		2,160,204.20			
Guanhua Building project	9,416,319.19		9,416,319.19	4,664,276.19		4,664,276.19
Total	11,576,523.39		11,576,523.39	334,788,805.45		334,788,805.45

2. The variation in constructing the engineering project

Unit: RMB

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Proportion (%)	Progress of work	Capitalisation of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalisation of interest ratio (%)	Source of funds	Balance in year-end
TFT-LCD polarizing film I project	926,400,000.00	330,124,529.26	113,795,523.14	443,920,052.40		90%	100 %	6,210,041.26			Collect and Self-	
Total	926,400,000.00	330,124,529.26	113,795,523.14	443,920,052.40		--	--	6,210,041.26		--	--	

Notes

(3) Impairment Provisions of Construction in progress

Unit: RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end	Reason
None					

(4) Major projects under construction

Items	Progress work	Remark
TFT-LCD polarizing film I project	100%	

(5) Statement on projects under construction

19. Engineering Material

Unit : RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end

Notes.

20. Liquidation of fixed assets

Unit : RMB

Items	Beginning book value	Eng book value	Reason of liquidation

Progress of fixed assets turn to be liquidated for over one year:

21. Production biological assets

(1) On costs

Unit: RMB

Items	Book balance in year-begin	Increase at this period	Decrease at this period	Book balance in year-end
1.Planting industry				
2.Animal husbandry and aquaculture				

3. Forestry
4. Aquaculture industry

(2) On fair value

Unit : RMB

Items	Book balance in year-begin	Increase at this period	Decrease at this period	Book balance in year-end
1. Planting industry				
2. Animal husbandry and aquaculture				
3. Forestry				
4. Aquaculture industry				

Notes

22. Petroleum assets

Unit: RMB

Items	Book Balance in year-begin	Increase at this period	Decrease at this period	Book Balance in year-end

Notes

23. Intangible assets

(1) Intangible assets

Unit : RMB

Items	Book Balance in year-begin	Increase at this period	Decrease at this period	Book Balance in year-end
1. Total original price	60,590,330.50	1,685,080.00		62,275,410.50
Land Use right	48,765,130.50			48,765,130.50
Proprietary technology	11,825,200.00			11,825,200.00
Software		1,685,080.00		1,685,080.00

II. Total amount of accumulated	14,021,640.61	2,091,308.20		16,112,948.81
Land Use right	4,561,640.61	1,285,355.28		5,846,995.89
Proprietary technology	9,460,000.00	788,400.00		10,248,400.00
Software		17,552.92		17,552.92
III. Book value of intangible assets	46,568,689.89	-406,228.20		46,162,461.69
Land Use right	44,203,489.89	-1,285,355.28		42,918,134.61
Proprietary technology	2,365,200.00	-788,400.00		1,576,800.00
Software		1,667,527.08		1,667,527.08
Land Use right				
Proprietary technology				
Software				
V. Total Book value of intangible assets	46,568,689.89	-406,228.20		46,162,461.69
Land Use right	44,203,489.89	-1,285,355.28		42,918,134.61
Proprietary technology	2,365,200.00	-788,400.00		1,576,800.00
Software		1,667,527.08		1,667,527.08

The amortization amount is RMB2,091,308.20 .

(2) The current expenditure on development projects

Unit: RMB

Items	Balance in year-begin	Increase at this period	Decrease at this period		Balance in year-end
			Accounted into current income account	Recognized as intangible assets	
None					

R & D expenses of the current period accounted for % of the total coast of R&D.

Intangible asset formed by internal R&D of the period accounted for % of the total book value of intangible assets

Statement on R&D projects, including single account over RMB 1 million basing on evaluation results. Please

provide the evaluation body and basis of evaluation.

24. Goodwill

Unit: RMB

Name of the investee or the matter of forming Goodwill	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end	Ending devalue provision
Shenzhen Beauty Century Garment Co., Ltd.	2,167,431.21			2,167,431.21	2,167,431.21
Shenzhen Shenfang Import & Export Co., Ltd.	82,156.61			82,156.61	82,156.61
Shenzhen ShengBo Ophotoelectric Technology Co., Ltd	9,614,758.55			9,614,758.55	
Total	11,864,346.37			11,864,346.37	2,249,587.82

Description of the impairment of business reputation impairment testing methods and provisioning methods: goodwill related to the asset group or a combination of asset group signs of impairment exists, according to the following steps to deal with: first, do not include business reputation asset group or a Group portfolio of assets impairment testing, calculate recoverable amount, and with the relevant book value compared to the corresponding recognized devalue losses; and then again with the goodwill asset group or a group of portfolio asset impairment testing, compare the related assets group or groups of assets portfolio book value (including the share of the book value of business reputation in part) to its recoverable amount.

25. Long-term amortization expenses

Unit:RMB

Items	Balance in year-begin	Increase at this period	Amount of amortization at current period	Other Decrease	Balance in year end	Other
Renovation costs	1,383,368.41		589,740.33		793,628.08	
Other	242,240.00		30,280.00		211,960.00	
Total	1,625,608.41		620,020.33		1,005,588.08	--

Notes

26. Deferred income tax assets and deferred income tax liability

1. Confirmed the deferred income tax assets and deferred income tax liability

Unit:RMB

Recognized deferred income tax assets and deferred income tax liabilities

Items	Year-end balance	Year-beginning balance
Deferred income tax assets:		
Assets depreciation reserves	8,968,381.60	8,158,712.53
Deductible loss	20,143,883.87	
Unattained internal sales profits	471,234.20	482,300.70
Subtotal	29,583,499.67	8,641,013.23
Deferred income tax liability:		
Trading of financial instruments and Derivative financial instruments	12,557,914.13	7,767,164.67
Assessed tax-free periods of time caused by differences in income	38,919.00	77,838.00
Subtotal	12,596,833.13	7,845,002.67

Details of the un-recognized deferred income tax assets

Unit:RMB

Items	At end of term	At beginning of term
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Deductible losses of the un-recognized deferred income tax asset will expire in the following years

Unit:RMB

Year	At end of term	At beginning of term	Notes
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Details of taxable differences and deductible differences

Unit:RMB

Items	Amount of temporary differences	
	At end of term	At beginning of term
Differences in taxable items		
Increase and decrease of fair value of available-for-sale financial assets	50,231,656.52	31,068,658.69
Assessed tax-free periods of time caused by differences in income	155,676.00	311,352.00
Subtotal	50,387,332.52	31,380,010.69
Neutralizable different items		
Provision for bad debts	27,640,575.06	22,105,040.38

Provision for inventory devaluation	12,395,093.38	10,608,700.31
Long-term equity investment impairment provision	5,227,896.65	5,227,896.65
Provision for devaluation of fixed assets	235,233.62	305,801.12
Unattained internal sales profits	3,141,561.31	3,215,338.00
Deductible loss	134,292,559.16	
Subtotal	182,932,919.18	41,462,776.46

(2) Deferred income tax assets and liabilities are presented as net amount after neutralization

Statement on deferred income tax assets and liabilities:

Unit: RMB

Items	Deferred Income Tax Assets or Liabilities at the End of Report Period	Temporarily Deductible or Taxable Difference at the End of Report Period	Deferred Income Tax Assets or Liabilities at the Beginning of Report Period	Temporarily Deductible or Taxable Difference at the Beginning of Report Period
Deferred income tax assets:	29,583,499.67		8,641,013.23	
Deferred income tax liability:	12,596,833.13		7,845,002.67	

Details of taxable differences and deductible differences

Unit:RMB

Items	Offsetting Amounts of This Period

Details of taxable differences and deductible differences

27. Provision for depreciation of assets

Unit : RMB

Items	Book balance at the beginning of term	Increase in this period	Decreased in this period		Balance in year-end
			Switch back	Switch cancellation	
1.Provision for bad debts	22,105,040.38	6,130,173.41	594,638.73		27,640,575.06
2 Inventory impairment provision	10,608,700.31	3,512,561.23		1,726,168.16	12,395,093.38
5. Long-term equity investment impairment provision	38,416,643.50				38,416,643.50
7.Fixed asset impairment provision	305,801.12			70,567.50	235,233.62

13. Goodwill impairment provision	2,249,587.82				2,249,587.82
Total	73,685,773.13	9,642,734.64	594,638.73	1,796,735.66	80,937,133.38

Notes

28. Other non-current assets

Unit: RMB

Items	Balance in year-end	Balance in year-Beinning
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Notes

29. Short-term loan**(1) Categories of short-term loans**

Unit: RMB

Items	Balance in year-end	Balance in year-Beinning
Guaranteed loan	32,153,434.48	
Credit loan	8,000,000.00	
Total	40,153,434.48	

Description of short-term loans classifications: The short-term loans are classified by loans.

(2) Short-term loans expired but not repaid

Unit: RMB

Loan provided by	Amount of loan	Interest rate	Usage of loan	Reason of overdue	Scheduled repaying date
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Repaid in post-balance-sheet period.

Statement on short-term loans, including due but extended. Please provide the extending conditions and extended expiration date.

There are no expired outstanding short-term borrowings at the end of the reporting period.

30. Transactional financial liabilities

Unit: RMB

Items	Fair value at end of term	Fair value at beginning of term
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Notes

31. Bills payable

Unit: RMB

Type	At end of term	At beginning of term
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Amount due in next fiscal period is RMB .

Statement on Bills payable:

32. Account payable**(1) Account payable**

Unit : RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	94,601,675.99	31,045,540.20
1-2 years	192,982.78	2,129,900.54
2-3 years	248,999.59	5,841,789.02
3-4 years	5,410,281.92	298,433.42
4-5 years	293,945.85	351,694.84
Over 5 years	484,812.49	397,308.57
Total	101,232,698.62	40,064,666.59

(2) There was account payable due from shareholders with more than 5% (including 5%) of the voting shares of the company

Unit : RMB

Name	Balance in year-end	Balance in year-begin
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The description of large-sum accounts payable with the age over 1 year:

The receipts in advance with the age more than 1 year in the company's advance receipts is the unsettled sporadic balance with the clients, so there is no large-sum advance receipts..

33. Advance account**1. Advance account**

Unit: RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	24,962,860.59	14,319,836.22
1-2 years	58,114.06	515,469.68
2-3 years	1,836.56	32,486.42

3-4 years	1,516.80	639,024.58
4-5 years	639,024.58	
Over 5 years		5,804.00
Total	25,663,352.59	15,512,620.90

(2) There was Advance account due from shareholders with More than 5% (including 5%) of the voting shares of the company.

Unit: RMB

Items	Balance in year-end	Balance in year-begin
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(3) The description of large-sum accounts payable with the age over 1 year:

The receipts in advance with the age more than 1 year in the company's advance receipts is the unsettled sporadic balance with the clients, so there is no large-sum advance receipts.

34. Payable Employee wage

Unit: RMB

Items	Balance in year-begin	<u>Increase in this period</u>	Payable in this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	20,152,284.02	73,636,348.91	69,097,639.37	24,690,993.56
2. Employee welfare		5,085,569.82	5,085,569.82	
3. Social insurance premiums	19,028.93	6,724,961.82	6,743,990.75	
IV. Public reserves for housing	165,974.50	2,980,557.11	3,120,155.61	26,376.00
V. .Refuse welfare	160,000.02	297,415.24	457,415.26	
VI. Other	1,220,999.24	2,466,710.78	2,490,358.73	1,197,351.29
Total	21,718,286.71	91,191,563.68	86,995,129.54	25,914,720.85

The amounts of arrears of staff salary and welfare payable are RMB 0.00.

The amounts of trade union funds and staff education expenses are RMB1,041,508.99, the amounts of non-monetary benefits are RMB 0.00, and the compensations for the lifting of labor relations is 0

The expected release time and amount of staff salary and welfare payable are arranged in the beginning of next year.

35. Tax Payable

Unit: RMB

Items	At end of term	At beginning of term
VAT	-69,531,255.75	-28,116,583.60
Business Tax	451,878.76	466,537.53
Enterprise Income tax	-50,931.40	6,904,730.89
Individual Income tax	310,104.13	308,220.31
City Construction tax	83,954.40	19,906.74
House property Tax	726,735.66	31,917.79
Education subjoin	134,057.30	56,082.91
Other	30,268.12	62,275.14
Total	-67,845,188.78	-20,266,912.29

Statement on tax payable: Please provide the calculating processes then taxable income is balanced between branch companies or factories as approved by the tax bureau.

The subsidiary and branch of the company have no taxable income transfers of each other.

36. Interest Payable

Unit: RMB

Items	Year-end balance	Year-beginning balance
Long-term loans interest of installment and interest charge	15,048,681.30	5,546,514.63
Short term loan interest payable	42,441.82	
Total	15,091,123.12	5,546,514.63

Notes

37. Dividend payable

Unit: RMB

Amount	Balance in year-end	Balance in year-begin	Reason of overdue for over 1 year

Notes

38. Other payable

(1) Other payable

Unit: RMB

Name	Balance in year-end	Balance in year-begin
Within 1 year	56,678,024.44	81,283,988.30

1-2 years	75,534,500.84	4,190,441.94
2-3 years	3,427,991.22	4,565,997.35
3-4 years	2,390,213.29	6,344,333.58
4-5 years	4,839,692.30	3,025,192.15
Over 5 years	25,257,294.27	23,007,675.46
Total	168,127,716.36	122,417,628.78

1. There were other receivable from the main shareholders of the Company holding more than 5% (including 5%) of the total shares of the Company.

Unit : RMB

Name	Balance in year-end	Balance in year-begin
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(3) In the balance of funds received in advance, there were no funds of shareholders holding 5% (including 5%) or more of the voting right of the Company;

Large amounts of the other payables are mainly for TFT-LCD polarizer phase I project funds.

- (4) Large amount of other payables

Large amounts of the other payables are mainly for TFT-LCD polarizer phase I project funds, equipment fund and house Lease deposit.

39. Estimated liabilities

Unit: RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term
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Statement on anticipated liabilities:

40. Non-current liability due in 1 year

- (1) Non-current liability due in 1 year

Unit: RMB

Items	Balance in year-end	Balance in year-begin
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- (2) Long-term loan due in 1 year

Long-term loan due in 1 year

Unit: RMB

Items	Balance in year-end	Balance in year-begin
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The long-term loans due within one year and belong to overdue loans gain the extension amount is RMB 0.00.

Long-term loans due in 1 year top 5 in amount

Unit : RMB

Unit	Date of commencement of loan	Loan termination date	Currency	Interest rate (%)	Balance in year-end		Balance in year-begin	
					Foreign currency	RMB	Foreign currency	RMB

Overdue loans among the long-term loan due in 1 year:

Unit: RMB

Loan provided by	Total amount	Date of mature	Annual interest rate(%)	Usage of loan	Reason for overdue	Scheduled repaying date
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Among repaid in post-balance-sheet day.

Statement on long-term loans due in 1 year:

(3) Bonds payable due within one year

Unit: RMB

Bond	Face value	Date of issue	Bond term	Issuing amount	Interest payable at beginning of period	Interest occurred this period	Interest paid this period	Interest payable at end of period	End of balance
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Statement on bond payable due in 1 year:

(4) Long-term payable account due within one year

Unit: RMB

Loans from	Term	Initial amount	Interest rate(%)	Interest payable	End balance	Condition
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Notes

41. Other current liabilities

Unit: RMB

Items	Year-end Book balance	Year-beginning Book balance
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Notes

42. Long-term loan

(1) Classifications of long-term loans

Unit: RMB

Items	Year-end balance	Year-beginning balance
Credit loan	200,000,000.00	200,000,000.00
Total	200,000,000.00	200,000,000.00

As regards long-term loans classifications:

Long-term loans are classified by loans.

(2) The top five of long-term loans

Unit: RMB

Loan unit	Loans starting date	Loans ending date	Currency	Interest rate (%)	Year-end balance		Year-beginning balance	
					Amount of Foreign currency	Amount of RMB	Amount of Foreign currency	Amount of RMB
Shenzhen Development Bank	November 3, 2011	January 24, 2018	RMB	4.4%		40,000,000.00		40,000,000.00
Shenzhen Development Bank	November 3, 2011	January 24, 2018	RMB	4.4%		40,000,000.00		40,000,000.00
Shenzhen Development Bank	November 3, 2011	January 24, 2018	RMB	4.4%		23,280,991.70		23,280,991.70
Shenzhen Development Bank	November 25, 2010	June 24, 2015	RMB	4.4%		21,225,294.00		21,225,294.00
Shenzhen	July 14, 2010	June 24,	RMB	4.4%		21,047,897.9		21,047,897.9

Development Bank		2015				6		6
Total	--	--	--	--	--	145,554,183.66	--	145,554,183.66

Statement on long-term loans. For long-term loans over due but extended for another period, please provide the conditions, principal interest rate, and repayment arrangement.

There is no long term loan formed by overdue loan extension in the end of period. All final long-term loans are the loans issued to our company from Shenzhen Development Bank Co , Ltd which was entrusted by entrust lender Shenzhen Shenchao Technology Investment Corporation.

43. Bonds payable

Unit: RMB

Name	Par value	Date of issued	Bonds term	Issued amount	Interest payable in year-beginning	Interest payable in this period	Interest paid in this period	Interest payable in year-end	Balance in year-end
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Statement on bonds payable, including the condition and time of converting of the convertible bonds:

44. Long-term payable

Unit: RMB

Name	Term	Initial amount	Interest rate (%)	Interest payable	End balance	Condition
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(2) Details of finance leasing payments in long-term payable

Unit : RMB

Unit	Year-end balance		Year-beginning balance	
	Foreign currency	RMB	Foreign currency	RMB

Guarantee provided by the 3rd party for the leasing finance is amounted to RMB 0.

Statement on long-term payables:

45. Special payable

Unit: RMB

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

46. Other non-current Liability

Unit: RMB

Items	Year-end Book balance	Year-beginning Book balance
Deferred profits	56,714,022.45	45,760,504.07
Total	56,714,022.45	45,760,504.07

Statement on other non-current liabilities, including asset-related and income-related government subsidy and closing balances:

(1) According to the "Notice on National Development and Reform Commission to the General Office of the textile project management of the special funds" (Faigaiban [2006]2841), on December 22, 2006, the Company received "Textile special" funds RMB 2,000,000.00 from Shenzhen Finance Bureau. The company will use 14 years as asset depreciation period for amortization with the corresponding equipment in current period. The amortization in accordance with the corresponding equipment, The non-operating income in current period is RMB142,857.14, the ending balance of uncompleted amortization is RMB 1,428,571.44 .

(2) According to the document of Shenzhen Municipal Development and Reform Commission 【2009】 No. 416 that "The Notice On issued the Governmental Investment Plan in 2009 on Zhong Ke New Industrial Internet Security Audit System and Other High-tech Industrialization Demonstration Project and the Public Testing and Consultation Service of Information Security Industry and other National High-tech Industrial Base Platform Projects", on May 26, 2009, the company received the Shenzhen Municipal Development and Reform Commission high-tech industrialization demonstration project supporting Capital RMB 2 million allocated by Shenzhen City Bureau of Finance for the construction of "The Project of the Construction Line of Polaripiece for TFT-LCD". Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB 200,000.00 and the balance amount of unfinished final amortization is RMB 1,400,000.00.

(3) According to the document of the Office of the State Development and Reform Commission on "The Office of the State Development and Reform Commission on the Reply of New Flat-Panel Display Industrialization Special Project" (Development and Reform Office High-Tech 【2008】 No. 2104), the company obtained the state subsidies RMB 10 million yuan from the State Development and Reform Commission New Flat-Panel Display Industrialization Special Project for the construction of "The Project of Polaripiece Industrialization for TFT-LCD". On June 29, 2009, the company received the special subsidies of State Development and Reform Commission RMB 5 million yuan allocated by Shenzhen City Bureau of Finance. On December 25, 2009, the

company received the special subsidies of State Development and Reform Commission RMB 3.5 million allocated by Shenzhen City Bureau of Finance. On April 2010, the company received the special subsidies of State Development and Reform Commission RMB 1.5 million yuan allocated by Shenzhen City Bureau of Finance.

Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB1,000,000.00 and the balance amount of unfinished final amortization is RMB7,000,000.00.

(4) On December 23, 2009 and June 3, 2011, the Company received a loan discount RMB 992,000.00 and RMB 850,000.00 allocated by Shenzhen Bureau of Finance for phase-2 alteration project. Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB 193,644.48 and the balance amount of unfinished final amortization is RMB 1,355,511.01.

(5) The Company received R&D subsidy of RMB 39.5499 million from the government according to Shen Cai Jian (2010) No. 101 Document - Circular of Plan for Use of Special Funds for the 14th Group of Significant High-tech Projects in 2010. The Company plans to invest these funds in R&D in five years from 2011. The non-operating income in current period is RMB 7,909,980.00 and the balance amount of unfinished final amortization is RMB 23,729,940.00.

(6) According to Contract for Using Technological Development Funds of Futian District Appropriated for Projects in Advance, the Company obtained funds of RMB 600,000.00 appropriated by General Chamber of Commerce of Shenzhen Futian District for the project of "3D polarizer sheet industrialization" on December 26, 2011.

(7) In accordance with the Notice of Forwarding the Reply of General Office of State Development and Reform Commission Regarding Special Plan for Strategic Transformation and Industrialization of Color TV Industry issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2011) No. 823), State Development and Reform Commission approved including the project of industrialization of polarizer sheet for TFT-LCD of Shengbo Optoelectronic Company into the special plan for strategic transformation and industrialization of color TV industry in 2010 and appropriated national aid of RMB 10,000,000.00 to Shengbo Optoelectronic Company for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. As of December 31, 2012, RMB 9,000,000.00 was actually received. 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. Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB800,000.00 and the balance amount of unfinished final amortization is RMB11,200,000.00.

(8) 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 15, 2012. The Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets.

(9) According to the Approval of Application of Shenzhen Shengbo Optoelectronic Technology Co., Ltd. for Project Funds for Shenzhen Polarization Material and Technology Engineering Laboratory (Shen Fa Gai (2012)

No. 1385), Shenzhen Polarization Material and Technology Engineering Laboratory was approved to be established on the strength of Shengbo Optoelectronic with total project investment of RMB 24,390,000.00. As approved by Shenzhen Municipal People's Government, this project was included in the plan for supporting the fourth group of enterprises with special fund for the development of strategic new industries in Shenzhen in 2012 (new material industry). According to the Notice of Issuing the Plan for Supporting the Fourth Group of Enterprises with Special Fund for Development of Strategic New Industries in Shenzhen in 2012 (Shen Fa Gai (2012) No. 1241), the Company received subsidy of RMB 5,000,000.00 on December 4, 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 subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

47. Stocks capital

Unit: RMB

	Balance in year-begin	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	336,521,849.00						336,521,849.00

Statement of change in capital shares. Name of CPA and number of verification report shall be provided if capital increasing or decreasing occurred in the report period; as for shareholding limited companies incorporated for less than three years, only net assets is required for the years prior to incorporation; for shareholding limited companies reformed from limited companies shall provide the capital verification at incorporation.

48. Shares in stock

Notes

49. Special reserves

Notes

50. Capital reserves

Unit: RMB

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

Share premium	782,656,413.49			782,656,413.49
Other	31,884,475.81	15,067,498.37	695,250.00	46,256,724.18
Total	814,540,889.30	15,067,498.37	695,250.00	828,913,137.67

As regards capital reserve:

The decrease of other capital surplus includes the net amount of change of fair value of financial assets available for sale held by the Company in the report year after deduction of income tax and outward transfer of the change of fair value originally accounted for as capital surplus after sales of financial assets available for sale.

51. Surplus reserve

Unit: RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	35,912,706.22	694,953.27		36,607,659.49
Total	35,912,706.22	694,953.27		36,607,659.49

Statement on surplus reserves. Please state the related resolutions of the Board on capitalizing of reserves, making up losses, and dividends

52. Providing of common risk provisions

Notes

53. Retained profits

Unit: RMB

Items	Amount	Extraction or distribution of the proportion
Before adjustments: Retained profits at the period end	182,653,149.09	--
After adjustments: Retained profits at the period beginning	182,653,149.09	--
Add: Net profit belonging to the owner of the parent company	-80,988,887.59	--
Less: Drawing statutory surplus reserve	694,953.27	10%

Retained profits at the period end	100,969,308.23	--
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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.

Statement on retained profit: for companies issued their securities for the first time, if the accumulated profit before the issuing is shared by the new and existing shareholders as approved by the shareholders' meeting, shall be described particularly; if the accumulated profit before the issuing is shared only by existing shareholders as approved by the shareholders' meeting, the Company shall provide the details of dividend payable to the existing shareholders as audited by CPA.

54. Business income, Business cost

(1) Operating income and operating cost

Unit : RMB

Items	Amount of current period	Amount of previous period
Income from Business income	840,164,986.35	708,274,796.32
Other Business income	4,949,497.03	4,618,760.94
Business cost	809,070,880.87	591,225,114.92

(2) Main business (Industry)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic and foreign trade	451,634,641.37	448,904,371.85	321,870,879.49	320,752,156.30
Manufacturing	306,679,542.93	331,474,025.69	308,099,484.50	243,557,199.79

Property management, leasing	81,850,802.05	23,745,635.87	78,304,432.33	22,346,699.73
Total	840,164,986.35	804,124,033.41	708,274,796.32	586,656,055.82

(3) Main business (Production)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Property and rental income	81,850,802.05	23,745,635.87	78,304,432.33	22,346,699.73
Textile income	43,865,136.66	34,007,671.05	75,760,568.76	62,605,852.97
Polaroid income	262,814,406.27	297,466,354.64	232,338,915.74	180,951,346.82
Trade income	451,634,641.37	448,904,371.85	321,870,879.49	320,752,156.30
Total	840,164,986.35	804,124,033.41	708,274,796.32	586,656,055.82

(4) Main Business (Area)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic	270,948,389.89	198,010,505.25	290,613,599.52	200,345,324.25
Oversea	569,216,596.46	606,113,528.16	417,661,196.80	386,310,731.57
Total	840,164,986.35	804,124,033.41	708,274,796.32	586,656,055.82

(5) Total income and the ratio of operating income from top five clients

Unit: RMB

Name	Business Income	Proportion(%)
Shenzhen Lianya Textile Co., Ltd	444,263,527.49	52.57%
CSOT	47,363,077.68	5.6%
Shenzhen Fuhaipeng Electronic	24,626,302.39	2.91%

Technology Co., Ltd.		
Jinshitai Investment Development Co., Ltd.	23,626,295.00	2.8%
Jiangmen Yidu Semiconductor Co., Ltd.	16,047,465.64	1.9%
Total	555,926,668.20	65.78%

Notes

55. Contract income

Unit:RMB

Fixed price contract	Contract item	Amount	Accumulated cost	Accumulated gross profit	Processed amount
Cost plus contract	Contract item	Amount	Accumulated cost	Accumulated gross profit	Processed amount

Notes

56. Business tax and subjoin

Unit : RMB

Items	Report period	Same period of the previous year	Standard
Business tax	4,251,192.72	4,305,599.07	5.00%
Urban construction tax	755,906.02	471,837.65	7.00%
Education surcharge	538,503.17	305,903.16	
House tax	1,873,690.66	1,656,223.51	
Other	326,020.32	272,881.09	
Total	7,745,312.89	7,012,444.48	--

Notes:

The taxation basis of business tax is lease income, provision of labor services, sales of real estate and assignment of intangible assets. The basic rate of such tax is 5.00%. The taxation basis of city construction tax is the circulation taxes including value added tax payable and business tax. The basic rate of such tax is 7%.

57.Sales expenses

Unit: RMB

Items	Amount of current period	Amount of previous period
Wage	2,636,489.53	2,295,275.02

Exhibition fee	328,962.58	284,801.80
Office expenses	29,191.00	95,702.92
Travel expenses	432,342.39	132,853.40
Business entertainment	756,853.36	578,422.11
Traffic fee	131,488.40	121,467.55
Transportation changes	2,602,328.34	2,799,800.80
Other	1,648,807.74	1,882,808.22
Total	8,566,463.34	8,191,131.82

58. Administrative expenses

Unit:RMB

Items	Amount of current period	Amount of previous period
Wage	32,662,516.49	29,280,965.34
Welfare	2,066,945.90	2,110,591.28
Union funds	665,318.57	683,929.85
Employee education expenses	618,938.53	611,564.21
Housing fund	1,799,819.51	1,855,939.88
Social security	4,024,846.13	3,360,304.25
Labor protection costs	616,502.20	801,327.34
Tax	963,537.95	1,284,134.39
Insurance expenses	601,427.47	346,832.05
Depreciation of fixed assets	5,013,866.99	3,237,126.38
Amortization of intangible assets	2,091,308.20	2,041,248.34
Amortization of long-term deferred expenses	68,981.64	132,387.08
Traffic fee	1,041,511.14	554,802.91
Office expenses	2,833,085.18	1,797,078.88
Postal fees	785,490.65	171,073.32
R& D costs	54,658,769.63	14,231,905.62
Repairs fees	568,457.45	574,146.25
Water and electricity	356,477.55	566,565.02
Auto expenses	653,526.87	645,800.76

Travel Expenses	2,150,355.20	1,702,030.89
Agency expenses	2,127,732.50	1,171,036.00
Entertainment expenses	2,119,614.39	1,560,973.90
Low consumables amortization	492,053.21	129,334.10
Transport fees	940,631.89	1,056,215.99
Other	4,829,379.39	5,576,971.61
Total	124,751,094.63	75,484,285.64

59. Financial Expenses

Unit: RMB

Items	Amount of current period	Amount of previous period
Interest expenses	9,565,815.12	462,297.23
Interest income	-6,667,636.37	-9,901,960.02
Exchange loss	-3,977,453.99	1,695,584.13
Fees and other	689,565.23	407,023.46
Total	-389,710.01	-7,337,055.20

60. Income from fair value fluctuation

Unit : RMB

Sources	Report period	Same period of the previous year
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Notes

61. Investment income

(1) Investment income

Unit: RMB

Items	Amount of current period	Amount of previous period
Incomes from disposal of Long-term cost investment	3,813,639.30	4,170,090.54
Incomes from disposal of long-term equity investment	1,177,855.69	466,296.24
Investment income from financial assets sales	2,436,544.20	1,482,128.46

Total	7,428,039.19	6,118,515.24
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(2) Long-term equity investment income by costing

Unit: RMB

Name	Amount of current period	Amount of previous period	Reason to increase or decrease
Shenzhen Trade Co., Ltd.		65,634.56	
Shenzhen Xinfang Knitting Co., Ltd.		140,000.00	
Shenzhen Dailishi Undergarment Co., Ltd.	810,000.00	810,000.00	
Anhui Huapeng Textile Co., Ltd.	1,800,000.00	1,800,000.00	
Hongkang Yehui International Co., Ltd.		94,490.55	
Union Development Group Co., Ltd.	130,000.00	208,000.00	
Shenzhen South Textile Co., Ltd.	530,706.73	510,023.80	
Shenzhen Tongyi Silk Co., Ltd.	542,932.57	541,941.63	
Total	3,813,639.30	4,170,090.54	--

(3) long-term equity investment incomes confirmed by equity method include:

Unit: RMB

Name	Amount of current period	Amount of previous period	Reason to increase or decrease
Shenzhen Haohao Property Leasing Co., Ltd.	528,048.22	491,208.18	
Shenzhen Xieli Automobile Co., Ltd.	284,675.66	268,864.97	
Shenzhen Changlianfa Printing & dyeing Company	-544.71	58,398.89	
Jordan Garment Factory	365,676.52	-352,175.80	This issue orders increase and earn profits
Total	1,177,855.69	466,296.24	--

Statement on investment gains, please state whether or not there are material constrains on retrieving of investment gains.

In the report period, the company has no big restriction on the investment earning repatriation.

62. Loss of assets impairment

Unit: RMB

Items	Amount of current period	Amount of previous period
1. Loss for bad debts	5,429,940.69	3,147,683.72
2. Loss for falling price of Inventory	3,512,561.23	4,531,148.05
Total	8,942,501.92	7,678,831.77

63. Non-operating income

(1) Non-operating income

Unit: RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & loss
Total income from liquidation of non-current assets	50,519.43	207,119.20	50,519.43
Including: Income from liquidation of fixed asset	50,519.43	207,119.20	50,519.43
Government Subsidy	11,526,881.62	13,258,252.62	11,526,881.62
Other income	241,052.81	10,868,429.09	241,052.81
Total	11,818,453.86	24,333,800.91	11,818,453.86

(2) Governmental subsidy details

Unit: RMB

Items	Amount of current period	Amount of previous period	Notes
Futian Technology Development Fund Grants		800,000.00	
“TFT-LCD polarizer I phase project” Enterprise independent innovation support fund		1,800,000.00	
Futian Chamber of technology development assistance fund		200,000.00	

Shenzhen market administration funding fee	44,000.00	4,200.00	
Shenzhen financial technology import interest deducted fund		132,000.00	
Shenzhen financial support to speed up the devolment of the financial reward fund		150,000.00	
Futian chamber of IP Financing		3,000.00	
Shenzhen Finance Committee mechanical & electrical products & high-tech funding		21,071.00	
Shenzhen Mechanical and electrical products and high-tech funding		500,000.00	
Futian Commerce Committee support for SMEs to explore the international market financing		116,000.00	
Futian Commerce Committee economic development exhibition sponsorship		85,500.00	
Amortization of special funds for the textile project	142,857.14	142,857.14	
Amortization of government research and development grants	7,909,980.00	7,909,980.00	
Amortization of high-tech industrialization demonstration project matching funds	200,000.00	200,000.00	
New-style industrialization of flat panel display amortization of State subsidy funds for special projects	1,000,000.00	1,000,000.00	
Shenzhen municipal financial transfer loan amortization of discount	193,644.48	193,644.48	
Acquisition of special equipment for environmental protection payment of shenzhen Longgang	41,400.00		

District			
New production technology research and development project special subsidy funds for polarizer sheet	800,000.00		
Futian district industrial development special fund subsidies	200,000.00		
Shenzhen market supervision and administration implement standardized strategy funded subsidies in 2012	195,000.00		
TFT - LCD with polaroid industrialization project subsidy funds amortization	800,000.00		
Total	11,526,881.62	13,258,252.62	--

Notes

64. Non-Operation expense

Unit: RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & loss
Total of non-current asset Disposition loss	20,497.40	21,101.44	20,497.40
Including: Disposition loss of Fixed assets	20,497.40	21,101.44	20,497.40
Donation expenses		3,000.00	
Other expenses	3,313,436.57	70.00	3,313,436.57
Total	3,333,933.97	24,171.44	3,333,933.97

Notes:

Expense Including Shengbo Optoelectronic Longhua factory fire accident loss of RMB 3,313,315.07.

65. Income tax expenses

Unit: RMB

Items	Amount of current period	Amount of previous period
The current income tax calculated by the tax law and the relevant regulations	4,310,791.85	13,574,035.86
Adjustment of Deferred income tax	-20,981,405.44	-1,422,681.79

Total	-16,670,613.59	12,151,354.07
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66. Calculation of Basic earnings per share and Diluted earnings per share

<p>(1) Calculating formula of income per share:</p> <p>Basic earnings per share=$P / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k)$</p> <p>Dilute earning per share = $P / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{common stock weighted average of subscription warrant, stock option, transferable bond})$</p>
<p>(2) Calculating process of income per share</p> <p>Basic earnings per share belonging to common stock shareholder in 2012= $-80,988,887.59 / 336,521,849 = -0.24$ RMB/shares</p> <p>Basic earnings per share belonging to common stock shareholder deducted non-recurring gains and losses in 2012= $-90,003,071.80 / 336,521,849 = -0.27$ RMB/shares</p> <p>Dilute earning per share belonging to common stock shareholder in 2012= $-80,988,887.59 / 336,521,849 = -0.24$ RMB/shares</p> <p>Dilute earning per share belonging to common stock shareholder deducted non-recurring gains and losses in 2012= $-90,003,071.80 / 336,521,849 = -0.27$ RMB/shares</p>

67. Other comprehensive income

Unit: RMB

Items	Amount of current period	Amount of previous period
1.Loss amount produced by sellable financial assets	20,089,997.83	-31,536,005.95
Less: Deduct: income tax infection produced by sellable financial assets	5,022,499.46	-7,257,954.84
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period	695,250.00	978,174.72
Subtotal	14,372,248.37	-25,256,225.83
Total	14,372,248.37	-25,256,225.83

Notes

68. Notes Cash flow statement

1. Other cash received from business operation

Unit: RMB

Items	Amount
Government Subsidy	22,480,400.00
Come-and-go funds of Zhongxing Company	724,363.06
The customs returned to the customs deposit	1,426,828.04
Bank deposit interest income and other	13,008,394.50
Total	37,639,985.60

Notes

2. Other cash paid for business activities

Unit: RMB

Items	Amount
Research & development expenses	6,294,678.46
Office expenses	2,862,276.18
Business hospitality	2,876,467.75
Transportation expenses	1,826,526.41
Travel fee	2,582,697.59
Transpiration expenses	3,542,960.23
Agency Fee	2,127,732.50
Post and Communication fee	785,490.65
Insurance premium	601,427.47
Water and electricity	356,477.55
Repair fee	568,457.45
exhibition fee	328,962.58
Other	17,471,065.42
Total	42,225,220.24

Notes

3. Cash received related to other investment activities

Unit: RMB

Items	Amount
-------	--------

Fire accident compensation money and other income	1,583,190.00
Total	1,583,190.00

Notes

4. Cash paid related to other investment activities

Unit: RMB

Items	Amount
-------	--------

Notes

5. Cash received related to financing activities

Unit: RMB

Items	Amount
-------	--------

Notes

6. Cash paid related to financing activities

Unit: RMB

Items	Amount
Non-public Issuing expenses	2,373,473.65
Total	2,373,473.65

Notes

69. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

Unit :RMB

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	-80,988,887.59	48,915,594.47
Add: Impairment loss provision of assets	7,600,190.98	7,011,824.31
Depreciation of fixed assets, oil and gas assets and consumable biological assets	58,762,972.19	22,373,551.27

Amortization of intangible assets	2,091,308.20	2,073,741.28
Amortization of Long-term deferred expenses	620,020.33	375,977.17
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-30,022.03	-186,017.76
Loss from Fixed assets Discard	-139,868.28	
Financial cost	10,083,565.49	-7,744,078.66
Loss on investment	-7,428,039.19	-6,118,515.24
Decrease of deferred income tax assets	-20,942,486.44	-1,388,433.07
Increased of deferred income tax liabilities	-38,919.00	-34,248.72
Decrease of inventories	-73,964,145.03	-14,623,246.16
Decease of operating receivables	-88,495,517.37	-31,169,585.61
Increased of operating Payable	37,571,771.81	8,264,399.17
Net cash flows arising from operating activities	-155,298,055.93	27,750,962.45
II. Significant investment and financing activities that without cash flows:	--	--
III. Net increase of cash and cash equivalents	--	--
Ending balance of cash	227,189,754.43	463,817,642.79
Less: Beginning balance of cash equivalents	463,817,642.79	417,686,594.80
Net increase of cash and cash equivalents	-236,627,888.36	46,131,047.99

(2) Information on acquiring or disposing subsidiary company and other business unit at this period.

Unit: RMB

Supplement Information	Amount of current period	Amount of previous period
1.Information on acquiring and other business unit	--	--
2.Information on disposing subsidiary company and other business unit	--	--

(3) Composition of cash and cash equivalents

Unit : RMB

Items	Amount of current period	Amount of previous period
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I. Cash	227,189,754.43	463,817,642.79
Of which: Cash in stock	105,473.78	128,049.24
Bank savings could be used at any time	205,275,803.31	435,456,229.81
Other monetary capital could be used at any time	21,808,477.34	28,233,363.74
III. Balance of cash and cash equivalents at the period end	227,189,754.43	463,817,642.79

Statement on supplementary information of cash flow statement

Cash and cash equivalents excluding the parent Company or Subsidiary of the group using restricted cash and cash equivalents

70. Notes to statement of change in owners' equity

Adjustments to prior year end balance of "other" project name and the amount of the adjustment, retroactive adjustment generated by the business combination under common control, and other matters.

(VIII) Accounting treatment of asset securitization

1 On the principal of asset securitization transactions and its accounting, bankruptcy, isolation provisions

2. The Company does not have controlled over but in fact assume the risk situation of special-purpose body

Unit : RMB

Name	Total assets at the end period	Total liabilities at the end period	Net profit at the end period	Income during the current period	Net profit during the current period	Remark
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(IX) Related parties and related-party transactions

1. Parent company information of the enterprise

Unit : RMB

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio	The ultimate controlling party of the Company	Organization Code
Shenzhen Investment Holdings Co., Ltd.	Controlling shareholder	State-owned enterprise	Shenzhen	Fan Mingchun	Investment	RMB 5600 million	54.26%	59.05%	State-owned Assets Supervision and Administration	76756642-1

									tion Commissi on of Shenzhen
--	--	--	--	--	--	--	--	--	---------------------------------------

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.

2.Particulars of the subsidiaries

Unit :RMB

Name	Related parties	Tyep	Registered address	Legal representative	Nature	Registrated capital	The subsidiaries of the Company's shareholdin g ratio	The subsidiaries of the Company's vote ratio	Organizatio n Code
Shenzhen Jinlan Decorative Articles Industrial Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhang Hong	Fabrics, bedding, clothing, textiles raw materials processing manufacturing , wholesale and retail.	4,000,000.00	90%	100%	192172332
Shenzhen Lisi Industrial Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhu Jun	Domestic commerce, materials supply and sales	2,360,000.00	90.68%	100%	192180180
Shenzhen Huaqiang Hotel	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhu Jun	Accommodati on, restaurants, business center;	10,005,300.00	95%	100%	19223330X
Shenfang Property Management Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Gao Goushi	Property Management	1,600,000.00	93.75%	100%	192225051
Shenzhen	wholly	Limited	Shenzhen	Zhang	Production of	25,000,000.	100%	100%	741231236

Beauty Century Garment Co., Ltd.	owned subsidiary	Liability Company		Hong	fully electronic jacquard knitting whole shape	00			
Zhenzhen Zhongxing Fibre folds cotton Clothing ornament Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Feng Junbin	Spewing acupuncture cloth, revision, and fusible interlining fabric products	1,680,000.00	75%		618810371
Shenzhen Shenfang Import & export Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhang Hong	Operating import and export business	5,000,000.00	100%	100%	728563236
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhu Jun	Operating import and export business	250,000,000.00	100%	100%	618877007
Shengtou (HK) Co., Ltd.	wholly owned subsidiary		HK	Zhu Meizhu, Liu Honglei	Production and sales of polarizer	HKD10,000.00	100%	100%	

3. Information of Joint venture and Affiliated company

Unit: RMB

Name	Type	Registered address	Legal representative	Nature	Registered capital (RMB'00 00)	Held Share proportion(%)	Voting proportion(%)	Related parties	Orgabuzatui b code
I.Joint enterprise									
Shenzhen Haohao Property	Limited Company	Shenzhen	Feng Junbin	Service	HKD10 million	50%	50%	Joint enterprise	61881295-9

Leasing Co., Ltd.									
Shenzhen Xieli Automobile Co., Ltd	Limited Company	Shenzhen	Ye Yongling	Manufacturing	RMB 3.12 million	50%	50%	Joint enterprise	618801838
Shenzhen Tianlong Industry & Trading Co., Ltd.	Limited Company	Shenzhen	Gao Guoshi	Manufacturing	RMB 1.9 million	50%		Joint enterprise	19217412-7
II. Affiliated enterprise									
Shenzhen Changlianfa Printing and dyeing Co., Ltd.	Limited Company	Shenzhen	Zhu Meizhu	Service	6.47 million	40.25%	40.25%	Affiliated enterprise	618865073
Jordan Garment Factory	Limited Company	Jordan	Chen Wenxian	Manufacturing	USD1 million	35%	35%	Affiliated enterprise	
Hengshun (Saipan) Industry Co., Ltd.	Limited Company	Saipan		Manufacturing	USD6.96 million	35%	35%	Affiliated enterprise	

4. Other Related parties information of the enterprise

Other Related parties name	Relation of other Related parties with the company	Organization code
Shenzhen Shenchao Technology Investment Co., Ltd.	Subject to the same party controls	733069849
Shenzhen CSOT	The parent company's chairman is the vice chairman of the company	697136927
Shenzhen Tianma Microelectronics Co., Ltd.	The Company director and general manager is the company director	19218344-5
Shenzhen Xiangjiang Trade Co., Ltd.	Stock company	591877516
Shenzhen Xinfang Knitting Co., Ltd.	Stock company	618811673

Shenzhen Dailishi Underwear Co., Ltd.	Stock company	618811358
Anhui Huapeng Textile Co., Ltd.	Stock company	73731461-0

Notes

5. Related transactions.

(1) Related transactions on purchasing goods and receiving services

Unit: RMB

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)

Related transactions on sale goods and receiving services

Unit:RMB

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
Shenzhen Investment Holdings Co.,Ltd.	Sales textiles	Agreement price	41,025.64	0.12%	144,725.00	0.3%
CSOT	Sales polarier	Agreement price	47,363,077.68	18.02%		
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarier	Agreement price	4,479,658.44	1.7%		

(2) Related trusteeship or contracting

Related trusteeship or contracting in which the Company is the undertaker

Unit: RMB

Name of the employer	Name of the undertaker	Asset situation of the undertaker	Start date	Terminating date	Pricing basis	Gains from the deal in report period
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Related trusteeship or outsourcing in which the Company is the employer

Unit : RMB

Name of the employer	Name of the undertaker	Asset situation of the undertaker	Start date	Terminating date	Pricing basis	Gains from the deal in report period
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Notes

(3) Related leasing

The Company is the lender

Unit: RMB

Name of the owner	Name of the tenant	Category of asset for rent	Starting date	Stop date	Pricing basis	Rental recognized in the period
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The Company is the undertaker

Unit: RMB

Name of the owner	Name of the tenant	Category of asset for rent	Starting date	Stop date	Pricing basis	Rental recognized in the period
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Notes

(4) Status of related party guarantee

Unit: RMB

Guarantor	The warranted party	Amount	Starting date	Stop date	Whether or not the guarantee has been fulfilled
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Notes

(5) Related party funds

Unit: RMB

Related parties	Amount of demolition	Starting date	Stop date	Notes
Bonow in				
Lend out				

(6) The information of asset transfer, debt restructured of the related parties

Unit : RMB

Related parties	Type	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
				Amount	Proportion (%)	Amount	Proportion (%)

(7) Other Relationships Transactions

The company borrowing of Related parties: For the construction of the project of polarizer sheet for TFT-LCD, the Company signed Entrusted Loan Contract with Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. in 2010. According to the contract, Shenzhen Shenchao Technology Investment Co., Ltd. entrusted Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. to extend a loan of RMB 200 million to the Company. The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company. The interest rate of the entrusted loan is the rate of commercial loans with a term of 5 years quoted by People's Bank of China minus 2%. In case of adjustment of such commercial loan rate, the rate of commercial loans with a term of 5 years after adjustment minus 2% shall apply as interest rate of entrusted loan from the first day of the next month after the adjustment of basic interest rate. As of December 31, 2012, The Company actually received a loan of RMB 200 million.

6. Payables and receivables of the related party

Listed company related party fund

Unit: RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	CSOT	47,273,531.25	2,363,676.56		
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	1,234,396.37	61,719.82		
Other Account receivable	Shenzhen Tianlong Industry & Trading Co., Ltd.	686,391.83	686,391.83	686,391.83	686,391.83
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	265,493.20	13,274.66	265,791.58	13,289.58

Other Account receivable	Jordan Garment Factory			183,906.56	91,953.28
Other Account receivable	Shenzhen Xieli Automobile Co., Ltd			169,262.00	50,778.60
Other Account receivable	Anhui Huapeng Textile Company	1,800,000.00	90,000.00	1,800,000.00	90,000.00
Other Account receivable	Zhenzhen Zhongxing Fibre folds cotton Clothing ornament Co., Ltd.			618,769.07	185,630.72

The listed company Payables of the related party

Unit: RMB

Name	Related party	Amount at year end	Amount at year beginning
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	216,789.85	216,789.85
Other payable	Shenzhen Xiangjiang Trade Co., Ltd.	380,000.00	240,000.00
Other payable	Shenzhen Changlianfa Printing and dyeing Co., Ltd.	727,224.46	807,116.07
Other payable	Shenzhen Hengsheng Investment Co., Ltd.	1,367,940.67	1,367,940.67
Other payable	Shenzhen Haohao Property Leasing Co., Ltd.	3,528,868.07	3,403,868.07
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.	15,048,681.30	5,546,514.63

X.Share payment

1.Overall situation of share payment

Unit : RMB

Notes

2.Share payment settled in term of equity

Unit: RMB

Notes

3.Share payment settled by cash

Unit: RMB

Notes

4.Service paid by shares

Unit: RMB

5.Revising and termination of share payment

XI.Subsequent events

1. Liabilities formed from pending lawsuit and mediation and its financial impact

1.As of December 31, 2012, The company has no liabilities formed from pending lawsuit and mediation.

2. For other units to provide debt guarantees, forming of contingent liabilities and the financial impact.

2.As of December 31, 2012, The company has no liabilities formed from other units offering.

Other liabilities and their financial impact:

XII. Commitment events.

1.Importance commitment events

As of December 31, 2012,the company has no important commitment events.

2. Information guaranteed at the former period.

As of December 31, 2012, the company has no commitment information guaranteed at the former period.

XIII. Post-balance-sheet events

1. Statement on material post-balance-sheet events

Unit : RMB

Items	Content	Amount of effect on the financial status and operating outcomes	Reasons that the amount of the effect can not be estimated

2.Statement on profit distribution in post balance sheet period

Unit:RMB

The distribution of the profits or dividends	0.00
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3.Statement on other issues in post balance sheet period

1. Approved by the resolutions of its shareholders' general meeting and China Securities Regulatory Commission with the Approval of Private Issue of Shares by Shenzhen Textile (Holding) Co., Ltd. (Zheng Jian Xu Ke (2013) No.2), the Company privately issued 170 million RMB ordinary shares (the face value of each share is RMB 1.00) at the price of RMB 5.83 per share. Peking Certified Public Accountants Co., Ltd. conducted examination and verification of the increase of registered capital and share capital as the result of this private issue and issued Qin Xin Yan Zi (2013) No.6 Capital Verification Report on March 8, 2013. As of March 7, 2013, the total amount of the proceeds raised through this private issue was RMB 991,100,000.00. After deduction of issuance cost of RMB 29,348,999.15, the net amount of raised proceeds was RMB 961,751,000.85. Registered capital (share capital) and capital surplus increased by RMB 170,000,000.00 and RMB 791,751,000.85 respectively. After change, the registered capital and share capital of the Company are both RMB 506,521,849.00.

The Company submitted relevant registration materials to Shenzhen Branch of China Securities Registration & Settlement Co., Ltd. in respect of this secondary offering on March 11, 2013 and received the Letter of Confirmation of Pre-registration of Securities on March 12, 2013. After confirmation, the shares issued through secondary offering will be registered at the end of the trading day immediately before the listing day of such shares and the shareholders holding such shares will be officially included in the register of shareholders of the Company on the same day.

The new shares privately issued will be listed at Shenzhen Stock Exchange on March , 2013.

2. On January 28, 2013, the 31st meeting of the fifth board of directors of the Company adopted the Proposal of Assigning Equity of Union Developing Group Co., Ltd. to assign 2.87% equity of Union Group held by the Company in Shenzhen United Equity Exchange through open tendering procedure at the price of not lower than appraised value of RMB 99.42 million. This matter is subject to the approval by the shareholders' general meeting of the Company and settlement of the procedure of filing with state assets administration.

3. Notes to profit distribution after the balance sheet day

According to the dividend distribution preplan made by the board of directors of the Company, the Company will neither distribute profits nor capitalize capital surplus for the current period.

XIV. Other Important events**1. Non-monetary asset exchange**

In the report period, the company has no non-monetary asset exchange service.

2. Liabilities recombination

In the report period, the company has no liabilities recombination..

3. Enterprise consolidation.

In the report period, the company has no enterprise consolidation.

4. Leasing

In the report period, the company has not large leasing.

5. Financial instruments issued outside and can be transferred to stock at end period.

As of December 31, 2012, the company has no financial instruments issued outside and can be transferred to stock at end period.

6. Annuity Plan content and significant changes

Unit:RMB

Items	Amount in year-beginning	Gain/loss from change of fair value	Accumulated change of fair value accounted into equity	Impairment accrued during current period	Amount in year-end
Financial assets					
3.Sellable financial assets	52,272,895.86		17,887,097.83		70,159,993.69
Subtotal of financial assets	52,272,895.86		17,887,097.83		70,159,993.69
Total	52,272,895.86		17,887,097.83		70,159,993.69
Financial liabilities	0.00				0.00

7. Financial assets and financial liabilities by foreign currency

Unit: RMB

Items	Amount in year-beginning	Gain/loss from change of fair value	Accumulated change of fair value accounted into equity	Impairment accrued during current period	Amount in year-end
Financial assets					
Subtotal of financial assets	0.00	0.00	0.00	0.00	0.00

Financial liabilities	0.00				0.00
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8. Annuity plan and significant changes

9. Other

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

1. Account receivable

(1) Account receivable

Unit: RMB

Type	Year-end balance				Year-beginning balance			
	Book Balance		Provision for bad debts		Book Balance		Provision for bad debts	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Receivables with major individual amount and bad debt provision provided individually								
Account age group	1,600.00	100%	80.00	5%	340,612.83	100%	17,030.64	5%
Subtotal of group	1,600.00	100%	80.00	5%	340,612.83	100%	17,030.64	5%
Total	1,600.00	--	80.00	--	340,612.83	--	17,030.64	--

Category explanation of accounts receivable:

Receivables with significant individual amount and provision made for individual item refers to customer accounts receivable with single amount more than 1 million, its provision for impairment will be made based on specific identification method. For receivables without significant individual amount, after deducting those parts which had conducted individual impairment test for its obvious difference in collectability with concrete evidence, making group by aging with character of credit risks and making provision for impairment based on aging analysis method. The receivables made provision for impairment without significant individual amount refers to those receivables which has obvious difference in collectability with concrete evidence, its provision will be made based on specific identification method.

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Age	Year-end balance		Year-beginning balance	
	Book balance	Provision for bad	Book balance	Provision for bad

	Amount	Proportion (%)	debts	Amount	Proportion (%)	debts
Within 1 year						
Thereunto:	--	--	--	--	--	--
	1,600.00	100%	80.00	340,612.83	100%	17,030.64
Subtotal of within 1 year	1,600.00	100%	80.00	340,612.83	100%	17,030.64
Total	1,600.00	--	80.00	340,612.83	--	17,030.64

Receivable account in Group on which bad debt provisions were provided on percentage basis

Applicable Not applicable

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

Applicable Not applicable

Receivable accounts with minor amount but were provided had debt provisions individually at end of period.

Applicable Not applicable

(2) Switch back or regain of the account receivable in the reporting period

Unit: RMB

Contents of account receivable	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of bad debt reserve before reversal or recovery	Amounts reversed or recovered

No individually insignificant receivables with bad debt provision recognized individually at the end of period.

Unit : RMB

Name	Balance of book	Bad debt provision	Proportion(%)	Reason

Notes

(3) Receivable accounts actually written off in the report period

Unit : RMB

Name of unit	Nature of account receivables	Time of write-off	Amount written off	Reason for write-off	Whether arising from related transaction

Notes

(4) Particulars about the receivable accounts due from shareholders with 5% or over of the Company's shares in

the report period

Unit: RMB

Name	Amount in year end		Amount in year-bginning	
	Book balance	Bad debt provision	Book balance	Bad debt provision

(5) Natures or contents of receivable accounts with large amount

(6) The front 5 units' information of the account receivable

Unit : RMB

Name	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
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(7) Account receivable from Related affiliated parties

Unit: RMB

Unit name	Relation with the company	Amount	Percentage of account receivable
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(8) Account receivable that is not accord with expiration confirmation condition

(9) Account receivables subject to asset securitization , needed to briefly describe the arrangements related to transactions.

2.Other receivable

(1) Other receivable

Unit: RMB

Classification	Year-end balance				Year-beginning			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other Receivables with major individual amount and	12,075,436.43	33.97	12,075,436.43	100%	12,075,436.43	42.56	12,075,436.43	100%

bad debt provision provided individually		%				%		
Other Receivables provided bad debt provision in groups								
Account age group	23,155,396.35	65.15%	4,543,963.09	19.62%	15,984,158.71	56.34%	2,963,771.03	18.54%
Subtotal of group	23,155,396.35	65.15%	4,543,963.09	19.62%	15,984,158.71	56.34%	2,963,771.03	18.54%
Other Account receivable with minor individual amount but bad debt provision is provided	311,486.35	0.88%	311,486.35	100%	311,486.35	1.1%	311,486.35	100%
Total	35,542,319.13	--	16,930,885.87	--	28,371,081.49	--	15,350,693.81	--

Category explanation of other accounts receivable:

Receivables with significant individual amount and provision made for individual item refers to customer accounts receivable with single amount more than 0.5million, its provision for impairment will be made based on specific identification method. For receivables without significant individual amount, after deducting those parts which had conducted individual impairment test for its obvious difference in collectability with concrete evidence, making group by aging with character of credit risks and making provision for impairment based on aging analysis method. The receivables made provision for impairment without significant individual amount refers to those receivables which has obvious difference in collectability with concrete evidence, its provision will be made based on specific identification method.

Notes

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

√Applicable □Not applicable

Unit: RMB

Description Of other receivables	Book balance	Amount of bad debts	Rate	Reason
More RMB 500000	12,075,436.43	12,075,436.43	100%	Unable to recover
Total	12,075,436.43	12,075,436.43	--	--

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

√Applicable □Not applicable

Unit: RMB

Age	Year-end balance			Year-beginning balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion(%)		Amount	Proportion(%)	

Within 1 year						
Including:	--	--	--	--	--	--
	15,438,966.85	66.68%	771,948.34	7,356,391.58	46.02%	367,819.58
Subtotal within 1 year	15,438,966.85	66.68%	771,948.34	7,356,391.58	46.02%	367,819.58
1-2 years	160,600.00	0.69%	16,060.00	155,800.00	0.98%	15,580.00
2-3 years	109,800.00	0.47%	32,940.00	8,278,060.57	51.79%	2,483,418.17
Over 3 years	7,446,029.50	32.16%	3,723,014.75	193,906.56	1.21%	96,953.28
3-4 years	7,436,029.50	32.12%	3,718,014.75	183,906.56		91,953.28
Over 5 years	10,000.00	0.04%	5,000.00	10,000.00		5,000.00
Total	23,155,396.35	--	4,543,963.09	15,984,158.71	--	2,963,771.03

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

Applicable Not applicable

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

Applicable Not applicable

Separate amount is big at end of the period or not big but other account receivable and doubtful reserves shall be withdrawn.

Applicable Not applicable

(2) Switch back or regain of the other account receivable in the reporting period

Unit : RMB

Description of other receivables	Book balance	Provision for bad debts	Proportion (%)	Reason
Less RMB 500000	311,486.35	311,486.35	100%	Unable to recover
Total	311,486.35	311,486.35	--	--

(2) Switch back or regain of the other account receivable in the reporting period

Unit : RMB

Other account receivable	Reasons for switching back or taking back	Basis for confirming bad debt reserves	Switching back or taking back the counted or drawn bad debt reserves accumulated before	Amount switched back or taken back

Separate amount is big at end of the period or not big but other account receivable and doubtful reserves shall be withdrawn.

Unit : RMB

Description of other receivables	Book balance	Amount of bad debts	Proportion(%)	Reason
Other receivable of over RMB 0.5 million	12,075,436.43	12,075,436.43	100%	Unable to recover
other receivable of less than RMB 0.5 million	311,486.35	311,486.35	100%	Unable to recover
Total	12,386,922.78	12,386,922.78	--	--

Notes

Individual amount is not significant but the portfolio of risky accounts receivable is risky if the closing balance is less than 0.5 million. If it cannot contact and the financial condition is deteriorated, it can be proved that the decrease in value of receivables impairment aged over 1 year.

(3) Other receivable accounts actually written off in the report period

Unit : RMB

Name	Quality	Time of written off	Amount of written off	Reasons of written off	Whether because of the connected transaction

Notes

There is no other account receivable that needed to actually cancelled after verification at this reporting period

(4) Particulars about the other receivable accounts due from shareholders with 5% or over of the Company's shares in the report period

Unit : RMB

Name	Balance at the period end		Balance in year-begin	
	Book balance	Amount of bad debts	Book balance	Amount of bad debts

(5) Natures or contents of other receivable accounts with large amount

(6) The front 5 units' information of Other account receivable

Unit: RMB

Name	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Shenzhen Shenfang Imports & exports Co., Ltd.	Subsidiary	7,168,680.72	3-4 years	20.17%

Shenzhen Shenfang Imports & exports Co., Ltd.	Subsidiary	6,000,000.00	Within 1 year	16.88%
Jiangxi Xuanli String Co., Ltd.	Non-related parties	11,389,044.60	3-4 years	32.04%
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	5,075,600.00	1-2 years	14.28%
Non-Publish Issuing Expenses	Non-related parties	2,373,473.65	Within 1 year	6.68%
Anhu Huapeng Textile Co., Ltd.	Shareing Company	1,800,000.00	Within 1 year	5.06%
Total	--	33,806,798.97	--	95.11%

(7)The accounts receivable from the Related parties

Unit: RMB

Name	Relation with the Company	Amount	Proportion(%)
Shenzhen Shenfang Imports & exports Co., Ltd.	Subsidiary	13,168,680.72	37.05%
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	5,075,600.00	14.28%
Anhu Huapeng Textile Co., Ltd.	Shareing Company	1,800,000.00	5.06%
Shenzhen Tianglong Industry and trading Co., Ltd.	Joint venture	686,391.83	1.93%
Shenzhen Dailishi Underwear Co., Ltd.	Shareing Company	265,493.20	0.75%
Total	--	20,996,165.75	59.07%

(8) Other account receivable that is not accord with expiration confirmation condition is none

(9) Other receivables subject to asset securitization , needed to briefly describe the arrangements related to transactions.

There is not such arrangements related to transactions Other receivables subject to asset securitization ,

3. Long-term stocks equity investment

Unit : RMB

Name	Accounting method	Initial investment cost	Original balance	change	Ending Balance	Shareholding proportion in the investee	Voting right proportion in the investee	Explanation of difference between shareholding proportion and voting right proportion in investee	Devalue	Current devalue	Cash bonus
Shenzhen Jintian Industry (Group) Co., Ltd.	Cost method	14,831,681.50	14,831,681.50		14,831,681.50	3.68%	3.68%		14,831,681.50		
Shenzhen Haohao Property Leasing Co., Ltd.	Equity method	2,040,102.73	3,537,070.37	128,048.22	3,665,118.59	50%	50%				400,000.00
Shenzhen Xieli Automobile Co., Ltd.	Equity method	1,529,483.67	2,691,516.71	284,675.66	2,976,192.37	50%	50%		266,654.99		
Shenzhen Changliang Printing and dyeing Company	Equity method	2,524,500.00	1,752,755.27	-544.71	1,752,210.56	40.25%	40.25%				
Jordan Garment Factory		7,240,625.00	2,221,984.47	365,676.52	2,587,660.99	35%	35%				
Shenzhen Tianglong Industry	Equity method	685,000.00			0.00	50%		Notes 2			

and trade Co., Ltd.											
Hengshun (Saipan) Industry Co., Ltd.	Equity method	8,228,350 .00			0.00	35%	35%				
Shenzhen Shengbo optoelectr onic Technolo gy Co., Ltd.	Cost method	40,500,00 0.00	848,500,0 00.00	108,163,0 70.03	956,663,0 70.03	100%	100%				
Shenzhen Jinlan Decorativ e Articles Industrial Co., Ltd.	Cost method	5,470,000 .00	5,470,000 .00		5,470,000 .00	90%	100%	Notes 1			
Shenzhen Lisi Industrial Co., Ltd.	Cost method	6,666,132 .60	6,666,132 .60		6,666,132 .60	90.68%	100%	Notes 1			
Shenzhen Beauty Centruty Garment Co., Ltd.	Cost method	30,867,40 0.00	30,867,40 0.00		30,867,40 0.00	100%	100%		2,167,431 .21		
Shenzhen Shenfang Import & Export Co., Ltd.	Cost method	6,299,700 .00	6,299,700 .00		6,299,700 .00	100%	100%		82,156.61		
Shenzhen Huaqiang Hotal	Cost method	14,623,00 3.00	14,623,00 3.00		14,623,00 3.00	95%	100%	Notes 1			
Shenfang Property Managem ent Co., Ltd.	Cost method	1,600,400 .00	1,600,400 .00		1,600,400 .00	93.75%	100%	Notes 1			

Zhenzhen Zhongxing Fibreg folds cotton Clothing ornament Co., Ltd.	Cost method	1,260,000.00	1,260,000.00		1,260,000.00	75%		Notes 2	1,260,000.00		
Shenzhen Jiafeng Textile Co., Ltd.	Cost method	16,800,000.00	16,800,000.00		16,800,000.00	10.8%	10.8%		16,800,000.00		
Shenzhen Guanhua Pruting and dyeing Co., Ltd.	Cost method	5,491,288.71	5,491,288.70		5,491,288.70	45%	45%		5,058,307.01		
Union Development Group Co., Ltd.	Cost method	2,600,000.00	2,600,000.00		2,600,000.00	2.87%	2.87%				130,000.00
Shenzhen Xiangjian Trade Co., Ltd.	Cost method	160,000.00	160,000.00		160,000.00	20%	20%				
Shenzhen Xinfang Knitting Co., Ltd.	Cost method	524,000.00	524,000.00		524,000.00	20%	20%				
Hongkong Yehui International Co., Ltd.	Cost method	2,392,914.37	2,392,914.28		2,392,914.28	17.85%	17.85%				
Shenzhen Dailishi Underwear Co., Ltd.	Cost method	532,062.50	2,559,856.26		2,559,856.26	30%		Notes 3			810,300.00

Anhu Huapeng Textile Co., Ltd.	Cost method	25,000,000.00	25,410,209.50		25,410,209.50	50%		Notes 3			1,800,000.00
Total	--	197,866,644.08	996,259,912.66	108,940,925.72	1,105,200,838.38	--	--	--	40,466,231.32		3,140,300.00

Notes:

1. Share holding ratio is not accord with voting power ratio in amalgamated subsidiary company. That is interlocking shareholding style of every subsidiary company making parent company actual share control being 100%.

Notes 2. Shenzhen Tianlong Industrial & Trading Co., Ltd., had established liquidation group in 2009 and started liquidation procedures, The Cancellation date of Shenzhen Zhongxing Fiber Wimple Cotton Raiment Co., Ltd is 4th January 2013

Notes 3. Shenzhen Dailisi underwear Co., Ltd. and Anhui Huapeng textile Co., Ltd. had adopted outsourcing for contractual operation.

4. Business income and Business cost

(1) Business income and business cost

Unit: RMB

Items	Amount of current period	Amount of previous period
Income from Business income	53,822,980.63	51,453,735.86
Other Business income	4,946,847.45	4,468,805.37
Total	58,769,828.08	55,922,541.23
Business cost	14,264,055.74	12,828,704.32

(2) Main business (Industry)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97

Total	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97
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(3) Main business (Production)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental income	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97
Total	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97

(4) Main Business (Area)

Unit: RMB

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Shenzhen	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97
Total	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97

(5) Total income and the ratio of operating income from top five clients

Unit:RMB

Name	Business Income	Proportion(%)
Jinsitai Investment Development Co., Ltd.	23,626,295.00	40.2%
Shenzhen Shixingkai Beauty Co., Ltd.	915,304.80	1.56%
China merchants Bank, Shenfang Building Branch	889,186.44	1.51%
China Ping An Life Insurance ,Shenzhen Branch	763,200.00	1.3%
Shenzhen City Zhongbai Computer technology Inc	645,851.88	1.1%
Total	26,839,838.12	45.67%

Notes

5. Investment income

(1) Income from investment

Unit: RMB

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the cost method	2,740,000.00	3,118,125.11
Income from long-term equity investment measured by adopting the Equity method	1,177,855.69	466,296.24
Hold the investment income during from available-for-sale financial assets	2,436,544.20	1,482,128.46
Total	6,354,399.89	5,066,549.81

(2) Long term equity investment calculated to cost method:

Unit: RMB

Name	Amount of current period	Amount of previous period	Change cause
Shenzhen Xiangjiang Trade Co., Ltd.		65,634.56	
Shenzhen Xinfang Knitting Co., Ltd.		140,000.00	
Shenzhen Xinfang Knitting Co., Ltd.	810,000.00	810,000.00	
Anhui Huapeng Printing & dyeing Garment Co., Ltd.	1,800,000.00	1,800,000.00	
Hongkong Yehui International Co., Ltd.		94,490.55	
Union Development Group Co., Ltd.	130,000.00	208,000.00	
Total	2,740,000.00	3,118,125.11	--

(3) Long term equity investment calculated via equity method

Unit : RMB

Name	Amount of current period	Amount of previous period	Change cause
Shenzhen Haohao Property Leasing Co., Ltd.	528,048.22	491,208.18	

Shenzhen Xieli Automobile Co., Ltd.	284,675.66	268,864.97	
Shenzhen Changlianfa Printing & dyeing Company	-544.71	58,398.89	
Jordan Garment Factory	365,676.52	-352,175.80	This issue orders increase and earn profits
Total	1,177,855.69	466,296.24	--

Notes

6. Supplement information of Consolidated Flow Statement

Unit: RMB

Items	Amount of current period	Amount of previous period
1. Adjusting net profit to net cash flow in operating activities:	--	--
Net profit	6,949,532.71	18,262,631.16
Add: Provision for impairment of assets	1,563,241.42	2,516,293.33
Fixed assets depreciation	8,531,756.08	8,808,747.61
Amortization of intangible assets	407,468.20	389,901.28
The losses on the disposal of fixed assets, intangible assets and other long-term assets		-151,595.31
Financial expenses	-392.43	-6,165,266.91
Investment losses	-6,354,399.89	-5,066,549.81
Decrease of deferred income tax asset	-390,810.36	-809,866.60
Decrease in operating receivable	-4,368,751.16	-1,360,148.47
Increase in operating payables	4,396,112.72	5,288,465.13
Net cash flows from operating activities	10,733,757.29	21,712,611.41
2. Investing and financing activities that do not involve cash receipts and payments	--	--
3. Net increase in cash and cash equivalents	--	--
Cash at the end of the period	33,906,151.53	133,011,826.29
Less: Cash at the beginning of the period	133,011,826.29	84,353,357.87
Net increase in cash and cash equivalents	-99,105,674.76	48,658,468.42

7. Reversal purchase of the assess and liabilities booked at evaluated value

Reversal purchase of the assess under assessed value, liabilities information.

Unit :RMB

Items	Fair value	To determine the fair value method	Fair value calculation process	Original book value
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Reversal purchase of the assess under assessed value, liabilities information.

Unit:RMB

Items	long-term equity investment amount from reverse purchase	Long-term equity investment Fair value calculation process
-------	--	--

XVI. Supplement information

1. Return on net assets and earnings per share

Unit :RMB

Profit of the report period	Return on net assets . Weighted (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted gains per share
Net profit attributable to the Common stock shareholders of Company.	-6.06%	-0.24	-0.24
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-6.74%	-0.27	-0.27

2. The anomalies and the explanation of our main financial statements project

(1) The ending balance of monetary capital decreased by RMB 236.4616 million and 50.43% over beginning of period mainly due to the investment of the investment of raised proceeds into phase-I project of polarizer sheet for TFT-LCD;

(2) The ending balance of Account receivable Increased by RMB 43.9721 million and 77.19% over beginning of period Mainly due to the increase of trade receivable in credit period;

(3) The ending balance of Other receivable Increased by RMB 30.3326 million and 146.28% over beginning of period Mainly due to increase of security money due to sharp increase of receivable export rebates;

(4) The ending balance of inventories Increased by RMB 71.6824 million and 100.15% over beginning of period mainly due to increase of raw materials for the put into production of phase-I project of polarizer sheet for TFT-LCD;

(5) The ending balance of financial assets available for sale increased by RMB 17.8871 million and 34.22% over beginning of period mainly due to increase of end-of-period market value of stocks held by the Company over

beginning of period;

(6) The ending balance of Fixed assets increased by RMB 445.0368 million and 88.28% over beginning of period. The additional part was mainly the fixed assets carried forward from phase-I project of polarizer sheet for TFT-LCD;

(7) The ending balance of Construction in progress decreased by RMB 323.2123 million and 96.54% over beginning of period mainly because No.4 production line of phase-I project of polarizer sheet for TFT-LCD was transferred into fixed assets;

(8) The ending balance of Deferred income tax assets increased by RMB 20.9425 million and 242.36% over beginning of period mainly due to the recognition of deferred income tax assets that can set off losses;

(9) The ending short-term borrowing RMB 40.1534 million is the new liquidity loan of the company in this period;

(10) The ending balance of Accounts payable increased by RMB 61.1680 million and 152.67% mainly due to increase of raw material purchase and increase of accounts payable for outsourced products for phase-I project of polarizer sheet for TFT-LCD;

(11) The ending balance of Advance collections increased by RMB 10.1507 million and 65.44% over beginning of period mainly due to increase of advances on sales for export trade near the end of period;

(12) The ending balance of Taxes and levies payable decreased by RMB 47.5783 million over beginning of period mainly due to payment of VAT on purchase of imported equipment and equipment provided by Party A for phase-I project of polarizer sheet for TFT-LCD;

(13) The ending balance of Interest payable increased by RMB 9.5446 million over beginning of period mainly due to increase of long-term loan interest payable;

(14) Other payable increased by RMB 45.71 million and 37.34% over beginning of period mainly due to increase of payables for engineering equipment for phase-I project of polarizer sheet for TFT-LCD;

(15) Deferred income tax liabilities increased by RMB 4.7518 million and 60.57% over beginning of period mainly due to the increase of deferred income tax liabilities recognized as a result of the change of fair value of financial assets available for sale;

(16) Undistributed profit decreased by RMB 81.6838 million over beginning of period mainly due to the loss for the owners of the parent company for current period;

(17) Operating cost increased by RMB 217.8458 million and 36.85% over beginning of period mainly due to increase the "TFT - LCD polarizing piece project phase 1" production costs and export trade volume growth led to the increased cost of sales;

(18) Administrative expenses increased by RMB 49.2668 million and 65.27% year on year, mainly due to increase of R&D expense and other relevant expenses after trial batch production of line 4 of phase-I project of polarizer sheet for TFT-LCD;

(19) Non-operating income decrease by RMB 12.5153 million and 51.43% year on year mainly due to year-on-year reduction of reorganization income of Guangdong Sun Rise Group Co., Ltd.;

(20) Non-operating expenses increased by RMB 3.3098 million year on year mainly due to the loss caused by the fire accident of Longhua factory area of Shengbo Optoelectronic;

(21) Income tax expenses decreased by RMB 28.8220 million over the previous period mainly due to the decrease of amount of taxable income for the current period and recognition of the loss that can offset losses as deferred income tax expenses;

(22) Other composite income increased by RMB 39.6285 million over the previous period mainly due to increase of end-of-period market value of financial assets available for sale over beginning of period.

Shenzhen Textile (Holdings) Co., Ltd.

Auditor's Report

Qin Xin Shen Zi 【2013】 No.223

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Peking Certified Public Accountants

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Zip Code:100044

Auditor's Report

Qin Xin Shen Zi (2013)No. 223

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

We audited accompanying financial statements of Shenzhen Textile (Holdings) Co., Ltd.(the "Company), including Consolidated and parent Company balance sheet as of December 31, 2012, and the Parent Company and Consolidated profit statement, The parent company and Consolidated cash flow statement ,The parent Company and Consolidated Statements of Changes in equity for the year then ended, and the notes to the financial statements .

I. The responsibility of the Management for the financial statements

Preparation of financial statement in accordance with the Accounting standards for Business Enterprises is the responsibility of the management of t Shenzhen Textile (Holdings) Co., Ltd . Such responsibility includes: (1) Prepare the financial statements according to business enterprises regulation , so that making reasonable accounting estimate;(2) Design, implementation and maintenance of internal control related to the preparation of financial statements so that financial statements are free from material misstatement caused by fraudulent practices or errors.

II. Responsibility of certified public accountants

We are responsible for expressing opinions on financial statements based on our audit. We conducted audit in accordance with the audit criteria for Chinese certified public accountants. The audit criteria for Chinese certified public accountants require us to abide by professional ethics, plan and conduct audit to obtain reasonable assurance as to whether financial statements are free from material misstatement.

Audit involves carrying out audit procedure to obtain the audit evidences about the amounts and disclosure of financial statements. The selected audit procedure relies on the judgment of certified public accountants, including the appraisal of risk of material misstatement of financial statements used by fraudulent practices or errors. While appraising risks, we considered the internal control related to the preparation of financial statements to design proper audit procedure but the purpose is not to express an opinion on the effectiveness of internal control. The audit also includes the appraisal of suitability of accounting policies selected by the management, the reasonableness of accounting estimate and the overall presentation of financial statements.

We believe that the audit evidences obtained by us are full and appropriate and provide a basis for expressing audit opinion.

III. Audit opinion

In our opinion, the financial statements of the Company Wharf present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2012, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Peking Certified Public Accountants

Chinese C.P.A.

Beijing, China

March 25, 2013

Chinese C.P.A.

Consolidated Balance sheet

December 31, 2012-

Prepared by : Shenzhen Textile (Holdings)

Unit: RMB

Items	Notes	Year-end balance	Year-beginning balance
Current asset:			
Monetary fund	V. 1	232,417,736.06	468,879,357.70
Settlement provision			
Outgoing call loan			
Trading financial assets			
Bill receivable	V. 2	20,139,334.03	10,432,562.82
Account receivable	V. 3	100,941,342.96	56,969,205.31
Prepayments	V. 5	12,711,147.09	13,018,880.05
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			
Interest receivable			
Dividend receivable			
Other account receivable	V. 4	51,069,068.33	20,736,467.89
Repurchasing of financial assets			
Inventories	V. 6	143,258,151.49	71,575,724.23
Non-current asset due in 1 year			
Other current asset			
Total of current assets		560,536,779.96	641,612,198.00
Non-current assets:			
Loans and payment on other' s behalf			
Disposable financial asset	V. 7	70,159,993.69	52,272,895.86
Expired investment in possess			
Long-term receivable			
Long term share equity investment	V. 8	48,094,489.26	47,316,633.57
Property investment	V. 10	154,761,895.71	161,658,463.35
Fixed assets	V. 11	949,164,677.21	504,127,839.36
Construction in progress	V. 12	11,576,523.39	334,788,805.45
Engineering material			
Fixed asset disposal			
Production physical assets			
Gas & petrol			
Intangible assets	V. 13	46,162,461.69	46,568,689.89
R & D petrol			
Goodwill	V. 14	9,614,758.55	9,614,758.55
Long-germ expenses to be amortized	V. 15	1,005,588.08	1,625,608.41
Differed income tax asset	V. 16	29,583,499.67	8,641,013.23
Other non-current asset			
Total of non-current assets		1,320,123,887.25	1,166,614,707.67
Total of assets		1,880,660,667.21	1,808,226,905.67

Legal representative: Person-in-charge of the accounting work: Person-in-charge of the a

Consolidated Balance sheet(Cont'd)

December 31, 2012-

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

Unit: RMB

Items	Notes	Year-end balance	Year-beginning balance
Current liabilities :			
Short-term loans	V.18	40,153,434.48	
Loan from central Bank			
Deposit received and hold for other			
Call loan received			
Trade off financial liabilities			
Bill payable			
Account payable	V.19	101,232,698.62	40,064,666.59
Advance account received	V.20	25,663,352.59	15,512,620.90
Selling of repurchased			
Fees and commissions receivable			
Employees' wage payable	V.21	25,914,720.85	21,718,286.71
Tax payable	V.22	-67,845,188.78	-20,266,912.29
Interest payable	V.23	15,091,123.12	5,546,514.63
Dividend payable			
Other account payable	V.24	168,127,716.36	122,417,628.78
Reinsurance fee payable			
Insurance contract provision			
Entrusted trading of securities			
Entrusted selling of securities			
Non-current liability due in 1 year			
Other current liability			
Total of current liability		308,337,857.24	184,992,805.32
Non-current liabilities			
Long-term loan	V.25	200,000,000.00	200,000,000.00
Bond payable			
Long-term payable			
Special payable			
Expected liabilities			
Differed income tax liabilities	V.16	12,596,833.13	7,845,002.67
Other current liabilities	V.25	56,714,022.45	45,760,504.07
Total of non-current liabilities		269,310,855.58	253,605,506.74
Total of liabilities		577,648,712.82	438,598,312.06
Owners' equity			
Share Capital	V.27	336,521,849.00	336,521,849.00
Capital reserves	V.28	828,913,137.67	814,540,889.30
Less: Shares in stock			
Special Reserve			
Surplus reserves	V.29	36,607,659.49	35,912,706.22
Common risk provision			
Undistributed profit	V.30	100,969,308.23	182,653,149.09
Different of foreign currency translation			
Total of owner's equity belong to the parent company		1,303,011,954.39	1,369,628,593.61
Minor shareholders' equity			
Total of owners' equity		1,303,011,954.39	1,369,628,593.61
Total of liabilities and owners' equity		1,880,660,667.21	1,808,226,905.67
Legal representative:	Person-in-charge of the accounting work :	Person-in -charge of the accounting organ :	

Consolidated Profit Statement

Year 2012

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

Unit: RMB

Items	Notes	Amount in this period	Amount in last period
I. Income from the key business	V.31	845,114,483.38	712,893,557.26
Incl: Business income	V.31	845,114,483.38	712,893,557.26
Interest income			
Insurance fee earned			
Fee and commission received			
II. Total business cost		958,686,543.64	682,254,753.43
Incl: Business cost	V.31	809,070,880.87	591,225,114.92
Interest expense			
Fee and commission paid			
Insurance discharge payment			
Net claim amount paid			
Insurance policy dividend paid			
Insurance policy dividend paid			
Reinsurance expenses			
Business tax and surcharge	V.32	7,745,312.89	7,012,444.48
Sales expense	V.33	8,566,463.34	8,191,131.82
Administrative expense	V.34	124,751,094.63	75,484,285.64
Financial expenses	V.35	-389,710.01	-7,337,055.20
Asset impairment loss	V.36	8,942,501.92	7,678,831.77
Add: Gains from change of fir value (“-”for loss)			
Investment gain (“-”for loss)	V.37	7,428,039.19	6,118,515.24
Incl: investment gains from affiliates		1,177,855.69	3,441,206.34
Gains from currency exchange (“-”for loss)			
III. Operational profit (“-”for loss)		-106,144,021.07	36,757,319.07
Add: Non-business income	V.38	11,818,453.86	24,333,800.91
Less: Non business expenses	V.39	3,333,933.97	24,171.44
Incl: Loss from disposal of non-current assets		20,497.40	21,101.44
IV.Total profit(“-”for loss)		-97,659,501.18	61,066,948.54
Less: Income tax expenses	V.40	-16,670,613.59	12,151,354.07
V. Net profit (“-”for net loss)		-80,988,887.59	48,915,594.47
Net profit attributable to the owners of parent		-80,988,887.59	48,915,594.47
Minority shareholders' equity			
VI. Earnings per share:			
(I)Basic earnings per share	V.41	-0.24	0.15
(II)Diluted earnings per share	V.41	-0.24	0.15
VII. Other comprehensive income	V.42	14,372,248.37	-25,256,225.83
VIII. Total comprehensive income		-66,616,639.22	23,659,368.64
Total comprehensive income attributable to the owner of the parent company		-66,616,639.22	23,659,368.64
Total comprehensive income attributable minority shareholders			
Legal representative : Person-in-charge of the accounting work: Person-in -charge of the accounting organ:			

Consolidated Cash flow statement

Year 2012

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

Unit: RMB

Items	Notes	Amount in this period	Amount in last period
I.Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		752,086,541.93	734,656,241.74
Net increase of customer deposits and capital kept for brother company			
Net increase of loans from central bank			
Net increase of inter-bank loans from other financial bodies			
Cash received against original insurance contract			
Net cash received from reinsurance business			
Net increase of client deposit and investment			
Net increase of trade financial asset disposal			
Cash received as interest, processing fee and commission			
Net increase of inter-bank fund received			
Net increase of repurchasing business			
Tax returned		43,405,458.48	65,783,124.03
Other cash received from business operation	V.43(1)	37,639,985.60	14,015,536.71
Sub-total of cash inflow		833,131,986.01	814,454,902.48
Cash paid for purchasing of merchandise and services		829,125,165.84	645,011,290.15
Net increase of client trade and advance			
Net increase of savings n central bank and brother company			
Cash paid for original contract claim			
Cash paid for interest, processing fee and commission			
Cash paid for policy dividend			
Cash paid to staffs or paid for staffs		81,537,956.32	71,345,424.52
Taxes paid		35,395,205.57	28,909,697.93
Other cash paid for business activities	V.43(2)	42,225,220.24	41,437,527.43
Sub-total of cash outflow from business activities		988,283,547.97	786,703,940.03
Cash flow generated by business operation, net		-155,151,561.96	27,750,962.45
II.Cash flow generated by investing			
Cash received from investment retrieving		3,712,444.20	1,715,606.46
Cash received as investment gains		3,671,006.73	4,601,890.54
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		471,624.41	233,971.36
Net cash received from disposal of subsidiaries or other operational units			
Net cash received from disposal of subsidiaries or other operational units	V.43(3)	1,583,190.00	424,654,629.52

Sub-total of cash inflow due to investment activities		9,438,265.34	431,206,097.88
Cash paid for construction of fixed assets, intangible assets and other long-term assets		127,989,028.85	485,887,407.77
Cash paid as investment			
Net increase of loan against pledge			
Net cash received from subsidiaries and other operational units			
Other cash paid for investment activities	V.43(4)		5,061,714.91
Sub-total of cash outflow due to investment activities		127,989,028.85	490,949,122.68
Net cash flow generated by investment		-118,550,763.51	-59,743,024.80
III.Cash flow generated by financing			
Cash received as investment			
Incl: Cash received as investment from minor shareholders			
Cash received as loans		40,153,434.48	103,280,991.70
Cash received from bond placing			
Other financing –related ash received	V.43(5)		
Sub-total of cash inflow from financing activities		40,153,434.48	103,280,991.70
Cash to repay debts			23,000,000.00
Cash paid as dividend, profit, or interests		21,206.63	462,297.23
Incl: Dividend and profit paid by subsidiaries to minor shareholders			
Other cash paid for financing activities	V.43(6)	2,373,473.65	
Sub-total of cash outflow due to financing activities		2,394,680.28	23,462,297.23
Net cash flow generated by financing		37,758,754.20	79,818,694.47
IV. Influence of exchange rate alternation on cash and cash equivalents		-684,317.09	-1,695,584.13
V.Net increase of cash and cash equivalents		-236,627,888.36	46,131,047.99
Add: balance of cash and cash equivalents at the beginning of term		463,817,642.79	417,686,594.80
VI.Balance of cash and cash equivalents at the end of term		227,189,754.43	463,817,642.79

Legal representative :

Person-in-charge of the accounting work:

Person-in -charge of the accounting organ:

Consolidated Statement on Change in Owners' Equity

Year 2012

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

Unit: RMB

Items	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
I. Balance at the end of last year	336,521,849.00	814,540,889.30			35,912,706.22		182,653,149.09			1,369,628,593.61
Add: Change of accounting policy										-
Correcting of previous errors										-
Other										-
II. Balance at the beginning of current year	336,521,849.00	814,540,889.30	-	-	35,912,706.22	-	182,653,149.09	-	-	1,369,628,593.61
III. Changed in the current year	-	14,372,248.37	-	-	694,953.27	-	-81,683,840.86	-	-	-66,616,639.22
(I) Net profit							-80,988,887.59			-80,988,887.59
(II) Other misc. income		14,372,248.37								14,372,248.37
Total of (I) and (II)	-	14,372,248.37	-	-	-	-	-80,988,887.59	-	-	-66,616,639.22
(III) Investment or decreasing of capital by owners	-	-	-	-	-	-	-	-	-	-
1. Capital inputted by owners										-
2. Amount of shares paid and accounted as owners' equity										-
3. Other										-
(IV) Profit allotment	-	-	-	-	694,953.27	-	-694,953.27	-	-	-
1. Providing of surplus reserves					694,953.27		-694,953.27			-
2. Providing of common risk provisions										-
3. Allotment to the owners (or shareholders)										-
4. Other										-
(V) Internal transferring of owners' equity	-	-	-	-	-	-	-	-	-	-
1. Capitalizing of capital reserves										-
2. Capitalizing of surplus reserves										-
3. Making up losses by surplus reserves.										-
4. Other										-
(VI) Special reserves	-	-	-	-	-	-	-	-	-	-
1. Provided this year										-
2. Used this term										-
(VII) Other										-
IV. Balance at the end of this term	336,521,849.00	828,913,137.67	-	-	36,607,659.49	-	100,969,308.23	-	-	1,303,011,954.39

Legal representative : Person-in-charge of the accounting work;

Person-in -charge of the accounting organ;

Consolidated Statement on Change in Owners' Equity

Year 2011

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

Unit: RMB

Items	Owner's equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserves	Surplus reserves	Common risk provision	Attributable profit	Other		
I.Balance at the end of last year	336,521,849.00	839,797,115.13			34,086,443.10		135,563,817.74			1,345,969,224.97
Add: Change of accounting policy										-
Correcting of previous errors										-
Other										-
II.Balance at the beginning of current year	336,521,849.00	839,797,115.13	-	-	34,086,443.10	-	135,563,817.74	-	-	1,345,969,224.97
III.Changed in the current year	-	-25,256,225.83	-	-	1,826,263.12	-	47,089,331.35	-	-	23,659,368.64
(I)Net profit							48,915,594.47			48,915,594.47
(II)Other misc.income		-25,256,225.83								-25,256,225.83
Total of (I) and (II)	-	-25,256,225.83	-	-	-	-	48,915,594.47	-	-	23,659,368.64
(III) Investment or decreasing of capital by owners	-	-	-	-	-	-	-	-	-	-
1.Capital inputted by owners										-
2.Amount of shares paid and accounted as owners' equity										-
3.Other										-
(IV)Profit allotment	-	-	-	-	1,826,263.12	-	-1,826,263.12	-	-	-
1.Providing of surplus reserves					1,826,263.12		-1,826,263.12			-
2.Providing of common risk provisions										-
3.Allotment to the owners										-
4.Other										-
(V) Internal transferring of owners' equity	-	-	-	-	-	-	-	-	-	-
1.Capitalizing of capital reserves										-
2. Capitalizing of surplus reserves										-
3.Making up losses by surplus reserves.										-
4.Other										-
(VI) Special reserves	-	-	-	-	-	-	-	-	-	-
1.Provided this year										-
2.Used this term										-
(VII)Other										-
IV. Balance at the end of this term	336,521,849.00	814,540,889.30	-	-	35,912,706.22	-	182,653,149.09	-	-	1,369,628,593.61

Legal representative :

Person-in-charge of the accounting work :

Person-in -charge of the accounting organ :

Parent Company Balance sheet

December 31, 2012-

Prepared by : Shenzhen Textile (Holdings) Co., Ltd.			Unit: RMB
Items	Notes	Year-end balance	Year-beginning balance
Current asset :			
Monetary fund		33,906,151.53	133,011,826.29
Trading financial assets			
Bill receivable			
Account receivable		1,520.00	323,582.19
Prepayments			1,719,680.00
Insurance receivable			
Dividend receivable			
Other account receivable	XIII.1	18,611,433.26	13,020,387.68
Inventories			
Non-current asset due in 1 year			
Other current asset			
Total of current assets		52,519,104.79	148,075,476.16
Non-current assets :			
Disposable financial asset		70,159,993.69	52,272,895.86
Expired investment in possess			
Long-term receivable			
Long term share equity investment	XIII.2	1,064,734,607.06	955,793,681.34
Property investment		145,306,758.35	151,665,495.95
Fixed assets		31,796,996.71	33,578,271.19
Construction in progress		9,416,319.19	4,664,276.19
Engineering material			
Fixed asset disposal			
Production physical assets			
Gas & petrol			
Intangible assets		2,651,093.96	1,373,482.16
R & D petrol			
Goodwill			
Long-germ expenses to be amortized			
Differed income tax asset		5,539,715.63	5,148,905.27
Other non-current asset			
Total of non-current assets		1,329,605,484.59	1,204,497,007.96
Total of assets		1,382,124,589.38	1,352,572,484.12
Legal representative :	Person-in-charge of the accounting work :	Person-in -charge of the accounting organ :	

Parent Company balance sheet (Cont'd)

December 31, 2012-

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

Unit:RMB

Items	Notes	Year-end balance	Year-beginning balance
Current liabilities			
Short-term loans			
Trade off financial liabilities			
Bill payable			
Account payable		411,743.57	1,388,181.57
Advance payment		639,024.58	639,024.58
Employees' wage payable		5,899,315.45	5,606,640.12
Tax payable		1,608,258.72	3,661,093.00
Interest payable			
Dividend payable			
Other account payable		74,456,509.51	68,280,337.84
Non-current liability due in 1 year			
Other current liability			
Total of current liability		83,014,851.83	79,575,277.11
Non-current liabilities:			
Long-term loan			
Bond payable			
Long-term payable			
Special payable			
Expected liabilities			
Differed income tax liability		12,557,914.13	7,767,164.67
Other non-current liabilities			
Total of non-current liabilities		12,557,914.13	7,767,164.67
Total of liability		95,572,765.96	87,342,441.78
Owners' equity			
Share capital		336,521,849.00	336,521,849.00
Capital reserves		820,330,155.88	805,957,907.51
Less: Shares in stock			
Special reserves			
Surplus reserves		36,607,659.49	35,912,706.22
Common risk provision			
Undistributed profit		93,092,159.05	86,837,579.61
Total of owners' equity		1,286,551,823.42	1,265,230,042.34
Total of liabilities and owners' equity		1,382,124,589.38	1,352,572,484.12
Legal representative :	Person-in-charge of the accounting work:	Person-in -charge of the accounting organ:	

Profit statement of the Parent Company

Year 2012

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

Unit: RMB

Items	Notes	Amount in this period	Amount in last period
I. Income from the key business	XIII.3	58,769,828.08	55,922,541.23
Less: Business cost	XIII.3	14,264,055.74	12,828,704.32
Business tax and surcharge		4,893,464.06	4,640,661.80
Sales expense			
Administrative expense		35,666,282.31	35,039,410.96
Financial expenses		-399,149.34	-6,141,927.24
Asset impairment loss		1,563,241.42	2,516,293.33
Add: Gains from change of fir value (“-”for loss)			
Investment gain (“-”for loss)	XIII.4	6,354,399.89	5,066,549.81
Incl: investment gains from affiliates		1,177,855.69	3,441,206.34
II. Operational profit (“-”for loss)		9,136,333.78	12,105,947.87
Add: Non-business income			11,517,912.68
Less: Non-business expenses			88.28
Incl: Loss from disposal of non-current assets			88.28
III.Total profit(“-”for loss)		9,136,333.78	23,623,772.27
Less: Income tax expenses		2,186,801.07	5,361,141.11
IV. Net profit (“-”for net loss)		6,949,532.71	18,262,631.16
V. Earnings per share:			
(I) Basic earnings per share			
(II)Diluted earnings per share			
VI. Other comprehensive income		14,372,248.37	-25,256,225.83
VII. Total comprehensive income		21,321,781.08	-6,993,594.67

Legal representative : Person-in-charge of the accounting work: Person-in -charge of the accounting organ:

Cash flow statement of the Parent Company

Year 2012

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

Unit: RMB

Items	Notes	Amount in this period	Amount in last period
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		58,864,966.03	56,341,625.31
Tax returned			
Other cash received from business operation		12,657,653.01	16,069,131.73
Sub-total of cash inflow		71,522,619.04	72,410,757.04
Cash paid for purchasing of merchandise and services		5,343,628.46	8,069,568.30
Cash paid to staffs or paid for staffs		19,183,009.63	20,907,890.55
Taxes paid		10,708,112.77	10,141,366.86
Other cash paid for business activities		25,554,110.89	11,579,319.92
Sub-total of cash outflow from business activities		60,788,861.75	50,698,145.63
Cash flow generated by business operation, net		10,733,757.29	21,712,611.41
II. Cash flow generated by investing			
Cash received from investment retrieving		3,712,444.20	1,715,606.46
Cash received as investment gains		3,140,300.00	3,549,925.11
Net cash retrieved from disposal of fixed assets, intangible assets,			151,683.59
Net cash received from disposal of subsidiaries or other			
Other cash receivable for investment activities			407,974,708.26
Sub-total of cash inflow due to investment activities		6,852,744.20	413,391,923.42
Cash paid for construction of fixed assets, intangible assets and		6,155,725.00	6,389,294.56
Cash paid as investment		108,163,070.03	380,000,000.00
Net cash received from subsidiaries and other operational units			
Other cash paid for investment activities			
Sub-total of cash outflow due to investment activities		114,318,795.03	386,389,294.56
Net cash flow generated by investment		-107,466,050.83	27,002,628.86
III. Cash flow generated by financing			
Cash received from absorbing investment			
Cash received as loans			
Cash received from bond placing			
Other financing –related cash 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		2,373,473.65	
Sub-total of cash outflow due to financing activities		2,373,473.65	-
Net cash flow generated by financing		-2,373,473.65	-
IV. Influence of exchange rate alternation on cash and cash			
		92.43	-56,771.85
V. Net increase of cash and cash equivalents			
		-99,105,674.76	48,658,468.42
Add: balance of cash and cash equivalents at the beginning of term		133,011,826.29	84,353,357.87
VI. Balance of cash and cash equivalents at the end of term			
		33,906,151.53	133,011,826.29

Legal representative : _____ Person-in-charge of the accounting work : _____ Person-in -charge of the accounti

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

Year 2012

Prepared by : Shenzhen Textile								Unit: RMB
Items	Share Capital	Capital reserves	Less: Shares in	Special ized reserve	Surplus reserves	Common risk provis	Attributable profit	Total of owners' equity
I. Balance at the end of last year	336,521,849.00	805,957,907.51			35,912,706.22		86,837,579.61	1,265,230,042.34
Add: Change of accounting policy								-
Correcting of previous errors								-
Other								-
II. Balance at the beginning of current year	336,521,849.00	805,957,907.51	-	-	35,912,706.22	-	86,837,579.61	1,265,230,042.34
III. Changed in the current year	-	14,372,248.37	-	-	694,953.27	-	6,254,579.44	21,321,781.08
(I) Net profit							6,949,532.71	6,949,532.71
(II) Other misc.income		14,372,248.37						14,372,248.37
Total of (I) and (II)	-	14,372,248.37	-	-	-	-	6,949,532.71	21,321,781.08
(III) Investment or decreasing of capital by owners	-	-	-	-	-	-	-	-
1. Capital inputted by owners								-
2. Amount of shares paid and accounted								-
3. Other								-
(IV) Profit allotment	-	-	-	-	694,953.27	-	-694,953.27	-
1. Providing of surplus reserves					694,953.27		-694,953.27	-
2. Providing of common risk provisions								-
3. Allotment to the owners (or								-
4. Other								-
(V) Internal transferring of owners'	-	-	-	-	-	-	-	-
1. Capitalizing of capital reserves								-
2. Capitalizing of surplus reserves								-
3. Making up losses by surplus								-
4. Other								-
(VI) Special reserves	-	-	-	-	-	-	-	-
1. Provided this year								-
2. Used this term								-
(VII) Other								-
IV. Balance at the end of this	336,521,849.00	820,330,155.88	-	-	36,607,659.49	-	93,092,159.05	1,286,551,823.42
Legal representative :	Person-in-charge of the accounting work :		Person-in -charge of the accounting organ :					

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

Year 2011

Prepared by : Shenzhen Textile (Holdings) Co., Ltd.								Unit: RMB
Items	Share Capital	Capital reserves	Less: Shares in stock	Specialized reserves	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	336,521,849.00	831,214,133.34			34,086,443.10		70,401,211.57	1,272,223,637.01
Add: Change of accounting policy								-
Correcting of previous errors								-
Other								-
II. Balance at the beginning of current year	336,521,849.00	831,214,133.34	-	-	34,086,443.10	-	70,401,211.57	1,272,223,637.01
III. Changed in the current year	-	-25,256,225.83	-	-	1,826,263.12	-	16,436,368.04	-6,993,594.67
(I) Net profit							18,262,631.16	18,262,631.16
(II) Other misc.income		-25,256,225.83						-25,256,225.83
Total of (I) and (II)	-	-25,256,225.83	-	-	-	-	18,262,631.16	-6,993,594.67
(III) Investment or decreasing of capital by owners	-	-	-	-	-	-	-	-
1. Capital inputted by owners								-
2. Amount of shares paid and accounted as owners' equity								-
3. Other								-
(IV) Profit allotment	-	-	-	-	1,826,263.12	-	-1,826,263.12	-
1. Providing of surplus reserves					1,826,263.12		-1,826,263.12	-
2. Providing of common risk provisions								-
3. Allotment to the owners								-
4. Other								-
(V) Internal transferring of owners' equity	-	-	-	-	-	-	-	-
1. Capitalizing of capital reserves								-
2. Capitalizing of surplus reserves								-
3. Making up losses by surplus reserves.								-
4. Other								-
(VI) Special reserves	-	-	-	-	-	-	-	-
1. Provided this year								-
2. Used this term								-
(VII) Other								-
IV. Balance at the end of this term	336,521,849.00	805,957,907.51	-	-	35,912,706.22	-	86,837,579.61	1,265,230,042.34
Legal representative:	Person-in-charge of the accounting work:			Person-in -charge of the accounting organ:				

Shenzhen Textile (Holdings) Co., Ltd.

Notes to financial statements

Year 2012

I. 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 Municipal Textile (Group) 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 has got the corporate business certification of Shensizi No. 440301105031014, Registration address and headquarter address are 6/F,Shenfang Building, Huaqiang Road. North, Futian District, Shenzhen.

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

Majored in manufacturing and im-exporting trade on textile, polarizer, clothes and associated products, concurrently managing property leasing, storage, real estate development and hotel business, etc.

3. Names of parent company and group parent company.

The company's parent company is Shenzhen Investment Holdings Co., Ltd.

4. The reporting person of the approval of financial statements and the reporting date of the approval of financial statements.

The reporting person of the approval of financial statements of the company: Board of Directors of the Company

The reporting date of the approval of financial statements of the Company: March 25, 2013

II. Principal accounting policies, accounting estimates and early errors

1. Basis for the preparation of financial statements

On the basis of continuous operation, in accordance with actual transactions and events, the company carried out confirmation and measurement in accordance with "Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance and other various accounting standards, on the basis of it, the Company prepared the financial statements.

2. Statement on complying with corporate accounting standards

Based on the requirement that the financial reports edited according to above-mentioned editing conditions is accordance with enterprise accounting standards, the company reflected its financial condition on December 30, 2012 truly and completely and business result in 2012 and cash flow information, etc.

3. Fiscal year

A calendar year, that is, from January 1 to December 31 is a fiscal year.

4. Accounting standard money

Accounting standard money is RMB. Referring to notes to unless separately stated. Currency: RMB

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 the enterprise merger under same control, the assets and liabilities obtained by the merging party from enterprise merger was measured according to book value of the merged party on the merger date. The capital reserve was adjusted according to the deference between the book value of net assets obtained by the merging party and the book value of merger price paid (or the total book value of shares issued); if capital surplus was not big for the offset, the retained earnings should be adjusted. Amalgamating parties reckon every direct relate expenses produced in enterprise consolidation including auditing expense, valuation expense and legal service expense paid on enterprise consolidation to current profit and loss when those expenses produced. On parent subsidiary relationship formed via enterprise consolidation , parent company is responsible of editing amalgamation property balance sheet, amalgamation profit statement and amalgamation cash flow meter of amalgamation date. In amalgamation property balance sheet, every asset and liability of amalgamated parties is measured according to its book value. For the accounting policy adopted by the amalgamated parties is not accordance with amalgamating party, and it is adjusted according to criterions, the book value after adjusted is measured. The amalgamating profit chart contains income, expenses and profit happened from the beginning of amalgamation and amalgamating date. The realized net profit before amalgamation from the amalgamated party shall be reflected on the amalgamating profit chart. Amalgamation cash flow meter contains the cash flow of every party in amalgamation from the beginning of amalgamation and amalgamating date.

(2) Enterprise merger under different control:

For the enterprise merger under same control, the merger cost was the assets for the obtaining the control right of the party being purchased on the purchase date, the liabilities happened or undertook and the fair value of the equity securities. For the enterprise merger realized through a number of transactions, the merger cost was the sum of all individual transaction. All the direct costs and related costs for the enterprise merger were included in the cost of enterprise merger. The purchase date referred to date that the company had the control right of the party being purchased. The difference between merger cost over the fair value of identifiable net value obtained from the merger should be confirmed as goodwill. The difference between the identifiable net assets of the party being purchased obtained in the merger and the amount of identifiable net assets of the party being purchased obtained in the merger should be included in the loss and gain of the current period. On parent subsidiary relationship formed via enterprise consolidation , parent company is responsible of editing amalgamation property balance sheet on amalgamation date; the acquired every identified asset, liability acquired from enterprise consolidation is listed via fair value.

6. The compiling method of combined financial statement

(1) Combined financial statements has financial statements and other related material of every subsidiary company within combined financial statements as combination basis, adjust long-term equity investment of

subsidiary company according to equity method, compensate investment, trade activities of the company and every subsidiary company within the combined financial statements, calculate few shareholder profit and loss and few shareholder rights and interests. Then compile the financial statements after those activities.

(2) In compiling, if the accounting policy of any subsidiary company within the combination scope is not accordance with it of the company, adjust it according to the accounting policy of the company, then combine.

(3) On the subsidiary company acquired from enterprise consolidation under same controlling, treat amalgamation produced at the beginning, bring its assets, liabilities, business result and cash flow into financial statements at the beginning of the amalgamation.

(4) On the enterprise consolidation under same controlling, the net income and loss of the amalgamated parties is reckoned into nonrecurring profit and loss before amalgamation and separately listed in submitting financial statement.

(5) Recombination belongs to enterprise non-combination issue under same company controller, when the combined parties combine the assets amount of last account year end, business income of last accounting year or total profit of last accounting year, if it reaches or exceeds 20% of relative item of the company, compile income statements at the beginning of the combination period.

(6) For the subsidiary company acquired from enterprise consolidation under non-same controlling, in compiling combination statements, adjust individual financial statements based on fair value of identified net assets at the purchasing date.

7. Recognition Standard of Cash & Cash Equivalents

Cash means the cash on hand and deposit for payment at any moment.

Cash equivalent refers to the investment with few value alteration risks that the company holds the cash with the characters of short term (generally means 3 months from the purchasing date), strong fluidity, easy transferring to known amount.

8. Foreign Currency Transaction

(1) Foreign currency operations

The foreign currency operation is translated into recording currency according to approximate exchange rate at sight of business happening date. The approximate exchange rate at sight refers to the exchange rate at the beginning of the business happening month.

On balance sheet date, dispose foreign currency monetary item and foreign currency non-monetary item according to the following regulations:

A. Foreign currency monetary item is translated adopting exchange rate at sight of balance sheet date. The balance of exchange produced from the difference between exchange rate at sight at balance sheet date and initial confirmation or exchange rate at sight at former balance sheet date shall be reckoned into profit and loss at current period.

B. Foreign currency non-monetary item measured with historic cost, adopt exchange rate at sight on business happening date and not to change recording currency (amount).

C. Foreign currency non-monetary item measured by fair value adopts exchange rate at sight of fair value confirmation date. The difference between recording currency after translating and the original recording currency is disposed as fair value alteration and reckoned into profit and loss at current period.

(2) Conversion for foreign financial statement

The subsidiaries of the company whose standard currency was foreign currency, all asset and liability items should be converted into the standard money of parent company according to the spot rate on the balance sheet date, and all the owners' equity items, except for "retained profits", should be converted into the standard money of parent company according to the spot rate on the balance sheet date. The income and cost items in the profit statement should be converted into the standard money of parent company according to the spot rate during the period of consolidating financial statements. The conversion differences due to different exchange rate, should be reflected by opening the "foreign currency conversion difference statements" in RMB. And open the "foreign currency statements conversion differences" in cash flow statement in RMB.

9. Financial instruments

(1) Classification of financial instruments:

Financial assets can be divided into: the financial assets which measured by fair value and its changes are included in the current loss and gain (including transactional financial assets and the financial assets which measured by fair value and its changes are included in the current loss and gain), the expired investments, loans and receivables held, and financial assets to be sold, the four categories;

(2) Measurement of financial instruments

A. The initial recognition financial assets are accounted in accordance with fair values. For the financial assets which measured by fair value and its changes are included in the current loss and gain, the relevant transactional costs should be included in the current loss and gain; for other financial assets, the relevant transactional costs should be included in the initial recognition amount.

B. The Company makes follow-up measurement on financial assets according to fair value, the transactional cost to deal with the financial assets which may happen in the future will not be deducted. But, except the following situations:

(a). The expired investments and loans held, should be measured according to amortized costs by the actual interest method. Accounts receivable, in accordance with the purchase contract or agreement price receivable amount as initial confirmation, when recovery or disposal the account receivable, the price difference between the carrying amount of the receivable included in the current profits and losses

(b) The equity tool investments which do not have quotation in market and their fair value can not be reliably measured, and the derivative financial assets which are related to the equity tool and are to be delivered to the equity tool to account, should be measured according to costs.

(3) Determination of fair value of financial assets:

A, The financial assets which exist in the market, the quotation in the market will be determined as fair value;

B, The financial assets which do not exist in the market, adopt valuation techniques to determine the fair value.

The results by the valuation techniques show the transaction prices which may be used in fair transactions on the valuation day.

(4) Recognition basis for transferred financial assets

The company will transfer almost all risk and earnings into the transferred parties on the ownership of financial assets or when the controlling on financial assets is given up, it will expire confirming the financial assets.

(5) Providing of impairment provision on financial assets

On the balance sheet date, carry out inspection on the book value of financial assets which are not included in the financial assets measured according to fair value and its changes are include in the current loss and gain. If there are objective evidence showing that the financial assets have impairment, the provision for impairment should be accounted. The objective evidences which show the impairment of financial assets include the following items:

- A. The issuing party or the debtor had serious financial difficulties;
- B. The debtor violated the terms in the contract, such as the payment of interest or principal had default or delayed;
- C. For the consideration in economy and law, the Company made concessions to the debtor in difficulties;
- D. The debtor was likely to collapse or carry out other financial restructuring;
- E. The issuing party had major financial difficulties, and the financial assets can not be traded in market;
- F. The debtor had major adverse changes in technology, market, economic and legal environment, and the Company was may not be able to recover the investment costs;
- G. The fair values of the equity tool investments had serious and non-temporary decline;
- H. Other objective evidences which show the impairment of financial asset

(6) Measurement of impairment losses of financial assets:

A. The financial assets measured according to fair value and its changes are include in the current loss and gain require no test of impairment;

B. The measurement of impairment loss of expired investments: Account provision for impairment according to the difference of the value of future cash flow lower than the book value;

C. The confirmation standard and withdrawal method of doubtful accounts receivable: when single item amount is much, separately practice deduction testing and confirm its depreciation loss and withdrawal doubtful accounts according to the difference between future cash flow and its book value; when single item amount is not much, the non-decreased accounts receivable via testing, aging analysis method shall be adopted, depreciation loss is confirmed and withdrawal doubtful accounts according to aging of accounts of accounts receivables and regulated withdrawal ration; when single amount is not much, while the accounts receivables and regulated withdrawal ration; when single amount is not much, while the accounts receivables with bigger risk after combination according to credit risk nature and withdrawal doubtful accounts. The non-decreased accounts receivable via testing, aging analysis method shall be adopted, depreciation loss is confirmed according to aging of accounts of accounts receivables and regulated withdrawal ration.

D. Judgment of impairment of available-for-sale financial assets: if there is a significant decline in the fair value of available-for-sale financial assets, more than 30% of its cost of ownership, expect this downward trend is temporary (duration more than 12 months), depends on the estimated balance of the book value and the present value of future cash flows to decide the provision for impairment.

10. Recognition standard and providing basis of bad debt provision on receivable accounts

(1) Bad debt provision on receivable accounts with major amount individually

Criteria and norm of individual significance	The Client Identifies single amount of accounts receivable that is not less than RMB 1 million as account receivable that are individually significant in amount. The Client Identifies single amount of accounts receivable that is not less than
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	RMB 0.5 million as account receivable that are individually significant in amount.
Measurement of impairment allowances for receivables of individual significance	If it is objectively evidential that a receivable of individual significance has impaired, the impairment loss shall be recognized based on the difference of the book values higher than the present value of future cash flows.

(2) Accounts receivable belong to recognition of impairment allowances by group:

Basis of group	
Account's age group	The classified according shall be recognized based on the accounts' age
Method for recognition of impairment allowances by group	
Account's age group	Adopt the age analysis method.

The age analysis method:

Age	% for accounts receivable	% for other receivables
Within 1 year (Incl.1 year)	5%	5%
1—2 years	10.00%	10.00%
2—3 years	30.00%	30.00%
Over 3 years	50.00%	50.00%

(3) Accounts receivable belong to individual insignificant but individually assessed for impairment:

The reason for individually assessed for impairment	There is evidence that differences in the receivable are apparently .
Method for recognition of impairment allowances	A receivable which is individually insignificant but the credit risk is high, should be individual it assessed for impairment, the impairment loss shall be recognized based on the difference of the book values higher than the present value of future cash flows.

11.Inventory

(1) Inventory classification

Inventory can be divided into five categories: raw materials, materials commissioned to process, products, finished products, working materials;

(2) Pricing method of stock delivered

Stock delivered is measured according to weighted average method.

(3) Confirmation basis of stock net realizable value and withdrawal method of inventory falling price reserves.

Inventory net realizable value is the integrant value that estimated sales price deducting estimated work completing cost and integrant estimated cost according to the normal business process.

Withdrawal method of inventory falling price reserves: with the basis that the company making complete inventory taking at the end of medium term and end of year, on the inventory that suffered loss, entire or partial old and outdated or sale price lower than sales price, according to inventory cost and net realizable value (lower is preferred), the company measure it and reckoned it according to the difference of net realizable value of single inventory item upon similar inventory items lower than inventory cost as withdrawal inventory falling price reserves to profit and loss at current period. In confirming net realizable value, the infection upon future item shall be considered beside the price and cost fluctuation of the inventory at balance sheet date.

(4) Inventory system

Inventory system adopts the perpetual inventory method.

(5) Amortization method of consumption goods with low value and wrap page

Consumption goods with low value: Consumption goods with low value adopt one time amortization method when used. Packing:

Wrap page: Wrap page adopts one time amortization when used.

12. Long-term equity investment

(1) Investment cost confirmation

A. The long-term equity investment formed via enterprise consolidation confirm its initial investment cost according to the following criterions:

a. On enterprise consolidation under same controlling, amalgamating parties, managing payment cash, transferring non-cash assets or undertaking liability style as amalgamation consideration, treat the acquired equity book value share from amalgamated parties on amalgamation date as the initial investment cost of long-term equity investment. The difference between long-term equity investment initial investment cost and the paid cash transferred non-cash assets and undertook liability book value is adjusted to be capital reserves; if capital reserves are not sufficient to be deducted, which shall be adjusted to be retained earnings.

When the amalgamating parties via issuing equity securities as amalgamation consideration, treat the acquired equity book value share from amalgamated parties on amalgamation date as the initial investment cost of long-term equity investment. Treat the book value amount of the issued shares as capital stock, the difference between the initial investment cost of long-term equity investment and book value amount of stock issued as capital stock is adjusted to be capital reserves; if capital reserves is not sufficient to be deducted, which shall be adjusted to be retained earnings.

b. On enterprise consolidation under different controlling, the confirmed amalgamation cost according to the following criterions is as initial investment cost of long-term equity investment:

1/ On enterprise consolidation realized from one time exchanging deal, the amalgamation cost is the paid assets, reliabilities happened or undertook, and the fair value of issued equity securities from purchasing parties on purchasing date for the purpose of acquiring the controlling right upon the purchased parties.

2/ On the enterprise amalgamation realized step by step by several times exchanging deal, the amalgamation cost is the summation of every deal cost.

3/ Every direct associated expense produced from purchasing parties for enterprise consolidation is reckoned to enterprise consolidation cost.

4/ If the future issues that possibly affect amalgamation cost in amalgamation contract or agreement is promised, on purchasing date, if the future issues that possibly happen and affect amalgamation cost can be reliably measured, purchasing parties shall reckon it to be amalgamation cost.

B、Except the long-term equity investment formed via enterprise consolidation, the long-term equity investment acquired through other methods is confirmed to be its initial investment cost according to the following regulations:

a. The long-term equity investment acquired via cash payment is treated as initial investment cost according to actually paid purchase price. The initial investment cost contains the expense, tax and other necessary payout that directly associated to long-term equity investment.

b. The acquired long-term equity investment via issuing equity securities is as initial investment cost according to the fair value of equity securities.

c. The long-term equity investment input by investor is as initial investment cost according to the value stipulated in investment contract or agreement, while the unfair value stipulated in contract or agreement is excluded.

d. The long-term equity investment acquired via non-monetary assets exchange, e. g. if non-monetary assets exchange has commercial nature, then the long-term equity investment took in exchange is as initial investment cost according to fair value and payable relative taxation; if non-monetary assets exchange has no commercial nature, then the long-term equity investment in took in exchange has the book value of out took asset in exchange and payable relative taxation as initial investment cost.

e. On the acquired long-term equity investment via liability recombination, its initial investment cost is confirmed by fair value and payable relative taxation.

(2) Rear measuring and profit and loss confirmation method

A. According to infection degree of investing enterprise against the invested unit, enlivening market or not, fair value reliably received or not, separately adopts cost method or equity method to measure.

B. The confirmation of investment profit and loss

Long-term equity investment reckoned via equity method, shall be adjusted in considering the infection of the following factors under the basis of book net profit of invested unit in confirming the net profit or net deficit enjoyed or undertook by invested unit.

a. If the accounting policy adopted by invested unit is not accordance with investing unit, adjust according to accounting policy of investing enterprise and financial reports of invested unit to confirm the profit and loss of invested unit under the basis.

b. With the fair value of fixed assets, intangible assets of invested unit as basis, the withdrawn depreciation amount or amortization amount and assets depreciation reserves produced infection upon the invested unit net profit.

c. The unrealized profit and loss produced from the investing unit and its affiliated enterprise and joint enterprise shall be compensated. Namely the unrealized profit and loss between investing enterprise and affiliated enterprise and joint enterprise is calculated and attributes to investing enterprise according to no.8 share ratio, which will be compensated and investment benefit and loss shall be confirmed under the basis. The trade loss between investing enterprise and invested unit, attributing to assets depreciation loss, is completely confirmed.

(3) Confirm the basis that has common control and major influence upon invested unit.

A. Common controlling basis:

- a. Any joint enterprise can not individually control production and operating activities of joint enterprise;
- b. The decision making related to basic business operations of joint enterprise shall be agreed by both parties;
- c. Every joint-venture enterprises nominate one joint enterprise according to contract or protocol to manage daily activities of joint-venture enterprise; it must implement management right within the wholly agreed financial and business policy scope.

B. Major influence basis:

a. Appoint represent in the board of invested unit or similar capability mechanism, enjoy relative actual participation decision making right, investing enterprise can participate in the constitution of business policy of the invested unit and realize implementing major influence upon the invested unit.

b. Participate in the policy making of the invested unit including the making of dividend allotment policy. Under the circumstance, the represent can bring forward suggestion or idea for its own interest and bring large influence upon the invested unit.

c. Realize important trade with the invested unit. Relative trade affects production operations decision-making of invested unit at certain degree.

d. Appoint administrative person to the invested unit. Under the condition, appoint administrative person to the invested unit, the person has right and is responsible for the financial and business activities of the invested unit, so as to implement import influence on the invested unit.

e. Offer key technical documents to the invested unit. Production operations of the invested unit relies upon the technique or technical document of the investing enterprise, which indicate investing enterprise has major influence upon the invested unit.

To confirm investing unit has major influence upon the invested unit, one side, consider the voting power share that investing unit directly or indirectly hold from the invested unit, one other side, consider the influence produced by enterprise and other parties holding executable potential voting power presumably transferring into stock right of invested unit, such as the issued current transferable subscription warrant, stock option and transferable corporate bond, etc. If these transferred into stock right of invested unit, which can increase the voting power rate of investing enterprise or decrease the voting power rate of other investors in invested unit, so as to make investing enterprise joining in the financial and business policy-making of the invested unit, and consider investing enterprise have large influence upon the invested unit.

(4) Depreciation testing method and depreciation reserve withdrawal method.

On balance sheet date, inspect long-term equity investment, judge long term equity investment has the depreciation evidence or not. If the depreciation evidence of the operation state of invested unit appears, estimate its recoverable fund. The measured value of recoverable fund indicates the recoverable fund of long term equity investment is lower than its book value; deduct the book value of long term equity investment into recoverable fund. The deducted fund is confirmed to be the loss of assets depreciation and reckoned into benefit and loss at current period, meanwhile withdrawal relative long term investment depreciation deserve. Once the long term investment depreciation loss is confirmed, which will not be transferred in the later accounting period.

13. Investment property

(1). Scope of investment real estate: refers to the real estate for rent or for capital appreciation or for both of them, including the rented land use rights, the land use rights held and to transferred, and the leased building;

(2). Initial measurement of investment real estate: conduct initial measurement in accordance with the cost to obtain it;

(3) Follow-up measurement of investment real estate: the Company conducts follow-up measurement on the investment real estate by cost model; the follow-up expenditure relating to investment real estate, if the related profit is likely to flow into the company and can be measured, then it should be included in the cost of the investment real estate, other follow-up expenditures should be recognized as the current loss and gain;

(4) The classification, depreciation and amortization policies of real estate investments and the depreciation and amortization policies of fixed assets and intangible assets should be coherent.

Provision for impairment of investment real estate should be treated according for asset impairment.

14. Fixed assets

(1) Confirmation conditions of fixed assets

The tangible assets held for producing goods, providing services, rent or operation, and the service time is longer than one fiscal year.

(2) Fixed assets depreciation method

Classification of fixed asset	Depreciable life (Year)	Residual rate (%)	Depreciation rate (%)
House and Building- Production	35 year	4%	2.74%
House and Building-Non-Production	40 year	4%	2.40%
Decoration of Fixed assets	10 year	---	10.00%
Machinery and equipment	10-14 year	4%	9.60%-6.86%
Transportation equipment	8 year	4%	12.00%
Electronic equipment	8 year	4%	12.00%
Other equipment	8 year	4%	12.00%

(3) Depreciation measuring method and depreciation reserves withdrawn method of fixed asset

Judge fixed assets appearing the depreciation evidence or not at balance sheet date. If assets market value continuously decreases, or technology is old, damaged or long-term left un-used, draw back amount. The measured result of recoverable amount indicates the recoverable amount of fixed assets is lower than its book value; deduct the book value of fixed assets into recoverable amount. The deducted amount is confirmed to be assets depreciation loss and is reckoned into benefit and loss at current period; meanwhile withdraw relative fixed assets depreciation reserve. Once fixed assets depreciation loss is confirmed, which will not be transferred at the later accounting period.

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

If all risk and reward associated to certain hired fixed asset actually have transferred, the company confirms it to be financial leasing. Financial leased fixed assets should take the lower one of fair value of leased assets at leasing date and lowest leasing payment, added with the initial direct expenses directly belonging to leasing item, will be book value of leased assets. Taking the lowest leasing amount as the book value of long term account payable, its difference will be unconfirmed financial charges. The unconfirmed financial charges will adopt actual interest rate method to allocate within leasing period. The leased fixed assets ensure depreciation rate according to lease term and estimated net salvage and accrual of depreciation.

15. Projects under construction

(1). Methods for accounting projects under construction.

The projects under construction include pre-construction preparations, the building projects under construction, installation projects, technical transformation projects and overhaul works, etc. The projects under construction should be accounted according to actual expenditures by items, and should be converted to fixed assets when the projects reached the predicted use state. The costs for borrowing relating to projects under construction (including loan interests, excess discount amortization, exchange gains and losses, etc.), which should be included in the cost before the related projects reach the predicted use state, and included in the current financial cost after the related projects reach the predicted use state;

(2) Depreciation preparation of construction in progress

Make complete inspection on construction in progress on the date of balance sheet, judge fixed assets occurring possible depreciation evidence or not. If yes: (1) project in progress without construction for long time is estimated not to start working again in future 3 years, (2) project in progress has evidence that its character and technology have fallen behind and the economic benefit brought has great uncertainty and other depreciation evidence, which shall be estimated its recoverable amount. The result of recoverable amount shows the recoverable amount of project in progress is loss than its book value, write-down its book value of project in progress into recoverable amount. The written down amount is confirmed to be assets depreciation loss and is reckoned into current period profit and loss, meanwhile withdraw relative depreciation reserve of project in progress. Once depreciation loss of project in progress is confirmed, which will not be transferred.

16. Borrowing cost

(1) Principle of the recognition of capitalized borrowing costs. If the borrowing expenses meet the following conditions at the same time, they should be capitalized:

A. Capital expenditures have already occurred, capital expenditures include the expenditures paid by cash, transferring non-cash assets or by bearing interest-debt;

B. The borrowing costs have occurred;

C. The construction to make the asset to reach the intended use state or sale state, or the production activities have already begun.

(2) Capitalizing period of borrowing expenses. The borrowing expenses, if they comply with the capitalization conditions, should be capitalized and included in the cost of relevant assets; other borrowing expenses, should be determined according to the amount occurred and be included in the current loss and gain.

17. Biological assets

(1) Simultaneously, biological assets that meets the following conditions will be confirmed:

- A. For the past trade or issues, the company possesses or controls biological assets;
- B. The economic interest associated with the biological assets may flow into the company;
- C. The biological assets cost can be reliably measured.

(2) Biological assets is divided into consumable biological assets, manufacturing biological assets and public welfare biological assets.

(3) Biological assets is initially measured according to cost.

(4) On the date of balance sheet, check consumable biological assets, if there are specific evidences showing the reasons like natural disasters, plant diseases and insect pests, animal epidemic situation attack or market requirements, make the net realizable value of consumable biological assets or recoverable amount of manufacturing biological assets are lower than their book value, according to the difference between net realizable value or recoverable amount and their book value, withdraw biological assets depreciation preparation or value decreasing preparation and reckon it to current profit and loss. If the contributing factor of consumable biological assets value decreasing has already disappeared, the deducted amount will be resumed and is transferred within the original withdrawn price decreasing standard and transferred amount is reckoned into current profit and loss.

18. Intangible assets

(1). Intangible asset refers to the non-monetary assets owned or controlled by a company with no identifiable physical forms, including proprietary technology, right to use land;

(2). Intangible asset is valuated according the actual cost to obtain it;

(3). For the intangible assets with definite service life, since the availability of the intangible assets, they should be amortized by straight-line method within the service life, and included in the current loss and gain; the intangible assets with no definite service life will not be amortized; the company should conduct review on the service life and amortization methods of the intangible assets at the end of the year, if the service life and amortization methods are inconsistent with what estimated previously, then the amortization period and amortization methods should be changed.

(4) Provision for impairment of investment assets

Inspect the ability of every intangible assets bring to future economic benefit to the company, when any one of the following exists: (1) certain intangible assets has been replaced by other new technology, which make its ability bringing benefit to enterprise seriously affected; (2) the market price of certain intangible assets greatly fall at the current period and will not resume within the left amortization period; (3) certain intangible assets has overpasses legal protection period, but it still has the depreciation evidence with partial usage value, then valueate its recoverable amount. The measuring result of recoverable amount shows if the recoverable amount is less than its book value, then write-down its book value into its recoverable amount, the written down amount is confirmed to be assets depreciation loss and reckoned into to current profit and loss, meanwhile withdraw corresponding intangible assets depreciation reserve; (4) For other conditions that fully prove certain intangible assets substantially produced depreciation reserve, withdraw intangible assets depreciation reserve according to the

difference between recoverable amount and book value. Once intangible assets depreciation loss is confirmed, which will not be written back in the later accounting period.

19. Long-term amortization expenses

(1) Long-term prepaid expenses refer to that enterprises have already spent, and amortization periods of all expenses are more than one year (excluding 1 year), they should be amortized in the regulated years.

(2) Long-term deferred expense is valued according to actual cost, the installation cost should be equally amortized during two major overhauls or the contract period (depends on which is shorter), other long-term deferred expenses should be equally amortized according to the benefit period of the project. For the long-term deferred expenses which can not bring predicted profit in the future accounting period, all the unamortized value should be converted to the current loss and gain.

20. Predicted liabilities

(1). The liabilities which are relevant to contingent events and meet the following conditions at the same time, the Company recognizes it as predicted liabilities: the liability is the current obligation the company undertakes; the performance of the liability may result in the outflow of economic interests; the amount of the liability can be reliably measured;

(2). If the predicted liability to be fully or partly paid by the company and be compensated by the third party, the compensation amount can be recognized as assets individually only when it can be basically recovered, at the same time, the compensation on the asset should not be more than the corresponding book amount of the predicted liability.

21. Revenues

(1) Recognition time for sales of goods

After the risks and rewards of the goods are transferred to the buyer, the company will no longer conduct the management right and the actual control right, and the relevant incomes have been received or the documents of receiving have been obtained, and the cost of the goods can be reliably measured, the realization of the revenue should be confirmed.

The time confirmation of specific sales of main trade styles:

A. FOB is the trade style of goods exportation, means that the seller delivers when the goods pass the ship's rail at the named port of shipment in contract;

B. CIF is the trade style of goods exportation, means that the seller delivers when the goods pass the ship's rail in the destination port ;

C. Domestic sales time confirmation means the time of commodities ownership evidence transfer or physical goods delivery.

(2). Revenue from service

In the same fiscal year and the service has been completed, the income should be confirmed upon the completion of the service; If the starting and completion of the service belong to different fiscal year, then when the service can be reliably measured, the service income should be confirmed at the period end according to the percentage of the service not completed.

(3) Incomes from transferring asset use right

Incomes from transferring asset use right include interest income and income from use payment;
The amount of interest income, is determined in accordance with the time and actual interest rate;

the income from use payment is determined according to the time and method of relevant contract and agreement.

22. Governmental subsidy

It contains financial appropriations, financial discount, taxation return and transfer non-monetary assets free of charge. The governmental subsidy associated to assets, the company confirms it to be deferral benefit. When relative assets reach to scheduled usage condition, reckon it to be benefit and loss of every period at average within the usage lifetime of the assets. If relative assets is sold, transferred, scrapped or damaged before lifetime expiration, transfer the deferral benefit balance into current period benefit and loss of assets disposal. The received governmental subsidy associated to benefit is confirmed to be deferral benefit if used for the remedy of relative expense or loss of later period; and it is reckoned into benefit and loss at current period during relative expense confirmation; for those used for compensation of relative expense or loss happened, which will be reckoned directly into benefit and loss at current period

23. Deferred income tax assets/Deferred income tax liability

(1) Confirmation of deferred income tax assets

A. Limited by the company possibly acquired taxability amount for deducting temporary difference, confirm the deductible difference deferred income tax assets produced from temporary difference. But the deferred income tax assets produced from the initial confirmation of assets or liability in trade with the following characters are not confirmed:

- a. The trade is not enterprise consolidation ;
- b. When trade happens, which will neither affect accounting benefit nor affect taxability amount of income (or deduct loss).

B. The company, on the deductible temporary difference associated to investment of subsidiary company, affiliated company and partnership business simultaneously meet the following conditions, confirms relative deferred income tax assets:

- a. Temporary difference most likely is transferred in the foresight future.
- b. Taxability amount of income that most likely used to deduct temporary difference in future.

C. The company confirms relative deferred income tax assets for transferable later annual deductible loss and taxation decreasing with future taxability amount of income for deducting deductible loss and taxation decreasing as limitation.

(2) The confirmation of deferred income tax liability

Besides the deferred income tax liability produced under the following conditions, the company confirms all deferred income tax liability produced by all taxability temporary difference:

- A. The initial confirmation of business Goodwill;
- B. Simultaneously meeting the initial confirmation of assets or liability produced in trade with the characters of following characters:

- a. The trade is not enterprise consolidation;
- b. Trade occurrence affects neither accounting benefit nor taxability amount of income (or the deductible loss).

C. When the company has relative taxability temporary difference with its subsidiary company, affiliated company and partnership business, and simultaneously meets the following conditions:

- a. Investment enterprise can control the transferring time of temporary difference;
- b. Temporary difference may possibly not transfer in the foreseeable future.

24. Hedging instruments

(1) The hedged item of the company refers to storage raw material and raw material purchasing order appointed to be headed object that make company facing fair value alteration risk.

(2) Hedging instruments of the company refers to the transferring instrument that is appointed and its fair value alteration can eliminate the fair value alteration of hedged items-----forward contract.

(3) If fair value hedging simultaneously meet the following conditions, the company only can use hedging accounting method to dispose:

A. When hedging begins, the company has official appointment on hedging relation (namely the relation between hedging instrument and hedging items), and prepares the official written file about hedging period risk, risk management target and hedging policy.

B. The estimated highness of the hedging period is effective, and meets the risk management policy confirmed originally by the company for the hedging relation.

C. Hedging effectiveness can be reliably measured.

D. The company continuously makes evaluation on the effectiveness of hedging period and confirms that the hedging period is highly effective during the accounting period appointed in hedging relations.

(4) For fair value hedging that meeting above-mentioned conditions, implement accounting disposal according to the following regulations:

A. The benefit or loss produced from alteration of fair value hedging is reckoned into benefit and loss at current period.

B. The benefit or loss formed via risk in hedged period on hedged item is reckoned into benefit and loss at current period; meanwhile adjust the book value of the hedged item.

C. Any one of the following conditions is satisfied in hedged period, the company will expire using fair value hedging account:

- a. Hedging instruments have expired, been sold, contract expire or come into practice.
- b. The hedging will not satisfy the conditions that using hedging
- c. Enterprise cancels the appointment of hedging relation.

25. Change of main accounting policies and estimations

(1) Change of accounting policies

Is there any change in accounting estimations in the report period

Change content and reason of accounting policy	Procedures for examination and approval	Item name in report forms affected	Amount affected
None	---	---	---

(2) Change of accounting estimations

Is there any change in accounting estimations in the report period

Change content and reason of accounting estimation	Procedures for examination and approval	Item name in report forms affected	Amount affected
None	---	---	---

26. Correction of accounting errors in previous period

(1) Retrospective restatement

Is there any retrospective restatement on the accounting error with previous periods done in the report term

Correction content of accountant errors	Approved disposal condition	Report forms name in different reporting periods affected	Accumulated affected quantity
None	---	---	---

(2) Future adoption method

Is there any future adoption method apply able to accounting errors with previous period, found in the report period.

Correction content of accountant errors	Approved disposal condition	Reason of adopting future applicable methods
None	---	---

III. Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	Incomes from product sales	17.00%
Business tax.	Providing labor services, real estate sales, the transfer of intangible assets	5.00%
City construction tax	VAT, sales tax, turnover tax, etc	7.00%
Business income tax	Taxable income	25.00%、15.00%

The company has not the conditions that every branch company or branch plant independently hand in business income tax.

2. Tax preference and approval file

Shenzhen Shengbo Optoelectronic Technology Co., Ltd., the subsidiary company of our company, has been qualified as national high-tech enterprise since 2010 ,High-tech and enterprise certificate No.: GR201044200171 ,The certificate is valid for three years, The enterprise income tax rate of this year is 15%.

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 (2012) No. 16), the enterprises manufacturing 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 and levy of import-related value added tax according to relevant regulations in the period from June 1, 2012 and December 31, 2015. For the concrete regulations on tax exemption, the Provisional Regulations on Taxation Policies for Imported Materials of Enterprises Manufacturing New-type Display Device Panels (the appendix of Cai Guan Shui (2012) No. 16 Document) shall prevail. According to the Notice of Printing and Issuing the Scope of Imported Materials of Enterprises Manufacturing Colorful Light Filtering Coating and Polarizer Sheets and the List of the First Group of Enterprises Enjoying Preferential Policies (Cai Guan Shui (2012) No. 53), Shenzhen Shengbo Optoelectronic Technology Co., Ltd. was included in the list of the first group of enterprises enjoying the above-mentioned policies.

IV. Enterprise consolidation and combined financial statements

1. Subsidiary

(1) Subsidiary obtained through establishment or investment

Full name of subsidiary	Subsidiary type	Registration place	Business	Registered capital	Business scope	Actual capital amounts of the end	Other projects balance essentially from net investment to subsidiary	Holding proportion (%)	Proportion of voting rights(%)	Whether consolidation of report form	Interest of shareholder	Amount used to write down lost minority shareholder interest	After wrote down current period loss of minority shareholders over equity beginning share of minority shareholders in the subsidiary from the parent company's share ,Balance of Owner's equity
Shenzhen Jinlan Decorative Articles Industrial	Wholly-owned subsidiary	Shenzhen	Fabrics, bedding, clothing nabyfactubg	4,000,000.00	Fabrics, bedding, clothing , textiles raw materials processing manufacturing,	4,000,000.00		90%	100%	Yes			

Co., Ltd.					wholesale and retail.								
Shenzhen Lisi Industrial Co., Ltd	Wholly-owned subsidiary	Shenzhen	Domestic commerce, materials supply and sales	2,360,000.00	Domestic commerce, materials supply and sales	2,360,000.00		90.68%	100%	Yes			
Shenzhen Huaqiang Hotel	Wholly-owned subsidiary	Shenzhen	Accommodation, restaurants, business center	10,005,300.00	Accommodation, restaurants, business center; ticket consignment; Property Management (required to obtain the relevant qualification certificate for their operations)	10,005,300.00		95%	100%	Yes			
Shenzhen Shenfang Property Management Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Property management	1,600,000.00	The Company property management	1,600,000.00		93.75%	100%	Yes			

Shenzhen Beauty Century Garment Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Production of fully electronic jacquard knitting whole shape	25,000,000.00	Production of fully electronic jacquard knitting whole shape (without restrictions on the project); clothing, textiles and related accessories for buying and selling (excluding franchise, special control, proprietary products); operating import and export business (by "Import and Export Enterprise Qualification Certificate" deep free trade Certificate Zi No. 2002-339 tube business);	25,000,000.00		100%	100%	Yes			
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					industrial projects (the specific items to be declared separately).								
Shenzhen Shenfang Import & Export Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Operating import and export business	5,000,000.00	Operating import and export business (the specific approval by the relevant import and export business handled)	5,000,000.00		100%	100%	Yes			
Shenzhen Zhongxing Fibre Folds Cotton Clothing Ornament Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Spewing acupuncture cloth, revision, and fusible interlining fabric	1,680,000.00	Production and operation of bedding, clothing and textiles for infants and young children.	1,680,000.00		75%		No			
Shengtou (HK) Co., Ltd.	Wholly-owned subsidiary	Hongkong	Polaroid Sales	HKD10000				100%	100%	Yes			

Note: The shareholding proportion of consolidated subsidiaries is inconsistent with the vote right proportion, which is through the way of getting the cross-shareholdings among subsidiaries to make the parent company actually control 100%; Shenzhen Tianlong Industrial & Trading Co., Ltd, and Shenzhen Zhongxing Fiber Wimple Cotton Raiment Co., Ltd. had established liquidation group in 2009 and started liquidation procedures, The cancellation date is 4th January 2013 and the company will not be included in consolidation scope since they went into liquidation procedures.

(2) The company has no subsidiary company acquired via enterprise consolidation under same controlling.

(3) The company has no subsidiary company acquired via enterprise consolidation under same controlling.

Full name of subsidiary company	Subsidiary type	Registration Place	Business character	Registration capital	Scope of business	Actual capital amount of the end	Other projects balance essentially from net investment to subsidiary	Holding proportion (%)	Proportion of voting rights(%)	Whether consolidation of report form	Interest of minority shareholder	Amount used to write down lost included in minority shareholder interest	After wrote down current period loss of minority shareholders over equity beginning share of minority shareholders in the subsidiary from the parent company's share ,Balance of Owner's equity
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	Limited Liability Company	Shenzhen	Production and sales of polarizer	RMB 250 million	Wholesale, manufacturing and process various specifications materials and apparatus of polarizer, LCD; import and export business (except projects inhibited by law, administrative regulation, State Department), the limited projects	250,000,000.00		100%	100%	Yes			

					shall be managed with the permission								
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2. Entities with special purposes or entities on which the Company has controlling power through entrusted operation or leasing

3. Changes of combination scope at current period

None

4. Entities that are newly included in the scope of consolidation in current reporting period

5. Business combinations involving entities under common control that happened in current reporting period

6. Business combinations involving entities under common control that happened in current reporting period

7. Sell stock right losing controlling right to decrease subsidiary company.

8. Reverse acquisition occurred in the report period

V. Notes to the major items of consolidated financial statement

(I) Monetary Capital

Unit: RMB

Items	Year-end balance			Year-beginning balance		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
I.Cash:						
RMB			59,331.88			46,075.39
HKD	4,226.94	0.81	3,427.39	29,843.30	0.81	24,193.96
USD	6,784.10	6.29	42,641.46	9,170.10	6.30	57,779.89
JPY	1,000.00	0.07	73.05			
Subtotal			105,473.78			128,049.24
II.Bank deposit:						
RMB			194,980,561.64			433,585,496.45
HKD	3,032,356.82	0.81	2,458,698.80	2,113,058.22	0.81	1,713,056.30
USD	2,073,931.29	6.29	13,035,695.12	828,356.58	6.30	5,219,391.97
JPY	394,658.00	0.07	28,829.38			
Subtotal			210,503,784.94			440,517,944.72
Other Capital						
RMB			20,779,057.48			26,251,079.47
USD						
JPY	14,088,785.00	0.07	1,029,171.66	24,438,564.00	0.08	1,982,040.86
EUR	29.84	8.32	248.20	29.82	8.16	243.41
Subtotal			21,808,477.34			28,233,363.74
Total			232,417,736.06			468,879,357.70

(1) As of December 31, 2012, Monetary fund has not these conditions such as usage limitation for mortgage,

pledge or frozen fund, stored overseas, with potential recovery risk.

(2) As of December 31, 2012, The fixed-term deposit balance of money fund is RMB5,227,981.63, this part will not be treated as closing cash or closing cash equivalent in preparing cash flow statement.

(3) As of December 31, 2012, Other currency funds are mainly for credit certificate and guarantee deposit

2. Bill receivable

(1) Classification bill receivable

Classification	Year-end balance	Year-beginning balance
Bank acceptance	20,139,334.03	10,432,562.82
Total	20,139,334.03	10,432,562.82

(2) As of December 31, 2012, The company has no notes receivable pledged.

(3) As of December 31, 2012, The company has not the condition that bill transferred into bill of account receivable for bill drawer has no ability of keeping a promise; the biggest former 5 conditions that the company has endorsed but unexpired:

Issuer	Date of issue	Expired on	Amount	Remark
Shantou Ultrasonic Display (No.2 Plant) Co., Ltd.	September 20, 2012	March 20, 2013	843,086.00	
Shantou Ultrasonic Display (No.2 Plant) Co., Ltd.	October 22, 2012	April 22, 2013	716,225.00	
Hangzhou Juhua Technology Co., Ltd.	October 17, 2012	April 17, 2013	600,000.00	
Guizhou Crystal Chemical Co., Ltd.	September 12, 2012	March 12, 2013	500,000.00	
Anhui Jianghuai Automobile Co., Ltd.	August 28, 2012	February 28, 2013	500,000.00	
Total	--	--	3,159,311.00	--

3. Account receivable

(1) Classification Account receivable

Classification	Year-end balance	
	Book balance	Provision for bad debts

	Amount	Proportion (%)	Amount	Proportion(%)
Receivables with major individual amount and bad debt provision provided individually receivables with major individual amount and bad debt provision provided individually	1,807,687.37	1.61	1,807,687.37	100.00

Receivables provided bad debt provision in groups

Account age group	106,479,274.60	94.83	5,537,931.64	5.20
Subtotal of group	106,479,274.60	94.83	5,537,931.64	5.20
Account receivable with minor individual amount but bad debt provision is provided	4,003,127.89	3.56	4,003,127.89	100.00
Total	112,290,089.86	100.00	11,348,746.90	

Classification	Year-beginning balance			
	Book balance		Provision for bad debts	
	Amount	Proporti on(%)	Amount	Proportion(%)
Receivables with major individual amount and bad debt provision provided individually	---	---	---	---
Receivables provided bad debt provision in groups				
Account age group	60,001,603.99	93.03	3,032,398.68	5.05
Subtotal of group	60,001,603.99	93.03	3,032,398.68	5.05
Account receivable with minor individual amount but bad debt provision is provided	4,492,763.89	6.97	4,492,763.89	100.00
Total	64,494,367.88	100.00	7,525,162.57	

On group, account receivables using the age analysis method for measurement of impairment allowances

Age	Year-end balance			Year-beginning balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	105,490,691.55	99.07	5,274,534.58	58,984,012.56	98.30	2,901,137.11
1-2 years	288,946.25	0.27	28,894.62	889,653.87	1.48	88,965.39
2-3 years	576,579.80	0.54	172,973.94	108,363.00	0.18	32,508.90
Over 3 years	123,057.00	0.12	61,528.50	19,574.56	0.04	9,787.28
Total	106,479,274.60	100.00	5,537,931.64	60,001,603.99	100.00	3,032,398.68

(2) Separate amount is large at end of period or doubtful accounts reserves of account receivable with separate bad debt preparation

Account receivable	Book balance	Amount of bad debts	Proportion	Reason
Individual amount is large	1,807,687.37	1,807,687.37	100.00%	Unable to recover
Individual amount is not too large	4,003,127.89	4,003,127.89	100.00%	Unable to recover ---
Subtotal	5,810,815.26	5,810,815.26		

(3) This period has no bad debt reserve, or withdrawn bad debt reserves ratio is bigger, which is taken back or transferred wholly at this period, or the withdrawal or transferring ratio is bigger. This period has no account receivable taken back by recombination or other styles.

(4) The front 5 units' information of account receivable

Name	Relation with the Company	Amount	Ages	Portion in total receivables (%)
Shenzhen CSOT	Client, related parties	47,273,531.25	Within 1 year	42.1%
Fuhaipeng Electroinc Technology Co., Ltd.	Client	10,723,815.08	Within 1 year	9.55%
Guangdong Ruili Baolai Technology Co., Ltd.	Client	6,006,311.19	Within 1 year	5.35%

Shenzhen Riguang Display Technology Co., Ltd.	Client	2,608,090.10	Within 1 year	2.32%
Jiangxi Helitai Technology Co., Ltd.	Client	2,242,145.04	Within 1 year	2%
Total	--	68,853,892.66	--	61.32%

(5) Account receivable from Related parties

Name	Relation with the company	Amount	Portion in total receivables account(%)
Shenzhen CSOT	Client, related parties	47,273,531.25	42.1%
Shenzhen Tianma Microelectronics Co., Ltd.	Client, related parties	1,234,396.37	1.1%
Total	--	48,507,927.62	43.2%

4.. Other receivable

1.Type analyses:

Classification	Year-end balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Other Receivables with major individual amount and bad debt provision provided individually	12,075,436.43	17.93	12,075,436.43	100.00
Other Receivables provided bad debt provision in groups				
Account age group	54,519,378.91	80.93	3,450,310.58	6.33
Subtotal of group	54,519,378.91	80.93	3,450,310.58	6.33
Other Account receivable with minor individual amount but bad debt provision is provided	766,081.15	1.14	766,081.15	100.00
Total	67,360,896.49	100.00	16,291,828.16	
Classification	Year-beginning balance			

	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Other Receivables with major individual amount and bad debt provision provided individually	12,075,436.43	34.19	12,075,436.43	100.00
Other Receivables provided bad debt provision in groups				
Account age group	22,454,828.12	63.58	1,718,360.23	7.65
Subtotal of group	22,454,828.12	63.58	1,718,360.23	7.65
Other Account receivable with minor individual amount but bad debt provision is provided	786,081.15	2.23	786,081.15	100.00
Total	35,316,345.70	100.00	14,579,877.81	

On group, other account receivables using the age analysis method for measurement of impairment allowances

Age	At end of term			At beginning of term		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion(Proportion(%)	比例(%)	
Within 1 year	50,412,655.15	92.47	2,520,627.76	85.38		
1-2 years	2,103,003.04	3.86	210,300.30	6.97		
2-3 years	1,412,389.24	2.59	423,716.77	5.69		
Over 3 years	591,331.48	1.08	295,665.75	1.96		
Total	54,519,378.91	100.00	3,450,310.58	100.00	1,718,360.23	

(2) Separate amount is large at end of period or doubtful accounts reserves of account receivable with separate value decreasing test:

Content	Book balance	Bad debt Provision	Rate (%)	Reason
Individual amount is large	12,075,436.43	12,075,436.43	100%	Estimated uncollectible
Individual amount is not too large	766,081.15	766,081.15	100%	Estimated uncollectible
Subtotal	12,841,517.58	12,841,517.58		

(3) This period has no bad debt reserve, or withdrawn bad debt reserves ratio is bigger, which is taken back or

transferred wholly at this period, or the withdrawal or transferring ratio is bigger. This period has no account receivable taken back by recombination or other styles.

(4) Other account receivable actually cancelled after verification at this reporting period

(5) As of December 31,2012 no loans of the shareholders holding 5% (inclusive of a 5%) or more voting right and other related units.

(6) The front 5 units' information of Other account receivable

Name	Relation with the company	Amount	Ages	Portion in total other receivables(%)
Export tax rebates	Non-related parties	43,668,404.96	Within 1 year	64.83%
Jiangxi Xuanli String Co., Ltd.	Non-related parties	11,389,044.60	3-4 years	16.91%
Non-public issuing fee	Non-related parties	2,373,473.65	Within 1 year	3.52%
Anhui Huapeng Textile Co., Ltd.	Stock Company	1,800,000.00	Within 1 year	2.67%
Shenzhen Finance Committee	Non-related parties	1,047,437.10	2-3 year	1.55%
Total	--	60,278,360.31	--	89.48%

(7) Account receivable from Related parties

Name	Relation with the company	Amount	Portion in total other receivables(%)
Shenzhen Dailisi Underwear Co., Ltd.	Stock Company	265,493.20	0.39%
Anhui Huapeng Textile Co., Ltd.	Stock Company	1,800,000.00	2.67%
Shenzhen Tianlong Industry & trade Co., Ltd.	Stock Company	686,391.83	1.02%
Total	--	2,751,885.03	4.08%

(8) Other Account receivable not confirmed at the expiration date of this period.

(9) Securitization with other account receivable as target does not appear.

5.Prepayments

(1) Age analysis

Age	Balance in year-end		Balance in year-begin	
	Amount	Proportion	Amount	Proportion

		(%)		(%)
Within 1 year	12,711,147.09	100%	11,994,227.69	92.13%
1-2 years			1,021,817.83	7.85%
2-3 years			2,834.53	0.02%
Total	12,711,147.09	100%	13,018,880.05	--

(2) The front 5 units' information of Prepayments

Name	Relation with the company	Amount	Time	Reason of not clearing
Customs	Regulatory authority	5,709,916.93	Within 1 year	Tariff
Jiangyin Hupao Textile Printing & dyeing Co., Ltd.	Supplier	1,272,272.76	Within 1 year	Not available
Anqing Zhaofeng Printing & Dyeing Co., Ltd.	Supplier	1,050,205.70	Within 1 year	Not available
Huizhou Dayawan Dongzhen Real Estate Co., Ltd.	Supplier	1,000,000.00	Within 1 year	Earnest
Mitsubishi Plastics Trading (Shanghai) Co., Ltd.	Supplier	876,266.16	Within 1 year	Not available
Total	--	9,908,661.55	--	--

(3) As of December 31,2012, In the balance of Prepayments , there were no payables to shareholders holding 5.00% (including 5.00%) or more of the voting right of the Company.

6. Inventory

(1) Inventory types

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	98,163,670.98	4,589,447.60	93,574,223.38	42,943,054.63	4,485,919.10	38,457,135.53
Processing products	21,914,860.08	2,773,084.10	19,141,775.98	10,975,548.60		10,975,548.60
Stock goods	34,004,107.39	3,434,000.51	30,570,106.88	26,627,636.17	4,524,220.04	22,103,416.13

Commissioned goods	1,598,561.17	1,598,561.17		1,598,561.17	1,598,561.17	
Turnover materials	118,539.22		118,539.22	39,623.97		39,623.97
Total	155,799,738.84	12,395,093.38	143,404,645.46	82,184,424.54	10,608,700.31	71,575,724.23

(2) Inventory Impairment provision

Type	Book balance at year beginning	Amount accounted in current period	Amount Decreased in current period		Book balance at period end
			Transferred back	Reselling	
Raw materials	4,485,919.10	446,182.57		342,654.07	4,589,447.60
Processing products		2,773,084.10			2,773,084.10
Stock goods	4,524,220.04	293,294.56		1,383,514.09	3,434,000.51
Commissioned goods	1,598,561.17				1,598,561.17
Total	10,608,700.31	3,512,561.23		1,726,168.16	12,395,093.38

(3) Condition of inventory value decline

Items	Base of stock value decline	Reason of issuing back to stock value decline plan of this period	Proportion of issuing back amount to the stock balance at this period
Raw materials	Notes 1		
Stock goods	Notes 1		
Processing products	Notes 1		
Turnover materials	Notes 1		

Notes1: As of December 31, 2012, The Company determines their net realizable value in accordance with the estimated selling price less the stock to completion estimated to occur when the cost of the estimated cost of sales and related post-tax amount and analyze with comparing the book value , whereby provision for impairment.

7. Disposable financial assets

(1) Sellable financial assets

Items	Fair value at end of term	Fair value at beginning of term
Available-for-sale equity instruments	70,159,993.69	52,272,895.86
Total	70,159,993.69	52,272,895.86

This issue will be re-held-to-maturity investments classified as available for sale financial assets, the current re-classification of the amount of RMB 0.00 .

Explanation of financial assets available for sale: the amount of available for sale assets are held by Shenzhen Victor Onward Textile Industrial Co., Ltd. shares, ST Shen Victor Onward A of the company holds a total of 9,233,394 shares of the outstanding shares of the highest A share price of 6.69 yuan in December 31, 2012, ST Shengrun A of the company holds a total of 985,733 shares of the outstanding shares of the highest A share price of 8.51 yuan in December 31, 2012.

8. Investment to joint venture and affiliated Enterprises

Name	Corporation Type	Registration place	Legal Representative	Business Nature	Registered Capital	Company shareholding percentage (%)	Company vote right percentage in the invested of units (%)	Ending total assets	Ending total liabilities	Ending net assets	Total business revenues at this period	Current net profit
I. Joint venture												
Shenzhen Haohao Property Leasing Co., Ltd.	Limited Company	Shenzhen	Feng Junbin	Services	HKD10 million	50.00%	50.00%	6,952,069.10	466,521.84	6,485,547.26	1,794,375.00	1,067,817.55
Shenzhen Xieli Automobile Co., Ltd.	Limited Company	Shenzhen	Ye Yongling	Manufacturing	3.12 million	50.00%	50.00%	7,782,434.81	2,363,360.26	5,419,074.55	1,734,100.00	711,694.45
Shenzhen Tianlong Industry & trading Co., Ltd.	Limited Company	Shenzhen	Gao Guoshi	Manufacturing	1.90 million	50.00%	-	285,209.76	2,579,618.45	-2,294,408.69		-23,275.08
II. Affiliated enterprise												
Shenzhen Changlianfa Printing & dyeing Company	Limited Company	Shenzhen	Zhu Meizhu	Services	.647 million	40.25%	40.25%	5,344,349.31	991,031.14	4,353,318.17	329,050.00	-1,353.33
Jordan Garment Factory	Limited Company	Jordan	Chen Wenxian	Manufacturing	USD1 million	35.00%	35.00%	USD1,975,289.30	USD799,039.66	USD1,176,249.64	USD4,342,311.74	USD168,546.93
Hengshun (Saipan) Industry Co., Ltd.	Limited Company	Saipan	---	Manufacturing	USD6.96 million	35.00%	35.00%					

Notes 1. There is no significant difference among the significant accounting policy of joint venture and Affiliated enterprise, the accounting estimate and the

company accounting policy, the accounting estimate.

2. Shenzhen Tianlong Industrial & Trading Co., Ltd, had established liquidation group in 2009 and started liquidation procedures, they are in liquidation processing.

9. Long term share equity investment.

(1) Long-term equity investments are listed according to the situation of investment unit :

Name	Accounting method	Initial investment cost	Original balance	change	Ending Balance	Shareholding proportion in the investee	Voting right proportion in the investee	Explanation of difference between shareholding proportion and voting right proportion in investee	Devalue	Current devalue	Cash bonus
Shenzhen Jintian Industry (Group) Co., Ltd.	Cost method	14,831,681.50	14,831,681.50		14,831,681.50	3.68%	3.68%		14,831,681.50		
Shenzhen Haohao Property Leasing Co., Ltd.	Equity method	2,040,102.73	3,537,070.37	128,048.22	3,665,118.59	50%	50%				400,000.00
Shenzhen Xieli Automobile Co., Ltd.	Equity method	1,529,483.67	2,691,516.71	284,675.66	2,976,192.37	50%	50%		266,654.99		
Shenzhen Changlianfa Printing & dyeing Company	Equity method	2,524,500.00	1,752,755.27	-544.71	1,752,210.56	40.25%	40.25%				

Jordan Garment Factory	Equity method	7,240,625.00	2,221,984.47	365,676.52	2,587,660.99	35%	35%				
Hengshun (Saipan) Industry Co., Ltd.	Equity method	8,228,350.00				35%	35%				
Shenzhen Tianlong Industrial & Trading Co., Ltd	Equity method	685,000.00				50%	Go into liquidation				
Shenzhen Jiafeng Textile Co., Ltd.	Cost method	16,800,000.00	16,800,000.00		16,800,000.00	10.8%	10.8%		16,800,000.00		
Shenzhen Guanhua Printing & dyeing Co., Ltd.	Cost method	5,491,288.71	5,491,288.71		5,491,288.71	45%	45%		5,058,307.01		
Shenzhen Union Development Group Co., Ltd	Cost method	2,600,000.00	2,600,000.00		2,600,000.00	2.87%	2.87%				130,000.00
Shenzhen Xiangjiang	Cost	160,000.00	160,000.00		160,000.00	20%	20%				

Trade Co., Ltd.	method	00									
Shenzhen Xinfang Knitting Co., Ltd.	Cost method	524,000.00	524,000.00		524,000.00	20%	20%				
Hongkong Yehui International Co., Ltd.	Cost method	2,392,914.37	2,392,914.28		2,392,914.28	17.85%	17.85%				
Shenzhen Dailisi Knitting Co., Ltd.	Cost method	532,062.50	2,559,856.26		2,559,856.26	30%		Operate and contracted by the third party			810,300.00
Anhui Huapeng Textile Co., Ltd.	Cost method	25,000,000.00	25,410,209.50		25,410,209.50	50%		Operate and contracted by the third party			1,800,000.00
Shenzhen South Textile Co., Ltd.	Cost method	1,500,000.00	1,500,000.00		1,500,000.00	9.84%	9.84%				530,706.73
Shenzhen Tongyi Silk Co., Ltd.	Cost method	1,800,000.00	1,800,000.00		1,800,000.00	18%	18%				542,932.57
Shenzhen Zhongxing Fibre Folds	Cost method	1,460,000.00	1,460,000.00		1,460,000.00	100%		It is cancelled in 2013.	1,460,000.00		

Cotton Clothing Ornament Co., Ltd.											
Total	--	95,340,0 08.48	85,733,277 .07	777,855.6 9	86,511,132 .76	--	--	--	38,416,643.50		4,213,939.30

(2) During the reporting period, the company is not limited to transfer funds to the Investment Company limited circumstances.

(3) The company has no long-term equity investment of limited sales condition in the end.

10. Investment real estate

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

Items	Book amount at year beginning	Increase at this period	Decrease at this period	Book balance in year -end
1. Total original price	258,462,134.46			258,462,134.46
1. House, Building	258,462,134.46			258,462,134.46
2. Land use right				
II. Total accumulated depreciation accumulated amortization	96,803,671.11	6,896,567.64		103,700,238.75
1. House, Building	96,803,671.11	6,896,567.64		103,700,238.75
2. Land use right				
III. Total book value of investment real estate	161,658,463.35			154,761,895.71
1. House, Building	161,658,463.35			154,761,895.71
2. Land use right				
IV. Total of accumulated provision for devaluation of investment real estate.				
1. House, Building				
2. Land use right				
V. Total book value of investment real estate	161,658,463.35			154,761,895.71
1. House, Building	161,658,463.35			154,761,895.71
2. Land use right				

Current amount of depreciation and amortization is RMB6, 896, 567. 64 .

Current investment Property devalue plan amount is RMB 0.00.

The company has no fair value measurement of investment real estate.

11. Fixed assets

(1) Fixed assets

Unit: RMB

Items	Book amount at year beginning	Increase at this period		Decrease at this period	Book balance in year -end
1.Total of Original price of fixed assets	624,037,352.83	430,829,395.06		4,801,294.60	1,050,065,453.29
Including : House and building	459,841,176.81	2,710,060.56		1,209,611.06	461,341,626.31
Machine equipment	145,619,918.73	425,823,339.60		2,496,961.51	568,946,296.82
Transpiration Equipment	4,131,654.03			343,100.00	3,788,554.03
Electricity equipment and other	14,444,603.26	2,295,994.90		751,622.03	15,988,976.13
--		Current term new extra	Current term provision		
II. Total of Accumulated depreciation	119,603,712.35		51,866,404.55	2,805,921.31	168,664,195.59
Including : House and building	38,030,132.12		13,021,731.69	322,563.01	50,729,300.80
Machine equipment	71,721,979.39		37,024,619.57	1,585,279.82	107,161,319.14
Transpiration Equipment	1,438,673.02		497,837.20	246,609.27	1,689,900.95
Electricity equipment and other	8,412,927.82		1,322,216.09	651,469.21	9,083,674.70
--	Book balance in year-begin	--			Balance in year-end
III. Total book value of Fixed assets	504,433,640.48	--			881,401,257.70
Including : House and building	421,811,044.69	--			410,612,325.51
Machine equipment	73,897,939.34	--			461,784,977.68
Transpiration Equipment	2,692,981.01	--			2,098,653.08

Electricity equipment and other	6,031,675.44	--		6,905,301.43
IV. Total of Devalued Provision	305,801.12	--	70,567.50	235,233.62
Including : House and building				
Machine equipment		--		
	305,801.12		70,567.50	235,233.62
Electricity equipment and other		--		
V. Total book value of Fixed assets	504,127,839.36	--		881,166,024.08
Including : House and building	421,811,044.69	--		410,612,325.51
Machine equipment	73,897,939.34	--		461,784,977.68
Transportation Equipment	2,387,179.89	--		1,863,419.46
Electricity equipment and other	6,031,675.44	--		6,905,301.43

(2) Current depreciation is RMB 51,866,404.55 .

(3) The issue of fixed assets transferred from construction in progress original price is RMB 378,650,671.21.RMB 376,860,542.71 for the TFT-LCD polarizing film projects a carryover of the buildings and structures in fixed assets, as the project has yet to apply for financial Completion final, The company in April 2012 of accordance with the estimated value of carry-over of fixed assets.

(4) As of December 31, 2012, The company has no temporary situation of idle fixed assets.

(5) As of December 31, 2012, The company has no lease by financing the fixed assets of the situation.

(6) As of December 31, 2012, The fixed assets leased through operating leases.

(7) The TFT-LCD polarizing film project the carry-over of buildings and structures in fixed assets ,the company has not yet completed the property certificate, In 2013 is expected to go through.

12. Project under construction

(1) Project under construction

Unit : RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for	Book Net value

					devaluation	
TFT-LCD polarizing sheet I project	59,813,535.72		59,813,535.72	330,124,529.26		330,124,529.26
TFT-LCD polarizing sheet II project TFT-LCD	889,877.72		889,877.72			
Guanhua Building project	9,416,319.19		9,416,319.19	4,664,276.19		4,664,276.19
Total	70,119,732.63		70,119,732.63	334,788,805.45		334,788,805.45

(2). The variation in constructing the engineering project

Unit: RMB

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Proportion (%)	Progress of work	Capitalization of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalization of interest ratio (%)	Source of funds	Balance in year-end
TFT-LCD polarizing film I project	926.40 million	330,124,529.26	106,549,549.17	376,860,542.71		90%	100 %	6,210,041.26			Collect and Self-	59,813,535.72
Total		330,124,529.26	106,549,549.17	376,860,542.71		--	--	6,210,041.26		--	--	59,813,535.72

(3) Impairment Provisions of Construction in progress

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end	Reason
None					
Total					

(4) Major projects under construction

Items	Progress work	Remark
TFT-LCD polarizing film I project	100%	

13. Intangible assets

(1) Intangible assets

Items	Book Balance in year-beginning	Increase at this period	Decrease at this period	Book Balance in year-end
I. Total original price	60,590,330.50	1,685,080.00	-	62,275,410.50
Land Use right	48,765,130.50			48,765,130.50
Proprietary technology	11,825,200.00			11,825,200.00
Software		1,685,080.00		1,685,080.00
II. Total amount of accumulated	14,021,640.61	2,091,308.20	-	16,112,948.81
Land Use right	4,561,640.61	1,285,355.28		5,846,995.89
Proprietary technology	9,460,000.00	788,400.00		10,248,400.00
Software				17,552.92
III. Book value of intangible assets	46,568,689.89			46,162,461.69
Land Use right	44,203,489.89			42,918,134.61
Proprietary technology	2,365,200.00			1,576,800.00
Software				1,667,527.08
IV. Total of Impairment provision				
Land Use right				
Proprietary technology				
Software				
V. Total Book value of intangible assets	46,568,689.89	-	-	46,162,461.69
Land Use right	44,203,489.89			42,918,134.61
Proprietary technology				1,576,800.00

	2,365,200.00			
Software				1,667,527.08

(2)The amortization amount is RMB2,091,308.20 .

(3) The current expenditure on development projects

14. Goodwill

Name of the investee or the matter of forming Goodwill	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end	Ending devalue provision
Shenzhen Beauty Century Garment Co., Ltd.	2,167,431.21			2,167,431.21	2,167,431.21
Shenzhen Shenfang Import & Export Co., Ltd.	82,156.61			82,156.61	82,156.61
Shenzhen Shengbo Optoelectronic Technology Co., Ltd	9,614,758.55			9,614,758.55	
Total	11,864,346.37			11,864,346.37	2,249,587.82

Description of the impairment of business reputation impairment testing methods and provisioning methods: goodwill related to the asset group or a combination of asset group signs of impairment exists, according to the following steps to deal with: first, do not include business reputation asset group or a Group portfolio of assets impairment testing, calculate recoverable amount, and with the relevant book value compared to the corresponding recognized devalue losses; and then again with the goodwill asset group or a group of portfolio asset impairment testing, compare the related assets group or groups of assets portfolio book value (including the share of the book value of business reputation in part) to its recoverable amount.

15. Long-term amortization expenses

Items	Balance in year-begin	Increase at this period	Amount of amortization at current period	Other Decrease	Balance in year end	Other
Renovation costs	1,383,368.41		589,740.33		793,628.08	
Other	242,240.00		30,280.00		211,960.00	
Total	1,625,608.41		620,020.33		1,005,588.08	--

16. Deferred income tax assets and deferred income tax liability

2. Confirmed the deferred income tax assets and deferred income tax liability

MB

Items	Year-end balance	Year-beginning balance
Deferred income tax assets:		
Assets depreciation reserves	8,968,381.60	8,158,712.53
Deductible loss	20,143,883.87	
Unattained internal sales profits	471,234.20	482,300.70
Subtotal	29,583,499.67	8,641,013.23
Deferred income tax liability:		
Trading of financial instruments and Derivative financial instruments	12,557,914.13	7,767,164.67
Assessed tax-free periods of time caused by differences in income	38,919.00	77,838.00
Subtotal	12,596,833.13	7,845,002.67

(2)Details of taxable differences and deductible differences

Items	Amount of temporary differences
Differences in taxable items	
Provision for bad debts	27,640,575.06
Provision for falling price of inventory	12,395,093.38
Impairment of long-term equity investments	5,227,896.65
Provision for devaluation of fixed assets	235,233.62
Unattained internal sales profits	3,141,561.31
Deductible loss	134,292,559.16
Subtotal	182,932,919.18
Differences in taxable items	
Increase and decrease of fair value of available-for-sale financial assets	50,231,656.52
Assessed tax-free periods of time caused by differences in income	155,676.00
Subtotal	50,387,332.52

17. Provision for depreciation of assets

Items	Book balance at the beginning of	Increase in this period	Decreased in this period			Balance in year-end
			Switch back	Switch	Other	
I.Provision for bad debts	22,105,040.38	5,535,534.68				27,640,575.06
2 Inventory impairment provision	10,608,700.31	3,512,561.23		1,726,168.16		12,395,093.38
3. Fixed asset impairment provision	305,801.12			70,567.50		235,233.62
4. Long-term equity investment impairment provision	38,416,643.50					38,416,643.50
5. Goodwill impairment	2,249,587.82					2,249,587.82
Total	73,685,773.13	9,048,095.91		1,796,735.66		80,937,133.38

18. Short-term borrowings

(1) Categories of short-term borrowings

Items	Currency	Year-end balance		Year-beginning balance	
		Amount of original currency	Transferred to RMB	Amount of original currency	Transferred to RMB
Credit borrowings	RMB		8,000,000.00		
Guarantee Borrowings	Japan	440,162,555.00	32,153,434.48		
Total			40,153,434.48		

Description of short-term loans classifications: The short-term loans are classified by loans.

(2) Short-term loans expired but not repaid

19. Account payable

(1) Account payable

Items	Balance in year-end	Balance in year-begin
Within 1 year	94,601,675.99	31,045,540.20
1-2 years	192,982.78	2,129,900.54
2-3 years	248,999.59	5,841,789.02
3-4 years	5,410,281.92	298,433.42
4-5 years	293,945.85	351,694.84
Over 5 years	484,812.49	397,308.57
Total	101,232,698.62	40,064,666.59

(2) There was account payable due from shareholders with more than 5% (including 5%) of the voting shares of the company

20. Advance account

1. Advance account

Items	Balance in year-end	Balance in year-begin
Within 1 year	24,962,860.59	14,319,836.22
1-2 years	58,114.06	515,469.68
2-3 years	1,836.56	32,486.42
3-4 years	1,516.80	639,024.58
4-5 years	639,024.58	
Over 5 years		5,804.00
Total	25,663,352.59	15,512,620.90

(2) As of December 31, 2012, There was Advance account due from shareholders with More than 5% (including 5%) of the voting shares of the company.

(3) The description of large-sum accounts payable with the age over 1 year:

The receipts in advance with the age more than 1 year in the company's advance receipts is the unsettled sporadic balance with the clients, so there is no large-sum advance receipts.

21. Payable Employee wage

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Wages, bonuses, allowances and subsidies	20,152,284.02	73,636,348.91	69,097,639.37	24,690,993.56
II. Employee welfare		5,085,569.82	5,085,569.82	
III. Social	19,028.93	6,724,961.82	6,743,990.75	

insurance premiums				
On which: Medical insurance		1,206,582.28	1,206,582.28	
Basic old-age insurance premiums		3,220,577.11	3,220,577.11	
Pension payment	19,028.93	1,890,263.72	1,909,292.65	
Unemployment insurance		102,383.58	102,383.58	
Work injury insurance		140,238.64	140,238.64	
Maternity insurance		164,916.49	164,916.49	
Personal accident insurance				
IV. Public reserves for housing	165,974.50	2,980,557.11	3,120,155.61	26,376.00
V. Union funds and staff education fee	1,065,156.94	1,908,520.78	1,932,168.73	1,041,508.99
VI. Non-monetary welfare				
VII. Compensation for cancellation of labor relations	160,000.02	297,415.24	457,415.26	
VIII. Other	155,842.30	558,190.00	558,190.00	155,842.30
Of which: equity payment by cash settlement				
Total	21,718,286.71	86,105,993.86	81,909,559.72	25,914,720.85

The expected release time and amount of staff salary and welfare payable are arranged in the beginning of next year.

22. Tax Payable

Items	At end of term	At beginning of term
VAT	-69,531,255.75	-28,116,583.60
Business Tax	451,878.76	466,537.53
Enterprise Income tax	-50,931.40	6,904,730.89

Individual Income tax	310,104.13	308,220.31
City Construction tax	83,954.40	19,906.74
House property Tax	726,735.66	31,917.79
Education subjoin	134,057.30	56,082.91
Other	30,268.12	62,275.14
Total	-67,845,188.78	-20,266,912.29

Statement on tax payable: The subsidiary and branch of the company have no taxable income transfers of each other.

23. Interest Payable

Items	Year-end balance	Year-beginning balance
Long-term loans interest of installment and interest charge	15,048,681.30	5,546,514.63
Short term loan interest payable	42,441.82	
Total	15,091,123.12	5,546,514.63

24. Other payable

(1) Other payable

Name	Balance in year-end	Balance in year-begin
Within 1 year	47,369,074.52	81,283,988.30
1-2 years	75,534,500.84	4,190,441.94
2-3 years	3,427,991.22	4,565,997.35
3-4 years	2,390,213.29	6,344,333.58
4-5 years	4,839,692.30	3,025,192.15
Over 5 years	25,257,294.27	23,007,675.46
Total	158,818,766.44	122,417,628.78

(2) In the balance of funds Other payable, there were no funds of shareholders holding 5% (including 5%) or more of the voting right of the Company;

(3) In the balance of funds Other payable, Large amounts of the other payables are mainly for TFT-LCD polarizer phase I project funds.

25.Long-term loan

(1) Classifications of long-term loans

Items	Currency	Year-end balance		Year-beginning balance	
		Amount of original currency	Transferred to RMB	Amount of original currency	Transferred to RMB
Credit Loan	RMB		200,000,000.00		200,000,000.00
Total			200,000,000.00		200,000,000.00

As regards long-term loans classifications: Long-term loans are classified by loans.

(2) The top five of long-term loans

Loan unit	Loans starting date	Loans ending date	Currency	Interest rate (%)	Year-end balance		Year-beginning balance	
					Amount of Foreign currency	Amount of RMB	Amount of Foreign currency	Amount of RMB
Shenzhen Development Bank	November 3, 2011	January 24, 2018	RMB	4.4%		40,000,000.00		40,000,000.00
Shenzhen Development Bank	November 3, 2011	January 24, 2018	RMB	4.4%		40,000,000.00		40,000,000.00
Shenzhen Development Bank	November 3, 2011	January 24, 2018	RMB	4.4%		23,280,991.70		23,280,991.70
Shenzhen Development Bank	November 25, 2010	June 24, 2015	RMB	4.4%		21,225,294.00		21,225,294.00
Shenzhen Development Bank	July 14, 2010	June 24, 2015	RMB	4.4%		21,047,897.96		21,047,897.96
Total	--	--	--	--	--	145,554,183.66	--	145,554,183.66

There is no long term loan formed by overdue loan extension in the end of period. All final long-term loans are the loans issued to our company from Shenzhen Development Bank Co , Ltd which was entrusted by entrust lender Shenzhen Shenchao Technology Investment Corporation.

26. Other non-current Liability

Items	Year-end Book balance	Year-beginning Book balance
Deferred profits	56,714,022.45	45,760,504.07
Total	56,714,022.45	45,760,504.07

Statement on other non-current liabilities:

(1) According to the "Notice on National Development and Reform Commission to the General Office of the textile project management of the special funds" (Faigaiban [2006]2841), on December 22, 2006, the Company received "Textile special" funds RMB 2,000,000.00 from Shenzhen Finance Bureau. The company will use 14 years as asset depreciation period for amortization with the corresponding equipment in current period. The amortization in accordance with the corresponding equipment, The non-operating income in current period is RMB142,857.14, the ending balance of uncompleted amortization is RMB 1,428,571.44 .

(2) According to the document of Shenzhen Municipal Development and Reform Commission 【2009】 No. 416 that "The Notice On issued the Governmental Investment Plan in 2009 on Zhong Ke New Industrial Internet Security Audit System and Other High-tech Industrialization Demonstration Project and the Public Testing and Consultation Service of Information Security Industry and other National High-tech Industrial Base Platform Projects", on May 26, 2009, the company received the Shenzhen Municipal Development and Reform Commission high-tech industrialization demonstration project supporting Capital RMB 2 million allocated by Shenzhen City Bureau of Finance for the construction of "The Project of the Construction Line of Polaripiece for TFT-LCD". Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB 200,000.00 and the balance amount of unfinished final amortization is RMB 1,400,000.00.

(3) According to the document of the Office of the State Development and Reform Commission on "The Office of the State Development and Reform Commission on the Reply of New Flat-Panel Display Industrialization Special Project" (Development and Reform Office High-Tech 【2008】 No. 2104), the company obtained the state subsidies RMB 10 million from the State Development and Reform Commission New Flat-Panel Display Industrialization Special Project for the construction of "The Project of Polaripiece Industrialization for TFT-LCD". On June 29, 2009, the company received the special subsidies of State Development and Reform Commission RMB 5 million allocated by Shenzhen City Bureau of Finance. On December 25, 2009, the company received the special subsidies of State Development and Reform Commission RMB 3.5 million allocated by Shenzhen City Bureau of Finance. On April 2010, the company received the special subsidies of State Development and Reform Commission RMB 1.5 million allocated by Shenzhen City Bureau of Finance.

Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB1,000,000.00 and the balance amount of unfinished final amortization is RMB7,000,000.00.

(4) On December 23, 2009 and June 3, 2011, the Company received a loan discount RMB 992,000.00 and RMB 850,000.00 allocated by Shenzhen Bureau of Finance for phase-2 alteration project. Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current

period is RMB 193,644.48 and the balance amount of unfinished final amortization is RMB 1,355,511.01.

(5) The Company received R&D subsidy of RMB 39.5499 million from the government according to Shen Cai Jian (2010) No. 101 Document - Circular of Plan for Use of Special Funds for the 14th Group of Significant High-tech Projects in 2010. The Company plans to invest these funds in R&D in five years from 2011. The non-operating income in current period is RMB 7,909,980.00 and the balance amount of unfinished final amortization is RMB 23,729,940.00.

(6) According to Contract for Using Technological Development Funds of Futian District Appropriated for Projects in Advance, the Company obtained funds of RMB 600,000.00 appropriated by General Chamber of Commerce of Shenzhen Futian District for the project of "3D polarizer sheet industrialization" on December 26, 2011.

(7) In accordance with the Notice of Forwarding the Reply of General Office of State Development and Reform Commission Regarding Special Plan for Strategic Transformation and Industrialization of Color TV Industry issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2011) No. 823), State Development and Reform Commission approved including the project of industrialization of polarizer sheet for TFT-LCD of Shengbo Optoelectronic Company into the special plan for strategic transformation and industrialization of color TV industry in 2010 and appropriated national aid of RMB 10,000,000.00 to Shengbo Optoelectronic Company for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. As of December 31, 2012, RMB 9,000,000.00 was actually received. 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. Our company will use 10 years as asset depreciation period for amortization in current period. The non-operating income in current period is RMB 800,000.00 and the balance amount of unfinished final amortization is RMB 11,200,000.00.

(8) 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 15, 2012. The Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets.

(9) According to the Approval of Application of Shenzhen Shengbo Optoelectronic Technology Co., Ltd. for Project Funds for Shenzhen Polarization Material and Technology Engineering Laboratory (Shen Fa Gai (2012) No. 1385), Shenzhen Polarization Material and Technology Engineering Laboratory was approved to be established on the strength of Shengbo Optoelectronic with total project investment of RMB 24,390,000.00. As approved by Shenzhen Municipal People's Government, this project was included in the plan for supporting the fourth group of enterprises with special fund for the development of strategic new industries in Shenzhen in 2012 (new material industry). According to the Notice of Issuing the Plan for Supporting the Fourth Group of Enterprises with Special Fund for Development of Strategic New Industries in Shenzhen in 2012 (Shen Fa Gai (2012) No. 1241), the Company received subsidy of RMB 5,000,000.00 on December 4, 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 it self. The subsidy will be amortized over the depreciation period from the day when relevant assets get ready for intended use.

27. Stocks capital

	Balance in year-begin	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	336,521,849.00						336,521,849.00

28. Capital reserves

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	782,656,413.49			782,656,413.49
Other	31,884,475.81	15,067,498.37	695,250.00	46,256,724.18
Total	814,540,889.30	15,067,498.37	695,250.00	828,913,137.67

As regards capital reserve:

The decrease of other capital surplus includes the net amount of change of fair value of financial assets available for sale held by the Company in the report year after deduction of income tax and outward transfer of the change of fair value originally accounted for as capital surplus after sales of financial assets available for sale.

29. Surplus reserve

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	35,912,706.22	694,953.27		36,607,659.49
Total	35,912,706.22	694,953.27		36,607,659.49

30. Retained profits

Items	Amount	Extraction or distribution of the proportion
Before adjustments: Retained profits at the period end	182,653,149.09	
Adjustments: Total retained profits at the period		

beginning		
After adjustments: Retained profits at the period beginning	182,653,149.09	
Add: Net profit belonging to the owner of the parent company	-80,988,887.59	
Less: Drawing statutory surplus reserve	694,953.27	10%
Drawing discretionary surplus reserve		
Drawing commonly risk provisions		
Payable dividends of common shares		
Transfer to common stock equity dividends		
Retained profits at the period end	100,969,308.23	

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.

31. Business income, Business cost

(1) Business income

Items	Amount of current period	Amount of previous period
Income from Business income	840,164,986.35	708,274,796.32
Other Business income	4,949,497.03	4,618,760.94
Total	845,114,483.38	712,893,557.26
Cost from Business cost	804,124,033.41	586,656,055.82
Other Business cost	4,946,847.46	4,569,059.10
Total	809,070,880.87	591,225,114.92

(2) Main business (Industry)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic and foreign trade	451,634,641.37	448,904,371.85	321,870,879.49	320,752,156.30
Manufacturing	306,679,542.93	331,474,025.69	308,099,484.50	243,557,199.79
Property management, leasing	81,850,802.05	23,745,635.87	78,304,432.33	22,346,699.73
Total	840,164,986.35	804,124,033.41	708,274,796.32	586,656,055.82

(3) Main business (Production)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Property and rental income	81,850,802.05	23,745,635.87	78,304,432.33	22,346,699.73
Textile income	43,865,136.66	34,007,671.05	75,760,568.76	62,605,852.97
Polaroid income	262,814,406.27	297,466,354.64	232,338,915.74	180,951,346.82
Trade income	451,634,641.37	448,904,371.85	321,870,879.49	320,752,156.30
Total	840,164,986.35	804,124,033.41	708,274,796.32	586,656,055.82

(4) Main Business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Domestic	270,948,389.89	198,010,505.25	290,613,599.52	200,345,324.25
Oversea	569,216,596.46	606,113,528.16	417,661,196.80	386,310,731.57
Total	840,164,986.35	804,124,033.41	708,274,796.32	586,656,055.82

(5) Operating income from top five clients

Name	Business Income	Proportion(%)
Shenzhen Lianya Textile Co., Ltd	444,263,527.49	52.57%

CSOT	47,363,077.68	5.6%
Shenzhen FuhaiPeng Electronic Technology Co., Ltd.	24,626,302.39	2.91%
Jinshitai Investment Development Co., Ltd.	23,626,295.00	2.8%
Jiangmen Yidu Semiconductor Co., Ltd.	16,047,465.64	1.9%
Total	555,926,668.20	65.78%

32. Business tax and subjoin

Items	Report period	Same period of the previous year	Standard
Business tax	4,251,192.72	4,305,599.07	Notes 3(1)
Urban construction tax	755,906.02	471,837.65	Notes 3(1)
Education surcharge	538,503.17	305,903.16	Notes 3(1)
House tax	1,873,690.66	1,656,223.51	
Other	326,020.32	272,881.09	
Total	7,745,312.89	7,012,444.48	--

33.Sales expenses

Items	Amount of current period	Amount of previous period
Wage	2,636,489.53	2,295,275.02
Exhibition fee	328,962.58	284,801.80
Office expenses	29,191.00	95,702.92
Travel expenses	432,342.39	132,853.40
Business entertainment	756,853.36	578,422.11
Traffic fee	131,488.40	121,467.55
Transportation changes	2,602,328.34	2,799,800.80
Other	1,648,807.74	1,882,808.22
Total	8,566,463.34	8,191,131.82

34. Administrative expenses

Items	Amount of current period	Amount of previous period
Wage	32,662,516.49	29,280,965.34
Welfare	2,066,945.90	2,110,591.28
Union funds	665,318.57	683,929.85
Employee education expenses	618,938.53	611,564.21
Housing fund	1,799,819.51	1,855,939.88
Social security	4,024,846.13	3,360,304.25
Labor protection costs	616,502.20	801,327.34
Tax	963,537.95	1,284,134.39
Insurance expenses	601,427.47	346,832.05
Depreciation of fixed assets	5,013,866.99	3,237,126.38
Amortization of intangible assets	2,091,308.20	2,041,248.34
Amortization of long-term deferred expenses	68,981.64	132,387.08
Traffic fee	1,041,511.14	554,802.91
Office expenses	2,833,085.18	1,797,078.88
Postal fees	785,490.65	171,073.32
R& D costs	54,658,769.63	14,231,905.62
Repairs fees	568,457.45	574,146.25
Water and electricity	356,477.55	566,565.02
Auto expenses	653,526.87	645,800.76
Travel Expenses	2,150,355.20	1,702,030.89
Agency expenses	2,127,732.50	1,171,036.00
Entertainment expenses	2,119,614.39	1,560,973.90
Low consumables amortization	492,053.21	129,334.10
Transport fees	940,631.89	1,056,215.99
Other	4,829,379.39	5,576,971.61
Total	124,751,094.63	75,484,285.64

35. Financial Expenses

Items	Amount of current period	Amount of previous period
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Interest expenses	9,565,815.12	462,297.23
Interest income	-6,667,636.37	-9,901,960.02
Exchange loss	-3,977,453.99	1,695,584.13
Fees and other	689,565.23	407,023.46
Total	-389,710.01	-7,337,055.20

36. Loss of assets impairment

Items	Amount of current period	Amount of previous period
I. Losses for bad debts	5,429,940.69	3,147,683.72
II. Losses for falling price of inventory	3,512,561.23	4,531,148.05
Total	8,942,501.92	7,678,831.77

37. Investment income

(1) Investment income

Items	Amount of current period	Amount of previous period
Incomes from disposal of Long-term cost investment	3,813,639.30	4,170,090.54
Incomes from disposal of long-term equity investment	1,177,855.69	466,296.24
Investment income from financial assets sales	2,436,544.20	1,482,128.46
Total	7,428,039.19	6,118,515.24

(2) Long term equity investment calculated via equity method:

Name	Amount of current period	Amount of previous period	Reason to increase or decrease
	period	period	

Shenzhen Haohao Property Leasing Co., Ltd.	528,048.22	491,208.18	---
Shenzhen Xieli Automobile Co., Ltd.	284,675.66	268,864.97	---
Shenzhen Changlianfa Printing and dyeing Company	-544.71	58,398.89	---
Jordan Garment Factory	365,676.52	-352,175.80	This issue orders increase and earn profits
Total	1,177,855.69	466,296.24	---

(3) Long-term equity investment income by costing

Name	Amount of current period	Amount of previous period	Reason to increase or decrease
Shenzhen Xiangjiang Trade Co., Ltd.		65,634.56	
Shenzhen Xinfang Knitting Co., Ltd.		140,000.00	
Shenzhen Dailishi Underwear Co., Ltd.	810,000.00	810,000.00	
Anhui Huapeng Textile Co., Ltd.	1,800,000.00	1,800,000.00	
Hongkong Yehui International Co., Ltd.		94,490.55	
Union Development Group Co., Ltd.	130,000.00	208,000.00	
Shenzhen South Textile Co., Ltd.	530,706.73	510,023.80	
Shenzhen Tongyi Silk Co., Ltd.	542,932.57	541,941.63	
Total	3,813,639.30	4,170,090.54	--

(4) In the report period, the company has no big restriction on the investment earning repatriation.

38. Non-operating income

(1) Non-operating income

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & loss

Total income from liquidation of non-current assets	50,519.43	207,119.20	50,519.43
Including: Income from liquidation of fixed asset	50,519.43	207,119.20	50,519.43
Government Subsidy	11,526,881.62	13,258,252.62	11,526,881.62
Other income	241,052.81	10,868,429.09	241,052.81
Total	11,818,453.86	24,333,800.91	11,818,453.86

(2) Governmental subsidy details

Items	Amount of current period	Amount of previous period	Notes
Futian Technology Development Fund Grants		800,000.00	
“TFT-LCD polarizer I phase project” Enterprise independent innovation support fund		1,800,000.00	
Futian Chamber of technology development assistance fund		200,000.00	
Shenzhen market administration funding fee	44,000.00	4,200.00	
Shenzhen financial technology import interest deducted fund		132,000.00	
Shenzhen financial support to speed up the development of the financial reward fund		150,000.00	
Futian chamber of IP Financing		3,000.00	
Shenzhen Finance Committee mechanical & electrical products & high-tech funding		21,071.00	
Shenzhen Mechanical and electrical products and high-tech funding		500,000.00	
Futian Commerce Committee support for SMEs to explore the international market financing		116,000.00	
Futian Commerce Committee economic development exhibition sponsorship		85,500.00	
Amortization of special funds for	142,857.14	142,857.14	

the textile project			
Amortization of government research and development grants	7,909,980.00	7,909,980.00	
Amortization of high-tech industrialization demonstration project matching funds	200,000.00	200,000.00	
New-style industrialization of flat panel display amortization of State subsidy funds for special projects	1,000,000.00	1,000,000.00	
Shenzhen municipal financial transfer loan amortization of discount	193,644.48	193,644.48	
Acquisition of special equipment for environmental protection payment of Shenzhen Longgang District	41,400.00		
New production technology research and development project special subsidy funds for polarizer sheet	800,000.00		
Futian district industrial development special fund subsidies	200,000.00		
Shenzhen market supervision and administration implement standardized strategy funded subsidies in 2012	195,000.00		
TFT - LCD with polaroid industrialization project subsidy funds amortization	800,000.00		
Total	11,526,881.62	13,258,252.62	--

39. Non-Operation expense

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & loss
Total of non-current asset Disposition loss	20,497.40	21,101.44	20,497.40
Including: Disposition loss of Fixed assets	20,497.40	21,101.44	20,497.40
Disposal of loss of Intangibles assets			

Donation expenses		3,000.00	
Other expenses	3,313,436.57	70.00	3,313,436.57
Total	3,333,933.97	24,171.44	3,333,933.97

Expense Including Shengbo Optoelectronic Longhua factory fire accident loss of RMB 3,313,315.07.

40. Income tax expenses

Items	Amount of current period	Amount of previous period
The current income tax calculated by the tax law and the relevant regulations	4,310,791.85	13,574,035.86
Adjustment of Deferred income tax	-20,981,405.44	-1,422,681.79
Total	-16,670,613.59	12,151,354.07

41. Calculation of Basic earnings per share and Diluted earnings per share

<p>(1) Calculating formula of income per share:</p> <p>Basic earnings per share=$P / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k)$</p> <p>Dilute earning per share = $P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{common stock weighted average of subscription warrant, stock option, transferable bond})$</p>
<p>(2) Calculating process of income per share</p> <p>Basic earnings per share belonging to common stock shareholder in 2012= $-80,988,887.59 / 336,521,849 = -0.24$ RMB/shares</p> <p>Basic earnings per share belonging to common stock shareholder deducted non-recurring gains and losses in 2012= $-90,003,071.80 / 336,521,849 = -0.27$ RMB/shares</p> <p>Dilute earning per share belonging to common stock shareholder in 2012= $-80,988,887.59 / 336,521,849 = -0.24$ RMB/shares</p> <p>Dilute earning per share belonging to common stock shareholder deducted non-recurring gains and losses in 2012= $-90,003,071.80 / 336,521,849 = -0.27$ RMB/shares</p>

42. Other comprehensive income

Items	Amount of current period	Amount of previous period
1.Loss amount produced by sellable financial assets		

Items	Amount of current period	Amount of previous period
	20,089,997.83	-31,536,005.95
Less: Deduct: income tax infection produced by sellable financial assets	5,022,499.46	-7,257,954.84
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period	695,250.00	978,174.72
Subtotal	14,372,248.37	-25,256,225.83
2. The enjoyed share in other comprehensive income of other invested unit according to equity method		
Less: Deduct: income tax infection produced from the enjoyed share in other comprehensive income of other invested unit according to equity method		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Subtotal		
3.. Benefit (or loss) amount produced from cash flow		
Less: Deduct: income tax infection produced from cash flow hedging instruments		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Transferred to the adjustment of initial confirmation amount of items at hedged period		
Subtotal		
4. Translating difference in foreign currency financial reports		
Less: Deduct: net amount that transferred into profit and loss at current period in disposed overseas business		
Subtotal		
5..Other		
Less: taxation infection arising from reckoning other comprehensive income.		
Net amount transferred into profit and loss at current period that		

Items	Amount of current period	Amount of previous period
reckoned into other comprehensive income at former period		
Subtotal		
Total	14,372,248.37	-25,256,225.83

43. Notes Cash flow statement

1. Other cash received from business operation

Items	Amount of current period	Amount of previous period
Government Subsidy	22,480,400.00	4,461,771.00
Jiangxi Xuanli Received money		3,000,000.00
Come-and-go funds of Zhongxing Company	724,363.06	
The customs returned to the customs deposit	1,426,828.04	
Bank deposit interest income and other	13,008,394.50	6,553,765.71
Total	37,639,985.60	14,015,536.71

3. Other cash paid for business activities

Items	Amount of current period	Amount of previous period
Research & development expenses	6,294,678.46	14,231,905.62
Office expenses	2,862,276.18	1,892,781.80
Business hospitality	2,876,467.75	2,139,396.01
Transportation expenses	1,826,526.41	1,322,071.22
Travel fee	2,582,697.59	1,834,884.29
Transporation expenses	3,542,960.23	3,856,016.79

Items	Amount of current period	Amount of previous period
Audit and consultation fee	2,127,732.50	1,171,036.00
Post and Communication fee	785,490.65	171,073.32
Insurance premium	601,427.47	346,832.05
Water and electricity fee	356,477.55	599,758.03
Repair fee	568,457.45	574,146.25
Exhibition fee	328,962.58	284,801.8
Other	17,471,065.42	13,012,824.25
Total	42,225,220.24	41,437,527.43

3. Cash received related to other investment activities

Items	Amount of current period	Amount of previous period
Fixed deposit and interest		424,654,629.52
Fire accident compensation money and other income	1,583,190.00	
Total	1,583,190.00	424,654,629.52

4. Cash paid related to other investment activities

Items	Amount of current period	Amount of previous period
Deposited in the fixed deposit account		5,061,714.91
Total		5,061,714.91

5. Cash received related to financing activities

Items	Amount of current period	Amount of previous period
None		
Total		

6. Cash paid related to financing activities

Items	Amount of current period	Amount of previous period
Non-public issuing expenses	2,373,473.65	
Total	2,373,473.65	

44. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	-80,988,887.59	48,915,594.47
Add: Impairment loss provision of assets	7,600,190.98	7,011,824.31
Depreciation of fixed assets, oil and gas assets and consumable biological assets	58,762,972.19	22,373,551.27
Amortization of intangible assets	2,091,308.20	2,073,741.28
Amortization of Long-term deferred expenses	620,020.33	375,977.17
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-30,022.03	-186,017.76
Loss from Fixed assets Discard	-139,868.28	
Loss of fair value fluctuation on assets	-	
Financial cost	10,083,565.49	-7,744,078.66
Loss on investment	-7,428,039.19	-6,118,515.24
Decrease of deferred income tax assets	-20,942,486.44	-1,388,433.07

Supplement Information	Amount of current period	Amount of previous period
Increased of deferred income tax liabilities	-38,919.00	-34,248.72
Decrease of inventories	-73,964,145.03	-14,623,246.16
Decrease of operating receivables	-88,495,517.37	-31,169,585.61
Increased of operating Payable	37,571,771.81	8,264,399.17
Other	-	
Net cash flows arising from operating activities	-155,298,055.93	27,750,962.45
II. Significant investment and financing activities that without cash flows:		
Liability transfer to capital		
Convertible corporate bond due within 1 year		
Finance leased fixed assets		
III. Net increase of cash and cash equivalents		
Ending balance of cash	227,189,754.43	463,817,642.79
Less: Beginning balance of cash	463,817,642.79	417,686,594.80
Add: Ending balance of cash		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	-236,627,888.36	46,131,047.99

(2) There is no information on acquiring or disposing subsidiary company and other business unit at this period.

(3) Composition of cash and cash equivalents

Items	Year-end balance	Year-beginning balance
I. Cash	227,189,754.43	463,817,642.79
Of which: Cash in stock	105,473.78	128,049.24

Bank savings could be used at any time	205,275,803.31	435,456,229.81
Other monetary capital could be used at any time	21,808,477.34	28,233,363.74
Usable money in Central Bank		
Money saved in associated financial bodies		
Money from associated financial bodies		
II. Cash equivalents		
Of which: bond investment which will due in three months		
III. Balance of cash and cash equivalents at the period end	227,189,754.43	463,817,642.79

Cash and cash equivalents excluding the parent Company or Subsidiary of the group using restricted cash and cash equivalents

VI. Accounting treatment of asset securitization

In the reporting period, the company has no asset securitization service.

(VII) Related parties and related-party transactions

1. Parent company information of the enterprise

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio	The ultimate controlling party of the Company	Organization Code
Shenzhen Investment Holdings Co.,Ltd.	Controlling shareholder	State-owned enterprise	Shenzhen	Fan Mingchun	Investment	RMB 5600 million	54.26%	59.05%	State-owned Assets Supervision and Administration Commission of Shenzhen	76756642-1

Parent company information of the 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.

2.Particulars of the subsidiaries

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The subsidiaries of the Company's shareholding ratio	The subsidiaries of the Company's vote ratio	Organization Code
Shenzhen Jinlan Decorative Articles Industrial Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhang Hong	Fabrics, bedding, clothing, textiles raw materials processing manufacturing, wholesale and retail.	4,000,000.00	90%	100%	192172332
Shenzhen Lisi Industrial Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhu Jun	Domestic commerce, materials supply and sales	2,360,000.00	90.68%	100%	192180180
Shenzhen Huaqiang Hotel	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhu Jun	Accommodation, restaurants, business center;	10,005,300.00	95%	100%	19223330X
Shenfang Property Management Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Gao Goushi	Property Management	1,600,000.00	93.75%	100%	192225051
Shenzhen Beauty Century	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhang Hong	Production of fully electronic	25,000,000.00	100%	100%	741231236

Garment Co., Ltd.					jacquard knitting whole shape				
Zhenzhen Zhongxing Fibre folds cotton Clothing ornament Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Feng Junbin	Spewing acupuncture cloth, revision, and fusible interlining fabric products	1,680,000.00	75%		618810371
Shenzhen Shenfang Import & export Co., Ltd.	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhang Hong	Operating import and export business	5,000,000.00	100%	100%	728563236
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	wholly owned subsidiary	Limited Liability Company	Shenzhen	Zhu Jun	Operating import and export business	250,000,000.00	100%	100%	618877007
Shengtou (HK) Co., Ltd.	wholly owned subsidiary		HK	Zhu Meizhu, Liu Honglei	Production and sales of polarizer	HKD10,000.00	100%	100%	

2. Joint-venture and affiliated enterprises information of the company

Invested unit name	Enterprise type	Registration Place	Legal representative	Business character	Registered capital	Shareholding ratio(%)	Vote right ratio(%)	Assets amount at end of period	Liability amount at end of period	Net assets amount at end of period	Business total income at this period	Net profit at this period	Affiliation relation	Organization code
I. Joint enterprise														
Shenzhen Haohao Property Leasing Co., Ltd.	Limited Company	Shenzhen	Feng Junbin	Service	HKD10 million	50.00%	50.00%	6,952,069.10	466,521.84	6,485,547.26	1,794,375.00	1,067,817.55	Joint enterprise	61881295-9
Shenzhen Xieli Automobile Co., Ltd	Limited Company	Shenzhen	Ye Yongling	Manufacturing	3.12 million	50.00%	50.00%	7,782,434.81	2,363,360.26	5,419,074.55	1,734,100.00	711,694.45	Joint enterprise	618801838
Shenzhen Tianlong Industry & Trading Co., Ltd.	Limited Company	Shenzhen	Gao Guoshi	Manufacturing	1.90 million	50%		285,209.76	2,579,618.45	-2,294,408.69		-23,275.08	Joint enterprise	19217412-7
II. Affiliated enterprise														
Shenzhen Changlianfa Printing and dyeing Co., Ltd.	Limited Company	Shenzhen	Zhu Meizhu	Service	6.47 million	40.25%	40.25%	5,344,349.31	991,031.14	4,353,318.17	329,050.00	-1,353.33	Affiliated enterprise	618865073
Jordan Garment Factory	Limited Company	Jordan	Chen Wenxian	Manufacturing	USD1 million	35.00%	35.00%	USD1,975,289.30	USD799,039.66	USD1,176,249.64	USD4,342,311.74	USD168,546.93	Affiliated enterprise	
Hengshun (Saipan) Industry Co., Ltd.	Limited Company	Saipan	---	Manufacturing	USD6.96 million	35.00%	35.00%						Affiliated enterprise	

4. Other Related parties information of the enterprise

Other Related parties name	Relation of other Related parties with the company
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Shenzhen Shenchao Technology Investment Co., Ltd.	Subject to the same party controls
Shenzhen CSOT	The parent company's chairman is the vice chairman of the company
Shenzhen Tianma Microelectronics Co., Ltd.	The Company director and general manager is the company director
Shenzhen Xiangjiang Trade Co., Ltd.	Stock company
Shenzhen Xinfang Knitting Co., Ltd.	Stock company
Shenzhen Dailishi Underwear Co., Ltd.	Stock company
Anhui Huapeng Textile Co., Ltd.	Stock company

5. Related transactions.

(1) Related transactions on sale goods and receiving services

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
Shenzhen Investment Holdings Co.,Ltd.	Sales textiles	Agreement price	41,025.64	0.12%	144,725.00	0.3%
Shenzhen CSOT	Sales polarizer sheet	Agreement price	47,363,077.68	18.02%		
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarizer sheet	Agreement price	4,479,658.44	1.7%		

(2) In the report period, The company has no associated trusteeship.

(3) In the report period, The company has no associated contracting.

(4) In the report period, The company has no associated lease.

(6) The report period, The company has no associated guarantee

For the construction of the project of polarizer sheet for TFT-LCD, the Company signed Entrusted Loan Contract with Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. in 2010. According to the contract, Shenzhen Shenchao Technology Investment Co., Ltd. entrusted Shenzhen Jiangsu Building Sub-branch of Shenzhen Development Bank Co., Ltd. to extend a loan of RMB 200 million to the Company. The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company. The interest rate of the entrusted loan is the rate of commercial loans with a term of 5 years quoted by People's Bank of China minus 2%. In case of adjustment of such commercial loan rate, the rate of commercial loans with a term of 5 years after adjustment minus 2% shall apply as interest rate of entrusted loan from the first day of the next month after the adjustment of basic interest rate. As of December 31, 2012, The Company actually received a loan of RMB 200 million.

(7) In the report period, there is no related transference and liabilities recombination of related parties .

6. Payables and receivables of the related party

Name	Related party	Amount at year end	Amount at year beginning
Account receivable	Shenzhen CSOT	47,273,531.25	
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	1,234,396.37	
Other Account receivable	Shenzhen Tianlong Industry & Trading Co., Ltd.	686,391.83	686,391.83
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	265,493.20	265,791.58
Other Account receivable	Jordan Garment Factory		183,906.56
Other Account receivable	Shenzhen Xieli Automobile Co., Ltd		169,262.00
Other Account receivable	Anhui Huapeng Textile Company	1,800,000.00	1,800,000.00
Other Account receivable	Zhenzhen Zhongxing Fibre folds cotton Clothing ornament Co., Ltd.		618,769.07
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	216,789.85	216,789.85
Other payable	Shenzhen Xiangjiang Trade Co., Ltd.	380,000.00	240,000.00
Other payable	Shenzhen Changlianfa Printing and dyeing Co., Ltd.	727,224.46	807,116.07
Other payable	Shenzhen Hengsheng Investment Co., Ltd.	1,367,940.67	1,367,940.67
Other payable	Shenzhen Haohao Property Leasing Co., Ltd.	3,528,868.07	3,403,868.07
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.	15,048,681.30	5,546,514.63

VIII. Share payment

1. General information of stock payment

Various equity instrument amount conferred at current period	---
--	-----

Various equity instrument amount works at current period	---
Various equity instrument amount disable at current period	---
Price scope and left term of contract about stock option works issued at end of the period	---
Price scope and left term of contract about other equity instrument works issued at end of the period	---

2.Share payment settled in term of equity

Confirmation method of fair value of equity instrument on conforming date	---
The best estimated confirming method of equity instrument	---
The reason for big difference between estimation at current period and estimation at last period	---
Paid accumulated amount of stock settled on equity in capital reserves	---
Amount of stock payment settled on equity	---

3. Stock payment cleared by cash

Indebted fair value confirmation method confirmed with stock share or other equity instrument as basis and undertook by company.	
Accumulated liability amount produced by stock payment under cash settlement in liability	---
Total costs confirmed by stock payment under cash settlement	---

4. Service paid by shares

Employee services amount acquired via stock payment	---
Other services amount acquired via stock payment	---

5. In the report period, there is no revising and termination of share payment

IX. Subsequent events

1.As of December 31, 2012, The company has no liabilities formed from pending lawsuit and mediation.

2.As of December 31, 2012, The company has no liabilities formed from other units offering.

Other liabilities and their financial impact:

X. Commitment events.

1.As of December 31, 2012,the company has no important commitment events.

2. As of December 31, 2012, the company has no commitment information guaranteed at the former period.

XI. Post-balance-sheet events

1. Approved by the resolutions of its shareholders' general meeting and China Securities Regulatory Commission with the Approval of Private Issue of Shares by Shenzhen Textile (Holding) Co., Ltd. (Zheng Jian Xu Ke (2013) No.2), the Company privately issued 170 million RMB ordinary shares (the face value of each share is RMB 1.00) at the price of RMB 5.83 per share. Peking Certified Public Accountants Co., Ltd. conducted examination and verification of the increase of registered capital and share capital as the result of this private issue and issued Qin Xin Yan Zi (2013) No.6 Capital Verification Report on March 8, 2013. As of March 7, 2013, the total amount of the proceeds raised through this private issue was RMB 991,100,000.00. After deduction of issuance cost of RMB 29,348,999.15, the net amount of raised proceeds was RMB 961,751,000.85. Registered capital (share capital) and capital surplus increased by RMB 170,000,000.00 and RMB 791,751,000.85 respectively. After change, the registered capital and share capital of the Company are both RMB 506,521,849.00.

2. On January 28, 2013, the 31st meeting of the fifth board of directors of the Company adopted the Proposal of Assigning Equity of Union Developing Group Co., Ltd. to assign 2.87% equity of Union Group held by the Company in Shenzhen United Equity Exchange through open tendering procedure at the price of not lower than appraised value of RMB 99.42 million. This matter is subject to the approval by the shareholders' general meeting of the Company and settlement of the procedure of filing with state assets administration.

3. Notes to profit distribution after the balance sheet day

According to the dividend distribution preplan made by the board of directors of the Company, the Company will neither distribute profits nor capitalize capital surplus for the current period.

XII. Other Important events

1. In the report period, the company has no non-monetary asset exchange service.

2. In the report period, the company has no liabilities recombination..

3. In the report period, the company has no enterprise consolidation.

4. In the report period, the company has not large leasing.

5. As of December 31, 2012, the company has no financial instruments issued outside and can be transferred to stock at end period.

6. As of December 31, 2012, Items related to measurement of fair value.

Item	Amount at the beginning of period	Gains and losses from change of fair value in current period	Accumulative change of fair value accounted for as rights and interests	Provision for impairment made in current period	Amount at the end of period
Financial assets					
1. Financial assets calculated according to fair value whose change is accounted for as profits or losses for current period					
2. Derived financial asset					
3. Trading financial assets	52,272,895.86		17,887,097.83		70,159,993.69
Subtotal of financial assets	52,272,895.86		17,887,097.83		70,159,993.69
Property investment					
Production physical assets					
Other					
Total	52,272,895.86		17,887,097.83		70,159,993.69

Financial Liabilities					
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XIII. Notes of main items in financial reports of parent company

1. Other receivable

(1) Other receivable

Classification	Year-end balance			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Other Receivables with major individual amount and bad debt provision provided individually	12,075,436.43	33.97	12,075,436.43	100.00
Other Receivables provided bad debt provision in groups				
Account age group	23,155,396.35	65.15	4,543,963.09	19.62
Subtotal of group	23,155,396.35	65.15	4,543,963.09	19.62
Other Account receivable with minor individual amount but bad debt provision is provided	311,486.35	0.88	311,486.35	100.00
Total	35,542,319.13	100.00	16,930,885.87	

Classification	Year-beginning			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Other Receivables with major individual amount and bad debt provision provided individually	12,075,436.43	42.56	12,075,436.43	100.00
Other Receivables provided bad debt provision in groups				
Account age group	15,984,158.71	56.34	2,963,771.03	18.54
Subtotal of group	15,984,158.71	56.34	2,963,771.03	18.54

Classification	Year-beginning			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Other Account receivable with minor individual amount but bad debt provision is provided	311,486.35	1.10	311,486.35	100.00
Total	28,371,081.49	100.00	15,350,693.81	

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

Age	Year-end balance			Year-beginning balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion(%)		Amount	Proportion(%)	
Within 1 year	15,438,966.85	66.68	771,948.34	7,356,391.58	46.02	367,819.58
1-2 years	160,600.00	0.69	16,060.00	155,800.00	0.98	15,580.00
2-3 years	109,800.00	0.47	32,940.00	8,278,060.57	51.79	2,483,418.17
Over 3 years	7,446,029.50	32.16	3,723,014.75	193,906.56	1.21	96,953.28
Total	23,155,396.35	100.00	4,543,963.09	15,984,158.71	100.00	2,963,771.03

(2) Individual amount is big at end of the period or not big but other account receivable and doubtful reserves shall be withdrawn.

Description of other receivables	Book balance	Amount of bad debts	Proportion(%)	Reason
Single amount importance	12,075,436.43	12,075,436.43	100.00%	Unable to recover
Single amount not importance	311,486.35	311,486.35	100.00%	Unable to recover
Subtotal	12,386,922.78	12,386,922.78		

(3) This period has no bad debt reserve, or withdrawn bad debt reserves ratio is bigger, which is taken back or transferred wholly at this period, or the withdrawal or transferring ratio is bigger. This period has no account receivable taken back by recombination or other styles.

(4) Other account receivable actually cancelled after verification at this reporting period

(5) As of December 31,2012 no loans of the shareholders holding 5% (inclusive of a 5%) or more voting right and other related units.

(6) The front 5 units' information of Other account receivable

Name	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Shenzhen Shenfang Imports & exports Co., Ltd.	Subsidiary	7,168,680.72	3-4 years	20.17%
Shenzhen Shenfang Imports & exports Co., Ltd.	Subsidiary	6,000,000.00	Within 1 year	16.88%
Jiangxi Xuanli String Co., Ltd.	Non-related parties	11,389,044.60	3-4 years	32.04%
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	5,075,600.00	1-2 years	14.28%
Non-Publish Issuing Expenses	Non-related parties	2,373,473.65	Within 1 year	6.68%
Anhu Huapeng Textile Co., Ltd.	Stock Company	1,800,000.00	Within 1 year	5.06%
Total	--	33,806,798.97	--	95.11%

(7)The accounts receivable from the Related parties

Name	Relation with the Company	Amount	Proportion(%)
Shenzhen Shenfang Imports & exports Co., Ltd.	Subsidiary	13,168,680.72	37.05%
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	5,075,600.00	14.28%
Anhu Huapeng Textile Co., Ltd.	Stock Company	1,800,000.00	5.06%
Shenzhen Tianglong Industry and trading Co., Ltd.	Joint venture	686,391.83	1.93%
Shenzhen Dailishi Underwear Co., Ltd.	Stock Company	265,493.20	0.75%
Total	--	20,996,165.75	59.07%

(8) Other account receivable that is not accord with expiration confirmation condition is none

(9) Other receivables subject to asset securitization , needed to briefly describe the arrangements related to transactions.

(10)There is not such arrangements related to transactions Other receivables subject to asset securitization ,

2. Long-term equity investment

Name	Accounting method	Initial investment cost	Original balance	change	Ending Balance	Shareholding proportion in the investee	Voting right proportion in the investee	Explanation of difference between shareholding proportion and voting right proportion in investee	Devalue	Current devalue	Cash bonus
Shenzhen Jintian Industry (Group) Co., Ltd.	Cost method	14,831,681.50	14,831,681.50		14,831,681.50	3.68%	3.68%		14,831,681.50		
Shenzhen Haohao Property Leasing Co., Ltd.	Equity method	2,040,102.73	3,537,070.37	128,048.22	3,665,118.59	50%	50%				400,000.00
Shenzhen Xieli Automobile Co., Ltd.	Equity method	1,529,483.67	2,691,516.71	284,675.66	2,976,192.37	50%	50%		266,654.99		
Shenzhen Changliang Printing and dyeing Company	Equity method	2,524,500.00	1,752,755.27	-544.71	1,752,210.56	40.25%	40.25%				
Jordan		7,240,625	2,221,984	365,676.5	2,587,660	35%	35%				

Garnent Factory		.00	.47	2	.99						
Shenzhen Tianglong Industry and trade Co., Ltd.	Equity method	685,000.0 0			0.00	50%	Notes 2				
Hengshun (Saipan) Industry Co., Ltd.	Equity method	8,228,350 .00			0.00	35%	35%				
Shenzhen Shengbo optoelectr onic Technolo gy Co., Ltd.	Cost method	40,500,00 0.00	848,500,0 00.00	108,163,0 70.03	956,663,0 70.03	100%	100%				
Shenzhen Jinlan Decorativ e Articles Industrial Co., Ltd.	Cost method	5,470,000 .00	5,470,000 .00		5,470,000 .00	90%	100%	Notes 1			
Shenzhen Lisi Industrial Co., Ltd.	Cost method	6,666,132 .60	6,666,132 .60		6,666,132 .60	90.68%	100%	Notes 1			
Shenzhen Beauty Centruty Garment Co., Ltd.	Cost method	30,867,40 0.00	30,867,40 0.00		30,867,40 0.00	100%	100%		2,167,431 .21		
Shenzhen Shenfang Import & Export Co., Ltd.	Cost method	6,299,700 .00	6,299,700 .00		6,299,700 .00	100%	100%		82,156.61		
Shenzhen Huaqiang Hotal	Cost method	14,623,00 3.00	14,623,00 3.00		14,623,00 3.00	95%	100%	Notes 1			
Shenfang Property	Cost method	1,600,400 .00	1,600,400 .00		1,600,400 .00	93.75%	100%	Notes 1			

Management Co., Ltd.											
Zhenzhen Zhongxing Fibre folds cotton Clothing ornament Co., Ltd.	Cost method	1,260,000.00	1,260,000.00		1,260,000.00	75%		Notes 2	1,260,000.00		
Shenzhen Jiafeng Textile Co., Ltd.	Cost method	16,800,000.00	16,800,000.00		16,800,000.00	10.8%	10.8%		16,800,000.00		
Shenzhen Guanhua Pruting and dyeing Co., Ltd.	Cost method	5,491,288.71	5,491,288.70		5,491,288.70	45%	45%		5,058,307.01		
Union Development Group Co., Ltd.	Cost method	2,600,000.00	2,600,000.00		2,600,000.00	2.87%	2.87%				130,000.00
Shenzhen Xiangjian Trade Co., Ltd.	Cost method	160,000.00	160,000.00		160,000.00	20%	20%				
Shenzhen Xinfang Knitting Co., Ltd.	Cost method	524,000.00	524,000.00		524,000.00	20%	20%				
Hongkong Yehui International Co., Ltd.	Cost method	2,392,914.37	2,392,914.28		2,392,914.28	17.85%	17.85%				
Shenzhen Dailishi Underwear Co.,	Cost method	532,062.50	2,559,856.26		2,559,856.26	30%		Notes 3			810,300.00

Ltd.											
Anhu Huapeng Textile Co., Ltd.	Cost method	25,000,00 0.00	25,410,20 9.50		25,410,20 9.50	50%		Notes 3			1,800,000 .00
Total	--	197,866,6 44.08	996,259,9 12.66	108,940,9 25.72	1,105,200 ,838.38	--	--	--	40,466,23 1.32		3,140,300 .00

Notes 1. Share holding ratio is not accord with voting power ratio in amalgamated subsidiary company. That is interlocking shareholding style of every subsidiary company making parent company actual share control being 100%.

Notes 2. Shenzhen Tianlong Industrial & Trading Co., Ltd., had established liquidation group in 2009 and started liquidation procedures, The Cancellation date of Shenzhen Zhongxing Fiber Wimple Cotton Raiment Co., Ltd is 4th January 2013

Notes 3. Shenzhen Dailisi underwear Co., Ltd. and Anhui Huapeng textile Co., Ltd. had adopted outsourcing for contractual operation.

3. Business income and Business cost

(1) Business income

Items	Amount of current period	Amount of previous period
Income from Business income	53,822,980.63	51,453,735.86
Other Business income	4,946,847.45	4,468,805.37
Total	58,769,828.08	55,922,541.23
Cost from Business cost	9,317,208.28	8,359,898.97
Other Business cost	4,946,847.46	4,468,805.35
Total	14,264,055.74	12,828,704.32

(2) Main business (Industry)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97
Total	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97

(3) Main business (Production)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Rental income	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97
Total	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97

(4) Main business (Area)

Name	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Shenzhen	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97
Total	53,822,980.63	9,317,208.28	51,453,735.86	8,359,898.97

(5) Total income and the ratio of operating income from top five clients

Name	Business Income	Proportion(%)
Jinsitai Investment Development Co., Ltd.	23,626,295.00	40.2%
Shenzhen Shixingkai Beauty Co., Ltd.	915,304.80	1.56%
China merchants Bank, Shenfang Building Branch	889,186.44	1.51%
China Ping An Life Insurance ,Shenzhen Branch	763,200.00	1.3%
Shenzhen City Zhongbai Computer technology Inc	645,851.88	1.1%
Total	26,839,838.12	45.67%

4. Investment income

(1) Income from investment

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the cost method	2,740,000.00	3,118,125.11
Income from long-term equity investment measured by	1,177,855.69	466,296.24

adopting the Equity method		
Hold the investment income during from available-for-sale financial assets	2,436,544.20	1,482,128.46
Total	6,354,399.89	5,066,549.81

(2) Long term equity investment calculated to cost method:

Name	Amount of current period	Amount of previous period	Change cause
Shenzhen Xiangjiang Trade Co., Ltd.		65,634.56	
Shenzhen Xinfang Knitting Co., Ltd.		140,000.00	
Shenzhen Xinfang Knitting Co., Ltd.	810,000.00	810,000.00	
Anhui Huapeng Printing & dyeing Co., Ltd.	1,800,000.00	1,800,000.00	
Hongkong Yehui International Co., Ltd.		94,490.55	
Union Development Group Co., Ltd.	130,000.00	208,000.00	
Total	2,740,000.00	3,118,125.11	--

(3) Long term equity investment calculated via equity method

Name	Amount of current period	Amount of previous period	Change cause
Shenzhen Haohao Property Leasing Co., Ltd.	528,048.22	491,208.18	
Shenzhen Xieli Automobile Co., Ltd.	284,675.66	268,864.97	
Shenzhen Changlianfa Printing & dyeing Company	-544.71	58,398.89	
Jordan Garment Factory	365,676.52	-352,175.80	This issue orders increase and earn profits
Total	1,177,855.69	466,296.24	--

5. Supplement information of Consolidated Flow Statement

Items	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	6,949,532.71	18,262,631.16

Items	Amount of current period	Amount of previous period
Add : Impairment loss provision of assets	1,563,241.42	2,516,293.33
Depreciation of fixed assets, oil and gas assets and consumable biological assets	8,531,756.08	8,808,747.61
Amortization of intangible assets	407,468.20	389,901.28
Amortization of long-term deferred expenses		
Loss on disposal of non-current assets		-151,595.31
Loss from fixed assets discard		
Loss of fair value fluctuation on assets		
Financial cost	-392.43	-6,165,266.91
Loss on investment	-6,354,399.89	-5,066,549.81
Decrease of deferred income tax assets	-390,810.36	-809,866.60
Increase of deferred income tax assets		
Decrease of inventories		
Decrease of operating receivable	-4,368,751.16	-1,360,148.47
Increase of operating receivables	4,396,112.72	5,288,465.13
Other		
Net cash flows arising from operating activities	10,733,757.29	21,712,611.41
II. Significant investment and financing activities that without cash flows		
Liability transfer to capital		
Convertible corporate bond due within 1 year		
Finance leased fixed assets		
III. Net increase of cash and cash equivalents		
Ending balance of cash	33,906,151.53	133,011,826.29

Items	Amount of current period	Amount of previous period
Less: Beginning balance of cash	133,011,826.29	84,353,357.87
Add: Ending balance of cash		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	-99,105,674.76	48,658,468.42

6. In the report period, The company does not appear using evaluated value entering in an account under reverse purchasing.

XIV. Supplement information

1. Details of extraordinary gains and losses for the current report period

Items	Year 2012	Years2011	Notes
Gains from disposals of non-current assets	30,022.03	186,017.76	
Refunding and exemption of taxes in excess of authority or without official approval documents			
Government subsidies accounted into current income account (except for those Government subsidies closely related to the Company's business, and received at national statutory standard and amount)	11,526,881.62	13,258,252.62	
Capital adoption fee collected from non-financial organizations and accounted into current gain /loss			
Gain/loss from differences between the cost of enterprise merger and the fair value of recognizable net asset of the invested entities			
Gain/loss from non-monetary assets			
Gain/loss from commissioned investment or assets			
Asset impairment provisions provided for force-major			
Gain/loss from debt reorganization			

Items	Year 2012	Years2011	Notes
Enterprise reorganizing expenses, such as employee placement fee and integration fee			
Gain/loss from trade departing from fair value			
Current net gain/loss of subsidiaries under same control from beginning of term till date of consolidation			
Gain/loss generated by contingent liabilities without connection with main businesses			
Gain/loss from change of fair value of transactional asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	2,436,544.20	1,482,128.46	
Restoring of receivable account impairment provision tested individually			
Gain/loss from commissioned loans			
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement			
Influence of one-time adjustment made on current gain/loss account according to the laws and regulations regarding tax and accounting			
Consigning fee received for consigned operation			
Other non-business income and expenditures other than the above	-3,072,383.76	10,868,359.09	
Other gain/loss items satisfying the definition of non-recurring gain/loss account			
Influenced amount of income tax	-1,906,879.88	-5,074,170.77	
Influenced amount of minor shareholders' equity (After tax)			
Total	9,014,184.21	20,720,587.16	

2. Return on net assets and earnings per share

Profit of the report period	Return on net assets . Weighted (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted gains per share
Net profit attributable to the Common stock shareholders of Company.	-6.06%	-0.24	-0.24
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-6.74%	-0.27	-0.27

3. The anomalies and the explanation of our main financial statements project

(1) The ending balance of monetary capital decreased by RMB 236.4616 million and 50.43% over beginning of period mainly due to the investment of the investment of raised proceeds into phase-I project of polarizer sheet for TFT-LCD;

(2) The ending balance of Account receivable Increased by RMB 43.9721 million and 77.19% over beginning of period Mainly due to the increase of trade receivable in credit period;

(3) The ending balance of Other receivable Increased by RMB 30.3326 million and 146.28% over beginning of period Mainly due to increase of security money due to sharp increase of receivable export rebates;

(4) The ending balance of inventories Increased by RMB 71.6824 million and 100.35% over beginning of period mainly due to increase of raw materials for the put into production of phase-I project of polarizer sheet for TFT-LCD;

(5) The ending balance of financial assets available for sale increased by RMB 17.8871 million and 34.22% over beginning of period mainly due to increase of end-of-period market value of stocks held by the Company over beginning of period;

(6) The ending balance of Fixed assets increased by RMB 377.0382 million and 74.79% over beginning of period. The additional part was mainly the fixed assets carried forward from phase-I project of polarizer sheet for TFT-LCD;

(7) The ending balance of Construction in progress decreased by RMB 264.6691 million and 79.06% over beginning of period mainly because No.4 production line of phase-I project of polarizer sheet for TFT-LCD was transferred into fixed assets;

(8) The ending balance of Deferred income tax assets increased by RMB 20.9425 million and 242.36% over beginning of period mainly due to the recognition of deferred income tax assets that can set off losses;

(9) The ending short-term borrowing RMB 40.1534 million is the new liquidity loan of the company in this period

(10) The ending balance of Accounts payable increased by RMB 61.1680 million and 152.67% mainly due to increase of raw material purchase and increase of accounts payable for outsourced products for phase-I project of polarizer sheet for TFT-LCD;

(11) The ending balance of Advance collections increased by RMB 10.1507 million and 65.44% over beginning of period mainly due to increase of advances on sales for export trade near the end of period;

(12) The ending balance of Taxes and levies payable decreased by RMB 47.5783 million over beginning of period mainly due to payment of VAT on purchase of imported equipment and equipment provided by Party A for phase-I project of polarizer sheet for TFT-LCD;

(13) The ending balance of Interest payable increased by RMB 9.5446 million over beginning of period mainly

due to increase of long-term loan interest payable;

(14) Other payable increased by RMB 36.4011 million and 29.74% over beginning of period mainly due to increase of payables for engineering equipment for phase-I project of polarizer sheet for TFT-LCD;

(15) Deferred income tax liabilities increased by RMB 4.7518 million and 60.57% over beginning of period mainly due to the increase of deferred income tax liabilities recognized as a result of the change of fair value of financial assets available for sale;

(16) Undistributed profit decreased by RMB 81.6838 million over beginning of period mainly due to the loss for the owners of the parent company for current period;

(17)) Operating cost increased by RMB 217.8458 million and 36.85% over beginning of period mainly due to increase the "TFT - LCD polarizing piece project phase 1" production costs and export trade volume growth led to the increased cost of sales;

(18) Administrative expenses increased by RMB 49.2668 million and 65.27% year on year, mainly due to increase of R&D expense and other relevant expenses after trial batch production of line 4 of phase-I project of polarizer sheet for TFT-LCD;

(19) Non-operating income decrease by RMB 12.5153 million and 51.43% year on year mainly due to year-on-year reduction of reorganization income of Guangdong Sun Rise Group Co., Ltd.;

(20) Non-operating expenses increased by RMB 3.3098 million year on year mainly due to the loss caused by the fire accident of Longhua factory area of Shengbo Optoelectronic;

(21) Income tax expenses decreased by RMB 28.8220 million over the previous period mainly due to the decrease of amount of taxable income for the current period and recognition of the loss that can offset losses as deferred income tax expenses;

(22) Other composite income increased by RMB 39.6285 million over the previous period mainly due to increase of end-of-period market value of financial assets available for sale over beginning of period.

Legal representative : Person-in-charge of the accounting work: Person-in -charge of the accounting organ: