Shenzhen Textile (Holdings) Co., Ltd.

Financial Statements and Auditor’s Report
For the year ended December 31, 2022

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Auditor’ s Report

DeShiReport(Shen)Zi(23)No. P03516

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

I. Opinion

We have audited the financial statements of Shenzhen Textile (Holdings) Co., Ltd . (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2022, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2022 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of the Company in accordance with the Code of Ethics for Chinese CPA and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Recognition of polarizer sales revenue

As mentioned in Note (VII) 39 to the financial statement, in 2022the operating income reported in the consolidated financial statement of Shenzhen Textile Group was RMB 2,837,988,264.36, of which the sales revenue of polarizers was RMB 2,693,787,636.62, accounting for 94.92% of the total operating income. The sales revenue of Shenzhen Textile Group's polarizer is recognized when the customer obtains control of the relevant goods. Due to the importance of polarizer sales revenue to the consolidated financial statement as a whole, and the revenue is one of the key performance indicators of Shenzhen Textile Group, there is an inherent risk that management will manipulate revenue recognition in order to achieve specific objectives or expectations, therefore, we have identified the recognition of polarizer sales revenue as a key audit matter for the audit of the consolidated financial statement.

In response to the above key audit matter, the audit procedures we implement mainly include:

Understand and evaluate the internal control of the revenue-related business of Shenzhen Textile Group, understand and evaluate the design and implementation of relevant internal control activities by questioning relevant business personnel, observing business processes, obtaining and checking documents, etc., and conduct the operation effectiveness test of internal control activities.

Examine sales contracts with key customers, identify contractual terms and conditions related to the transfer of control of goods, and assess whether the accounting policies for revenue recognition comply with the requirements of accounting standards for business enterprises

In response to the above key audit matter, the audit procedures we implement mainly include:

Perform revenue analysis procedures by production line, product type and customer, and analyze the rationality of revenue changes based on market and other factors.

Evaluate whether revenue recognition meets the requirements of accounting standards for enterprises;

Samples are taken to perform detailed tests on sales revenue, check supporting documents such as invoices, outbound delivery orders, and receipts related to revenue recognition, and verify the sales of major customers by letter of confirmation and evaluate the authenticity of polarizer sales revenue recognition.

Select samples of sales transactions before and after the balance sheet date, check the supporting documents such as invoices, outbound delivery orders, and receipts, and evaluate whether the revenue is recorded in the appropriate accounting period.

2. Impairment of polarizer inventory

As mentioned in Note (VII) 8 to the financial statement, as of December 31, 2022, the inventory book balance reported in the consolidated financial statement of Shenzhen Textile Group was RMB741,464,422.61, of which the book balance of polarizer inventory was RMB721,282,838.15, accounting for 97.12% of the total inventory, and the corresponding inventory decline reserve was RMB180,886,720.53. In accordance with the Group's accounting policy, inventories are measured at the lower of cost or net realizable value at the end of the year, and when the net realizable value of inventories is lower than cost, a provision is made for inventory price declines. As the provision for inventory declines involves significant management estimates, we have identified the impairment of polarizer inventories as a key audit matter in the audit of the consolidated financial statement.

In response to the above key audit matter, the audit procedures we implement mainly include:

Understand and evaluate the design and implementation of internal controls related to inventory impairment;

Understand and evaluate the appropriateness of accounting policies related to inventory price declines provision;

Implement inventory on-site monitoring procedures, check the check-count quantity ofinventory on a sampling basis, and observe the status of inventory to evaluate the inventory quantity and condition at the balance sheet date;

Evaluate the reasonableness of management's methodology for accruing provisions for inventory declines and the important assumptions and parameters used to calculate net realizable value;

Evaluate whether there are signs of management bias by selecting samples of data used to determine the net realizable value of inventories with comparing to the actual cost of completion and actual selling price of the product that has actually been incurred in the mostrecent.

IV. Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 2022, but excludes the financial statements and our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements and bear all liability for the opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu CPA Ltd.(special general partnership) Chinese C.P.A.

（Project Partner)

Shanghai China

Chinese C.P.A.

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

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

Dec 31,2022

In RMB

Items	Note	December 31,2022	December 31,2021
Current asset：			
Monetary fund	(VII) 1	991,789,968.19	302,472,828.60
Transactional financial assets	(VII) 2	319,605,448.44	617,191,678.56
Note receivable	(VII) 3	74,619,100.26	149,942,880.28
Account receivable	(VII) 4	636,583,469.93	479,998,708.57
Financing of receivables	(VII) 5	54,413,796.91	21,474,101.07
Prepayments	(VII) 6	18,391,444.67	15,406,619.53
Other account receivable	(VII) 7	10,585,975.38	140,185,750.40
Inventories	(VII) 8	558,447,648.77	743,401,857.74
Other current asset	(VII) 9	69,535,531.24	29,503,352.42
Total of current assets		2,733,972,383.79	2,499,577,777.17
Non-current assets:			
Long term share equity investment	(VII) 10	134,481,835.74	133,022,325.77
Other equity instruments investment	(VII) 11	167,678,283.27	186,033,829.72
Real estate investment	(VII) 12	126,315,834.76	125,251,851.43
Fixed assets	(VII) 13	2,240,221,656.36	2,396,658,988.81
Construction in progress	(VII) 14	38,061,619.60	71,482,031.08
Use right assets	(VII) 15	15,365,393.88	9,221,189.37
Intangible assets	(VII) 16	44,192,571.95	48,635,160.00
Goodwill	(VII) 17	-	-
Long-germ expenses to be amortized	(VII) 18	4,470,957.79	5,387,295.94
Deferred income tax asset	(VII) 19	69,823,814.29	3,708,596.78
Other non-current asset	(VII) 20	42,553,016.47	84,560,280.09
Total of non-current assets		2,883,164,984.11	3,063,961,548.99
Total of assets		5,617,137,367.90	5,563,539,326.16
Current liabilities			
Short-term loans	(VII) 21	7,000,000.000	37,575,113.83
Notes payable	(VII) 22	-	16,682,324.12
Account payable	(VII) 23	327,049,873.70	359,584,252.94
Advance receipts	(VII) 24	1,393,344.99	1,805,311.57
Contract liabilities	(VII) 25	4,274,109.40	68,955.21
Employees' wage payable	(VII) 26	61,166,444.90	59,719,860.24
Tax payable	(VII) 27	8,897,312.51	9,200,627.09
Other account payable	(VII) 28	197,345,455.37	201,317,421.35
Non-current liability due within 1 year	(VII) 29	104,183,438.22	5,175,393.52
Other current liability	(VII) 30	92,945,741.78	58,264,958.58
Total of current liability		804,255,720.87	749,394,218.45
Non-current liabilities:			
Long-term loan	(VII) 31	607,421,585.00	683,016,243.25
Lease liability	(VII) 32	8,628,672.71	4,243,855.71
Deferred income	(VII) 33	117,814,796.10	110,461,293.15
Deferred income tax liability	(VII)19	47,974,267.80	61,642,660.91
Total non-current liabilities		781,839,321.61	859,364,053.02
Total of liability		1,586,095,042.48	1,608,758,271.47
Owners' equity			
Share capital	(VII) 34	506,521,849.00	506,521,849.00
Capital reserves	(VII) 35	1,961,599,824.63	1,961,599,824.63
Other comprehensive income	(VII) 36	109,596,609.31	119,682,119.05

Special reserve	(VII) 37	100,909,661.32	98,245,845.47
Retained profit	(VII) 38	170,636,610.95	125,317,336.31
Total of owner's equity belong to the parent company		2,849,264,555.21	2,811,366,974.46
Minority shareholders' equity		1,181,777,770.21	1,143,414,080.23
Total of owners' equity		4,031,042,325.42	3,954,781,054.69
Total of liabilities and owners' equity		5,617,137,367.90	5,563,539,326.16

Legal Representative: Yin Kefei

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

Person-in -charge of the accounting organ：Zhu Jingjing

2.Parent Company Balance Sheet

In RMB

Items	Note	December 31,2022	December 31,2021
Current asset：			
Monetary fund			
Transactional financial assets		426,042,455.28	130,270,313.58
Account receivable	(XVI) 1	319,605,448.44	586,540,735.16
Other account receivable	(XVI) 2	15,643,024.11	7,935,911.24
Inventories		14,132,756.62	14,383,631.68
Total of current assets		26,237.85	39,131.60
Non-current assets:		775,449,922.30	739,169,723.26
Long term share equity investment	(XVI) 3		
Other equity instruments investment		2,092,431,333.83	2,089,070,531.86
Real estate investment		151,618,842.39	169,974,388.84
Fixed assets		101,190,712.85	98,174,132.57
Intangible assets		11,346,585.35	20,255,108.56
Deferred income tax asset		308,243.90	454,036.00
Other non-current asset		-	3,672,545.57
Total of non-current assets		25,997,082.15	55,790,497.23
Total of assets		2,382,892,800.47	2,437,391,240.63
Current liabilities		3,158,342,722.77	3,176,560,963.89
Account payable			
Advance receipts		411,743.57	411,743.57
Employees' wage payable		691,160.58	639,024.58
Tax payable		18,510,589.33	16,712,946.96
Other account payable		7,121,466.14	1,943,470.48
Total of current liability		113,736,371.24	116,648,650.39
Non-current liabilities:		140,471,330.86	136,355,835.98
Deferred income			
Deferred income tax liability		300,000.00	400,000.00
Total non-current liabilities		44,363,868.30	58,002,800.69
Total of liability		44,663,868.30	58,402,800.69
Owners' equity		185,135,199.16	194,758,636.67
Share capital			
Capital reserves		506,521,849.00	506,521,849.00
Less: Shares in stock		1,577,392,975.96	1,577,392,975.96
Other comprehensive income		98,855,668.75	108,762,538.39
Special reserve		100,909,661.32	98,245,845.47
Retained profit		689,527,368.58	690,879,118.40
Total of owners' equity		2,973,207,523.61	2,981,802,327.22
Total of liabilities and owners' equity		3,158,342,722.77	3,176,560,963.89

3.Consolidated Income statement

In RMB

	Note	Year 2022	Year 2021
1. Operation revenue	(VII) 39	2,837,988,264.36	2,330,061,681.00
Less：Business cost	(VII) 39	2,374,005,896.43	1,906,993,663.75

Business tax and surcharge	(VII) 40	7,907,126.91	10,523,548.09
Sales expense	(VII) 41	35,962,529.35	37,973,336.39
Administrative expense	(VII) 42	128,388,940.29	122,088,830.15
R & D costs	(VII) 43	80,520,155.54	103,508,764.53
Financial expenses	(VII) 44	12,943,606.57	(130,344.09)
Including：Interest expense		31,131,112.38	14,306,275.13
Interest income		8,327,248.75	1,655,853.59
Add: Other income	(VII) 45	26,350,210.89	19,643,379.33
Investment gain	(VII) 46	19,383,351.87	22,663,013.06
Incl: investment gains from affiliates		1,307,639.15	33,984.66
inancial assets measured at amortized cost cease to be recognized as income		-	-
Changing income of fair value	(VII) 47	-	2,150,943.40
Credit impairment loss	(VII) 48	(4,618,553.09)	(4,981,560.53)
Impairment loss of assets	(VII) 49	(202,573,465.84)	(130,396,451.18)
Assets disposal income	(VII) 50	31,264.60	(597,458.77)
II. Operational profit		36,832,817.70	57,585,747.49
Add：Non-operational income	(VII) 51	14,993,082.57	21,285,786.64
Less: Income tax expenses	(VII) 52	7,477,057.47	1,686,263.35
III. Total profit		44,348,842.80	77,185,270.78
Less: Income tax expenses	(VII) 53	(67,443,123.52)	11,118,796.96
IV. Net profit		111,791,966.32	66,066,473.82
(I) Classification by business continuity			
1.Net continuing operating profit		111,791,966.32	66,066,473.82
2.Termination of operating net profit		-	-
(II) Classification by ownership			
Including：Net profit attributable to the owners of parent company		73,309,182.94	55,733,468.82
Minority shareholders’ equity		38,482,783.38	10,333,005.00
V. Net after-tax of other comprehensive income	(VII) 36	(10,204,603.14)	4,234,512.42
Net of profit of other comprehensive income attributable to owners of the parent company.		(10,085,509.74)	4,234,512.42
（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		(10,058,739.46)	4,433,576.15
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		(10,058,739.46)	4,433,576.15
4. Changes in the fair value of the company’s credit risks		-	-
（II）Other comprehensive income that will be reclassified into profit or loss.		(26,770.28)	(199,063.73)
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		(178,640.10)	-
3. Other comprehensive income arising from the reclassification of financial assets		-	-
4.Allowance for credit impairments in investments in other debt obligations		-	-
5. Reserve for cash flow hedges		-	-
6.Translation differences in currency financial statements		151,869.82	(199,063.73)
7.Other		-	-
Net of profit of other comprehensive income attributable to Minority shareholders’ equity		(119,093.40)	-
VI. Total comprehensive income		101,587,363.18	70,300,986.24
Total comprehensive income attributable to the owner of the parent company		63,223,673.20	59,967,981.24
Total comprehensive income attributable minority shareholders		38,363,689.98	10,333,005.00

VII. Earnings per share			
Basic earnings per share		0.14	0.11

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

Legal Representative: Yin Kefei

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

Person-in -charge of the accounting organ：Zhu Jingjing

4. Income statement of the Parent Company

In RMB

	Note	Year 2022	Year 2021
1. Operation revenue	(XVI) 4	56,046,883.88	78,159,686.19
Less：Business cost	(XVI) 4	9,544,956.96	11,547,944.88
Business tax and surcharge		2,296,709.15	2,968,080.87
Sales expense		106,542.65	49,682.40
Administrative expense		46,419,746.13	45,821,418.49
Financial expenses		(5,381,252.49)	283,692.12
Including：Interest expenses		6,601.33	645,507.87
Interest income		5,369,095.59	359,182.13
Add：Other income		269,698.97	602,709.52
Investment gain	(XVI) 5	18,656,000.37	20,409,098.48
Including: investment gains from affiliates		1,307,639.15	33,984.66
Financial assets measured at amortized cost cease to be recognized as income		-	-
Credit impairment loss		940,005.04	(710,513.74)
Impairment loss of assets		-	(32,769.22)
Assets disposal income		-	(386,933.41)
II. Operational profit		22,925,885.86	37,370,459.06
Add：Non-operational income		6,004,050.33	283,354.84
Less: Non -operational expenses		100,500.00	-
III. Total profit		28,829,436.19	37,653,813.90
Less: Income tax expenses		2,191,277.71	5,900,206.38
IV. Net profit		26,638,158.48	31,753,607.52
1.Net continuing operating profit		26,638,158.48	31,753,607.52
2.Termination of operating net profit		-	-
V. Net after-tax of other comprehensive income		(9,906,869.64)	2,288,677.33
（I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		(10,058,739.46)	2,487,741.06
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		(10,058,739.46)	2,487,741.06
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		151,869.82	(199,063.73)
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		-	-
2. Changes in the fair value of investments in other debt obligations		-	-
3. Other comprehensive income arising from the reclassification of financial assets		-	-
4.Allowance for credit impairments in investments in other debt obligations		-	-
5. Reserve for cash flow hedges		-	-

6.Translation differences in currency financial statements		151,869.82	(199,063.73)
7.Other		-	-
VI. Total comprehensive income		16,731,288.84	34,042,284.85

5. Consolidated Cash flow statement

In RMB

	Note	Year 2022	Year 2021
I.Cash flows from operating activities			
Cash received from sales of goods or rending of services		3,046,091,280.79	2,335,256,168.54
Tax returned		113,982,534.22	9,423,408.29
Other cash received from business operation	(VII)54(1)	218,296,299.96	88,625,329.53
Sub-total of cash inflow		3,378,370,114.97	2,433,304,906.36
Cash paid for purchasing of merchandise and services		2,453,492,479.82	1,860,349,920.78
Cash paid to staffs or paid for staffs		253,460,171.00	250,216,599.00
Taxes paid		59,230,421.14	101,786,653.96
Other cash paid for business activities	(VII)54(2)	121,948,492.41	225,388,712.97
Sub-total of cash outflow from business activities		2,888,131,564.37	2,437,741,886.71
Net cash generated from /used in operating activities	(VII)55(1)	490,238,550.60	(4,436,980.35)
II. Cash flow generated by investing			
Cash received from investment retrieving		28,500,000.00	10,817,803.07
Cash received as investment gains		18,075,712.72	14,881,941.03
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		101,301.53	83,520.00
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received	(VII)54(3)	1,316,000,000.00	1,128,309,484.61
Sub-total of cash inflow due to investment activities		1,362,677,014.25	1,154,092,748.71
Cash paid for construction of fixed assets, intangible assets and other long-term assets		123,210,891.17	447,622,193.08
Cash paid as investment		1.00	-
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities	(VII)54(4)	1,140,433,371.49	965,000,000.00
Sub-total of cash outflow due to investment activities		1,263,644,263.66	1,412,622,193.08
Net cash flow generated by investment		99,032,750.59	(258,529,444.37)
III.Cash flow generated by financing			
Cash received as investment		-	-
Including: Cash received as investment from minor shareholders		-	-
Cash received as loans		73,230,492.79	339,219,000.00
Other financing –related cash received		-	-
Sub-total of cash inflow from financing activities		73,230,492.79	339,219,000.00
Cash to repay debts		26,642,157.50	-
Cash paid as dividend, profit, or interests		56,596,142.54	38,306,691.13
Including: Dividend and profit paid by subsidiaries to minor shareholders		-	-
Other cash paid for financing activities	(VII)54(5)	9,144,572.43	12,638,273.00
Sub-total of cash outflow due to financing activities		92,382,872.47	50,944,964.13
Net cash flow generated by financing		(19,152,379.68)	288,274,035.87
IV. Influence of exchange rate alternation on cash and cash equivalents		1,947,479.23	(1,236,414.38)
V.Net increase of cash and cash equivalents		572,066,400.74	24,071,196.77
Add: balance of cash and cash equivalents at the beginning of term	(VII)55(2)	302,408,433.72	278,337,236.95
VI ..Balance of cash and cash equivalents at the end of term	(VII)55(2)	874,474,834.46	302,408,433.72

6. Cash Flow Statement of the Parent Company

In RMB

	Note	Year 2022	Year 2021
I.Cash flows from operating activities			

Cash received from sales of goods or rending of services		49,647,323.90	66,467,384.64
Tax returned		600,618.94	-
Other cash received from business operation	(VII)、54(1)	7,065,800.34	42,417,781.16
Sub-total of cash inflow		57,313,743.18	108,885,165.80
Cash paid for purchasing of merchandise and services		2,458,133.73	13,344,258.31
Cash paid to staffs or paid for staffs		33,850,730.29	34,360,990.56
Taxes paid		6,260,647.31	23,084,768.18
Other cash paid for business activities	(VII)、54(2)	5,334,787.37	10,293,028.68
Sub-total of cash outflow from business activities		47,904,298.70	81,083,045.73
Net cash generated from /used in operating activities	(VII)、55(1)	9,409,444.48	27,802,120.07
II. Cash flow generated by investing			
Cash received from investment retrieving		-	10,817,803.07
Cash received as investment gains		17,348,361.22	11,479,752.94
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received	(VII)、54(3)	1,316,000,000.00	466,820,636.28
Sub-total of cash inflow due to investment activities		1,333,348,361.22	489,118,192.29
Cash paid for construction of fixed assets, intangible assets and other long-term assets		2,586,581.13	2,247,719.06
Cash paid as investment		1.00	-
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities	(VII)、54(4)	1,134,754,229.41	475,000,000.00
Sub-total of cash outflow due to investment activities		1,137,340,811.54	477,247,719.06
Net cash flow generated by investment		196,007,549.68	11,870,473.23
III. Cash flow generated by financing			
Cash received as investment		-	-
Cash received as loans		-	-
Other financing –related ash received		-	-
Sub-total of cash inflow from financing activities		-	-
Cash to repay debts		-	-
Cash paid as dividend, profit, or interests		25,332,693.78	15,176,281.23
Other cash paid for financing activities		-	7,820,298.30
Sub-total of cash outflow due to financing activities		25,332,693.78	22,996,579.53
Net cash flow generated by financing	(VII)、54(5)	(25,332,693.78)	(22,996,579.53)
IV. Influence of exchange rate alternation on cash and cash equivalents		1,886.83	-
V.Net increase of cash and cash equivalents		180,086,187.21	16,676,013.77
Add: balance of cash and cash equivalents at the beginning of term		130,236,340.98	113,560,327.21
VI ..Balance of cash and cash equivalents at the end of term		310,322,528.19	130,236,340.98

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Year 2022						
	Owner's equity Attributable to the Parent Company					Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit		
I .Balance at the end of last year	506,521,849.00	1,961,599,824.63	119,682,119.05	98,245,845.47	125,317,336.31	1,143,414,080.23	3,954,781,054.69
Add: Change of accounting policy	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-
Merger of entities under common control	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
II. Balance at the beginning of current year	506,521,849.00	1,961,599,824.63	119,682,119.05	98,245,845.47	125,317,336.31	1,143,414,080.23	3,954,781,054.69
III .Changed in the current year	-	-	(10,085,509.74)	2,663,815.85	45,319,274.64	38,363,689.98	76,261,270.73
（1）Total comprehensive income	-	-	(10,085,509.74)	-	73,309,182.94	38,363,689.98	101,587,363.18
（II）Investment or decreasing of capital by owners	-	-	-	-	-	-	-
1．Ordinary Shares invested by shareholders	-	-	-	-	-	-	-
2．Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-	-
3．Other	-	-	-	-	-	-	-
（III）Profit allotment	-	-	-	2,663,815.85	(27,989,908.30)	-	(25,326,092.45)
1.Providing of surplus reserves	-	-	-	2,663,815.85	(2,663,815.85)	-	-
2．Allotment to the owners (or shareholders)	-	-	-	-	(25,326,092.45)	-	(25,326,092.45)
3．Other	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	-	-	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-
3．Making up losses by surplus reserves.	-	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	-	-	-	-
5．Other	-	-	-	-	-	-	-
(V). Special reserves	-	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-	-
2．Used this term	-	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,961,599,824.63	109,596,609.31	100,909,661.32	170,636,610.95	1,181,777,770.21	4,031,042,325.42

Amount in last year

In RMB

Items	Year 2021							
	Owner's equity Attributable to the Parent Company						Minor shareholders' equity	Total of owners' equity
	Share Capital	Capital reserves	Less: Shares in stock	Other Comprehensive Income	Surplus reserves	Retained profit		
I .Balance at the end of last year	507,772,279.00	1,967,514,358.53	7,525,438.20	116,605,932.42	94,954,652.14	86,912,390.50	1,133,081,075.23	3,899,315,249.62
Add: Change of accounting policy	-	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-	-
Merger of entities under common control	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	507,772,279.00	1,967,514,358.53	7,525,438.20	116,605,932.42	94,954,652.14	86,912,390.50	1,133,081,075.23	3,899,315,249.62
III .Changed in the current year	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	3,076,186.63	3,291,193.33	38,404,945.81	10,333,005.00	55,465,805.07
（1）Total comprehensive income	-	-	-	4,234,512.42	-	55,733,468.82	10,333,005.00	70,300,986.24
（II）Investment or decreasing of capital by owners	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	-	-	-	-	360,474.30
1．Ordinary Shares invested by shareholders	-	-	-	-	-	-	-	-
2．Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-	-	-
3．Other	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	-	-	-	-	360,474.30
（III）Profit allotment	-	-	-	-	3,175,360.75	(18,371,016.22)	-	(15,195,655.47)
1.Providing of surplus reserves	-	-	-	-	3,175,360.75	(3,175,360.75)	-	-
2．Allotment to the owners (or shareholders)	-	-	-	-	-	(15,195,655.47)	-	(15,195,655.47)
3．Other	-	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-	-
3．Making up losses by surplus reserves.	-	-	-	-	-	-	-	-
4. Other comprehensive income carry-over retained earnings	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-	-

5．Other	-	-	-	-	-	-	-	-
(V). Special reserves	-	-	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-	-	-
2．Used this term	-	-	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,961,599,824.63	-	119,682,119.05	98,245,845.47	125,317,336.31	1,143,414,080.23	3,954,781,054.69

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

Amount in this period

In RMB

Items	Year 2022					
	Share Capital	Capital reserves	Other Comprehensive Income	Surplus reserves	Retained profit	Total of owners’ equity
I.Balance at the end of last year	506,521,849.00	1,577,392,975.96	108,762,538.39	98,245,845.47	690,879,118.40	2,981,802,327.22
Add: Change of accounting policy	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-
Other	-	-	-	-	-	-
II. Balance at the beginning of current year	506,521,849.00	1,577,392,975.96	108,762,538.39	98,245,845.47	690,879,118.40	2,981,802,327.22
III .Changed in the current year	-	-	(9,906,869.64)	2,663,815.85	(1,351,749.82)	(8,594,803.61)
（I）Total comprehensive income	-	-	(9,906,869.64)	-	26,638,158.48	16,731,288.84
(II) Investment or decreasing of capital by owners	-	-	-	-	-	-
1．Ordinary Shares invested by shareholders	-	-	-	-	-	-
2.Amount of shares paid and accounted as owners’ equity	-	-	-	-	-	-
3．Other	-	-	-	-	-	-
（III）Profit allotment	-	-	-	2,663,815.85	(27,989,908.30)	(25,326,092.45)
1.Providing of surplus reserves	-	-	-	2,663,815.85	(2,663,815.85)	-
2．Allotment to the owners (or shareholders)	-	-	-	-	(25,326,092.45)	(25,326,092.45)
3．Other	-	-	-	-	-	-
(IV) Internal transferring of owners’ equity	-	-	-	-	-	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-
4．Other comprehensive income carry-over retained earnings	-	-	-	-	-	-
5．Other	-	-	-	-	-	-

(V) Special reserves	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-
2. Used this term	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,577,392,975.96	98,855,668.75	100,909,661.32	689,527,368.58	2,973,207,523.61

Amount in last year

In RMB

Items	Year 2021						
	Share Capital	Capital reserves	Less: Shares in stock	Other Comprehensive Income	Surplus reserves	Retained profit	Total of owners' equity
I.Balance at the end of last year	507,772,279.00	1,583,307,509.86	7,525,438.20	107,632,186.85	94,954,652.14	676,454,033.89	2,962,595,223.54
Add: Change of accounting policy	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
II. Balance at the beginning of current year	507,772,279.00	1,583,307,509.86	7,525,438.20	107,632,186.85	94,954,652.14	676,454,033.89	2,962,595,223.54
III .Changed in the current year	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	1,130,351.54	3,291,193.33	14,425,084.51	19,207,103.68
（I）Total comprehensive income	-	-	-	2,288,677.33	-	31,753,607.52	34,042,284.85
(II) Investment or decreasing of capital by owners	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	-	-	-	360,474.30
1．Ordinary Shares invested by shareholder s	-	-	-	-	-	-	-
2.Amount of shares paid and accounted as owners' equity	-	-	-	-	-	-	-
3．Other	(1,250,430.00)	(5,914,533.90)	(7,525,438.20)	-	-	-	360,474.30
（III）Profit allotment	-	-	-	-	3,175,360.75	(18,371,016.22)	(15,195,655.47)
1.Providing of surplus reserves	-	-	-	-	3,175,360.75	(3,175,360.75)	-
2．Allotment to the owners (or shareholders)	-	-	-	-	-	(15,195,655.47)	(15,195,655.47)
3．Other	-	-	-	-	-	-	-
(IV) Internal transferring of owners' equity	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-
1. Capitalizing of capital reserves (or to capital shares)	-	-	-	-	-	-	-
2. Capitalizing of surplus reserves (or to capital shares)	-	-	-	-	-	-	-
3. Making up losses by surplus reserves.	-	-	-	-	-	-	-
4．Other comprehensive income carry-over retained earnings	-	-	-	(1,158,325.79)	115,832.58	1,042,493.21	-
5．Other	-	-	-		-	-	-

(V) Special reserves	-	-	-	-	-	-	-
1. Provided this year	-	-	-	-	-	-	-
2. Used this term	-	-	-	-	-	-	-
（VI）Other	-	-	-	-	-	-	-
IV. Balance at the end of this term	506,521,849.00	1,577,392,975.96	-	108,762,538.39	98,245,845.47	690,879,118.40	2,981,802,327.22

III. Basic Information of the Company

1.Company overview

Shenzhen Textile (Holdings) Co., Ltd (hereinafter referred to as "the Company") is a company limited by sharesregistered in Guangdong Province, formerly known as Shenzhen Textile Industry Company and established in 1984. The Company was listed on the Shenzhen Stock Exchange in August 1994. The Company publicly issued RMB ordinary shares (A shares) and domestic listed foreign capital shares (B shares) to the domestic and foreign public respectively and listed them for trading.

Headquartered in Shenzhen, Guangdong Province, the main business of the Company and its subsidiaries (hereinafter referred to as "the Group") includes the research and development, production and marketing of polarizers for liquid crystal display, as well as property management business mainly located in the prosperous commercial area of Shenzhen and textile and garment business.

2. Scope of consolidated financial statement

The financial statements have been authorized for issuance of Board of Directors of the Company on April 1,2023.

Details of the scope of the consolidated financial statement for the year are set out in the Note (IX) "Interests in other entities". Changes in the scope of the consolidated financial statement for the year are set out in Note (VIII), "Changes in the Scope of Consolidation".

IV. Basis for the preparation of the financial report

（1）Basis for the preparation

The Group implements the accounting standards for enterprises and related regulations promulgated by the Ministry of Finance. In addition, the Group also discloses relevant financial information in accordance with the No. 15 Compilation Rules for Disclosure of Information by Companies ofIssuing Securities to the Public-General Provisions for Financial Reporting (2014 Revision).

(2) Continuous operation

The Group evaluated its ability to continue as a going concern for the 12 months from 31 December 2022 and found no matters or circumstances that raised significant doubts about its ability to continue as a going concern. Accordingly, the present financial reporthas been prepared on the basis of going concern assumptions.

(3) Bookkeeping basis and pricing principle

The Group's accounting is based on the accrual basis. Except for certain financial instruments-which are measured at fair value, the financial reportusesthe historical cost as the measurement basis. If the asset is impaired, the corresponding impairment provision will be made in accordance with the relevant regulations.

Under historical cost measurement, an asset is measured at the fair value of the amount of cash or cash equivalents paid or the consideration paidat the time of acquisition. Liabilities are measured by the amount of money or assets actually received as a result of the present obligation is assumed, or the contractual amount of the present obligation is incurred, or the amount of cash or cash equivalents expected to be paid in the ordinary course of life to repay the liability.

Fair value is the price that market participants shall have to receive for the sale of an asset or shall to pay for a transfer of a liability in an orderly transaction that occurs on the measurement date. Whether the fair value is observable or estimated using valuation techniques, the fair value measured and disclosed in this financial report is determined on that basis.

For financial assets that use the transaction price as the fair value at the time of initial recognition, and a valuation technique involving unobservable inputs is used in subsequent measures of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurement is divided into three levels as to the observability of fair value inputs, and the importance of such inputs to fair value measurement as a value inputs, and the importance of such inputs to fair value measurement as a whole:

The first level of input is the unadjusted quotation of the same asset or liability in an active market that can be obtained at the measurement date.

The second-level input value is the input value that is directly or indirectly observable for the underlying asset or liability in addition to the first-level input.

The third level input value is the unobservable input value of the underlying asset or liability.

V. Important accounting policies and accounting estimates

Specific accounting policies and accounting estimatestips:

According to the characteristics of its own production and operation, the Company determines the depreciation of fixed assets, amortization of intangible assets and revenue recognition policies, and the specific accounting policies are shown in notes (V)15, (V) 18 and (V) 25.

1.Statement of compliance with accounting standards for business enterprises

The financial report prepared by the Company complies with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflects the consolidated and parent financial position of the Company as of December 31, 2022 and the consolidated and parent operating results, the consolidated and parent shareholders' equity changes and the consolidated and parent cash flows for 2022.

2. Accounting period

The Group's fiscal year is the Gregorian calendar year, i.e. from January 1 to December 31 of each year.

Business cycle

The business cycle is the period from the time an enterprise purchases an asset for processing to the realization of cash or cash equivalents. The Company's business cycle is 12 months.

3.Business cycle

The business cycle is the period from the time an enterprise purchases an asset for processing to the realization of cash or cash equivalents. The Company's business cycle is 12 months.

4. The base currency of account

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries operate, and the Company and its domestic subsidiaries use RMB as the base accounting currency. The overseas subsidiaries of the Company determine RMB as their base accounting currency according to the currency of the main economic environment in which they operate. The currency used by the Company in the preparation of this financial report is RMB.

5. Accounting treatment of business combinations under the common control and under non-common control

Business combinations are divided into business combinations under common control and business combinations under non-common control.

5.1 Business combinations under common control

The enterprises participating in the merger are ultimately controlled by the same party or multiple parties before and after the merger, and the control is not temporary, therefore it is a business combination under the common control.

Assets and liabilities acquired in a business combination are measured at their carrying value on the consolidated party at the date of consolidation. The difference between the carrying amount of net assets acquired by the merging party and the carrying amount of the merger consideration paid is adjusted for the equity premium in the capital reserve or for retained earnings if the equity premium is insufficient to be offset.

Direct carrying value on the consolidated party at the date of consolidation. The difference between the carrying amount of net assets acquired by the merging party and the carrying amount of the merger consideration paid is adjusted for the equity premium in the capital reserve or for retained earnings if the equity premium is insufficient to be offset.

Direct expenses incurred in connection with the business combination are recognized in profit or loss for the period when incurred.

5.2 Business combinations and goodwill under non-common control

The enterprises participating in a merger are not ultimately controlled by the same party or multiple parties before and after the merger, therefore it is a business combination under non-common control.

Consolidation cost is the fair value of assets paid, liabilities incurred or assumed and equity instruments issued to gain control of the acquired partyby the purchaser. Intermediary fees such as auditing, legal services, valuation consulting and other related management expenses incurred by the purchaser for the business combination are recognized in the profit or loss of the period when incurred.

The identifiable assets, liabilities and contingent liabilities of the acquiree that are eligible for recognition acquired by the purchaser in the merger are measured at fair value at the date of purchase.

The cost of the merger is greater than the difference in the fair value share of the acquiree's identifiable net assets acquired in the merger, which is recognized as goodwill as an asset and initially measured at cost. If the cost of the merger is less than the fair value share of the acquiree's identifiable net assets acquired in the merger, the fair value of the acquired acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the merger are first reviewed, and if the consolidated cost after review is still less than the fair value share of the acquiree's identifiable net assets share acquired in the merger, which shall be included in profit or loss for the periodoccurred.

Goodwill resulting from business combinations is presented separately in the consolidated financial statement and measured at cost less accumulated impairment provisions.

6. Methodology for the preparation of consolidated financial statement

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control refers to the investor having the power over the invested party, enjoying variable returns through participating in the relevant activities of the invested party, and having the ability to use the power over the invested party to affect its return amount. Once changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above control definition, the company will conduct a reassessment.

The merger of a subsidiary begins when the company obtains control of the subsidiary and ends when the company loses control of the subsidiary.

For subsidiaries disposed of by the Company, the operating results and cash flows prior to the disposal date (the date of loss of control) have been appropriately included in the consolidated income statement and consolidated cash flow statement.

For subsidiaries obtained through business combinations not under the same control, their operating results and cash flows since the acquisition date (the date of obtaining control) have been appropriately included in the consolidated income statement and the consolidated cash flow statement.

For subsidiaries obtained through business combinations under the same control, regardless of whether the business combination occurs at any point in the reporting period, it is deemed that the subsidiary is included in the consolidation scope of the company from the date it is under the control of the ultimate controller. Its operating results and cash flows since the beginning of the earliest period in the reporting period have been appropriately included in the consolidated income statement and consolidated cash flow statement.

The main accounting policies and accounting periods adopted by subsidiaries are determined in accordance with the accounting policies and accounting periods uniformly stipulated by the company.

The impact of internal transactions between the Company and its subsidiaries and between subsidiaries on the consolidated financial statements is offset during consolidation.

The shares in the owner's equity of subsidiaries that do not belong to the parent company are treated as minority shareholders' equity and are listed as "minority shareholders' equity" under the shareholder's equity item in the consolidated balance sheet. The share of minority shareholders' equity in the current net profit and loss of a subsidiary is listed as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement.

"If the losses of a subsidiary shared by minority shareholders exceed the minority shareholders' share in the initial owner's equity of the subsidiary, the balance is still offset against the minority shareholders' equity.".

Transactions that purchase minority equity in a subsidiary or dispose of partial equity investments without losing control over the subsidiary are accounted for as equity transactions, and the book values of owner's equity and minority shareholders' equity attributable to the parent company are adjusted to reflect changes in their relevant rights and interests in the subsidiary. The difference between the adjusted amount of minority shareholders' equity and the fair value of the consideration paid/received is adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings are adjusted.

7. Classification of joint venture arrangement classifications and accounting treatment methods for joint operations

Joint arrangements are divided into commonly-operated ventures and jointly-operated ventures, which are determined in accordance with the rights and obligations of the joint venture parties in the joint venture arrangement by taking into account factors such as the structure, legal form and contractual terms of the arrangement. Commonly-operated refers to a joint arrangement in which the joint venture parties enjoy the assets related to the arrangement and bear the liabilities related to the arrangement. The jointly-operated is a joint arrangement in which the joint venture party has rights only to the net assets of the joint arrangement.

The Group's investments in joint ventures are accounted by using the equity method, please see Note (V) 13.3.2 "Long-term equity investments accounted by the equity method".

8. Standards for determining cash and cash equivalents

Cash refers to cash on hand and deposits that can be used to pay at any time. Cash equivalents refer to investments held by the Group for a short period (generally within three months from the date of purchase), highly liquid, easily convertible into a known amount of cash, and with little risk of change in value.

9.Foreign currency transactions and translation of foreign currency statements

9.1 Foreign Currency Business

Foreign currency transactions are initially recognized at an exchange rate similar to the spot exchange rate on the date of the transaction, and the exchange rate similar to the spot rate on the date of the transaction is determined in a systematic and reasonable manner.

At the balance sheet date, foreign currency monetary items are converted into RMB using the spot exchange rate on that date, and the exchange difference arising from the difference between the spot exchange rate on that date and the spot exchange rate at the time of initial recognition or the day preceding the balance sheet date, except: (1) the exchange difference of foreign currency special borrowings eligible for capitalization is capitalized during the capitalization period and included in the cost of the underlying asset; (2) The exchange difference of hedging instruments for hedging in order to avoid foreign exchange risk is treated according to the hedge accounting method; (3) The exchange difference results from changes in other carrying balances other than amortized cost for monetary items classified as measured at fair value and changes in which are included in other comprehensive income, it shall be recognized as profit or loss for the period.

Where the preparation of the consolidated financial statement involves overseas operations, if there are foreign currency monetary items that substantially constitute net investment in overseas operations, the exchange difference arising from exchange rate changes is included in the "foreign currency statement translation difference" item included in other comprehensive income; When disposing of overseas operations, it is included in the profit or loss of the period of disposal.

Foreign currency non-monetary items measured at historical cost are still measured at the base currency amount translated at the spot exchange rate on the date of the transaction. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the fair value determination date, and the difference between the converted base currency amount and the original accounting currency amount is treated as a change in fair value (including exchange rate changes) and recognized as profit or loss for the period or recognized as other comprehensive income.

9.2 Translation of Foreign Currency Financial Statements

For the purpose of preparing consolidated financial statement, foreign currency financial statements for overseas operations are converted into RMB statements in the following manner: all assets and liabilities in the balance sheet are converted at the spot exchange rate at the balance sheet date; Shareholders' equity items are converted at the spot exchange rate at the time of incurrence; All items in the income statement and items reflecting the amount of profit distribution are converted at an exchange rate similar to the spot exchange rate on the date of the transaction; The difference between the converted asset items and the total of liability items and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated using exchange rates similar to the spot exchange rate on the occurrence date of cash flow, and the impact amount of exchange rate changes on cash and cash equivalents is used as a reconciliation item and is shown separately in the statement of cash flows as "Impact of exchange rate changes on cash and cash equivalents".

The prior-year year-end amounts and the prior-year actual are presented on the basis of the amounts converted from the prior-year financial statement.

Where the Group losses control of overseas operations due to disposing of all the ownership interests in overseas operations or the disposal of part of the equity investment or other reasons, the difference in the translation of the foreign currency statements in the ownership interests attributable to the parent company related to the overseas operations shown below the items of shareholders' equity in the balance sheet shall be transferred to the profit or loss of the period of disposal.

Where the proportion of equity interests held in overseas operations decreases due to the disposal of part of the equity investment or other reasons without lost the control of the overseas operations, the difference in the translation of foreign currency statements related to the disposal part of the overseas operations shall be attributed to the minority shareholders' interests and shall not be transferred to the profit or loss of the period. Where disposing of part of the equity of an overseas operation in an associate or a joint venture, the difference in the translation of foreign currency statements related to the overseas operation shall be transferred to the profit or loss of the period of disposal according to the proportion of the disposal of the overseas operation.

10.Financial instruments

The Group recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

In the case of the purchase or sale of financial assets in the usual manner, it shall recognize the assets to be received and the liabilities to be incurred on the transaction date, or derecognize the assets sold on the transaction date.

Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value and changes in which are recorded in profit or loss for the period, the related transaction costs are recognized directly in profit or loss for the period; For other categories of financial assets and financial liabilities, the related transaction costs are included in the initial recognition amount. Where the Group initially recognizes accounts receivable that do not contain a material financing component or do not take into account the financing component in a contract not older than one year in accordance with No. 14Accounting Standard for Business Enterprises-Revenue (the "Revenue Standard"), the initial measurement is made at the transaction price as defined by the revenue standard.

The effective interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and apportioning interest income or interest expense into each accounting period.

The effective interest rate is the interest rate used to discount the estimated future cash flows of a financial asset or financial liability over the expected life of the financial asset to the carrying balance of the financial asset or the amortized cost of the financial liability. In determining the effective interest rate, the expected cash flow is estimated taking into account all contractual terms of the financial asset or financial liability (such as early repayment, rollover, call option or other similar option, etc.), without taking into account the expected credit loss.

The amortized cost of a financial asset or financial liability is the amount initially recognized less the principal repaid, plus or minus the accumulated amortization resulting from the amortization of the difference between the initial recognition amount and the amount due date using the effective interest rate method, and then deduct the accumulated provision for losses (for financial assets only).

10.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group conducts subsequent measurements of different classes of financial assets at amortized cost, measured at fair value and changes in which are recognized in other comprehensive income, or measured at fair value and changes in which are recorded in profit or loss for the period.

The contractual clauses of a financial asset provide that the cash flows generated on a given date are only the payment of principal and interest based on the outstanding principal amount, and the Group's business model is aimed for managing the financial asset is to collect contractual cash flows, then the Group classifies the financial asset as a financial asset measured at amortized cost. Such financial assets mainly include monetary funds, notes receivable, accounts receivable and other receivables.

The contractual terms of a financial asset provide that the cash flows generated at a particular date are only the payment of principal and interest based on the outstanding principal amount, and the Group's business model for managing the financial asset is aimed at both the receipt of contractual cash flows and the sale of the financial asset, then the financial asset is classified as a financial asset measured at fair value and the change therein is recognized in other comprehensive income. Such financial assets with a maturity of more than one year from the date of acquisition are listed as other debt investments, and if they mature within one year (inclusive) from the balance sheet date, they are shown as non-current assets maturing within one year; Accounts receivable and notes receivable classified as measured at fair value and changes in which are recognized in other comprehensive income at the time of acquisition are shown in receivables financing, and the other acquired with a maturity of one year (inclusive) are shown in other current assets.

At initial recognition, the Group may irrevocably designate investments in non-tradable equity instruments other than contingent consideration recognized in business combinations that are under non-common control as financial assets measured at fair value and changes in which are recognized in other comprehensive income on a single financial asset basis. Such financial assets are listed as investments in other equity instruments.

Where a financial asset meets any of the following conditions, it indicates that the Group's purpose in holding the financial asset is transactional:

The purpose of acquiring the underlying financial asset is primarily for the purpose of the recent sale.

The underlying financial assets were part of a centrally managed portfolio of identifiable financial instruments at the time of initial recognition and there was objective evidence of an actual pattern of short-term profits in the recent.

The underlying financial asset is a derivative instrument, except for derivatives that meet the definition of a financial guarantee contract and derivatives that are designated as effective hedging instruments.

Financial assets measured at fair value and changes in which are recorded in profit or loss for the period include financial assets classified as measured at fair value and changes in which are recorded in profit or loss for the period and financial assets designated as measured at fair value and changes in which are recorded in profit or loss for the period:

Financial assets that do not qualify as financial assets measured at amortized cost and financial assets measured at fair value and changes in which are included in other comprehensive income are classified as financial assets measured at fair value and changes in which are recorded in profit or loss for the period.

At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as financial assets measured at fair value and changes in which are recorded in profit or loss for the period.

Financial assets measured at fair value and changes in which are recorded in profit or loss for the period are shown in trading financial assets, and financial assets with maturity of more than one year (or have an indefinite maturity) from the balance sheet date and expected to be held for more than one year is shown as other non-current financial assets

10.1.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest rate method, and the gains or losses arising from impairment or derecognition are included in profit or loss for the period.

The Group recognizes interest income on financial assets measured at amortized cost in accordance with the effective interest rate method. For financial assets purchased or derived that have incurred credit impairment, the Group determines interest income based on the amortized cost of the financial asset and the credit-adjusted effective interest rate from the initial recognition. In addition, the Group determines interest income based on the carrying balance of financial assets multiplied by the effective interest rate.

10.1.2 Financial assets measured at fair value and changes in which are recorded in other comprehensive income

Impairment losses or gains and interest income calculated using the effective interest rate methodrelated to financial assets classified as measured at fair value and changes in which are included in other comprehensive income are recognized in profit or loss for the period, and except that, changes in the fair value of such financial assets are recognized in other comprehensive income. The amount of the financial asset recognized in profit or loss for each period is equal to the amount that is recognized in profit or loss for each period as if it had been measured at amortized cost. When the financial asset is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss for the period.

Changes in fair value in investments in non-traded equity instruments designated as measured at fair value and the change in which are recognized in other comprehensive income are recognized in other comprehensive income, and when the financial asset is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings. During the period during which the Group holds the investment in the non-tradable equity instrument, the dividend income is recognized and recorded in profit or loss for the period when the Group's right to receive dividends has been established, the economic benefits associated with the dividends are likely to flow into the Group and the amount of the dividends can be reliably measured.

10.1.3 Financial assets measured at fair value and changes in which are recorded in profit or loss for the period

Financial assets measured at fair value and changes in which are recorded in profit or loss for the period are subsequently measured at fair value, and gains or losses resulting from changes in fair value and dividends and interest income related to the financial asset are recorded in profit or loss for the period.

10.2 Impairment of Financial Instruments

The Group performs impairment accounting and recognizes loss provisions for financial assets measured at amortized cost, financial assets classified as measured at fair value and changes in which are recognized in other comprehensive income, and lease receivables based on expected credit losses.

The Group measures the loss provision at an amount equivalent to the expected credit loss over the life of notes receivable and accounts receivable formed by transactions regulated by revenue standards that do not contain a material financing element or do not take into account the financing component of contracts not exceeding one year, as well as operating leases receivable arising from transactions regulated by No. 21Accounting Standard for Business Enterprises -Leases.

For other financial instruments, the Group assesses the change in the credit risk of the relevant financial instruments since initial recognition at each balance sheet date, except for financial assets purchased or derived that have incurred credit impairment. If the credit risk of the Financial Instrument has increased significantly since the initial recognition, the Group measures its loss provision by an amount equivalent to the expected credit loss over the life of the financial instrument; If the credit risk of the financial instrument does not increase significantly since the initial recognition, the Group measures its loss provision by an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. Increases or reversals of credit loss provisions are recognized as impairment losses or gains in profit or loss for the period, except for financial assets classified as measured at fair value and changes in which are recognized in other comprehensive income. For financial assets classified as measured at fair value and the change thereof is recorded in other comprehensive income, the Group recognizes a credit loss provision in other comprehensive income and includes impairment losses or gains in profit or loss for the period without reducing the carrying amount of the financial asset as shown in the balance sheet.

Where the Group has measured a loss provision in the preceding accounting period by an amount equivalent to the expected credit loss over the life of the financial instrument, butthe financial instrument is no longer subject to a significant increase in credit risk since the initial recognition at the period balance sheet date, the Group measures the loss provision for the financial instrument at the period balance sheet date by an amount equivalent to the expected credit loss in the next 12 months, and the resulting reversal amount for loss provision is recognized as an impairment gain in profit or loss for the period.

10.2.1 Significant increase in credit risk

Using reasonably and evidence-based forward-looking information available, the Group compares the risk of default on financial instruments at the balance sheet date with the risk of default on the initial recognition date to determine whether the credit risk of financial instruments has increased significantly since initial recognition.

In assessing whether credit risk has increased significantly, the Group will consider the following factors:

(1) whether the internal price indicators have changed significantly due to changes in credit risk.

(2) whether the interest rate or other terms of an existing financial instrument have changed significantly (e.g., stricter contractual terms, additional collateral or higher yields) if the existing financial instrument is derived or issued as a new financial instrument at the balance sheet date.

(3) whether there has been a significant change in the external market indicators of the credit risk of the same financial instrument or similar financial instruments with the same estimated duration. These indicators include: credit spreads, credit default swap prices for borrowers, the length and extent to which the fair value of financial assets is less than their amortized cost, and other market information relevant to borrowers (such as changes in the price of borrowers' debt or equity instruments).

(4) whether there has been a significant change in the external credit rating of the financial instrument in fact or expectation.

(5) whether the actual or expected internal credit rating of the debtor has been downgraded.

(6) whether there has been an adverse change in business, financial or economic circumstances that is expected to result in a significant change in the debtor's ability to meet its debt servicing obligations.

(7) whether there has been a significant change in the actual or expected operating results of the debtor.

(8) whether the credit risk of other financial instruments issued by the same debtor has increased significantly.

(9) whether there has been a significant adverse change in the regulatory, economic or technical environment in which the debtor is located.

(10) whether there has been a significant change in the value of the collateral used as collateral for the debt or in the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the economic incentive for the debtor to repay the loan within the term specified in the contract or affect the probability of default.

(11) whether there has been a significant change in the economic incentive expected to reduce the borrower's repayment within the term agreed in the contract.

(12) whether there has been a change in the expectations of the loan contract, including the waiver or amendment of contractual obligations that may result from the anticipated breach of the contract, the granting of interest-free periods, interest rate jumps, requests for additional collateral or guarantees, or other changes to the contractual framework of financial instruments.

(13) whether there has been a significant change in the debtor's expected performance and repayment behavior.

(14) Whether the Group's credit management methods for financial instruments have changed.

Regardless of whether the credit risk has increased significantly after the above assessment, when the payment of a financial instrument contract has been overdue for more than (inclusive) 30 days, it indicates that the credit risk of the financial instrument has increased significantly.

At the balance sheet date, if the Group determines that a financial instrument has only a low credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since its initial recognition. A financial instrument is considered to have a low credit risk if it has a low risk of default, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if there are adverse changes in the economic situation and operating environment over a longer period of time that do not necessarily reduce the borrower's performance of its contractual cash obligations.

10.2.2 Financial assets that have undergone credit impairment

Where one or more events occur in which the Group expects to adversely affect the future cash flows of a financial asset, the financial asset becomes a financial asset that has experienced credit impairment. Evidence that credit impairment of financial assets has occurred includes the following observable information:

significant financial difficulties of the issuer or debtor;

Breach of contract by the debtor, such as default or delay in payment of interest or principal;

The creditor gives the debtor concessions under economic or contractual considerations relating to the debtor's financial difficulties that would not have been made under any other circumstances;

The debtor is likely to go bankrupt or undergo other financial restructuring;

The financial difficulties of the issuer or debtor that result in the disappearance of an active market for that financial asset;

Purchase or derive a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

Based on the Group's internal credit risk management, the Group considers an event of default to have occurred when the internally advised or externally obtained information indicates that the debtor of the financial instrument cannot fully pay creditors including the Group (without regard to any security obtained by the Group).

Notwithstanding the above assessment, if a contract payment for a financial instrument is overdue for more than 90 days(inclusive), the Group presumes that the financial instrument has defaulted.

10.2.3 Determination of Expected Credit Loss

The Group uses an impairment matrix on a portfolio basis on notes receivable, accounts receivable and other receivables to determine credit losses on relevant financial instruments. The Group classifies financial instruments into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, type of collateral, date of initial recognition, industry in which the debtor is in, value of collateral relative to financial assets, etc.

For financial assets and lease receivables, the expected credit loss is the present value of the difference between the contractual cash flows due to the Group and the cash flows expected to be collected.

The reflection factors of the Group's methodology for measuring expected credit losses on financial instruments include: an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; the time value of money; reasonable and well-founded information about past events, current conditions, and projections of future economic conditions that can be obtained at the balance sheet date without unnecessary additional costs or efforts.

10.2.4 Write-down of Financial Assets

Where the Group no longer reasonably expects that the contractual cash flows of financial assets will be recovered in whole or in part, the carrying balance of the financial assets will be written down directly. Such write-downs constitute derecognition of the underlying financial assets.

10.3 Transfer of Financial Assets

Financial assets that meet one of the following conditions are derecognized: (1) the contractual right to receive cash flows from the financial asset is terminated; (2) the financial asset has been transferred and substantially all of the risks and rewards in the ownership of the financial asset have been transferred to the transferring party; (3) the financial asset has been transferred, and although the Group has neither transferred nor retained substantially all of the risks and rewards in the ownership of the financial asset, it has not retained control over the financial asset.

Where the Group neither transfers nor retains substantially all of the risks and rewards in ownership of a financial asset, and retains control of the financial asset, it will continue to recognize the transferred financial asset to the extent that it continues to be involved in the transferred financial asset and recognize the relevant liabilities accordingly. The Group measures the relevant liabilities as follows:

Where the transferred financial assets are measured at amortized cost, the carrying amount of the relevant liability is equal to the carrying amount of the financial asset that continues to be involved in the transferred less the amortized cost of the rights retained by the Group (if the Group retains the relevant rights as a result of the transfer of financial assets) plus the amortized cost of the obligations assumed by the group (if the group has assumed the relevant obligations as a result of the transfer of financial assets), and the relevant liabilities are not designated as financial liabilities measured at fair value and changes in which are recorded in profit or loss for the period.

Where the transferred financial assets are measured at fair value, the carrying amount of the relevant liabilities is equal to the carrying amount of the financial assets that continue to be involved in the transferred financial assets less the fair value of the rights retained by the Group (if the Group retains the relevant rights as a result of the transfer of financial assets) plus the fair value of the obligations assumed by the Group (if the Group has assumed such obligations as a result of the transfer of financial assets), the fair value of such rights and obligations is the fair value when measured on an independent basis.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the carrying amount of the transferred financial assets at the derecognition date and the consideration received as a result of the transfer of the financial and the sum of the amount corresponding to the derecognition portion of the accumulated fair value change originally included in other comprehensive income is included in profit or loss for the period. If the Group transfers financial assets that are investments in non-traded equity instruments designated as measured at fair value and changes in which are recognized in other comprehensive income, the accrued gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

If a partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the financial assets as a whole before the transfer is apportioned between the derecognized portion and the continuing recognition portion at the respective relative fair value on the transfer date, and the difference between the sum of the amount of the consideration received in the derecognized portion and the amount corresponding to the derecognized portion of the accumulated fair value change originally included in other comprehensive income and the carrying amount of the derecognized portion at the derecognition date is included in profit or loss for the current period. If the Group transfers financial assets that are investments in non-traded equity instruments designated as measured at fair value and changes in which are recognized in other comprehensive income, the accrued gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

If the conditions for derecognition are not met for the overall transfer of financial assets, the Group continues to recognize the transferred financial assets as a whole and recognizes the consideration received as a liability.

10.4 Classification of financial liabilities and equity instruments

The Group classifies the financial instruments or their components as financial liabilities or equity instruments at initial recognition according to the contract terms of the financial instruments issued and their economic essence, not just in legal form, combined with the definitions of financial liabilities and equity instruments.

10.4.1 Classification, recognition and measurement of financial liabilities

Financial liabilities are divided into financial liabilities measured at fair value and whose changes are included in current profits and losses at initial recognition and other financial liabilities.

10.4.1.1 Financial liabilities measured at fair value and whose changes are included in the current profits and losses

Financial liabilities measured at fair value and whose changes are included in current profits and losses include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated as measured at fair value and whose changes are included in current profits and losses. Except for derivative financial liabilities which are listed separately, financial liabilities measured at fair value and whose changes are included in current profits and losses are listed as transactional financial liabilities.

Financial liabilities that meet one of the following conditions, indicate that the purpose of the Group's financial liabilities is transactional:

The purpose of undertaking relevant financial liabilities is mainly to repurchase in the near future.

The relevant financial liabilities are part of the identifiable financial instrument portfolio under centralized management at the initial recognition, and there is objective evidence to show the actual short-term profit model in the near future.

Related financial liabilities are derivatives. Except for derivatives that meet the definition of financial guarantee contract and derivatives that are designated as effective hedging instruments.

The Group can designate financial liabilities that meet one of the following conditions as financial liabilities measured at fair value and whose changes are included in current profits and losses at initial recognition: (1) The designation can eliminate or significantly reduce accounting mismatch; (2) According to the risk management or investment strategy stated in the formal written documents of the Group, the financial liability portfolio or the portfolio of financial assets and financial liabilities are managed and evaluated on the basis of fair value, and reported to key management personnel within the Group on this basis; (3) Qualified mixed contracts containing embedded derivatives.

Transactional financial liabilities are subsequently measured at fair value, and gains or losses caused by changes in fair value and dividends or interest expenses related to these financial liabilities are included in current profits and losses.

For financial liabilities designated as being measured at fair value and whose changes are included in the current profits and losses, the changes in fair value of the financial liabilities caused by changes in the Group's own credit risk are included in other comprehensive income, and other changes in fair value are included in the current profits and losses. When the financial liabilities are derecognized, the accumulated change of its fair value caused by the change of their own credit risk previously included in other comprehensive income is carried forward to retained income. Dividends or interest expenses related to these financial liabilities are included in the current profits and losses. If the accounting mismatch in profit and loss will be caused or enlarged by handling the impact of the changes in credit risk of these financial liabilities in the above way, the Group will include all the gains or losses of the financial liabilities (including the amount affected by the changes in credit risk) in the current profits and losses.

10.4.1.2 Other financial liabilities

Other financial liabilities, except those caused by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, are classified as financial liabilities measured in amortized cost and subsequently measured in amortized cost. The gains or losses arising from derecognition or amortization are included in the current profits and losses.

If the modification or renegotiation of the contract between the Group and the counterparty does not result in the termination of the recognition of the financial liabilities that are subsequently measured according to amortized cost, but the cash flow of the contract changes, the Group recalculates the book value of the financial liabilities and records the relevant gains or losses into the current profits and losses. The recalculated book value of such financial liabilities is determined by the Group according to the present value of discounted contract cash flow that will be renegotiated or modified according to the original actual interest rate of the financial liabilities. For all costs or expenses arising from the modification or renegotiation of the contract, the Group adjusts the book value of the modified financial liabilities and amortizes them within the remaining term of the modified financial liabilities.

10.4.2 Derecognition of financial liabilities

If all or part of the current obligations of financial liabilities have been discharged, the recognition of financial liabilities or part thereof shall be terminated. If the Group (the Borrower) and the Lender will sign an agreement to replace the original financial liabilities by undertaking new financial liabilities, and the contract terms of the new financial liabilities are substantially different from those of the original financial liabilities, the Group will derecognize the original financial liabilities and recognize the new financial liabilities at the same time.

If all or part of the financial liabilities are derecognized, the difference between the book value of the derecognized part and the consideration paid (including the transferred non-cash assets or the new financial liabilities undertaken) will be included in the current profits and losses.

10.4.3 Equity instruments

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

The distribution of equity instrument holders by the Group is treated as profit distribution, and the stock dividends paid do not affect the total shareholders' equity.

10.5 Offset of financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financial liabilities, and this legal right is currently enforceable, and the Group plans to settle the financial assets on a net basis or realize the financial assets and pay off the financial liabilities at the same time, the financial assets and financial liabilities are listed in the balance sheet at the amount after offsetting each other. In addition, financial assets and financial liabilities are listed separately in the balance sheet and do not offset each other.

11. Receivable financing

For notes receivable classified as at fair value and whose changes are included in other comprehensive income, the part with a term of one year (including one year) from the date of acquisition is listed as receivable financing; the part with a term of more than one year from the date of acquisition is listed as other creditor's right investment. See Note (3) 10 "Financial Instruments" for relevant accounting policies.

12. Inventory

12.1 Classification of inventory

The Group's inventory mainly includes raw materials, products in process, finished products and materials entrusted for processing. Inventory is initially measured at cost, which includes purchasing cost, processing cost and other expenses incurred to make inventory reach the current place and use state.

12.2 Valuation method of issued inventory

When the inventory is issued, the actual cost of the issued inventory is determined by the weighted mean method.

12.3 Determination basis of net realizable value of inventory

On the balance sheet date, inventories are measured according to the lower of cost and net realizable value. When the net realizable value is lower than the cost, the inventory depreciation provision is withdrawn.

Net realizable value refers to the estimated selling price of inventory minus the estimated cost, estimated sales expenses and related taxes and fees at the time of completion in daily activities. When determining the net realizable value of inventory, it is based on the conclusive evidence obtained, and the purpose of holding inventory and the influence of events after the balance sheet date are also considered.

Inventory depreciation provision is drawn according to the difference between the cost of a single inventory item and its net realizable value.

After the inventory depreciation provision is withdrawn, if the influencing factors of previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it will be reversed within the original amount of inventory depreciation provision, and the reversed amount will be included in the current profits and losses.

12.4 Inventory system

The inventory system is perpetual inventory system.

12.5 Amortization method of low-value consumables and packaging materials

Turnover materials and low-value consumables are amortized by straight-line method or one-time write-off method.

13. Long-term equity investment

13.1 Criteria for joint control and important influence

Control means that the investor has the power over the investee, enjoys variable returns by participating in the related activities of the investee, and has the ability to influence the amount of returns by using the power over the investee. Joint control refers to the common control of an arrangement according to the relevant agreement, and that the related activities of the arrangement must be unanimously agreed by the participants who share the control rights before making decisions. Significant influence refers to the power to participate in decision-making on the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties. When determining whether the investee can be controlled or exert significant influence, the potential voting rights factors such as convertible corporate bonds and current executable warrants of the investee held by investors and other parties have been considered.

13.2 Determination of initial investment cost

For the long-term equity investment obtained by business merger under the same control, the initial investment cost of the long-term equity investment shall be the share of the book value of the owners' equity of the merged party in the consolidated financial statements of the final controlling party on the merger date. The capital reserve shall be adjusted for the difference between the initial investment cost of long-term equity investment and the book value of cash paid, non-cash assets transferred and debts undertaken; If the capital reserve is insufficient to be offset, the retained income shall be adjusted. If equity securities are issued as the merger consideration, the initial investment cost of long-term equity investment shall be the share of the book value of the owners' equity of the merged party in the consolidated financial statements of the final controlling party on the merger date, the share capital shall be the total face value of issued shares, and the capital reserve shall be adjusted according to the difference between the initial investment cost of long-term equity investment and the total face value of the issued shares; If the capital reserve is insufficient to be offset, the retained income shall be adjusted.

For the long-term equity investment obtained from the business merger not under the same control, the initial investment cost of the long-term equity investment shall be the merger cost on the purchase date.

Intermediary expenses such as audit, legal services, evaluation and consultation and other related management expenses incurred by the merging party or the purchaser for business merger are included in the current profits and losses when incurred.

Long-term equity investment obtained by other means except the long-term equity investment formed by business merger shall be initially measured at cost. If the additional investment can exert a significant influence or implement joint control which however does not constitute control on the investee, the long-term equity investment cost is the sum of the fair value of the original equity investment determined in accordance with the *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments* plus the new investment cost.

13.3 Subsequent measurement and profit and loss recognition method

13.3.1Long-term equity investment calculated by cost method

The company's financial statements use the cost method to calculate the long-term equity investment in subsidiaries. Subsidiaries refer to the invested entities over which the Group can exercise control.

Long-term equity investment accounted by cost method is measured at the initial investment cost. Add or recover investment to adjust the cost of long-term equity investment. The current investment income is recognized according to the cash dividend or profit declared by the investee.

13.3.2Long-term equity investment calculated by equity method

The Group's investment in associated enterprises and joint ventures is accounted for by the equity method. An associated enterprise refers to the investee over which the Group can exert significant influence, and a joint venture refers to a joint venture arrangement in which the Group has rights only over the net assets of the arrangement.

When accounting by equity method, if the initial investment cost of long-term equity investment is greater than the fair value share of the identifiable net assets of the investee, the initial investment cost of long-term equity investment will not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference shall be included in the current profits and losses, and the cost of long-term equity investment shall be adjusted.

When accounting by the equity method, the investment income and other comprehensive income are recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the investee, and the book value of long-term equity investment is adjusted; The share is calculated according to the profit or cash dividend declared by the investee, and the book value of long-term equity investment is reduced accordingly; For other changes in the owners' equity of the investee except the net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the capital reserve. When recognizing the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and recognized based on the fair value of the identifiable assets of the investee at the time of investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company, so as to recognize the investment income and other comprehensive income. For the transactions between the Group and the associated enterprises and joint ventures, if the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses shall be offset by the portion belonging to the Group according to the proportion enjoyed, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses between the Group and the investee belong to the impairment losses of the transferred assets and shall not be offset.

When recognizing the share of the net loss of the investee, the book value of the long-term equity investment and other long-term rights and interests that substantially constitute the net investment of the investee shall be written down to zero. In addition, if the Group is obligated to bear additional losses to the investee, the estimated liabilities will be recognized according to the expected obligations and included in the current investment losses. If the investee realizes the net profit in the future, the Group will resume the recognition of the income share after the income share makes up for the unrecognized loss share.

13.4 Disposal of long-term equity investment

When disposing of long-term equity investment, the difference between its book value and the actual purchase price is included in the current profits and losses. For the long-term equity investment accounted by the equity method, if the remaining equity after disposal is still accounted by the equity method, other comprehensive income originally accounted by the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee; Owners' equity recognized by changes in other owners' equity of the investee except net profit and loss, other comprehensive income and profit distribution shall be carried forward to current profits and losses in proportion. If the long-term equity investment accounted for by the cost method is still accounted for by the cost method after disposal, the other comprehensive income recognized by the equity method accounting or the recognition of financial instruments and accounting standards before gaining control of the investee shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee; Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by using the equity method are carried forward to the current profits and losses in proportion.

If the Group loses control of the investee due to the disposal of part of its equity investment, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee in the preparation of individual financial statements, it shall be accounted for by the equity method instead, and the remaining equity shall be treated as if it were adjusted by the equity method at the time of acquisition; If the remaining equity after disposal cannot be jointly controlled or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of the standards for the recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of control loss shall be included in the current profits and losses. For other comprehensive income recognized by the Group before it gains control of the investee, when it loses control of the investee, it shall be treated on the same basis as the direct disposal of related assets or liabilities by the investee. Changes in owners' equity in the net assets of the investee, except net profit and loss, other comprehensive income and profit distribution, shall be carried forward to current profits and losses when it loses control of the investee. If the remaining equity after disposal is accounted by the equity method, other comprehensive income and other owners' equity will be carried forward in proportion; If the remaining equity after disposal is changed to accounting treatment according to the recognition and measurement standards of financial instruments, all other comprehensive income and other owners' equity will be carried forward.

If the Group loses joint control or significant influence on the investee due to the disposal of some equity investments, the remaining equity after disposal shall be accounted for according to the recognition and measurement standards of financial instruments, and the difference between its fair value and book value on the date of joint control loss or significant influence shall be included in the current profits and losses. Other comprehensive income recognized by the original equity investment due to accounting by the equity method shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the investee when the equity method is terminated. All the owners' equity recognized by the investee due to changes in other owners' equity except net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current investment income when the equity method is terminated.

The Group disposes of the equity investment in its subsidiaries step by step through multiple transactions until it loses control. If the above transactions belong to a package transaction, each transaction will be treated as a transaction that disposes of the equity investment in its subsidiaries and loses control. Before losing control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity will be recognized as other comprehensive income, and then carried forward to the current profits and losses when it loses control.

14. Investment real estate

Measurement model of investment real estate

Measurement by cost method

Depreciation or amortization method

Investment real estate refers to real estate held to earn rent or capital appreciation, or both, including rented houses and buildings.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits related to the asset are likely to flow in and the cost can be measured reliably. Other subsequent expenditures are included in the current profits and losses when incurred.

The Group adopts the cost model for subsequent measurement of investment real estate, and depreciates or amortizes it according to the policy consistent with the right to use houses, buildings or land.

When the investment real estate is disposed of, or permanently withdrawn from use, and it is not expected to obtain economic benefits from its disposal, the recognition of the investment real estate will be terminated.

The difference between the disposal income from the sale, transfer, scrapping or damage of investment real estate after deducting its book value and related taxes is included in the current profits and losses.

15. Fixed assets

15.1 Recognition conditions

Fixed assets refer to tangible assets held for producing goods, providing services, leasing or management, with a service life of more than one fiscal year. Fixed assets are recognized only when the economic benefits related to them are likely to flow into the Group and their costs can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets if the economic benefits related to the fixed assets are likely to flow in and the cost can be measured reliably, and the book value of the replaced part shall be derecognized. Other subsequent expenditures are included in the current profits and losses when incurred.

15.2 Depreciation method

Fixed assets shall be depreciated within their service life by using the life-average method from the month following the scheduled serviceable state. The depreciation methods, service life, estimated net salvage and annual depreciation rate of various fixed assets are as follows:

Category	Depreciation life (year)	Estimated net salvage rate (%)	Annual depreciation rate (%)
Houses and buildings	10-40	0.00-4.00	2.40-10.00
Machinery equipment	10-14	4.00	6.86-9.60
Transportation equipment	8	4.00	12.00
Electronic equipment and others	5	4.00	19.20

Estimated net salvage refers to the amount that the Group currently obtains from the disposal of fixed assets after deducting the estimated disposal expenses, assuming that the expected service life of the fixed assets has expired and is in the expected state at the end of the service life.

15.3 Other instructions

When the fixed assets are disposed of or it is expected that no economic benefits can be generated through the use or disposal, the fixed assets is derecognized. The difference between the disposal income from the sale, transfer, scrapping or damage of fix assets after deducting its book value and related taxes is included in the current profits and losses.

At least at the end of the year, the Group will review the service life, estimated net salvage and depreciation method of fixed assets, and if there is any change, it will be treated as a change in accounting estimate.

16. Construction in progress

The construction in progress is measured according to the actual cost, which includes various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the scheduled serviceable state and other related expenses. No depreciation is allowed for construction in progress. Construction in progress is carried forward to fixed assets after it reaches the scheduled serviceable state.

17. Borrowing costs

Borrowing costs that can be directly attributed to the purchase, construction or production of assets that meet the capitalization conditions will be capitalized when the asset expenditure has occurred, the borrowing costs have occurred, and the necessary purchase, construction or production activities to make the assets reach the predetermined serviceable or saleable state have begun; Capitalization shall stop when the assets that meet the capitalization conditions purchased, constructed or produced reach the predetermined serviceable state or saleable state. The remaining borrowing costs are recognized as expenses in the current period.

18. Intangible assets

18.1 Valuation method, service life and impairment test of intangible assets

Intangible assets include land use rights, software and patent rights.

Intangible assets are initially measured at cost. Intangible assets with limited service life shall be amortized by straight-line method in equal installments within their expected service life from the time they are available for use. Intangible assets with uncertain service life shall not be amortized. The amortization method, service life and estimated net salvage of various intangible assets are as follows:

Category	Amortization method	Service life (year)	Estimated net salvage rate (%)
Land use right	Straight-line method	50	-
Software	Straight-line method	5	-
Patent	Straight-line method	15	-

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed and adjusted if necessary.

For the impairment test of intangible assets, please refer to Note (V) 19 "Impairment of Long-term Assets" for details.

18.2 Internal R&D expenditure

Expenditure in the research stage is included in the current profits and losses when incurred.

Expenditures in the development stage are recognized as intangible assets if they meet the following conditions at the same time. Expenditures in the development stage that cannot meet the following conditions are included in the current profits and losses:

(1) It is technically feasible to complete the intangible assets so that they can be used or sold;

(2) Having the intention to complete the intangible assets and use or sell them;

(3) The ways in which intangible assets generate economic benefits, including the ability to prove that the products produced by using the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;

(4) Having sufficient technical, financial and other resources to support the development of the intangible assets, and having the ability to use or sell the intangible assets;

(5) Expenditure attributable to the development stage of the intangible assets can be reliably measured.

If it is impossible to distinguish between research stage expenditure and development stage expenditure, all the R&D expenditures incurred shall be included in the current profits and losses. The cost of intangible assets formed by internal development activities only includes the total expenditure from the time when the capitalization conditions are met to the time when the intangible assets reach the intended use, and the expenditure that has been expensed into profit and loss before the capitalization conditions are met in the development process will not be adjusted.

19. Long-term asset impairment

On each balance sheet date, the Group checks whether there are signs that long-term equity investment, investment real estate measured by cost method, fixed assets, construction in progress, right-to-use assets and intangible assets with definite service life may be impaired. If these assets show signs of impairment, the recoverable amount is estimated. Intangible assets with uncertain service life and intangible assets that have not yet reached the serviceable state are tested for impairment every year, regardless of whether with signs of impairment.

Estimating the recoverable amount of an asset is based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. The recoverable amount is the higher of the net amount of the fair value of the asset or asset group minus the disposal expenses or the present value of its expected future cash flow.

If the recoverable amount of an asset is lower than its book value, the asset impairment provision shall be accrued according to the difference and included in the current profits and losses.

Goodwill shall be tested for impairment at least at the end of each year. When testing the impairment of goodwill, it shall be conducted in combination with the related asset group or asset group portfolio. That is, from the purchase date, the book value of goodwill is allocated to the asset group or asset group portfolio that can benefit from the synergistic effect of business merger in a reasonable way. If the recoverable amount of the asset group or asset group portfolio containing the allocated goodwill is lower than its book value, the corresponding impairment loss will be recognized. The amount of impairment loss will firstly deduct the book value of goodwill allocated to the asset group or asset group portfolio, and then deduct the book value of other assets according to the proportion of the book value of assets other than goodwill in the asset group or asset group portfolio.

Once the above-mentioned asset impairment losses are recognized, they will not be reversed in future accounting periods.

20. Long-term deferred expenses

Long-term deferred expenses refer to the expenses that have occurred but should be borne by the current period and subsequent periods with an amortization period of more than one year. Long-term deferred expenses shall be amortized evenly by stages during the expected benefit period.

21. Contractual liabilities

Contractual liabilities refer to the obligation of the Group to transfer goods or services to customers for consideration received or receivable from customers. Contract assets and liabilities under the same contract are listed on a net basis.

22. Employee Remuneration

22.1 Accounting treatment method of short-term Remuneration

During the accounting period when employees provide services for the Group, the Group recognizes the actual short-term remuneration as a liability, and records it into the current profits and losses or related asset costs. The employee welfare expenses incurred by the Group are included in the current profits and losses or related asset costs according to the actual amount when actually incurred. If employee welfare expenses are non-monetary benefits, they shall be measured at fair value.

The social insurance premiums such as medical insurance premium, work injury insurance premium and maternity insurance premium and housing provident fund paid by the Group for employees, as well as the trade union funds and employee education funds withdrawn by the Group according to regulations, shall be calculated according to the stipulated accrual basis and accrual ratio during the accounting period when employees provide services for the Group to determine the employee compensation amount, and recognize the corresponding liabilities, and be included in the current profits and losses or related asset costs.

22.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

During the accounting period when employees provide services for the Group, the amount payable calculated according to the set deposit plan is recognized as a liability, and included in the current profits and losses or related asset costs.

22.3 Accounting treatment of dismissal benefits

If the Group provides dismissal benefits to employees, the employee compensation liabilities arising from the dismissal benefits shall be recognized at the earlier of the following two dates, and included in the current profits and losses: when the Group cannot unilaterally withdraw the dismissal benefits provided by the plan to terminate labor relations or the proposal to cut back; When the Group recognizes the costs or expenses related to the reorganization involving the payment of dismissal benefits.

23. Estimated liabilities

When the obligation related to contingencies such as customer return are the current obligations undertaken by the Group, and the fulfillment of this obligation is likely to lead to the outflow of economic benefits, and the amount of this obligation can be measured reliably, it is recognized as estimated liabilities.

On the balance sheet date, considering the risk, uncertainty and time value of money related to contingencies, the estimated liabilities are measured according to the best estimate of the expenditure required to fulfill the relevant current obligations. If the time value of money is significant, the best estimate is determined by the discounted amount of expected future cash outflow.

24. Share-based payment

Share-based payment of the Group is a transaction that grants equity instruments or assumes liabilities determined on the basis of equity instruments in order to obtain services provided by employees. Share-based payment of the Group is equity-settled share-based payment.

24.1 Equity-settled share-based payment

Equity-settled share-based payment granted to employees

Equity-settled share-based payment in exchange for services provided by employees is measured by the fair value of the equity instruments granted to employees on the grant date in the Group. During the waiting period, the amount of the fair value is based on the best estimate of the number of exercisable equity instruments, calculated by the straight-line method and included in the relevant costs or expenses, and the capital reserve is increased accordingly.

On each balance sheet date during the waiting period, the Group makes the best estimate based on the latest subsequent information such as changes in the number of employees with vesting rights, and corrects the number of equity instruments with estimated vesting rights. The impact of the above estimate is included in the relevant costs or expenses of the current period, and the capital reserve is adjusted accordingly.

24.2 Accounting treatment related to implementation, modification and termination of share-based payment plan

When the Group modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in services obtained will be recognized accordingly; If the modification increases the number of equity instruments granted, the fair value of the increased equity instruments will be recognized as an increase in service acquisition accordingly. The increase in the fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the total fair value of share-based payment is reduced or the terms and conditions of the share-based payment plan are modified in other ways that are unfavorable to employees, the accounting treatment for the services obtained will continue, as if the change had never occurred, unless the Group cancels part or all of the equity instruments granted.

During the waiting period, if the granted equity instruments are cancelled, the Group will accelerate the cancellation of the granted equity instruments, and immediately include the amount to be recognized in the remaining waiting period in the current profits and losses, and at the same time recognize the capital reserve. If employees or other parties can choose to meet the conditions of unfeasible rights but fail to meet them within the waiting period, the Group will cancel them as the instrument for granting equity.

25.Revenue

The Company's revenue mainly comes from the following business types:

(1) Polarizer sales business;

(2) Textile sales business;

(3) Property leasing and management business;

(4) Other businesses.

When the company fulfills its contractual obligations, that is, when the customer obtains control of the relevant goods or services, revenue is recognized based on the transaction price allocated to the performance obligation. The performance obligation refers to the commitment of the company to transfer goods or services that can be clearly distinguished to customers in the contract. "Transaction price" refers to the amount of consideration that the Company is expected to be entitled to receive for the transfer of goods or services to customers, but does not include amounts received on behalf of third parties and amounts that the Company expects to return to customers.

The company evaluates the contract on the contract start date, identifies each individual performance obligation included in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time. If one of the following conditions is met, it is a performance obligation performed within a certain period of time, and the company recognizes revenue over a period of time based on the performance progress: (1) The customer obtains and consumes the economic benefits brought about while the company performs the contract; (2) The customer can control the goods under construction during the performance of the company's contract; (3) The goods produced during the performance of the contract by the company have irreplaceable uses, and the company has the right to receive payments for the part of the performance that has been completed so far accumulated throughout the contract period. Otherwise, the company recognizes revenue at the time when the customer obtains control of the relevant goods or services.

If a contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. However, if there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations under the contract, the company will allocate the contract discount or variable consideration to the relevant one or more performance obligations. "Individual selling price" refers to the price at which the company separately sells goods or services to customers. If the individual selling price cannot be directly observed, the company comprehensively considers all relevant information that can be reasonably obtained, and estimates the individual selling price using observable input values to the maximum extent.

For sales with sales return clauses, when the customer obtains control of the relevant goods, the company recognizes revenue based on the expected amount of consideration to be charged for transferring the goods to the customer (i.e., excluding the expected amount to be refunded due to sales return), and recognizes liabilities based on the expected amount to be refunded due to sales return; At the same time, based on the expected book value of the returned goods at the time of transfer, the balance after deducting the expected costs incurred in recovering the goods (including the impairment of the value of the returned goods) is recognized as an asset. Based on the book value of the transferred goods at the time of transfer, the net carrying cost of the above asset costs is deducted.

For sales with quality assurance clauses, if the quality assurance provides a separate service in addition to assuring the customer that the goods or services sold meet established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Company will conduct accounting treatment for quality assurance responsibilities in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies.

The Company determines whether it is the primary responsible person or agent when engaging in transactions based on whether it has control over the goods or services before transferring them to customers. If the company is able to control the goods or services before transferring them to customers, the company is the main responsible person and recognizes revenue based on the total amount of consideration received or receivable; Otherwise, the company acts as an agent and recognizes revenue based on the expected amount of commissions or handling fees that it is entitled to receive. This amount is determined based on the net amount of the total amount of consideration received or receivable minus the amount payable to other related parties.

Where the Company advances money from customers for the sale of goods or services, the money is first recognized as a liability, and then converted into income when the relevant performance obligations are fulfilled. When the Company does not need to return the advance payment and the customer may waive all or part of their contractual rights, if the Company expects to be entitled to receive the amount related to the contractual rights waived by the customer, the above amount shall be recognized as income on a pro rata basis in accordance with the mode in which the customer exercises contractual rights; Otherwise, the Company will only convert the relevant balance of the above liabilities into revenue when the likelihood of the customer requesting fulfillment of the remaining performance obligations is extremely low.

For the accounting policies for recognizing the Company's property lease income, see Note V, 28.2.2.1, "The Company records operating lease business as a lessor.".

26. Government subsidies

Government subsidies refer to the monetary assets and non-monetary assets obtained by the Group from the government free of charge. Government subsidies are recognized when they can meet the conditions attached to government subsidies and can be received.

If government subsidies are monetary assets, they shall be measured according to the amount received or receivable.

26.1 Judgment basis and accounting treatment method of government subsidies related to assets

As long-term assets can be formed in the production line subsidies and equipment subsidies of the Group's government subsidies, these government subsidies are government subsidies related to assets.

Government subsidies related to assets are recognized as deferred income, and are included in the current profits and losses in installments according to the straight-line method within the service life of the related assets.

26.2 Judgment basis and accounting treatment method of government subsidies related to income

As the Group's government subsidies, such as industry development support funds, enterprise development support funds and tax subsidies, cannot form long-term assets, these government subsidies are government subsidies related to income.

Government subsidies related to income, if used to compensate related costs and losses in future periods, will be recognized as deferred income, and are included in the current profits and losses during the period when related costs or expenses are recognized; if used to compensate the related costs and losses that have occurred, will be directly included in the current profits and losses.

Government subsidies related to the daily activities of the Group are included in other income according to the nature of economic business. Government subsidies unrelated to the daily activities of the Group are included in non-operating income.

When the confirmed government subsidy needs to be returned, if there is a relevant deferred revenue balance, the relevant deferred income book balance will be offset, and the excess will be included in the current profits and losses; If there is no relevant deferred income, it will be directly included in the current profits and losses.

27. Deferred income tax assets/Deferred income tax liabilities

Income tax expenses include current income tax and deferred income tax.

27.1 Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods shall be measured by the expected income tax payable (or refunded) calculated in accordance with the provisions of the tax law.

27.2 Deferred income tax assets and deferred income tax liabilities

For the difference between the book values of some assets and liabilities and their tax basis, and the temporary difference between the book values of items that are not recognized as assets and liabilities but can be determined in tax basis according to the provisions of the tax law and tax basis, the balance sheet liability method is adopted to recognize deferred income tax assets and deferred income tax liabilities.

In general, all temporary differences are recognized as related deferred income tax. However, for deductible temporary differences, the Group recognizes related deferred income tax assets to the extent that it is likely to obtain taxable income to offset the deductible temporary differences. In addition, for the temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business merger nor affect accounting profits and taxable income (or deductible losses), the relevant deferred income tax assets or liabilities are not recognized.

For deductible losses and tax deductions that can be carried forward to future years, the corresponding deferred income tax assets are recognized to the extent that it is likely to obtain future taxable income for deducting deductible losses and tax deductions.

The Group recognizes deferred income tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associated enterprises and joint ventures, unless the Group can control the time when the temporary differences are reversed, and the temporary differences are unlikely to be reversed in the foreseeable future. For deductible temporary differences related to the investments of subsidiaries, associated enterprises and joint ventures, the Group recognizes the deferred income tax assets only when the temporary differences are likely to be reversed in the foreseeable future and the taxable income used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured according to the applicable tax rate during the expected recovery of related assets or settlement of related liabilities.

Except that the current income tax and deferred income tax related to transactions and events directly included in other comprehensive income or shareholders' equity are included in other comprehensive income or shareholders' equity, and the deferred income tax arising from business merger adjusts the book value of goodwill, the remaining current income tax and deferred income tax expenses or gains are included in the current profits and losses.

On the balance sheet date, the book value of deferred income tax assets shall be rechecked. If it is probable that sufficient taxable income will not be obtained in the future to offset the benefits of deferred income tax assets, the book value of deferred income tax assets shall be written down. When sufficient taxable income is likely to be obtained, the amount written down will be reversed.

27.3 Offset of income tax

When the Group has the legal right to settle on a net basis and intends to settle on a net basis or acquire assets and pay off liabilities at the same time, the Group's current income tax assets and current income tax liabilities are presented on an offset net basis.

When the taxpayer has the legal right to settle the current income tax assets and liabilities on a net basis, and the deferred income tax assets and liabilities are related to the income tax levied by the same tax collection department on the same taxpayer or to different taxpayers, but in the future, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis, or acquire assets and pay off liabilities at the same time, the Group's deferred income tax assets and liabilities are presented on an offset net basis.

28. Lease

"Lease" refers to a contract whereby the lessor transfers the right to use an asset to the lessee for a certain period of time to obtain consideration.

On the contract start date, the company evaluates whether the contract is a lease or includes a lease. Unless the terms and conditions of the contract change, the company will not reassess whether the contract is a lease or includes a lease.

28.1 The Company as lessee

28.1.1 Spin-Off of Leases

"If a contract contains one or more lease and non lease parts simultaneously, the company will split the separate lease and non lease parts and allocate the contract consideration based on the relative proportion of the sum of the individual prices of each lease part and the individual prices of the non lease part.".

28.1.2 Right to Use Assets

Except for short-term leases, the Company recognizes the right to use assets for leases on the lease beginning date. The lease term start date refers to the start date on which the lessor provides the leased asset for use by the company. The right to use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;

- The amount of lease payments paid on or before the start date of the lease term, if there is a lease incentive, shall be deducted from the relevant amount of the lease incentive enjoyed;

- Initial direct expenses incurred by the company;

- The estimated costs that the company will incur to dismantle and remove leased assets, restore the site where the leased assets are located, or restore the leased assets to the state agreed in the lease terms.

The Company refers to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets to accrue depreciation for the right to use assets. If the company can reasonably determine that it will acquire the ownership of the leased asset upon the expiration of the lease term, the right to use asset shall be depreciated within the remaining service life of the leased asset. If it is impossible to reasonably determine that ownership of the leased asset can be obtained upon the expiration of the lease term, depreciation shall be accrued during the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether the right to use assets have been impaired in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, and conducts accounting treatment for the identified impairment losses.

28.1.3 Lease liabilities

Except for short-term leases, the Company initially measures lease liabilities at the beginning of the lease term based on the present value of the unpaid lease payments on that date. When calculating the present value of lease payments, the company uses the implicit interest rate of the lease as the discount rate. If the implicit interest rate of the lease cannot be determined, the incremental borrowing rate is used as the discount rate.

Lease payments refer to the payments made by the company to the lessor related to the right to use the leased asset during the lease term, including:

- Fixed payment amount and substantial fixed payment amount. If there is a lease incentive, the relevant amount of the lease incentive shall be deducted;

- Variable lease payments that depend on an index or ratio;

- The Company reasonably determines the exercise price of the purchase option to be exercised;

- The lease term reflects the amount to be paid for exercising the option to terminate the lease if the company will exercise the option to terminate the lease;

- The estimated amount payable based on the residual value of the guarantee provided by the company.

After the beginning date of the lease term, the company calculates the interest expense of the lease liability for each period of the lease term at a fixed periodic interest rate, and includes it in the current profit and loss or related asset costs.

After the beginning date of the lease term, if the following circumstances occur, the company remeasures the lease liability and adjusts the corresponding right to use assets. If the book value of the right to use assets has been reduced to zero, but the lease liability still needs to be further reduced, the company will record the difference into the current profit and loss:

- If the lease term changes or the evaluation result of the purchase option changes, the company remeasures the lease liability based on the present value of the changed lease payments and the revised discount rate;

- If there is a change in the expected payable amount based on the guarantee residual value or the index or proportion used to determine the lease payment amount, the company will remeasure the lease liability based on the changed lease payment amount and the present value calculated at the original discount rate.

28.1.4 Short Term Leases

The Company chooses not to recognize the right to use assets and lease liabilities for short-term leases of some factory buildings and some leased warehouses. "Short term lease" refers to a lease that has a lease term of no more than 12 months and does not include a purchase option on the beginning date of the lease term. The Company includes the lease payments for short-term leases in the current profit and loss or related asset costs using the straight-line method during each period of the lease term.

28.1.5 Lease Changes

If a lease is changed and the following conditions are met simultaneously, the company will treat the lease change as a separate lease for accounting purposes:

- The lease change expands the scope of the lease by increasing the right to use one or more leased assets;

- The increased consideration is equivalent to the individual price for the majority of the expansion of the lease scope adjusted according to the contract situation.

"If a lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will reallocate the consideration of the changed contract, redefine the lease term, and remeasure the lease liability based on the present value of the changed lease payment amount and the revised discount rate.".

If the lease change results in a reduction in the lease scope or the lease term, the Company shall reduce the book value of the right to use asset accordingly, and record the relevant gains or losses from partial or complete termination of the lease into the current profit and loss. If other lease changes result in the remeasurement of lease liabilities, the Company shall adjust the book value of the right to use assets accordingly.

28.1.6 Policy related rent concessions

The Group chooses to adopt the simplified method in the relevant treatment regulations for rent concessions such as rent reduction and deferred payment that are directly caused by policies and are agreed between the Group and the lessor on existing lease contracts, while meeting the following conditions:

(1) The lease consideration after the concession is reduced or substantially unchanged compared to that before the concession;

(2) After comprehensive consideration of qualitative and quantitative factors, it is determined that there are no significant changes in other terms and conditions of the lease.

The Company continues to calculate the interest expense of lease liabilities at the same discount rate as before the concession and record it into the current profit and loss. It continues to accrue depreciation and other subsequent measurements on the right to use assets using the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as a variable lease payment amount. When the original rent payment obligation is relieved, such as reaching a concession agreement, the relevant asset costs or expenses will be offset by the discounted amount at the undiscounted or pre concession discount rate, and the lease liabilities will be adjusted accordingly; If the rent is deferred, the Company shall offset the lease liabilities recognized in the previous period when actually paying the rent.

For short-term leases that adopt simplified treatment, the company continues to include the original contract rent in the relevant asset costs or expenses using the same method as before concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as a variable lease payment amount to offset the relevant asset costs or expenses during the reduction or exemption period; If the rent payment is delayed, the Company will recognize the rent payable as payable during the original payment period, and offset the previously recognized payable when the actual payment is made.

28.2 The Company as lessor

28.2.1 Spin-Off of Leases

If the contract includes both the leased and non leased parts, the company allocates the contract consideration in accordance with the provisions of the income standards on transaction price allocation, and the basis of allocation is the separate prices of the leased and non leased parts.

28.2.2 Classification of leases

Leases that substantially transfer almost all the risks and rewards related to the ownership of the leased asset are financial leases. Leases other than financing leases are operating leases.

28.2.2.1 The company records operating lease business as the lessor

During each period of the lease term, the Company adopts the straight-line method to recognize the lease receipts from operating leases as rental income. The initial direct expenses incurred by the Company in connection with operating leases are capitalized when incurred, amortized over the lease term on the same basis as rental income recognition, and included in current profits and losses by stages.

The variable lease receipts obtained by the company related to operating leases that are not included in the lease receipts are included in the current profit and loss when actually incurred.

28.2.3 Lease Changes

If there is a change in an operating lease, the company will treat it as a new lease for accounting purposes from the effective date of the change. The amount of advance receipts or receivable lease receipts related to the lease before the change is considered as the amount of receipts for the new lease.

28.2.4 Policy related rent concessions

The Group chooses to adopt the simplified method in the relevant treatment regulations for rent concessions such as rent reduction, deferred payment, etc. that are directly caused by policies and are agreed between the lessee and the lessor on existing lease contracts, while meeting the following conditions:

(1) The lease consideration after the concession is reduced or substantially unchanged compared to that before the concession;

(2) After comprehensive consideration of qualitative and quantitative factors, it is determined that there are no significant changes in other terms and conditions of the lease.

For operating leases under the Company's own property lease contracts, the Company continues to recognize the original contract rent as lease income using the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as a variable lease payment amount and offset the lease income during the reduction or exemption period; If the rent collection is delayed, the Company recognizes the rent receivable during the original collection period as receivables, and offsets the previously recognized receivables when actually received.

29. Changes in important accounting policies and accounting estimates, and correction of previous errors

29.1 Significant accounting policy changes

Accounting Standards for Business Enterprises Interpretation No. 15

On December 30, 2021, the Ministry of Finance issued "Interpretation No. 15 of the Accounting Standards for Business Enterprises" (hereinafter referred to as "Interpretation No. 15"), which regulates the accounting treatment for the external sales of products or by-products produced by enterprises before their fixed assets reach their intended usable state or during the research and development process.

Interpretation No. 15 stipulates that if an enterprise sells products or by-products produced before the fixed assets reach their intended usable status or during the research and development process, it should separately account for the revenue and costs related to the trial operation sales in accordance with the revenue standards, Accounting Standards for Business Enterprises No. 1 - Inventory, and other provisions, and include them in the current profit and loss, The net amount of trial run sales related revenue after offsetting costs should not be used to offset fixed asset costs or research and development expenses. At the same time, enterprises should separately disclose relevant information such as the amount of revenue and cost related to trial run sales, specific reporting items, and important accounting estimates used to determine the costs related to trial run sales in the notes. This provision shall come into force as of January 1, 2022. Retroactive adjustments shall be made to trial run sales that occur between the beginning of the earliest period in which financial statements are presented and January 1, 2022.

The Company adopts the retrospective adjustment method for accounting treatment and restates the financial statements of comparable years.

29.2 Changes in important accounting estimates

Contents and reasons of changes in accounting estimates	Approval procedure	Time point of application	Remark
In order to reflect the Group's financial position and operating results more objectively and fairly, the Group changed the accounting estimate of the depreciation period of some fixed assets, changed the depreciation period of electronic equipment and other equipment from 8 years to 5 years, kept the residual value rate unchanged, and changed the annual depreciation rate from 12% to 19.2%.	It was reviewed and approved at the 9th meeting (interim meeting) of the Eighth Board of Directors on December 31, 2021.	January 1, 2022	As of December 31, 2022, the change in accounting estimates caused the accumulated depreciation of fixed assets to be accrued by RMB 1,412,095.44, which caused the net profit of this year to decrease by RMB 1,412,095.44.

29.3 Correction of previous errors

Shengbo Optoelectronics, a subsidiary of the company, found significant prior period errors in previous years this year. In accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies, Accounting Estimates, and Correction of Errors", the Company has corrected relevant errors and restated the 2021 consolidated financial statements. The relevant corrections are as follows:

(1) Classification of current assets (liabilities) and non current assets (liabilities)

In 2021, an investment in a partnership enterprise will be included in other non current financial assets. After self examination and review, the investment is an asset that will mature and be recovered within one year. According to the Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements, it will be reclassified from other non current financial assets to trading financial assets.

In 2021, the payable refunds due within one year will be included in the estimated liabilities. After self inspection and review, they will be reclassified from the estimated liabilities to other current liabilities in accordance with the Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements.

In 2021, a leased property was included in fixed assets. According to the provisions of the Accounting Standards for Business Enterprises No. 3 - Investment Real Estate, it was reclassified from fixed assets to investment real estate through self inspection and review.

(2) Raw materials in transit are not provisionally recorded

At the end of 2021, the raw materials in transit were not provisionally estimated and recorded in the account. After self inspection and review, the inventory and accounts payable were increased in accordance with the Accounting Standards for Business Enterprises No. 1 - Inventory.

(3) Product cost allocation for different grades of the same product

After self inspection and review, there are differences in the cost allocation of different grades of the same product by the Group. In accordance with relevant regulations such as the Accounting Standards for Business Enterprises No. 1 - Inventories and the Enterprise Product Cost Accounting System (Trial), the Group recalculates the cost of products of different grades of the same product, adjusts the cost of inventory sold, and accordingly adjusts the asset impairment losses and operating costs in the 2021 consolidated financial statements.

The main effects of the above change in accounting policy and correction of prior period errors on the consolidated financial statements for 2021 are as follows:

Unit: RMB

Financial Statement Item Name	Change in accounting policy/prior period Amount	Amount of change in accounting policy	Amount of correction of prior period errors	Change in accounting policy/prior period Amount after correction of errors

	before correction of errors			
1、 Balance Sheet Items				
(1) Assets				
Financial assets held for trading	586,540,735.16	-	30,650,943.40	617,191,678.56
Other non-current financial assets	30,650,943.40	-	(30,650,943.40)	-
Inventory	667,461,447.03	-	75,940,410.71	743,401,857.74
Investment properties	106,217,779.76	-	19,034,071.67	125,251,851.43
Fixed Assets	2,424,741,252.86	(9,048,192.38)	(19,034,071.67)	2,396,658,988.81
Total Assets	5,496,647,107.83	(9,048,192.38)	75,940,410.71	5,563,539,326.16
(2) Liabilities				
Accounts Payable	283,643,842.23	-	75,940,410.71	359,584,252.94
Other current liabilities	27,523,903.58	-	30,741,055.00	58,264,958.58
Projected liabilities	30,741,055.00	-	(30,741,055.00)	-
Total liabilities	1,532,817,860.76	-	75,940,410.71	1,608,758,271.47
(3) Shareholders' Equity				
Undistributed earnings	130,746,251.74	(5,428,915.43)	-	125,317,336.31
Total equity attributable to owners of the parent company	2,816,795,889.89	(5,428,915.43)	-	2,811,366,974.46
Minority interests	1,147,033,357.18	(3,619,276.95)	-	1,143,414,080.23
Total shareholders' equity	3,963,829,247.07	(9,048,192.38)	-	3,954,781,054.69
2、Income Statement Items				
Operating income	2,293,747,892.06	36,313,788.94	-	2,330,061,681.00
Operating Costs	1,908,519,413.28	45,361,981.32	(46,887,730.85)	1,906,993,663.75
Impairment gains (losses) on assets	(83,508,720.33)	-	(46,887,730.85)	(130,396,451.18)
Net Profit	75,114,666.20	(9,048,192.38)	-	66,066,473.82
Net profit attributable to shareholders of the parent company	61,162,384.25	(5,428,915.43)	-	55,733,468.82
Minority interests in profit or loss	13,952,281.95	(3,619,276.95)	-	10,333,005.00

VI. Taxes

1. Main tax categories and tax rates

Tax category	Tax basis	Tax rate
VAT	The balance after deducting the deductible input tax from the output tax; The tax calculation method of "exemption, offset and refund" is applied to sales of export products	The output tax for domestic sales is calculated according to 13%, 9%, 6% and 5% of the sales amount calculated according to relevant tax regulations, and the tax rebate rate for export products is 13%
Urban maintenance and construction tax	Payable turnover tax	7%
Business income tax	Taxable amount of income	25%,20%,15%,8.25%
Surcharge for education	Payable turnover tax	3%
Surcharge for local education	Payable turnover tax	2%
Property tax	Residual value or rental income after deducting 30% from the original value of property at one time	1.2% or12%

The disclosure statement if there are taxpayers with different enterprise income tax rates

Name of taxpayer	Income tax rate

The Company	0.25
Shenzhen Shenfang Property Management Co., Ltd.	0.25
Shenzhen Shengjinlian Technology Co., Ltd.	0.25
Shenzhen Beauty Century Garment Co., Ltd.	20%(Note 1)
Shenzhen Lisi Industrial Co., Ltd.	20%(Note 1)
Shenzhen Shenfang Sungang Property Management Co., Ltd.	20%(Note 1)
Shenzhen Huaqiang Hotel	20%(Note 1)
Shengtou（HK）Co., Ltd.	8.25%(Note 2)
Shenzhen SAPO Photoelectric Co., Ltd.	15%(Note 3)

Note 1: See "Tax Preferences" in Notes (VI), 2 (2) for details.

Note 2: According to the Tax Ordinance of Hong Kong, Hong Kong companies applied the two-tier system of profits tax in 2018, and the first profit of HK$ 2 million will be calculated and paid at 8.25%, and the profits generated thereafter will be calculated at 16.5%.

Note 3: See "Tax Preference" in Notes (VI), 2(1) for details.

2. Tax preference

(1) In 2019 and 2022, SAPO Photoelectric, a subsidiary of the Company, was jointly recognized as a high-tech enterprise by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration, respectively, with a certification period of 3 years, and the certificate numbers of GR201944205666 and GR202244204504 respectively. It shall apply the preferential tax policies for high-tech enterprises within three years after it is recognized as a high-tech enterprise, and pay enterprise income tax at the rate of 15% after being filed by the competent tax bureau.

(2) According to the Law of the People's Republic of China on Enterprise Income Tax issued on March 16, 2007 and its revised version, the subsidiaries of the Company, Shenzhen Meibainian Clothing Co., Ltd., Shenzhen Huaqiang Hotel Clothing Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd. and Shenzhen Shenfang Sungang Property Management Co., Ltd., are qualified small and low-profit enterprises. According to the Notice on Implementing Inclusive Tax Relief Policies for Small and Micro Enterprises (CS [2019] No.13), Announcement on Implementing Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business (Announcement No.12 of the Ministry of Finance and the State Taxation Administration in 2021) and Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No.13 of the Ministry of Finance and the State Taxation Administration in 2022), for the part of the taxable income of small and low-profit enterprises that does not exceed RMB 1 million this year, it will be included in the taxable income at a reduced rate of 12.5%, and the enterprise income tax will be paid at a rate of 20% (2021: at a reduced rate of 12.5% and at a tax rate of 20%); For the part of taxable income exceeding RMB 1 million but not exceeding RMB 3 million this year, it will be included in taxable income at a reduced rate of 25%, and enterprise income tax will be paid at a rate of 20% (2021: at a reduced rate of 50%, and a tax rate of 20%).

(3) According to the relevant provisions of the Notice of State Taxation Administration of the General Administration of Customs of the Ministry of Finance on Supporting the Development of New Display Device Industry (CGS [2021] No.19), SAPO Photoelectric, a subsidiary of the Company, is a manufacturer of key raw materials and components in the upstream of the new display device industry, such as color filter films and polarizers, which are in line with the independent development plan of the domestic industry. From January 1, 2021 to December 31, 2030, it enjoys the policy of importing self-used productive raw materials and consumables that cannot be produced in China, and is exempt from import duties.

VII. Notes of consolidated financial statement

1.Monetary Capital

In RMB

Items	Year-end balance	Year-beginning balance
Cash at hand	3,980.56	792.64
RMB	3,980.56	792.64
Bank deposit(Note 1)	874,795,302.32	302,472,035.96
RMB	853,053,825.65	279,304,631.88
USD	17,490,003.77	21,657,073.19
Yen	4,200,382.59	851,136.87
HKD	51,090.31	659,194.02
Other monetary capital(Note 2)：	116,990,685.31	-
RMB	116,929,425.84	-
USD	60,972.46	-
Yen	287.01	-
Total	991,789,968.19	302,472,828.60
Including : The total amount of deposit abroad		6,009,898.07

Note 1: Bank deposits include interest on current deposits of RMB 324,448.42.

Note 2: On December 31, 2022, the Company's other monetary funds included the frozen account of RMB 1,270,758.22, and the principal and interest of time deposit certificates due for more than three months from the date of purchase of RMB 115,719,927.09.

2. Transactional financial assets

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Financial assets measured at fair value and whose changes are included in the current profits and losses	319,605,448.44	617,191,678.56
Including: money funds and structured deposits	319,605,448.44	617,191,678.56
Partnership Investment	-	30,650,943.40
Total	319,605,448.44	617,191,678.56

3. Notes receivable

(1) Notes receivable listed by category

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Bank acceptance	74,619,100.26	77,296,787.26
Commercial acceptance		72,646,093.02
Total	74,619,100.26	149,942,880.28

(2) On December 31, 2022, the Group had no pledged bills receivable.

(3) On December 31, 2022, the notes receivable that have been endorsed or discounted by the Group and have not yet matured on the balance sheet date.

In RMB

Items	Amount to be derecognized at the end of this year	Amount not derecognized at the end of this year
Bank acceptance	-	48,387,401.67

(4) Classified disclosure by credit loss provision accrual method

In RMB

Category	Balance at the end of this year					Balance at the end of last year				
	Book balance		Credit loss provision		Book value	Book balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)		Amount	Proportion (%)	Amount	Accrual proportion (%)	
Credit loss provision accrued by item	-	-	-	-	-	-	-	-	-	-
Credit loss provision accrued by portfolio	74,619,100.26	100.00	-	-	74,619,100.26	150,307,936.02	100.00	365,055.74	0.24	149,942,880.28
Including: Bank acceptance bill	74,619,100.26	100.00	-	-	74,619,100.26	77,296,787.26	51.43	-	-	77,296,787.26
Commercial acceptance bill	-	-	-	-	-	73,011,148.76	48.57	365,055.74	0.50	72,646,093.02
Total	74,619,100.26	100.00	-	-	74,619,100.26	150,307,936.02	100.00	365,055.74		149,942,880.28

(5) Credit loss provision

In RMB

Category	Balance at the beginning of this year	Amount of change this year				Balance at the end of this year
		Accrual	Recovery or reversal	Write-off or cancellation	Other changes	
Commercial acceptance	365,055.74		(365,055.74)	-	-	1,078,834.61

(6) On December 31, 2022, the Group had no bills receivable actually written off.

4. Account receivable

(1)Disclosure by aging

In RMB

Aging	Balance at the end of this year			Balance at the end of last year		
	Account receivable	Credit loss provision	Proportion(%)	Account receivable	Credit loss provision	Proportion(%)
Within 1 year	670,780,300.16	34,261,574.63	[illegible]	502,894,801.73	22,896,093.16	[illegible]
1-2 years	614,645.76	549,901.36	[illegible]	5,702.29	5,702.29	[illegible]
2-3years	-	-		676,153.40	676,153.40	[illegible]
3 年以上	12,883,224.42	12,883,224.42	[illegible]	12,532,199.89	12,532,199.89	[illegible]
Total	684,278,170.34	47,694,700.41		516,108,857.31	36,110,148.74	

(2) Classified disclosure by credit loss provision accrual method

Credit loss provision by item: if there is evidence that the credit risk of a single receivable is relatively high, credit loss provision shall be accrued separately for the receivable.

Credit loss provision is made according to the portfolio of credit risk characteristics: except for receivables with credit impairment loss, the Group uses impairment matrix to evaluate the expected credit loss of accounts receivable formed by operating income on the basis of portfolio. According to the risk characteristics, the Group divides customers into Portfolio 1 and Portfolio 2, which respectively involve customers with the same risk characteristics.

On December 31, 2022, the credit risk and credit loss provision of the accounts receivable of the above portfolio were as follows:

In RMB

Category	Balance at the end of this year				
	Book balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)	
Credit loss provision accrued by item	74,770,706.00	10.93	28,457,163.32	38.06	46,313,542.68
Credit loss provision accrued by portfolio	609,507,464.34	89.07	19,237,537.09	3.16	590,269,927.25
Including: Portfolio 1	591,168,603.26	86.39	18,295,605.12	3.10	572,872,998.14
Portfolio 2	18,338,861.08	2.68	941,931.97	5.14	17,396,929.11
Total	684,278,170.34	100.00	47,694,700.41		636,583,469.93

On December 31, 2022, the credit risk and credit loss provision of the accounts receivable of Portfolio 1 were as follows:

In RMB

Category	Balance at the end of this year			
	Expected average loss rate (%)	Book balance	Credit loss provision	Book value
During the credit period	2.48	561,796,994.67	13,939,072.37	547,857,922.30
1-30 days overdue	5.77	24,107,786.48	1,390,374.05	22,717,412.43
31-60 days overdue	44.73	4,134,014.59	1,849,280.58	2,284,734.01
61-90 days overdue	96.66	387,551.54	374,622.16	12,929.38
Overdue for more than 90 days	100.00	742,255.98	742,255.98	-
Total		591,168,603.26	18,295,605.14	572,872,998.12

On December 31, 2022, the credit risk and credit loss provision of the accounts receivable of Portfolio 2 were as follows:

In RMB

Aging	Balance at the end of this year			
	Expected average loss rate (%)	Book balance	Credit loss provision	Book value
Within 1 year	5.11	18,266,674.08	934,207.96	17,332,466.12
1-2 years	10.70	72,187.00	7,724.01	64,462.99
Total		18,338,861.08	941,931.97	17,396,929.11

(3) Credit loss provision

In RMB

Items	Expected credit loss for the whole duration

Year-beginning balance	36,110,148.74
Accrual this year	11,584,551.67
Reversal this year	-
Write-off this year	-
Other changes	-
Year-end balance	47,694,700.41

There is no important situation in which the amount of credit loss provision is recovered or reversed this year.

(4) No actual write-off of accounts receivable this year

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

Name	Balance in year-end	Proportion(%)	Bad debt provision
Client 1	128,256,413.42	18.74	3,182,244.56
Client 2	77,700,212.51	11.36	2,058,523.74
Client 3	62,781,126.25	9.17	1,557,699.08
Client 4	47,899,911.28	7.00	1,188,472.59
Client 5	47,461,093.38	6.93	1,242,593.02
Total	364,098,756.84	53.21	9,229,532.99

(6) On December 31, 2022, the Group had no accounts receivable that were derecognized due to the transfer of financial assets.

5.Receivable financing

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Commercial acceptance	54,413,796.91	21,474,101.07

On December 31, 2022, the endorsed or discounted unexpired bank acceptance bills that the Group derecognized amounted to RMB 54,995,349.12. For the bank acceptance bills of large state-owned commercial banks with high credit rating and listed national joint-stock commercial banks, the Group believes that after the endorsement or discount of such bank acceptance bills, the related main risks and rewards have been transferred to the counterparty, and such endorsed or discounted unexpired bank acceptance bills should be derecognized.

The Group believes that the acceptance bank credit rating of the bank acceptance bills held by it is high, with no significant credit risk, therefore no credit loss provision has been made.

6.Prepayments

(1) List by aging analysis:

In RMB

Aging	Balance at the end of this year		Balance at the end of last year	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	16,690,766.68	90.75	15,157,623.27	98.38
1-2 years	1,700,677.99	9.25	248,996.26	1.62
Total	18,391,444.67	100.00	15,406,619.53	100.00

On December 31, 2022, the Group had no prepayments with an age of more than one year and a significant amount.

(2) Prepayments of the top five ending balances by prepayment object

The total amount of the top five year-end balances collected by prepayment objects is RMB 13,880,315.32, accounting for 75.47% of the total year-end balances of prepayments.

7. Other receivables

7.1 Summary of other receivables

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Other receivable	10,585,975.38	140,185,750.40

7.2 Other receivables

(1) Disclosure by age

In RMB

Aging	Balance at the end of this year		
	Other receivables	Credit loss provision	Accrual proportion (%)
Within 1 year	9,677,505.85	494,588.28	5.11
1-2 years	822,689.31	88,027.76	10.70
2-3 years	329,051.11	110,862.33	33.69
Over 3 years	18,154,298.53	17,704,091.05	97.52
Total	28,983,544.80	18,397,569.42	

(2) Disclosure by payment nature

In RMB

Payment nature	Book balance at the end of this year	Book balance at the end of last year
Current payment	16,330,801.03	16,402,902.33
Funds subject to freeze	6,559,327.26	
Deposit and security deposit	2,801,300.29	144,954,822.31
Export rebate	1,023,715.60	1,698,919.82
Reserve funds and employee loans	580,028.97	293,128.97
Others	1,688,371.65	1,834,489.23
Total	28,983,544.80	165,184,262.66

(3) Accrual of credit loss provision

In RMB

Stage	Year-end amount			
	Expected average loss rate (%)	Book balance	Loss provision	Book value
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	63.48	28,983,544.80	18,397,569.42	10,585,975.38

（4）Changes in credit loss provisions for other receivable：

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, 2022	7,795,257.07	-	17,203,255.19	24,998,512.26
Balance as at January 1, 2022in current				
——Transfer to stage II	(40,256.64)	40,256.64	-	-
——Transfer to stage III	-	-	-	-
-- Reversal to the II stage	-	-	-	-
-- Reversal to the I stage	-	-	-	-
Provision in Current Year	-	158,633.45	500,835.86	659,469.31
Reversal in Current Year	(7,260,412.15)	-	-	(7,260,412.15)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2022	7,795,257.07	-	17,203,255.19	24,998,512.26

(5) No actual write-off of other accounts receivable this year

(6) Top five companies with year-end balance of other receivables collected by the defaulting party

InRMB

Other receivables	Payment nature	Year-end balance of other payables	Aging	Proportion of total year-end balance of other receivables (%)	Year-end balance of credit loss provision
Total other receivables of the top five balances on December 31, 2022	Receivable external transactions, Funds subject to freeze，export tax rebates, etc	21,866,667.23	Within 1 year, more than 3 years	75.45	14,616,189.97

8. Inventories

（1）Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	291,062,812.80	48,809,720.50	242,253,092.30	425,919,281.58	26,335,509.92	399,583,771.66
Processing products	258,881,779.59	41,882,202.00	216,999,577.59	281,735,104.85	34,298,745.29	247,436,359.56
Semi-finished	183,723,885.96	92,381,073.63	91,342,812.33	172,832,703.08	83,668,700.77	89,164,002.31
Commissioned materials	9,016,668.25	1,164,501.70	7,852,166.55	7,838,404.74	620,680.53	7,217,724.21
Total	742,685,146.60	184,237,497.83	558,447,648.77	888,325,494.25	144,923,636.51	743,401,857.74

Note: The book balance of polarizer inventory is RMB 721,282,838.15.

（2）Inventory falling price reserves

In RMB

Items	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Raw materials	26,335,509.92	33,104,645.59	-	10,630,435.01	-	48,809,720.50
Processing products	34,298,745.29	59,472,861.14	-	51,889,404.43	-	41,882,202.00
Semi-finished	83,668,700.77	90,584,694.67	-	81,872,321.81	-	92,381,073.63
Commissioned materials	620,680.53	543,821.17	-	-	-	1,164,501.70
Total	144,923,636.51	183,706,022.57	-	144,392,161.25	-	184,237,497.83

(3) On December 31, 2022, there was no amount in the inventory balance for guarantee and no amount for capitalization of borrowing costs.

9. Other current assets

In RMB

Items	Balance at the end of this year	Balance at the end of last year
VAT to be deducted and input tax to be certified	26,077,404.45	860,153.70
Advance payment of income tax	11,654.12	57,448.91
Receivable return cost	43,446,472.67	28,585,749.81
Total	69,535,531.24	29,503,352.42

10. 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 Guanhua Printing & Dyeing Co., Ltd.	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-
Subtotal	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-
2. Affiliated Company											
Shenzhen Changlianfa Printing & dyeing Company	2,972,202.97	-	-	133,593.58	-	-	-	-	-	3,105,796.55	-
Hongkong Yehui International Co., Ltd.	1,835,897.26	-	-	(117,999.65)	151,869.82	-	-	-	-	1,869,767.43	-
Subtotal	4,808,100.23	-	-	15,593.93	151,869.82	-	-	-	-	4,975,563.98	-
Total	133,022,325.77	1.00	-	1,307,639.15	151,869.82	-	-	-	-	134,481,835.74	-

11. Other equity instruments investment

(1) Investment in other equity instruments

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Financial assets designated as fair value and whose changes are included in other comprehensive income	167,678,283.27	186,033,829.72

(2)Investment in non-transactional equity instruments

In RMB

Items	Dividend income recognized this year	Cumulative gain/loss	Amount transferred from other comprehensive income to retained income this year	Reason designated as being measured at fair value and change being included in other comprehensive income	Reasons for transferring from other comprehensive income to retained income this year
Union Development Co., Ltd.	208,000.00	123,153,939.39	-	本公司计划长期持有	不适用
Shenzhen Dailishi Underwear Co., Ltd.	1,037,735.85	21,077,143.74	-	本公司计划长期持有	不适用
Shenzhen South Textile Co., Ltd.	1,018,391.82	14,559,440.88	-	本公司计划长期持有	不适用
Shenzhen Xinfang Knitting Co., Ltd.	354,000.00	1,703,903.00	-	本公司计划长期持有	不适用
Jintian Industry（Group）Co., Ltd.	-	(14,831,681.50)	-	本公司计划长期持有	不适用
Total	2,618,127.67	145,662,745.51	-		

12. Investment real estate

(1) Investment real estate adopted the cost measurement mode

√Applicable □ Not applicable

In RMB

Items	House, Building
I. Original price	
1. Balance at period-beginning	297,505,157.93
2.Increase in the current period	30,623,657.48
(1) Transferred from construction in progress	1,689,997.88
(2)Transferred from Fixed assets	28,933,659.60
3.Decreased amount of the period	-
（1）Dispose	-
（2）Other out	-
4. Balance at period-end	328,128,815.41
II.Accumulated amortization	
1.Opening balance	172,253,306.50
2.Increased amount of the period	29,559,674.15
(1) Withdrawal	8,861,091.64
(2)Transferred from Fixed assets	20,698,582.51
3.Decreased amount of the period	-
（1）Dispose	-
（2）Other out	-
4. Balance at period-end	201,812,980.65
III. Impairment provision	
1. Balance at period-beginning	-
2.Increased amount of the period	-
(1) Withdrawal	-
3.Decreased amount of the period	-
（1）Dispose	-
4. Balance at period-end	-
IV. Book value	
1.Book value at period -end	126,315,834.76
2.Book value at period-beginning	125,251,851.43

（2）Investment real estate without certificate of ownership

In RMB

Items	Book balance	Reason
Houses and Building	8,400,885.28	Unable to apply for warrants due to historical reasons

13. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	2,240,221,656.36	2,396,658,988.81

(1) List of fixed assets

In RMB

Items	Houses & buildings	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1.Opening balance	770,999,905.53	2,541,646,415.51	15,278,991.67	50,152,759.25	3,378,078,071.96
2.Increased amount of the period	643,725.43	115,612,867.39	941,176.78	1,264,484.92	118,462,254.52
(1) Purchase	643,725.43	38,964,186.86	384,008.63	1,049,993.67	41,041,914.59
(2) Transferred from construction in progress	-	76,648,680.53	557,168.15	214,491.25	77,420,339.93
3.Decreased amount of the period	28,933,659.60	1,388,155.99	345,141.19	933,732.47	31,600,689.25
（1）Disposal	-	1,388,155.99	345,141.19	933,732.47	2,667,029.65
(2)Transferred from Real estate investment	28,933,659.60	-	-	-	28,933,659.60
4. Balance at period-end	742,709,971.36	2,655,871,126.91	15,875,027.26	50,483,511.70	3,464,939,637.23
II. Accumulated depreciation					
1.Opening balance	168,343,175.56	776,497,359.54	4,361,783.39	25,822,442.07	975,024,760.56
2.Increased amount of the period	25,546,276.32	211,016,207.10	1,840,818.70	9,297,706.74	247,701,008.86
(1) Withdrawal	25,546,276.32	211,016,207.10	1,840,818.70	9,297,706.74	247,701,008.86
3.Decreased amount of the period	20,698,582.51	1,310,146.73	331,335.54	896,720.41	23,236,785.19
（1）Disposal	-	1,310,146.73	331,335.54	896,720.41	2,538,202.68
(2)Transferred from Real estate investment	20,698,582.51	-	-	-	20,698,582.51
4.Closing balance	173,190,869.37	986,203,419.91	5,871,266.55	34,223,428.40	1,199,488,984.23
III. Impairment provision					
1.Opening balance	-	6,361,553.37	-	32,769.22	6,394,322.59
2.Increase in the reporting period	-	18,759,054.84	-	108,388.43	18,867,443.27
（1）Withdrawal	-	18,759,054.84	-	108,388.43	18,867,443.27
3.Decrease in the reporting period	-	-	-	32,769.22	32,769.22
（1）Disposal	-	-	-	32,769.22	32,769.22
4. Closing balance	-	25,120,608.21	-	108,388.43	25,228,996.64
IV. Book value					
1.Book value of the period-end	569,519,101.99	1,644,547,098.79	10,003,760.71	16,151,694.87	2,240,221,656.36
2.Book value of the period-begin	602,656,729.97	1,758,787,502.60	10,917,208.28	24,297,547.96	2,396,658,988.81

(2) Fixed assets without certificate of title completed

In RMB

Items	Book Value	Reason
Houses and Building	11,647,880.88	Unable to apply for warrants due to historical reasons

(3) Mortgaged and secured fixed assets

As of December 31, 2022, the Group's fixed assets mortgaged by bank loans are detailed in Notes (VII), 56 "Assets with restricted ownership or use right":

14. Construction in progress

In RMB

Items	Year-end balance in this year	Year-beginning balance in last year
Construction in progress	38,061,619.60	71,482,031.08

(1) List of construction in progress

In RMB

Items	Year-end balance	Year-beginning balance

	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Installation of machines and equipment	38,061,619.60	-	38,061,619.60	71,482,031.08	--	71,482,031.08

15. Right to use assets

In RMB

Items	Houses and Building
I. Original price	
1.Opening balance	13,762,176.74
2.Increased amount of the period	15,151,871.09
(1)Newly increased	15,151,871.09
3.Decreased amount of the period	-
4. Balance at period-end	28,914,047.83
II. Accumulated depreciation	
1.Opening balance	4,540,987.37
2.Increased amount of the period	9,007,666.58
(1) Withdrawal	9,007,666.58
3.Decrease in the reporting period	-
4.Closing balance	13,548,653.95
III. Impairment provision	
1.Opening balance	-
2.Increase in the reporting period	-
（1） Withdrawal	-
3.Decrease in the reporting period	-
4. Closing balance	-
IV. Book value	
1.Book value of the period-end	15,365,393.88
2.Book value of the period-begin	9,221,189.37

The Group has leased a number of assets, including houses and buildings, with a lease term of 1 to 10 years. The simplified short-term lease fee included in the current profits and losses this year is RMB 653,461.86. The total cash outflow related to leasing this year is RMB 9,798,034.29.

16. Intangible assets

(1) Information

In RMB

Items	Land use right	Software	Patent right	Total
I. Original price				
1. Balance at period-beginning	48,258,239.00	21,696,241.02	11,825,200.00	81,779,680.02
2.Increase in the current period	-	640,305.31	-	640,305.31
(1) Purchase	-	640,305.31	-	640,305.31
3.Decreased amount of the period	-	-	-	-
4. Balance at period-end	48,258,239.00	22,336,546.33	11,825,200.00	82,419,985.33
II.Accumulated amortization				
1. Balance at period-beginning	14,382,583.03	6,936,736.99	11,825,200.00	33,144,520.02
2. Increase in the current period	891,565.32	4,191,328.04	-	5,082,893.36
(1) Withdrawal	891,565.32	4,191,328.04	-	5,082,893.36
3.Decreased amount of the period	-	-	-	-
4. Balance at period-end	15,274,148.35	11,128,065.03	11,825,200.00	38,227,413.38
III. Impairment provision				
1. Balance at period-beginning	-	-	-	-
2. Increase in the current period	-	-	-	-
3.Decreased amount of the period	-	-	-	-
4. Balance at period-end	-	-	-	-
4. Book value				
1.Book value at period -end	32,984,090.65	11,208,481.30	-	44,192,571.95
2.Book value at period-beginning	33,875,655.97	14,759,504.03	-	48,635,160.00

As of December 31, 2022, the Group's intangible assets mortgaged by bank loans are detailed in Notes (VII), 56 "Assets with restricted ownership or use right".

17. Goodwill

(1) Original book value of goodwill

In RMB

Name of the investee or matters that form goodwill	Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
SAPO Photoelectric	9,614,758.55	-	-	9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	-	-	2,167,341.21
Total	11,782,099.76	-	-	11,782,099.76

(2) Goodwill impairment provision

InRMB

Name of the investee or matters that form goodwill	Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
SAPO Photoelectric	9,614,758.55	-	-	9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	-	-	2,167,341.21
Total	11,782,099.76	-	-	11,782,099.76

18. Long-term deferred expenses

In RMB

Items	Balance at the end of last year	Increased amount this year	Amortized amount this year	Other reduction amount	Balance at the end of this year
Decoration and facilities renovation fee	5,387,295.94	902,948.37	1,819,286.52	-	4,470,957.79

19. Deferred income tax assets/Deferred income tax liabilities

(1) Uncompensated 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
Credit loss provision	65,076,915.43	11,372,802.27	3,566,672.28	890,165.29
Asset impairment provision	206,115,717.20	30,917,357.58	2,200,110.43	550,027.61
Unrealized profit from internal transactions	2,235,077.97	335,261.70	2,324,192.50	348,628.88
Employee compensation payable	9,397,730.55	2,143,607.14	7,679,100.00	1,919,775.00
Deferred income	116,768,810.33	17,515,321.55	-	-
Deductible loss	90,052,078.73	13,397,964.96	-	-
Changes in fair value of investment in other equity instruments	14,831,681.50	3,707,920.38	-	-
Total	504,478,011.71	79,390,235.58	15,770,075.21	3,708,596.78

According to the Group's profit forecast results for the future period, the Group believes that it is likely to obtain sufficient taxable income in the future period to make use of the above deductible temporary differences and deductible losses, so relevant deferred income tax assets are recognized.

(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
The difference between the initial recognition cost of long-term equity investment and tax basis	62,083,693.36	15,520,923.34	62,083,693.36	15,520,923.34
Changes in fair value of investment in other equity instruments	160,494,427.02	40,123,606.76	178,849,973.46	44,712,493.37
Rent receivable allocation difference	7,584,635.96	1,896,158.99	5,636,976.78	1,409,244.20
Total	230,162,756.34	57,540,689.09	246,570,643.60	61,642,660.91

(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	(9,566,421.29)	69,823,814.29	-	3,708,596.78
Deferred income tax liabilities	(9,566,421.29)	47,974,267.80	-	61,642,660.91

(4)Details of income tax assets not recognized

In RMB

Items	Balance in year-end	Balance in year-begin
Deductible temporary difference	5,742,636.02	151,027,647.77
Deductible loss	464,226,095.10	736,209,989.47
Total	469,968,731.12	887,237,637.24

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

In RMB

Year	Balance in year-end
2024	79,132,962.34
2025	16,680,938.23
2026	128,597,715.91
2027	12,155,889.69
2028	22,463,907.95
2029	129,766,788.98
2030	75,427,892.00
Total	464,226,095.10

20 .Other non-current assets

In RMB

Items	Balance in year-end			Balance in year-begin		
	Book Vale	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Prepayment for engineering and equipment	16,792,930.20		16,792,930.20	28,769,782.86		28,769,782.86
Time deposit certificate of more than one year				30,030,410.96		30,030,410.96
Investment funds to be liquidated	25,760,086.27		25,760,086.27	25,760,086.27		25,760,086.27
Total	42,553,016.47		42,553,016.47	84,560,280.09		84,560,280.09

21. Short-term borrowings

In RMB

Items	Balance in year-end	Balance in year-begin
Credit borrowing	7,000,000.00	

Bill Discounting	-	37,575,113.83
Total	7,000,000.00	37,575,113.83

22.Notes payable

In RMB

Items	Balance in year-end	Balance in year-begin
Bank acceptance Bill	-	16,682,324.12

23. Accounts payable

In RMB

Items	Balance in year-end	Balance in year-begin
Payment for goods	304,916,368.65	327,118,334.45
Service charge	11,386,158.86	4,930,868.56
Localities	4,609,134.50	-
Subcontracting payment	3,970,214.14	1,183,793.09
Others	2,167,997.55	26,351,256.84
Total	327,049,873.70	359,584,252.94

On December 31, 2022, the Group had no significant accounts payable with an aging of more than one year.

24.Advance account

In RMB

Items	Balance in year-end	Balance in year-begin
Rent and other	1,393,344.99	1,805,311.57

On December 31, 2022, the Group had no significant accounts payable with an aging of more than one year.

25.Contract liabilities

In RMB

Items	Balance in year-end	Balance in year-begin
Goods	4,274,109.40	68,955.21

26.Payable Employee wage

(1) List of Payroll payable

In RMB

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
Short-term compensation	59,719,860.24	239,147,775.14	237,927,202.48	60,940,432.90
Post-employment benefits - defined contribution plans	-	16,628,824.21	16,628,824.21	-
Dismissal benefits	-	754,873.42	528,861.42	226,012.00
Total	59,719,860.24	256,531,472.77	255,084,888.11	61,166,444.90

（2）Short-term remuneration

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Wages, bonuses, allowances and subsidies	57,114,308.02	213,501,823.93	213,143,150.08	57,472,981.87
Employee welfare	-	8,628,459.80	8,599,274.36	29,185.44
Social insurance premiums	-	4,003,804.93	4,003,804.93	-
Including：Medical insurance	-	3,409,643.36	3,409,643.36	-
Maternity insurance	-	250,609.98	250,609.98	-
Work injury insurance	-	343,551.59	343,551.59	-
Public reserves for housing	-	7,841,268.71	7,638,877.71	202,391.00
Union funds and staff education fee	2,605,552.22	5,172,417.77	4,542,095.40	3,235,874.59
Total	59,719,860.24	239,147,775.14	237,927,202.48	60,940,432.90

（3）Defined contribution plans listed

In RMB

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Basic old-age insurance premiums	-	13,593,639.21	13,593,639.21	-
Unemployment insurance	-	303,261.11	303,261.11	-
Annuity payment	-	2,731,923.89	2,731,923.89	-
Total	-	16,628,824.21	16,628,824.21	-

The Company participates in pension insurance and unemployment insurance plans established by government agencies according to regulations, and according to the plans, the Company pays fees to these plans according to the prescribed standards. In addition to the monthly deposit fees mentioned above, the company will no longer bear any further payment obligations. The corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

The Company shall pay RMB 13593639.21 to the pension insurance plan and RMB 303261.11 to the unemployment insurance plan. As of December 31, 2022, the company had fully paid the pension and unemployment insurance plan amounts payable during the reporting period.

27.Tax Payable

In RMB

Items	Balance in year-end	Balance in year-begin
Enterprise Income tax	4,655,525.64	1,804,277.95
Individual Income tax	1,847,004.45	866,274.38
VAT	1,740,677.77	6,334,093.50
Other	654,104.65	195,981.26
Total	8,897,312.51	9,200,627.09

28.Other payable

(1) Other payables listed according to the payment nature

In RMB

Items	Balance in year-end	Balance in year-begin
Engineering equipment payment	83,337,092.31	91,213,156.89
Current payment	53,102,831.34	51,681,042.57
Deposit and security deposit	45,628,573.39	43,277,481.38
Others	15,276,958.33	15,145,740.51
Total	197,345,455.37	201,317,421.35

(2) Important other payables with an aging of more than 1 year

In RMB

Items	Balance at the end of this year	Reasons for no payment or carry-over
Beijing CEEDI Engineering & Technology Co., Ltd.	16,724,271.45	he final payment settlement of the project has not been completed

29. Non-current liabilities due within 1 year

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Long-term loans due within one year	97,182,080.19	-
Lease liabilities due within one year	7,001,358.03	5,175,393.52
Total	104,183,438.22	5,175,393.52

30.Other current liabilities

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Endorsed and unexpired acceptance bill	48,387,401.67	27,523,903.58
Return payable	44,558,340.11	30,741,055.00
Total	92,945,741.78	58,264,958.58

31. Long-term loans

(1) Classification of long-term loans

In RMB

Items	Balance at the end of this year	Interest rate interval	Balance at the end of last year	Interest rate interval
Guaranteed loan (note)	704,603,665.19	4.06%	683,016,243.25	4.41%
Subtotal	704,603,665.19		683,016,243.25	
Less: Long-term loans due within one year	97,182,080.19		-	
Less: Long-term loans due after one year	607,421,585.00		683,016,243.25	

Note: SAPO Photoelectric, a subsidiary of the Company, mortgaged its real estate rights such as the factory building, and the Company and Hangzhou Jinjiang Group Co., Ltd. provided 60% and 40% joint guarantee for the loan respectively.

32. Lease liabilities

In RMB

Items	Balance at the end of this year	Balance at the end of last year
Lease liabilities	15,630,030.74	9,419,249.23
Subtotal	15,630,030.74	9,419,249.23
Less: Lease liabilities due within one year	7,001,358.03	5,175,393.52
Less: Lease liabilities due within one year	8,628,672.71	4,243,855.71

33. Deferred income

In RMB

Items	Balance at the end of last year	**Increase this year**	**Decrease this year**	Balance at the end of this year	**Reason**
Government subsidies	110,461,293.15	23,754,725.00	16,401,222.05	117,814,796.10	Received the government subsidie

Projects involving government subsidies:

In RMB

Items	Year-beginning amount	Amount of new subsidies this year	Amount of non-operating income included in this year	Amount of other income included in this year	Other changes	Year-end amount	Asset-related/ Income-related
Production line subsidy	67,839,305.45	23,754,725.00	-	10,607,220.14	-	80,986,810.31	Asset-related
Equipment subsidy	36,621,987.70	-	-	5,794,001.91	-	30,827,985.79	Asset-related
Material subsidy	6,000,000.00	-	-	-	-	6,000,000.00	Income-related
Total	110,461,293.15	23,754,725.00	-	16,401,222.05	-	117,814,796.10	

34.Stock capital

In RMB

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

35. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	1,826,482,608.54	-	-	1,826,482,608.54
Other capital reserves	135,117,216.09	-	-	135,117,216.09
Total	1,961,599,824.63	-	-	1,961,599,824.63

36. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period					Year-end balance
		Amount incurred before income tax	Less: Included in other comprehensive income in the previous period, transferred to profit or loss in the current period	Amount of current period	Year-end balance	Amount of current period	
I. Other comprehensive income that cannot be reclassified into profit or loss	118,643,084.23	(18,355,546.45)	-	(8,296,806.99)	(10,058,739.46)	-	108,584,344.77
1. Changes in fair value of investment in other equity instruments	118,643,084.23	(18,355,546.45)	-	(8,296,806.99)	(10,058,739.46)	-	108,584,344.77
II. Other comprehensive income to be reclassified into profit or loss	1,039,034.82	(145,863.68)	-	-	(26,770.28)	(119,093.40)	1,012,264.54
1. Changes in fair value of receivables financing	-	(297,733.50)	-	-	(178,640.10)	(119,093.40)	(178,640.10)
2. Translation difference of foreign currency financial statements	1,039,034.82	151,869.82	-	-	151,869.82	-	1,190,904.64
Total of other comprehensive income	119,682,119.05	(18,501,410.13)	-	(8,296,806.99)	(10,085,509.74)	(119,093.40)	109,596,609.31

37. Special reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	98,245,845.47	2,663,815.85		100,909,661.32

38. Retained profits

In RMB

Items	current period	previous period
Undistributed profit at the end of last year before adjustment	125,317,336.31	86,912,390.50
Total undistributed profits adjusted at the beginning of the year	-	-
Adjusted undistributed profit at the beginning of the year	125,317,336.31	86,912,390.50
Add: Net profit attributable to shareholders of parent company this year	73,309,182.94	55,733,468.82
Other comprehensive income carried forward to retained income	-	1,042,493.21
Less: Withdrawal of statutory surplus reserve	2,663,815.85	3,175,360.75
Distribution of common stock dividends (note)	25,326,092.45	15,195,655.47
Year end undistributed profit	170,636,610.95	125,317,336.31

Note: According to the resolution of the General Meeting of Shareholders on May 19, 2022, the Company distributed a cash dividend of RMB 0.5 (including tax) for every 10 shares, totally RMB 25,326,092.45 (including tax) based on the share capital of 506,521,849 shares as of December 31, 2021.

39. Operating income and operating cost

(1)Operating income and operating cost

InRMB

Items	Amount incurred this year		Amount incurred last year	
	Income	Cost	Income	Cost
Main business	2,802,203,439.94	2,373,407,000.36	2,302,304,418.84	1,898,721,579.26
Other business	35,784,824.42	598,896.07	27,757,262.16	8,272,084.49
Total	2,837,988,264.36	2,374,005,896.43	2,330,061,681.00	1,906,993,663.75

Note: Please refer to Note (V), 29.1 "Significant changes in accounting policies" for details of the Group's disclosure related to trial sales.

(2)Main business classified by product

In RMB

Product type	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Polarizer sales	2,693,787,636.62	2,317,793,097.44	2,135,803,339.71	1,827,211,496.45
Property leasing and management	80,168,785.00	22,508,188.92	111,568,500.55	22,996,155.29
Textile sales	28,247,018.32	33,105,714.00	54,932,578.58	48,513,927.52
Subtotal	2,802,203,439.94	2,373,407,000.36	2,302,304,418.84	1,898,721,579.26

(3) Main business classified by region

InRMB

Main business region	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Domestic	2,686,847,406.83	2,278,271,215.01	2,048,182,283.94	1,684,438,068.16
Overseas	115,356,033.11	95,135,785.35	254,122,134.90	214,283,511.10
Subtotal	2,802,203,439.94	2,373,407,000.36	2,302,304,418.84	1,898,721,579.26

(4) Description of performance obligations

The Group's goods sales are mainly the production and sales of polarizer and textile-related goods. For goods sold to customers, the Group recognizes income when the control of the goods is transferred, that is, when the goods are delivered to the designated place of the other party and signed by the other party. Since the delivery of goods to customers represents the right to unconditionally receive the contract consideration, the maturity of the money only depends on the passage of time, so the Group recognizes a receivable when the goods are delivered to professional customers. When the customer prepays the payment, the Group recognizes the transaction amount received as a contractual liability until the goods are delivered to the customer.

The Group provides property and leasing services to customers, which is a performance obligation to be fulfilled within a certain period of time. The Group recognizes income in the process of providing property and leasing services.

(5) Description of allocation to remaining performance obligations

On December 31, 2022, the amount of contractual liabilities corresponding to the performance obligations that the Group has signed but has not yet fulfilled or has not yet fully fulfilled is RMB 4,274,109.40, and the income will be recognized when the customer obtains the control of the goods.

40. Taxes and surcharges

In RMB

Items	Amount incurred this year	Amount incurred last year
Property tax	5,213,976.28	5,826,834.91
Urban maintenance and construction tax	366,211.93	1,625,005.70
Surcharge for education	237,396.39	1,169,628.61
Other taxes	2,089,542.31	1,902,078.87
Total	7,907,126.91	10,523,548.09

41. Sales expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	18,560,229.96	18,266,837.81
Sales service charge	10,661,049.94	12,684,139.28
Business entertainment	2,214,489.62	1,256,926.46
Others	4,526,759.83	5,765,432.84
Total	35,962,529.35	37,973,336.39

42. Management cost

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	83,952,597.31	80,805,949.97
Depreciation cost	12,258,281.68	10,728,532.58
Professional service fee	7,197,534.84	8,120,482.28
Amortization of intangible assets	5,082,893.36	5,030,106.23
Property leasing and utilities	5,252,212.15	3,745,400.74
Business entertainment	1,557,382.87	1,754,789.06
Others	13,088,038.08	11,903,569.29
Total	128,388,940.29	122,088,830.15

43. R&D expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Employee compensation	16,349,423.75	15,697,764.59
Material consumption	58,840,560.48	83,197,051.56
Depreciation cost	3,518,432.27	3,326,098.79
Others	1,811,739.04	1,287,849.59
Total	80,520,155.54	103,508,764.53

44. Financial expenses

In RMB

Items	Amount incurred this year	Amount incurred last year
Interest expense (note)	31,131,112.38	24,113,442.39
Less: capitalized interest expense	-	9,807,167.26
Less: interest income	8,327,248.75	1,655,853.59
Exchange difference	(14,569,863.53)	(20,976,430.83)
Handling fees and others	4,709,606.47	8,195,665.20
Total	12,943,606.57	(130,344.09)

Note: The interest expense on lease liabilities in 2022 is RMB 203482.85.

45. Other income

In RMB

Items	Amount incurred in this year	Amount incurred in last year
Transfer-in of deferred income	16,401,222.05	13,939,029.06
Industry development support funds (Note 1)	6,384,733.03	380,356.97
Enterprise development support funds	2,062,888.38	5,272,800.00

(Note 2)		
Tax subsidy	1,262,440.33	0.00
Others	238,927.10	51,193.30
Total	26,350,210.89	19,643,379.33

Note 1: Industry development support funds mainly include subsidies for the first batch of key new material insurance compensation projects of the Bureau of Industry and Information Technology in 2022, incentive projects for industrial enterprises to expand production capacity in 2022, and subsidies for the 2022 Emerging Industry Support Plan (New Materials) of the Bureau of Industry and Information Technology.

Note 2: The enterprise development support funds mainly include the incentive funds for enterprises with harmonious labor relations in Pingshan District in 2020, the subsidy funds for improving the atmospheric environment quality of Shenzhen Municipal Ecological Environment Bureau, and the "ten items" policy fund subsidies for enterprises with warm hearts in Pingshan District in 2022.

46. Investment income

In RMB

Items	Amount incurred this year	Amount incurred last year
Long-term equity investment income calculated by equity method	1,307,639.15	33,984.66
Investment income from disposal of long-term equity investment	-	20,779.93
Investment income of transactional financial assets during the holding period	15,457,585.05	17,407,221.99
Dividend income from investment in other equity instruments during the holding period	2,618,127.67	2,551,896.02
Others	-	2,649,130.46
Total	19,383,351.87	22,663,013.06

47. Income from changes in fair value

In RMB

Sources of income from changes in fair value	Amount incurred this year	Amount incurred last year
Transactional financial assets	-	2,150,943.40

48. Credit impairment gain (loss)

In RMB

Items	Amount incurred this year	Amount incurred last year
Impairment loss of notes receivable	365,055.74	(280,565.00)
Gain (loss) from impairment of accounts receivable	(11,584,551.67)	2,500,153.07
Gain (loss) from impairment of other receivables	6,600,942.84	(7,201,148.60)
Total	(4,618,553.09)	(4,981,560.53)

49. Asset impairment gain (loss)

In RMB

Items	Amount incurred this year	Amount incurred last year
Inventory depreciation loss	(183,706,022.57)	(130,363,681.96)
Impairment loss of fixed assets	(18,867,443.27)	(32,769.22)
Total	(202,573,465.84)	(130,396,451.18)

50. Asset disposal income

In RMB

Items	Amount incurred this year	Amount incurred last year
Gains & losses on foreign investment in fixed assets	31,264.60	(597,458.77)

51. Non-Operation income

In RMB

Items	Amount of this year	Amount of last year	Recorded in the amount of the non-recurring gains and losses
Insurance compensation	7,652,845.40	3,477,438.60	7,652,845.40
Payable without payment	6,334,444.97	17,140,459.60	6,334,444.97
Other	1,005,792.20	667,888.44	1,005,792.20
Total	14,993,082.57	21,285,786.64	

52.Non-current expenses

In RMB

Items	Amount of this year	Amount of last year	The amount of non-operating gains & lossed
Non-current asset Disposition loss	26,020.82	369,187.12	26,020.82
Compensation expenses	7,248,331.74	-	7,248,331.74
Fine expenses	778.86	1,309,172.27	778.86
Other	201,926.05	7,903.96	201,926.05
Total	7,477,057.47	1,686,263.35	7,477,057.47

53.Income tax expenses

(1)Income tax expenses

In RMB

Items	Amount of this year	Amount oflast year
Current income tax expense	4,043,680.11	8,174,724.28
Deferred income tax expense	(71,486,803.63)	2,944,072.68
Total	(67,443,123.52)	11,118,796.96

(2)Reconciliation of account profit and income tax expenses

In RMB

Items	Amount of current period	Amount of previous period
Total profits	44,348,842.80	77,185,270.78
Current income tax expense accounted by tax and relevant regulations	11,087,210.70	19,296,317.70
Influence of different tax rates applied by some subsidiaries	(2,715,451.54)	(5,229,585.58)
非应税收入的影响	(2,483,588.11)	(53,103.78)
Non-deductible costs, expenses and losses	771,675.89	4,571,839.81
Tax impact by the unrecognized deductible losses and deductible temporary differences in previous years	(66,704,686.87)	-
Profit and loss of joint venture and associated enterprises accounted for by equity method	2,931,982.20	8,059,643.49
Tax impact of research and development fee plus deduction	(10,330,265.79)	(15,526,314.68)
Income tax fee	(67,443,123.52)	11,118,796.96

54. 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
Letter of Credit Deposit	167,866,753.31	35,875,977.74
Interest income	8,067,195.21	1,655,853.59
Government Subsidy	33,703,713.84	19,363,739.42
Current account	8,658,637.60	31,729,758.78
Total	218,296,299.96	88,625,329.53

(2)Other cash paid related to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Payment of credit deposit	25,106,708.19	164,509,022.41
Cash	87,642,432.49	48,012,370.68
Current account and other	9,199,351.73	12,867,319.88
Total	121,948,492.41	225,388,712.97

(3)Cash received related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products, principal and income	1,316,000,000.00	1,128,309,484.61

(4).Cash paid related to other investment activities

In RMB

Items	Amount of current period	Amount of previous period
Structured deposits, financial products,	1,140,433,371.49	965,000,000.00

（5）Cash paid related with financing activities

In RMB

Items	Amount of this year	Amount of last year
Restricted stock repurchase		7,820,298.30
Lease payment	9,144,572.43	4,817,974.70
Total	9,144,572.43	12,638,273.00

55. 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	111,791,966.32	66,066,473.82
Add: asset impairment provision	202,573,465.84	130,396,451.18
Credit loss preparation	4,618,553.09	4,981,560.53
Depreciation of fixed assets and investment property	256,562,100.50	182,116,694.00
Depreciation of right-of-use assets	9,007,666.58	4,540,987.37
Amortization of intangible assets	5,082,893.36	5,030,106.23
Amortization of Long-term deferred expenses	1,819,286.52	1,171,163.32
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets	(31,264.60)	597,458.77
Fixed assets scrap loss	26,020.82	369,187.12
Loss on fair value changes	-	(2,150,943.40)
Financial cost	29,183,633.15	14,306,275.13
Loss on investment	(19,383,351.87)	(22,663,013.06)
Decrease of deferred income tax assets	(66,115,217.51)	1,534,828.48
Increased of deferred income tax liabilities	(5,371,586.12)	2,500,994.33
Decrease of inventories	1,248,186.40	(270,089,816.70)
Decease of operating receivables	(81,468,525.61)	(58,547,894.61)
Increased of operating Payable	40,694,723.73	(64,597,492.86)
Net cash flows arising from operating activities	490,238,550.60	(4,436,980.35)
II. Significant investment and financing activities that without cash flows:		
End balance of cash equivalents	874,474,834.46	302,408,433.72
Less: Beginning balance of cash equivalents	302,408,433.72	278,337,236.95
Net increase of cash and cash equivalent	572,066,400.74	24,071,196.77

(2)Component of cash and cash equivalents

In RMB

Items	Year-end balance	Year-beginning balance
I Cash	874,474,834.46	302,408,433.72
Including: cash on hand	3,980.56	792.64
Bank deposits available for payment at any time	874,470,853.90	302,407,641.08
Other monetary funds available for payment at any time	-	-
II Cash equivalents	-	-
III Balance of cash and cash equivalents at the end of the year	874,474,834.46	302,408,433.72

In RMB

56. The assets with the ownership or use right restricted

In RMB

Items	Book value at the end of the reporting period	Cause of restriction
Monetary funds	116,990,685.31	Note(VII),1
Note receivable	48,387,401.67	Note(VII),3.(3)
Other receivables	6,559,327.26	Funds subject to freeze
Fixed assets	470,366,658.55	Mortgage
Intangible assets	32,984,090.65	Pledge
Total	675,288,163.44	

57. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds			21,802,736.14
Including：USD	2,507,856.21	6.9742	17,490,290.78
Euro	81,323,569.66	0.0524	4,261,355.05
HKD	57,199.18	0.8932	51,090.31
Account receivable			20,886,202.07
Including：USD	2,943,419.82	6.9742	20,527,998.51
Euro	2,092,440.00	0.0524	109,643.86
HKD	278,280.00	0.8932	248,559.70
Other receivable			7,051,194.01
Including：USD	913,364.76	6.9742	6,369,988.52
HKD	762,657.29	0.8932	681,205.49
Account payable			249,984,599.31
Including：USD	6,296,670.99	6.9742	43,914,242.82
Yen	3,932,333,073.99	0.0524	206,054,253.08
HKD	18,028.90	0.8932	16,103.41
Other payable			5,091,286.65
Including：USD	676,686.00	6.9742	4,719,343.50
Yen	3,381,984.00	0.0524	177,215.96
Euro	22,500.00	7.4229	167,015.25
HKD	31,025.46	0.8932	27,711.94

VIII. Change of consolidation scope

In 2022, the scope of consolidation of the Group remained unchanged.

IX. Equity in other subjects

1. Equity in subsidiaries

(1) Composition of the enterprise group

Subsidiary name	Main place of business	Place of registration	Business nature	Shareholding ratio %		Acquisition method
				Direct	Indirect	
Shenzhen Lishi Industry Development Co., Ltd	Shenzhen	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Huaqiang Hotel	Shenzhen	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Shenfang Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property management	100.00	-	Establishment
Shenzhen Beauty Century Garment Co., Ltd.	Shenzhen	Shenzhen	Textile production and sales	100.00	-	Establishment

Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property management	100.00	-	Establishment
SAPO Photoelectric	Shenzhen	Shenzhen	Polarizer production and sale	60.00	-	Acquisition
Shengtou (Hongkong) Co.,Ltd.	Hongkong	Hongkong	Polarizer sales	-	100.00	Establishment
Shenzhen Shengjinlian Technology Co., Ltd.	Shenzhen	Shenzhen	Polarizer production and sale, etc.	-	100.00	Establishment

(2) Important non-wholly-owned subsidiaries

In RMB

Subsidiary name	Minority shareholding ratio	Profit and loss attributable to minority shareholders in this year	Dividends declared to minority shareholders in last year	Balance of minority equity at the end of the period
Shenzhen SAPO Photoelectric Co., Ltd.	40.00%	38,482,783.38		1,181,777,770.21

(3) Major financial information of important non-wholly-owned subsidiaries

In RMB

Items	SAPO Photoelectric
	Year-end balance/Amount incurred this year
Current assets	1,936,541,263.47
Non-current assets	2,419,432,602.01
Total assets	4,355,973,865.48
Current liabilities	674,071,107.48
Non-current liabilities	732,819,068.02
Total liabilities	1,406,890,175.50
Operating income	2,735,055,209.89
Net profit	96,206,958.45
Total comprehensive income	95,909,224.95
Cash flow from operating activities	484,437,283.64

2 Equity in joint venture arrangements or joint ventures

(1) Important joint ventures or associated enterprises

Name of joint venture or associated enterprise	Main place of business	Place of registration	Business nature	Shareholding ratio		Accounting treatment method of investment in joint ventures or associated enterprises
				Direct	Indirect	
Shenzhen Guanhua Printing & Dyeing Co., Ltd. (Note)	Shenzhen	Shenzhen	Property leasing	50.16%		Equity method

Note: According to the articles of association of Shenzhen Guanhua Printing and Dyeing Co., Ltd., the board of directors consists of six directors, including three directors appointed by the Group and three directors appointed by Qiaohui Industrial Co., Ltd., and the voting at the board meeting is valid only if it is approved by more than two thirds of all directors. Therefore, the Group cannot control Shenzhen Guanhua Printing and Dyeing Co., Ltd. and has not included it in the consolidated financial statements of the Group.

(2) Main financial information of important joint venture

In RMB

Items	Shenzhen Guanhua Printing & Dyeing Co., Ltd.

	Year-end balance/Amount incurred this year
Current assets	47,899,181.48
Non-current assets	217,362,821.36
Total assets	265,262,002.84
Current liabilities	16,619,409.76
Non-current liabilities	33,025,262.69
Total liabilities	49,644,672.45
Owners' equity attributable to the parent company	215,617,330.39
Share of net assets calculated according to shareholding ratio	108,153,652.92
Adjustment matters	
-Goodwill	21,595,462.44
-Others	(242,843.60)
Book value of equity investment in joint ventures	129,506,271.76
Fair value of equity investment of associated enterprises with open quotation	-
Operating income	23,195,512.34
Net profit	2,575,847.73
Other comprehensive income	-
Total comprehensive income	2,575,847.73
Dividends received from the joint venture this year	-

(3) Summary financial information of unimportant joint ventures and associated enterprises

In RMB

Items	Year-end balance/Amount incurred this year
Associated enterprise	
Total book value of investment	4,975,563.98
Total of the following items calculated by shareholding ratio	
-Net profit	15,593.93
-Other comprehensive income	151,869.82
-Total comprehensive income	167,463.75

X. Risks related to financial instruments

The Group's main financial instruments include monetary funds, transactional financial assets, notes receivable, accounts receivable, accounts receivable financing, other receivables, other equity instruments investment, short-term loans, accounts payable, other payables, other current liabilities, long-term loans and lease liabilities, etc. At the end of this year, the financial instruments held by the Group are as follows. See Note (VII) for details. The risks associated with these financial instruments and the risk management policies adopted by the Group to reduce these risks are as follows. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

In RMB

Items	Balance at the end of this year
Financial assets	
Measured at fair value, with its changes included in current profits and losses	
Transactional financial assets	319,605,448.44
Measured at fair value, with its changes included in other comprehensive income	
Receivable financing	54,413,796.91
Investment in other equity instruments	167,678,283.27
Measured in amortized cost	
Monetary funds	991,789,968.19
Note receivable	74,619,100.26
Accounts receivable	636,583,469.93
Other receivables	10,288,124.02
Financial liabilities	
Measured in amortized cost	
Short-term loan	7,000,000.00
Accounts payable	327,049,873.70
Other payables	196,701,468.33
Other current liabilities	92,945,741.78
Long-term loans	704,603,665.19

Lease liabilities	15,630,030.74

The Group uses sensitivity analysis technology to analyze the possible impact of reasonable and possible changes in risk variables on current profits and losses and shareholders' equity. Because any risk variable rarely changes in isolation, and the correlation between variables will have a great impact on the final amount of a risk variable change, the following contents are carried out under the assumption that each variable change is independent.

1. Risk management objectives and policies

The Group's goal in risk management is to strike a proper balance between risks and benefits, reduce the negative impact of risks on the Group's operating performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on this risk management goal, the basic strategy of the Group's risk management is to identify and analyze all kinds of risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise all kinds of risks to control the risks within a limited range.

1.1 Market risk

1.1.1 Foreign exchange risk

Foreign exchange risk refers to the risk of losses caused by exchange rate changes. The Group's foreign exchange risks are mainly related to US dollars, Japanese yen, Hong Kong dollars and euros. Except for some import purchases and export sales of the Group's companies located in Chinese mainland which are mainly settled in US dollars, Japanese yen, Hong Kong dollars and euros, other major business activities of the Group are settled in RMB.

As of 31 December 2022, the Group's assets and liabilities were all RMB balances, except for the monetary items in foreign currencies mentioned in Notes (VII), (57). The foreign exchange risks arising from the assets and liabilities with foreign currency balances (converted into RMB) described in the table below may have an impact on the Group's operating results.

In RMB

Items	Balance at the end of this year	
	Assets	Liabilities
USD	44,388,277.81	48,633,586.32
Yen	4,370,998.91	206,231,469.04
Euro	-	167,015.25
HKD	980,855.50	43,815.35

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. At present, the Group has not taken any measures to avoid foreign exchange risks.

Sensitivity analysis of foreign exchange risk

Sensitivity analysis of foreign exchange risk assumes that all net investment hedging and cash flow hedging of overseas operations are highly effective.

On the basis of the above assumptions, with other variables unchanged, the pre-tax impact of possible reasonable exchange rate changes on current profits and losses and shareholders' equity is as follows:

In RMB

Items	Changes in exchange rate	This year	
		Impact on profits	Impact on shareholders' equity
All foreign currencies	Appreciation of RMB by 5%	(10,266,787.69)	(10,266,787.69)
All foreign currencies	Depreciation of RMB by 5%	10,266,787.69	10,266,787.69

1.1.2.Interest rate risk - risk of cash flow change

The Company's risk of cash flow changes of financial instruments caused by interest rate changes is mainly related to bank loans with floating interest rate. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates on these loans, and there is no interest rate swap arrangement at present.

Sensitivity analysis of interest rate risk

With other variables unchanged, the pre-tax impact of possible reasonable interest rate changes on current profits and losses and shareholders' equity is as follows:

In RMB

Items	Interest rate change	This year	
		Impact on profits	Impact on shareholders' equity
Floating-rate loan	Increase by 1%	(7,108,088.43)	(7,108,088.43)
Floating-rate loan	Decrease by 1%	7,108,088.43	7,108,088.43

1.2. Credit Risk

As of December 31, 2022, the largest credit risk exposure that may cause financial losses to the Company mainly came from the loss of the Company's financial assets caused by the failure of the other party to perform its obligations, specifically including monetary funds, transactional financial assets, notes receivable, accounts receivable, accounts receivable financing, and other receivables. On the balance sheet date, the book value of the Company's financial assets has represented its maximum credit risk exposure.

In order to reduce credit risk, the company arranges specialized personnel to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue debts. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that adequate provision for credit losses has been made for relevant financial assets. Therefore, the management of the company believes that the credit risk undertaken by the company has been greatly reduced.

The Company's monetary funds are deposited in banks with high credit ratings, so monetary funds only have low credit risk.

As of December 31, 2022, the company's balance of accounts receivable from the top five customers was 364098756.84 yuan, accounting for 53.21% of the company's balance of accounts receivable. In addition, the Company has no other significant credit risk exposure concentrated in a single financial asset or a combination of financial assets with similar characteristics.

1.3 Liquidity Risk

When managing liquidity risk, the Company maintains and monitors cash and cash equivalents that the management believes are sufficient to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The management of the company monitors the use of bank loans and ensures compliance with loan agreements.

As of December 31, 2022, the Company's unused comprehensive bank credit line was RMB 212.1006 million.

The financial liabilities held by the Company are analyzed based on the maturity of undiscounted remaining contractual obligations as follows:

In RMB

Item	Within 1 year	1-5 years	Over 5 years	Total
Short-term loan	7,179,508.33	-	-	7,179,508.33
Accounts payable	327,049,873.70	-	-	327,049,873.70
Other payables	196,701,468.33	-	-	196,701,468.33
Other current liabilities	92,945,741.78	-	-	92,945,741.78
Long-term loans	97,182,080.19	594,693,456.05	150,625,989.54	842,501,525.78
Lease liabilities	7,475,902.01	9,546,024.00	-	17,021,926.01

2. Transfer of financial assets

2.1 Financial assets transferred but not completely derecognized

In the current year, the Group has cumulatively discounted bank acceptance bills of RMB 18071354.97 from large state-owned commercial banks with higher credit ratings and listed national joint-stock commercial banks, obtaining cash consideration of RMB 17658492.79. There is a possibility that such acceptance bills cannot be honored at maturity. If the acceptance bills cannot be accepted at maturity, the bank has the right to require the Group to pay off the outstanding balance. As the Group still bears major risks such as credit risks related to these acceptance bills, the Group continues to fully recognize the carrying amount of notes receivable and recognize the amounts received as pledged loans due to transfers. On December 31, 2022, the discounted acceptance bills mentioned above have all expired.

On December 31, 2022, the book value of the bank acceptance bill endorsed by the company to suppliers for settlement of accounts payable was RMB 48387401.67. The Company believes that almost all risks and rewards related to notes receivable at the time of endorsement have not been transferred, which does not meet the conditions for derecognition of financial assets. Therefore, the recognition of relevant notes receivable has not been completely terminated on the endorsement date.

2.2 The recognition has been terminated as a whole, but the transferor continues to be involved in the transferred financial assets

The Company endorses bank acceptance bills held by large state-owned commercial banks with high credit ratings and listed national joint-stock commercial banks to a third party. As almost all risks and rewards related to these bank acceptance bills, such as interest rate risk, have been transferred to the bank, the Company terminates the recognition of bank acceptance bills that have been endorsed but not expired. According to the relevant provisions of the Negotiable Instruments Law of the People's Republic of China, if the bank acceptance bill fails to be paid and accepted upon maturity, the undertaker has the right to require the company to pay off the outstanding balance, so the company continues to be involved in the endorsed bank acceptance bill. As of December 31, 2022, the bank acceptance bill that the company has endorsed but not expired was RMB 54995349.12.

XI. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

In RMB

Items	Year-end fair value			
	Fair value measurement of Level 1	Fair value measurement of Level 2	Fair value measurement of Level 3	Total
Measured at fair value continuously				
(I) Transactional financial assets	-	319,605,448.44	-	319,605,448.44
(II) Receivable financing	-	-	54,413,796.91	54,413,796.91
(III) Investment in other equity instruments	-	-	167,678,283.27	167,678,283.27
Total assets continuously measured at fair value	-	319,605,448.44	222,092,080.18	541,697,528.62

2. For Level 2 items measured at fair value continuously and non-continuously, the valuation techniques and qualitative and quantitative information of important parameters are adopted

In RMB

Items	**Fair value at the end of this year**	**Valuation technique**	**Input value**
Transactional financial assets	319,605,448.44	Discounted cash flow technique	Expected yield

3. For Level 3 items measured at fair value continuously and non-continuously, the valuation techniques and qualitative and quantitative information of important parameters are adopted

Items	Fair value at the end of this year	Valuation technique	Input value
Receivable financing	54,413,796.91	Discounted cash flow technique	Discount rate
Investment in other equity instruments	167,678,283.27	Comparison of listed companies	P/B ratio of similar listed companies
		Comparable income method	Market price

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

Financial assets and liabilities not measured at fair value mainly include monetary funds, notes receivable, accounts receivable, other receivables, short-term loans, accounts payable, other payables, long-term loans and lease liabilities.

The management of the Group believes that the book values of financial assets and financial liabilities measured in amortized cost in the financial statements are close to their fair values.

XII. Related parties and related party transactions

1. Information about the parent company of the company.

Name of parent company	Place of registration	Business nature	Registered capital (RMB '0,000)	Shareholding ratio of the parent company to the Company %	Percentage of voting rights of the parent company to the Company %
Shenzhen Investment Holdings Co., Ltd	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investment, real estate development, etc	2,850,900.00	46.21	46.21

Description of the parent company of the company

The parent company of the Company is a wholly state-owned company approved and authorized by the Shenzhen Municipal Government, and exercises the investor function for the state-owned enterprises within the authorized scope according to law.

During the reporting period, the changes in the registered capital of the parent company are as follows:

Unit: 10000 yuan

Balance at the end of last year	Increase this year	Decrease this year	Balance at the end of this year
2,800,900.00	50,000.00	-	2,850,900.00

2. Information on subsidiaries of the Enterprise

Please refer to Notes (IX), 1 for details of the subsidiaries of the Enterprise.

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

See Notes (IX), 2 for details of the important joint ventures or associated enterprises of the Enterprise.

4. Information on other related parties

Names of related parties	Relationship between the Enterprise
Shenzhen Xinfang Knitting Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Group
Shenzhen Dailishi Underwear Co., Ltd.	The Company's shareholding company and the chairman of the company are the employees of the Group
Shenzhen Tianma Microelectronics Co., Ltd.(Note)	The former chairman of the Company is the former vice chairman of the Company
Hengmei Photoelectric Technology Co., Ltd.	The company's subsidiary, Shengbo Optoelectronics, is a joint

	stock company with minority shareholders. The chairman of the company is held by a former director of Shengbo Optoelectronics

Note: Hengmei Photoelectric Technology Co., Ltd. will no longer be a related party of the Company in 2022.

5. Related party transactions

(1) Sale of goods

In RMB

Related party	Content of related party transaction	Amount incurred this year	Amount incurred last year
Shenzhen Tianma Microelectronics Co., Ltd	Polarizer	-	1,441,975.42
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Textile	8,849.56	-
Shenzhen Investment Holdings Co., Ltd	Textile	-	48,907.96
Total		8,849.56	1,490,883.38

(2) Lending of related party funds

In RMB

Related party	Borrowing amount	Start date	Due date	Description
Lending				
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	2019.07.30	2023.07.30	The annual lending rate is 0.30%

(3) Rewards for the key management personnel

In RMB

Rewards for the key management personnel Items	Amount of this year	Amount of last year
	11,966,067.00	11,152,828.00

6. Receivables and payables of related parties

（1）Receivables

In RMB

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Balance of Book	Balance of Book	Bad debt Provision
Account receivable	Shenzhen Tianma Microelectronics Co., Ltd.	-	-	412,495.18	18,686.03
Account receivable	Shenzhen Investment Holdings Co., Ltd	-	-	55,266.00	2,503.55
Other Account receivable	Shenzhen Dailishi Underwear Co., Ltd.	1,100,000.00	58,850.00	1,100,000.00	55,000.00

（2）Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Accounts payable	Hengmei Optoelectronics Co., Ltd	-	170,977.53
Other payable	Yehui International Co.,Ltd.	1,124,656.60	1,124,656.60
Other payable	Shenzhen Changlianfa Printing & dyeing Co., Ltd.	2,023,699.95	2,023,699.95
Other payable	Shenzhen Guanhua Printing & dyeing Co., Ltd.	3,806,454.17	3,806,454.17
Other payable	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85

Other payable	Shenzhen Investment Holdings Co., Ltd	643,987.04	-

XIII. Commitments and contingencies

1. Important commitments

(1)Capital commitment

In RMB

Items	Amount at the end of this year	Amount at the end of last year
Contracted but not recognized in the financial statements		
Commitment to purchase and build long-term assets	3,761,094.00	

2. Contingencies

In 2022, litigation disputes between the Company and its controlling subsidiary Shengbo Optoelectronics and its non-controlling shareholder, Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Fund"), including the shareholder's right to know, the dissolution of Shengbo Optoelectronics, and the confirmation of the effectiveness of the resolution of Shengbo Optoelectronics, were heard in the Pingshan District People's Court of Shenzhen City, Guangdong Province.

The Company believes that the above litigation matters were caused by differences and disputes between the shareholders of Shengbo Optoelectronics and the failure to reach an agreement, which did not significantly affect the financial situation and production and operation of Shengbo Optoelectronics.

As of December 31, 2022, the Company has no pending litigation, external guarantees, and other contingencies that should be disclosed beyond the above.

XIV. Matters after the balance sheet date

1. Profit distribution after the balance sheet date

On April 1, 2023, the company held a board meeting and approved the 2022 profit distribution plan. The company plans to distribute a cash dividend of RMB 0.6 (tax inclusive) per 10 shares to all shareholders based on the total capital stock of 506521849 shares as of December 31, 2022, with a total cash dividend of RMB 30391310.94 (tax inclusive). The profit distribution plan is yet to be approved by the Company's shareholders' meeting.

In RMB

Items	Amount
Profits or dividends to be distributed	30,391,310.94
Profits or dividends declared after deliberation and approval	30,391,310.94

XV. Other important matters

1. Segment information

(1) Determination basis and accounting policy of reporting segment

According to the company's internal organizational structure, management requirements, and internal reporting system, the company's business is divided into three operating segments, and the company's management regularly evaluates the operating results of these segments to determine the allocation of resources and evaluate performance. On the basis of operating segments, the company has determined the following three reporting segments: polarizer business, property leasing business, and textile business.

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to the management, and these measurement bases are consistent with the accounting and measurement bases used in the preparation of financial statements.

(2) Financial information of reporting segment

In RMB

This year or the end of this year	Polarizer	Property leasing	Textile	Offset	Total
Operating income:					
External transaction income	2,728,009,332.54	81,731,913.50	28,247,018.32	-	2,837,988,264.36
Inter-segment transaction income	-	4,709,369.95	-	(4,709,369.95)	-
Total operating income of segment	2,728,009,332.54	86,441,283.45	28,247,018.32	(4,709,369.95)	2,837,988,264.36
Operating expenses (note)	2,527,835,900.31	77,013,737.77	39,239,385.90	(4,360,768.89)	2,639,728,255.09
Operating profit	20,266,160.12	30,304,595.91	(12,022,403.47)	(1,715,534.86)	36,832,817.70
Net profit	91,118,912.03	34,073,314.37	(12,013,091.49)	(1,387,168.59)	111,791,966.32
Total assets of segment	4,355,319,002.77	1,282,812,378.49	37,349,989.80	(58,344,003.16)	5,617,137,367.90
Total liabilities of segment	1,404,343,189.16	202,684,944.37	29,223,370.78	(50,156,461.83)	1,586,095,042.48

Note: This item includes operating costs, taxes and surcharges, administrative expenses, research and development expenses, sales expenses, and financial expenses.

2. Other important transactions and matters that have an impact on investors' decisions

(1) Significant asset restructuring

On December 30, 2022, the Company held the 19th meeting of the 8th Board of Directors and deliberated and passed the Proposal on the Plan for Issuing Shares and Paying Cash to Purchase Assets, Raising Supporting Funds, and Related Party Transactions. The Company plans to purchase 100% of the total equity of Hengmei Optoelectronics Co., Ltd. held by 17 companies such as Qimei Materials and Haosheng (Danyang) through issuing shares and paying cash. The cash consideration for this transaction is proposed to be paid by the company with self raised funds such as merger and acquisition loans and raised matching funds. The company plans to raise matching funds through non-public offering of shares to no more than 35 qualified specific investors. The total amount of raised matching funds shall not exceed 100% of the transaction price for the proposed purchase of assets through the issuance of shares, and the number of shares issued shall not exceed 30% of the total share capital of the listed company after the completion of the purchase of assets through the issuance of shares.

This transaction will not result in a change in the control of the company. Before and after this transaction, the actual controller of the company is the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government. As of the date of approval and issuance of this financial statement, this transaction still needs to obtain relevant approval or approval, filing, and other procedures. The audit, evaluation, due diligence, and other work involved in this transaction are still in progress. After the relevant work is completed, the company will again convene the board of directors to review the relevant matters of this transaction.

(2) Properties not yet disposed of by Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli")

Shenzhen Xieli, a Sino-foreign joint venture established by the Company and Hong Kong Xieli Maintenance Company (hereinafter referred to as "Hong Kong Xieli"), was deregistered by the Shenzhen Municipal Market Supervision and Administration in March 2020. However, there are still three properties under the name of Shenzhen Xieli that need to be negotiated between the shareholders of both parties. In July 2020, the company filed a lawsuit to the People's Court of Yantian District, Shenzhen City, Guangdong Province to revoke the cancellation of Shenzhen Xieli approved by the Shenzhen Market Supervision and Administration Bureau.

In December 2022, the People's Court of Yantian District, Shenzhen City, Guangdong Province, made a first instance judgment revoking the administrative act of canceling the registration of Shenzhen Xieli. In January 2023, the third person in the original trial, Hong Kong Xieli, appealed to the Shenzhen Intermediate People's Court of Guangdong Province. Later, due to the failure of Hong Kong Xieli to pay the case acceptance fee in advance on schedule, the Shenzhen Intermediate People's Court of Guangdong Province issued an administrative ruling, ruling that Hong Kong Xieli withdraw its appeal processingl.

XVI. Notes on main items of parent company's financial statements

1. Accounts receivable

(1) Disclosure by age

In RMB

Aging	Balance at the end of this year		
	Accounts receivable	Credit loss provision	Accrual proportion (%)
Within 1 year	13,871,107.36	713,159.25	5.14
1-2 years	2,485,076.00	-	-
Total	16,356,183.36	713,159.25	

(2) Classified disclosure by credit loss accrual method

In RMB

Category	Balance at the end of this year				
	Book balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion	

				(%)	
Credit loss provision accrued by item	-	-	-	-	-
Credit loss provision accrued by portfolio	16,356,183.36	100	713,159.25	4	15,643,024.11
Total	16,356,183.36	100	713,159.25	4	15,643,024.11

Accounts receivable for which provision for credit losses is made by portfolio:

In RMB

	Balance at the end of this year		
	Accounts receivable	Credit loss provision	Expected credit loss rate (%)
Within 1 year	13,871,107.36	713,159.25	5.14
1-2 years	2,485,076.00	-	-
Total	16,356,183.36	713,159.25	

Description of accounts receivable for which provision for credit losses is made by portfolio:

As a part of the company's credit risk management, the company uses an impairment matrix to determine the expected credit losses of accounts receivable formed by property leasing businesses based on the aging of accounts receivable. This type of business involves a large number of customers with the same risk characteristics, and aging information can reflect the solvency of such customers when their accounts receivable mature.

(3) Credit loss provision withdrawn, recovered or reversed this year

In RMB

Category	Balance at the beginning of this year	mount of change this year				Balance at the end of this year
		Accrual	Recovery or reversal	Write-off or cancellation	Other changes	
Accounts receivable with credit loss provision accrued by item	-	-	-	-	-	-
Accounts receivable with credit loss provision accrued by portfolio	417,679.54	295,479.71	-	-	-	713,159.25
Total	417,679.54	295,479.71	-	-	-	713,159.25

Changes in credit loss provision of accounts receivable:

In RMB

Items	Expected credit loss for the whole duration
Year-beginning balance	417,679.54
Accrual this year	295,479.71
Reversal this year	-
Write-off this year	-
Other changes	-
Year-end balance	713,159.25

(4)No actual write-off of accounts receivable this year.

(5)Top five units of the year-end balance of accounts receivable collected by the defaulting party

In RMB

Unit name	Book balance at the end of this year	Proportion of total accounts receivable (%)	Year-end balance of credit loss provision
Total accounts receivable of the top five balances on December 31, 2022	15,404,631.71	94.18	709,106.85

(6)There are no accounts receivable that have been derecognized due to the transfer of financial assets this year.

2.Other receivable

In RMB

Items	Closing balance	Opening balance
Other accounts receivable	14,132,756.62	14,383,631.68
Total	14,132,756.62	14,383,631.68

(1) Disclosure by aging

In RMB

Aging	Balance at the end of this year		
	Other receivables	Credit loss provision	Accrual proportion (%)
Within 1 year	3,408,892.46	59,301.12	1.74
1-2 years	10,707,995.02	3,018.92	0.03
2-3 years	-	-	-

Over 3 years	15,279,395.10	15,201,205.92	99.49
Total	29,396,282.58	15,263,525.96	

(2) Disclosure by payment nature

In RMB

Payment nature	Book balance at the end of this year	Book balance at the end of last year
Deposit and security deposit	10,000.00	10,000.00
External unit transactions	15,349,339.97	15,349,339.97
Related party transactions within the consolidation scope	12,980,241.09	14,475,600.00
Others	1,056,701.52	1,047,702.42
Total	29,396,282.58	30,882,642.39

(3) Accrual of credit loss provision

In RMB

Stage	Year-end amount			
	Expected average loss rate (%)	Book balance	Loss provision	Book value
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	51.92	29,396,282.58	15,263,525.96	14,132,756.62

(4) Changes in credit loss provision of other receivables:

In RMB

Credit loss provision	First stage Expected credit loss in next 12 months	Second stage Expected credit loss for the whole duration (no credit impairment)	Third stage Expected credit loss for the whole duration (credit impairment has occurred)	Total
Balance as at 1 Jan. 2022	1,387,764.39	-	15,111,246.32	16,499,010.71
Book balance of other account receivable in Current Year as at 1 Jan. 2022				
--Transfer to the second stage	(1,115.91)	1,115.91	-	-
-- Transfer to the third stage	-	-	-	-
-- Reversal to the second stage	-	-	-	-
-- Reversal to the first stage	-	-	-	-
Provision in Current Year	-	1,903.01	89,959.60	91,862.61
Reversal in Current Year	(1,327,347.36)	-	-	(1,327,347.36)
Conversion in Current Year	-	-	-	-
Write off in Current Year	-	-	-	-
Other change	-	-	-	-
Balance as at 31 Dec. 2022	59,301.12	3,018.92	15,201,205.92	15,263,525.96

(5) Other receivables with no actual write-off this year

(6) Top five companies with year-end balance of other receivables collected by the defaulting party

In RMB

Unit name	Payment nature	Year-end balance of other receivables	Aging	Proportion of total year-end balance of other receivables (%)	Year-end balance of credit loss provision

Total other receivables of the top five balances on December 31, 2022	Current payment receivable between companies and internal current payment	15,899,759.97	Within 1 year, Over 3 years	54.09	14,858,609.97

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	1,974,532,127.39	16,582,629.30	1,957,949,498.09	1,972,630,835.39	16,582,629.30	1,956,048,206.09
Investments in joint ventures	129,506,271.76	-	129,506,271.76	128,214,225.54	-	128,214,225.54
Investments in associates company	4,975,563.98	-	4,975,563.98	4,808,100.23	-	4,808,100.23
Total	2,109,013,963.13	16,582,629.30	2,092,431,333.83	2,105,653,161.16	16,582,629.30	2,089,070,531.86

（1）Investment to the subsidiary

In RMB

Name	Balance at the beginning of this year	Add investment	Decreased investment	Balance at the end of this year	Withdrawn impairment provision	Closing balance of impairment provision
SAPO Photoelectric	1,924,663,070.03	-	-	1,924,663,070.03	-	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25	-	-	8,073,388.25	-	-
Shenzhen Beauty Century Garment Co., Ltd.	16,864,215.55	1,901,292.00	-	18,765,507.55	-	2,167,341.21
Shenzhen Huaqiang Hotel	15,489,351.08	-	-	15,489,351.08	-	-
Shenzhen Shenfang Real Estate Management Co., Ltd.	1,713,186.55	-	-	1,713,186.55	-	-
Shenzhen Shenfang Sungang Real Estate Management Co., Ltd.	5,827,623.93	-	-	5,827,623.93	-	-
Total	1,972,630,835.39	1,901,292.00	-	1,974,532,127.39	-	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			Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-
Subtotal	128,214,225.54	1.00	-	1,292,045.22	-	-	-	-	-	129,506,271.76	-

II. Associated enterprises											
Shenzhen Changlianfa Printing and dyeing Company	2,972,202.97	-	-	133,593.58	-	-	-	-	-	3,105,796.55	-
Yehui International Co., Ltd.	1,835,897.26	-	-	(117,999.65)	151,869.82	-	-	-	-	1,869,767.43	-
Subtotal	4,808,100.23	-	-	15,593.93	151,869.82	-	-	-	-	4,975,563.98	-
Total	133,022,325.77	1.00	-	1,307,639.15	151,869.82	-	-	-	-	134,481,835.74	-

4.Business income and Business cost

(1）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	56,046,883.88	9,544,956.96	74,272,555.42	7,660,814.11
Other Business income	-	-	3,887,130.77	3,887,130.77
Total	56,046,883.88	9,544,956.96	78,159,686.19	11,547,944.88

(2)Main business income and main business cost classified by product

In RMB

Product	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Property leasing	56,046,883.88	9,544,956.96	74,272,555.42	7,660,814.11

(3)Main business income and main business cost classified by area

In RMB

Area	Amount incurred this year		Amount incurred last year	
	Main business income	Main business cost	Main business income	Main business cost
Domestic	56,046,883.88	9,544,956.96	74,272,555.42	7,660,814.11

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	1,307,639.15	33,984.66
Investment income from the disposal of long-term equity investment	-	20,779.93
Investment income of trading financial assets during the holding period	15,748,625.37	16,344,590.24
Dividend income earned during investment holdings in other equity instruments	1,599,735.85	1,659,743.65
Other	-	2,350,000.00
Total	18,656,000.37	20,409,098.48

XVII. Supplement information

1. Particulars about current non-recurring gains and loss

√ Applicable □Not applicable

According to China Securities Regulatory Commission's Explanatory Announcement No.1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring gains and losses (2008), the Group's non-recurring gains and losses in 2022 are as follows:

In RMB

Items	Amount
Non-current asset disposal gain/loss	31,264.60
Government subsidy recognized in current gain and loss(excluding those closely related to the Company’s business and granted under the state’s policies)	26,350,210.89
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	-
Reversal of the account receivable depreciation reserves subject to separate impairment test	-
Other non-business income and expenditures other than the above	7,516,025.10

Total non-recurring gains and losses	33,897,500.59
Less :Influenced amount of income tax	5,589,310.62
Net non-recurring gains and losses	28,308,189.97
Influenced amount of minor shareholders' equity (after tax)	9,147,064.53
Non-recurring gains or losses attributable to the common shareholders of the Company	19,161,125.44

2. Return on net asset and earnings per share

This statement of return on net assets and earnings per share is prepared by the Group in accordance with the relevant provisions of the Rule No.9 for Compilation of Information Disclosure of Public Offering Securities Companies - Calculation and Disclosure of Return on Net Assets and Earnings per Share (revised in 2010) issued by China Securities Regulatory Commission.

In RMB

Profit of report period	Weighted average returns equity(%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Common stock shareholders of Company.	2.59	0.14	0.14
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	1.91	0.11	0.11