

Shenzhen Textile (Holdings) Co., Ltd.

The Semi-Annual Report 2019



August 2019

I. Important Notice, Table of Contents and Definitions

The Board of Directors, the Supervisory Committee, the directors, the supervisors, and executives of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Mr. Zhu Jun, The Company leader, Mr. Zhu Meizhu, the Person in Charge of the Accounting Works, Ms. Di Yan, Chief Financial Officer and Ms. Mu Linying, the Person in Charge of the Accounting Department (the person in charge of accounting) hereby confirm the authenticity and completeness of the financial report enclosed in the semi-report.

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

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

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

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

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

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

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Definition

Terms to be defined	Refers to	Definition
Company/The Company/ Shen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	National Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holding Co., Ltd.	Refers to	Shenzhen Investment Holding Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
Shengbo Optoelectronic	Refers to	Shenzhen Shengbo Optoelectronic Technology Co., Ltd.
Jinjiang Group	Refers to	Hangzhou Jinjiang Group Co., Ltd.
Nitto Denko	Refers to	Nitto Denko Corporation
Kunshan Qimei	Refers to	Kunshan Zhiqimei Material Technology Co., Ltd.
Jinhang Investment	Refers to	Hangzhou Jinhang Equity Investment Fund Partnership (LP)
Jinxin Investment	Refers to	Lanxi Jinxin Investment Management Co., Ltd.
Changxing Junying	Refers to	Changxing Junying Eqquity Investment Partnership (LP)
Huaiji Investment	Refers to	Hangzhou Huaiji Investment Management Co., Ltd.
Line 6	Refers to	TFT-LCD polarizer II phase Line 6 project
Line 7	Refers to	Industrialization project of polaroid for super large size TV
“CSRC”	Refers to	China Securities Regulatory Commission
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	The Semi-annual Report 2019

II. Basic Information of the Company and Financial Index

I .Company Information

Stock abbreviation	Shen Textile A ,Shen Textile B	Stock code:	000045,200045
Stock exchange for listing	Shenzhen Stock Exchange		
Name in Chinese	深圳市纺织(集团)股份有限公司		
Chinese abbreviation (If any)	深纺织		
English name (If any)	SHENZHEN TEXTILE (HOLDINGS)CO.,LTD		
English abbreviation (If any)	STHC		
Legal Representative	Zhu Jun		

II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Jiang Peng	Li Zhenyu
Contact address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen
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III.Other

(1) Way to contact the Company

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

Applicable Not Applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2018 Annual Report.

(2) Information inquiry

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

Applicable Not applicable

None of the official presses, website, and place of enquiry has been changed in the semi report period. For details please find the Annual Report 2018.

IV.Summary of Accounting data and Financial index

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

Yes No

	Reporting period	Same period of last year	YoY+/- (%)
Operating income (RMB)	1,008,863,295.50	474,262,408.57	112.72%
Net profit attributable to the shareholders of the listed company (RMB)	7,832,287.98	9,646,976.15	-18.81%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-10,548,582.20	-10,817,314.92	2.48%
Cash flow generated by business operation, net (RMB)	23,826,362.35	-128,850,889.44	118.49%
Basic earning per share(RMB/Share)	0.0153	0.0190	-19.47%
Diluted gains per share(RMB/Share)(RMB/Share)	0.0153	0.0190	-19.47%
Weighted average ROE(%)	0.32%	0.40%	-0.08%
	As at the end of the reporting period	As at the end of last year	YoY+/- (%)
Total assets (RMB)	4,384,396,778.74	4,619,203,416.79	-5.08%
Net assets attributable to shareholder of listed company (RMB)	2,580,594,659.88	2,373,329,991.86	8.73%

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

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

Applicable Not applicable

No difference.

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

Applicable Not applicable

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

VI.Items and amount of deducted non-current gains and losses√ Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	12,236,686.25	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	11,035,139.06	
Other non-business income and expenditures other than the above	4,241,169.03	
Less :Influenced amount of income tax	3,121,789.28	
Influenced amount of minor shareholders' equity (after tax)	6,010,334.88	
Total	18,380,870.18	--

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

Applicable√ Not applicable

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

III. Business Profile

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

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

No

(I) The company's main business

The company's main business covered such the high and new technology industry as represented by LCD polarizer, its own property management business and the retained business of high-end textile and garment

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

During the reporting period, the company's business is introduced as follows:

Firstly, the Company, driven by innovation, is committed to improving product quality and optimizing product structure continuously. The Company actively promotes LGD, Huike, BOE, Sharp and other key customers through the transformation of production line equipment, sustained optimization of process, continuous adjustment of product structure, acceleration of market development and product promotion; Secondly, the Company sets out to explore alternative import routes of raw materials, and strengthen independent intellectual property R&D. The Company continues to develop new products, actively carries out evaluation of new materials, focuses on the reduction of raw materials, and promotes the introduction of new materials; Thirdly, the construction of polarizer industrialization project (Line 7) for oversize televisions is advanced. Line 7 has entered the stage of comprehensive construction, and has obtained all kinds of permits required for construction at this stage. The company will continue to strengthen the monitoring and management of budget, progress and quality, and strive to ensure that all work is completed in accordance with the plan; Fourthly, the management of property enterprises is strengthened. The quality of property and hotel services is improved in order to actively respond to the adverse impact of the real economy downturn on property leasing. The leasing situation is stable, showing a steady upward trend. Fifthly, the textile industry continues to make up deficits. Despite the adverse factors such as the recession of the industry, the rise of raw materials and labor costs, the number of customers' orders has rebounded in traditional textile business during the reporting period. Sixthly, the Company pays attention to safety production and environmental protection, concentrates on rectifying and investigating safety and environmental protection issues, advances the construction of safety information technology, promotes the safe and stable development of enterprises and actively fulfills social responsibility.

(II) Operation model

The priority of the polarizer industry is gradually shifting from the conventional research & development-production-sales business model to the customer-oriented business model of joint research &

development and full service. The Company reduces production links and costs and creates value for customers and a win-win situation through cooperation by deeply understanding customers' needs, making high-quality products through joint research & development and high-standard production management and using advanced polarizer rolling and attaching equipment in conjunction with downstream panel manufacturers' production lines.

(III) Major performance drivers

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

Relying on more than 20 years of industrial operation experience and regional advantages, the Company will deepen the mixed-ownership reform work and strengthen strategic cooperation. To be specific, the Company will further promote its production technology and business management standards through integration of resources in the polarizer and optical film industries; meanwhile, the Company will seize the opportunity and spare no effort to push forward the construction of an ultra-wide polarizer production line to occupy the highly lucrative jumbo LCD TV polarizer product market; in addition to working on the polarizer industry, the Company will make a leaping development towards the optical film industry related with flat panel display to make SAPO a bigger and stronger enterprise.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in process	At the end of the period, the Construction in process increased by RMB 79.3717 million compared with the beginning of the period, an increased of 508.10%, Mainly due to the current investment of Line 7 project.

2. Main Conditions of Overseas Assets

Applicable Not applicable

III. Analysis On core Competitiveness

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

No

(1) Technology advantages.

SAPO is the first domestic national high-tech company which entered into the R&D and production of the polarizer, We are one of the largest, most technical and professional polarizer R&D teams in the country and has more than 20 years of operating experience in the polarizer industry. Products include TN-type, STN-type, IPS-TFT-type, VA-TFT-type, vehicle-mounted industrial display, flexible display, 3D stereo and polarizer for

sunglasses, and optical film for touch screens, etc., We have proprietary technology for polarizers and new intellectual property rights for various new products. By the end of the reporting period, SAPO has applied for 94 patents in total (66 licensed), including 26 national invention patents (8 licensed), 61 national utility model patents (54 licensed), 1 international invention patent (0 licensed) and 6 international utility model patents (4 licensed). SAPO studied and formulated 4 national standards and 2 industrial standards which have been adopted and put into practice. SAPO has two technical platforms--"Shenzhen Polarizing Materials and Technology Engineering Lab" and "Shenzhen Municipal Research and Development Center" where focus is given to research & development and industrialization of key LCD polarizer production techniques, research & development and industrialization of new OLED polarizer products and research on localization of polarizer production materials. Through the introduction of various types of sophisticated testing equipments to perfect the test means of small-scale test and medium-scale test, further by improving the incentive system of research and development and building the collaborative innovation platform of "Industry-Study-Research-Utilization" and so forth means, the company comprehensively enhanced the level of research and development.

(2) Talents advantages.

Equipped with a polarizer management team and senior technical personnel team with strong technical ability, long cooperation, rich experience and international vision, the Company has built its own property rights system and technical team. In order to grasp the development opportunities of oversize polarizer business in China, construct super-wide polarizer production line as soon as possible, seize the market opportunities and realize economies of scale, SAPO jointly with Kunshan Zhiqimei and Jinjiang Group entered into a *Contract of Technical Cooperation* with Nitto Denko Corporation, a world-class polarizer manufacturer on matters pertaining to introduction of techniques of 2,500 mm polarizer production line on November, 2017. Nitto Denko owns leading production and manufacturing technology of polarizers in the industry. SAPO establishes technical cooperation relations with Nitto Denko, through which the Company has learnt advanced polarizer production and management idea. At the same time, the Company improves his core competitiveness, and gradually accumulate the advantages of the brand, technology, operation management and others through the accumulation of independent innovation technology experience and establishes a scientific and technological progress and management innovation through the distribution of perfecting examination system and incentive system to prioritize salary incentive toward the core backbone of management, research and development and to give full play to the subjective initiative and creativity.

(3) Market advantages.

The company has a good market customer base at home and abroad. Compared with foreign advanced counterparts, the biggest advantage lies in localization, close to panel market and strong support of national policies. In terms of market demand, with the construction and planning of Generation 10.5/Generation 11 and advanced generation TFT - LCD panel production line production in succession, the production capacity of advanced generation TFT-LCD panels will increase considerably in the next few years in mainland China, and the corresponding domestic market demand for polarizers will also grow. The domestic market is the most important market for polarizer manufacturers, especially the large-scale polarizer market, which will usher in important industry opportunities in mainland China; When it comes to market development, focused on customers' needs, the Company will keep optimizing its production process and product structure, tighten quality control and well bind production and sales together, build a quick response mechanism, give full play to its local strengths, take advantage of all the techniques and talents accumulated, provide good point-to-point professional services, promote the verification of all types of machinery concerning the overall strategic deployment and form a stable supply chain to increase its market share.

(4) Quality advantages.

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

(5) Management advantages.

The Company has been deeply cultivating the industry for more than 20 years and has accumulated rich management experience in the production of polarizer. It has the most advanced polarizer production management process control system, quality management system and stable raw material supply channels. The Company has carried out comprehensive benchmarking work, organized managers to learn advanced experience from customers and peers, vigorously implemented standardized management, refined management process, learned from foreign polarizer business management experience, optimized the Company's organizational structure, reduced management levels, and further improved the Company's management efficiency. After introduction of strategic investors, the Company learns from others' strong points and close the gap through the reform of mixed ownership system, absorb the vitality of private enterprises, continues to implement advanced management system and reasonable incentive mechanism, improves decision-making efficiency, speeds up market reaction, perfects R&D incentive system, and realizes the value of enterprises and employees, learn from each other's strengths and make up for the weaknesses, absorb the vitality of private enterprises, continues to the in-depth integration of the value of the company and employees, and stimulates new vitality in business.

(6) Policy advantages.

Polarizer is seen as an essential part of the panel display industry and SAPO in its development has promoted the supply capacity of national polarizers, greatly lowered the dependence of national panel enterprises on imported polarizers, and safeguarded the national panel industry, which serves as a good facilitator to enhancing the overall competitiveness of China's panel industry chain and coordinated development of the whole industry chain of the panel display industry cluster in Shenzhen. Recognized as a national high-tech enterprise, SAPO is entitled to the preferential policy for duty-free import of own productive raw materials that cannot be produced at home and frequently gained national, provincial and municipal policy and financial support in its polarizer projects. Meanwhile, SAPO tightened supplier management, improved its overall purchasing strategy, and downsized suppliers while introducing a competitive mechanism, wherein focus was given to introduction of new materials at a competitive price, to further lower its production cost and improve its product competitiveness.

IV. Performance Discussion and Analysis

I.General

In the first half of 2019, the Company insisted on developing the polarizer industry, focusing on the main business, improving its profitability, accelerating the construction of the Line 7 project of polarizer, and further deepening the reform of mixed ownership. Firstly, the Company continuously improves the production and operation capacity of polarizer by improving product quality, optimizing product structure, actively exploring the market and exploring the substitution of raw materials. Meanwhile, centering on the target of reducing losses and increasing profits, the Company takes various measures to promote management optimization. Secondly, the Company makes every effort to build the industrialization project of super-large polarizer for TV (Line 7) in order to grasp the development opportunities of domestic super-large polarizer business; Thirdly, the Company strives to improve the plight of textile and garment business and actively promotes the introduction of strategic investors introduced by Shenzhen Beauty Century Co., Ltd., a subsidiary company; Fourthly, the capital increase and share expansion and open leasing to Guanhua Company are completed to realize lease income. At the same time, improve the level of property services, property leasing steadily increased; Fifthly, the main responsibility of safety production is implemented to achieve the safe development of the company.

During the reporting period, the Company realized the operating income of RMB 1008.8633 million, representing an increase of RMB534.6009 million or 112.72% over the same period of last year; the total profit was RMB 4.0462 million, representing a decrease of RMB5.8338 million or 59.05% over the same period last year; the net profit of shareholders attributable to listed companies was RMB 7.833 million, which was RMB 1.8147 million lower than that of the same period last year and 18.81% lower than that of the same period last year. The Company's business income has increased considerably compared with the same period last year. The main reasons are as follows: One the one hand, TFT-LCD Phase II Line 6 was put into operation in the second half of 2018, its production capacity was released in the current year, and its sales volume increased year on year; One the other hand, the import trade business that has paid in advance for equipment in 2018 was completed in this reporting period, while the trade business was less in the same period last year. During the reporting period, the net profit attributable to shareholders of listed companies decreased slightly compared with the same period last year. The reason is that the price of main polarizer products has been maintained at a low level since the sharp decline in 2018 and the average price of polarizer products has decreased compared with the same period last year, offsetting the contribution of the rising sales volume to net profit.

Reviewing the first half of 2019, the company focused on the key work, with contents as follows:

(I) Various measures to enhance the profitability and R&D capability of polarizer business

During the reporting period, firstly, the Company continued to optimize production process and improve product quality and continued to improve production capacity and reduce losses through measures such as equipment transformation of Line 4 and speed increase of Line 6. After the relocation of Line 1-3, equipment assembly, linkage test and fine adjustment were completed rapidly. Secondly, the Company optimized the product structure and actively developed the product market. The Company continuously adjusted the product structure, reduced the proportion of negative gross margin products orders, gave priority to high gross margin orders, speeded up market development and product import and actively promoted key customers such as LGD, HKC, BOE, Sharp, etc. in order to enhance the overall profitability; Thirdly, the Company continued to do a good job in R&D innovation and to explore alternative import of raw materials. During the reporting period, the Company continued to develop

new products, increased product performance improvement, carried out new material evaluation and introduction, and put emphasis on price reduction of major raw materials.

Meanwhile, the research and development of independent intellectual property rights was strengthened. The Company applied for 3 patents (inventions) and 7 patents were granted authorization notices. The two national standards "Measurement of Optical Compensation Value for Polarizers" and "Test Method of Adhesion of Optical Film Coatings for Polarizers" researched and developed by the Company have been formally implemented. Relying on two technical platforms--"Shenzhen Polarizing Materials and Technology Engineering Lab" and "Municipal Research and Development Center", the Company focuses on research & development and industrialization of key LCD polarizer production techniques, research & development and industrialization of new OLED polarizer products and research on localization of polarizer production materials. In addition, the Company actively expands investment in R&D funds, horizontally explores the innovative development of mature products, and enhances the sustainable development ability of enterprises.

(II) Actively promote the construction of Line 7 project

Line 7 project has entered the stage of comprehensive construction, and has obtained all kinds of permits required for construction at this stage. The project construction team of the Company has arranged construction milestone, striving to complete the work on time and with high quality. The Company will further strengthen the monitoring and management of budget, schedule and quality in the process of project construction, and actively promote technical exchanges with Nitto Denko and Kunshan Zhiqimei to promote the research and development of raw materials for Line 7 project. The leadership of the Company led a team to visit the major raw material manufacturers in Japan and conducted business cooperations based on the friendly consultation and negotiation, basically determining the supply source of the main raw material, and solving the supply problem of the raw material for matching polarizer production of Line 7 by 2020.

(III) The textile industry has continued to make up deficits and other enterprises showed a steady upward trend

During the reporting period, Despite the adverse factors such as the recession of the industry, the rise of raw materials and labor costs, the number of customers' orders in traditional textile business has rebounded during the reporting period. The Company actively promoted the introduction of strategic investors introduced by Shenzhen Beauty Century Garment Co., Ltd., a subsidiary company.

(IV) Complete the capital increase of Guanhua Company and strengthen the management of property enterprises, showing a steady rise in property rental income.

During the reporting period, the Company increased its capital and shares by the same proportion with the real assets of Guanhua Building in order to improve the contribution obligation of both the shareholders of the Company and Qiaohui Textile Industrial Co., Ltd. to Shenzhen Guanhua Printing & Dyeing Co., Ltd. After the capital increase, the registered capital of Guanhua Company increased from RMB 10 million to RMB 109.5517 million. In June, Guanhua Company completed the overall external lease of Guanhua Building, and has received a total of RMB 10.2032 million in rental deposit and first quarter rent from the lessee. In addition, other property enterprises have strengthened management, and improved the quality of property and hotel services to actively overcome the pressure brought by the downturn of the real economy on property leasing. The leasing situation is stable, showing a steady upward trend.

(V) Attach importance to safety in production and take preventive measures, so as to promote the safe development of enterprises

During the reporting period, the Company firstly implemented the responsibility system for production safety and implemented the responsibility for production safety to individuals; Secondly, the Company focused on investigation and centralized rectification of potential safety hazards. The Company inspected the on-site safety problems of the affiliated enterprises without notification, issued the rectification notice of potential safety hazards

and problems in time, and required them to complete the rectification. In the meantime, the Company put emphasis on the construction safety of Line 7 project, carried out special safety hazard investigation at the construction site, and organized safety warning education and training at the site. Thirdly, the Company actively carried out the monthly activities of safe production, timely completed the information input and maintenance of the information platform, and promoted the construction of safety information.

(VI) Constant reinforcement of foundation and strengthening of grass-roots party construction

Firstly, the Company should conscientiously carry out various forms of activities such as theoretical study of the central group and "Three Meeting and One Class", and conduct in-depth special education activities of "remain true to our original aspiration and keep our mission firmly in mind" according to the work deployment of the Party Committee at higher level; Secondly, the Company should strengthen organizational construction and complete the centralized change of Party organizations directly under the unified requirements of the Organizational Department of the CPC Shenzhen Municipal Committee. Thirdly, the Company should conscientiously fulfill the responsibility of supervising the construction of a clean and honest Party conduct, strengthen the study of honest education and build a strong ideological defense line of honesty and self-discipline; Fourthly, the Company should strengthen the system learning and training, fulfill the responsibility of discipline supervision and accountability, strengthen supervision and inspection, and strengthen restraint; Fifthly, the Company should conscientiously do a good job in the election of the trade union of the Company, strengthen the enterprise culture, and conscientiously carry out the work of maintaining the stability by letters and visits to escort the development of the Company.

II. Main business analysis

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

Changes in the financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause change
Operating income	1,008,863,295.50	474,262,408.57	112.72%	TFT-LCD Phase II Line 6 was put into production in the second half of 2018. The production capacity was released in the same year, with a year-on-year increase on sales volume.
Operating cost	940,587,510.73	415,092,958.33	126.60%	The reason is the same as income growth
Sale expenses	7,369,804.52	3,780,411.53	94.95%	Due to increase in sales volume, transportation costs and insurance premiums
Administrative expenses	42,901,879.68	41,239,119.73	4.03%	
Financial expenses	-730,687.94	-3,852,587.66	-81.03%	Exchange losses increases due to changes

				in yen exchange rate during the reporting period
Income tax expenses	9,773,007.83	5,321,864.53	83.64%	The total profits of the parent company increases compared with last year, and the income tax expenses increases
R & D Investment	19,172,388.20	21,189,099.82	-9.52%	
Cash flow generated by business operation, net	23,826,362.35	-128,850,889.44	118.49%	During the reporting period, the trade receivables of the previous year are recovered
Net cash flow generated by investment	-450,772,543.46	-81,631,016.04	-452.20%	Investment in structural deposits increased during the reporting period
Net cash flow generated by financing	-451,630,120.04	64,472,159.75	-800.50%	Repayment of some loans during the reporting period
Net increasing of cash and cash equivalents	-878,027,966.87	-146,504,345.47	-499.32%	

Major changes in profit composition or courses during the report period

Applicable Not applicable

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

Breakdown of main business

In RMB

	Operating revenue	operating costs	Gross profit rate(%)	Increase/decrease of reverse in the same period of the previous year(%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Domestic and foreign trade	312,992,303.03	292,353,664.49	6.59%	263.62%	252.48%	2.95%
Manufacturing	643,643,001.98	634,053,045.67	1.49%	89.86%	100.04%	-5.01%
Lease and Management of Property	49,680,246.62	12,107,999.95	75.63%	7.23%	-4.50%	2.99%

On Products						
Lease and Management of Property	49,680,246.62	12,107,999.95	75.63%	7.23%	-4.50%	3.00%
Textile	14,570,178.44	13,501,836.05	7.33%	11.80%	12.22%	-0.36%
Polarizer sheet	629,072,823.54	620,551,209.62	1.35%	92.98%	103.50%	-5.10%
Trade	312,992,303.03	292,353,664.49	6.59%	263.62%	252.48%	2.95%
Area						
Domestic	906,630,915.11	840,558,592.67	7.29%	170.34%	201.05%	-9.45%
Overseas	99,684,636.52	97,956,117.44	1.73%	-26.73%	-26.55%	-0.23%

III.Non-core business analysis

√ Applicable □ Not applicable

In RMB

	Amount	Ratio to the total profit amount (%)	Notes of the causes	Recurring or not
Investment income	-206,057.55	-5.09%	Obtaining dividends and contract fees from shareholding enterprises	The dividends and contract fees of shareholding enterprises are sustainable
Impairment of assets	-21,259,451.35	-525.42%	Mainly from the loss of inventory depreciation	Have the sustainability
Non-operating income	4,247,261.65	104.97%	Mainly for insurance claims	Not sustainable.
Non-operating expense	6,092.62	0.15%	Mainly for fines imposed to the subsidiary Huaqiang Hotel for failing to register passenger information as required	Not sustainable.
Other income	11,035,139.06	272.73%	Mainly for government subsidies.	Have the sustainability

IV.Analysis of assets and liabilities

1.Significant changes in asset composition

In RMB

	End of Reporting period	End of same period of last year	Change in percentag	Reason for significant change

	Amount	As a percentage of total assets(%)	Amount	As a percentage of total assets(%)	e(%)	
Monetary fund	419,227,198.60	9.56%	1,141,759,374.60	24.72%	-15.16%	The decrease in monetary funds is mainly due to the repayment of loans, the purchase of structural deposits and the construction expenditure of polaroid line 7 during the reporting period
Accounts receivable	497,053,241.57	11.34%	528,454,015.59	11.44%	-0.10%	
Inventories	515,163,535.57	11.75%	439,752,718.77	9.52%	2.23%	Due to the increase in the production of semi-finished products and the purchase of raw materials after the mass production of polaroid line 6 during the reporting period.
Real estate Investment	116,195,160.90	2.65%	167,997,941.98	3.64%	-0.99%	In this period, investment real estate is used to increase investment in Shenzhen Guanhua Printing and Dyeing Co., Ltd.
Long-term equity investment	163,733,127.58	3.73%	32,952,085.66	0.71%	3.02%	In this period, the investment in Shenzhen Guanhua Printing & Dyeing Co., Ltd is increased.
Fixed assets	934,236,253.12	21.31%	987,876,247.55	21.39%	-0.08%	
Construction in process	94,993,015.59	2.17%	15,621,286.64	0.34%	1.83%	During the reporting period, the investment in the construction of polaroid line 7 increases the total amount of projects under construction
Short-term loans	50,837,730.76	1.16%	411,522,111.40	8.91%	-7.75%	Mainly due to repayment of loans during the reporting period

2.Asset and Liabilities Measured by Fair Value

√ Applicable □ Not applicable

In RMB

Item	Amount at year beginning	Gain/loss on fair value change in the	Cumulative fair value change recorded into	Impairment provisions in the reporting	Purchased amount in the reporting	Sold amount in the reporting period	Amount at year end

		reporting period	equity	period	period		
Financial assets							
1. Financial assets measured at fair value through profit or loss (excluding derivative financial assets)	540,000,000.00				220,000,000.00		760,000,000.00
4. Other equity Instrument Investment	241,875,289.00		1,324,824.96		0.00	432,981.70	242,767,132.26
Total	751,875,289.00		1,324,824.96		220,000,000.00	432,981.70	982,767,132.26
Financial Liability	0.00						0.00

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

Yes No

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

Not applicable

V. Analysis on investment Status

1. General

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

4.Investment of Financial Asset

(1) Securities investment

Applicable Not applicable

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

(2) Investment in Derivatives

Applicable Not applicable

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

VI. Sales of major assets and equity

I. Sales of major assets

Applicable Not applicable

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

II.Sales of major equity

Applicable Not applicable

VII. Analysis of the Main Share Holding Companies and Share Participating Companies

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Shenzhen Lisi Industrial Co., Ltd.	Subsidiary	Domestic Trade, Property management	2,360,000.00	36,137,041.66	29,575,452.50	4,229,606.92	1,628,282.94	1,515,900.43
Shenzhen Huaqiang Hotel	Subsidiary	Accommodation, business center;	10,005,300.00	31,663,743.07	24,879,458.86	5,817,048.14	2,628,730.59	1,965,959.06
Shenfang Property	Subsidiary	Property management	1,600,400.00	10,922,887.40	3,608,334.07	4,586,273.73	166,816.05	125,112.04

Management Co., Ltd.								
Shenzhen Beauty Century Garment Co., Ltd.	Subsidiary	Production of fully electronic jacquard knitting whole shape	13,000,000.00	40,795,568.28	15,818,003.39	16,592,600.12	354,431.70	354,431.70
Shenzhen Shengbo Optoelectric Technology Co., Ltd	Subsidiary	Production and sales of polarizer	583,333,333.00	3,155,732,205.84	2,658,228,650.07	893,168,312.79	-39,315,700.76	-35,069,023.71
Shenzhen Shenfang Import & export Co., Ltd.	Subsidiary	Operating import and export business	5,000,000.00	93,687,670.23	17,038,780.57	50,530,860.98	1,122,602.88	823,590.07
Shengtou (HK) Co., Ltd.	Subsidiary	Sales of polarizer	HKD10,000	8,345,323.75	5,852,805.88	37,702,978.62	347,578.98	347,578.98

Subsidiaries obtained or disposed in the reporting period

Applicable Not applicable

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prediction of business performance for January -September 2019

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

Applicable Not applicable

X.Risks facing the Company and countermeasures

1. Macroeconomic risks

In the second half of 2019, the state will maintain economic stability and focus on regulating and controlling domestic demand. Firstly, it will expand consumption and stabilize manufacturing investment; Secondly, it will adhere to the monetary policy of "moderate tightening" and "maintaining reasonable and abundant liquidity"; Thirdly, fiscal policy will implement measures of reducing taxes and fees to ease the burden of enterprises;

Fourthly, it will make clear the direction of investment in infrastructure and maintain overall economic stability. Under the background of the introduction of science and technology innovation board and the long-term game of Sino-US trade frictions, the state proposes to implement the strategy of "manufacturing power", encourages core technology to be autonomous and controllable and to realize import substitution. As an important part of the electronic information industry, the industry where the Company lies in will be strongly supported by national policies, but it can not be ruled out that unpredictable macroeconomic fluctuations may cause risks to the Company's performance.

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

2. Competitive risk in the market

Polarizer industry is an important part of China's future manufacturing industry and the demand for display panels and the development of relevant technologies are changing with each passing day. The process of domestic substitution of polarizer industry is in progress. With the gradual mass production of Generation 10.5 Line, the market for super-large size will encounter with new changes. If the Company's technology and products fail to respond to the demand of application field, wide polarizer products and applications are not developed as expected, or the intensification of market competition leads to the price decline of display products and the pressure of price reduction in the polarizer market, negative impacts will be caused inevitably on the Company.

Response measure: On the one hand, the Company builds the Line 7 project in an all-round way as planned, actively promotes the introduction of new product clients, enhances the bargaining power of products and stabilizes customers' confidence; On the other hand, the Company taps market potential, enhances market share, continuously enhances the yield of production lines and operation ratio, and improves the competitiveness of products to cope with market risks.

3. Risk of raw material

The core patents of polarizer terminal materials have high technical barriers and are basically monopolized by foreign manufacturers. Thus, patents are the main reason for limiting the localization of luminescent materials. Currently, the key raw materials for manufacturing polarizers, PVA film and TAC film, are basically monopolized by Japanese companies and the production line and production technology of upstream supporting raw materials are constrained by the Japanese side. Compared with the international manufacturer's complete industrial chain model from upstream raw materials to polarizers to display panels, the Company does not have the corresponding complete industrial support to play the role in industrial integration while the price of major membrane materials is affected by the supplier's production capacity, market demand and the yen exchange rate, which influences the unit cost of the Company's products.

Response measure: The company will further strengthen its independent intellectual property R&D, promote the introduction of low-cost raw materials, actively explore the import substitution of raw materials, while increasing operation ratio and maintaining a low level of production loss rate, maintaining production stability and continuity, and reducing production costs; If necessary, the company may choose to lock the forward exchange rate to avoid excessive exchange loss caused by the sharp fluctuation of exchange rate.

V. Important Events

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

1. Annual General Meeting

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
Annual General Meeting of 2018	Annual General Meeting	49.00%	June 26,2019	June 27,2019	Announcement No.2019-30 www.cninfo.com.cn

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

			Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.			
Commitment 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.	Commitments on horizontal competition, related transaction and capital occupation	Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance” when the company issued non-public stocks in 2009. Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may constitute direct or indirect competition with Shenzhen Textile; if the operations of Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual 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.	October 9, 2009	Sustained and effective	Under fulfillment
	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	The commitments during the period non-public issuance in 2012: 1. Shenzhen Investment Holdings, as the controlling shareholder of Shenzhen Textile, currently hasn't the production and business activities of inter-industry competition with Shenzhen Textile or its share-holding subsidiary. 2. Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights can't be directly and indirectly on behalf of any person, company or unit to engage in the same or similar business in any districts in the future by the form of share-holding, equity participation, joint venture, cooperation, partnership, contract, lease, etc., and ensure not to use the controlling shareholder's status to damage the legitimate rights and interests of Shenzhen Textile and other shareholders, or to gain the additional benefits. 3. If there will be the situation of inter-industry competition with Shenzhen Textile for Shenzhen Investment Holdings	July 14, 2012	Sustained and effective	Under fulfillment

			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.			
Equity incentive commitment	Shenzhen Textile(Holdings) Co., Ltd.	Other commitment	1.The company undertakes not to provide loans, loan guarantees, and any other forms of financial assistance to the incentive objects for obtaining the restricted stocks in the incentive plan; 2. The company undertakes that there is no circumstance that the stock incentive shall be prohibited as stipulated in the provisions of Article 7 of the “Measures for the Management of Stock Incentives of Listed Companies”.	November 27,2017	December 27,2017	Under Fullfillment
Other commitments made to minority shareholders						
Executed timely or not?	Yes					
If the commitments failed to complete the execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan	Not applicable					

IV. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

Yes Not

The semi-annual report was not audited.

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

Applicable Not applicable

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

Applicable Not applicable

VII. Bankruptcy and restructuring

Applicable Not applicable

No such cases in the reporting period.

VIII. Legal matters

Significant lawsuits or arbitrations

Applicable Not applicable

No such cases in the reporting period.

Other legal matters

Applicable Not applicable

IX. Punishments and rectifications

Applicable Not applicable

No such cases in the reporting period.

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

Applicable Not applicable

No such cases in the reporting period.

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

Applicable Not applicable

(I) Formulation of Restricted Stock Incentive Plan

On November 27, 2017, the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan (Draft) and summary and the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan was examined and approved in the 7th board meeting of the company's 7th session board of directors, and related proposals agreed to fulfill the relevant procedures and related proposals agreed to fulfill the relevant procedures

On December 11, 2017, the SASAC agreed in principle to implement the restricted stock incentive plan.

On December 14, 2017, the company held the third extraordinary shareholders' general meeting in 2017, which reviewed and approved the Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan (Draft) and summary and Proposal on the Company's Implementation Measures of Evaluation for the 2017 Restricted Stock Incentive Plan and other issues.

(II) Information on granting the restricted stock

On December 14, 2017, the company held the 8th meeting of the 7th Board of Directors, which reviewed and

approved the “Proposal on Adjusting the List of Incentive Objects and Granting Quantity of the 2017 Restricted Stock Incentive Plan” and the “Proposal on Granting the Restricted Stocks to Incentive Objects”. The restricted shares actually granted by this stock incentive plan totaled 4,752,300 shares, and 119 incentive objects were granted, with the granting price was 5.73 yuan per share.

On December 27, 2017, the company’s restricted stock completed the grant registration formalities at China Securities Depository and Clearing Corporation Shenzhen Branch.

(III) Implementation of restricted stocks

In view of the fact that the Company's performance appraisal in 2018 fails to meet the conditions for the first cancellation of the restricted stock incentive plan, and that three motivators leave their jobs for personal reasons, according to the relevant provisions of the company's Restricted Stock Incentive Plan in 2017, the Company will repurchase and cancel 116 restricted stocks held by the incentive objects that did not meet the conditions for lifting the restriction on sale in the first phase, totaling 1,877,720 shares, with a repurchase price of RMB 5.92 yuan/share; Repurchase the restricted shares that have been granted to three former motivators who resigned for personal reasons but have not yet been lifted on sale restrictions, totaling 58,000 shares at a repurchase price of RMB 5.73 per share. A total of 1,935,720 restricted shares have been granted but have not been lifted. After the cancellation of this repurchase, the total equity of the company will be reduced from 511,274,149 shares to 509,338,429 shares. The Company held the 19th meeting of the 7th Board of Directors on June 4, 2019, and held the 2018 Annual General Meeting of Shareholders on June 26, 2019, and reviewed and approved the Proposal on Repurchasing Partially Restricted Stocks. The details are shown in the Announcement on Repurchasing Partially Restricted Stocks Disclosed by the Company on June 5, 2019 and June 27, 2019 on <http://www.cninfo.com.cn> (2019-No. 27), the Announcement of Resolutions of the 2018 Annual General Meeting of Shareholders (2019-No. 30) and the Announcement on Reduction of Restricted Shares of Restricted Shares (2019-No. 31). This repurchase and cancellation will continue to be implemented in accordance with legal procedures.

XII. Material related transactions

1. Related transactions in connection with daily operation

√ Applicable □ Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade (ten thousand)	Ratio in similar trades	Trading limit approved (ten thousand)	Whether approved or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Purchase of products from	Selling polarizing film	Market Principle	Agreement price	5,847.93	9.67%	20,880	No	Transfer	5,847.93	April 27, 2019	http://www.cninfo.com.cn On April 27, 2019 (Announcement)

		related parties											No.2019-19)
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Sale of goods to related parties	Purchase of optical film products and relevant materials	Market Principle	Agreement price	7,910.83	12.58%	21,996	No	Transfer	7,910.83	April 27, 2019	http://www.cninfo.com.cn On April 27, 2019(Announcement No.2019-19)
Total				--	--	13,758.76	--	42,876	--	--	--	--	--
Details of any sales return of a large amount				Not applicable									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				Normal performance									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

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

Applicable Not applicable

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

3. Related-party transitions with joint investments

Applicable Not applicable

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

4. Credits and liabilities with related parties

Applicable Not applicable

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

Yes No

Due from related parties

Related parties	Relationship	Causes of formation	Does there exist non-operating on capital occupancy?	Opening balance (ten thousand)	Newly increased amount in the reporting period(ten thousand)	Amount recovered in the reporting period(ten thousand)	Interest rate	Interest in the reporting period(ten thousand)	Ending balance (ten thousand)

Shenzhen Dailishi Underwear Co., Ltd.	Sharing company	Contract fee	No	41.64	50	91.64			0
Anhui Huapeng Textile Co., Ltd.	Joint venture	Investment dividend	No	180					180
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Sale products	No	8,406.26	10,750.95	10,431.66			8,725.55
Shenzhen Tianma Microelectronics Co., Ltd.	The Chairman of the Company was Vice Chairman of the company	Sale products	No	89.44	85.11	127.18			47.37
Influence of the related rights of credit and liabilities upon the company's operation results and financial position	In the report period, Increase investment income of RMB 500,000..								

Due to related parties

Related parties	Relationship	Causes of formation	Opening balance(ten thousand)	Amount newly increased in the reporting period(ten thousand)	Amount repaid in the reporting period(ten thousand)	Interest rate	Interest in the reporting period(ten thousand)	Ending balance (ten thousand)
Kunshan Zhiqimei Materials Technology Co., Ltd.	Jingjiang Group's shareholding company	Purchase	1,740.57	6,381.71	5,194.18			2,928.1
Shenzhen Xinfang Knitting Co., Ltd.	Sharing company	Current amount	24.48					24.48
Shenzhen Changlianfa Printing & dyeing	Sharing company	Current amount	117.84					117.84

Co., Ltd.								
Shenzhen Haohao Property Leasing Co., Ltd	Sharing company	Current amount	445.45		90			355.45
Yehui International Co., Ltd.	Sharing company	Current amount	119.01	0.37				119.48
SAPO (HK) Co., Ltd.	Sharing company	Current amount	31.5					31.5
Shenzhen Shenchao Technology Investment Co., Ltd.	Controlled by the same party	Interest payable	3,720.54	55	3,775.54			0
Shenzhen Dailishi Underwear Co., Ltd.	Sharing company	Investment dividend	0	8.56				8.56
Influence of the related rights of credit and liabilities upon the company's operation results and financial position.	In the report period, Increase financial interest expense of RMB 550,000.							

5. Guarantee Provided by Related Parties

In February 2018, Jinjiang Group issued a guarantee letter to Shengbo Photoelectric Company, a subsidiary of the company, and made the following commitments on its proposed trade business carried out by Shengbo Photoelectric Company. If any problems (including but not limited to capital or other problems) arise in the course of trade transactions, the full responsibility of Jinjiang Group shall be borne by Jinjiang Group. In January 2019, Henan Fuxin Investment Co., Ltd. pledged 10% of its stake in Hualian Development Group Co., Ltd. to Shengbo Photoelectric in accordance with the company's requirements and coordinated by Jinjiang Group, in order to guarantee the performance of Shengbo Photoelectric's above-mentioned trade business creditor's rights.

As of July 26, 2019, the above-mentioned creditor's rights of related trade business have been fully recovered, and the 10% equity of Union Developing Group of China pledged by Henan Fuxin Investment Co., Ltd. has been cancelled and pledged.

6. Other significant related-party transactions

√ Applicable □ Not applicable

To ensure the construction progress of polarizer with TFT-LCD, SAPO, Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Development Bank, Shenzhen Branch, First Tower Sub-branch signed "Contract on Consigned Loan", of whose main content is: Shenzhen Shenchao Technology Investment Co., Ltd applied to the bank for 200 million RMB of construction of dedicated plant and auxiliary projects for polarizer with TFT-LCD for SAPO, The term of the loan is 108 months from the day when the first installment of entrusted

loan is transferred to the account of the Company. The interest rate of the entrusted loan is the rate of commercial loans with a term of 5 years quoted by People's Bank of China minus 2%. In case of adjustment of such commercial loan rate, the rate of commercial loans with a term of 5 years after adjustment minus 2% shall apply as interest rate of entrusted loan from the first day of the next month after the adjustment of basic interest rate. The term of the loan is 108 months from the day when the first installment of entrusted loan is transferred to the account of the Company. As of June 30,2019, The Company has returned all principal and interest payable on the above-mentioned entrusted loan with a balance of 0.

Website for temporary disclosure of the connected transaction

Announcement	Date of disclosure	Website for disclosure
Announcement of related Transactions	December 12,2009	http://www.cninfo.com.cn . Announcement No.2009-55
Announcement of Resolutions of the Second provisional shareholders' general meeting	December 30,2009	http://www.cninfo.com.cn . Announcement No.2009-57
Announcement of related Transactions progress	July 1,2010	http://www.cninfo.com.cn . Announcement No.2010-26

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

Applicable Not applicable

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

XIV. Significant contracts and execution

1.Entrustments, contracting and leasing

(1) Trusteeship

Applicable Not applicable

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

(2) Contract

Applicable Not applicable

No any contract for the Company in the reporting period.

(3) Lease

Applicable Not applicable

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

2.Guarantees

Applicable Not applicable

No such cases in the reporting period.

3. Other significant contract

Applicable Not applicable

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

membrane wastewater treatment process. The wastewater treatment system will be expanded with the project of line 6 in 2018 and put into use with the production equipment of line 6 in 2018. The equipment has the advantages of stable operation, low energy consumption, low maintenance cost, high degree of automation, good wastewater treatment effect and strong impact resistance. The waste water produced in the production process can meet the environmental protection requirements of standard discharge after being treated by waste water treatment facilities.

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

The Company complied with relevant environmental protection regulations at such three stages as project design, construction and operation and obtained environmental protection approvals needed at each corresponding stage including EIA report, EIA approval, environmental protection acceptance decision and emission permit among others.

Emergency Plan for Emergency Environmental Incidents

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

Environmental Self-Monitoring Program

Surveillance done subject to surveillance requirements made by the surveillance station and operation needs of all systems of SAPO, the specific monitoring programs are as follows: organic exhaust gas is 8 times per year (2 per quarter), wastewater discharge is 4 times per year (once per quarter), boiler exhaust gas is 2 times per year (once every six months), and canteen fume is 2 times per year (once every six months), the noise at the plant boundary is 2 times per year (once every six months).

Other Environmental Information That Should Be Disclosed

Nil

Other Environmental Related Information

Nil

2. Overview of the annual targeted poverty alleviation

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

XVI. Other material events

Applicable Not applicable

(I) Progress of Guanhua Building

On February 28, 2019, the Company and Qiaohui Textile Industrial Co., Ltd. respectively accounted for 50.16% and 49.84% of the equity interest in the buildings of Guanhua Building, and increased capital to Shenzhen Guanhua Printing & Dyeing Co., Ltd. based on the corresponding evaluation value of RMB 49.9351 million and RMB 41.9666 million of the buildings of Guanhua Building in order to improve the contribution obligation of shareholders of Shenzhen Guanhua Printing & Dyeing Co., Ltd. The Company signed the Shenzhen Guanhua Printing & Dyeing Co., Ltd. Capital Increase Agreement with Qiaohui Textile Industrial Co., Ltd. and Shenzhen Guanhua Printing and Dyeing Co., Ltd. After the completion of capital increase, Shenzhen Guanhua Printing & Dyeing Co., Ltd. is a enterprise jointly controlled by the Company and Qiaohui Textile Industrial Co., Ltd.

For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2019--07).

During the reporting period, Shenzhen Guanhua Printing & Dyeing Co., Ltd. has obtained the Real Property Registration Certificate of Guanhua Building, and has completed the registration procedures for the change of shareholding rights and the increase of registered capital; As the winning bidder determined by the first public lease of Guanhua Building gave up the lease qualification, Guanhua Building re-issued the public listing announcement on the Shenzhen United Property and Share Rights Exchange and determined the lessee in May 2019. Currently, Guanhua Building has completed the overall external lease, and has received a total of RMB 10.2032 million in rental deposit and first quarter rent from the lessee.

(II) Progress on the investment and construction of the ultra-large-size TV polarizer industrialization project (Line 7)

During the reporting period, the Line 7 project has completed the signing of contracts for extension machines, AGV, pressure sensitive adhesive coating machine, wastewater treatment equipment, earthworks and partial construction projects, some of which have completed payment in stages. The construction of Line 7 has commenced on April 18, 2019, and is currently in the stage of building foundation construction. As of June 30, 2019, the Line 7 project has actually paid RMB 42,292,250 (RMB 22,252,200 in raised funds, RMB 20,040,500 in private funds and government funds).

XVII. Material events of subsidiaries

√ Applicable □ Not applicable

(I) Progress of the commitment for the compensation in 2018 Annual Performance of the subsidiary, SAPO

In order to give full play to the advantages of the system and mechanism of mixed ownership, seize favorable market opportunities and achieve the goal of strengthening and enlarging the main optical film industries such as polarizer, the Company introduced a strategic investor, Jinjiang Group to sign the Cooperation Agreement at the level of SAPO at the end of 2016 and Jinjiang Group has made a three-year performance commitment to SAPO for the sake of achieving better results in the cooperation after the introduction of strategic investors (in 2017-2019). However, the cooperation effect is unsatisfactory. In 2018, SAPO realized a net profit of RMB 97,268,700, with a net profit margin of RMB 19,268,700 from the performance commitment, ie. RMB 100 million. Jinjiang Group needs to make up for the net profit margin by cash according to the Cooperation Agreement.

In view of Jinjiang Group's proposal to properly handle the issue of performance compensation through consultation based on the actual situation and fair and reasonable principle, Jinjiang Group temporarily fails to fulfill its performance commitment for compensation obligations under the Cooperation Agreement before the two sides reach an agreement. On April 27, 2019, the Company initiated negotiations with Jinjiang Group on compensation for employment performance commitments after the disclosure of the Annual Report of 2018 and agreed to negotiate a compensation plan for the performance commitment compensation and implement the corresponding decision-making procedures within three months from the date of disclosure of the Announcement on the Reply of the Shenzhen Stock Exchange's 2018 Annual Report Letter of Inquiry (2019-No. 23) by the company on May 29. If the two parties fail to reach an agreement within the agreed time, the Company will settle the performance commitment compensation by arbitration according to the regulation of the Cooperation Agreement.

As of the disclosure date of this report, although both parties have made active efforts to resolve the issue of performance commitment compensation, no consensus has been reached on the compensation plan. The company has formally sent a letter to urge Jinjiang Group to fulfill its 2018 annual performance commitment compensation obligation in accordance with the Cooperation Agreement, make up the difference of 197,268,700 RMB in cash

and reach a compensation plan before the expiration of the negotiation period.

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

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

For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2017--55).

On February 10, 2018, Changxing Junying Equity Investment Partnership completed the industrial and commercial registration and completed the private equity investment fund registration on February 8, 2018. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2018--05).

As of June 30, 2019, Changxing Junying had accumulated 3 investment projects with a total investment of RMB 42 million.

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

VI. Change of share capital and shareholding of Principal Shareholders

I. Changes in share capital

1. Changes in share capital

In shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1.Shares with conditional subscription	4,829,550	0.94%						4,829,550	0.94%
3.Other domestic shares	4,829,550	0.94%						4,829,550	0.94%
Domestic Nature shares	4,829,550	0.94%						4,829,550	0.94%
II.Shares with unconditional subscription	506,444,599	99.06%						506,444,599	99.06%
1.Common shares in RMB	457,016,599	89.39%						457,016,599	89.39%
2.Foreign shares in domestic market	49,428,000	9.67%						49,428,000	9.67%
III. Total of capital shares	511,274,149	100.00%						511,274,149	100.00%

Reasons for share changed

Applicable Not applicable

Approval of Change of Shares

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

On June 4, 2019, the 19th meeting of the 7th Board of Directors of the company deliberated and passed the Proposal on Repurchase and Cancellation of Some Restricted Stock; On June 26, 2019, the company's 2018 annual general meeting deliberated and passed the Proposal on Repurchase and Cancellation of Some Restricted

Stock. On June 27, 2019, the company issued the Announcement on Reduction of Capital on Repurchase and Cancellation of Some Restricted Stock (No.2019-31). The company will repurchase and cancel 116 restricted stocks held by the incentive objects that did not meet the conditions for lifting the restriction on sale in the first phase, totaling 1,877,720 shares, with a repurchase price of 5.92 yuan/share; Repurchase the restricted shares that have been granted to 3 former incentive objects who resigned for personal reasons but have not yet been lifted on sale restrictions, totaling 58,000 shares at a repurchase price of 5.73 yuan per share. A total of 1,935,720 restricted shares have been granted but have not been lifted. After the cancellation of this repurchase, the total equity of the company will be reduced from 511,274,149 shares to 509,338,429 shares.

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Change of shares with limited sales condition

Applicable Not applicable

II.Issuing and listing

Applicable Not applicable

III. Shareholders and shareholding

In Shares

Total number of common shareholders at the end of the reporting period	32,757		Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)	0				
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Investment	State-owned	45.78%	234,069,436	0	0	234,069,436		

Holdings Co., Ltd.	legal person							
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.15%	16,129,032	0	0	16,129,032		
Sun Huiming	Domestic Nature person	0.63%	3,224,767	32,000	0	3,224,767		
Zheng Junsheng	Domestic Nature person	0.59%	3,000,000	1,170,000	0	3,000,000		
Li Songqiang	Domestic Nature person	0.56%	2,873,078	0		2,873,078		
Chen Danzhen	Domestic Nature person	0.39%	2,013,001	2,013,001	0	2,013,001		
Kuang Guowei	Domestic Nature person	0.28%	1,453,600	-3,400	0	1,453,600		
Hong Fan	Domestic Nature person	0.27%	1,384,900	356,000	0	1,384,900		
Li Zengmao	Domestic Nature person	0.22%	1,136,700	97,900	0	1,136,700		
Zhu Ye	Domestic Nature person	0.22%	1,134,145	2,200	0	1,134,145		
Related or	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment							

acting-in-concert parties among shareholders above	Holding Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares and the top 10 shareholders or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Companies.		
Shareholding of top 10 shareholders of unrestricted shares			
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type	
		Share type	Quantity
Shenzhen Investment Holdings Co., Ltd.	234,069,436	Common shares in RMB	234,069,436
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	Common shares in RMB	16,129,032
Sun Huiming	3,224,767	Foreign shares in domestic market	3,224,767
Zheng Junsheng	3,000,000	Common shares in RMB	3,000,000
Li Songqiang	2,873,078	Common shares in RMB	2,873,078
Chen Danzhen	2,013,001	Common shares in RMB	2,013,001
Kuang Guowei	1,453,600	Common shares in RMB	1,453,600
Hong Fan	1,384,900	Common shares in RMB	1,384,900
Li Zengmao	1,136,700	Common shares in RMB	1,136,700
Zhu Ye	1,134,145	Common shares in RMB	1,134,145
Explanation on	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment		

associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	Holdings Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares and the top 10 shareholders or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Companies.
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	The Company Shareholder Li Songqiang holds 2,872,653 shares of the Company through stock account with credit transaction ; The Company Shareholder Hong Fan holds 56,000 shares of the Company through stock account with credit transaction. The Company Shareholder Zhu Ye holds 1,031,945 shares of the Company through stock account with credit transaction.

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

Yes No

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

IV. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Not Applicable

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

Change of the actual controller in the reporting period

Applicable Not applicable

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

VII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period

VIII. Information about Directors, Supervisors and Senior Executives

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

Applicable Not applicable

There was no change in shareholding of directors, supervisors and senior management staffs, for the specific information please refer to the 2018 Annual Report.

II. Changes in directors, supervisors and senior management staffs

Applicable Not applicable

Name	Title	Type	Date	Reason
Zou Zhiwei	Supervisor	Dismission	March 15,2019	Job Change
Li Lei	Supervisor	Elected	June 26,2019	Add

IX. Corporate Bond

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

No

X. Financial Report

1. Audit report

Has this semi-annual report been audited?

Yes No

The semi-annual financial report has not been audited.

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

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

In RMB

Items	June 30,2019	December 31,2018
Current asset :		
Monetary fund	419,227,198.60	1,141,759,374.60
Settlement provision		
Outgoing call loan		
Transactional financial assets	760,000,000.00	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	31,079,249.92	886,432.06
Account receivable	497,053,241.57	528,454,015.59
Financing of receivables		
Prepayments	134,533,314.88	229,028,791.15
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	14,566,106.22	14,846,896.50
Including: Interest receivable	7,067,282.69	5,589,704.44

Dividend receivable		
Repurchasing of financial assets		
Inventories	515,163,535.57	439,752,718.77
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset	89,787,160.89	639,797,959.30
Total of current assets	2,461,409,807.65	2,994,526,187.97
Non-current assets :		
Loans and payment on other's behalf disbursed		
Debt investment		
Available for sale of financial assets		45,373,784.87
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	163,733,127.58	32,952,085.66
Other equity instruments investment	242,767,132.26	
Other non-current financial assets		
Property investment	116,195,160.90	167,997,941.98
Fixed assets	934,236,253.12	987,876,247.55
Construction in progress	94,993,015.59	15,621,286.64
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	37,191,323.92	37,880,815.85
Development expenses		
Goodwill		
Long-germ expenses to be amortized	2,575,143.27	1,486,209.03
Deferred income tax asset	5,687,946.62	6,036,198.23
Other non-current asset	325,607,867.83	329,452,659.01
Total of non-current assets	1,922,986,971.09	1,624,677,228.82
Total of assets	4,384,396,778.74	4,619,203,416.79
Current liabilities		

Short-term loans	50,837,730.76	411,522,111.40
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	247,726,900.23	180,239,452.90
Advance receipts	25,426,190.80	120,702,951.37
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	24,381,210.07	32,506,267.08
Tax payable	16,505,455.32	7,745,128.99
Other account payable	171,137,964.42	229,015,279.98
Including: Interest payable	435,029.66	39,044,044.39
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Contract Liabilities		
Liabilities held for sales		
Non-current liability due within 1 year		40,000,000.00
Other current liability		
Total of current liability	536,015,451.60	1,021,731,191.72
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan		
Bond payable		
Including: preferred stock		

Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	129,416,766.89	137,991,698.33
Deferred income tax liability	66,021,500.49	
Other non-current liabilities		
Total non-current liabilities	195,438,267.38	137,991,698.33
Total of liability	731,453,718.98	1,159,722,890.05
Owners' equity		
Share capital	511,274,149.00	511,274,149.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,865,716,983.63	1,865,716,983.63
Less: Shares in stock	27,230,679.00	27,230,679.00
Other comprehensive income	200,771,588.45	1,339,208.41
Special reserve		
Surplus reserves	80,004,803.23	80,004,803.23
Common risk provision		
Retained profit	-49,942,185.43	-57,774,473.41
Total of owner's equity belong to the parent company	2,580,594,659.88	2,373,329,991.86
Minority shareholders' equity	1,072,348,399.88	1,086,150,534.88
Total of owners' equity	3,652,943,059.76	3,459,480,526.74
Total of liabilities and owners' equity	4,384,396,778.74	4,619,203,416.79

Legal Representative: Zhu Jun

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

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

2. Balance sheet of Parent Company

I n RMB

Items	June 30,2019	December 31,2018
Current asset :		
Monetary fund	29,536,528.73	85,416,567.74
Transactional financial assets	560,000,000.00	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable		
Account receivable	564,306.46	541,948.21
Financing of receivables		
Prepayments	79,766.67	17,436.00
Other account receivable	15,141,009.58	13,856,382.02
Including: Interest receivable	6,737,221.93	4,974,799.47
Dividend receivable		
Inventories		
Contract assets		
Assets held for sales		
Non-current asset due within 1 year		
Other current asset		500,000,000.00
Total of current assets	605,321,611.44	599,832,333.97
Non-current assets:		
Debt investment		
Available for sale of financial assets		15,373,784.87
Other investment on bonds		
Expired investment in possess		
Long-term receivable		
Long term share equity investment	2,115,956,894.19	1,997,175,852.27
Other equity instruments investment	200,802,141.09	
Other non-current financial assets		
Property investment	109,525,380.61	161,053,628.71
Fixed assets	25,697,052.23	26,565,399.91

Construction in progress		
Production physical assets		
Oil & gas assets		
Use right assets		
Intangible assets	828,074.07	1,012,374.75
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	5,337,909.60	5,818,069.48
Other non-current asset		
Total of non-current assets	2,458,147,451.79	2,206,999,109.99
Total of assets	3,063,469,063.23	2,806,831,443.96
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	411,743.57	411,743.57
Advance receipts	639,024.58	639,024.58
Contract Liabilities		
Employees' wage payable	6,742,670.44	9,760,306.51
Tax payable	13,229,303.02	5,494,627.33
Other account payable	115,538,060.57	141,746,352.67
Including: Interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liability due within 1 year		
Other current liability		
Total of current liability	136,560,802.18	158,052,054.66
Non-current liabilities:		
Long-term loan		

Bond payable		
Including: preferred stock		
Sustainable debt		
Lease liability		
Long-term payable		
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	650,000.00	700,000.00
Deferred income tax liability	63,030,252.70	
Other non-current liabilities		
Total non-current liabilities	63,680,252.70	700,000.00
Total of liability	200,241,054.88	158,752,054.66
Owners' equity		
Share capital	511,274,149.00	511,274,149.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	1,599,025,454.96	1,599,025,454.96
Less: Shares in stock	27,230,679.00	27,230,679.00
Other comprehensive income	191,797,845.07	1,339,208.41
Special reserve		
Surplus reserves	80,004,803.23	80,004,803.23
Retained profit	508,356,435.09	483,666,452.70
Total of owners' equity	2,863,228,008.35	2,648,079,389.30
Total of liabilities and owners' equity	3,063,469,063.23	2,806,831,443.96

3.Consolidated Income Statement

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I. Income from the key business	1,008,863,295.50	474,262,408.57
Incl: Business income	1,008,863,295.50	474,262,408.57
Interest income		
Insurance fee earned		

Fee and commission received		
II. Total business cost	1,013,198,391.97	481,289,557.87
Incl: Business cost	940,587,510.73	415,092,958.33
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	3,897,496.78	3,840,556.12
Sales expense	7,369,804.52	3,780,411.53
Administrative expense	42,901,879.68	41,239,119.73
R & D expense	19,172,388.20	21,189,099.82
Financial expenses	-730,687.94	-3,852,587.66
Including: Interest expense	3,783,883.97	3,428,083.94
Interest income	-15,744,104.66	-13,277,267.58
Add: Other income	11,035,139.06	5,812,167.76
Investment gain (“-”for loss)	-206,057.55	28,552,710.15
Including: investment gains from affiliates	-1,114,057.55	616,945.67
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	2,333,764.98	
Impairment loss of assets	-21,259,451.35	-17,394,332.04
Assets disposal income	12,236,686.25	
III. Operational profit (“-”for loss)	-195,015.08	9,943,396.57
Add : Non-operational income	4,247,261.65	89,905.17
Less: Non-operating expense	6,092.62	153,338.08
IV. Total profit (“-”for loss)	4,046,153.95	9,879,963.66
Less: Income tax expenses	9,773,007.83	5,321,864.53
V. Net profit	-5,726,853.88	4,558,099.13

(I) Classification by business continuity		
1.Net continuing operating profit	-5,726,853.88	4,558,099.13
2.Termination of operating net profit		
(II) Classification by ownership		
1.Net profit attributable to the owners of parent company	7,832,287.98	9,646,976.15
2.Minority shareholders' equity	-13,559,141.86	-5,088,877.02
VI. Net after-tax of other comprehensive income	52,056,251.94	-389,767.67
Net of profit of other comprehensive income attributable to owners of the parent company.	52,056,251.94	-389,767.67
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	51,249,010.40	
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	51,249,010.40	
4. Changes in the fair value of the company's credit risks		
5.Other		
(II) Other comprehensive income that will be reclassified into profit or loss.	807,241.54	-389,767.67
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3.Gains and losses from changes in fair v		-510,116.82

alue available for sale financial assets		
4. Other comprehensive income arising from the reclassification of financial assets		
5.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8. Translation differences in currency financial statements	807,241.54	120,349.15
9.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	46,329,398.06	4,168,331.46
Total comprehensive income attributable to the owner of the parent company	59,888,539.92	9,257,208.48
Total comprehensive income attributable minority shareholders	-13,559,141.86	-5,088,877.02
VIII. Earnings per share		
(I) Basic earnings per share	0.0153	0.0190
(II)Diluted earnings per share	0.0153	0.0190

Legal Representative: Zhu Jun

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

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

4. Income statement of the Parent Company

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I. Income from the key business	34,593,508.28	33,343,899.42
Incl: Business cost	5,929,735.08	6,934,259.58

Business tax and surcharge	1,412,933.65	1,458,413.46
Sales expense		
Administrative expense	16,206,040.37	14,436,569.89
R & D expense		
Financial expenses	-10,132,086.89	-7,833,271.26
Including: Interest expenses		
Interest income	-9,924,921.96	-7,845,669.84
Add: Other income	50,000.00	50,000.00
Investment gain (“-”for loss)	-206,057.55	1,191,719.82
Including: investment gains from affiliates	-1,114,057.55	616,945.67
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	23,970.35	
Impairment loss of assets		-365,826.86
Assets disposal income	12,301,144.92	
II. Operational profit (“-”for loss)	33,345,943.79	19,223,820.71
Add : Non-operational income		79,604.02
Less: Non -operational expenses		
III. Total profit (“-”for loss)	33,345,943.79	19,303,424.73
Less: Income tax expenses	8,655,961.40	4,209,259.73
IV. Net profit	24,689,982.39	15,094,165.00
1.Net continuing operating profit	24,689,982.39	15,094,165.00
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	52,056,251.94	-389,767.67
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	51,249,010.40	
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under th		

e equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	51,249,010.40	
4. Changes in the fair value of the company's credit risks		
5.Other		
(II) Other comprehensive income that will be reclassified into profit or loss.	807,241.54	-389,767.67
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Changes in the fair value of investments in other debt obligations		
3. Gains and losses from changes in fair value available for sale financial assets		-510,116.82
4. Other comprehensive income arising from the reclassification of financial assets		
5.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
6. Allowance for credit impairments in investments in other debt obligations		
7. Reserve for cash flow hedges		
8. Translation differences in currency financial statements	807,241.54	120,349.15
9.Other		
VI. Total comprehensive income	76,746,234.33	14,704,397.33
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	999,946,160.35	510,486,141.19
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned	9,977,371.04	24,120,883.81
Other cash received from business operation	29,115,913.92	26,160,799.70
Sub-total of cash inflow	1,039,039,445.31	560,767,824.70
Cash paid for purchasing of merchandise and services	884,541,697.70	560,096,998.00
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		

Cash paid to staffs or paid for staffs	82,695,671.17	76,371,093.88
Taxes paid	15,981,651.90	27,570,325.99
Other cash paid for business activities	31,994,062.19	25,580,296.27
Sub-total of cash outflow from business activities	1,015,213,082.96	689,618,714.14
Net cash generated from /used in operating activities	23,826,362.35	-128,850,889.44
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment gains	2,513,730.75	1,673,214.15
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	6,200.00	26,597.81
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	620,264,450.94	1,903,828,974.66
Sub-total of cash inflow due to investment activities	622,784,381.69	1,905,528,786.62
Cash paid for construction of fixed assets, intangible assets and other long-term assets	88,061,134.28	156,659,802.66
Cash paid as investment		
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units	0.00	
Other cash paid for investment activities	985,495,790.87	1,830,500,000.00
Sub-total of cash outflow due to investment activities	1,073,556,925.15	1,987,159,802.66
Net cash flow generated by investment	-450,772,543.46	-81,631,016.04
III.Cash flow generated by financing		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	81,566,681.47	275,474,786.49
Cash received from bond placing		

Other financing –related cash received		
Sub-total of cash inflow from financing activities	81,566,681.47	275,474,786.49
Cash to repay debts	479,551,062.11	209,562,972.59
Cash paid as dividend, profit, or interests	42,197,297.00	1,439,654.15
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	11,448,442.40	
Sub-total of cash outflow due to financing activities	533,196,801.51	211,002,626.74
Net cash flow generated by financing	-451,630,120.04	64,472,159.75
IV. Influence of exchange rate alternation on cash and cash equivalents	548,334.28	-494,599.74
V.Net increase of cash and cash equivalents	-878,027,966.87	-146,504,345.47
Add: balance of cash and cash equivalents at the beginning of term	1,133,574,235.22	1,161,240,139.33
VI ..Balance of cash and cash equivalents at the end of term	255,546,268.35	1,014,735,793.86

6. Cash flow statement of the Parent Company

In RMB

Items	Semi-annual of 2019	Semi-annual of 2018
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	35,598,741.25	34,341,479.70
Tax returned		
Other cash received from business operation	4,798,306.72	6,186,752.60
Sub-total of cash inflow	40,397,047.97	40,528,232.30
Cash paid for purchasing of merchandise and services	1,795,145.94	2,734,504.18
Cash paid to staffs or paid for staffs	11,643,989.59	10,002,845.66
Taxes paid	10,101,259.32	7,067,139.21
Other cash paid for business activities	24,376,996.84	12,230,536.71
Sub-total of cash outflow from business	47,917,391.69	32,035,025.76

activities		
Net cash generated from /used in operating activities	-7,520,343.72	8,493,206.54
II. Cash flow generated by investing		
Cash received from investment retrieving	12,000,000.00	
Cash received as investment gains	2,513,730.75	1,673,214.15
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		24,597.81
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	8,629,426.36	763,589.50
Sub-total of cash inflow due to investment activities	23,143,157.11	2,461,401.46
Cash paid for construction of fixed assets, intangible assets and other long-term assets	54,410.00	1,545,005.70
Cash paid as investment		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	60,000,000.00	40,000,000.00
Sub-total of cash outflow due to investment activities	60,054,410.00	41,545,005.70
Net cash flow generated by investment	-36,911,252.89	-39,083,604.24
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans		
Cash received from bond placing		
Other financing –related ash received		
Sub-total of cash inflow from financing activities		
Cash to repay debts		
Cash paid as dividend, profit, or interests		
Other cash paid for financing activities	11,448,442.40	

Sub-total of cash outflow due to financing activities	11,448,442.40	
Net cash flow generated by financing	-11,448,442.40	
IV. Influence of exchange rate alternation on cash and cash equivalents		
V.Net increase of cash and cash equivalents	-55,880,039.01	-30,590,397.70
Add: balance of cash and cash equivalents at the beginning of term	85,416,567.74	413,700,327.95
VI ..Balance of cash and cash equivalents at the end of term	29,536,528.73	383,109,930.25

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Semi-annual of 2019														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surpluses reserves	Comm on risk provisi on	Retain ed profit	Other	Subtot al		
		prefe rred stock	Susta inabl e debt	Other											
I.Balance at the end of last year	511,274,149.00				1,865,716,983.63	27,230,679.00	1,339,208.41		80,004,803.23		-57,774,473.41		2,373,329,991.86	1,086,150,534.88	3,459,480,526.74
Add: Change of accounting policy							147,376,128.10						147,376,128.10		147,376,128.10
Correcting of previous errors															
Merger of entities under common control															
Other															
II.Balance at the beginning of current year	511,274,149.00				1,865,716,983.63	27,230,679.00	148,715,336.51		80,004,803.23		-57,774,473.41		2,520,706,119.96	1,086,150,534.88	3,606,856,654.84

III.Changed in the current year						52,056,251.94				7,832,287.98		59,888,539.92	-13,802,135.00	46,086,404.92
(1) Total comprehensive income						52,056,251.94				7,832,287.98		59,888,539.92	-13,802,135.00	46,086,404.92
(II)Investment or decreasing of capital by owners														
1. Ordinary Shares invested by shareholders														
2. Holders of other equity instruments invested capital														
3. Amount of shares paid and accounted as owners' equity														
4. Other														
(III) Profit allotment														
1.Providing of surplus reserves														
2.Providing of common risk provisions														
3. Allotment to the owners (or shareholders)														
4. Other														
(IV) Internal transferring of owners' equity														
1. Capitalizing of capital reserves (or to capital shares)														

		stock	e			Incom								
		debt				e								
I.Balance at the end of last year	511,274,149.00				1,866,001,475.17	27,230,679.00	2,218,703.87		77,477,042.19		-32,266,087.44	2,397,474,603.79	1,125,544,525.79	3,523,019,129.58
Add: Change of accounting policy														
Correcting of previous errors														
Merger of entities under common control														
Other														
II.Balance at the beginning of current year	511,274,149.00				1,866,001,475.17	27,230,679.00	2,218,703.87		77,477,042.19		-32,266,087.44	2,397,474,603.79	1,125,544,525.79	3,523,019,129.58
III.Changed in the current year					3,451,194.00		-389,767.67				9,646,976.15	12,708,402.48	-4,263,001.02	8,445,401.46
(1) Total comprehensive income							-389,767.67				9,646,976.15	9,257,208.48	-4,263,001.02	4,994,207.46
(II) Investment or decreasing of capital by owners					3,451,194.00							3,451,194.00		3,451,194.00
1. Ordinary Shares invested by shareholders														
2. Holders of other equity instruments invested capital														
3. Amount of shares paid and accounted as owners' equity					3,451,194.00							3,451,194.00		3,451,194.00

4. Other															
(III) Profit allotment															
1.Providing of surplus reserves															
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)															
4. Other															
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4.Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															

(II) Investment or decreasing of capital by owners												
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other												
(III) Profit allotment												
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)												
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4.Change amount of												

defined benefit plans that carry forward												
Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	511,274,149.00				1,599,025,454.96	27,230,679.00	191,797,845.07		80,004,803.23	508,356,435.09		2,863,228,008.35

Amount in last year

In RMB

Items	Semi-annual of 2018											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	511,274,149.00				1,599,381,854.96	27,230,679.00	2,218,703.87		77,477,042.19	460,916,603.36		2,624,037,674.38
Add: Change of accounting policy												
Correcting of previous errors												
Other												

II. Balance at the beginning of current year	511,274,149.00				1,599,381,854.96	27,230,679.00	2,218,703.87		77,477,042.19	460,916,603.36		2,624,037,674.38
III.Changed in the current year					4,277,070.00		-389,767.67			15,094,165.00		18,981,467.33
(I) Total comprehensive income							-389,767.67			15,094,165.00		14,704,397.33
(II) Investment or decreasing of capital by owners					4,277,070.00							4,277,070.00
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity					4,277,070.00							4,277,070.00
4. Other												
(III) Profit allotment												
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)												
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing												

of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4.Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other												
IV. Balance at the end of this term	511,274,149.00				1,603,658,924.96	27,230,679.00	1,828,936.20		77,477,042.19	476,010,768.36		2,643,019,141.71

III. Basic Information of the Company

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

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

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

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

3. Approval of the financial statements reported

The financial statements have been authorized for issuance of the 20th meeting of the Seventh Board of Directors of the Group on August 19, 2019.

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

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

IV. Basis for the preparation of financial statements

(1) Basis for the preparation

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

(2) Continuation

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

V. Important accounting policies and estimations

Specific accounting policies and accounting estimates tips:

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

1. Statement on complying with corporate accounting standards

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

2.Fiscal Year

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

3. Operating cycle

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

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

4. Accounting standard money

The Company takes RMB as the standard currency for bookkeeping.

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

(1) Enterprise merger under same control:

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

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

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

Accounting Treatment of the Consolidated Financial Statements:

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

(2) Business combination involving entities not under common control

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

acquirer effectively obtains control of the acquiree.

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

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

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

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

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

6. Preparation of the consolidated financial statements

(1) The scope of consolidation

The scope of consolidation for the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its

operating activities. The relevant events refer to the activities that have significant influence on the return to the invested party. In accordance with the specific conditions, the relevant events of the invested party should conclude the sale and purchase of goods and services, the management of the financial assets, the purchase and disposal of the assets, the research and development activities, the financing activities and so on.

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

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

(2) Preparation of the consolidated financial statements.

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

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

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

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

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

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

When the Company loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. Other comprehensive income related to the former subsidiary's equity investment, using the foundation and the acquiree directly related to the disposal of the same assets or liabilities

are accounted when the control is lost (ie, in addition to the former subsidiary is remeasured at the net defined benefit plan or changes in net assets and liabilities resulting from, the rest are transferred to the current investment income). The retained interest is subsequently measured according to the rules stipulated in the - “Chinese Accounting Standards for Business Enterprises No.2 - Long-term equity investment” or “Chinese Accounting Standards for Business Enterprises No.22 - Determination and measurement of financial instruments”.

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

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

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

(1) Joint arrangement

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

(2) Co-operation accounting treatment

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

- A. Confirm individual assets and common assets held based on shareholdings;
- B. Confirm individual liabilities and shared liabilities held based on shareholdings;
- C. Confirm the income from the sales revenue of co-operate business output
- D. Confirm the income from the sales of the co-operate business output based on shareholdings;
- E. Confirm the individual expenditure and co-operate business cost based on shareholdings.

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

8. Recognition Standard of Cash & Cash Equivalents

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

9. Foreign Currency Transaction

(1) Foreign Currency Transaction

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

(2) Translation Method of Foreign Currency Financial Statement

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

10. Financial instruments

Financial instruments refer to contracts that form financial assets of one party and financial liabilities or equity instruments of other parties.

1. Confirmation and termination of financial instruments

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

Confirmation of financial instruments is terminated when financial assets satisfy one of the following conditions:

- (1) The contractual right to receive cash flow from the financial asset is terminated;
- (2) The financial asset has been transferred and the following conditions for derecognition of financial asset transfer are met.

When all or part of the current obligations of financial liabilities has been removed, confirmation of the financial instruments or part of it should be terminated. When the Company (the debtor) and the creditors sign agreements to take on new ways to replace the existing financial liabilities with new financial liabilities and the contract terms of existing financial liabilities and new financial liabilities are different in essence, derecognize the current financial liabilities and recognize the new financial liabilities. If the Company substantially amends the

contract terms of the original financial liabilities (or part thereof), it shall terminate the confirmation of the original financial liabilities and at the same time confirm a new financial liabilities in accordance with the revised terms.

2. Classification and measurement of financial assets

At the time of initial recognition, the financial assets of the Company are classified into financial assets measured by amortized cost, financial assets measured by fair value and whose changes are included in other comprehensive income, and financial assets measured by fair value and whose changes are included in current profits and losses according to the company's business mode of managing financial assets and the contractual cash flow characteristics of financial assets.

The initial measurement of financial assets is calculated by using fair value. For financial assets measured at fair value, whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets, relevant transaction costs are included in the initial recognition amount.

(1) Financial assets measured in amortized cost

Financial assets of the Company that meet the following conditions at the same time are classified as financial assets measured in amortized cost: 1) The business mode for managing the financial assets is aimed at collecting the contract cash flow; 2) The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the interest income recognized according to the effective interest rate method is subsequently measured according to the amortized cost, and the gains or losses arising from amortization or impairment are included in the current profits and losses.

(2) Financial assets measured at fair value and whose changes are included in other comprehensive income

Financial assets of the Company that meet the following conditions at the same time are classified as financial assets measured at fair value and whose changes are included in other comprehensive income: 1) The business mode for managing the financial assets is aimed at both collecting the contractual cash flow and selling the financial assets; 2) The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal.

At the time of initial recognition, the company may designate non-trading equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income, list them as other equity instrument investments, and recognize dividend income when the conditions are met (once the designation is made, it shall not be revoked). Dividend income related to such financial assets is included in current profits and losses, and changes in fair value are included in other comprehensive income. When the financial asset ceases to be recognized, the accumulated gains or losses previously included in other comprehensive gains shall be transferred into retained income from other comprehensive income, and not be included in current profit and loss.

(3) Financial assets measured at fair value and whose changes are included in current profits and losses

The Company classifies the above-mentioned financial assets measured at amortized cost and the financial assets other than those measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profits and losses, and lists them as transactional financial assets. In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the company designates some financial assets as financial assets measured at fair value and whose changes are included in the current profits and losses (once the designation is made, it cannot be revoked). In regard with such financial assets, the Company adopts fair value for subsequent measurement, and

includes changes in fair value into current profits and losses.

3. Classification and measurement of financial liabilities

The Company's financial liabilities are classified into: financial liabilities measured at amortized cost and financial liabilities measured at fair value with changes recorded in current profits and losses upon initial recognition. Financial liabilities are measured at fair value upon initial recognition. For financial liabilities measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses, and relevant transaction costs for other financial liabilities are included in their initial recognition amount.

(1) Financial liabilities measured in amortized cost

Except for the following items, the Company classifies financial liabilities as financial liabilities measured in amortized cost: 1) Financial liabilities measured at fair value and whose changes are included in current profits and losses; 2) Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets; 3) Financial guarantee contracts that do not belong to the first two types of situations, and loan commitments that do not belong to the first type of situations with loan at a interest rate lower than market.

For such financial liabilities, the real interest rate method is adopted and the subsequent measurement is carried out according to amortized cost. When derecognition is terminated, the difference between the consideration paid and the book value of the financial liability shall be included in the current profits and losses.

(2) Financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period

Such financial liabilities include: transactional financial liabilities and financial liabilities designated to be measured at fair value at the time of initial recognition and whose changes are included in current profits and losses. Subsequent measurement of such financial liabilities shall be based on fair value, and the gains or losses incurred from the changes of fair value, as well as the dividend and interest expenses related to such financial liabilities would be included in current profits and losses.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value at the time of initial measurement and whose changes are included in current profits and losses: 1) The designation can eliminate or significantly reduce accounting mismatch; 2) According to the company's risk management or investment strategy stated in official written documents, manage and evaluate the financial liability portfolio or the combination of financial assets and financial liabilities on the basis of fair value, and report to key management personnel within the company on this basis; 3) The financial liability includes embedded derivatives that need to be split separately.

4. Fair value of financial instruments

The fair value of financial assets or financial liabilities with active markets shall be determined based on quotations from active markets; Quotations in active markets include quotations for related assets or liabilities that can be easily and regularly obtained from exchanges, dealers, brokers, industry groups, pricing agencies or regulatory agencies, and can represent actual and frequent market transactions on the basis of fair trading.

The fair value of financial assets or financial liabilities that do not exist in an active market shall be determined by valuation techniques. In valuation, the Company adopts valuation techniques that are applicable in the current situation and supported by sufficient data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and give priority to the use of relevant observable input values as far as possible. If the relevant observable input value cannot be obtained or is not feasible, the unobservable input value shall be used.

5. Transfer of financial assets

If the company has transferred almost all risks and rewards in the ownership of the financial asset to the transferee, the confirmation of the financial asset shall be terminated; If almost all risks and rewards on the ownership of a financial asset are retained, the financial asset shall continue to be recognized.

If the Company neither transfers nor retains almost all risks and rewards in the ownership of financial assets, it shall be handled according to the following situations respectively: (1) If the control over the financial assets is not retained, the recognition of the financial assets shall be terminated, and the rights and obligations arising from or retained in the transfer shall be separately recognized as assets or liabilities; (2) If the control over the financial asset is retained, the relevant financial asset shall continue to be recognized according to the extent that it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly. The extent to which the company continues to be involved in the transferred financial assets refers to the extent to which the company bears the risks or rewards of changes in the value of the transferred financial assets.

In judging whether the financial asset transfer meets above financial asset derecognition conditions, the principle of substance surpassing form is adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer. If overall transfer of financial assets meets the derecognition conditions, the difference between the following two amounts will be accounted into current profits or losses:

(1) Book value of the transferred financial assets;

(2) The sum of the consideration received due to the transfer and the accumulated amount of changes in the fair value which is originally accounted in the owner's equity (in case the financial asset related to the transfer is the financial asset available for sale)

Where the partial transfer of the financial assets meets the derecognition condition, the entire book value of the transferred financial assets shall be respectively amortized at the relative fair values of the part derecognized and the part not derecognized, and the difference between the following two items is accounted in profits and losses of current period:

(1) Book value of the derecognised part;

(2) The sum of the derecognised part and the amount corresponding to the derecognized part in the accumulated amount of changes in the fair value previously recognized directly in the owner's equity (in case of the financial assets involved in the transfer are available-for-sale financial assets). Where the transfer of the financial assets does not meet the derecognition condition, such financial assets is recognized continuously, and the received consideration is recognized as a financial liability.

6. Provision for impairment of financial assets (excluding receivables)

Based on the expected credit losses, the Company evaluates the expected credit losses of financial assets measured in amortized cost and financial assets measured at fair value and whose changes are included in other comprehensive income, conducts impairment accounting and confirms the loss reserve. Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between the cash flow of all contracts discounted according to the original real interest rate and the expected cash flow of all contracts receivable according to the contract, that is, the present value of all cash shortages.

When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information: (1) Major financial difficulties of the issuer or debtor; (2) The debtor violates the contract, such as default or overdue payment of interest or principal, etc.; (3) Creditors give

concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties; (4) The debtor is likely to go bankrupt or undergo other financial reorganization; (5) The financial difficulties of the issuer or debtor lead to the disappearance of the active market of the financial asset; (6) A financial asset is purchased or generated at a substantial discount, which reflects the fact that credit losses have occurred. Credit impairment of financial assets may be caused by the combined action of multiple events, and may not be caused by separately identifiable events.

On each balance sheet date, the Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial confirmation, it is in the first stage. The Company measures the loss reserve according to the expected credit loss in the next 12 months; If the credit risk of a financial instrument has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage. The Company measures the loss reserve according to the expected credit loss of the instrument throughout the duration; If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures the loss reserve according to the expected credit loss of the instrument throughout the duration.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since the initial confirmation, and measures the loss reserve according to the expected credit loss in the next 12 months. For financial instruments in the first and second stages and with low credit risk, the Company calculates interest income based on the book balance before deducting impairment provisions and the actual interest rate. For financial instruments in the third stage, the interest income shall be calculated according to their book balance minus the amortized cost after impairment provision and the actual interest rate.

7. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are listed separately in the balance sheet without offsetting each other. However, if the following conditions are met at the same time, the net amount after offset shall be listed in the balance sheet: (1) The company has the legal right to offset the confirmed amount, and such legal right is currently enforceable; (2) The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

11. Notes receivable

For bills receivable, regardless of whether they contain significant financing components, the company always measures its loss reserves according to the amount equivalent to the expected credit loss during the whole duration. The increase or reversal amount of loss reserves thus formed shall be included in the current profits and losses as impairment losses or profits.

The Company only uses bank acceptance bills for settlement, and the management evaluates this category of money as with lower credit risk. If there is objective evidence that a certain bill receivable has suffered credit impairment, the Company will make bad debt provision for the bill receivable and confirm the expected credit loss.

12. Account receivable

The Company shall make provision for bad debts according to the expected credit loss amount of accounts receivable during the whole duration.

For accounts receivable with similar credit risk characteristics, the company combines them according to the

aging status. According to historical experience, the expected loss rate of such combined accounts receivable during the whole duration is estimated as follows:

Aging	Expected loss rate of accounts receivable (%)
Within 1 year (Including 1 year)	5.00
1-2 years	10.00
2-3 years	30.00
Over 3 years	50.00

If there is objective evidence that a certain account receivable has suffered credit impairment, the Company will make bad debt provision for the account receivable and confirm the expected credit loss. Accounts receivable with an amount of more than 1 million are classified as accounts receivable with significant single amount and provision for bad debts separately, while accounts receivable with no more than 1 million are classified as accounts receivable with insignificant single amount and provision for bad debts separately.

13. Receivable financing

14. Other account receivable

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

For other receivables, regardless of whether with any significant financing component, the Company considers all reasonable and reliable information, including forward-looking information, estimates the expected credit loss of other receivables in a single or combined manner, and adopts a simplified model of expected credit loss, and always measures the loss reserve according to the expected credit loss throughout the duration. The accrual method is as follows:

1. At the end of the period, other receivables that have objective evidence of impairment are individually tested for impairment, and impairment losses are recognized and provision for bad debts is made according to the difference between the present value of expected future cash flows and their book values.

2. When a single other receivable cannot evaluate the expected credit loss at a reasonable cost, the Company divides other receivable portfolios according to the credit risk characteristics and calculates the expected credit loss on the basis of the portfolios. Aging usually reflects the credit risk status of other receivables. The larger the aging, the greater the credit risk in general. According to historical experience, the expected loss rate of other receivables with different aging status during the entire duration is estimated as follows:

Aging	Expected loss rate of other accounts receivable (%)
Within 1 year (Including 1 year)	5.00
1-2 years	10.00
2-3 years	30.00
Over 3 years	50.00

15. Inventories

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

No

1. Inventories class

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

2. Valuation method of inventory issued

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

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

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

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

4. Inventory System

Adopts the Perpetual Inventory System

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

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

16. Contract assets

Not applicable

17. Contract cost

Not applicable

18.Held-for-sale assets

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

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

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

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

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

19.Creditor's rights investment

Not applicable

20. Other Creditor's rights investment

Not applicable

21.Long-term account receivable

Not applicable

22.Long-term equity investments

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

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

1. Determination of Investment cost

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

All expenses incurred directly associated with the acquisition by the acquirer, including expenditure of audit, legal services, valuation and consultancy and other administrative expenses, are recognised in profit or loss for the period during which the acquisition occurs. For the merger of enterprises not under the same control through

gaining the shares of the combined enterprise by multiple steps of deals, it shall deal with it in the following two ways depending on that if it belongs to "a package deal": if it belongs to "a package deal", it shall deal with all the deals as one obtaining the control power; if it does not belong to "a package deal", it shall, on the date of merger, regard the sum of book value of the owner's original equity of the merged enterprise and the newly increased investment cost as the initial cost of the long-term equity investment. For the shares originally held by this enterprise accounted for by weighted equity method, the relevant other comprehensive income shall not be accounted for temporarily. If the equity investment held originally can be classified as the financial assets for sale, the difference between the fair value and the book value, and the variation in the accumulative fair value of other comprehensive returns recorded originally will be transferred into the current profits and losses.

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

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

2. Subsequent Measurement

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

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

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

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

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

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

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

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

(3) Acquisition of minority interest

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

(4) Disposal of long-term equity investment

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

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

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

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

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

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

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

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

23. Investment property

The measurement mode of investment property

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

Depreciation or Amortization Method by Use of Cost Mode

1. The measurement mode of investment property

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

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

2. Depreciation or Amortization Method by Use of Cost Mode

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

24.Fixed assets

1. The conditions of recognition

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. The fixed assets can be recognized when the following requirements are all met: (1) the economic benefits relevant to the fixed assets will flow into the enterprise. (2) the cost of the fixed assets can be measured reliably. The fixed assets of the company include the houses and buildings, the decoration of the fixed assets, the machinery equipment, the transportation equipment, the electronic instrument and other devices.

2. The method for depreciation

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

equipment				
Electronic equipment	Straight-line method	8 years	4%	12.00%
Other equipment	Straight-line method	8 years	4%	12.00%

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

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

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

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

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

25. Construction in progress

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

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

26. Borrowing costs

1. Recognition principles for capitalizing of loan expenses

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

2. Duration of capitalization of Loan costs

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

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

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

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

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

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

27. Biological Assets

Not applicable

28. Oil & Gas assets

Not applicable

29. Right to use assets

Not applicable

30. Intangible assets

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

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

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

(3) Estimation Method of Service life of Intangible Assets

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

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

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

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

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

(4) Amortization Method of Intangible Assets Value

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

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

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

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

2. Accounting Policy of Internal Research and Development Expenditure

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

The specific criteria for the division of the internal research and development projects at the research stage and the development stage of the company is as follows: (1) the investigation stage planned to obtain the new technology and knowledge, shall be recognized as the research stage, which has the features of planning and exploration. (2) before the commercial manufacture and use, the research results or other knowledge should be applied for the plan or design, in order to produce the new or improved stages with substantial materials, devices and products, which should be recognized as the development stage, and this stage has the features of pertinence and more possibility to create the achievement.

31.Long-term Assets Impairment

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

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

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

32.Long-term amortizable expenses

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

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

33.Contract liabilities

Not applicable

34.Remuneration

1. Accounting Treatment Method of Short-term Compensation

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

2. Accounting Treatment Method of Severance Benefit Plans

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

(1) The Defined Contribution Plan

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

(2) The Defined Benefit Plan

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

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

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

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

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

3. Accounting Treatment Method of Demission Welfare

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

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

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

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

35. Lease liabilities

Not applicable

36. Estimated Liabilities

1. Recognition Criteria of Estimated Liabilities

The liabilities shall be recognized when external guarantee, pending litigation or arbitration, product quality assurance, staff reduction plan, loss contract, recombination obligation, disposal obligation of the fixed assets and other pertinent businesses all meet the following requirements:

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

2. Measurement Method of Estimated Liabilities

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

the intermediate value. The best estimate should be recognize according to the following methods:

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

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

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

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

37. Share payment

1.Accounting Treatment Methods of Share Payment

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

(1)Shared Payment settled by Equities

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

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

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

(2) Share Payment settled by Cash

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

amount of the liability borne by the Company, and basing on the optimum estimation for the condition of exercising rights, will be counted into costs or expenses on each and every balance sheet date during the waiting period, and the liability will be increased correspondingly.

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

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

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

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

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

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

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

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

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

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

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

Not applicable

39. Revenue

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

No

Whether implemented new revenue guidelines?

Yes No

1. Recognition Principle of Revenue

(1) The Goods for Sale

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

(2) The Service Provision

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

(3) The Abalienation of the Right to Use Assets

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

2. The Specific Recognition Method of Revenue

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

withdrawn or the payment vouchers has been obtained and related economic benefits are likely to inflow, and the costs related to the products can be measured reliably.

40. Government subsidy

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

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

Asset-related government grants are recognized as deferred income and are charged to profit or loss for the current period in a reasonable and systematic manner over the useful life of the relevant assets. Revenue-related government subsidies, which are used to compensate for the related costs or losses of the Company in the future period, are recognized as deferred income, and are recognized in the profits and losses of the current period in the period in which the relevant costs, expenses or losses are recognized. The relevant costs, expenses or losses that have been used to compensate the Company have been directly recorded in the current profits and losses. Government grants related to the company's daily activities are included in other income; those unrelated to the daily activities of the company are included in non-operating income.

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

41. The Deferred Tax Assets / The deferred Tax Liabilities

1. Temporary Difference

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

2. Recognition Basis of Deferred Tax Assets

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

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

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

3. Recognition Basis of Deferred Tax Liabilities

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

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

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

4. Impairment of Deferred Tax Assets

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

5. Income Tax Expense

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

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

42. Lease

1. Accounting Treatment Method of Operating Lease

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

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

2. Accounting Treatment Method of Finance Lease

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

When the company is as the leaser, the company shall recognize the sum of minimum lease receivables and initial direct expense at the lease commencement date as the book value of finance lease receivables, and record the unguaranteed residual value. Meanwhile, the company shall recognize the difference between the sums of minimum lease receivables, minimum lease receivables and unguaranteed minus the sum of the present value as the unrealized financing income. During each lease period, the current financing charges shall be measured and recognized by the effective interest method.

43. Other important accounting policies and accounting estimates

Nil

44. Change of main accounting policies and estimations

(1) Change of main accounting policies

√ Applicable □ Not applicable

The content and reason for change of accounting policy	Approval process	Remarks
In 2017, the Ministry of Finance revised and promulgated the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No.24-Hedge Accounting and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (the above four standards are collectively referred to as the "New Financial Instruments Standards"), requiring enterprises listed both in China and abroad at the same time, as well as enterprises listed abroad and using International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial reports, to implement them on January 1, 2018; Other domestic listed enterprises are required to implement them on January 1, 2019. According to the regulations, the company will implement the new financial instrument standards from January 1, 2019 and adjust the relevant contents of accounting policies.	Adopted at the 18th meeting of the 7th Board of Directors	http://www.cninfo.com.cn On April 27, 2019 (Announcement No. 2019-17)
On April 30, 2019, the Ministry of Finance issued the Notice on Revising and Issuing the Format of Financial Statements for General Enterprises in 2019 (CK [2019] No.6) (hereinafter referred to as "CK [2019] No.6"), requiring non-financial enterprises that implement the Accounting Standards for Enterprises to prepare financial statements in accordance with the requirements of the Accounting Standards for Enterprises and CK [2019] No.6. The interim financial statements and annual financial statements for enterprises in 2019 and the financial statements for subsequent periods shall be prepared and implemented in	Adopted at the 20th meeting of the 7th Board of Directors	http://www.cninfo.com.cn On August 21, 2019 (Announcement No. 2019-38)

accordance with the requirements of CK [2019] No.6.		
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The Company will implement the new financial instrument standards from January 1, 2019. For the impact on the items related to the financial statements at the beginning of the year, please refer to the following "(3) Implementation of the adjustment of the new financial instrument standards, new income standards and new lease standards for the first time, and implementation of the items related to the financial statements at the beginning of the year for the first time".

Since the semi-annual financial report on June 30, 2019 and the financial reports for the following periods, the company has implemented the requirements of the CK [2019] No.6, and restated the items and amounts of the initial financial statements as follows:

The specific contents of accounting policy changes	Name of Financial Statement Items Affected	At the beginning of the consolidated balance sheet or the impact amount of the consolidated income statement in the same period last year (RMB)
The company will split "notes receivable and accounts receivable" into "accounts receivable" and "notes receivable" for listing.	Notes receivable	886,432.06
	Account receivable	528,454,015.59
	Notes receivable and account receivable	-529,340,447.60
The company will split "notes payable and accounts payable" into "accounts payable" and "notes payable" for listing.	Notes payable	
	Account payable	180,239,452.00
	Notes payable and account receivable	-180,239,452.00

Except for the above matters, the company's important accounting policies have not changed.

(2) Change of main accounting estimations

Applicable Not applicable

(3) Implementation of the adjustment of the new financial instrument standards, new income standards and new lease standards for the first time, and implementation of the items related to the financial statements at the beginning of the year for the first time

Applicable Not applicable

Consolidated balance sheet

In RMB

Items	December 31,2018	January 1,2019	Adjustment amount
Current asset:			
Monetary fund	1,141,759,374.60	1,141,759,374.60	
Settlement provision			
Outgoing call loan			
Transactional financial assets		540,000,000.00	540,000,000.00

Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Notes receivable	886,432.06	886,432.06	
Account receivable	528,454,015.59	528,454,015.59	
Financing of receivables			
Prepayments	229,028,791.15	229,028,791.15	
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			
Other account receivable	14,846,896.50	14,846,896.50	
Including: Interest receivable	5,589,704.44	5,589,704.44	
Dividend receivable			
Repurchasing of financial assets			
Inventories	439,752,718.77	439,752,718.77	
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	639,797,959.30	99,797,959.30	-540,000,000.00
Total of current assets	2,994,526,187.97	2,994,526,187.97	
Non-current assets :			
Loans and payment on other's behalf disbursed			
Debt investment			
Available for sale of financial assets	45,373,784.87		-45,373,784.80
Other investment on bonds			
Expired investment in possess			
Long-term receivable			

Long term share equity investment	32,952,085.66	32,952,085.66	
Other equity instruments investment		241,875,289.00	241,875,289.00
Other non-current financial assets			
Property investment	167,997,941.98	167,997,941.98	
Fixed assets	987,876,247.55	987,876,247.55	
Construction in progress	15,621,286.64	15,621,286.64	
Production physical assets			
Oil & gas assets			
Use right assets			
Intangible assets	37,880,815.85	37,880,815.85	
Development expenses			
Goodwill			
Long-germ expenses to be amortized	1,486,209.03	1,486,209.03	
Deferred income tax asset	6,036,198.23	6,036,198.23	
Other non-current asset	329,452,659.01	329,452,659.01	
Total of non-current assets	1,624,677,228.82	1,821,178,732.95	196,501,504.13
Total of assets	4,619,203,416.79	4,815,704,920.92	196,501,504.13
Current liabilities			
Short-term loans	411,522,111.40	411,522,111.40	
Loan from Central Bank			
Borrowing funds			
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial liabilities			
Notes payable			
Account payable	180,239,452.90	180,239,452.90	
Advance receipts	120,702,951.37	120,702,951.37	

Selling of repurchased financial assets			
Deposit taking and interbank deposit			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	32,506,267.08	32,506,267.08	
Tax payable	7,745,128.99	7,745,128.99	
Other account payable	229,015,279.98	229,015,279.98	
Including: Interest payable	39,044,044.39	39,044,044.39	
Dividend payable			
Fees and commissions payable			
Reinsurance fee payable			
Contract Liabilities			
Liabilities held for sales			
Non-current liability due within 1 year	40,000,000.00	40,000,000.00	
Other current liability			
Total of current liability	1,021,731,191.72	1,021,731,191.72	
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable			
Long-term remuneration payable to staff			
Expected liabilities			

Deferred income	137,991,698.33	137,991,698.33	
Deferred income tax liability		49,125,376.03	49,125,376.03
Other non-current liabilities			
Total non-current liabilities	137,991,698.33	187,117,074.36	49,125,376.03
Total of liability	1,159,722,890.05	1,208,848,266.08	49,125,376.03
Owners' equity			
Share capital	511,274,149.00	511,274,149.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	1,865,716,983.63	1,865,716,983.63	
Less: Shares in stock	27,230,679.00	27,230,679.00	
Other comprehensive income	1,339,208.41	148,715,336.51	147,376,128.10
Special reserve			
Surplus reserves	80,004,803.23	80,004,803.23	
Common risk provision			
Retained profit	-57,774,473.41	-57,774,473.41	
Total of owner's equity belong to the parent company	2,373,329,991.86	2,520,706,119.96	147,376,128.10
Minority shareholders' equity	1,086,150,534.88	1,086,150,534.88	
Total of owners' equity	3,459,480,526.74	3,606,856,654.84	147,376,128.10
Total of liabilities and owners' equity	4,619,203,416.79	4,815,704,920.92	196,501,504.13

Balance sheet of Parent Company

In RMB

Items	December 31,2018	January 1,2019	Adjustment amount
Current asset :			
Monetary fund	85,416,567.74	85,416,567.74	
Transactional financial assets		500,000,000.00	500,000,000.00
Financial assets measured at fair value with variations accounted into current			

income account			
Derivative financial assets			
Notes receivable			
Account receivable	541,948.21	541,948.21	
Financing of receivables			
Prepayments	17,436.00	17,436.00	
Other account receivable	13,856,382.02	13,856,382.02	
Including: Interest receivable	4,974,799.47	4,974,799.47	
Dividend receivable			
Inventories			
Contract assets			
Assets held for sales			
Non-current asset due within 1 year			
Other current asset	500,000,000.00		-500,000,000.00
Total of current assets	599,832,333.97	599,832,333.97	
Non-current assets:			
Debt investment			
Available for sale of financial assets	15,373,784.87		-15,373,784.87
Other investment on bonds			
Expired investment in possess			
Long-term receivable			
Long term share equity investment	1,997,175,852.27	1,997,175,852.27	
Other equity instruments investment		199,910,297.83	199,910,297.83
Other non-current financial assets			
Property investment	161,053,628.71	161,053,628.71	
Fixed assets	26,565,399.91	26,565,399.91	
Construction in progress			
Production physical			

assets			
Oil & gas assets			
Use right assets			
Intangible assets	1,012,374.75	1,012,374.75	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	5,818,069.48	5,818,069.48	
Other non-current asset			
Total of non-current assets	2,206,999,109.99	2,391,535,622.95	184,536,512.96
Total of assets	2,806,831,443.96	2,991,367,956.92	184,536,512.96
Current liabilities			
Short-term loans			
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial liabilities			
Notes payable			
Account payable	411,743.57	411,743.57	
Advance receipts	639,024.58	639,024.58	
Contract Liabilities			
Employees' wage payable	9,760,306.51	9,760,306.51	
Tax payable	5,494,627.33	5,494,627.33	
Other account payable	141,746,352.67	141,746,352.67	
Including: Interest payable			
Dividend payable			
Liabilities held for sales			
Non-current liability due within 1 year			

Other current liability			
Total of current liability	158,052,054.66	158,052,054.66	
Non-current liabilities:			
Long-term loan			
Bond payable			
Including: preferred stock			
Sustainable debt			
Lease liability			
Long-term payable			
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	700,000.00	700,000.00	
Deferred income tax liability		46,134,128.24	46,134,128.24
Other non-current liabilities			
Total non-current liabilities	700,000.00	46,834,128.24	46,134,128.24
Total of liability	158,752,054.66	204,886,182.90	46,134,128.24
Owners' equity			
Share capital	511,274,149.00	511,274,149.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	1,599,025,454.96	1,599,025,454.96	
Less: Shares in stock	27,230,679.00	27,230,679.00	
Other comprehensive income	1,339,208.41	139,741,593.13	138,402,384.72
Special reserve			
Surplus reserves	80,004,803.23	80,004,803.23	
Retained profit	483,666,452.70	483,666,452.70	
Total of owners' equity	2,648,079,389.30	2,786,481,774.02	138,402,384.72
Total of liabilities and owners' equity	2,806,831,443.96	2,991,367,956.92	184,536,512.96

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

Applicable Not applicable

45.Other

Nil

VI.Taxes of the Company

1. Main taxes categories and tax rate

Taxes	Tax references	Applicable tax rates
VAT	The taxable turnover	16%, 13%, 5%
City construction tax	Turnover tax to be paid allowances	7%
Business income tax	Turnover tax to be paid allowances	25%, 16.5%, 15%
Education surcharge	Turnover tax to be paid allowances	3%
Local education surcharge	Turnover tax to be paid allowances	2%

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

Name of taxpayer	Income tax rates
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	15%
Shengtou (HK) Co., Ltd.	16.5%

2. Tax preference and approval file

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

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

3.Other

Nil

VII. Notes of consolidated financial statement

1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	10,934.20	13,559.60
Bank deposit	260,939,206.53	1,137,431,239.39
Other monetary funds	158,277,057.87	4,314,575.61
Total	419,227,198.60	1,141,759,374.60
Including : The total amount of deposit abroad	3,516,279.32	9,294,408.13

Other notes

Note: ① Ending amount of other monetary funds was RMB 4,310,530.42 And deposit an investment of RMB 4045.19.

②As of June 30, 2019, The fixed-term deposit balance of money fund is RMB 163,680,930.25 , this part will not be treated as closing cash or closing cash equivalent in preparing cash flow statement.

2. Transactional financial assets

In RMB

Items	Year-end balance	Year-beginning balance
financial assets measured at their fair values and with the variation included in the current profits and losses	760,000,000.00	540,000,000.00
Including:		
Designation of financial assets measured at their fair values and with the variation included in the current profits and losses		
Including:		
Total	760,000,000.00	540,000,000.00

3. Derivative financial assets

Not applicable

4. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	Year-end balance	Year-beginning balance
Bank acceptance	31,079,249.92	886,432.06
Total	31,079,249.92	886,432.06

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

Applicable Not applicable

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

The withdrawal amount of the bad debt provision: Nil

Of which the significant actual write-off accounts receivable:

Applicable Not applicable

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

In RMB

Items	Pledged amount
Bank acceptance	0.00
Total	0.00

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

In RMB

Items	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance	46,707,583.37	0.00
Total	46,707,583.37	0.00

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

Not applicable

(6) The actual write-off accounts receivable

Not applicable

5. Account receivable

(1)Classification account receivables.

In RMB

Category	Amount in year-end					Amount in year-begin				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accrual of bad debt provision by single item	13,247,084.82	2.49%	9,454,406.18	71.37%	3,792,678.64	13,233,464.33	2.34%	9,436,550.41	71.31%	3,796,913.92
Including:										
Accounts receivable of individual significance and subject to individual impairment assessment	6,300,455.84	1.18%	3,998,201.79	63.46%	2,302,254.05	6,300,455.84	1.11%	3,998,201.79	63.46%	2,302,254.05
Accounts receivable of individual insignificance but subject to individual impairment assessment	6,946,628.98	1.31%	5,456,204.39	78.54%	1,490,424.59	6,933,008.49	1.23%	5,438,348.62	78.44%	1,494,659.87
Accrual of bad debt provision by portfolio	519,241,524.88	97.51%	25,980,961.95	5.00%	493,260,562.93	552,278,688.56	97.66%	27,621,586.89	5.00%	524,657,101.67
Including:										
Total	532,488,609.70	100.00%	35,435,368.13	6.65%	497,053,241.57	565,512,152.89	100.00%	37,058,137.30	6.55%	528,454,015.59

Accrual of bad debt provision by single item:9,454,406.18 yuan

In RMB

Name	Closing balance			
	Book balance	Bad debt provision	Proportion	Reason
Dongguan Fair LCD Co., Ltd.	1,695,947.73	1,695,947.73	100.00%	Beyond the credit period for a long time, uncertain recovered.
Guangdong Ruili Baolai Technology Co., Ltd.	1,348,965.36	674,482.68	50.00%	Beyond the credit period for a long time, uncertain recovered.
Dongguan Yaxing Semiconductor Co., Ltd.	3,255,542.75	1,627,771.38	50.00%	Beyond the credit period for a long time, uncertain recovered.
Huangshan Zhongxian Microelectronics Co., Ltd.	904,518.00	452,259.00	50.00%	Beyond the credit period for a long time, uncertain recovered.
Mianyang Zijin New Material Technology Co., Ltd.	598,226.43	598,226.43	100.00%	Beyond the credit period for a long time, uncertain recovered.
Shanghai Weizhou Microelectronics Technology Co., Ltd.	525,471.80	525,471.80	100.00%	Beyond the credit period for a long time, uncertain recovered.
Shenzhen Chuangyu Display Technology Co., Ltd.	487,288.00	243,644.00	50.00%	Beyond the credit period for a long time, uncertain recovered.
Dongguan Jiaxian Electronic Co., Ltd.	486,510.50	486,510.50	100.00%	Beyond the credit period for a long time, uncertain recovered.
Shenzhen Guanguan Lida Microelectronic Co., Ltd.	475,399.34	237,699.67	50.00%	Beyond the credit period for a long time, uncertain recovered.
Jilin Lianbei Optical Technology Co., Ltd.	443,768.72	221,884.36	50.00%	Beyond the credit period for a long time, uncertain recovered.
Hefei Guoyun Electronic Technology Co., Ltd.	396,539.19	396,539.19	100.00%	Beyond the credit period for a long time, uncertain recovered.
Other	2,628,907.00	2,293,969.44	87.26%	The Individual amount is small, Beyond the credit period for a long time,

				uncertain recovered.
Total	13,247,084.82	9,454,406.18	--	--

Accrual of bad debt provision by portfolio:25,980,961.95 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	518,978,068.05	25,948,903.41	5.00%
1-2 years	234,892.53	23,489.25	10.00%
2-3 years	28,564.30	8,569.29	30.00%
Over 3 years			50.00%
Total	519,241,524.88	25,980,961.95	--

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

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

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	518,978,068.05
Including: Subtotal within 1 year	518,978,068.05
1-2 years	234,892.53
2-3 years	737,059.92
Over 3 years	12,538,589.20
3-4 years	940,955.57
4-5 years	5,171,125.69
Over 5 years	6,426,507.94
Total	532,488,609.70

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period			Closing balance
		Accrual	Reversed or collected amount	Write-off	

Accrual of bad debt provision by portfolio:	27,621,586.89		1,640,624.94		25,980,961.95
Accrual of bad debt provision by single item:	9,436,550.41	17,855.77			9,454,406.18
Total	37,058,137.30	17,855.77	1,640,624.94		35,435,368.13

(3) The actual write-off accounts receivable

Nil

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

Name	Nature	Balance in year-end	Aging	Proportion(%)	Bad debt provision
First	Goods	196,533,056.38	Within 1 year	36.91	98,266,528.19
Second	Goods	85,255,501.33	Within 1 year	16.01	42,627,750.67
Third	Goods	44,711,746.41	Within 1 year	8.4	22,355,873.21
Fourth	Goods	42,398,221.61	Within 1 year	7.96	21,199,110.81
Fifth	Goods	24,205,117.48	Within 1 year	4.55	12,102,558.74
Total		39313,643.21		73.82	196,551,821.61

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

Nil

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

Nil

6. Financing of receivables

Changes in the current period of receivables financing and fair value

 Applicable Not applicable

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

 Applicable Not applicable

7.Prepayments

(1) List by aging analysis:

In RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	132,181,990.10	98.25%	226,726,744.30	98.99%

1-2 years	2,313,164.78	1.72%	2,263,886.85	0.99%
Over 3 years	38,160.00	0.03%	38,160.00	0.02%
Total	134,533,314.88	--	229,028,791.15	--

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

Nil

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

Name	Balance in year-end	Proportion %
First	48,688,000.00	36.19
Second	48,600,000.00	36.12
Third	15,989,512.58	11.89
Fourth	5,460,517.24	4.06
Fifth	3,011,939.75	2.24
Total	121,749,969.57	90.50

Other notes: Nil

8. Other receivable

In RMB

Items	Closing balance	Opening balance
Interest receivable	7,067,282.69	5,589,704.44
Other accounts receivable	7,498,823.53	9,257,192.06
Total	14,566,106.22	14,846,896.50

(1) Interest receivable

1) Category of interest receivable

In RMB

Items	Closing balance	Opening balance
Fixed deposit	867,156.10	1,302,963.56
Structure deposit	6,200,126.59	4,286,740.88
Total	7,067,282.69	5,589,704.44

2) Significant overdue interest

Nil

3) Bad-debt provision

Applicable Not applicable

(2) Dividend receivable

Not applicable

(3) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Customs bond		101,758.24
Export rebate	1,556,952.58	3,140,110.71
Unit account	14,957,706.87	15,451,643.71
Deposit	1,454,844.79	1,875,008.00
Reserve fund and staff loans	723,581.27	506,154.77
Other	4,540,265.50	4,227,892.82
Total	23,233,351.01	25,302,568.25

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019		1,652,090.82	14,393,285.37	16,045,376.19
Balance as at January 1, 2019 in current	—	—	—	—
Turn back in the current period		310,848.71		310,848.71
Balance as at June 30		1,341,242.11	14,393,285.37	15,734,527.48

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

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
-------	-----------------

Within 1 year(Including 1 year)	6,151,387.34
Including: Subtotal within 1 year	6,151,387.34
1-2 years	659,376.54
2-3 years	2,034,578.96
Over 3 years	14,388,008.17
3-4 years	600,709.97
4-5 years	625,372.54
Over 5 years	13,161,925.66
Total	23,233,351.01

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period		Closing balance
		Accrual	Reversed or collected amount	
Accrual of bad debt provision by portfolio	1,652,090.82		310,848.71	1,341,242.11
Accrual of bad debt provision by single item	14,393,285.37			14,393,285.37
Total	16,045,376.19		310,848.71	15,734,527.48

The company's provision for bad debts of other receivables is based on the expected loss method, and the credit loss of other receivables is expected throughout the duration. For other receivables with similar risk characteristics, the company combines them according to aging status, and the expected credit loss rate corresponding to aging is shown in this Section V, Important Accounting Policies and Other Receivables in Accounting Estimates; At the end of the period, other receivables that have objective evidence of impairment are individually tested for impairment, and impairment losses are recognized and provision for bad debts is made according to the difference between the present value of the estimated future cash flow and its book value.

As of the end of the reporting period, the balance of other receivables combined by aging and provision for bad debts are shown in the following table:

Aging	Closing balance		
		Provision for bad debts	Expected loss rate (%)
Within 1 year	238,838,915.04	307,569.37	5.00
1-2 years	6,151,387.34	65,937.65	10.00
2-3 years	659,376.54	70,373.69	30.00
Over 3 years	234,578.96	897,361.40	50.00
Total	1,794,722.80	1,341,242.11	
	8,840,065.64		

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

Nil

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Unit account	11,389,044.60	Over 5 years	49.02%	11,389,044.60
Second	Estimated tax	2,857,902.98	Within 1 year	12.30%	142,895.15
Third	Unit account	1,800,000.00	2-3 years	7.75%	1,800,000.00
Fourth	Export rebate	1,556,952.58	Within 1 year	6.70%	77,847.63
Fifth	Deposit	980,461.06	Over 5 years	4.22%	490,230.53
Total	--	18,584,361.22	--	79.99%	13,900,017.91

(6) Accounts receivable involved with government subsidies

Nil

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

Nil

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

Nil

9.Inventory

Whether implemented new revenue guidelines?

 Yes No

(1) Inventories types

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Raw materials	205,355,616.56	8,721,102.80	196,634,513.76	164,096,057.16	14,452,368.67	149,643,688.49
Processing products	8,955,036.59		8,955,036.59	3,895,184.01		3,895,184.01

Stock goods	377,999,151.32	68,425,166.10	309,573,985.22	360,461,266.75	74,247,420.48	286,213,846.27
Total	592,309,804.47	77,146,268.90	515,163,535.57	528,452,507.92	88,699,789.15	439,752,718.77

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

No

(2) Inventory Impairment provision

In RMB

Items	Year-beginning balance	Increase		Decrease		Year-end balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	14,452,368.67	2,995,690.34		8,726,956.21		8,721,102.80
Processing products	74,247,420.48	18,998,617.05		24,820,871.43		68,425,166.10
Stock goods	88,699,789.15	21,994,307.39		33,547,827.64		77,146,268.90
Total						

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

Not applicable

(4) Completed unsettled assets formed from the construction contract at the period-end

Not applicable

10.Contact assets

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

Applicable Not applicable

Provision for impairment of contract assets in the current period

Not applicable

11. Assets divided as held-to-sold

Not applicable

12. Non-current assets due within 1 year

Not applicable

13. Other current assets

Whether implemented new revenue guidelines?

 Yes No

In RMB

Items	Year-end balance	Year-beginning balance
After the deduction of input VAT	89,787,160.89	99,797,959.30
Total	89,787,160.89	99,797,959.30

Other notes: Nil

14.Creditor's right investment

Not applicable

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

 Applicable Not applicable

15.Other creditor's rights investment

Not applicable

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

 Applicable Not applicable

16. Long-term accounts receivable

(1) List of long-term accounts receivable

Not applicable

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

 Applicable Not applicable

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

Not applicable

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

Not applicable

17. Long-term equity investment

In RMB

Investees	Opening balance	Increase /decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes in other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
Shenzhen Haohao Property Leasing Co., Ltd.	5,641,139.93			637,149.72			2,000,000.00			4,278,289.65	
Anhui Huapeng Textile Co.,Ltd.	11,784,626.51			-912,673.03						10,871,953.48	
Shenzhen Guanhua Printing & Dyeing Co., Ltd.		65,503,360.10		-520,438.51				0.00	67,584,497.83	132,567,419.42	
Subtotal	17,425,766.44	65,503,360.10		-795,961.83			2,000,000.00		67,584,497.83	147,717,662.55	
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	2,234,057.19			82,115.91						2,316,173.10	
Jordan Garment Factory	2,363,614.70			-202,853.11	674,303.17					2,835,064.76	
Hongkong Yehui International Co., Ltd.	10,928,647.33			-197,358.53	132,938.37					10,864,227.17	

Subtotal	15,526,31 9.22			-318,095. 72	807,241.5 4					16,015,46 5.03
Total	32,952,08 5.66	65,503,36 0.10		-1,114,05 7.55	807,241.5 4		2,000,000 .00		67,584,49 7.83	163,733,1 27.58

18. Other equity instruments investment

In RMB

Items	Year-end balance	Year-beginning balance
Fuao auto parts co., Ltd.	6,444,721.42	5,119,896.46
Shenzhen Guanhua Printing & Dyeing Co., Ltd		432,981.70
Union Development Group Co., Ltd.	152,493,600.00	152,493,600.00
Shenzhen Xiangjiang Trade Co., Ltd.	1,559,890.79	1,559,890.79
Shenzhen Xinfang Knitting Co., Ltd.	2,227,903.00	2,227,903.00
Shenzhen Dailishi Underwear Co., Ltd.	12,315,939.61	12,315,939.61
Shenzhen South Textile Co., Ltd.	13,464,991.17	13,464,991.17
Shenzhen Xieli Auto Co., Ltd.	25,760,086.27	25,760,086.27
Changxing Junying Investment Partnership	28,500,000.00	28,500,000.00
Total	242,767,132.26	241,875,289.00

Itemized disclosure of the current non - trading equity instrument investment

In RMB

Name	Recognized dividend income	Accumulating income	Accumulating losses	Amount of other comprehensive income transferred to retained earnings	Reasons for being measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earning
Fuao auto parts co., Ltd.	739,299.75	2,064,124.71			Long-term holding	
Union Development Group Co., Ltd.	20,244,553.13	170,138,153.13			Long-term holding	
Shenzhen Xiangjiang Trade Co., Ltd.	1,087,413.21	2,487,304.00			Long-term holding	
Shenzhen	200,000.00	1,903,903.00			Long-term	

Xinfang Knitting Co., Ltd.					holding	
Shenzhen Dailishi Underwear Co., Ltd.	500,000.00	10,256,083.35			Long-term holding	
Shenzhen South Textile Co., Ltd.	13,171,837.71	24,604,164.08			Long-term holding	
Shenzhen Xieli Auto Co., Ltd.	1,810,409.14	23,326,789.97			Long-term holding	
Changxing Junying Investment Partnership	2,150,943.40	2,150,943.40			Long-term holding	

19. Other non-current assets

Not applicable

20. Investment property

(1) Investment property adopted the cost measurement mode

√Applicable □ Not applicable

In RMB

Items	House, Building	Land use right	Construction in process	Total
I. Original price				
1. Balance at period-beginning	309,234,260.74			309,234,260.74
2. Increase in the current period				
(1) Purchase				
(2) Inventory\Fixed assets\ Transferred from construction in progress				
(3) Increased of Enterprise Combination				
3. Decreased amount of the period	52,051,000.00			52,051,000.00

(1) Dispose			
(2) Other out	52,051,000.00		52,051,000.00
4. Balance at period-end	257,183,260.74		257,183,260.74
II. Accumulated amortization			
1. Opening balance	141,236,318.76		141,236,318.76
2. Increased amount of the period	3,872,485.12		3,872,485.12
(1) Withdrawal	3,872,485.12		3,872,485.12
3. Decreased amount of the period	4,120,704.04		4,120,704.04
(1) Dispose			
(2) Other out	4,120,704.04		4,120,704.04
4. Balance at period-end	140,988,099.84		140,988,099.84
III. Impairment provision			
1. Balance at period-beginning			
2. Increased amount of the period			
(1) Withdrawal			
3. Decreased amount of the period			
(1) Dispose			
(2) Other out			
4. Balance at period-end			
IV. Book value			
1. Book value at period-end	116,195,160.90		116,195,160.90
2. Book value at period-beginning	167,997,941.98		167,997,941.98

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

Applicable Not applicable

(3) Investment real estate without certificate of ownership

Not applicable

21. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	934,227,780.28	987,876,247.55
Liquidation of fixed assets	8,472.84	
Total	934,236,253.12	987,876,247.55

(1) List of long-term accounts receivable

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Opening balance	548,584,026.60	1,011,061,597.26	9,997,715.53	30,466,523.80	1,600,109,863.19
2. Increased amount of the period	254,545.45	1,253,362.07	303,879.37	733,738.03	2,545,524.92
(1) Purchase	254,545.45	55,172.42		140,143.83	449,861.70
(2) Transferred from construction in progress		1,198,189.65	303,879.37	593,594.20	2,095,663.22
(3) Increased of Enterprise Combination					
3. Decreased amount of the period		1,488,857.00		114,940.62	1,603,797.62
(1) Disposal		1,488,857.00		114,940.62	1,603,797.62
4. Balance at	548,838,572.05	1,010,826,102.33	10,301,594.90	31,085,321.21	1,601,051,590.49

period-end					
II. Accumulated depreciation					
1. Opening balance	130,575,792.68	459,920,510.02	3,719,028.75	17,008,251.34	611,223,582.79
2. Increased amount of the period	9,785,532.00	44,646,776.21	353,654.09	1,315,398.38	56,101,360.68
(1) Withdrawal	9,785,532.00	44,646,776.21	353,654.09	1,315,398.38	56,101,360.68
3. Decrease in the reporting period		1,419,244.29		91,921.82	1,511,166.11
(1) Disposal		1,419,244.29		91,921.82	1,511,166.11
4. Closing balance	140,361,324.68	503,148,041.94	4,072,682.84	18,231,727.90	665,813,777.36
III. Impairment provision					
1. Opening balance	1,004,032.85			6,000.00	1,010,032.85
2. Increase in the reporting period					
(1) Withdrawal					
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	1,004,032.85			6,000.00	1,010,032.85
IV. Book value					
1. Book value of the period-end	407,473,214.52	507,678,060.39	6,228,912.06	12,847,593.31	934,227,780.28
2. Book value of the period-begin	417,004,201.07	551,141,087.24	6,278,686.78	13,452,272.46	987,876,247.55

(2) Fixed assets temporarily idled

Not applicable

(3) Fixed assets rented by finance leases

Not applicable

(4) Fixed assets leased in the operating leases

Not applicable

(5) Fixed assets without certificate of title completed

Not applicable

(6) Liquidation of fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Scrap cleaning of Composite Printer	8,472.84	0.00
Total	8,472.84	

22. Construction in progress

In RMB

Items	Year-end balance	Year-beginning balance
Construction in progress	94,993,015.59	15,621,286.64
Total	94,993,015.59	15,621,286.64

(1) List of construction in progress

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book Net value	Book balance	Provision for devaluation	Book Net value
Industrialization project of polaroid for super	85,275,840.93		85,275,840.93	9,080,815.92		9,080,815.92

large size TV						
Other	9,717,174.66		9,717,174.66	6,540,470.72		6,540,470.72
Total	94,993,015.59		94,993,015.59	15,621,286.64		15,621,286.64

(2) Changes of significant construction in progress

In RMB

Name	Budget	Amount at year beginning	Increase at this period	Transferred to fixed assets	Other decrease	Balance in year-end	Proportion(%)	Progress of work	Capitalization of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalization of interest ratio (%)	Source of funds
2500mm width production line	1,959,500,000.00	9,080,815.92	76,195.025.01			85,275,840.93						Other
Total	1,959,500,000.00	9,080,815.92	76,195.025.01			85,275,840.93	--	--				--

(3) Impairment provision of construction projects

Not applicable

(4) Engineering material

Not applicable

23. Productive biological assets

(1) Productive biological assets measured at cost methods

 Applicable Not applicable

(2) Productive biological assets measured at fair value

 Applicable Not applicable

24. Oil and gas assets

 Applicable Inapplicable

25. Right to use assets

Not applicable

26. Intangible assets

(1) Information

In RMB

Items	Land use right	Patent right	Non-proprietary technology	Software	Total
I. Original price					
1. Balance at period-beginning	48,822,064.61	11,825,200.00		2,936,607.54	63,583,872.15
2. Increase in the current period					
(1) Purchase					
(2) Internal R & D					
(3) Increased of Enterprise Combination					
3. Decreased amount of the period	563,825.61				563,825.61
(1) Disposal					
(2) Other	563,825.61				563,825.61
4. Balance at period-end	48,258,239.00	11,825,200.00		2,936,607.54	63,020,046.54
II. Accumulated amortization					
1. Balance at period-beginning	12,243,972.52	11,825,200.00		1,633,883.78	25,703,056.30
2. Increase in the current period	463,884.36			225,607.57	689,491.93
(1) Withdrawal	463,884.36			225,607.57	689,491.93
3. Decreased amount of the period	563,825.61				563,825.61
(1) Disposal					
(2) Other	563,825.61				563,825.61
4. Balance at period-end	12,144,031.27	11,825,200.00		1,859,491.35	25,828,722.62
III. Impairment provision					
1. Balance at period-beginning					
2. Increase in the current period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					

4. Balance at period-end					
4. Book value					
1.Book value at period -end	36,114,207.73			1,077,116.19	37,191,323.92
2.Book value at period-beginning	36,578,092.09			1,302,723.76	37,880,815.85

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

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

Not applicable

27. R&D expenses

Not applicable

28. Goodwill

(1) Original book value of goodwill

In RMB

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

(2) Impairment of goodwill

In RMB

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

29. Long term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end
Other	500,517.39	44,606.09	60,251.68		484,871.80
Total	1,486,209.03	1,439,513.22	350,578.98		2,575,143.27

30. Deferred income tax assets/deferred income tax liabilities

(1) Details of the un-recognized deferred income tax assets

In RMB

Items	Balance in year-end		Balance in year-begin	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets depreciation reserves	18,727,722.20	4,681,930.55	18,197,325.09	4,549,331.27
Unattained internal sales profits	2,546,979.00	382,046.85	2,591,536.27	388,730.44
Temporary difference formed by the interest of share incentive repurchase			571,844.26	142,961.06
Changes in fair value of available for sale financial assets	2,495,876.89	623,969.22	3,820,701.85	955,175.46
Total	23,770,578.09	5,687,946.62	25,181,407.47	6,036,198.23

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

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in fair value of investments in other equity instruments	264,086,001.96	66,021,500.49	196,501,504.12	49,125,376.03

Total	264,086,001.96	66,021,500.49	196,501,504.12	49,125,376.03
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(3) Deferred income tax assets or liabilities listed by net amount after off-set

In RMB

Items	Trade-off between the deferred income tax assets and liabilities	End balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		5,687,946.62		6,036,198.23
Deferred income tax liabilities		66,021,500.49		49,125,376.03

(4)Details of income tax assets not recognized

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	114,494,850.00	128,283,915.49
Deductible loss	606,745,605.60	562,435,574.75
Total	721,240,455.60	690,719,490.24

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

In RMB

Year	Balance in year-end	Balance in year-begin	Remark
2020	703,241.36	703,241.36	
2021	3,880,135.73	3,880,135.73	
2023	129,226,944.33	129,226,944.33	
2024	148,095,898.11	148,095,898.11	
2025	83,287,153.64	83,287,153.64	
2026	120,820,767.06	120,820,767.06	
2028	76,421,434.52	76,421,434.52	
2029	44,310,030.85		
Total	606,745,605.60	562,435,574.75	--

31 .Other non-current assets

Whether implemented new revenue guidelines?

□ Yes √No

In RMB

Items	Balance in year-end	Balance in year-begin
Advance payment for equipment fund	148,843,296.00	152,688,087.18
Dvance payment for technical services	176,764,571.83	176,764,571.83
Total	325,607,867.83	329,452,659.01

32. Short-term borrowings

(1) Categories of short-term loans

In RMB

Items	Balance in year-end	Balance in year-Beginning
Credit borrowings	50,837,730.76	411,522,111.40
Total	50,837,730.76	411,522,111.40

(2) Situation of Overdue Outstanding Short-Term Borrowing

Not applicable

33. Transactional financial liabilities

Not applicable

34. Derivative financial liability

Not applicable

35. Notes payable

Not applicable

36. Accounts payable

(1) List of accounts payable

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	245,132,120.82	177,140,118.37

1-2 years	1,506,049.28	2,059,842.85
2-3 years	49,238.45	37,402.40
3-4 years	37,402.40	35,075.05
4-5 years	270,552.23	281,166.48
Over 5 years	731,537.05	685,847.75
Total	247,726,900.23	180,239,452.90

(2) Significant accounts payable that aged over one year

Not applicable

37. Advance account

Whether implemented new revenue guidelines?

Yes No

(1) List of Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Within 1 year	24,126,360.37	119,293,518.44
1-2 years	432,970.46	560,077.61
2-3 years	227,835.39	210,330.74
3-4 years		
4-5 years		
Over 5 years	639,024.58	639,024.58
Total	25,426,190.80	120,702,951.37

(2) Significant advance from customers aging over one year

Not applicable

(3) Information of unliquidated completed assets formed in the construction contract at the end of the period

Not applicable

38. Contract liabilities

Not applicable

39. Payroll payable

(1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
I. Short-term wages	32,506,267.08	70,261,369.72	78,386,426.73	24,381,210.07
II. Welfare after waving of position-fixed provision scheme		5,803,834.30	5,803,834.30	
Total	32,506,267.08	76,065,204.02	84,190,261.03	24,381,210.07

(2) Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	decrease in this period	Balance in year-end
1. Wages, bonuses, allowances and subsidies	30,794,253.21	60,420,574.96	68,645,717.86	22,569,110.31
2. Employee welfare		4,815,414.94	4,815,414.94	
3. Social insurance premiums		1,044,657.16	1,044,657.16	
Including: Medical insurance		836,870.97	836,870.97	
Work injury insurance		88,159.91	88,159.91	
Maternity insurance		119,626.28	119,626.28	
4. Public reserves for housing		2,577,398.43	2,577,398.43	
5. Union funds and staff education fee	1,712,013.87	1,403,324.23	1,303,238.34	1,812,099.76
Total	32,506,267.08	70,261,369.72	78,386,426.73	24,381,210.07

(3) Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	decrease in this period	Balance in year-end
1. Basic old-age insurance premiums		4,884,610.17	4,884,610.17	
2. Unemployment insurance		92,168.12	92,168.12	
3. Annuity payment		827,056.01	827,056.01	
Total		5,803,834.30	5,803,834.30	

40.Tax Payable

In RMB

Items	At end of term	At beginning of term
VAT	443,530.70	793,392.58
Enterprise Income tax	7,261,559.44	6,198,704.39
Individual Income tax	383,031.06	160,823.58
City Construction tax	14,901.49	54,516.12
House property tax	2,954,221.68	204,941.07
Educational surtax	9,529.64	37,825.82
Land VAT	5,271,919.22	
Other	166,762.09	294,925.43
Total	16,505,455.32	7,745,128.99

41.Other payable

In RMB

Items	At end of term	At beginning of term
Interest payable	435,029.66	39,044,044.39
Other	170,702,934.76	189,971,235.59
Total	171,137,964.42	229,015,279.98

(1) Interest payable

In RMB

Items	Balance in year-end	Balance in year-begin
Pay the interest for long-term loans by installments.		37,220,662.08
Pay the interest for short-term loans by installments.	435,029.66	1,823,382.31
Total	435,029.66	39,044,044.39

(2) Dividends payable

Not applicable

(3) Other accounts payable

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

In RMB

Items	Balance in year-end	Balance in year-begin
Engineering Equipment fund	55,299,112.56	62,574,657.07
Unit account	53,231,384.04	53,935,705.78
Deposit	25,872,902.45	25,481,743.17
Restrictive stock repurchase obligation	16,139,003.40	27,802,523.26
Other	20,160,532.31	20,176,606.31
Total	170,702,934.76	189,971,235.59

42. Liabilities classified as holding for sale

Not applicable

43. Non-current liabilities due within 1 year

In RMB

Items	At end of term	At beginning of term
Long-term loans due within 1 year	0.00	40,000,000.00
Total		40,000,000.00

44. Other current liabilities

Whether implemented new revenue guidelines?

 Yes No

45. Long-term borrowing

(1) Category of long-term loan

In RMB

Items	At end of term	At beginning of term
Credit borrowings	0.00	40,000,000.00
Add: Long-term term borrowings due within 1 year	0.00	-40,000,000.00

46. Bond payable

(1) Bond payable

Not applicable

(2) Changes of bonds payable(Not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability

Not applicable

(3) Note to conditions and time of share transfer of convertible bonds

Not applicable

(4) Other financial instruments that are classified as financial liabilities

Not applicable

47. Lease liability

Not applicable

48. Long-term payable

Not applicable

49. Long term payroll payable

Not applicable

50. Estimates liabilities

Whether implemented new revenue guidelines?

 Yes No

51. Deferred income

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term	Reason
Government Subsidy	137,991,698.33	103,317.00	8,678,248.44	129,416,766.89	
Total	137,991,698.33	103,317.00	8,678,248.44	129,416,766.89	--

Details of government subsidies:

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other changes	End of term	Asset-related or income-related
Textile special funds	571,428.57			71,428.58			499,999.99	Related to assets
High-tech Industrialization demonstration projects	200,000.00			100,000.00			100,000.00	Related to assets
National grant funds for new flat panel display industry	1,000,000.00			500,000.00			500,000.00	Related to assets
Grant funds for TFT-LCD polarizer industry project	4,333,333.34			649,999.97			3,683,333.37	Related to assets
Grant funds for TFT-LCD polarizer narrow line (line 5) project	2,000,000.00			250,000.02		0.00	1,749,999.98	Related to assets
Purchase of imported equipment and technology	677,016.78			87,545.09			589,471.69	Related to assets
Innovation and venture capital for TFT-LCD polarier I project	200,000.00			25,000.04			174,999.96	Related to assets
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	312,500.00			25,000.02			287,499.98	Related to assets
Shenzzhen Engineering laboratory polarizing material and technical engineering	3,125,000.00			250,000.02			2,874,999.98	Related to assets
Capital funding for Technology Center	1,875,000.00			150,000.00			1,725,000.00	Related to assets
Subsidy funds to support the introduction of advanced technology	57,552.41			7,194.00			50,358.41	Related to assets
Local supporting funds for TFT-LCD polarizer Phase II Project (line 6)	14,250,000.00			750,000.00			13,500,000.00	Related to assets
State subsidy for TFT-LCD polarizer Phase II Project (line 6)	9,500,000.00			500,000.00			9,000,000.00	Related to assets
Innovation and venture capital for TFT-LCD polarizer Phase II	475,000.00			25,000.00			450,000.00	Related

Project (line 6)								to assets
key technology research and development projects of optical compensation film for polarizer	4,125,000.00			250,000.02			3,874,999.98	Related to assets
Strategic industries Development fund of Guangdong Province	23,750,000.00			1,250,000.00			22,500,000.00	Related to assets
Grants of Purchase equipment of TFT-LCD polarizing film phase II project	28,500,000.00			1,500,000.00			27,000,000.00	Related to assets
Energy saving transformation grant funds	86,458.56						86,458.56	Related to assets
Old elevator renovation fund subsidies	1,147,008.67			55,877.85			1,091,130.82	Related to assets
Polarization Industrialization Project for Super Large-sized TVs (Line 7) Central Budget Investment	30,000,000.00						30,000,000.00	Related to assets
Research & development subsidy for key technologies of ultra-thin IPS polarizer for smart phone terminals	2,000,000.00						2,000,000.00	Related to assets
Finance committee of Shenzhen municipality (R&D of key technology of high-performance polarizer for large size display panel of 2018N007)	5,000,000.00						5,000,000.00	Related to assets
The ministry of industry and information technology, the ministry of finance, the circ first batch of new material application insurance compensation	4,806,400.00			2,231,202.83			2,575,197.17	Related to assets
Compensation for land requisition by Longhua Street Office (factory wall)		103,317.00				0.00	103,317.00	Related to assets
Total	137,991,698.33	103,317.00		8,678,248.44			129,416,766.89	

Other notes:

(1).According to the "Notice on National Development and Reform Commission to the General Office of the

textile project management of the special funds" (Faigaiban [2006]2841), on December 2006, the Company received "Textile special" funds RMB 2,000,000.00 from Shenzhen Finance Bureau. The company will use 14 years as asset depreciation period for amortization with the corresponding equipment in current period. The amortization in accordance with the corresponding equipment, The other income in current period is RMB71,428.58, the ending balance of uncompleted amortization is RMB499,999.99 .

(2).According to the document of Shenzhen Municipal Development and Reform Commission 【2009】 No. 416 that "The Notice On issued the Governmental Investment Plan in 2009 on Zhong Ke New Industrial Internet Security Audit System and Other High-tech Industrialization Demonstration Project and the Public Testing and Consultation Service of Information Security Industry and other National High-tech Industrial Base Platform Projects", on May 2009, the company received the Shenzhen Municipal Development and Reform Commission high-tech industrialization demonstration project supporting Capital RMB 2 million allocated by Shenzhen City Bureau of Finance for the construction of "The Project of the Construction Line of Polaripiece for TFT-LCD".Our company will use 10 years as asset depreciation period for amortization in current period. The other income in current period is RMB100,000.00 and the balance amount of unfinished final amortization is RMB100,000.00.

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

(4) In accordance with the Notice of Forwarding the Reply of General Office of State Development and Reform Commission Regarding Special Plan for Strategic Transformation and Industrialization of Color TV Industry issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2011) No. 823), State Development and Reform Commission approved including the project of industrialization of polarizer sheet for TFT-LCD of Shengbo Optoelectronic Company into the special plan for strategic transformation and industrialization of color TV industry in 2010 and appropriated national aid of RMB 10,000,000.00 to Shengbo Optoelectronic Company for the research and development in the process of the project of industrialization and the purchase of required software and hardware equipment. On June 2012 and September 2013, the company received the national grants of RMB 10,000,000.00.. According to the Notice of Issuing the Governmental Investment Plan for 2011 Regarding Demonstration Project of High-tech Industrialization Including Specialized Services Such As Disaster Recovery of Financial Information System issued by Shenzhen Development and Reform Commission (Shen Fa Gai (2012) No. 3), the Company received subsidy of RMB 3,000,000.00 for the project of industrialization of polarizer sheet for TFT-LCD in April 2012. Our company will use 10 years as asset depreciation period for amortization in current period.The non-operating income in current period is RMB649,999.97. and the balance amount of unfinished final amortization is RMB 3,683,333.37.

(5) According to the Notice about the Plan for Supporting the Second Group of Enterprises in Biological, Internet,

New Energy and New Material Industries with Special Development Funds (Shen Fa Gai (2011) No. 1782), the Company received subsidy of RMB 5,000,000.00 for the narrow-width line (line 5) of phase-I project of polarizer sheet for TFT-LCD on February 2012. The Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB1,749,999.98.

(6) On October 2013, The company received the grants for the purchase of imported equipment and technology in 2012 of RMB 1,750,902.00, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB87,545.09 and the balance amount of unfinished final amortization is RMB 589,471.69.

(7) On December 2013, The company received the funds for innovation and entrepreneurship of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB25,000.04 and the balance amount of unfinished final amortization is RMB174,999.96 .

(8) On December 2013, The company received the funds for innovation and entrepreneurship of TFT-LCD polarizing project from Pingshan New District Development and Finance Bureau of RMB 500,000.00(matching funding category),the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB25,000.02 and the balance amount of unfinished final amortization is RMB 287,499.98 .

(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 2012 for purchasing instruments and equipment and improving existing technological equipment and test conditions. The fund gap will be filled by the Company through raising funds by itself. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB 2,874,999.98 .

(10) According to the “Announcement on the Identification of Technology Centers of 24 Enterprises including Shenzhen Yuanwanggu Information Technology Joint Stock Company Limited as the Municipal Research and Development Centers (Technical Center)” (SJMXXJS [2013] No.137), the research and development center of SAPO has been regarded as 2012 annual municipal R&D center. In December 2013, the company has received the funding subsidy of RMB3 million for the construction of the technical center. the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB150,000.00 and the balance amount of unfinished final amortization is RMB 1,725,000.00.

(11)On March 2014 the company received the introduction of advanced technology import subsidy funds of RMB 143,881.00 from Shenzhen Finance Committee, the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The non-operating income in current period is RMB7,194.00 and the balance amount of unfinished final amortization is RMB50,358.41.

(12)According to the "Shenzhen Municipal Development and Reform Commission Reply for SAPO application for local matching funds of TFT-LCD polarizing film II project (Line 6) " (Shenzhen DRC [2013]No. 1771), the company obtained TFT-LCD polarizing film II project (line 6) local matching funds of RMB 15,000,000.00 in April 2014. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 750,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB 13,500,000.00 .

(13)According to "National Development and Reform Commission issued on industrial transformation and upgrading projects (2nd industrial restructuring) notify the central budget for 2014 investment plan" (NDRC Investment [2014] No. 1280), the company obtained TFT- LCD polarizer II project (line 6) state grants of RMB 10,000,000.00 in December 2014. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 500,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB 9,000,000.00.

(14) In December 2014, the company received innovation venture capital (matching funding category) for Ping Shan District Development and Finance Bureau of TFT-LCD polarizing film II project (line 6) of RMB 500,000.00. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 25,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB450,000.00.

(14)On Jan. 2015, the company received RMB 5 million of grants for key technology research and development projects of optical compensation film for polarizer from Shenzhen Scientific and Technological Innovation Committee. The company has reached the expected date of use of the assets., the Company planned to amortize the subsidy over 10 years according to the depreciation period of relevant assets. The other income in current period is RMB250,000.02 and the balance amount of unfinished final amortization is RMB3,874,999.98.

(16)According to "Reply on Congregating Development in Emerging Industrial Area Strategic Pilot Implement Scheme of Guangdong Province "(Reform and Development Office High-Tech [2013] No.2552,On December 2015, the Company received RMB20 million of the pilot project fund(period II project of TFT-LCD polarizer).On October 2016, the Company received RMB 5 million of Shenzhen strategic emerging industries and the future development of industrial matching funds, TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 1,250,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB 22,500,000.00.

(17). According to Reform and Development Commission of Shenzhen Municipality sending the notice of “Reply of National Reform and Development Office on Investing in Petrification and Medicine Project within Central Budget of 2013 for Industry Structure Adjustment Special Project”(Reform and Development Commission of Shenzhen Municipality [2013]No.1449) , the Company received 30 million RMB of new production line of TFT-LCD polarizer project period II and equipment purchase subsidy in August 2015 ,December 2015 and September 2016. TFT-LCD polarizer Phase II project (Line 6) hit the expected available state and transferred to fixed assets in June 2018. Amortized by a period of 10 years in depreciation of relevant assets, RMB 1,500,000.00 was included into other incomes in the current period and the ending outstanding balance was RMB 27,000,000.00.

(18) In 2015 and In 2016, the Company received the subsidy funds of 202,608.00 RMB and 34,535.45 RMB on energy-saving reconstruction, amortized by 8-year depreciation life of the relevant asset, the Other income was RMB 0.00 at the current period, the ending balance without amortization was RMB 86,458.56.

(19). In 2017, the company received 1,218,640.00 yuan for the old elevator upgrade subsidy, the company received 325,380.00 yuan for the old elevator upgrade subsidy in 2018, the Other income was RMB 55,877.85 at the current period, the ending balance without amortization was RMB 1,091,130.82.

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

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

(22). According to Measures for Management of Science and Technology Research & Development Funds in Shenzhen, Measures for Management of Projects in Shenzhen Municipal Science and Technology Program and other documents concerned, SAPO and Shenzhen Science and Technology Innovation Committee entered into a Contract of Projects in Shenzhen Municipal Science and Technology Program through consultation to complete development of key techniques for high-performance polarizers for 2018N007 jumbo display panels in the program delivered in Shen Fa Gai [2018] No.324 document. The Company was granted with a financial subsidy of RMB 5,000,000.00 this year. The Company amortized and transferred the deferred income into the current profit and loss by period of depreciation after relevant assets hit the expected available state.

(23). Compliance with the document spirit of the Notice of Ministry of Industry and Information Technology, Ministry of Finance and China Insurance Regulatory Commission on Piloting an Insurance Compensation

Mechanism for the First Batch of Key New Materials (Gong Xin Bu Lian Yuan [2017] No.222 document). In December 2018, the Company received a relevant premium subsidy of RMB 4,806,400.00 from the Ministry of Industry, In the current period, the sales expenses will be reduced of RMB 2,231,202.83, the ending balance without amortization was RMB 2,575,197.17.

24. During the reporting period, Longhua district subdistrict office received RMB103,317.00 of compensation fund for land requisition, which had not been amortized by the end of the reporting period.

52. Other non-current liabilities

Whether implemented new revenue guidelines?

Yes No

53. Stock capital

In RMB

	Year-beginning balance	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	511,274,149.00						511,274,149.00

54. Other equity instruments

Not applicable

55. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,848,960,987.54			1,848,960,987.54
Other	16,755,996.09			16,755,996.09
Total	1,865,716,983.63			1,865,716,983.63

56. Treasury stock

In RMB

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

Treasurpy stock-A share	27,230,679.00			27,230,679.00
Total	27,230,679.00			27,230,679.00

57. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period					Year-end balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	
1. Other comprehensive income that cannot be reclassified in the loss and gain in the future	147,376,128.10	51,249,010.40	0.00			51,249,010.40	198,625,138.50
Changes in fair value of investments in other equity instruments		51,249,010.40				51,249,010.40	51,249,010.40
Accounting policy adjustment	147,376,128.10						147,376,128.10
2. Other comprehensive income reclassifiable to profit or loss in subsequent periods	1,339,208.41	807,241.54				807,241.54	2,146,449.95
Translation differences of financial statements denominated	1,339,208.41	807,241.54				807,241.54	2,146,449.95
Total of other comprehensive income	148,715,336.51	52,056,251.94				52,056,251.94	200,771,588.45

58. Special reserves

Not applicable

59. Surplus reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	80,004,803.23			80,004,803.23
Total	80,004,803.23			80,004,803.23

60. Retained profits

In RMB

Items	Amount of current period	Amount of previous period
Retained earnings before adjustments at the year beginning	-57,774,473.41	-32,266,087.44
Retained earnings after adjustments at the year end	-57,774,473.41	-32,266,087.44
Add: Net profit attributable to owners of the Company for the period	7,832,287.98	-22,980,624.93
Less: Appropriation to statutory surplus reserve		2,527,761.04
Retained profits at the period end	-49,942,185.43	-57,774,473.41

As regards the details of adjusted the beginning undistributed profits

61. Business income, Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	1,006,315,551.63	938,514,710.11	471,407,964.26	412,583,996.50
Other business	2,547,743.87	2,072,800.62	2,854,444.31	2,508,961.83
Total	1,008,863,295.50	940,587,510.73	474,262,408.57	415,092,958.33

Whether implemented new revenue guidelines?

 Yes No

62. Taxes and surcharges

In RMB

Items	Amount of current period	Amount of previous period
Urban construction tax	290,794.73	293,239.29
Education surcharge	212,086.40	210,850.54

Property tax	2,826,536.51	2,891,819.92
Land use tax	98,031.18	176,423.79
vehicle and vessel usage tax	3,960.00	3,960.00
Stamp tax	458,231.50	260,786.33
Other	7,856.46	3,476.25
Total	3,897,496.78	3,840,556.12

63.Sales expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	1,605,556.15	1,477,791.73
Transportation changes	2,580,690.13	1,402,849.04
Exhibition fee	131,576.37	124,705.56
Business expenses	187,361.86	214,533.49
Samples and product loss	359,519.68	179,001.34
Property insurance	2,231,202.83	0.00
Other	273,897.50	381,530.37
Total	7,369,804.52	3,780,411.53

Other notes: The year-on-year increase in property insurance was mainly due to the purchase of "comprehensive insurance for the first batch of application of key new materials" during SAPO reporting period.

64. Administrative expenses

In RMB

Items	Amount of current period	Amount of previous period
Wage	22,919,081.61	23,605,838.32
Depreciation of fixed assets	6,383,207.78	4,788,853.45
Water and electricity	1,281,518.80	2,017,209.50
Intangible assets amortization	689,491.93	648,185.46
Travel expenses	738,353.90	512,976.10
Office expenses	342,201.90	515,020.20
Business entertainment	465,456.54	485,191.77
Lawsuit expenses	196,500.00	0.00
Repair charge	1,031,667.72	1,804,835.86

Property insurance	102,845.11	123,836.06
Low consumables amortization	18,322.00	9,731.00
Board fees	1,341.50	54,119.00
Agency expenses	4,393,993.81	1,639,670.22
Other	4,337,897.08	5,033,652.79
Tax	42,901,879.68	41,239,119.73

Other notes:

1. The increase in agency fees is mainly due to a number of agency fees incurred in the first half of the year, such as capital increase and stock expansion of subsidiaries, assets verification and asset evaluation, and attorney fees for land ownership confirmation of Guanhua Building.
2. The increase in legal fees is due to the legal service fees for the credit enhancement and extension of the trust project and trade project of the subsidiary SAPO.

65.R & D costs

In RMB

Items	Amount of current period	Amount of previous period
Wage	6,498,554.63	5,909,039.37
Material	10,185,129.50	13,348,329.15
Depreciation	1,371,404.00	1,230,035.43
Fuel & Power	763,053.12	413,784.82
Travel expenses	201,113.88	165,089.52
Other	153,133.07	122,821.53
Total	19,172,388.20	21,189,099.82

66.Financial Expenses

In RMB

Items	Amount of current period	Amount of previous period
Interest expenses	3,783,883.97	3,428,083.94
Interest income	-15,744,104.66	-13,277,267.58
Exchange loss	9,972,336.73	4,824,219.83
Fees and other	1,257,196.02	1,172,376.15
Total	-730,687.94	-3,852,587.66

67. Other income

In RMB

Items	Amount of current period	Amount of previous period
Government Subsidy	11,035,139.06	5,812,167.76

68. Investment income

In RMB

Items	Amount of this period	Amount of last period
Investment income from the disposal of long-term equity investment	-1,114,057.55	616,945.67
Dividend income from investments in other equity instruments during the holding period	908,000.00	
Hold the investment income during from available-for-sale financial assets		574,774.15
Trust income	0.00	27,360,990.33
Total	-206,057.55	28,552,710.15

69. Net exposure hedging income

Not applicable

70. Gains on the changes in the fair value

Not applicable

71. Credit impairment loss

In RMB

Items	Amount of this period	Amount of last period
Loss of bad debts in other receivables	310,848.71	
Loss of bad accounts receivable	2,022,916.27	
Total	2,333,764.98	

72. Losses from asset impairment

Whether implemented new revenue guidelines?

 Yes Not

In RMB

Items	Amount of current period	Amount of previous period
Losses on bad debt		-278,909.76
Loss of inventory price	-21,259,451.35	-17,115,422.28
Total	-21,259,451.35	-17,394,332.04

73. Asset disposal income

In RMB

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

74. Non-Operation income

In RMB

Items	Amount of current period	Amount of previous period	Recorded in the amount of the non-recurring gains and losses
Government Subsidy		55,009.21	
Gains from disposal of non-current assets		24,597.81	
Return insurance settlement income	4,033,846.00		4,033,846.00
Other	213,415.65	10,301.15	213,415.65
Total	4,247,261.65	89,905.17	4,247,261.65

Government subsidy reckoned into current gains/losses

In RMB

Items	Issuing subject	Reason	Nature	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of current period	Amount of previous period	Assets-related/income-related
Shenzhen Social Security		Subsidy		No	No		55,009.21	Relate to income

Bureau								
--------	--	--	--	--	--	--	--	--

75.Non-current expenses

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Non-current asset Disposition loss		43,338.08	
Other	6,092.62	110,000.00	6,092.62
Total	6,092.62	153,338.08	6,092.62

76.Income tax expenses

(1)Income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	9,599,442.08	5,972,581.36
Deferred income tax expense	173,565.75	-650,716.83
Total	9,773,007.83	5,321,864.53

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

In RMB

Items	Amount of current period
Total profits	4,046,153.95
Income tax computed in accordance with the applicable tax rate	1,011,538.50
Effect of different tax rate applicable to the subsidiary Company	3,472,144.47
Influence of non taxable income	150,265.11
Impact of non-deductible costs, expenses and losses	19,450.97
Affect the use of deferred tax assets early unconfirmed deductible losses	-88,607.93
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	5,208,216.71
Income tax expense	9,773,007.83

77. Other comprehensive income

Refer to the notes 57

78. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Government Subsidy	11,035,139.06	5,396,000.00
Bank deposit interest income and other	18,080,774.86	20,764,799.70
Total	29,115,913.92	26,160,799.70

(2) Other cash paid related to operating activities

In RMB

Items	Amount of current period	Amount of previous period
R&D	11,302,429.57	15,280,060.45
Office Expense	445,468.55	515,020.20
Business fee	730,785.55	699,725.26
Travel expenses	1,023,309.74	632,243.41
Transportation fee	2,580,960.13	1,402,849.04
Agency Charge	4,580,993.81	1,639,670.22
Insurance expenses	2,334,047.94	123,836.06
Water and electricity	2,293,665.75	2,017,209.50
Rental fee	1,031,667.72	1,804,835.86
Refund deposit	4,906,692.00	61,102.53
Other	764,041.43	1,403,743.74
Total	31,994,062.19	25,580,296.27

(3) Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	620,264,450.94	1,903,828,974.66
Total	620,264,450.94	1,903,828,974.66

(4).Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
-------	--------------------------	---------------------------

Structure deposit investment	985,495,790.87	1,830,500,000.00
Total	985,495,790.87	1,830,500,000.00

(5) Other cash received in relation to financing activities

Not applicable

(6) Cash paid related with financing activities

In RMB

Items	Amount of current period	Amount of previous period
Restricted stock of stock repurchase incentive object	11,448,442.40	0
Total	11,448,442.40	0

79. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

In RMB

Items	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	-5,726,853.88	4,558,099.13
Add: Impairment loss provision of assets	-14,622,141.27	-3,940,075.77
Depreciation of fixed assets, oil and gas assets and consumable biological assets	55,627,659.43	40,523,419.76
Amortization of intangible assets	689,491.93	620,162.74
Amortization of Long-term deferred expenses	350,578.98	155,136.82
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	-12,236,686.25	43,338.08
Financial expenses ("- for income)	-730,687.94	-3,852,587.66
Investments losses ("- for gains)	206,057.55	-28,152,710.15
Decreases in the deferred income tax assets ("- for increases)	348,251.61	-650,716.83
Decreases in inventories ("- for increases)	-63,857,296.55	-45,300,979.12
Decreases in operating receivables ("- for	110,200,333.49	-78,431,655.56

increases)		
Increases in operating receivables ("-" for decreases)	-46,422,344.75	-14,422,320.88
Net cash flows from operating activities	23,826,362.35	-128,850,889.44
2、Significant investment and financing activities involving no cash receipts and payments	--	--
3、Net change in cash and cash equivalents:	--	--
Closing balance of cash	255,546,268.35	1,014,735,793.86
Less: Opening balance of cash	1,133,574,235.22	1,161,240,139.33
Net increase in cash and cash equivalents	-878,027,966.87	-146,504,345.47

(2) Net Cash paid of obtaining the subsidiary

Not applicable

(3) Net Cash receive of disposal of the subsidiary

Not applicable

(4) Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I. Cash	255,546,268.35	1,133,574,235.22
Including: Cash at hand	10,934.20	13,559.60
Demand bank deposit	257,097,913.26	1,133,556,630.43
Demand other monetary funds	4,052.27	4,045.19
III. Balance of cash and cash equivalents at the period end	255,546,268.35	1,133,574,235.22

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

Not applicable

81. The assets with the ownership or use right restricted

Not applicable

82. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency	Exchange rate	Closing convert to RMB
-------	--------------------------	---------------	------------------------

	balance		balance
Monetary funds	--	--	
Including: USD	1,271,180.24	6.87470	8,738,982.79
Euro			
HKD	863,940.85	0.87970	760,008.77
Yen	993,624.00	0.063816	63,409.11
Account payable	--	--	
Including: USD	1,035,197.73	6.87470	7,116,673.85
Euro			
HKD	278,280.00	0.87970	244,802.92
Yen			
Long-term borrowing	--	--	
Including: USD			
Euro			
HKD			
Other receivable			
Including: USD	37,399.02	6.87470	257,107.04
HKD			
Yen			
Account payable			
Including: USD	4,077,489.83	6.87470	28,031,519.34
HKD			
Yen	1,443,783,619.98	0.063816	92,136,495.49
Other payable			
Including: USD	812,419.50	6.87470	5,585,140.34
HKD	3,044.46	6.87470	2,667.56
Yen	38,255,692.33	0.063816	2,441,325.26
Euro	106,218.00	7.81700	830,306.11
Short-term borrowing			
Including: USD	3,081,888.71	6.87470	21,187,060.31
HKD			
Yen	464,627,530.00	0.063816	29,650,670.45
Interest payable			
Including: USD	37,635.02	6.87470	258,729.47

HKD			
Yen	2,762,632.97	0.063816	176,300.19

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

Applicable Not applicable

83. Hedging

Not applicable

84. Government subsidies

(1) Government subsidies confirmed in current period

In RMB

Items	Amount	Project	Amount included in current profit and loss
Textile special funds	2,000,000.00	Other income	71,428.58
High-tech Industrialization demonstration projects	2,000,000.00	Other income	100,000.00
National grant funds for new flat panel display industry	10,000,000.00	Other income	500,000.00
Grant funds for TFT-LCD polarizer industry project	13,000,000.00	Other income	649,999.97
Grant funds for TFT-LCD polarizer narrow line (line 5) project	5,000,000.00	Other income	250,000.02
Purchase of imported equipment and technology	1,750,902.00	Other income	87,545.09
Innovation and venture capital for TFT-LCD polarizer I project	500,000.00	Other income	25,000.04
Shenzhen polarizing materials and Technology Engineering Laboratory innovation venture capital	500,000.00	Other income	25,000.02
Shenzhen Engineering laboratory polarizing material and technical engineering	5,000,000.00	Other income	250,000.02
Capital funding for Technology Center	3,000,000.00	Other income	150,000.00

Subsidy funds to support the introduction of advanced technology	143,881.00	Other income	7,194.00
Local supporting funds for TFT-LCD polarizer Phase II Project (line 6)	15,000,000.00	Other income	750,000.00
State subsidy for TFT-LCD polarizer Phase II Project (line 6)	10,000,000.00	Other income	500,000.00
Innovation and venture capital for TFT-LCD polarizer Phase II Project (line 6)	500,000.00	Other income	25,000.00
key technology research and development projects of optical compensation film for polarizer	5,000,000.00	Other income	250,000.02
Strategic industries Development fund of Guangdong Province	5,000,000.00	Other income	1,250,000.00
Grants of Purchase equipment of TFT-LCD polarizing film phase II project	30,000,000.00	Other income	1,500,000.00
Old elevator renovation fund subsidies	325,380.00	Other income	55,877.85
The ministry of industry and information technology, the ministry of finance, the circ first batch of new material application insurance compensation	4,806,400.00	Other income	2,231,202.83
Compensation for land requisition by Longhua Street Office (factory wall)	103,317.00	Other income	0.00
Name: Industrialization Project of Polarizer for Ultra Large Size TV (Line 7)	30,000,000.00	Other income	0.00
Research & development subsidy for key technologies of ultra-thin IPS polarizer for smart phone terminals	2,000,000.00	Other income	0.00
Finance committee of Shenzhen municipality (R&D of key	5,000,000.00	Other income	0.00

technology of high-performance polarizer for large size display panel of 2018N007)			
Shenzhen Standard Special subsidy	360,000.00	Other income	360,000.00
Government subsidies related to income	1,935,000.00	Other income	1,935,000.00
Electricity subsidy	61,890.62	Other income	61,890.62
Total			11,035,139.06

(2) Government subsidy return

Applicable Not applicable

Other notes:

85.Other

VIII. Changes of merge scope

1. Business merger not under same control

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

Not applicable

(2) Combined cost and goodwill

Not applicable

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

Not applicable

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

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

Yes No

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

Not applicable

(6) Other notes:

Nil

2. Business combination under the same control

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

Not applicable

(2) Combination cost

Not applicable

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

Not applicable

3. Counter purchase

Not applicable

4. The disposal of subsidiary

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

 Yes No

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

 Yes No

5. Other reasons for the changes in combination scope

6. Other

Not applicable

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Subsidiary	Main operation	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	

Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Domestic trade, Property Management	100.00%		Establish
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Accommodation, restaurants, business center;	100.00%		Establish
Shenfang Property Management Co., Ltd.	Shenzhen	Shenzhen	Property Management	100.00%		Establish
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Production of fully electronic jacquard knitting whole shape	100.00%		Establish
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	Shenzhen	Shenzhen	Polarizer production and sales	60.00%		Purchase
Shenzhen Shenfang Import & export Co., Ltd.	Shenzhen	Shenzhen	Operating import and export business		60.00%	Establish
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Production and sales of polarizer		100%	Establish

(2) Significant not wholly-owned subsidiaries

In RMB

Name	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
Shenzhen Shengbo Ophotoelectric Technology Co., Ltd	40.00%	-13,559,141.86	0.00	1,072,348,399.88

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

In RMB

Subsidiaries	Closing balance						Beginning balance					
	Current assets	Non-current	Total assets	Current liabilities	Non-current	Total liabilities	Current assets	Non-current	Total assets	Current liabilities	Non-current	Total liabilities

		assets			Liabilities			assets			Liabilities	
Shenzhen Shengbo Photoelectric Technology Co., Ltd	1,769,421,245.90	1,386,310,959.94	3,155,732,205.84	369,764,378.24	127,739,177.53	497,503,555.77	2,309,727,042.47	1,362,868,246.21	3,672,595,288.68	843,110,812.37	136,186,802.53	979,297,614.90

In RMB

Subsidiaries	Current term				Last term			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Shengbo Photoelectric Technology Co., Ltd	893,168,312.79	-35,069,023.71	-35,069,023.71	73,481,662.86	392,382,938.55	-13,141,819.59	-13,141,819.59	-123,066,997.41

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

Not applicable

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

Not applicable

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

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

Not applicable

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

Not applicable

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		The accounting treatment of investment in associates
				direct	indirect	
Shenzhen Haohao Property Leasing Co., Ltd.	Shenzhen	Shenzhen	Property leasing	50.00%		Equity method
Shenzhen Changlianfa Printing and dyeing Company	Shenzhen	Shenzhen	Property leasing	40.25%		Equity method
Jordan Garment Factory	Jordan	Jordan	Manufacturing	35.00%		Equity method
Yehui International Co., Ltd.	Hongkong	Hongkong	Manufacturing	22.75%		Equity method
Anhui Huapeng Textile Co., Ltd.	Anhui	Anhui	Manufacturing	50.00%		Equity method
Shenzhen Printing & Dyeing Co., Ltd.	Shenzhen	Shenzhen	Property leasing	50.16%		Equity method

(2) The Summarized Financial Information of Joint Ventures

Not applicable

(3) The Summarized Financial Information of Associated Enterprises

Not applicable

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

In RMB

	Closing balance/June 30, 2019	Opening balance/June 30, 2018
Joint venture:	--	--
Total book value of the investment	17,425,766.44	17,425,766.44

Total amount of the pro rata calculation of the following items	--	--
-- Net profit	-1,588,603.47	393,860.77
-- Total comprehensive income	-1,588,603.47	393,860.77
Associated enterprise:	--	--
Total book value of the investment	16,015,465.03	15,526,319.22
Total amount of the pro rata calculation of the following items	--	--
--Net profit	-1,243,075.64	223,084.90
--Other Comprehensive income	807,241.54	120,349.15
--Total comprehensive income	-435,834.10	343,434.05

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

Not applicable

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

Not applicable

(7) The unrecognized commitment related to joint venture investment

Not applicable

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

Not applicable

4. Significant common operation

Not applicable

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

Not applicable

6.Other

Nil

X. Risks Related to Financial Instruments

The company has the main financial instruments, such as bank deposits, receivables and payables, investments,

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

(I) Credit Risk

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

(II) Market risk

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

(1) Interest Rate Risk

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

(2) Foreign Exchange Risk

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

(III) Liquidity risk

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

XI. The disclosure of the fair value

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

In RMB

Items	Closing fair value			
	Fir value measurement items at level 1	Fir value measurement items at level 2	Fir value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--

1. Financial assets measured at fair value through profit or loss	760,000,000.00			760,000,000.00
Financial assets measured at fair value through changes in comprehensive income	242,767,132.26			242,767,132.26
Total of Consistent fair value measurement	1,002,767,132.20			1,002,767,132.20
II Inconsistent fair value measurement	--	--	--	--

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

The input value at the first level is that the company can obtain unadjusted quotations of the same assets or liabilities in the active market on the measurement date.

XII. Related parties and related-party transactions

1. Parent company information of the enterprise

Name	Registered address	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio
Shenzhen Investment Holdings Co.,Ltd.	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment , Real-estate Development and Guarantee	2,534,900.00	45.78%	48.94%

2. Subsidiaries of the Company

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

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

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

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

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

Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Sharing Company
--	-----------------

4.Other Related parties information

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

5. Related transactions.

(1) Related transactions on purchasing goods and receiving services

Acquisition of goods and reception of labor service

In RMB

Related party	Content	Current amount	Approval trading limit	Whether over the trading limit(Y/N)	Last amount
Kunshan Zhiqimei Material Technology Co., Ltd.	Purchasing polarizer	58,479,328.60	208,800,000.00	No	14,103,038.28

Related transactions on sale goods and receiving services

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of previous period
Kunshan Zhiqimei Material Technology Co., Ltd.	Sales polarizer sheet	79,108,319.24	0.00
Shenzhen Tianma Microelectronics Co., Ltd.	Sales polarizer sheet	740,904.84	1,166,047.31

(2) Related trusteeship/contract

Not applicable

(3) Information of related lease

Not applicable

(4) Related-party guarantee

Not applicable

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

Not applicable

(6) Related party asset transfer and debt restructuring

Not applicable

(7) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Senior Executive	3,136,527.00	2,643,194.00

(8) Other related transactions

In order to carry out TFT-LCD polarizer project construction, the company signed an entrusted loan contract with Shenzhen Shenchao Technology Investment Co., Ltd. and Shenzhen Jiangsu Building Branch of Ping An Bank in 2010. The contract stipulates that Shenzhen Shenchao Science & Technology Investment Co., Ltd. entrusts Shenzhen Jiangsu Building Branch of Ping An Bank to loan 200,000,000.00 yuan to the Company. The term of the loan was 108 months from the date the first entrusted loan was issued to the company's account. The entrusted loan interest rate was lowered by 2% based on the 5-year commercial loan interest rate announced and issued by the People's Bank of China. In case of adjustments to the 5-year commercial loan interest rate of the People's Bank of China, from the first day of the next month of the benchmark interest rate adjustment, the entrusted loan interest rate will be lowered by two percentage points according to the adjusted 5-year commercial loan interest rate. During the reporting period, all remaining principal and interest have been repaid, and the company's loan balance is 0 yuan.

6. Receivables and payables of related parties

(1) Receivables

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	473,735.18	23,686.76	894,474.64	44,723.73
Account receivable	Kunshan Zhiqimei	87,255,501.33	4,362,775.07	84,062,627.96	4,203,131.40

	Material Technology Co., Ltd.				
Other Account receivable	Anhui Huapeng Textile Company	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.			416,464.86	20,823.24

(2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Account payable	Kunshan Zhiqimei Material Technology Co., Ltd.	29,280,982.97	17,405,753.46
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payable	Shenzhen Changlianfa Printing and dyeing Co., Ltd.	1,178,449.95	1,178,449.95
Other payable	Shenzhen Changlianfa Printing and dyeing Co., Ltd.	3,554,489.85	4,454,489.85
Other payable	Yehui International Co.,Ltd.	1,194,824.20	1,190,070.22
Other payable	SAPO (Hongkong) Co., Ltd.	315,000.00	315,000.00
Interest payable	Shenzhen Shenchao Technology Investment Co., Ltd.	0.00	37,220,662.08
Other payable	Shenzhen Dailishi Underwear Co., Ltd.	85,599.94	0.00

7. Related party commitment

Not applicable

8.Other

Nil

XIII. Share payment

1. Overall situation of share payment

√Applicable □Not applicable

In RMB

Total amount of various equity instruments granted by the company during the current period	0.00
Total amount of various equity instruments that the company exercises during the period	0.00
Total amount of various equity instruments that have expired in the	0.00

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

Other notes

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

Restriction lifting period	Performance assessment goals
The first restriction lifting period	In 2018, the earnings per share shall be no less than 0.07 yuan, and shall not be lower than the 75 fractiles level of the comparable listed companies in the same industry; the growth rate of operating revenue in 2018 compared with 2016 is not less than 70%, and is not lower than the 75 fractiles level of comparable listed companies in the same industry; in 2018, the proportion of optical film business such as polarizers to operating revenue is no less than 70%.
The second restriction lifting period	In 2019, earnings per share shall be no less than 0.08 yuan, and shall not be lower than the 75 fractiles level of the comparable listed companies in the same industry; the growth rate of operating revenue in 2019 compared with 2016 is not less than 130%, and is not lower than the 75 fractiles level of comparable listed companies in the same industry; in 2019, the proportion of optical film business such as polarizers to operating revenue is not less than

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

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

2. Equity-settled share-based payment

Applicable Not applicable

In RMB

Determination method of the fair value of equity instruments on the grant date	The closing price of the company's stock on grant date - grant price
Determination basis of the number of vesting equity instruments	On each balance sheet date of the waiting period, it is determined based on the latest information such as the change in the number of people that can be released from restrictions and the completion of performance indicators
Equity-settled share-based payment is included in the accumulated amount of capital reserve	0.00
Total amount of fees confirmed by equity-settled share-based payments in the current period	0.00

Other notes

The earnings per share after deduction of non-recurring profit and loss was RMB -0.13/share in 2018, which was lower than the RMB 0.07/share--the performance assessment target in the first period of lifting restrictions on sales; besides, the Company's 2019 budget and 2019-2021 rolling operation plan show that the Company is not expected to complete the performance assessment targets in the second period of lifting restrictions on sales and third period of lifting restrictions on sales in 2019 and 2020.

3. The Stock payment settled by cash

Applicable Not applicable

4. Modification and termination of the stock payment

Not applicable

5. Other

Nil

XIV. Commitments

1.Significant commitments

Significant commitments at balance sheet date

Nil

2. Contingency

(1) Significant contingency at balance sheet date

Nil

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

Nil

3.Other

Nil

XV. Events after balance sheet date

1. Significant events had not adjusted

Not applicable

2. Profit distribution

Not applicable

3. Sales return

Not applicable

4. Notes of other significant events

Nil

XVI. Other significant events

Nil

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

1. Accounts receivable

(1) Accounts receivable classified by category

In RMB

Category	Amount in year-end					Amount in year-beginning				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Accrual of bad debt provision by single item										
Including:										
Accrual of bad debt provision by portfolio	594,006.80	100.00%	29,700.34	5.00%	564,306.46	570,471.80	100.00%	28,523.59	5.00%	541,948.21
Including:										
Total	594,006.80		29,700.34		564,306.46	570,471.80	100.00%	28,523.59	5.00%	541,948.21

Accrual of bad debt provision by portfolio:29,700.34 yuan

In RMB

Name	Closing balance		
	Book balance	Bad debt provision	Proportion
Within 1 year	594,006.80	29,700.34	5.00%
Including: Subtotal within 1 year	594,006.80	29,700.34	5.00%
Total	594,006.80	29,700.34	--

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

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

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year	594,006.80
Including: Subtotal within 1 year	594,006.80

Total	594,006.80
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(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period			Closing balance
		Accrual	Reversed or collected amount	Write-off	
Accrual of bad debt provision by portfolio:	28,523.59	1,176.75			29,700.34
Total	28,523.59	1,176.75			29,700.34

(3) The actual write-off accounts receivable

Not applicable

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

Name	Closing balance	Proportion %	Balance of Bad debt provision
Shenfang Building and Peripheral rent	594,006.80	100%	29,700.34

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

Nil

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

Nil

2. Other accounts receivable

In RMB

Items	Closing balance	Opening balance
Interest receivable	6,737,221.93	4,974,799.47
Other accounts receivable	8,403,787.65	8,881,582.55
Total	15,141,009.58	13,856,382.02

(1) Interest receivable

1) Category of interest receivable

In RMB

Items	Closing balance	Opening balance
Fixed deposit	537,095.34	884,141.92
Structure deposit	6,200,126.59	4,090,657.55
Total	6,737,221.93	4,974,799.47

2) Significant overdue interest

Nil

3) Bad-debt provision

 Applicable Not applicable

(2) Dividend receivable

Not applicable

(3) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Internal current account	8,575,600.00	8,578,542.00
Unit account	14,951,143.71	15,451,143.71
Other	35,200.01	35,200.01
Total	23,561,943.72	24,064,885.72

2) Bad-debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2019		1,090,352.22	14,092,950.95	15,183,303.17
Balance as at January 1, 2019 in current	—	—	—	—

Turn back in the current period		25,147.10		25,147.10
Balance as at June 30		1,065,205.12	14,092,950.95	15,158,156.07

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

Applicable Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year(Including 1 year)	3,745,284.22
Including: Subtotal within 1 year	3,745,284.22
1-2 years	4,454,759.77
2-3 years	2,810,047.30
Over 3 years	12,551,852.43
Over 5 years	12,551,852.43
Total	23,561,943.72

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

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period		Closing balance
		Accrual	Reversed or collected amount	
Accrual of bad debt provision by portfolio	1,090,352.22		25,147.10	1,065,205.12
Accrual of bad debt provision by single item	14,092,950.95			14,092,950.95
Total	15,183,303.17		25,147.10	15,158,156.07

The company's provision for bad debts of other receivables is based on the expected loss method, and the credit loss of other receivables is expected throughout the duration. For other receivables with similar risk characteristics, the company combines them according to aging status, and the expected credit loss rate corresponding to aging is shown in this Section V, Important Accounting Policies and Other Receivables in Accounting Estimates; At the end of the period, other receivables that have objective evidence of impairment are individually tested for impairment, and impairment losses are recognized and provision for bad debts is made according to the difference between the present value of the estimated future cash flow and its book value.

As of the end of the reporting period, the balance of other receivables combined by aging and provision for bad debts are shown in the following table:

Aging	Closing balance		
	Other account receivable	Provision for bad debts	Expected loss rate (%)
Within 1 year	3,745,284.22	187,264.21	5.00
1-2 years	4,454,759.77	445,475.98	10.00
2-3 years	1,010,047.30	303,014.19	30.00
Over 3 years	258,901.48	129,450.74	50.00
Total	9,468,992.77	1,065,205.12	

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

Nil

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

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision of year-end balance
First	Unit account	11,389,044.60	Over 5 years	48.34%	11,389,044.60
Second	Internal current account	8,575,600.00	1-3 years	36.40%	912,800.00
Third	Unit account	1,800,000.00	2-3 years	7.64%	1,800,000.00
Fourth	Unit account	783,579.12	1-2 years	3.33%	61,916.94
Fifth	Unit account	592,420.00	Over 5 years	2.51%	592,420.00
Total	--	23,140,643.72	--	98.21%	14,756,181.54

(6) Accounts receivable involved with government subsidies

Nil

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

Nil

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

Nil

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for	Book value	Book balance	Provision for	Book value

		impairment			impairment	
Investments in subsidiaries	1,968,806,395.91	16,582,629.30	1,952,223,766.61	1,980,806,395.91	16,582,629.30	1,964,223,766.61
Investments in associates and joint ventures	163,733,127.58		163,733,127.58	32,952,085.66		32,952,085.66
Total	2,132,539,523.49	16,582,629.30	2,115,956,894.19	2,013,758,481.57	16,582,629.30	1,997,175,852.27

(1) Investment to the subsidiary

In RMB

Name	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Shenzhen Shengbo Optoelectronic Technology Co., Ltd.	1,910,247,781.94			1,910,247,781.94		14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25			8,073,388.25		
Shenzhen Beauty Century Garment Co., Ltd.	28,700,058.79		12,000,000.00	16,700,058.79		2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08			15,489,351.08		
Shenfang Property Management Co., Ltd.	1,713,186.55			1,713,186.55		
Total	1,964,223,766.61		12,000,000.00	1,952,223,766.61		16,582,629.30

(2) Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											

Shenzhen Haohao Property Leasing Co., Ltd.	5,641,139.93			637,149.71			2,000,000.00			4,278,289.64	
Anhui Huapeng Textile Co.,Ltd.	11,784,626.51			-912,673.03						10,871,953.48	
Shenzhen Guanhua Printing & Dyeing Co., Ltd.		65,503,360.10		-520,438.51					67,584,497.83	132,567,419.42	
Shenzhen Xieli Automobile Co., Ltd.										0.00	
Subtotal	17,425,766.44	65,503,360.10		-795,961.83			2,000,000.00		67,584,497.83	147,717,662.54	
II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	2,234,057.19			82,115.91						2,316,173.10	
Jordan Garment Factory	2,363,614.70			-202,853.10	674,303.17					2,835,064.77	
Yehui International Co., Ltd.	10,928,647.33			-197,358.53	132,938.37					10,864,227.17	
Subtotal	15,526,319.22			-318,095.72	807,241.54					16,015,465.04	
Total	32,952,085.66	65,503,360.10		-1,114,057.55	807,241.54		2,000,000.00		67,584,497.83	163,733,127.58	

(3) Other notes

The other amount of Guanhua Printing & Dyeing Company is to convert Guanhua Printing & Dyeing Investment from other equity instruments to long-term equity investment.

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Business income	Business cost	Business income	Business cost
Income from Main Business	33,021,263.65	4,357,490.45	31,576,065.65	5,166,425.81
Other Business income	1,572,244.63	1,572,244.63	1,767,833.77	1,767,833.77
Total	34,593,508.28	5,929,735.08	33,343,899.42	6,934,259.58

Whether implemented new revenue guidelines?

Yes No

5. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the Equity method	-1,114,057.55	616,945.67
Dividend income from investments in other equity instruments during the holding period	908,000.00	
Investment income received from holding of available-for-sale financial assets		574,774.15
Total	-206,057.55	1,191,719.82

6. Other notes

Nil

XVIII. Supplement information

1. Particulars about current non-recurring gains and loss

Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	12,236,686.25	
Government subsidy recognized in current gain and loss(excluding those closely related	11,035,139.06	

to the Company's business and granted under the state's policies)		
Other non-business income and expenditures other than the above	4,241,169.03	
Less :Influenced amount of income tax	3,121,789.28	
Influenced amount of minor shareholders' equity (after tax)	6,010,334.88	
Total	18,380,870.18	--

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

Applicable Not applicable

2. Return on net asset and earnings per share

Profit of report period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to the Common stock shareholders of Company.	0.32%	0.0153	0.0153
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-0.43%	-0.0206	-0.0206

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Not applicable

4.Other

Nil

XI. Documents Available for Inspection

1. Financial statements bearing the seal and signature of legal representative, General Manager and financial controller;
2. The original of the auditor's report bearing the seal of the certified public accountants and the signature of C.P.A.
3. The originals of all the Company's documents and the original manuscripts of announcements publicly disclosed on the newspapers designated by China Securities Regulatory Commission in the report period.
4. Other relevant information

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

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

August 21, 2019