Shenzhen Textile (Holdings) Co., Ltd

2026 Semi-annual Report

August 2026

Section I Important Notes, Table of Contents and Interpretations

The Board of Directors, directors and senior officers of the Company guarantee the authenticity, accuracy and completeness of the contents of the semi-annual report, and bear individual and joint legal liabilities for any false records, misleading statements or major omissions.

The Principal LI Gang, the Chief Finance Officer LIU Yu and the Chief Accountant (accounting supervisor) LI Zhenyu declare that they will ensure the authenticity, accuracy and completeness of the financial report in this semi- annual report.

All directors have attended the board meeting at which this semi-annual report was considered.

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors, Investors and related persons shall keep sufficient risk awareness, and shall understand the differences between plans, forecasts and commitments, and remind investors of investment risks.

The Company is exposed to macroeconomic risks, market risks, raw materials risks and intensified competition risks. Investors are advised to pay attention to investment risks. For details, please refer to "X. Risks and Countermeasures Faced by the Company" in "Section

III Management Discussion and Analysis" of this report.

The Company plans not to distribute cash dividends, issue bonus shares, or increase share capital through capitalization of reserves.

This report is prepared in both Chinese and English. In the event of any discrepancy in the interpretation of the Chinese and English texts, the Chinese version shall prevail.

TABLE OF CONTENTS

Documents available for inspection

1. Accounting statements carried with personal signatures and seals of legal representative, General Manager, Chief Financial officer.

II. The original of all the Company's documents and the original of the announcement that have been publicly disclosed by the Company on the website designated by the China Securities Regulatory Commission during the reporting period.

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

Interpretations

Item of interpretations	Refers to	Interpretations
Company/The Company/ Shen Textile	Refers to	The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd
Actual controller / National Assets Regulatory Commission of Shenzhen Municipal People's Government	Refers to	State-owned Assets Regulatory Commission of Shenzhen Municipal People's Government
The Controlling shareholder/ Shenzhen Investment Holdings Co., Ltd.	Refers to	Shenzhen Investment Holdings Co., Ltd
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
Shenzhen SAPO Photoelectric Co., Ltd.	Refers to	SAPO Photoelectric
Beauty Century	Refers to	Shenzhen Beauty Century Garment Co., Ltd.
Hengmei Photoelectric	Refers to	Hengmei Optoelectronics Co., Ltd
Hong Kong Xieli	Refers to	Hong Kong Xieli Maintenance Co., Ltd.
Shenzhen Xieli	Refers to	Shenzhen Xieli Automobile Co., Ltd.
Line 4	Refers to	T TFT-LCD polarizer II phase Line 4 project
Line 5	Refers to	TFT-LCD polarizer II phase Line 5 project
Line 6	Refers to	TFT-LCD polarizer II phase Line 6 project
Line 7	Refers to	Industrialization project of polaroid for super large size TV
Line 8	Refers to	1.49m wide polarizer production line project (under construction)
“CSRC”	Refers to	China Securities Regulatory Commission
The Report	Refers to	2026 Semi-annual Report

Section II Company Profile and Major Financial Indicators

I. Company profile

Stock abbreviation	Shen Textile A, Shen Textile B	Stock code	000045、200045
Modified stock ID (if any)	None		
Stock exchange for listing	Shenzhen Stock Exchange		
Name in Chinese	Consolidated and Company cash flow statement		
Chinese name of the Company (if any)	Shen Textile		
Foreign name of the Company (if any)	SHENZHEN TEXTILE (HOLDINGS) CO., LTD		
English abbreviation (If any)	STHC		
Legal representative	Li Gang		

II. Contact person and contact manner

	Secretary to the board of directors	Securities affairs Representative
Name	Guo Yu	Guo Weiqiang
Contact address	6/F, Shenzhen Textile Building, No.3 Huaqiang North Road, Futian District, Shenzhen	6/F, Shenzhen Textile Building, No.3 Huaqiang North Road, Futian District, Shenzhen
Tel	0755-83776043	0755-83776043
Fax	0755-83776139	0755-83776139
E-mail	guoy@chinasthc.com	guowq@chinasthc.com

III. Other circumstances

1. Company contact information

Whether the company's registered address, office address and postal code, website, e-mail, etc. have changed during the reporting period

☑Applicable □Not applicable

Company's registered address	Room A3604, Tower A, China State-owned Capital Venture Building, No. 2 Hengsheng Street, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen
Postal code of the Company's registered address	518052
Company's office address	6/F, Shenzhen Textile Building, No.3 Huaqiang North Road, Futian District, Shenzhen
Postal code of the Company's office address	518031
Internet Web Site	http://www.chinasthc.com
Company's Email	szfzjt@chinasthc.com

Designated website inquiry date disclosed in the provisional announcement (if any)	July 4, 2026
Designated websites inquiry index disclosed in the provisional announcement (if any)	Juchao Website Juchao Website http://www.cninfo.com.cn

2. Information disclosure and storage location

Whether the information disclosure and storage location have changed during the reporting period

□Applicable ☑Not applicable

□Applicable Not Applicable The website of the stock exchange and the name and address of the media where the company discloses the semi-annual report, and the storage location where the Company's semi-annual report is prepared has not changed during the reporting period. For details, please refer to the 2025 Annual Report.

3. Other relevant information

Whether other relevant information has changed during the reporting period

□Applicable ☑Not applicable

IV. Key accounting data and financial indicators

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

□Yes ☑ No

	The reporting period	Same period last year	Increase/decrease
Operating income(Yuan)	1,588,723,198.14	1,600,481,626.31	-0.73%
Net profit attributable to the shareholders of the listed company(Yuan)	50,776,164.37	35,234,765.52	44.11%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company(Yuan)	43,893,052.01	25,189,003.47	74.25%
Cash flow generated by business operation, net(Yuan)	252,931,044.35	325,334,320.99	-22.26%
Basic earning per share(Yuan/Share)	0.1002	0.0696	43.97%
Diluted gains per share(Yuan/Share)	0.1002	0.0696	43.97%
Weighted average ROE(%)	1.70%	1.19%	0.51%
	End of the reporting period	At the end of last year	Increase or decrease at the end of the reporting period compared with the end of the last year
Gross assets(Yuan)	5,550,232,435.10	5,418,295,716.77	2.44%
Net assets attributable to shareholders of the listed company(Yuan)	3,006,182,703.30	2,979,719,569.18	0.89%

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

1. Differences in net profit and net assets in the financial reports disclosed in accordance with the international accounting standards and the Chinese accounting standards

□Applicable ☑Not applicable

During the reporting period of the Company, there was no difference in net profits and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

□ Applicable□√ Not applicable

□Applicable ☑Not applicable

2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards. □ Applicable √Not applicable None

VI. Non-recurring profit or loss items and amounts

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Amount	Description
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-21,479.04	Mainly the losses on write-off of fixed assets
Government grants included in profit and loss of the current period (except for government subsidies that are closely related to the Company's normal business operation, comply with national policies and are enjoyed in accordance with defined criteria, and have a continuing impact on the Company's profit or loss)	690,798.69	Mainly government subsidies.
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	2,258,321.04	Mainly gains and losses from changes in fair value arising from the company's holding of trading financial assets and derivative financial liabilities.
Reversal of the account receivable depreciation reserves subject to separate impairment test	5,003,582.71	
Other non-business income and expenditures other than the above	-577,522.61	Mainly the litigation compensation expenses.
Less :Influenced amount of income tax	513,944.52	

Influenced amount of minor shareholders’ equity (after tax)	-43,356.09	
Tota	6,883,112.36	

Details of other profit and loss items that meet the non-recurring profit and loss definition

□Applicable ☑Not applicable

Due to the special nature of the impairment provision for management and maintenance expenses advanced by the Guangzhou-Foshan Expressway to be clarified, it will affect the normal judgment of the Company's operating performance and profitability by the user of the report.

None For the Company’s non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

□Applicable ☑Not applicable

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

Section III Management Discussion & Analysis

I. Main business engaged in by the Company during the reporting period

(I) Development of the industry to which the company belongs

Polarizers are also known as polaroid, which can control the polarization direction of specific light beams. When natural light passes through the polarizer, the light whose vibration direction is perpendicular to the transmission axis of the polarizer will be absorbed, leaving only polarized light whose vibration direction is parallel to the transmission axis of the polarizer. The downstream polarizer is mainly used in the panel industry. According to different panel types, polarizers mainly include TN, STN, TFT and OLED. Currently, the global polarizer market is dominated by TFT-LCD polarizers. Each LCD panel requires two polarizers.

The high-quality development of the polarizer industry has a profound impact on the entire display industry. As one of the core raw materials of the display panel, the demand for polarizer is directly affected by the fluctuation of the display panel market. In recent years, with the accelerated transfer of the global display panel industry to China, China's polarizer industry has ushered in a stage of rapid development. The production capacity and process technology level of domestic polarizer manufacturers have continuously jumped. China's polarizer industry has significantly improved its position and influence in the global market. Chinese mainland has become the world's largest polarizer production base.

The company is one of the main domestic polarizer research and development, production, and sales enterprises. It is a pioneer in the polarizer industry in China and has now developed into a leading enterprise in the domestic polarizer industry, becoming an important supplier of mainstream panel enterprises worldwide. In the first half of 2026, affected by multiple overlapping factors such as the complex and volatile global economic and geopolitical situations, supply and price fluctuations of upstream petrochemical commodities caused by disruptions to international shipping and logistics, continuous optimization and adjustment of the national policies related to "Two-New and Two-Priority" policies (namely, large-scale equipment upgrades and consumer goods trade-in programs, and major national strategies and security capacity building in key areas), phased demand release driven by large-scale sports events, and the rising prices of materials for storage devices stimulated by AI industry development, the global display panel and terminal market generally showed a slow recovery trend, but there were still a certain degree of fluctuations and challenges. Currently, the polarizer industry is witnessing continuous M&A consolidation and capacity expansion. In the future, key attention should be paid to risks regarding the evolution of the industry's competitive landscape, the pace of the release of effective market demand, the upward pressure of raw material costs, and supply chain security.

(II) Main businesses engaged by the Company

The Company's main business is a high-tech industry focusing on the R&D, production and sales of polarizers for OLED and LCD display, and the operation and management of its own properties.

During the reporting period, the Company's main business has not changed significantly. First, the Company actively adjusted its product structure, implemented a product differentiation strategy, and increased the sales proportion of high-value-added products. It has the sales volume of ultra-large-size (85" and above) polarizers and polarizers for OLED mobile surged significantly; Secondly, it continued to carry out lean management to further increase the production line speed, and improve the manufacturing efficiency; Thirdly, it steadily promoted the construction of Line 8 project, advanced the pile foundation engineering construction, and was about to enter the main building construction stage of the plant; Fourthly, it ensured work safety, improved the construction of safety management system, strengthened safety training and education, carried out safety risk identification and hidden danger investigation and rectification, shore up weak links, and prevented accidents; Fifthly, it continued to well manage its own properties, optimized property service quality, and improved tenant satisfaction, maintaining a stable property occupancy rate and ensuring stable revenue from property leasing business under the condition of substantial fluctuations in market demand.

During the reporting period, the Company recorded operating revenue of RMB 1.589 billion, representing a decrease of 0.73% compared with the same period of the prior year. Net profit attributable to shareholders of the listed company amounted to RMB 50.7762 million, an increase of 44.11% year-on-year. This growth was primarily attributable to the Company's quality- and efficiency-enhancement initiatives, including the optimization of its product mix, strengthened supply chain management to reduce procurement costs, upgrading of production processes, and implementation of refined management and control measures, further compounded by the decline in overall procurement costs resulting from the depreciation of the Japanese yen during the period. The Company's profitability improved, and its overall operations remained steady and sound..

(III) Main products of the Company and their applications

Currently, the Company has 7 mass-production polarizer production lines, and its main products cover OLED, and LCD polarizers. These products are mainly applied to products such as TVs, laptops, monitors, vehicles, industrial controls, instruments and meters, smartphones, and wearable devices. By continuously strengthening the expansion of sales channels and the construction of its own brand, the Company has become a qualified supplier for mainstream panel enterprises such as CSOT, BOE, LGD, Xianyang Caihong, HKC, Tianma Microelectronics, Sharp and so on.

The main product types and applications of the Company's polarizer production lines are as follows:

Line	Place	Product breadth	Annual capacity	Main project
Line 4	Pingshan	1490mm	10 million m^2	TFT/OLED
Line 5	Pingshan	650mm	2 million m^2	TFT/OLED
Line 6	Pingshan	1490mm	16 million square meters	TFT/OLED
Line 7	Pingshan	2500mm	32 million m^2	TFT/OLED

(IV) Business model of the Company

The polarizer industry has gradually shifted from a traditional business model of R&D, production, and sales to a customer-centric, joint research and development, and comprehensive service business model. By understanding customer needs, the Company jointly develops and carries out high-standard production management, manufactures high-quality products, uses advanced polarizer roll-on equipment to cooperate with downstream panel manufacturers' production lines, optimizes production and logistics links, reduces production and transportation costs, creates value for customers, and achieves win-win cooperation.

(V) Market position of company products

The Company is one of the main domestic enterprises in the R&D, production, and sales of polarizers. It began its polarizer business in 1995 and achieved the first mass production of polarizers in China in 1998, becoming a pioneer in China's polarizer industry. The Company has mastered core technologies for the R&D and production of TN/STN-LCD, TFT-LCD, and OLED polarizers, with the capability to produce a full range of polarizer products in large, medium, and small sizes. The Company was the first to achieve mass production of polarizers for OLED TVs and OLED mobile phones in China, filling a gap in the domestic industry.

(VI)Main performance drivers of the Company

See "II. Core Competitiveness Analysis" in this section for details.

II. Analysis of core competitiveness

(I) Technology advantages. SAPO Photoelectric is one of the earliest national high-tech enterprises in China to enter the field of display polarizer research and development and production. It has 30 years of polarizer industry operation experience, and its products cover mainstream display applications such as TN/STN LCD, TFT LCD, OLED, etc. It has a complete set of proprietary technology and independent intellectual property rights for polarizers that can meet customer needs, and has the production capacity of a full range of polarizers in large, medium and small sizes. SAPO Photoelectric has three innovation platforms, including "Guangdong Provincial Engineering Research Center", "Shenzhen Polarization Material and Technology Engineering Laboratory" and "Shenzhen Enterprise Technology Center". The platforms focus on the R&D and industrialization of the core production technologies of polarizers for OLED and LCD. As of the end of the reporting period, SAPO Photoelectric has obtained a total of 119 patent authorizations, including 23 domestic invention patents, 92 domestic utility model patents, and 4 overseas utility model patents. Four national standards and two industry standards were independently drafted and formulated by SAPO Photoelectric and approved for implementation. In addition, it participated in the drafting and formulation of 1 industry standard, which has been approved for implementation. Further, it participated in the drafting and formulation of 3 group standards, which have been approved for implementation.

(II) Talent advantages. The Company consistently practices the core strategy of "strengthening the enterprise with talents." Based on the development path of independent R&D and relying on a specialized innovative R&D platform, it has built a standardized and efficient R&D management system. The Company has gathered a group of highly versatile professionals deeply rooted in the display materials industry with a global operational vision. The team covers core key positions such as cutting-edge technology R&D and refined production and operation management, building a solid talent foundation for the localized substitution of the domestic polarizer industry and the high-quality development of the Company. The Company has established and improved an all-round, multi-level system for talent introduction, cultivation, and incentive, continuously consolidating its core talent competitiveness and fully unleashing the innovative vitality of its talents. First, set up dedicated core R&D teams for tackling key technical challenges. The Company has built a dual career development tracks for technical and management roles. Combined with diversified cultivation models such as specialized skills training and in-depth cooperation between universities and enterprises, it accurately empowers the growth of technical talents and efficiently promotes the R&D, technological iteration, and industrialization of new polarizer products. Second, improve the talent echelon building for mid-level backbones. Through a dual-track selection mechanism involving market-oriented external recruitment and internal open competition, the Company continuously replenishes the talent reserves for key positions in manufacturing, R&D and innovation, and market operations, continuously delivering high-quality professional manpower for the Company's capacity expansion, customer development, and business expansion. Third, carry out regular talent rotation exchanges and specialized empowerment training. Focusing on the targeted cultivation of core backbone employees, the Company comprehensively enhances the professional performance capabilities and cross-departmental collaborative efficiency of management personnel and front-line core employees, continuously activating the internal momentum of the team and organizational vitality. Fourth, improve the incentive and restraint mechanism to promote the implementation of strategic objectives. In response to the company's core technical challenges, performance breakthrough points, and key project construction, establish a special reward system to guide key employees to pool their efforts and focus on advancing key projects and resolving major problems. Meanwhile, explore the establishment of an equity incentive mechanism to align the value creation of the core team with the company's economic profits and strategic objectives, and build a medium- to long-term value creation and sharing mechanism featuring shared benefits and shared risks..

(III) Market advantages. The Company has a good domestic and international customer base. Compared with advanced foreign competing manufacturers, the greatest advantage lies in having localized supporting capabilities close to the panel market and strong support from national industrial policies. In terms of market demand, with the successive mass production of high-generation TFT-LCD panel production lines such as domestic 10.5-generation and 11-generation lines, as well as the accelerated development of larger-sized panels and terminal products, the demand for polarizers, especially ultra-large-size polarizers, in the domestic market has shown a steady growth trend. The Company possesses one of the few 2,500mm ultra-wide polarizer production lines in the world, maintaining an industry-leading advantage in both technology and production capacity for ultra-large and large-size polarizers, which enables the Company to better align with the market demand for the ultra-large-size polarizers. With the continuous breakthrough of cutting-edge technology, the demand for high-end polarizer products such as OLED and vehicle-mounted polarizer is growing rapidly, and is becoming a blue ocean market for polarizer companies to compete. The Company has achieved mass production breakthroughs and continuous supply in OLED TVs and mobile phone polarizers, and has accumulated rich experience in the production of high-quality automotive polarizers, which will put it in a favorable position in market competition. In terms of market development, the Company focuses on customer needs, continuously optimizes the production process and product structure, improves quality control, organically combines production and sales, establishes a rapid response mechanism, gives full play to the advantages of localization, effectively provides point-to-point professional services, and promotes the verification of various models around the overall strategic deployment to form a stable supply chain and continuously improve market share.

(IV) Quality advantages. The Company always adheres to the quality policy of "meeting customer needs, pursuing excellent quality; implementing green manufacturing and persisting on continuous improvement", pays attention to product quality control, and the product quality is comparable to international standards. The Company strictly controls product performance indicators, standardizes incoming inspection standards, and takes quality improvement and consumption reduction as the starting point to achieve simultaneous improvement of output and quality; introduces modern management system, and passes ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system, QCO80000 hazardous substance management system and ISO50001 energy management system certification; The products meet the environment protection requirements of RoHS directive, and realize the standardized management of the whole process from raw materials supply, manufacturing, marketing to customer service, so as to ensure the stability of product quality.

(V).Management advantages. The Company has been deeply involved in the polarizer industry for 30 years, accumulated rich production and management experience, and establishes a leading domestic management process control system, quality management system, and stable raw material supply channels. The Company has carried out in-depth and comprehensive benchmarking work, organized management personnel to learn advanced experience from customers and peers, vigorously promoted standardized and refined management, and learned from the management experience of domestic and overseas polarizer enterprises to optimize the organizational structure, reduce the management levels, and continuously improve the Company's management efficiency; The Company continues to optimize the management systems and incentive mechanisms to improve the decision-making efficiency and the market response speed, and refine the R&D reward system. In addition, it achieves a deeper integration of corporate value and employee value, effectively stimulating new business vitality; the Company steadily promotes strategic transformation, optimizes resource allocation, and orderly phases out "non-core businesses and inefficient assets" to promote the concentration of resources in the main business; the Company continues to improve the level of production management, increase the production speed, stabilize the product yield rate, and steadily enhance the efficiency of production lines, so that the production technical indicators reach a higher level in the industry; the Company continuously strengthened whole-process quality management, effectively reduced customer complaints and product returns, and won quality improvement awards from several key customers by virtue of quality improvement achievements; through the approach of listing tasks based on project initiation, the Company has effectively improved efficiency and quality, resulting in noticeable reductions in material costs and an increase in product yield rates.

(VI).Policy advantages. Polarizer industry is an important part of the new display industry chain. The continuous development of the Company's polarizer business has improved the overall supply capacity of domestic polarizer, greatly reduced the dependence of domestic panel enterprises on imported polarizer, maintained the safety of the country's new display industry, played a positive role in enhancing the overall competitiveness of China's new display industry chain, and boosted the coordinated development of the whole industrial chain of "20+8" ultra-high-definition video display industry cluster in Shenzhen. The Company's polarizer business unit, SAPO Photoelectric, has continued to receive the recognition as a national high-tech enterprise and its polarizer projects have received multiple policy and financial supports from national and local governments; in addition, SAPO Photoelectric also enjoys the preferential policy of import duty exemptions on key raw materials.

III. Analysis of primary business

Overview

See the relevant contents of "I. Main business engaged in by the Company during the reporting period".

YoY changes in key financial data

In RMB

	The reporting period	Same period last year	Increase/Decrease (%)	Reason for changes
Turnover	1,588,723,198.14	1,600,481,626.31	-0.73%	
Operation cost	1,322,616,178.72	1,362,512,734.09	-2.93%	
42. Sales expenses	16,715,574.28	16,031,119.28	4.27%	
43. Management cost	60,903,745.33	59,632,564.54	2.13%	
45. Financial expenses	-4,963,785.61	22,668,488.90	-121.90%	Mainly due to the increase in exchange gains due to the fluctuations of exchange rate during the reporting period.
Income tax expenses	4,088,822.46	7,663,966.35	-46.65%	Mainly due to the YoY decrease in deferred income tax expenses.
R&D investment	49,414,846.76	52,739,746.19	-6.30%	
Net cash flows arising from operating activities	252,931,044.35	325,334,320.99	-22.26%	
Net cash flow generated by investment	-158,510,077.47	23,352,146.97	-778.78%	Mainly attributable to the increase in the company's investment in the construction of Line 8 during the reporting period,
Net cash flow generated by	-40,680,121.96	-67,003,672.36	39.29%	Mainly due to the new loans during the

financing				reporting period.
Net increase in cash and cash equivalents	52,637,003.09	275,139,281.81	-80.87%	Mainly attributable to the increase in the company's investment in the construction of Line 8 during the reporting period.
Credit impairment loss	275,783.04	815,027.65	-66.16%	

Significant changes in the Company's profit composition or profit sources during the reporting period

□Applicable ☑Not applicable

There were no significant changes in the Company's profit composition or profit sources during the reporting period.

Composition of operating revenue

In RMB

	The reporting period		Same period last year		Increase/Decrease(%)
	Amount	Proportion	Amount	Proportion	
Total operating revenue	1,588,723,198.14	100%	1,600,481,626.31	100%	-0.73%
On Industry					
Manufacturing	1,535,971,576.91	96.68%	1,543,457,384.39	96.44%	-0.49%
Property leasing	52,751,621.23	3.32%	57,024,241.92	3.56%	-7.49%
On Products					
Polarizer sales	1,513,251,246.96	95.25%	1,511,063,971.82	94.41%	0.14%
Lease and Management of Property	75,471,951.18	4.75%	89,417,654.49	5.59%	-15.60%
Area					
Domestic	1,367,177,679.32	86.06%	1,401,726,654.92	87.58%	-2.46%
Overseas	221,545,518.82	13.94%	198,754,971.39	12.42%	11.47%

Industry, product or region accounting for more than 10% of the Company's operating revenue or operating profit

☑Applicable □Not applicable

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
On Industry						
Manufacturing	1,535,971,576.91	1,310,291,933.35	14.69%	-0.49%	-2.90%	2.12%
Property leasing	52,751,621.23	12,324,245.37	76.64%	-7.49%	-5.68%	-0.45%
On Products						
Polarizer sales	1,513,251,246.96	1,295,208,878.78	14.41%	0.14%	-1.94%	1.82%
Lease and Management of Property	75,471,951.18	27,407,299.94	63.69%	-15.60%	-34.30%	10.35%
Area						

Domestic	1,367,177,679.32	1,133,959,428.61	17.06%	-2.46%	-6.19%	3.29%
Overseas	221,545,518.82	188,656,750.11	14.85%	11.47%	22.71%	-7.80%

Under the circumstances that the calculation method of the Company's main business data is adjusted during the reporting period, the Company's main business data for the latest period is adjusted according to the calculation method at the end of the reporting period

□Applicable ☑Not applicable

IV. Analysis of non-primary business

☑Applicable □Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
47. Investment income	-3,539,905.76	-4.46%	Mainly due to the gains upon maturity of wealth management products purchased by the Company, the losses upon maturity of forward foreign exchange contracts and the losses of equity investees during the reporting period.	Sustainable
Gains and losses on changes in fair value	6,593,057.37	8.31%	It is mainly due to the fair value changes obtained by the Company from purchasing financial products and the unexpired part of forward foreign exchange contracts during the reporting period.	Not
Impairment of assets	-79,106,067.18	-99.75%	It was mainly due to the Company's inventory depreciation provision in accordance with accounting policies during the reporting period.	Sustainable
52. Non-Operation income	175,972.60	0.22%	It is mainly due to the liquidated damages received by the Company during the reporting period.	Not

53.Non-current expenses	774,974.25	0.98%	It is mainly due to the litigation-related compensations paid by the Company during the reporting period.	Not
46. Other income	17,367,048.85	21.90%	It was mainly due to the fact that the Company received government subsidies and enjoyed preferential policies of value-added tax deduction during the reporting period.	Sustainable

V. Analysis of assets and liabilities

1.Condition of Asset Causing Significant Change

In RMB

	End of the reporting period		End of the last year		Proportion increase/ decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary funds	517,854,162.69	9.33%	449,964,450.38	8.30%	1.03%	
Account receivable	817,955,456.71	14.74%	761,807,949.52	14.06%	0.68%	
8. Inventories	970,224,264.98	17.48%	884,642,355.51	16.33%	1.15%	
Investment real estate	100,950,528.65	1.82%	105,730,781.63	1.95%	-0.13%	
Long-term equity investment	104,030,653.89	1.87%	107,583,586.91	1.99%	-0.12%	
Fixed asset	1,541,311,409.66	27.77%	1,657,314,603.81	30.59%	-2.82%	
Construction in progress	204,595,310.01	3.69%	179,954,389.78	3.32%	0.37%	
Right to use assets	16,417,697.66	0.30%	16,894,843.60	0.31%	-0.01%	
.Contract liabilities	2,650,257.63	0.05%	3,132,419.01	0.06%	-0.01%	
Long-term loans	242,621,163.05	4.37%	261,718,054.81	4.83%	-0.46%	
Lease liabilities	10,705,698.47	0.19%	10,415,997.17	0.19%	0.00%	
Transactional financial assets	748,398,696.32	13.48%	736,341,286.18	13.59%	-0.11%	
Accounts payable	479,599,097.76	8.64%	344,656,835.89	6.36%	2.28%	
Other payables	142,982,024.31	2.58%	159,826,234.73	2.95%	-0.37%	

2. Main overseas assets

□Applicable ☑Not applicable

3. Assets and liabilities measured at fair value

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Opening amount	Gain/Loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Other change	Closing amount
Financial assets								
1. Financial assets measured at fair value through profit or loss (excluding derivative financial assets)	736,341,286.18	7,165,205.48	0.00	0.00	220,000,000.00	215,107,795.34	0.00	748,398,696.32
2. Derivative financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4．Other equity Instrument Investment	159,261,600.00	0.00	0.00	0.00	0.00	0.00	0.00	159,261,600.00
Subtotal of financial assets	895,602,886.18	7,165,205.48	0.00	0.00	220,000,000.00	215,107,795.34	0.00	907,660,296.32
Accounts Receivable Financing	22,584,820.72	0.00	0.00	0.00	73,389,940.88	94,467,102.26	0.00	1,507,659.34
Total	918,187,706.90	7,165,205.48	0.00	0.00	293,389,940.88	309,574,897.60	0.00	909,167,955.66
Financial liabilities	4,071,800.19	572,148.11	0.00	0.00	8,984,136.52	8,984,136.52	0.00	572,148.11

Other changes

None

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

□Yes ☑No

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

(1) The restricted monetary funds mainly include the funds equivalent to RMB 8,799,040.80 due to the freezing of accounts and the bill and L/C guarantee of RMB 6,920,565.27.

(2) Restricted notes receivable shall be notes receivable endorsed or discounted by the Company and not yet due on the balance sheet date.

(3)The restricted fixed assets and intangible assets are mainly the mortgage loans applied for subsidiary SAPO Photoelectric with part of its self-owned properties from the syndicate led by Bank of Communications Co., Ltd. Shenzhen Branch, and the guarantee provided by the Company for the mortgage loans. For details, please refer to the Announcement on the Provision of Guarantees by the Company for Subsidiaries to Apply for Bank Mortgage Loans (No. 2020-19) and the Announcement on the Progress of the Provision of Guarantees by the Company for Subsidiaries (No. 2020-46) published by the Company on Cninfo (http://www.cninfo.com.cn).

VI. Analysis of investment status

1. General

□Applicable ☑Not applicable

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

□Applicable ☑Not applicable

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

☑Applicable □Not applicable

In RMB

Name	Investment method	Fixed assets investment or not	Industry involved	Input amount in the Reporting Period	Accumulative actual input amount as of the period-end	Capital Source	Project progress	Estimated revenues	Accumulative realized revenues as of the period-end	Reason for not meeting the schedule and expected revenues	Disclosure date (if any)	Disclosure index (if any)
1.49m wide polarizer Production line project (Line 8)	Self-build	Positions	Computer, communication and other electronic equipment manufacturing industry	22,496,919.67	202,451,309.45	Self-owned funds and loans from financial institutions	15.18%	0.00	0.00	Still under construction	October 16, 2025	Company announcement No.: 2025-39
Tota	--	--	--	22,496,919.67	202,451,309.45	--	--	0.00	0.00	--	--	--

4.Investment of Financial Asset

(1)Securities investment

□Applicable ☑Not applicable

The Company had no securities investment during the reporting period.

(2)Investment in Derivatives

☑Applicable □Not applicable

1)Derivatives investment for the purpose of hedging during the reporting period

☑Applicable □Not applicable

Unit:RMB 10,000

Derivative investment types	Initial investment amount	Beginning amount	Gain/Loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Purchase amount during the reporting period	Sales amount during the reporting period	Ending amount	Proportion of ending investment amount to the Company's net assets at the end of the reporting period
Forward foreign exchange contracts	0	11,199.25	-57.21	0	35,849.63	42,423.93	4,624.95	1.00%
Tota	0	11,199.25	-57.21	0	35,849.63	42,423.93	4,624.95	1.00%
The accounting policies and specific principles of accounting for hedging business during the reporting period, as well as a description of whether there is a significant change compared with the previous reporting period	The company conducts recognition and measurement in accordance with Accounting Standards for Business Enterprises No.22 —— Recognition and Measurement of Financial Instruments and Accounting Standards for Business Enterprises No.37 —— Presentation of Financial Instruments, and conducts accounting and disclosure for the proposed foreign exchange derivatives trading business to reflect relevant items on the balance sheet and income statement.							
A description of the actual profit and loss during the reporting period	During the reporting period, the profit and loss of the fair value change of the undelivered Forward Foreign Exchange Contract was RMB 572,100, and the investment loss of the delivered Forward Foreign Exchange Contract was RMB 4.3347 million, with impacts on the net profit attributable to the parent company of RMB -343,300 and RMB -2,600,800, respectively.							
Explanation of hedging	To effectively control the uncertain impact of foreign exchange rate fluctuations on its operating performance and enhance financial stability, the company's holding subsidiary, SAPO Photoelectric,							

effect	engages in foreign exchange derivative trading for hedging purposes. To effectively control the uncertainties caused by significant foreign exchange rate fluctuations on corporate performance, and enhance the financial stability, SAPO Photoelectric (a subsidiary of the Company) has initiated foreign exchange derivatives trading for hedging purposes.
Derivative investment funding sources	Self funds
Risk analysis and control measures of derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The company's foreign exchange hedging operations are conducted under the "risk-neutral" management philosophy, with the primary objective of mitigating and preventing currency risks. The scale of the trading business matches with the actual business, and no speculative or arbitrage transactions are conducted. However, these hedging activities inherently carry certain risks, which mainly include: 1. Risk of exchange rate fluctuation: If the trend of foreign exchange rate deviates significantly from the company's judgment of the direction of exchange rate fluctuation, hedging losses may occur; 2. Internal control risks: Foreign exchange hedging business is highly professional and complex, which may cause risks due to imperfect internal control system; 3. Performance risk: There is the risk caused by the failure to perform the contract and default in foreign exchange hedging business; 4. Legal risks: The contract may not be executed normally due to the change of relevant laws and regulations or the violation of relevant laws and regulations by the counterparty, which may cause losses to the company. Risk control measures taken by the Company: 1. SAPO Photoelectric will implement the company's "Foreign Exchange Hedging Business Management System" by further refining its hedging framework and operational guidelines. The Company will establish clear regulations covering foreign exchange management principles, approval authorities, hedging strategies, internal workflows, information segregation measures, risk management mechanisms, risk mitigation procedures, and information disclosure requirements. 2. To mitigate the risks of significant exchange rate fluctuations, SAPO Photoelectric has deployed dedicated professionals in business operations and risk management to control the risk of foreign exchange rate, market analysis, and product research. The Company has also engaged third-party institutions for expert decision-making support. These teams promptly report any anomalies, implement emergency measures, and adjust business strategies as needed to minimize foreign exchange losses. 3. The Company's independent directors have the right to oversee and inspect the use of funds, and may hire professional institutions for audit if necessary. 4. The Company's Audit Department is the supervisory body for foreign exchange hedging activities, responsible for reviewing and supervising the actual operations, use of funds, and profit and loss situations, making report to the Audit Committee of the Board of Directors, urging the Financial Department to handle accounting in a timely manner, and verifying the accounting treatment. 5. In order to control the risk of transaction default, SAPO Photoelectric only conducts foreign exchange hedging business with large banks and other financial institutions with legal qualifications.
The situation of market price or fair value changes of products in the reporting period of the invested derivatives shall be disclosed. The analysis of the fair value of derivatives shall disclose the specific methods used and the	The company conducts recognition and measurement in accordance with Chapter VII "Determination of Fair Value" of the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments": The change in fair value of foreign exchange contracts confirmed during the reporting period was RMB -572,100, impacting the net profit attributable to the parent company by RMB -343,300. The fair value of the Foreign Exchange Contract is determined according to the bank's foreign exchange product quotation on the balance sheet date.

setting of related assumptions and parameters.	
Subject matter (if applicable)	Not applicable
Derivative investment approval board announcement date (if any)	November 29, 2025
Derivative investment approval shareholders' meeting announcement date (if any)	December 24, 2025

2) Speculative derivatives investments during the reporting period

□Applicable ☑Not applicable

The company did not have derivatives investment for speculative purposes during the reporting period.

5.Application of the raised capital

□Applicable ☑Not applicable

The Company had no application of the raised capital in the reporting period.

VII. Sale of major assets and equities

1. Sales of major assets

□Applicable ☑Not applicable

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

2.Sales of major equity

□Applicable ☑Not applicable

VIII. Analysis of major holding and participating companies

☑Applicable □Not applicable

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

In RMB

Company name	Type	Main business	Place of registration	Total assets	Net assets	Turnover	Operating profit	Net Profit
SAPO Photoelectric	Subsidiary	Polarizer production and sale	583,333,333. 00	4,383,046,367.97	3,332,351,865.19	1,539,256,959.23	59,304,702.90	61,098,591.51

Subsidiaries obtained or disposed in the reporting period

□Applicable ☑Not applicable

Description of the main holding and equity participation companies

The financial data of the subsidiary SAPO Photoelectric in the above table are the data of its consolidated financial statements. For details of its performance fluctuations and reasons for changes, please refer to "III Analysis of primary business" in "Section III Management Discussion and Analysis".

IX. Structured entities controlled by the Company

□Applicable ☑Not applicable

X. Risks faced by the Company and countermeasures

(I)Macroeconomic risks

At present, the domestic economy is stable and progressing, and the overall situation is repairing. However, the international environment is complex and severe, geopolitical tensions, and global economic growth is facing slowdown pressure. As one of the upstream manufacturers in the display product market, the Company cannot rule out the risk that unpredictable macroeconomic fluctuations may affect the Company's performance.

Countermeasures: The Company will pay close attention to the economic development dynamics at home and abroad, take the initiative to study and judge the macroeconomic environment, study the national policy orientation, strengthen the tracking and analysis of major industry information, timely grasp the development trend of the industry, improve the early warning ability of business risks, and timely adjust the Company's operation and management strategies according to the market changes. At the same time, the Company will continue to optimize the product structure, improve the market development ability, strengthen internal management, control business risks, and ensure the steady development of the Company.

(II) Market risks

As polarizer is a core and key material in the new display industry chain, its development is closely dependent on the iteration of display panel technology and changes in market demand. Currently, China's polarizer industry is in a critical period of accelerated domestic substitution, and driven by emerging application scenarios such as ultra-large sizing, OLED flexibility and automotive displays, the demand for technological upgrading is urgent. If the Company fails to keep up with the technological development trends in a timely manner, resulting in lagging R&D of new product or application verification not meeting expectations; Alternatively, intensified industry competition could lead to a decline in the price of display panel, thereby transmitting the cost pressure to the upstream polarizer segment, which may adversely affect the Company's operating performance and market competitiveness.

Countermeasures: Under the complex market environment, the Company actively promotes the introduction of new product clients to stabilize customer confidence; Efficiently advancing the construction of the Line 8 project, expanding the production capacity of polarizers, and enhancing the supply capacity of high value-added products. At the same time, it will maintain close communication with customers at all levels, pay attention to the dynamics of product demand, deeply explore market potential capabilities, optimize product structure, and increase market share;

In addition, it adheres to technological innovation, improves and optimizes the R&D innovation system, continuously enhances the product development ability to meet market demand, continuously improves the yield of production lines, reduces material losses, effectively enhances core competitiveness, and cope with market risks.

(III)Raw materials risk

There are high barriers to the core production technology of upstream materials of polarizers, which are mostly monopolized by foreign manufacturers, and the localization rate is not high. At present, the key raw materials required for the manufacture of polarizers, such as PVA film, TAC film and other optical films, are basically monopolized by Japanese enterprises. The price of the main optical film materials is affected by the production capacity of Japanese suppliers, market demand and the exchange rate of Japanese yen, thus affecting the unit cost of the Company's products.

Countermeasures: The Company will continuously optimize the supply chain system, increase the diversified expansion of suppliers, improve its bargaining power with suppliers, actively explore the localized substitution of imported raw materials, promote the introduction of highly cost-effective raw materials, steadily upgrade production management standards, continuously boost equipment utilization rate and reduce the loss rate, maintain production stability and continuity, and reduce product production costs; If necessary, the Company can choose to take measures such as forward foreign exchange and foreign exchange options to reduce the cost risk caused by drastic fluctuations in exchange rates.

(IV)Risks of intensified competition

With major domestic polarizer manufacturers accelerating the construction and expansion of production lines in recent years, the production capacity of polarizers, especially large-sized polarizers, will continue to grow in the future. If the downstream consumer market recovers less than expected, the competition in the polarizer industry will further intensify.

Countermeasures: Facing fierce competition, the Company will strengthen the close cooperation with existing high-quality customers through excellent product quality and customer service. It will strengthen the synergy efficiency among various production lines to enhance the profitability of the Company's polarizer business. At the same time, pay close attention to the dynamics of new product demand, increase R&D investment, optimize product structure, continuously explore potential markets, and increase market share.

XI. Formulation and implementation of market value management system and valuation improvement plan

Whether the Company has formulated a market value management system.

□Yes ☑No

Whether the Company has disclosed plans for valuation enhancement.

☑Yes ☐No

To effectively enhance the investment value of the listed company, increase investor returns, and safeguard the legitimate rights and interests of both the company and its investors, the company has actively responded to and implemented regulatory requirements by developing a valuation enhancement plan tailored to its specific circumstances. The company will focus on improving the quality and efficiency of its core business operations, innovating its capital management practices, strengthening its incentive and restraint mechanisms, prioritizing shareholder returns, enhancing the quality of information disclosure and the depth of investor communication, reinforcing compliance and risk management measures, embracing sustainable development principles, and continuously driving the enhancement of the company's investment value.

In accordance with the relevant provisions of the "Regulatory Guidelines for Listed Companies No.10 – Market

Capitalization Management" and the Company's Articles of Association, among other applicable regulations, the Company held its Fourth Meeting of the Ninth Board of Directors on August 18,2026, at which the "Proposal on Formulating the' Valuation Enhancement Plan '" was reviewed and approved. For further details, please refer to the Company's "Announcement on the Valuation Enhancement Plan" (No.2026-29) published on the CNINFO Information Network (http://www.cninfo.com.cn) on August 19,2026.

XII. Implementation of the action plan of "double improvement of quality and return"

Whether the company has disclosed the announcement of the action plan of "double improvement of quality return".

□Yes ☑No

Section IV Corporate governance, Environment and Society

I. Changes in directors and senior officers of the Company

☑Applicable □Not applicable

Name	Positions	Types	Date	Reason
Wang Chuan	Description of his position in other units	Left for term expiration	May 20, 2026	Change of term
Meng Fei	Description of his position in other units	Left for term expiration	May 20, 2026	Change of term
Wang Kai	Remuneration to directors, supervisors and senior executives in the reporting period	Left for term expiration	May 20, 2026	Change of term
Huang Min	Secretary to the board of directors	Left for term expiration	May 20, 2026	Change of term
Gong Daihui	Description of his position in other units	Elected	May 20, 2026	Change of term
Guo Jinjie	Description of his position in other units	Elected	May 20, 2026	Change of term
Sun Xiaowei	Remuneration to directors, supervisors and senior executives in the reporting period	Elected	May 20, 2026	Change of term
Guo Yu	Secretary to the board of directors	Employment	May 20, 2026	Change of term

II. Profit distribution and conversion of capital reserves into share capital during the reporting period

□Applicable ☑Not applicable

The Company plans not to distribute cash dividends, issue bonus shares, or convert capital reserves into share capital for half a year.

III. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

□Applicable ☑Not applicable

During the reporting period, the Company had no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation.

IV. Environmental information disclosure

Whether the listed company and its main subsidiaries are included in the list of enterprises required to disclose the environmental information by law

☑Yes □No

Number of enterprises included in the list of enterprises legally disclosing environmental information	1

No	Company name	Inquiry index of environmental information disclosure report according to law
1	SAPO Photoelectric	Public website of Department of Ecology and Environment of Guangdong Province (https://www-app.gdeei.cn/gdeepub/front/dal/dal/newindex)

V. Social responsibilities

In the Reporting Period, the Company actively fulfilled its corporate social responsibility, actively participated in consumption assistance work, and completed consumption assistance procurement of RMB 435,100. The company disclosed the "2025 Environmental, Social and Corporate Governance (ESG) Report", which systematically displayed the company's achievements in environmental, social and corporate governance in 2025. For details, please refer to the "2025 Environmental, Social and Corporate Governance (ESG) Report" of Cninfo (http://www.cninfo.com.cn) on May 21, 2026.

Section V Significant Events

I. Commitments made by the Company's actual owner, shareholders, related parties, acquirers, the Company and other related parties that have been fulfilled within the reporting period and those that have not been fulfilled as of the end of the reporting period

□Applicable ☑Not applicable

□Applicable Not Applicable During the reporting period, there were no commitments that have been fulfilled by the Company's actual controller, shareholders, related parties, acquirers, the Company and other related parties during the reporting period and have not been fulfilled beyond the time limit as of the end of the reporting period.

II. Particulars about the non-operating occupation of funds by the controlling shareholder

□Applicable ☑Not applicable

None

III. Illegal provision of guarantees for external parties

□Applicable ☑Not applicable

None

IV. Appointment and dismissal of the accounting firm

Whether the semi-annual financial report has been audited

□Yes ☑No

The Company's semi-annual report has not been audited.

V. Explanation of the Board of Directors on the "modified audit report" of the accounting firm during the reporting period

□Applicable ☑Not applicable

VI. Explanation of the Board of Directors on the "Modified Audit Report" of the previous year

□Applicable ☑Not applicable

VII. Matters relating to bankruptcy and reorganization

□Applicable ☑Not applicable

None

VIII. Litigation matters

Significant litigation and arbitration

□Applicable ☑Not applicable

There were no significant litigation or arbitration during the reporting period.

Other litigation matters

☑Applicable □Not applicable

General information	Amount involved (Ten thousand yuan)	Whether to form estimated liabilities	Progress	Decisions and effects	Execution of decisions	Disclosure date	Disclosure index
During the reporting period, the Company had 10 litigation and arbitration cases that did not meet the disclosure standards for major litigation, including 5 labor dispute cases, 2 disputes over international goods sales contracts, 1 dispute over liability for harming shareholders' interests, 1 dispute over equity transfer, and 1 dispute over liability for motor vehicle traffic accidents.	10,129	No	By the end of the reporting period, among the 10 aforementioned cases, 1 labor dispute and 1 motor vehicle traffic accident liability dispute had been tried and closed, and the remaining 8 cases were still being tried by courts or arbitration institutions.	The concluded cases had no material adverse impact on the Company.	By the end of the reporting period, the concluded cases were being executed or completed, which had no significant adverse impact on the company.		/

IX. Penalties and rectification

□Applicable ☑Not applicable

None

X. Integrity status of the Company and its controlling shareholders and actual owner

☑Applicable □Not applicable

No such cases in the Reporting Period.

XI. Major related party transactions

1. Related transactions in connection with daily operation

☑Applicable □Not applicable

Related parties to the transactions	Related relationship	Type of related party transactions	Content of related party transaction	Pricing principles of related party transactions	Price of related party transactions	Amount of related party transactions (RMB10,000)	Ratio of similar transaction amount	Approved transaction quota (RMB10,000)	Exceeds approved quota	Settlement method of related party transactions	Prevailing market price for similar transactions	Disclosure date	Disclosure index
Xinmei Fontana Holding (Hong Kong) Limited	One of the directors of the Company is a director of SAPO Photoelectric	Purchase of raw materials from related parties	Purchase of raw materials	Fair pricing with reference to market prices	Agreed-upon price	6,417.5	4.95%	31,628.6	No	Settlement based on the agreed-upon price	Not applicable	June 27, 2026	Announcement No.: 2026-23
Kunshan Xinmei Optical Technology Co., Ltd.	One of the directors of the Company is a director of SAPO Photoelectric	Purchase of raw materials from related parties	Purchase of raw materials	Fair pricing with reference to market prices	Agreed-upon price	4,816.37	3.71%		No	Settlement based on the agreed-upon price	Not applicable	June 27, 2026	Announcement No.: 2026-23
Tota				--	--	11,233.87	--	31,628.6	--	--	--	--	--
Detailed circumstances of large-scale sales returns				Not applicable									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				Xinmei Fontana Holding (Hong Kong) Limited is the sub-subsidiary of Hefei Xinmei Materials Technology Co., Ltd. (hereinafter referred to as "Hefei Xinmei"), and Kunshan Xinmei Optical Technology Co., Ltd. is a subsidiary of Hefei Xinmei. In 2026, the related-party transaction quota approved by the Company to be carried out with Hefei Xinmei and its subsidiaries was RMB 316.286 million. The actual related-party transaction amount during the reporting period was RMB 112.3387 million, which did not exceed the approved transaction quota.									
Reasons for significant deviations between transaction prices and market reference prices (if applicable)				Not applicable									

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

□Applicable ☑Not applicable

None

3. Related-party transitions with joint investments

□Applicable ☑Not applicable

None

4. Credits and liabilities with related parties

☐Applicable ☑Not applicable

During the reporting period, the Company did not have any related-party credit or debt transactions.

5. Transactions with related finance company, especially one that is controlled by the Company

□Applicable ☑Not applicable

None

6. Transactions between the financial company controlled by the Company and related parties

□Applicable ☑Not applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and related parties.

7. Other significant related-party transactions

□Applicable ☑Not applicable

The Company had no other major related party transactions during the reporting period.

XII. Major contracts and their performance

1.Entrustments, contracting and leasing

(1)Entrustment

□Applicable ☑Not applicable

No such cases in the reporting period.

(2)Contracting

□Applicable ☑Not applicable

No such cases in the reporting period.

(3)Leasing

□Applicable ☑Not applicable

No such cases in the reporting period.

II. Other significant contract

☑Applicable □Not applicable

Unit:RMB 10,000

<table>
<tr><td colspan="11">Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)</td></tr>
<tr><td>Name of the Company</td><td>Relevant disclosure</td><td>the guaranteed amount</td><td>Date of happening</td><td>signing agreement)</td><td>mount of guarantee</td><td>Counter-guarantee(If any)</td><td>Guarantee term</td><td>Complete</td><td>implementation or not</td><td>for associated parties</td></tr>
<tr><td colspan="11">Guarantee of the company for its subsidiaries</td></tr>
<tr><td>Name of the Company</td><td>Relevant disclosure</td><td>the guaranteed amount</td><td>Date of happening</td><td>signing agreement)</td><td>mount of guarantee</td><td>Counter-guarantee(If any)</td><td>Guarantee term</td><td>Complete</td><td>implementation or not</td><td>for associated parties</td></tr>
<tr><td>SAPO Photoelectric</td><td>March 18,2020</td><td>48,000</td><td>September 8,2020</td><td>8,827.46</td><td>Joint and several liability guarantee</td><td></td><td></td><td>From the date the guarantee agreement takes effect to the date when the actual loan performance period expires</td><td>No</td><td>No</td></tr>
<tr><td colspan="2">Total of guarantee for subsidiaries approved in the period(B1)</td><td colspan="2">0</td><td colspan="2">Total of actual guarantee for subsidiaries in the period (B2)</td><td colspan="5">-1,246.49</td></tr>
<tr><td colspan="2">Total of guarantee for subsidiaries approved at period-end(B3)</td><td colspan="2">48,000</td><td colspan="2">Total balance of guarantees for subsidiaries as at the end of the reporting period (B4)</td><td colspan="5">8,827.46</td></tr>
<tr><td colspan="11">Guarantee of the subsidiaries for the controlling subsidiaries</td></tr>
<tr><td>Name of the Company</td><td>Relevant disclosure</td><td>the guaranteed amount</td><td>Date of happening</td><td>signing agreement)</td><td>mount of guarantee</td><td>Counter-guarantee(If any)</td><td>Guarantee term</td><td>Complete</td><td>implementation or not</td><td>for associated parties</td></tr>
<tr><td colspan="11">The Company’s total guarantee(i.e. total of the first three main items)</td></tr>
<tr><td colspan="2">Total guarantee quota approved in the reporting period(A1+B1+C1)</td><td colspan="2">0</td><td colspan="2">Total amount of guarantee actually incurred in the reporting period(A2+B2+C2)</td><td colspan="5">-1,246.49</td></tr>
<tr><td colspan="2">Total guarantee quota already approved at the end of the reporting period(A3+B3+C3)</td><td colspan="2">48,000</td><td colspan="2">Total balance of guarantees at the end of the reporting period (A4+B4+C4)</td><td colspan="5">8,827.46</td></tr>
<tr><td colspan="4">Total outstanding guarantees (i.e., A4+B4+C4) as a percentage of the Company's net assets</td><td colspan="7">2.94%</td></tr>
<tr><td colspan="11">Including:</td></tr>
<tr><td colspan="4">Amount of guarantee for shareholders, actual controller and its associated parties(D)</td><td colspan="7">0</td></tr>
<tr><td colspan="4">The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)</td><td colspan="7">0</td></tr>
</table>

Proportion of total amount of guarantee in net assets of the company exceed 50%(F)	0
Total guarantee Amount of the abovementioned guarantees(D+E+F)	0
Situations where there is guarantee liability or evidence indicating the possibility of joint and several repayment liability for unexpired guarantee contracts during the reporting period (if any)	Not applicable
Explanation of provision of guarantee to external parties in violation of the prescribed procedures (if any)	Not applicable

Explanation of the specific situation of the guarantee by the adoption of composite method

None

3. Entrusted wealth management

☑Applicable □Not applicable

Unit:RMB 10,000

Product category	Risk characteristics	Balance of entrusted wealth management during the reporting period	Amount overdue
Bank financial products	Medium-low risk	65,889.23	0
Publicly offered fund products	Low risk	8,950.64	0

Details of high-risk entrusted wealth management where the Company, as a single client, entrusts a financial institution for asset management, or invests in products with low safety and poor liquidity

□Applicable ☑Not applicable

4. Other significant contract

□Applicable ☑Not applicable

No such cases in the reporting period.

XIII. Registration form for reception, survey, communication, interview and other activities during the reporting period

☑Applicable □Not applicable

Reception time	Reception place	Reception mode	Type of reception object	Reception object	Main contents discussed and information provided	Index of basic information of the survey
April 20, 2026	Value Online (www.ir-online.cn)	Online communication on the network platform	Others	General investors	Main content: when the Company will change its name, whether there are plans to increase holdings and	For details, please refer to the Investor Relations Activity Record Form (No. 2026-01) published by

					cancel shares, the status of Line 8, and how to conduct market value management. Data provided: none.	Shenzhen Textile (Holdings) Co., Ltd. on Cninfo (http://www.cninfo.com.cn).

XIV. Explanation on other significant events

☑Applicable ☐Not applicable

Regarding the 2026 Stock Option Incentive Plan

To further establish and strengthen the Company's long-term incentive mechanism, attract and retain outstanding talent, fully mobilize the enthusiasm of the Company's core team, effectively align the interests of shareholders, the Company, and employees, and ensure that all parties jointly focus on the Company's long-term development, the Company, while fully safeguarding the interests of shareholders and in accordance with the principle of "equity between returns and contributions," held the Fourth Meeting of the Ninth Board of Directors on August 18,2026, at which the following resolutions were adopted: "Resolution on the' 2026 Stock Option Incentive Plan (Draft) 'and its Summary," "Resolution on the' Assessment and Management Measures for the 2026 Stock Option Incentive Plan '," and "Resolution on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the 2026 Stock Option Incentive Plan." For detailed information, please refer to the "2026 Stock Option Incentive Plan (Draft)" and its "Summary" published by the Company on the Cninfo website (http://www.cninfo.com.cn) on August 19,2026..

XV. Significant event of subsidiary of the Company

☑Applicable □Not applicable

On October 15, 2025, the Company held the 45th meeting of the 8th Board of Directors, at which the "Proposal on Investment and Construction of 1.49m-wide Polarizer Production Line Project (Line 8) by a Subsidiary" was deliberated and approved. It is agreed that the subsidiary, Shenzhen SAPO Photoelectric Co., Ltd., based on the market demand for polarizers and its own development needs, would use a combination of its own funds and bank loans, with a planned total investment of approximately RMB 1.334 billion, to build a new plant building and supporting facilities by purchasing land in Pingshan District, Shenzhen, and to purchase equipment and instruments to construct a 1.49m-wide LCD and OLED polarizer production line with a designed capacity of approximately 18 million square meters per year. For details, please refer to the "Announcement on Investment and Construction of 1.49m-wide Polarizer Production Line Project (Line 8) by a Subsidiary" (No. 2025-39) published by the Company on Cninfo (http://www.cninfo.com.cn) on October 16, 2025. As of the end of this reporting period, the pile foundation engineering construction of the project was advancing steadily, and the project was about to enter the main building construction stage of the plant.

Section VI Share Changes and Shareholder Information

I. Changes in share capital

1. Changes in share capital

In shares

	Before the change		Increase/decrease(+，-)					After the Change	
	Quantity	Proportion	Issuance of new share	Bonus shares	Capitalization of public reserve	Others	Subtotal	Quantity	Proportion
1.Shares with conditional subscription	0	0.00%	0	0	0	0	0	0	0.00%
1.State -owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
3.Other domestic shares	0	0.00%	0	0	0	0	0	0	0.00%
Incl:Domestic legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic Natural Person shares	0	0.00%	0	0	0	0	0	0	0.00%
4.Foreign share	0	0.00%	0	0	0	0	0	0	0.00%
Incl:Foreign legal person share	0	0.00%	0	0	0	0	0	0	0.00%
Foreign Natural Person shares	0	0.00%	0	0	0	0	0	0	0.00%
II.Shares with unconditional subscription	506,521,849	100.00%	0	0	0	0	0	506,521,849	100.00%
1.Common shares in RMB	457,021,849	90.23%	0	0	0	0	0	457,021,849	90.23%
2.Foreign shares in domestic market	49,500,000	9.77%	0	0	0	0	0	49,500,000	9.77%
3. Foreign shares in foreign market	0	0.00%	0	0	0	0	0	0	0.00%
4.Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total of capital shares	506,521,849	100.00%	0	0	0	0	0	506,521,849	100.00%

Reasons for share changed

□Applicable ☑Not applicable

Approval of Change of Shares

□Applicable ☑Not applicable

Ownership transfer of share changes

□Applicable ☑Not applicable

Progress in implementation of share repurchase

□Applicable ☑Not applicable

Implementation progress of reducing repurchased shares by centralized bidding

□Applicable ☑Not applicable

Progress on any share repurchase: □ Applicable √ Not applicable Progress on reducing the repurchased shares by means of centralized bidding: □ Applicable √ Not applicable Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

□Applicable ☑Not applicable

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

□Applicable ☑Not applicable

2. Change of shares with limited sales condition

□Applicable ☑Not applicable

II. Securities issue and listing

□Applicable ☑Not applicable

III. Number of the Company's shareholders and shareholding ratios

In shares

Total number of common shareholders at the end of the reporting period		31,210		Total number of preferred shareholders with restoration of voting rights at the end of the reporting period (if any) (see Note 8)			0
Particulars about shares held above 5% by shareholders or top ten shareholders(Excluding shares lent through refinancing)							
Name of the shareholder	Nature of shareholder	Proportion of shares held(%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen
							State of share / Quantity
Shenzhen Investment Holdings Co., Ltd	State-owned	46.21%	234,069,436	0	0	234,069,436	Not applicable / 0
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned	3.18%	16,129,032	0	0	16,129,032	Not applicable / 0
HKSCC	Overseas Legal person	2.02%	10,216,777	4,074,411	0	10,216,777	Not applicable / 0
Sun Huiming	Domestic Nature	1.60%	8,088,853	0	0	8,088,853	Not applicable / 0

	person							
Chen Xiaobao	Domestic Nature person	0.77%	3,920,620	-571,300	0	3,920,620	Not applicable	0
Su Weipeng	Domestic Nature person	0.71%	3,580,000	-100	0	3,580,000	Pledge	3,000,000
Li Zengmao	Domestic Nature person	0.61%	3,090,597	1,400	0	3,090,597	Not applicable	0
Sun Wenbo	Domestic Nature person	0.41%	2,066,700	0	0	2,066,700	Not applicable	0
China Construction Bank Corporation - GF Quantitative Multi-factor Flexible Allocation Mixed Securities Investment Fund	State-owned	0.25%	1,252,000	1,252,000	0	1,252,000	Not applicable	0
Li Jue	Domestic Nature person	0.22%	1,137,400	-58,500	0	1,137,400	Not applicable	0
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)(See Notes 3)	None							
Explanation on shareholders participating in the margin trading business	Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. Except for the above two entities, the Company is temporarily unaware of whether there is any associated relationship among the other top 10 common shareholders, nor can it confirm whether they constitute concerted parties as defined in the Measures for the Administration of the Takeover of Listed Companies.							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	None							
Top 10 shareholders including the special account for repurchase (if any) (see note 11)	None							

Shareholdings of the top 10 shareholders without restrictions on sales (excluding shares lent through refinancing and shares locked by senior management)			
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Share type	
		Share type	Quantity
Shenzhen Investment Holdings Co., Ltd	234,069,436	Common shares in	234,069,436

		RMB	
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	Common shares in RMB	16,129,032
HKSCC	10,216,777	Common shares in RMB	10,216,777
Sun Huiming	8,088,853	Foreign shares in domestic market	8,088,853
Chen Xiaobao	3,920,620	Common shares in RMB	3,920,620
Su Weipeng	3,580,000	Common shares in RMB	3,580,000
Li Zengmao	3,090,597	Common shares in RMB	3,090,597
Sun Wenbo	2,066,700	Common shares in RMB	2,066,700
China Construction Bank Corporation - GF Quantitative Multi-factor Flexible Allocation Mixed Securities Investment Fund	1,252,000	Common shares in RMB	1,252,000
Li Jue	1,137,400	Common shares in RMB	1,137,400
Explanation of the related relationship or concerted action among the top 10 shareholders not subject to trading restrictions, and between the top 10 shareholders not subject to trading restrictions and the top 10 shareholders	Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the Company does not know whether there is a related relationship between the top 10 ordinary shareholders, nor does it know whether they are persons acting in concert as stipulated in the Administrative Measures for the Acquisition of Listed Companies.		
Explanation on shareholders participating in the margin trading business(if any)(See Notes 4)	None		

Participation of shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares in refinancing business and lending shares

□Applicable ☑Not applicable

Changes of the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares compared with the previous period due to refinancing lending/repayment

□Applicable ☑Not applicable

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

□Yes ☑No

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

IV. Changes in shareholdings of directors and senior officers

□Applicable ☑Not applicable

There was no change in the shareholdings of the Company's directors and senior officers during the reporting period. For details, please refer to the 2025 Annual Report.

V. Changes in controlling shareholders or actual controllers

If the Company previously disclosed that the actual controller planned a change of control but it has not been completed, please explain the progress of the change of control.

□Applicable ☑Not applicable

Changes of controlling shareholder in reporting period

□Applicable ☑Not applicable

No changes of controlling shareholder for the Company in reporting period.

Changes of controlling shareholder in reporting period

□Applicable ☑Not applicable

No changes of controlling shareholder for the Company in reporting period

VI. Preferred shares

□Applicable ☑Not applicable

The Company had no preferred shares in the reporting period.

Section VII Bonds

□Applicable ☑Not applicable

Section VIII Financial Statements

I. Audit report

Whether the semi-annual report has been audited
□Yes ☑No
The Company's semi-annual financial report has not been audited.

II. Financial statements

The unit in the notes to the financial statements is: RMB

1. Consolidated balance sheet

Prepared by: Shenzhen Textile (Holdings) Co., Ltd.
June 30, 2026

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Current asset:		
Monetary funds	517,854,162.69	449,964,450.38
2. Transactional financial assets	748,398,696.32	736,341,286.18
Notes receivable	33,936,675.37	85,980,246.52
4. Account receivable	817,955,456.71	761,807,949.52
Financings receivable	1,507,659.34	22,584,820.72
6.Prepayments	36,565,096.13	29,141,210.57
Other receivable	4,783,576.95	4,324,973.02
Including: Interest receivable	0.00	0.00
Dividend receivable	893,982.69	0.00
8. Inventories	970,224,264.98	884,642,355.51
Including: data resources	0.00	0.00
9. Other current assets	50,103,302.16	85,649,096.62
Total of current assets	3,181,328,890.65	3,060,436,389.04
Non-current assets:		
17. Long-term equity investment	104,030,653.89	107,583,586.91
Investment in other equity instruments	159,261,600.00	159,261,600.00
12. Investment real estate	100,950,528.65	105,730,781.63
Fixed asset	1,541,311,409.66	1,657,314,603.81
14. Construction in progress	204,595,310.01	179,954,389.78
15. Right to use assets	16,417,697.66	16,894,843.60
Intangible asset	79,112,514.87	31,224,598.20

17. Goodwill	0.00	0.00
18. Long-term deferred expenses	8,125,832.34	7,030,847.01
Deferred income tax assets	58,056,027.64	55,777,290.89
20 .Other non-current assets	97,041,969.73	37,086,785.90
Total of non-current assets	2,368,903,544.45	2,357,859,327.73
Total of assets	5,550,232,435.10	5,418,295,716.77
Current liabilities		
Derivative financial liabilities	572,148.11	4,071,800.19
23.Notes payable	14,734,317.72	0.00
Accounts payable	479,599,097.76	344,656,835.89
25.Advance account	781,506.37	769,227.07
26.Contract liabilities	2,650,257.63	3,132,419.01
27.Payable Employee wage	41,670,640.99	52,647,315.74
28.Tax Payable	10,226,046.87	5,806,818.55
Other payables	142,982,024.31	159,826,234.73
Including:Interest payable	0.00	0.00
Dividend payable	0.00	0.00
30. Non-current liabilities due within 1 year	77,244,911.71	65,964,666.28
Other current liabilities	63,264,425.58	88,386,795.27
Total of current liability	833,725,377.05	725,262,112.73
Non-current liabilities:		
Long-term loans	242,621,163.05	261,718,054.81
33. Lease liabilities	10,705,698.47	10,415,997.17
34. Deferred income	73,905,614.03	83,469,949.03
Deferred income tax assets	48,006,838.91	47,064,430.16
Total non-current liabilities	375,239,314.46	402,668,431.17
Total liabilities	1,208,964,691.51	1,127,930,543.90
Owners' equity:		
35.Stock capital	506,521,849.00	506,521,849.00
36. Capital reserves	1,961,599,824.63	1,961,599,824.63
37. Other comprehensive income	102,271,832.32	102,271,832.32
38. Special reserves	106,805,904.93	106,805,904.93
39. Retained profits	328,983,292.42	302,520,158.30
Total equity attributable to owners of the parent company	3,006,182,703.30	2,979,719,569.18
Minor shareholders’ equity	1,335,085,040.29	1,310,645,603.69
Total owners' equity	4,341,267,743.59	4,290,365,172.87
Total liabilities and owners' equity	5,550,232,435.10	5,418,295,716.77

Legal representative: LI Gang Principal Chief Finance Officer: LIU Yu Chief Accountant: LI Zhenyu

2. Balance sheet of the parent company

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Current asset:		
Monetary funds	12,374,641.67	24,473,234.70
2. Transactional financial assets	748,398,696.32	736,341,286.18
4. Account receivable	7,594,665.37	8,714,374.34
6.Prepayments	284,500.00	149,618.73
Other receivable	1,549,862.15	2,014,545.65
Including:Interest receivable	0.00	0.00
Dividend receivable	0.00	0.00
8. Inventories	45,442.05	46,562.05
Total of current assets	770,247,807.56	771,739,621.65
Non-current assets:		
17. Long-term equity investment	2,029,892,634.56	2,033,445,567.58
Investment in other equity instruments	146,548,800.00	146,548,800.00
12. Investment real estate	82,656,996.17	86,463,450.62
Fixed asset	1,645,919.94	1,910,229.22
15. Right to use assets	2,357,096.92	2,498,988.67
Intangible asset	221,276.98	48,270.75
18. Long-term deferred expenses	5,324,141.37	4,756,358.34
20 .Other non-current assets	25,760,086.27	25,760,086.27
Total of non-current assets	2,294,406,952.21	2,301,431,751.45
Total of assets	3,064,654,759.77	3,073,171,373.10
Current liabilities		
Accounts payable	194,131.97	194,131.97
25.Advance account	540,673.07	540,673.07
27.Payable Employee wage	16,848,569.01	19,879,990.77
28.Tax Payable	5,711,116.37	4,337,326.82
Other payables	94,297,429.11	93,730,387.66
Including:Interest payable	0.00	0.00
Dividend payable	0.00	0.00
30. Non-current liabilities due within 1 year	463,520.07	478,582.75
Total of current liability	118,055,439.60	119,161,093.04
Non-current liabilities:		
33. Lease liabilities	1,937,050.66	2,070,057.60
Deferred income tax assets	33,500,105.11	32,534,099.01
Other non-current liabilities		
Total non-current liabilities	35,437,155.77	34,604,156.61
Total liabilities	153,492,595.37	153,765,249.65

Owners' equity:		
35.Stock capital	506,521,849.00	506,521,849.00
36. Capital reserves	1,577,392,975.96	1,577,392,975.96
37. Other comprehensive income	93,862,232.32	93,862,232.32
38. Special reserves	106,805,904.93	106,805,904.93
39. Retained profits	626,579,202.19	634,823,161.24
Total owners' equity	2,911,162,164.40	2,919,406,123.45
Total liabilities and owners' equity	3,064,654,759.77	3,073,171,373.10

3. Consolidated income statement

In RMB

Rewards for the key management personnel Items	Half year period of 2026	Half year period of 2025
I. Total operating revenue	1,588,723,198.14	1,600,481,626.31
Including: operating revenue	1,588,723,198.14	1,600,481,626.31
II. Total operating costs	1,450,409,689.38	1,519,243,714.80
Including: operating costs	1,322,616,178.72	1,362,512,734.09
41. Taxes and surcharges	5,723,129.90	5,659,061.80
42. Sales expenses	16,715,574.28	16,031,119.28
43. Management cost	60,903,745.33	59,632,564.54
44. R&D expenses	49,414,846.76	52,739,746.19
45. Financial expenses	-4,963,785.61	22,668,488.90
Including: Interest expenses	2,863,362.87	3,666,950.38
Interest income	1,433,948.01	2,493,076.60
Add:Other income	17,367,048.85	18,162,062.42
Investment income ("-" for losses)	-3,539,905.76	130,107.09
Including: investment income from associates and joint ventures	-3,311,433.02	-3,645,599.07
Financial assets measured at amortized cost cease to be recognized as income	0.00	0.00
Gains from changes in fair value ("-" for losses)	6,593,057.37	5,911,007.63
Credit impairment losses ("-" for losses)	275,783.04	815,027.65
Assets impairment losses ("-" for loss)	-79,106,067.18	-55,273,530.83
Gains from disposal of assets ("-" for losses)	0.00	1,163,586.44
III. Operating profit ("-" for losses)	79,903,425.08	52,146,171.91
Add:Non-Operating income	175,972.60	3,104,116.81
Less:Non-Operating expenses	774,974.25	57,900.79
IV. Total profits ("-" for total loss)	79,304,423.43	55,192,387.93

Less:Income tax expenses	4,088,822.46	7,663,966.35
V. Net profit ("-" for net losses)	75,215,600.97	47,528,421.58
(I) Classified by operating sustainability		
1. Net profit from continued operation ("-" for net losses)	75,215,600.97	47,528,421.58
2. Net profit from discontinued operations ("-" for net losses)	0.00	0.00
(II) Classified by ownership		
1. Net profit attributable to shareholders of the parent company ("-" for net losses)	50,776,164.37	35,234,765.52
2. Minority interest income ("-" for net losses)	24,439,436.60	12,293,656.06
VI. Other comprehensive income, net of tax	0.00	0.00
Other comprehensive income, net of tax, attributable to owners of parent company	0.00	0.00
(I) Other comprehensive income that cannot be reclassified into profit or loss later	0.00	0.00
1.Re-measurement of defined benefit plans of changes in net debt or net assets	0.00	0.00
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.	0.00	0.00
3. Changes in the fair value of investments in other equity instruments	0.00	0.00
4. Changes in the fair value of the company's credit risks	0.00	0.00
5.Other	0.00	0.00
(II) Other comprehensive income that will be reclassified into profit or loss	0.00	0.00
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.	0.00	0.00
2. Changes in the fair value of investments in other debt obligations	0.00	0.00
3. Other comprehensive income arising from the reclassification of financial assets	0.00	0.00
4.Allowance for credit impairments in investments in other debt obligations	0.00	0.00
5. Reserve for cash flows	0.00	0.00
6.Translation differences in currency financial statements	0.00	0.00
7.Other	0.00	0.00
Net of profit of other comprehensive income attributable to	0.00	0.00

Minority shareholders' equity		
VII. Total comprehensive income	75,215,600.97	47,528,421.58
Total comprehensive income attributable to the owner of the parent company	50,776,164.37	35,234,765.52
Total comprehensive income attributable minority shareholders	24,439,436.60	12,293,656.06
VIII. Earnings per share:		
(I) Basic earnings per share	0.1002	0.0696
(II) Diluted earnings per share	0.1002	0.0696

In case of any business combination under the same control in the current period, the net profit realized by the combinee before the combination was RMB0.00, and the net profit realized by the combinee in the previous period was RMB 0.00.

Legal representative: LI Gang Principal Chief Finance Officer: LIU Yu Chief Accountant: LI Zhenyu

4. Income statement of the parent company

In RMB

Rewards for the key management personnel Items	Half year period of 2026	Half year period of 2025
I.Operating revenue	37,217,931.31	38,597,362.56
Less:Operating cost	5,231,095.08	5,734,623.16
41. Taxes and surcharges	1,507,928.38	1,514,685.13
42. Sales expenses	26,021.44	9,356.70
43. Management cost	20,663,097.22	18,677,086.91
45. Financial expenses	-57,697.99	-257,485.04
Including:Interest expenses	43,575.48	2,831.38
Interest income	102,386.80	290,763.85
Add:Other income	63,874.41	100,758.85
Investment income ("-" for losses)	5,100,847.88	4,647,607.09
Including: investment income from associates and joint ventures	-3,311,433.02	-3,645,599.07
Gains from derecognition of financial assets measured by amortized costs ("-" for losses)	0.00	0.00
Gains from changes in fair value ("-" for losses)	7,165,205.48	5,127,945.21
Credit impairment losses ("-" for losses)	127,072.57	-123,846.10
II. Operating profit ("-" for losses)	22,304,487.52	22,671,560.75
Add:Non-Operating income	0.00	0.05
Less:Non-Operating expenses	304.05	27,285.06
III. Total profit ("-" for total loss)	22,304,183.47	22,644,275.74
Less:Income tax expenses	6,235,112.27	5,598,253.84
IV. Net profit ("-" for net losses)	16,069,071.20	17,046,021.90

(I) Net profit from continued operation ("-" for net losses)	16,069,071.20	17,046,021.90
(II) Net profit from discontinued operation ("-" for net losses)	0.00	0.00
V. Net after-tax of other comprehensive income	0.00	0.00
(I) Other comprehensive income that cannot be reclassified into profit or loss later	0.00	0.00
1.Re-measurement of defined benefit plans of changes in net debt or net assets	0.00	0.00
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.	0.00	0.00
3. Changes in the fair value of investments in other equity instruments	0.00	0.00
4. Changes in the fair value of the company's credit risks	0.00	0.00
5.Other	0.00	0.00
(II) Other comprehensive income that will be reclassified into profit or loss	0.00	0.00
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.	0.00	0.00
2. Changes in the fair value of investments in other debt obligations	0.00	0.00
3. Other comprehensive income arising from the reclassification of financial assets	0.00	0.00
4.Allowance for credit impairments in investments in other debt obligations	0.00	0.00
5. Reserve for cash flows	0.00	0.00
6.Translation differences in currency financial statements	0.00	0.00
7.Other	0.00	0.00
VI. Total comprehensive income	16,069,071.20	17,046,021.90

5. Consolidated statement of cash flows

In RMB

Rewards for the key management personnel Items	Half year period of 2026	Half year period of 2025
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	1,586,002,206.64	1,671,434,675.35
Tax returned	39,383,653.63	0.00
Other cash received relevant to operating activities	25,839,494.09	68,058,342.69
Sub-total of cash inflow	1,651,225,354.36	1,739,493,018.04

Cash paid for purchasing of merchandise and services	1,172,995,258.29	1,218,647,653.85
Cash paid to staffs or paid for staffs	139,645,251.08	127,820,808.26
Taxes paid	29,015,015.83	27,343,241.72
Other cash paid related to operating activities	56,638,784.81	40,346,993.22
Sub-total of cash outflow from business activities	1,398,294,310.01	1,414,158,697.05
Net cash flows arising from operating activities	252,931,044.35	325,334,320.99
II. Cash flow generated by investing		
Cash received from investment retrieving	0.00	0.00
Cash received as investment gains	4,111,576.24	8,334,676.03
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	40,694.10	3,431,771.50
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Cash received in connection with significant investment activities	215,577,600.00	518,000,000.00
Sub-total of cash inflow due to investment activities	219,729,870.34	529,766,447.53
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	149,255,811.29	6,414,300.56
Cash paid as investment	0.00	0.00
Net increase in pledge loans	0.00	0.00
Net cash received from subsidiaries and other operational units	0.00	0.00
Cash paid related to other investment activities	228,984,136.52	500,000,000.00
Sub-total of cash outflow due to investment activities	378,239,947.81	506,414,300.56
Net cash flow generated by investment	-158,510,077.47	23,352,146.97
III. Cash flow generated by financing		
Cash received as investment	0.00	0.00
Including: Cash received as investment from minor shareholders	0.00	0.00
Cash received as loans	24,230,052.00	0.00
Other financing –related ash received	0.00	0.00
Sub-total of cash inflow from financing activities	24,230,052.00	0.00
Cash to repay debts	30,736,765.00	20,736,765.00
Cash paid as dividend, profit, or interests	28,608,928.75	39,283,617.02
Including: dividends and profit paid to minority shareholders by subsidiaries	0.00	0.00
Cash paid related with financing	5,564,480.21	6,983,290.34

activities		
Sub-total of cash outflow due to financing activities	64,910,173.96	67,003,672.36
Net cash flow generated by financing	-40,680,121.96	-67,003,672.36
IV. Influence of exchange rate alternation on cash and cash equivalents	-1,103,841.83	-6,543,513.79
V. Net increase in cash equivalents	52,637,003.09	275,139,281.81
Plus: beginning balance of cash equivalents	449,257,554.81	302,084,839.35
VI. Ending balance of cash equivalents	501,894,557.90	577,224,121.16

6. The statement of cash flows of the parent company

In RMB

Rewards for the key management personnel Items	Half year period of 2026	Half year period of 2025
I.Cash flows from operating activities		
Cash received from sales of goods or rending of services	38,133,388.00	40,571,767.79
Tax returned	0.00	0.00
Other cash received relevant to operating activities	7,445,599.85	2,078,250.77
Sub-total of cash inflow	45,578,987.85	42,650,018.56
Cash paid for purchasing of merchandise and services	1,659,030.37	1,904,909.90
Cash paid to staffs or paid for staffs	23,140,568.38	19,685,814.75
Taxes paid	7,642,890.25	9,256,504.29
Other cash paid related to operating activities	5,018,616.26	3,271,796.24
Sub-total of cash outflow from business activities	37,461,105.26	34,119,025.18
Net cash flows arising from operating activities	8,117,882.59	8,530,993.38
II. Cash flow generated by investing		
Cash received from investment retrieving	0.00	0.00
Cash received as investment gains	6,311,576.24	9,852,176.03
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	0.00	0.00
Net cash received from disposal of subsidiaries or other operational units	0.00	0.00
Cash received in connection with significant investment activities	219,000,000.00	527,000,000.00
Sub-total of cash inflow due to investment activities	225,311,576.24	536,852,176.03
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	945,212.97	640,844.32
Cash paid as investment	0.00	0.00
Net cash received from subsidiaries and other operational	0.00	0.00

units		
Cash paid related to other investment activities	220,000,000.00	500,000,000.00
Sub-total of cash outflow due to investment activities	220,945,212.97	500,640,844.32
Net cash flow generated by investment	4,366,363.27	36,211,331.71
III. Cash flow generated by financing		
Cash received as investment	0.00	0.00
Cash received as loans	0.00	0.00
Other financing –related ash received	0.00	0.00
Sub-total of cash inflow from financing activities	0.00	0.00
Cash to repay debts	0.00	0.00
Cash paid as dividend, profit, or interests	24,313,030.25	35,963,029.09
Cash paid related with financing activities	265,593.59	0.00
Sub-total of cash outflow due to financing activities	24,578,623.84	35,963,029.09
Net cash flow generated by financing	-24,578,623.84	-35,963,029.09
IV. Influence of exchange rate alternation on cash and cash equivalents	-4,215.05	-1,250.15
V. Net increase in cash equivalents	-12,098,593.03	8,778,045.85
Plus: beginning balance of cash equivalents	24,473,234.70	13,630,974.26
VI. Ending balance of cash equivalents	12,374,641.67	22,409,020.11

7. Consolidated statements of changes in owners' equity

The current period

In RMB

Rewards for the key management personnel Items	Half year period of 2026							
	Equity attributable to owners of the parent company						Minor shareholders' equity	Total owners' equity
	35.Stock capita	36. Capital reserves	37. Other comprehensive income	38. Special reserves	39. Retained profits	Subtotal		
I. Ending balance last year	506,521,849.00	1,961,599,824.63	102,271,832.32	106,805,904.93	302,520,158.30	2,979,719,569.18	1,310,645,603.69	4,290,365,172.87
Add: Change of accounting policy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Correcting of previous errors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Beginning balance as at the beginning of this year	506,521,849.00	1,961,599,824.63	102,271,832.32	106,805,904.93	302,520,158.30	2,979,719,569.18	1,310,645,603.69	4,290,365,172.87
III. Changes in amount for the current period ("-" for decreases)	0.00	0.00	0.00	0.00	26,463,134.12	26,463,134.12	24,439,436.60	50,902,570.72
(I) Total comprehensive income	0.00	0.00	0.00	0.00	50,776,164.37	50,776,164.37	24,439,436.60	75,215,600.97
(II) Capital contributed or reduced by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Ordinary shares contributed by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Capital invested by the holders of other equity instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Amounts of share-based payments recognized in owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4．Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	-24,313,030.25	-24,313,030.25	0.00	-24,313,030.25
1.Providing of surplus reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Withdrawal of general risk reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Profit distributed to owners (or shareholders)	0.00	0.00	0.00	0.00	-24,313,030.25	-24,313,030.25	0.00	-24,313,030.25

4．Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Conversion of capital reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Conversion of surplus reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3．Making up losses by surplus reserves.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Changes in benefit plans transferred to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5．Other comprehensive income carry-over retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6．Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Withdrawal in the current period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Amount used in the current period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(VI) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Balance as at the end of the current period	506,521,849.00	1,961,599,824.63	102,271,832.32	106,805,904.93	328,983,292.42	3,006,182,703.30	1,335,085,040.29	4,341,267,743.59

amount of prior year

In RMB

Rewards for the key management personnel Items	Half year period of 2026							
	Equity attributable to owners of the parent company						Minor shareholders' equity	Total owners' equity
	35.Stock capita	36. Capital reserves	37. Other comprehensive income	38. Special reserves	39. Retained profits	Subtotal		
I. Ending balance last year	506,521,849.00	1,961,599,824.63	106,877,807.32	104,262,315.64	272,608,113.66	2,951,869,910.25	1,283,450,723.88	4,235,320,634.13
Add: Change of accounting policy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Correcting of previous errors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Beginning balance as at the beginning	506,521,849.00	1,961,599,824.63	106,877,807.32	104,262,315.64	272,608,113.66	2,951,869,910.25	1,283,450,723.88	4,235,320,634.13

of this year								
III. Changes in amount for the current period ("-" for decreases)	0.00	0.00	0.00	0.00	-728,263.57	-728,263.57	12,293,656.06	11,565,392.49
(I) Total comprehensive income	0.00	0.00	0.00	0.00	35,234,765.52	35,234,765.52	12,293,656.06	47,528,421.58
(II) Capital contributed or reduced by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Ordinary shares contributed by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Capital invested by the holders of other equity instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Amounts of share-based payments recognized in owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4．Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	-35,963,029.09	-35,963,029.09	0.00	-35,963,029.09
1.Providing of surplus reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Withdrawal of general risk reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Profit distributed to owners (or shareholders)	0.00	0.00	0.00	0.00	-35,963,029.09	-35,963,029.09	0.00	-35,963,029.09
4．Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Conversion of capital reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Conversion of surplus reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3．Making up losses by surplus reserves.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Changes in benefit plans transferred to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5．Other comprehensive income carry-over retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6．Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Withdrawal in the current period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

2. Amount used in the current period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(VI) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Balance as at the end of the current period	506,521,849.00	1,961,599,824.63	106,877,807.32	104,262,315.64	271,879,850.09	2,951,141,646.68	1,295,744,379.94	4,246,886,026.62

8. Statement of changes in owner's equity of parent company

The current period

In RMB

Rewards for the key management personnel Items	Half year period of 2026					
	35.Stock capital	36. Capital reserves	37. Other comprehensive income	38. Special reserves	39. Retained profits	Total owners' equity
I. Ending balance last year	506,521,849.00	1,577,392,975.96	93,862,232.32	106,805,904.93	634,823,161.24	2,919,406,123.45
Add: Change of accounting policy	0.00	0.00	0.00	0.00	0.00	0.00
Correcting of previous errors	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00
II. Beginning balance as at the beginning of this year	506,521,849.00	1,577,392,975.96	93,862,232.32	106,805,904.93	634,823,161.24	2,919,406,123.45
III. Changes in amount for the current period ("-" for decreases)	0.00	0.00	0.00	0.00	-8,243,959.05	-8,243,959.05
(I) Total comprehensive income	0.00	0.00	0.00	0.00	16,069,071.20	16,069,071.20
(II) Capital contributed or reduced by owners	0.00	0.00	0.00	0.00	0.00	0.00
1. Ordinary shares contributed by owners	0.00	0.00	0.00	0.00	0.00	0.00
2. Capital invested by the holders of other equity instruments	0.00	0.00	0.00	0.00	0.00	0.00
3. Amounts of share-based payments recognized in owners' equity	0.00	0.00	0.00	0.00	0.00	0.00
4．Other	0.00	0.00	0.00	0.00	0.00	0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	-24,313,030.25	-24,313,030.25
1.Providing of surplus reserves	0.00	0.00	0.00	0.00	0.00	0.00
2. Profit distributed to owners (or shareholders)	0.00	0.00	0.00	0.00	-24,313,030.25	-24,313,030.25

3．Other	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00
1. Conversion of capital reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00
2. Conversion of surplus reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00
3．Making up losses by surplus reserves.	0.00	0.00	0.00	0.00	0.00	0.00
4. Changes in benefit plans transferred to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00
5．Other comprehensive income carry-over retained earnings	0.00	0.00	0.00	0.00	0.00	0.00
6．Other	0.00	0.00	0.00	0.00	0.00	0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00
1. Withdrawal in the current period	0.00	0.00	0.00	0.00	0.00	0.00
2. Amount used in the current period	0.00	0.00	0.00	0.00	0.00	0.00
(VI) Others	0.00	0.00	0.00	0.00	0.00	0.00
IV. Balance as at the end of the current period	506,521,849.00	1,577,392,975.96	93,862,232.32	106,805,904.93	626,579,202.19	2,911,162,164.40

Amounts for the Prior Year

In RMB

Rewards for the key management personnel Items	Half year period of 2025					
	35.Stock capital	36. Capital reserves	37. Other comprehensive income	38. Special reserves	39. Retained profits	Total owners' equity
I. Ending balance last year	506,521,849.00	1,577,392,975.96	98,116,532.32	104,262,315.64	647,893,886.69	2,934,187,559.61
Add: Change of accounting policy	0.00	0.00	0.00	0.00	0.00	0.00
Correcting of previous errors	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00
II. Beginning balance as at the beginning of this year	506,521,849.00	1,577,392,975.96	98,116,532.32	104,262,315.64	647,893,886.69	2,934,187,559.61
III. Changes in amount for the current period ("-" for	0.00	0.00	0.00	0.00	-18,917,007.19	-18,917,007.19

decreases)						
(I) Total comprehensive income	0.00	0.00	0.00	0.00	17,046,021.90	17,046,021.90
(II) Capital contributed or reduced by owners	0.00	0.00	0.00	0.00	0.00	0.00
1. Ordinary shares contributed by owners	0.00	0.00	0.00	0.00	0.00	0.00
2. Capital invested by the holders of other equity instruments	0.00	0.00	0.00	0.00	0.00	0.00
3. Amounts of share-based payments recognized in owners' equity	0.00	0.00	0.00	0.00	0.00	0.00
4．Other	0.00	0.00	0.00	0.00	0.00	0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	-35,963,029.09	-35,963,029.09
1.Providing of surplus reserves	0.00	0.00	0.00	0.00	0.00	0.00
2. Profit distributed to owners (or shareholders)	0.00	0.00	0.00	0.00	-35,963,029.09	-35,963,029.09
3．Other	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00
1. Conversion of capital reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00
2. Conversion of surplus reserves into paid-in capital (or share capital)	0.00	0.00	0.00	0.00	0.00	0.00
3．Making up losses by surplus reserves.	0.00	0.00	0.00	0.00	0.00	0.00
4. Changes in benefit plans transferred to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00
5．Other comprehensive income carry-over retained earnings	0.00	0.00	0.00	0.00	0.00	0.00
6．Other	0.00	0.00	0.00	0.00	0.00	0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00
1. Withdrawal in the current period	0.00	0.00	0.00	0.00	0.00	0.00
2. Amount used in the current period	0.00	0.00	0.00	0.00	0.00	0.00
(VI) Others	0.00	0.00	0.00	0.00	0.00	0.00
IV. Balance as at the end of the current period	506,521,849.00	1,577,392,975.96	98,116,532.32	104,262,315.64	628,976,879.50	2,915,270,552.42

III. Company profile

1. Company profile

Shenzhen Textile (Holdings) Co., Ltd. (hereinafter referred to as "the Company") is a joint stock limited company registered in Guangdong Province. The Company was listed on Shenzhen Stock Exchange in August 1994. The Company has publicly issued RMB ordinary shares (A shares) and domestically listed foreign shares (B shares) to the domestic and foreign public respectively, and listed 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.

2. The date of approval of the financial statements

The financial statements have been authorized for issuance of Board of Directors of the Company on [August 24, 2026].

IV. Basis for preparation of financial statements

1. Basis for 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 of Issuing Securities to the Public-General Provisions for Financial Reporting (2023 Revision).

2. Going concern

The Group evaluated its ability to continue as a going concern for the 12 months from 30 June 2026 and found no matters or circumstances that raised significant doubts about its ability to continue as a going concern. Accordingly, the present financial report has been prepared on the basis of going concern assumptions.

3. Accounting 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 report uses the 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 paid at 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 where the transaction price is taken as the fair value at initial recognition and valuation techniques involving unobservable input value are used in the subsequent measurement of fair value, the valuation techniques are corrected during the valuation process to make the initial recognition result determined by the valuation techniques 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. Significant accounting policies and accounting estimates

Tips of specific accounting policies and accounting estimates:

None

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Company's consolidated and parent company's financial position as at June 30, 2026, and the consolidated and parent company's operating results, changes in consolidated and parent company's shareholders' equity and consolidated and parent company's cash flows for 2026 H1.

2. Accounting period

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

3. Operating 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. Recording currency

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. Determination methods and selection basis for materiality threshold

☑Applicable □Not applicable

Rewards for the key management personnel Items	Material criteria
Receivables for a significant single provision for bad debts	The proportion of individual item exceeds 0.5% of total assets
Important accounts receivable for the recovery or reversal of bad debt reserves	The proportion of individual item exceeds 0.5% of total assets
Significant prepayments that are more than 1 year old	The proportion of individual item exceeds 0.5% of total assets
Significant construction in progress project	The balance of a single construction in progress accounts for over 10% of the total balance of construction in progress and the amount is more than RMB 100,000,000.00.
Important accounts payable, advances from customers, contract liabilities and other payables with aging over 1 year	The proportion of individual item exceeds 0.5% of total assets
Cash received related to other investment activities	Amount exceeding RMB 50 million yuan
Payments of cash in connection with significant investment activities	Amount exceeding RMB 50 million yuan
Significant non-wholly owned subsidiary	More than 10% of total assets, or total revenues or total profits
Significant joint ventures or associates	Net assets account for more than 5%

6. Accounting treatments for business combinations under common control and those not under common control

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

6.1 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.

The assets and liabilities obtained in the business combination are measured at their book value as recorded in the consolidated financial statements of the ultimate controller on the combination date. 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.

6.2 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 party by 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.

Any identifiable assets, liabilities, and contingent liabilities of the acquiree that meet the recognition criteria and are obtained by the acquirer in the combination are measured at fair value on the acquisition date.

If the combination cost exceeds the acquiree's fair value share of net identifiable assets obtained, this difference is recognized as goodwill 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 period occurred.

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

7. Criteria for determining control and preparation methods for consolidated financial statements

7.1 Criteria for determining control

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. The Group will reassess the relevant elements involved in the above definition of controls as a result of changes in the relevant facts and circumstances.

7.2. Methodology for the preparation of consolidated financial statement

The consolidated scope of the consolidated financial statement is determined on a control basis.

The merger of subsidiaries begins when the Group acquires control of the subsidiary and terminates when the Group loses control of the subsidiary.

For subsidiaries disposed of by the Group, the results of operations and cash flows prior to the date of disposal (the date of loss of control) have been duly included in the consolidated statement of income and the consolidated statement of cash flows.

For subsidiaries acquired through a business combination under non-common control, the results of operations and cash flows from the date of purchase (the date of acquisition of control) have been appropriately included in the consolidated statement of income and the consolidated statement of cash flows.

For subsidiaries acquired through a business combination under common control, regardless of when the business combination takes place in any point of the reporting period, the subsidiary shall be deemed to be included in the scope of the Group's consolidation on the date on which the subsidiary is under the control of the ultimate controlling party, the results of operations and cash flows from the beginning of the earliest period of the reporting period are duly included in the consolidated income statement and the consolidated statement of cash flows.

The principal accounting policies and the accounting periods adopted by the subsidiaries are determined in accordance with the accounting policies and accounting periods uniformly prescribed by the Company.

Any effects on the consolidated financial statements from intercompany transactions between the Company and its subsidiaries, or among the subsidiaries themselves, are eliminated upon consolidation.

The share of owners' equity of a subsidiary not attributable to the parent company is presented as minority equity and listed as "minority equity" under the owners' equity item in the consolidated balance sheet. The shares of the subsidiary's net profit or loss for the period that belongs to minority interests is shown under the item "minority profit and loss" under the net profit item in the consolidated statement of income.

The minority shareholders’ share of the subsidiary's losses exceeds the minority shareholders’ share of ownership interest enjoyed in the beginning of the period, and its balance is still offset by the minority shareholders’ equity.

For transactions that purchase minority stakes in a subsidiary or dispose of part of the equity investment without losing control of the subsidiary, it’s accounted as equity transactions, and the carrying amount of the owner's interest and minority interest attributable to the parent company is adjusted to reflect their change in the relevant interest in the subsidiary. The difference between the adjustment of minority interests and the fair value of the consideration paid/received is adjusted to the capital reserve, and if the capital reserve is insufficient to offset it, then it’s adjusted to the retained earnings. 8. Joint venture arrangement

8. Classification of joint venture arrangements and accounting treatments for joint operations

Joint venture arrangements are classified as either joint operations or joint ventures, based on the rights and obligations of the parties—determined by factors such as the arrangement's structure, legal form, and contractual terms. A joint operation is a joint arrangement in which the parties have rights to the related assets and obligations for the related liabilities. 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 for under the equity method. For details, please refer to "17 Long-term equity investment".

9. Determination criteria for 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.

10. Foreign currency transactions and translation of foreign currency statements

10.1 Foreign currency transactions

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 each balance sheet date, foreign currency monetary items are translated into RMB at the spot rate on that date. Any exchange differences arising from changes in the spot exchange rate (compared to the rate at initial recognition or the previous balance sheet date) are recognized in current profit or loss, except for: (1) exchange differences on foreign-currency-specific borrowings that qualify for capitalization, which are capitalized as part of the cost of the related asset during the capitalization period; (2) The exchange difference of hedging instruments for hedging in order to avoid foreign exchange risk is treated according to the hedge accounting method; 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. For foreign currency non-monetary items measured at fair value, the spot exchange rate on the date the fair value is determined is used for translation. Any difference between the translated amount in recording currency and the original currency is treated as a fair value change (including fluctuation in exchange rate) and is recognized in current profit or loss or other comprehensive income, as appropriate.

10.2 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" separately.

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. When disposing of a portion of equity in an overseas operation that is classified as an associate or a joint venture, the differences on translation of foreign currency statements related to that operation are transferred to profit or loss in the disposal period, in proportion to the percentage of equity disposed.

11. 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 the determination method of the fair value of financial assets and financial liabilities, please refer to the relevant disclosure in "IV. Basis of preparation of financial statements" in this chapter). 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. When the Group initially recognizes accounts receivable that do not include a significant financing component, or when the financing component of a contract not exceeding one year is disregarded under Accounting Standards for Business Enterprises No. 14 - Revenue ("Revenue Standard"), such receivables are initially measured at the transaction price as defined in 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).

11.1 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.

If the contractual terms of a financial asset stipulate that, on specified dates, cash flows comprise solely payments of principal and interest on the outstanding principal, and the Group's business model for managing the financial asset is both to collect contractual cash flows and to sell the financial asset, then the Group classifies this asset as measured at fair value through 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 financial asset is a derivative, Except for derivatives that meet the definition of 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 through profit or loss are presented under "Financial assets held for trading." Those due in more than one year from the balance sheet date (or with no fixed maturity) and expected to be held for more than one year are presented under "Other non-current financial assets."

11.1.1 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.

11.1.2 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 method related 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.

11.1.3 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. 11.2 Impairment of Financial Instruments

11.2 Impairment of financial instruments

The Group recognizes impairment allowances and provision for losses based on expected credit losses for financial assets measured at amortized cost, financial assets classified as fair value through other comprehensive income, and lease receivables.

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, except for those purchased or originated with credit loss, the Group evaluates changes in credit risk since initial recognition at each balance sheet date. 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, but the 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.

11.2.1 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 the debtor's business, financial, or economic conditions that is expected to significantly affect the debtor's ability to meet its debt obligations.

(7) Whether the debtor's operating performance, whether actual or expected, has changed significantly.

(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.

11.2.2 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:

(1) significant financial difficulties of the issuer or debtor;

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

(3) 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;

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

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

(6) 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, if internal recommendations or externally obtained information indicates that the debtor of a financial instrument cannot fully repay all creditors, including the Group (regardless of any guarantee obtained by the Group), the Group considers this a default event.

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. 11.2.3 Determination of Expected Credit Loss

11.2.3 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.

11.2.4 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.

11.3 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: The Group measures that liability as follows:

- Where the transferred financial asset is measured at amortized cost, the book value of the related liability equals the book value of the asset in which the Group continues to be involved minus the amortized cost of any rights retained by the Group (if the Group retained such rights due to the transfer) and plus the amortized cost of any obligations assumed by the Group (if the Group assumed such obligations due to the transfer). Such liabilities are not designated as financial liabilities measured at fair value through profit or loss.
- 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.

11.4 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.

11.4.1 Classification, recognition and measurement of financial liabilities

Upon initial recognition, financial liabilities are classified as financial liabilities measured at fair value through profit or loss or other financial liabilities.

11.4.1.1 Financial liabilities measured at fair value through profit or loss

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 treating the effect of changes in the liability's own credit risk in this manner creates or enlarges an accounting mismatch in profit or loss, the Group recognizes all gains or losses on the liability (including those related to changes in its own credit risk) in profit or loss.

11.4.1.2 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.

11.4.2 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.

11.4.3 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.

11.5 Derivatives

Derivatives, including forward foreign exchange contracts, are initially measured at fair value on the contract date and subsequently measured at fair value.

11.6 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. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offset.

12. Notes receivable

12.1 Methods for determining and accounting treatment for expected credit losses of notes receivable

For notes receivable with significantly increased credit risk, such as those past due and not accepted or where there is clear evidence that the acceptor is likely unable to fulfill its acceptance obligation, the Group evaluates credit losses on an individual basis. Other notes receivable are evaluated based on their credit risk characteristics as a group.

Any increase or reversal of the provision for expected credit losses on notes receivable is recognized as a credit loss or gain in profit or loss.

12.2 Portfolio types and basis for determining credit loss provisions based on credit risk characteristics

Except for the notes receivable that assess the credit risk individually, the rest of the notes receivable are divided into different portfolios based on their credit risk characteristics:

Portfolio Category	Determining basis
Portfolio 1	Bank acceptance bill
Portfolio 2	Trade acceptance

13. Accounts receivable

13.1 Methods for determining expected credit losses and accounting treatment of accounts receivable

The Group uses an impairment matrix to determine the credit losses of accounts receivable on a portfolio basis. The increase or reversal of the provision for expected credit losses of accounts receivable shall be recognized in profit or loss for the current period as credit impairment losses or gains.

13.2 The type of portfolio and the basis for determining the provision for credit losses based on the credit risk characteristics of the portfolio.

The Group classifies accounts receivable into portfolio1 based on common risk characteristics. The common credit risk characteristics adopted by the Group mainly include the credit tenor and operating conditions of the debtor.
13.3 Calculation method of aging for credit risk characteristics portfolio recognized by aging

13.3Method for calculating aging when determining credit risk characteristic combination

The Group uses both the natural aging of accounts receivable and the overdue aging relative to the credit term as credit risk characteristics, applying an impairment matrix to determine expected credit losses. Aging is calculated from the date of its initial recognition. If the terms and conditions of the accounts receivable are modified but do not result in the derecognition of the accounts receivable, the aging shall be calculated consecutively.

13.4 Determining standard of individual provision according to individual provision for bad debts

The Group individually determines credit losses for accounts receivable where there is evidence of a significant increase in credit risk.

14. Receivables financing

14.1 Determination method and accounting treatment method for expected credit loss of accounts receivable financing

The Group determines credit losses for receivables financing on an individual-asset basis. The Group recognizes the provision for credit losses for receivables financing in other comprehensive income and records any credit loss or gain in profit or loss, without reducing the book value presented in the balance sheet.

14.2 Judgment criteria for individual provision of credit loss reserves based on individual provision

The Group evaluates the financing of corresponding receivables based on the acceptance bank credit status of bank acceptance bills and makes provisions for credit losses.

15. Other receivables

Determination method and accounting treatment of expected credit losses

The Group determines the credit losses on other receivables on a portfolio basis. Any increase or reversal of the provision for expected credit losses on other receivables is recognized as a credit loss or gain in profit or loss.

15.1 Portfolio types and basis for determining credit loss provisions based on credit risk characteristics

The Group divides other receivables into different combinations based on common credit risk characteristics. Common credit risk characteristics used by the Group include initial recognition date, remaining contract term, and length of overdue period.

15.2 Method for calculating aging when determining credit risk characteristic combination

Aging is calculated from the date of its initial recognition. If the terms and conditions of other receivables are modified but do not result in the derecognition of other receivables, the aging shall be calculated consecutively.

16. Inventories

16.1 Inventory Category, Goods Out Pricing Method, Inventory System, Amortization Method for Low-Value Consumables and Packaging

16.1.1 Inventory Category

The Group's inventory mainly includes raw materials, products in process, finished products and materials entrusted for processing. Inventories are initially measured at cost, which includes purchase costs, processing costs, and other expenditures incurred to bring the inventories to their current location and condition.

16.1.2 Method of costing for issued inventories

When inventories are issued, the actual cost is determined using the weighted average method.

16.1.3 Inventory system

The inventory system is perpetual inventory system.

16.1.4 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.

16.2 Recognition criteria and accrual method of provision for inventory falling price loss

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 provisions for the inventory depreciation are made, the factors causing any write-down of inventory value have disappeared, leading to the net realizable values of inventories higher than its book value, the amount of write-down shall be resumed and be reversed from the original provision for inventory devaluation with the reversal being included in current profit or loss.

Generally, provisions for inventory depreciation are made on an item-by-item basis.

17. Long-term equity investments

17.1 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 investor can exercise control or significant influence over the investee, the potential voting rights arising from convertible corporate bonds or exercisable warrants currently held by the investor or other parties are taken into account.

17.2 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.

17.3 Subsequent measurement and profit and loss recognition method

17.3.1 Long-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.

17.3.2 Long-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 associate is an investee over which the Group has significant influence, and a joint venture is a joint venture arrangement under which the Group has rights to the net assets of the arrangement.

Under the equity method, if the initial investment cost of the long-term equity investment exceeds the share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost is not 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.

17..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. If a long-term equity investment has been accounted for using the equity method and the remaining equity after disposal is still accounted for using the equity method, any other comprehensive income previously recognized under the equity method is treated on the same basis as if the investee had directly disposed of the related assets or liabilities, and is transferred proportionately. 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 a long-term equity investment is accounted for using the cost method and the remaining equity after disposal continues to be accounted for using the cost method, any other comprehensive income recognized before the Group gained control, under either the equity method or the accounting standards for recognizing and measuring financial instruments, is treated on the same basis as if the investee had directly disposed of the related assets or liabilities, and is transferred proportionately. Other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in net asset of the investee accounted for and recognized by using the equity method shall be carried forward to the current profit or loss.

Where the Group loses the control over the investee due to the disposal of part of the equity investments, when it prepares separate financial statements, the remaining equity after disposal that can commonly control or have significant influence on the investee will be measured under the equity method, and the remaining equity shall be deemed to have been adjusted under the equity method on 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. Provision for inventory falling price loss is generally made on the basis of a single inventory item.

18. Investment properties

Measurement mode of investment properties
Measurement by cost method
Depreciation and amortization methods

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 uses the cost model for subsequent measurement of investment property and provides for depreciation on a straight-line basis over its service life. The depreciation method, useful life, estimated residual value, and annual depreciation rates for each category of investment property are as follows:

Category	Category	Depreciation life (year)	Estimated net salvage rate (%)	Annual Depreciation Rate (%)
House, Building	Straight-line method	10-40	0.00-4.00	2.40-10.00

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.

19. Fixed assets

(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.

(2) Depreciation method

Category	Category	Depreciation life	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	10-40	0.00%-4.00%	2.40%-10.00%
Machinery equipment	Straight-line method	10-14	4.00%	6.86%-9.60%
Transportations	Straight-line method	8	4.00%	12.00%
Other equipment	Straight-line method	5	4.00%	19.20%

Starting from the month subsequent to the date when the fixed-assets are ready for their intended use, depreciation is accrued over the service life using the straight-line method. The depreciation method, depreciation life, estimated residual value rate and annual depreciation rate of various fixed assets are detailed in the table above.

Estimated net residual value refers to the amount obtained by the Group from the disposal of the fixed assets at present after deducting the estimated disposal expenses, assuming that the estimated service life of the fixed asset has expired and the fixed asset is in the expected state at the end of its service life.

Other explanations

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. 20. Construction in progress

20. Construction in progress

The construction in progress is measured at actual cost, which includes various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches working condition for intended use, and other related costs. No depreciation is allowed for construction in progress.

When an in-progress construction project reaches its intended usable state, its cost shall be transferred to fixed assets at the actual cost. If the project has reached its intended usable state but the final accounting settlement has not yet been completed, it shall initially be recorded as fixed assets at an estimated value; upon completion of the final accounting settlement, the original estimated value shall be adjusted to reflect the actual cost, but any previously recognized depreciation shall not be adjusted. The criteria and timing for transferring various types of in-progress construction projects to fixed assets are as follows:

Category	The criteria for carrying forward to fixed assets	The time point at which it is carried forward to a fixed asset
Houses and buildings	(1) The main construction works and supporting works have been completed and accepted; (2) Where the construction works have reached the intended usable condition but the final account settlement has not yet been processed, the assets shall be recognized as fixed assets at their estimated value, based on the actual construction cost, starting from the date the works reached the intended usable condition.	Reach the predetermined usable condition
Installation of machines and equipment	The equipment has been accepted by asset management personnel and user personnel and meets one or more of the following conditions according to the actual situation: (1) Relevant equipment and other supporting facilities have been installed; (2) The equipment can maintain normal and stable operation for a period of time after debugging; (3) The production equipment can stably produce qualified products for a period of time.	It has reached the intended usable state

21. 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.

For specialized borrowings, the capitalization amount is based on the actual interest expenses incurred in the current period, after deducting the interest income earned from unused borrowing funds deposited in the bank or investment income earned from temporary investments; General borrowings shall be determined by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings, and on this basis, the capitalization amount is determined. The capitalization rate is calculated and recognized as per the weighted average interest rate of general borrowing.

22. Intangible assets

22.1 **Service life and basis for determination, estimates, amortization method or review procedure**

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	30-50 (Determine the service life based on the statutory service life)	0.00
Software	Straight-line method	5(The useful life is determined by the period of time that is expected to bring economic benefits to the company)	0.00
Patent right	Straight-line method	15(The useful life is determined by the period of time that is expected to bring economic benefits to the company)	0.00

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.

22.2 **Scope of R&D expenditures and related accounting treatments**

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 the intangible assets formed by internal development activities only includes the total expenditure incurred from the time when the capitalization conditions are met to the time when the intangible assets reach the intended use. The expenses recognized in profit or loss before meeting the capitalization conditions during the development for the same intangible asset will not be adjusted.

The scope of R&D expenditure includes wages, salaries, and welfare expenses of personnel directly engaged in R&D activities, materials, fuel and power costs directly consumed in R&D activities, and depreciation expenses of instruments and equipment for R&D activities, etc.

23. Impairment of long-term assets

On each balance sheet date, the Group checks whether there is any indication that long-term equity investments, investment properties measured by the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with a definite service life may have impairment. 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.

24. 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.

25. Contract 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.

26. Employee compensation

(1) Accounting treatments of short-term compensation

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.

For the medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums and other social insurance premiums and housing provident funds paid by the Group for employees, as well as the labor union funds and employee education expenses withdrawn by the Group in accordance with the provisions, the corresponding employee compensation amount shall be calculated and determined according to the prescribed accrual basis and accrual ratio during the accounting period when employees provide services for the Group, and the corresponding liabilities shall be recognized and included in the current profit or loss or related asset costs.

(2) Accounting treatments 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.

(3) Accounting treatments 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.

(4) Accounting treatments of other long-term employee benefits

None

27. Estimated liabilities

When the obligation related to the contingency such as product quality guarantee is a current obligation of the Group, and the performance of such obligation is likely to result in the outflow of economic benefits, and the amount of such 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.

28. Revenue

28.1Accounting policies adopted for revenue recognition and measurement disclosed by business type

The Group has fulfilled its contractual obligation, that is, when the customer obtains the control right of the relevant goods or services, the income will be recognized according to the transaction price allocated to the performance obligation. Performance obligation refers to the commitment of the Group to transfer clearly distinguishable goods or services to customers in the contract. Transaction price refers to the amount of consideration that the Group is expected to receive due to the transfer of goods or services to customers, which however, does not include the money received on behalf of third parties and the money that the Group expects to return to customers.

The Group evaluates the contract on the start date of the contract, identifies the individual performance obligations contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point of time. If one of the following conditions is met, it belongs to the performance obligation within a certain period of time, and the Group recognizes the income within a certain period of time according to the performance progress: (1) The customer obtains and consumes the economic benefits brought by the performance of the Group; (2) The customer can control the goods under construction during the performance of the Group; (3) The goods produced during the performance of the Group have irreplaceable uses, and the Group has the right to receive payment for the performance accumulated to date throughout the contract period. Otherwise, the Group recognizes the revenue at the point when the customer obtains the right of control of the relevant goods or services.

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. The Group recognizes income in the process of providing property and leasing services.

Transaction prices refer to the amount of consideration that the Group is expected to be entitled to receive as a result of the transfer of goods or services to customers, but does not include the amount received on behalf of third parties and the amount expected to be returned to customers by the Group. In determining the transaction price, the Group takes into account the impact of factors such as variable consideration, significant financing elements in the contract, non-cash consideration, consideration payable to customers, etc.

If the contract contains two or more performance obligations, the Group will allocate the transaction price to each individual performance obligation on the contract start date according to the relative proportion of the separate selling price of the goods or services promised by each individual performance obligation. 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 in the contract, the Group will allocate the contract discount or variable consideration to one or more related performance obligations. Separate selling price refers to the price at which the Group sells goods or services to customers separately. If the separate selling price cannot be directly observed, the Group comprehensively considers all relevant information that can be reasonably obtained, and estimates the separate selling price by using observable input values to the maximum extent.

For sales with return clauses, when the customer obtains the control right of the relevant goods, the Group recognizes the income according to the amount of consideration expected to be charged due to the transfer of goods to the customer (that is, excluding the amount expected to be refunded due to sales return), and recognizes the liabilities according to the amount expected to be refunded due to sales return; At the same time, according to the book value of the expected returned goods at the time of transfer, the balance after deducting the expected cost of recovering the goods (including the loss of the value of the returned goods) is recognized as an asset, and the net carry-over cost of the above assets is deducted according to the book value of the transferred goods at the time of transfer.

For sales with quality assurance clauses, if the quality assurance provides a separate service in addition to assuring customers that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group shall handle the quality assurance responsibility in accordance with the Accounting Standards for Business Enterprises No.13-Contingencies.

According to whether the Group has control over the goods or services before transferring them to customers, the Group judges whether it is the main responsible person or the agent when engaging in transactions. If the Group can control the goods or services before transferring them to customers, the Group is the main responsible person, and the income is recognized according to the total consideration received or receivable; Otherwise, the Group, as an agent, recognizes income according to the expected amount of commission or handling fee, which is determined according to the net amount of the total consideration received or receivable after deducting the price payable to other interested parties.

If the Group receives the payment for the sale of goods or services from customers in advance, it will first recognize the payment as a liability, and then change it to income when the relevant performance obligations are fulfilled. When the advance payment of the Group does not need to be returned, and the customer may give up all or part of its contractual rights, if the Group is expected to be entitled to the amount related to the contractual rights given up by the customer, the above amount will be recognized as income in proportion according to the mode of the customer's exercise of contractual rights; Otherwise, the Group will only convert the relevant balance of the above liabilities into income when it is extremely unlikely that the customer will demand to perform the remaining performance obligations.

Different revenue recognition methods and measurement methods involved in the use of different business models for similar business

29. 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.

29.1Judgment 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.

29.2Judgment 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.

30. Deferred tax assets/deferred tax liabilities

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

30.1 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.

30.2 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.

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

30.3 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.

31. Lease

31.1Accounting treatments for leases in which the Company is the lessee

31.1.1*Split of lease*

If the contract contains one or more leased and non-leased parts at the same time, the Group will split each separate leased and non-leased part and allocate the contract consideration according to the relative proportion of the sum of the separate prices of each leased part and the non-leased part.

31.1.2*Right-to-use assets*

Except for short-term leases, the Group recognizes the right-to-use assets on the start date of lease term. The start date of lease term refers to the start date when the lessor provides the leased assets for the use of the Group. The right-to-use assets is initially measured according to the cost. The cost includes:

- Initial measurement amount of lease liabilities;
- For the lease payment paid on or before the start date of the lease term, if there are lease incentives, deduct the amount related to the lease incentives enjoyed;
- Initial direct expenses incurred by the Group;
- The estimated costs incurred by the Group for dismantling and removing the leased assets, restoring the premises where the leased assets are located or restoring the leased assets to the state agreed in the lease clauses.

The Group refers to the depreciation provisions in Accounting Standards for Business Enterprises No.4-Fixed Assets, and accrues depreciation for right-to-use assets. If the Group can reasonably determine that it has acquired the ownership of the leased assets at the expiration of the lease term, the right-to-use assets will be depreciated within the remaining service life of the leased assets. If it cannot be reasonably determined that the ownership of the leased assets can be obtained at the expiration of the lease term, depreciation shall be accrued during the lease term or the remaining service life of the leased assets, whichever is shorter.

According to the Accounting Standards for Business Enterprises No.8-Impairment of Assets, the Group determines whether the right-to-use assets have been impaired, and carries out accounting treatment for the identified impairment losses.

31.1.3 *Lease liabilities*

Except for short-term leases, the Group initially measures the lease liabilities on the start date of lease term according to the present value of the unpaid lease payment on that date. When calculating the present value of the lease payment, the Group uses the lease interest rate as the discount rate.

Lease payments refer to the payments made by the Group to the lessor in connection with the right to use the leased assets during the lease term, including:

- Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;
- Variable lease payment amount depending on index or ratio;
- The exercise price of the option reasonably determined by the Group to be exercised;
- The amount to be paid to terminate the lease when the lease term reflects that the Group will exercise the option;
- The amount expected to be paid according to the residual value of the guarantee provided by the Group.

After the start of the lease term, the Group calculates the interest expense of the lease liabilities in each period of the lease term at a fixed periodic interest rate, and includes it in the current profits and losses or related asset costs.

After the commencement of the lease term, if the following circumstances occur, the Group will re-measure the lease liabilities and adjust the corresponding right-to-use assets. If the book value of the right-to-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Group will include the difference in the current profits and losses:

- If the lease term changes or the evaluation result of the purchase option changes, the Group will re-measure the lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate;
- If the estimated payable amount according to the guarantee residual value or the index or proportion used to determine the lease payment changes, the Group will re-measure the lease liabilities according to the present value calculated by the changed lease payment amount and the original discount rate.

31.1.4 *As the judgment basis and accounting treatment method for the lessee to simplify the treatment of the short-term lease*

For the short-term lease of some factories and some rented warehouses, the Group chooses not to recognize the right-to-use assets and lease liabilities. Short-term lease refers to the lease that does not exceed 12 months and does not include the option to purchase on the start date of the lease term. The Group will charge the lease payment for short-term lease to the current profits and losses or related asset costs in accordance with the straight-line method in each period of the lease term.

31.1.5 *Lease change*

If the lease changes and the following conditions are met at the same time, the Group will carry out accounting treatment on the lease change as a separate lease:

- The lease modification expands the scope of the lease by adding one or more right of use of the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part of the lease scope adjusted according to the contract situation.

If the lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Group re-apportions the consideration of the modified contract, re-determines the lease term, and re-measures the lease liabilities at the present value calculated according to the modified lease payments and the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to lease change, the Group shall correspondingly reduce the book value of the right-to-use assets, and include the related gains or losses of partial or full termination of lease in the current profits and losses. If other lease changes lead to the re-measurement of lease liabilities, the Group will adjust the book value of the right-to-use assets accordingly.

31.2 Accounting treatments for leases in which the Company is the lessor

31.2.1 Split of lease

If the contract contains both leased and non-leased parts, the Group will allocate the contract consideration according to the provisions of the Accounting Standards for Business Enterprises Revenues on transaction price allocation, and the basis of allocation is the separate prices of the leased part and the non-leased part.

31.2.2 Classification and accounting treatment for rental housing leases

A lease that essentially transfers almost all the risks and rewards related to the ownership of the leased assets is a financial lease. Other leases except financing lease are operating leases.

31.2.2.1 The Group as a lessor records the operating lease business

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

The variable lease receipts related to operating leases obtained by the Group, which are not included in the lease receipts, are included in the current profits and losses when actually incurred.

31.2.3 Lease change

If the operating lease is changed, the Group will account for it as a new lease from the effective date of the change, and the advance or receivable lease receipts related to the lease before the change will be regarded as the receipt amount of the new lease.

32. Major changes in accounting policies and accounting estimates

(1) Major changes in accounting policies

☑Applicable ☐Not applicable

Content and reasons for changes in accounting policies	Report item name affected by significant factors	*Impact Amount*
On June 4, 2026, the Ministry of Finance issued the	not applicable	0.00

"Interpretation No.20 of the Accounting Standards for Business Enterprises" (hereinafter referred to as "Interpretation No.20"). Interpretation No.20 governs the measurement of the cash flow characteristics of financial asset contracts, as well as the accounting treatment and related disclosure requirements in situations where currency non-convertibility exists; it shall come into force on January 1, 2026. The Group has adopted these provisions effective from January 1, 2026; the Group believes that the adoption of these provisions will not have a material impact on its financial statements.		

(2) Major changes in accounting estimates

□Applicable ☑Not applicable

(3) Adjustments of relevant items of financial statements at the beginning of the year in the year of initial implementation of new accounting standards from 2026

□Applicable ☑Not applicable

VI. Taxation

1. Main tax types 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%
Enterprise Income tax	Payable turnover tax	25%、20%、15%、8.25%
Surcharge for education	Payable turnover tax	3%
Local education surcharge	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%

If there are taxpayers with different corporate income tax rates, please disclose with an explanation

Name of taxpayer	Income tax rate
The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.	25%
Shenzhen Shenfang Property Management Co., Ltd.	20% (Note 1)
Shenzhen Beauty Century Garment Co., Ltd.	20% (Note 1)
Shenzhen Lisi Industrial Development Co., Ltd.	20% (Note 1)
Shenzhen Shenfang Sungang Property Management Co., Ltd.	20% (Note 1)
Shengtou (Hongkong) Co., Ltd.	8.25% (Note 2)
SAPO Photoelectric	15% (Note 3)

2. Tax incentives

（1）In 2025, SAPO Photoelectric, a subsidiary of the Company, was jointly recognized as Industry and Information Technology Bureau of Shenzhen Municipality, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration, respectively, with a certification period of 3 years, and the certificate numbers of GR202544204289 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）The Company's subsidiaries, Shenzhen Meibainian Garment Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd., Shenzhen Shenfang Sungang Property Management Co., Ltd. and Shenzhen Shenfang Property Management Co., Ltd. are qualified small low-profit enterprises. According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Policies for Corporate Income Tax of Small and Micro Enterprises (No. 13, 2022) and the Announcement of the Ministry of Finance and the State Taxation Administration on Preferential Policies for Corporate Income Tax of Small and Micro Enterprises and Individual Industrial and Commercial Households (No. 6, 2023), the part of the annual taxable income not exceeding RMB 3 million will be included in the taxable income after deducting 25%, and corporate income tax will be paid at a tax rate of 20%. (3)According to the relevant provisions of the Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration on the Import Tax Policies for Supporting the Development of the New Display Device Industry (CGS

（3）In accordance with the relevant provisions of the Notice of the State Administration of Taxation of the General Administration of Customs of Ministry of Finance on Import Tax Policies for Supporting the Development of the New Display Device Industry (No. 19[2021]Cai Guan Shui), SAPO Photoelectric , a subsidiary of the Company, meets the relevant conditions and enjoys the policy of exemption from import duties for related products from January 1, 2021 to December 31, 2030.

（4）According to the Announcement on the Policy of Additional Value-Added Tax Deduction for Advanced Manufacturing Enterprises (CZBSWZJGG [2023] No.43) issued by the Ministry of Finance and the State Taxation Administration in September 2023, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct the value-added tax payable by 5% of the deductible input tax for the current period. SAPO Photoelectric, a subsidiary of the Company, meets the relevant conditions and enjoyed the policy of additional deduction of value-added tax (VAT) in H1, 2026.

3. Others

Note 1: See "2. Tax preferences" for details.

Note 2: according to the Inland Revenue Ordinance of Hong Kong, SATO (Hong Kong) Limited is subject to a two-tier profits tax system. The first HKD 2 million of taxable profits shall taxed at a rate of 8.25%, and the profits generated thereafter shall be taxed at a rate of 16.5%.

Note 3: See "2. Tax preferences" for details.

VII. Notes to items in consolidated financial statements

1. Monetary funds

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Cash on hand	8,507.96	15,510.21
Bank deposits	502,126,048.66	449,263,543.52
Other monetary funds	15,719,606.07	685,396.65
Deposits with finance companies	0.00	0.00
Tota	517,854,162.69	449,964,450.38

Other explanations

1. On June 30, 2026, the bank deposits include interest income from current deposits, agreement deposit and 7-day notice deposits amounting to RMB 239,998.72 (on December 31, 2025: RMB 21,498.92).
2. On June 30, 2026, the Group's other monetary funds included RMB 8,799,040.80 (December 31, 2025: RMB 684,860.26) restricted in use due to account freezing, and RMB6,920,565.27 (December 31, 2025: RMB 536.39) deposits for bills and letters of credit.

2. Financial assets held for trading

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Financial assets measured at fair value and whose changes are included in the current profits and losses	748,398,696.32	736,341,286.18
Money funds and wealth management products	748,398,696.32	736,341,286.18
Tota	748,398,696.32	736,341,286.18

3. Notes receivable

(1) Presentation of notes receivable by category

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Bank acceptance	33,936,675.37	85,980,246.52
Tota	33,936,675.37	85,980,246.52

(2) Disclosure by provision method for bad debts

In RMB

Category	Ending balance	Beginning balance

	Balance of Book		Bad debt provisions		Book balance	Balance of Book		Bad debt provisions		Book balance
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Notes receivable with provision for bad debts on a combination basis	33,936,675.37	100.00%	0.00	0.00%	33,936,675.37	85,980,246.52	100.00%	0.00	0.00%	85,980,246.52
Bank acceptance bill	33,936,675.37	100.00%	0.00	0.00%	33,936,675.37	85,980,246.52	100.00%	0.00	0.00%	85,980,246.52
Tota	33,936,675.37	100.00%	0.00	0.00%	33,936,675.37	85,980,246.52	100.00%	0.00	0.00%	85,980,246.52

Name of category of provision for bad debts on a combination basis: banker's acceptance bill

In RMB

Name	Ending balance		
	Balance of Book	Bad debt provisions	Provision ratio
Bank acceptance bill	33,936,675.37	0.00	0.00%
Tota	33,936,675.37	0.00	0.00%

Explanation on the basis for determining the combination:

If the provision for bad debts of notes receivable is made in accordance with the general model of expected credit losses:

□Applicable ☑Not applicable

(3) Provision for bad debts accrued, recovered or reversed for the current period

Provision for bad debts for the current period:NoneSignificant amounts of recovered or reversed provision for bad debts for the current period:

□Applicable ☑Not applicable

(4) The Company's pledged notes receivable at the end of the period

At the end of the reporting period, the Group did not hold any 应收 notes pledged as collateral.

(5) Notes receivable endorsed or discounted by the Company and not yet due on the balance sheet date at the end of the period

In RMB

Rewards for the key management personnel Items	Ending derecognized amount	Ending un-derecognized amount
Bank acceptance	0.00	33,936,675.37
Tota	0.00	33,936,675.37

(6) Actual write-off of notes receivable for the current period

At end of the reporting period, the Group had no actual write-off of notes receivable.

4. Accounts receivable

(1) Disclosure by aging

In RMB

Category	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	833,669,207.72	777,768,360.91
1-2 years	253,182.00	362,522.04
2-3 years	193,018.01	126,149.29
Over 3 years	13,442,336.97	13,513,950.97
Including：3 to 4 years	0.00	0.00
4 to 5 years	67,250.00	614,709.17
More than 5 years	13,375,086.97	12,899,241.80
Tota	847,557,744.70	791,770,983.21

(2) Disclosure by provision method for bad debts

In RMB

Category	Ending balance					Beginning balance				
	Balance of Book		Bad debt provisions		Book balance	Balance of Book		Bad debt provisions		Book balance
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Accounts receivable with provision for bad debts on an individual basis	32,154,585.32	3.79%	17,130,986.64	53.28%	15,023,598.68	38,464,614.51	4.86%	18,450,283.68	47.97%	20,014,330.83
Including:										
Accounts receivable with provision for bad debts on a combination basis	815,403,159.38	96.21%	12,471,301.35		802,931,858.03	753,306,368.70	95.14%	11,512,750.01		741,793,618.69
Including:										
Portfolio 1	804,725,110.85	94.95%	12,157,080.38	1.51%	792,568,030.47	743,510,570.70	93.90%	11,247,868.50	1.51%	732,262,702.20
Portfolio 2	10,678,048.53	1.26%	314,220.97	2.94%	10,363,827.56	9,795,798.00	1.24%	264,881.51	2.70%	9,530,916.49
Tota	847,557,744.70	100.00%	29,602,287.99		817,955,456.71	791,770,983.21	100.00%	29,963,033.69		761,807,949.52

Name of category of provision for bad debts on an individual basis: provision for bad debts on an individual basis

In RMB

Name	Beginning balance		Ending balance			
	Balance of Book	Bad debt provisions	Balance of Book	Bad debt provisions	Provision ratio	Reasons for provision
Customer 1	20,023,337.51	4,004,667.50	13,872,091.97	2,774,418.39	20.00%	Expected credit losses over the next 12 months
Customer 2	4,994,576.03	998,915.21	4,907,406.38	981,481.28	20.00%	Expected credit losses over the next 12 months
Customer 3	2,797,016.81	2,797,016.81	2,797,016.81	2,797,016.81	100.00%	Impairment loss incurred
Customer 4	1,692,206.15	1,692,206.15	1,682,577.66	1,682,577.66	100.00%	Impairment loss incurred
Customer 5	1,298,965.36	1,298,965.36	1,298,965.36	1,298,965.36	100.00%	Impairment loss incurred
Others	7,658,512.65	7,658,512.65	7,596,527.14	7,596,527.14	100.00%	Impairment loss incurred
Tota	38,464,614.51	18,450,283.68	32,154,585.32	17,130,986.64		

Name of category of provision for bad debts on a combination basis: portfolio 1

In RMB

Name	Ending balance		
	Balance of Book	Bad debt provisions	Provision ratio
During the credit period	799,020,250.57	11,543,406.07	1.44%
1-30 days overdue	4,946,144.71	74,686.79	1.51%
31-90 days overdue	714,265.41	494,537.36	69.24%
More than 90 days overdue (with impairment)	44,450.16	44,450.16	100.00%
Tota	804,725,110.85	12,157,080.38	

Explanation on the basis for determining the combination:

Based on the industry nature and credit status of customers, the degree of credit risk varies with the number of days overdue, so different credit loss rates are adopted for customers with different days overdue.

Name of category of provision for bad debts on a combination basis: portfolio 2

In RMB

Name	Ending balance		
	Balance of Book	Bad debt provisions	Provision ratio
Within 1 year	10,191,931.71	192,633.64	1.89%
1-2 years	253,182.00	0.00	0.00%
2-3 years	165,684.82	54,337.33	32.80%
Over 3 years	67,250.00	67,250.00	100.00%
Tota	10,678,048.53	314,220.97	

Explanation on the basis for determining the combination:

Group customers other than SAPO Photoelectric are mainly leasing customers, and the provision for credit impairment is made according to the aging method combination.

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses:

□Applicable ☑Not applicable

As of June 30,2026, a provision for bad debts was recognized in accordance with the Simplified Expected Credit Loss Model.

bad debt provision	Expected credit loss over the entire life cycle (excluding cases where credit impairment has not occurred)	Total expected credit loss over the entire life cycle (including incurred credit impairment losses)	total
Balance as at 1 January 2026	16,449,082.72	13,513,950.97	29,963,033.69
Balance as at 1 January 2026 for the current period			
- - Transfer to credit- impaired	-	-	0.00
- - Transfer back to non- credit- impaired	-	-	0.00
Provision for the current period	15,967,249.13	-	15,967,249.13
Reversal for the current period	-16,256,380.83	-71,614.00	-16,327,994.83
Write- off for the current period	-	-	0.00
Write- down for the current period	-	-	0.00
Other changes	-	-	-
Balance as at 30 June 2026	16,159,951.02	13,442,336.97	29,602,287.99

(3) Provision for bad debts accrued, recovered or reversed for the current period

Provision for bad debts for the current period:

In RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Accrual	Recovery or reversal	Write-off	Others	
Bad debt provisions	29,963,033.69	15,967,249.13	-16,327,994.83	0.00	0.00	29,602,287.99
Tota	29,963,033.69	15,967,249.13	-16,327,994.83	0.00	0.00	29,602,287.99

Significant amounts of recovered or reversed provision for bad debts for the current period:

In RMB

Unit name	Recovered or reversed amount	Reason for reversal	Recovery method	Basis for determining the ratio of provision for bad debts and its rationality

There was no significant amount of provision for bad debts recovered or reversed during the reporting period.

(4).Actual write-off of accounts receivable for the current period

In RMB

Rewards for the key management personnel Items	Amount of write-off

Including write-off of important accounts receivable:

In RMB

Unit name	Nature of accounts receivable	Amount of write-off	Reasons for write-off	Write-off procedures performed	Whether the fund is generated by related party transactions

Explanation on write-off of accounts receivable:

There were no accounts receivable with actual write-off during the reporting period.

(5) Top five accounts receivable by the debtor in terms of the ending balance and contract assets

In RMB

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balances of accounts receivable and contract assets	Ratio to the total amount of ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts of accounts receivable and provision for impairment of contract assets
Customer 1	131,043,895.05	0.00	131,043,895.05	15.46%	1,978,762.82
Customer 2	121,043,891.48	0.00	121,043,891.48	14.28%	1,827,762.76
Customer 3	101,816,999.46	0.00	101,816,999.46	12.01%	1,537,436.69
Customer 4	70,303,881.86	0.00	70,303,881.86	8.29%	1,061,588.62
Customer 5	62,423,965.32	0.00	62,423,965.32	7.37%	942,601.88
Tota	486,632,633.17	0.00	486,632,633.17	57.41%	7,348,152.77

5. Receivables financing

(1) Presentation of receivables financing by category

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Bank acceptance bill	1,507,659.34	22,584,820.72
Tota	1,507,659.34	22,584,820.72

(2) Disclosure by provision method for bad debts

Recognize a bad debt provision using the expected credit loss model:not have

Basis for stage and bad debt provision accrual ratio:not have

Explanation of the significant change in the carrying amount of receivables financing resulting from changes in loss provisions for the current period:not have

(3) Provision for bad debts accrued, recovered or reversed for the current period

The Group believes that the bank acceptance bills it holds are issued by banks with high credit ratings and carry no significant credit risk; therefore, no provision for bad debts has been made.

(4) The Company's pledged receivables financing at the end of the period

None

(5) Receivables financing endorsed or discounted by the Company and not yet due on the balance sheet date at the end of the period

At end of the reporting period, the Company had no receivables financing with actual write-off.

(7) Increases/decreases and fair value changes of receivables financing for the current period

None

(8) Other explanations

At the end of the reporting period, the Group had no pledged receivables financing.

6. Other receivables

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividend receivable	893,982.69	0.00
Other receivable	3,889,594.26	4,324,973.02
Tota	4,783,576.95	4,324,973.02

(1) Interest receivable

1) Classification of interest receivable

None

2) Significant overdue interest

None

3) Disclosure by provision method for bad debts

□Applicable ☑Not applicable

4) Provision for bad debts accrued, recovered or reversed for the current period

None

5) Actual write-off of interest receivable for the current period

None

(2) Dividends receivable

1) Classification of dividends receivable

In RMB

Project (or investees)	Ending balance	Beginning balance
Shenzhen South Textile Co., Ltd.	893,982.69	0.00
Tota	893,982.69	0.00

2) Significant dividends receivable with aging over 1 year

None

3) Disclosure by provision method for bad debts

None

4) Provision for bad debts accrued, recovered or reversed for the current period

None

5) Actual write-off of dividends receivable in the current period

There were no dividends receivable with actual write-off during the reporting period.

(3) Other receivables

1) Classification of other receivables by nature of payment

In RMB

Payment nature	Ending book balance	Beginning book balance
Current payment	14,905,827.41	15,455,577.41
Deposit and security deposit	2,560,250.86	2,373,756.82
Export rebate	709,028.48	709,028.48
Reserve funds and employee loans	365,128.97	293,128.97
Others	3,475,620.32	3,534,780.46

Tota	22,015,856.04	22,366,272.14

2) Disclosure by aging

In RMB

Category	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	2,952,099.94	3,292,434.09
1-2 years	444,764.08	439,728.28
2-3 years	179,540.31	179,540.31
Over 3 years	18,439,451.71	18,454,569.46
Including:3 to 4 years	54,985.20	54,985.20
4 to 5 years	567,676.29	567,676.29
More than 5 years	17,816,790.22	17,831,907.97
Total	22,015,856.04	22,366,272.14

3) Disclosure by provision method for bad debts

☑Applicable □Not applicable

In RMB

Category	Ending balance					Beginning balance				
	Balance of Book		Bad debt provisions		Book balance	Balance of Book		Bad debt provisions		Book balance
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Including:										
Account receivable withdrawal bad debt provision by portfolio	22,015,856.04	100.00%	18,126,261.78	82.33%	3,889,594.26	22,366,272.14	100.00%	18,041,299.12	80.66%	4,324,973.02
Including:										
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	22,015,856.04	100.00%	18,126,261.78	82.33%	3,889,594.26	22,366,272.14	100.00%	18,041,299.12	80.66%	4,324,973.02
Tota	22,015,856.04	100.00%	18,126,261.78	82.33%	3,889,594.26	22,366,272.14	100.00%	18,041,299.12	80.66%	4,324,973.02

Name of category of provision for bad debts on a portfolio basis: Other receivables with provision for bad debts on a portfolio basis by credit risk characteristics

In RMB

Name	Ending balance

	Balance of Book	Bad debt provisions	Provision ratio
Provision for bad debts based on credit risk characteristic combination Provision for other receivables	22,015,856.04	18,126,261.78	82.33%
Total	22,015,856.04	18,126,261.78	

Explanation on the basis for determining the combination:

The Group divides other receivables into different combinations based on common credit risk characteristics. Common credit risk characteristics used by the Group include initial recognition date, remaining contract term, and length of overdue period.

The provision for bad debts made according to the general model of expected credit losses

In RMB

Bad debt provisions	Stage 1	Stage 2	Stage 3	Tota
	Expected credit losses over the next 12 months	Expected credit loss throughout the duration (without credit loss)	Expected credit loss throughout the duration (with credit impairment)	
Balance as of January 1, 2026	146,249.33	87,175.92	17,807,873.87	18,041,299.12
Balance as at January 1, 2026 forwarded to the current period				
- Transfer to phase II	-18,371.89	18,371.89	0.00	0.00
-Transfer to phase III	0.00	0.00	0.00	0.00
- Reversal to phase II	0.00	0.00	0.00	0.00
- Reversal to phase I	0.00	0.00	0.00	0.00
Provision for the current period	84,893.35	103,001.72	2,800.00	190,695.07
Reversal in this period	-97,510.66	0.00	-8,221.75	-105,732.41
Charge-off in the current period	0.00	0.00	0.00	0.00
Write-off in the current period	0.00	0.00	0.00	0.00
Other change	0.00	0.00	0.00	0.00
Balance as of June 30, 2026	115,260.13	208,549.53	17,802,452.12	18,126,261.78

Basis for division of each stage and ratio of provision for bad debts

Changes in the book balance of provision for loss with significant changes in the current period

□Applicable ☑Not applicable

4) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts for the current period:

In RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Accrual	Recovery or reversal	Transfer or write off	Others	
Bad debt provisions	18,041,299.12	190,695.07	-105,732.41	0.00	0.00	18,126,261.78
Total	18,041,299.12	190,695.07	-105,732.41	0.00	0.00	18,126,261.78

Reversal or recovery of significant amount of provision for bad debts in the current period:

In RMB

Unit name	Recovered or reversed amount	Reason for reversal	Recovery method	Basis for determining the ratio of provision for bad debts and its rationality

There was no provision for bad debts recovery or reversal of significant amount during the reporting period.

5) Other receivables actually write-off in the current period

In RMB

Rewards for the key management personnel Items	Amount of write-off

Important other receivables write-off:

In RMB

Unit name	Nature of other receivables	Amount of write-off	Reasons for write-off	Write-off procedures performed	Whether the fund is generated by related party transactions

Explanations on write-off of other receivables:

There was no other receivables with actual write-off during the reporting period.

6) Other receivables of the top five ending balances collected by debtor

In RMB

Unit name	The nature of the amount	Ending balance	Category	Ratio to the total ending balance of other receivables	Balance of provision for bad debts as at the end of the period
Customer 1	Intercourse payment	11,389,044.60	Over 3 years	51.73%	11,389,044.60
Customer 2.	Intercourse payment	1,800,000.00	Over 3 years	8.18%	1,800,000.00
Customer 3	Intercourse payment	1,018,295.37	Over 3 years	4.63%	1,018,295.37

Customer 4	Others	980,461.06	Over 3 years	4.45%	980,461.06
Customer 5	Intercourse payment	592,420.00	Over 3 years	2.69%	592,420.00
Total		15,780,221.03		71.68%	15,780,221.03

7) Reported as other receivables due to centralized fund management

None

7. Advances to suppliers

(1) Advances to suppliers are listed by aging

In RMB

Category	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	36,293,418.84	99.26%	28,531,062.77	97.91%
1-2 years	41,400.00	0.11%	440,626.72	1.51%
2-3 years	125,584.76	0.34%	99,375.47	0.34%
Over 3 years	104,692.53	0.29%	70,145.61	0.24%
Total	36,565,096.13		29,141,210.57	

Explanation of the reasons for the delayed settlement of advances to suppliers with an aging of over 1 year and significant amounts:

At the end of the reporting period, the Group had no significant prepayments with an aging of more than 1 year and an important amount.

(2) Prepayment status of the top five year-end balances collected by prepaid objects

As at the end of the current period, the aggregate amount of the top five prepayment balances by counterparty was RMB 25,300,555.35, representing 69.19% of the total prepayment balance.

8. Inventories

Whether the company needs to comply with the disclosure requirements of the real estate industry
No

(1) Inventories Classification

In RMB

Rewards for the key management personnel Items	Ending balance			Beginning balance		
	Balance of Book	Provision for inventory depreciation or provision for impairment of	Book balance	Balance of Book	Provision for inventory depreciation or provision for impairment of	Book balance

		contract performance costs			contract performance costs	
Raw materials	603,672,347.51	61,437,473.20	542,234,874.31	507,546,211.97	36,085,589.06	471,460,622.91
Processing products	357,934,515.85	35,185,960.87	322,748,554.98	356,737,261.98	58,000,907.47	298,736,354.51
Inventories of goods	147,351,124.24	44,638,441.69	102,712,682.55	140,769,463.04	32,736,881.09	108,032,581.95
Commissioned materials	3,111,611.43	583,458.29	2,528,153.14	6,920,970.30	508,174.16	6,412,796.14
Total	1,112,069,599.03	141,845,334.05	970,224,264.98	1,011,973,907.29	127,331,551.78	884,642,355.51

(2) Data resources recognized as inventories

None

(3) Provision for inventory depreciation and provision for impairment of contract performance costs

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual	Others	Write-off	Others	
Raw materials	36,085,589.06	25,351,884.14	0.00	0.00	0.00	61,437,473.20
Processing products	58,000,907.47	0.00	0.00	22,814,946.60	0.00	35,185,960.87
Inventories of goods	32,736,881.09	55,852,877.52	0.00	43,951,316.92	0.00	44,638,441.69
Commissioned materials	508,174.16	75,284.13	0.00	0.00	0.00	583,458.29
Total	127,331,551.78	81,280,045.79	0.00	66,766,263.52	0.00	141,845,334.05

The specific basis for determining the net realizable value of inventories and the reasons for the provision for the inventories price decline reversed or resold during the period:

Rewards for the key management personnel Items	The specific basis for determining the net realizable value	Reasons for reversing or writing off for inventory depreciation in the current period
Raw materials, work-in-progress product, and consignment materials	The net realizable value is determined by the estimated selling price of the relevant finished product, less the estimated costs to be incurred at completion, and less the estimated selling expenses and the relevant taxes	Received or sold in the current period
Finished products	The net realizable value of the inventory is determined by the estimated selling price minus the estimated selling expenses and related taxes	It is sold or market value is recovered in the current period

Inventory depreciation provision accrued by portfolio

In RMB

Portfolio name	Ending			Beginning		
	Ending balance	Provision for price fall	Accrual proportion of depreciation provision	Beginning balance	Provision for price fall	Accrual proportion of depreciation provision

Accrual standard of inventory depreciation provision accrued by portfolio

(4)Explanation on the ending balance of inventories containing the capitalization amount of borrowing costs

At the end of the reporting period, there was no amount of capitalization of borrowing costs.

(5)Explanation on the amortization amount of contract performance costs in the current period

None

9. Other current assets

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Receivable return cost	15,149,227.21	29,008,785.23
VAT to be deducted and input tax to be certified	34,907,040.36	56,593,276.80
Advance payment of income tax	47,034.59	47,034.59
Total	50,103,302.16	85,649,096.62

Relevant information on compensating assets

10. Other equity instrument investments

In RMB

Name	Beginning balance	Gains accrued to other comprehensive income in the current period	Loss accrued to other comprehensive income in the current period	Gains accumulated into other comprehensive income at the end of the current period	Losses accumulated into other comprehensive income at the end of the current period	Dividend income recognized during the current period	Ending balance	Reasons designated as being measured at fair value through other comprehensive income
Hualian Development Group Co., Ltd.	123,203,400.00	0.00	0.00	120,603,400.00	0.00	0.00	123,203,400.00	Planned to be held by the Group for a long time.
Shenzhen Dailishi Underwear Co., Ltd.	20,921,200.00	0.00	0.00	18,361,343.74	0.00	550,000.00	20,921,200.00	Planned to be held by the Group for a long time.
Shenzhen South Textile Co., Ltd.	12,712,800.00	0.00	0.00	11,212,800.00	0.00	893,982.69	12,712,800.00	Planned to be held by the

								Group for a long time.
Shenzhen Xinfang Knitting Co., Ltd.	2,424,200.00	0.00	0.00	1,900,200.00	0.00	200,000.00	2,424,200.00	Planned to be held by the Group for a long time.
Jintian Industry(Group)Co., Ltd.	0.00	0.00	0.00	0.00	-14,831,681.50	0.00	0.00	Planned to be held by the Group for a long time.
Total	159,261,600.00	0.00	0.00	152,077,743.74	-14,831,681.50	1,643,982.69	159,261,600.00	

There is no derecognition of other equity instrument investments this period.

11. Long-term equity investments

In RMB

Name	Beginning balance (book value)	Beginning balance of provision for impairment	Increase/decrease in this period								Ending balance (book value)	Balance of provision for impairment as at the end of the period
			Add investment	Decreased investment	Equity method affirmative profit and loss on investments	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to be paid	Withdrawal of impairment provision	Others		
I. Joint ventures												
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	104,274,952.84	0.00	0.00	0.00	-3,449,190.76	0.00	0.00	0.00	0.00	0.00	100,825,762.08	0.00
Subtotal	104,274,952.84	0.00	0.00	0.00	-3,449,190.76	0.00	0.00	0.00	0.00	0.00	100,825,762.08	0.00
2. Affiliated Company												
Shenzhen Changlianfa Printing and dyeing Company	3,308,634.07	0.00	0.00	0.00	137,757.74	0.00	0.00	-241,500.00	0.00	0.00	3,204,891.81	0.00
Subtotal	3,308,634.07	0.00	0.00	0.00	137,757.74	0.00	0.00	-241,500.00	0.00	0.00	3,204,891.81	0.00
Total	107,583,586.91	0.00	0.00	0.00	-3,311,433.02	0.00	0.00	-241,500.00	0.00	0.00	104,030,653.89	0.00

The recoverable amount is determined at the net amount of the fair value minus the disposal expenses

□Applicable ☑Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

□Applicable ☑Not applicable

Reasons for the obvious inconsistency between the above information and the information used in previous impairment test or external information

None

Reasons for the difference between the information used in the impairment test of the Company in previous years and the actual situation of the current year

None

12. Investment properties

(1) Investment properties measured at the cost mode

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	House, Building	Tota
I. Original price		
1. Beginning balance	349,464,348.40	349,464,348.40
2. Increase in the current period	0.00	0.00
(1) Outsourcing	0.00	0.00
(2) Transfer from inventories, fixed assets and construction in progress	0.00	0.00
(3) Increase in business combination	0.00	0.00
3. Decrease in the current period	0.00	0.00
(1) Disposal	0.00	0.00
(2) Other transfers out	0.00	0.00
4. Ending balance	349,464,348.40	349,464,348.40
II.Accumulated amortization		
1. Beginning balance	243,733,566.77	243,733,566.77
2. Increase in the current period	4,780,252.98	4,780,252.98
(1) Provision or amortization	4,780,252.98	4,780,252.98
3. Decrease in the current period	0.00	0.00
(1) Disposal	0.00	0.00
(2) Other transfers out	0.00	0.00
4. Ending balance	248,513,819.75	248,513,819.75
1. Beginning balance	0.00	0.00
2. Increase in the current period	0.00	0.00
(1) Provision	0.00	0.00
3. Decrease in the current period	0.00	0.00
(1) Disposal	0.00	0.00
(2) Other transfers out	0.00	0.00
4. Ending balance	0.00	0.00
4. Book value		
1. Book value as at the end of the period	100,950,528.65	100,950,528.65
2. Book value as at the beginning of the period	105,730,781.63	105,730,781.63

The recoverable amount is determined at the net amount of the fair value minus the disposal expenses

□Applicable ☑Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

□Applicable ☑Not applicable

Reasons for the obvious inconsistency between the above information and the information used in previous impairment test or external information

None

Reasons for the difference between the information used in the impairment test of the Company in previous years and the actual situation of the current year

None

(2) Investment properties measured by fair value

□Applicable ☑Not applicable

(3) Conversion to investment properties and measurement at fair value

None

(4) Investment properties without certificate of title

In RMB

Rewards for the key management personnel Items	Book balance	Reason
Houses and Building	9,434,445.01	Unable to apply for warrants due to historical reasons

13. Fixed assets

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Fixed asset	1,541,311,409.66	1,657,314,603.81
Total	1,541,311,409.66	1,657,314,603.81

(1) Fixed assets

In RMB

Rewards for the key management personnel Items	Houses and buildings	Machinery equipment	Transportations	Other equipment	Tota
I. Original price					
1. Beginning balance	736,114,240.78	2,703,423,467.87	18,166,617.50	45,319,990.55	3,503,024,316.70
2. Increase in the current period	0.00	4,385,368.19	0.00	649,280.10	5,034,648.29
(1) Purchase	0.00	4,385,368.19	0.00	649,280.10	5,034,648.29
(2) Transfer from construction in progress	0.00	0.00	0.00	0.00	0.00
(3) Increase in	0.00	0.00	0.00	0.00	0.00

business combination					
3. Decrease in the current period	6,737,926.76	758,351.52	8,761.06	233,896.93	7,738,936.27
(1) Disposal or scrapping	0.00	758,351.52	8,761.06	233,896.93	1,001,009.51
(2) Others	6,737,926.76	0.00	0.00	0.00	6,737,926.76
4. Ending balance	729,376,314.02	2,707,050,484.54	18,157,856.44	45,735,373.72	3,500,320,028.72
II. Accumulated depreciation					
1. Beginning balance	235,212,069.34	1,532,553,940.83	11,073,636.77	38,668,957.00	1,817,508,603.94
2. Increase in the current period	11,402,854.79	100,030,401.64	1,128,123.49	1,682,626.66	114,244,006.58
(1) Provision	11,402,854.79	100,030,401.64	1,128,123.49	1,682,626.66	114,244,006.58
3. Decrease in the current period	0.00	451,750.48	2,014.98	220,332.63	674,098.09
(1) Disposal or scrapping	0.00	100,030,401.64	2,014.98	1,682,626.66	114,244,006.58
4. Ending balance	246,614,924.13	1,632,132,591.99	12,199,745.28	40,131,251.03	1,931,078,512.43
III. Impairment provision					
1. Beginning balance	9,820,261.26	18,078,290.43	6,126.41	296,430.85	28,201,108.95
2. Increase in the current period	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00
3. Decrease in the current period	0.00	266,453.89	0.00	4,548.43	271,002.32
(1) Disposal or scrapping	0.00	266,453.89	0.00	4,548.43	271,002.32
4. Ending balance	9,820,261.26	17,811,836.54	6,126.41	291,882.42	27,930,106.63
4. Book value					
1. Book value as at the end of the period	472,941,128.63	1,057,106,056.01	5,951,984.75	5,312,240.27	1,541,311,409.66
2. Book value as at the beginning of the period	491,081,910.18	1,152,791,236.61	7,086,854.32	6,354,602.70	1,657,314,603.81

(2) Temporarily idle fixed assets

None

(3)Fixed assets leased out through operating leases

None

(4) Fixed assets without certificate of title

In RMB

Rewards for the key management personnel Items	Book balance	Reason for failure to properly handle the certificate of title
House, Building	10,249,847.57	Unable to apply for warrants due to historical reasons

Other explanations

At the end of the reporting period, the Group's fixed assets mortgaged for bank borrowings are detailed in "21. Assets with restricted ownership or right of use".

(5) Impairment test of fixed assets

□Applicable ☑Not applicable

(6) Disposal of fixed assets

None

14. Construction in progress

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Construction in progress	204,595,310.01	179,954,389.78
Total	204,595,310.01	179,954,389.78

(1) Construction in progress situation

In RMB

Rewards for the key management personnel Items	Ending balance			Beginning balance		
	Balance of Book	Withdrawn impairment provision	Book balance	Balance of Book	Withdrawn impairment provision	Book balance
Project of the 8-Line 1.49-m-Width Polarizer	202,451,309.45	0.00	202,451,309.45	179,954,389.78	0.00	179,954,389.78

Production Line						
Odd-job Works	2,144,000.56	0.00	2,144,000.56	0.00	0.00	0.00
Total	204,595,310.01	0.00	204,595,310.01	179,954,389.78	0.00	179,954,389.78

(2) Changes of significant construction in progress in the current period

In RMB

Name	Budget	Beginning balance	Increase in the current period	Transfer into fixed assets in the current period	Other decreases in the current period	Ending balance	Ratio of accumulated project investment in budget (%)	Progress of construction	Accumulated capitalization amount of interest	Including: Capitalized amount of interest in the current period	Interest capitalization rate for the current period	Capital Source
1.49m-wide polarizer production line project (Line 8)	1,333,600,000.00	179,954,389.78	22,496,919.67	0.00	0.00	202,451,309.45	15.18%	15.18%	1,929,917.53	1,753,511.24	2.24%	Own-funds and Borrowings
Total	1,333,600,000.00	179,954,389.78	22,496,919.67	0.00	0.00	202,451,309.45			1,929,917.53	1,753,511.24	2.24%	

(3) Provision for impairment of construction in progress in the current period

None

(4) Impairment test of construction in progress

□Applicable ☑Not applicable

(5) Project materials

None

15. Right-of-use assets

(1) Right-of-use assets status

In RMB

Rewards for the key management personnel Items	Houses and buildings	Machinery equipment	Tota
I. Original price			
1. Beginning balance	44,940,248.74	1,988,764.44	46,929,013.18
2. Increase in the current period	3,836,984.51	777,400.55	4,614,385.06
(1) Addition	3,836,984.51	777,400.55	4,614,385.06
3. Decrease in the current period	0.00	0.00	0.00
4. Ending balance	48,777,233.25	2,766,164.99	51,543,398.24
II. Accumulated depreciation			

1. Beginning balance	28,998,351.01	1,035,818.57	30,034,169.58
2. Increase in the current period	4,635,681.33	455,849.67	5,091,531.00
(1) Provision	4,635,681.33	455,849.67	5,091,531.00
3. Decrease in the current period	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00
4. Ending balance	33,634,032.34	1,491,668.24	35,125,700.58
III. Impairment provision			
1. Beginning balance	0.00	0.00	0.00
2. Increase in the current period	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00
3. Decrease in the current period	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00
4. Ending balance	0.00	0.00	0.00
4. Book value			
1. Book value as at the end of the period	15,143,200.91	1,274,496.75	16,417,697.66
2. Book value as at the beginning of the period	15,941,897.73	952,945.87	16,894,843.60

(2) Impairment test of right-of-use assets

□Applicable ☑Not applicable

16. Intangible assets

(1) Intangible assets situation

In RMB

Rewards for the key management personnel Items	Land use right	Patent right	Software	Tota
I. Original price				
1. Beginning balance	48,258,239.00	11,825,200.00	23,290,903.11	83,374,342.11
2. Increase in the current period	49,131,000.00	0.00	193,000.00	49,324,000.00
(1) Purchase	49,131,000.00	0.00	193,000.00	49,324,000.00
(2) Internal R&D	0.00	0.00	0.00	0.00
(3) Increase in business combination	0.00	0.00	0.00	0.00

3. Decrease in the current period	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00
4. Ending balance	97,389,239.00	11,825,200.00	23,483,903.11	132,698,342.11
II.Accumulated amortization				
1. Beginning balance	17,948,844.31	11,825,200.00	22,375,699.60	52,149,743.91
2. Increase in the current period	1,256,771.50	0.00	179,311.83	1,436,083.33
(1) Provision	1,256,771.50	0.00	179,311.83	1,436,083.33
3. Decrease in the current period	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00
4. Ending balance	19,205,615.81	11,825,200.00	22,555,011.43	53,585,827.24
III. Impairment provision				
1. Beginning balance	0.00	0.00	0.00	0.00
2. Increase in the current period	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00
3. Decrease in the current period	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00
4. Ending balance	0.00	0.00	0.00	0.00
4. Book value				
1. Book value as at the end of the period	78,183,623.19	0.00	928,891.68	79,112,514.87
2. Book value as at the beginning of the period	30,309,394.69	0.00	915,203.51	31,224,598.20

The ratio of intangible assets formed through the Company's internal research and development to the balance of intangible assets at the end of the current period is 0.00%

(2) Data resources recognized as intangible assets

None

(3) Details of land use right without certificate of title

None

(4) Impairment test of intangible assets

□Applicable ☑Not applicable

17. Goodwill

(1) Original book value of goodwill

In RMB

Name of the investee or matters that form goodwill	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
SAPO Photoelectric	9,614,758.55	0.00	0.00	9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	0.00	0.00	2,167,341.21
Total	11,782,099.76	0.00	0.00	11,782,099.76

(2) Provision for impairment of goodwill

In RMB

Name of the investee or matters that form goodwill	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
SAPO Photoelectric	9,614,758.55	0.00	0.00	9,614,758.55
Shenzhen Beauty Century Garment Co., Ltd.	2,167,341.21	0.00	0.00	2,167,341.21
Total	11,782,099.76	0.00	0.00	11,782,099.76

(3) Relevant information on the asset group or portfolio of asset groups of the goodwill belongs to

None

(4) Specific determination method of recoverable amount

The recoverable amount is determined at the net amount of the fair value minus the disposal expenses

□Applicable ☑Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

□Applicable ☑Not applicable

Reasons for the obvious inconsistency between the above information and the information used in previous impairment test or external information

None

Reasons for the difference between the information used in the impairment test of the Company in previous years and the actual situation of the current year

None

(5) Completion of performance commitment and corresponding goodwill impairment

There is a performance commitment when the goodwill is formed and the reporting period or the previous period of the reporting period is within the performance commitment period

□Applicable ☑Not applicable

Other explanations

18. Long-term deferred expenses

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period	Amount amortized in the current period	Other reduction amount	Ending balance
Decoration and facilities renovation fee	7,030,847.01	2,200,664.43	1,105,679.10	0.00	8,125,832.34
Total	7,030,847.01	2,200,664.43	1,105,679.10	0.00	8,125,832.34

19. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets without offset

In RMB

Rewards for the key management personnel Items	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	171,796,107.83	25,769,416.16	151,835,215.23	22,775,282.28
Unrealized profit from internal transactions	1,153,906.28	288,476.57	1,967,734.40	295,160.16
Deductible loss	84,464,489.24	12,669,673.39	84,464,489.24	12,669,673.38
Credit loss provision	46,792,975.53	8,560,854.70	47,068,758.51	8,605,770.45
27.Payable Employee wage	4,469,827.00	1,117,456.75	4,469,827.00	1,117,456.75
34. Deferred income	73,833,609.93	11,075,041.49	83,392,067.07	12,508,810.06
Changes in fair value of investment in other equity instruments	14,831,681.50	3,707,920.38	14,831,681.50	3,707,920.38
33. Lease liabilities	17,324,145.36	2,838,678.87	17,683,257.08	2,907,352.60
Changes in fair value of derivative financial liabilities	572,148.11	85,822.22	3,362,200.19	504,330.03
27. Estimated liabilities	22,114,514.44	3,317,177.17	14,370,007.84	2,155,501.18
Total	437,353,405.22	69,430,517.70	423,445,238.06	67,247,257.27

(2) Deferred tax liabilities without offset

In RMB

Rewards for the key management personnel Items	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Changes in fair value of investment in other equity instruments	152,077,743.74	38,019,435.94	152,077,743.74	38,019,435.94
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
Rent receivable	5,405,215.87	1,351,303.97	6,414,441.92	1,603,610.48
15. Right to use assets	16,417,697.66	2,698,364.34	16,894,843.60	2,784,125.41
Changes in fair value of financial assets held for trading	7,165,205.48	1,791,301.38	2,425,205.47	606,301.37
Total	243,149,556.11	59,381,328.97	239,895,928.09	58,534,396.54

(3) Deferred tax assets or liabilities listed net amount after write-offs

In RMB

Rewards for the key management personnel Items	Deduction amount of deferred tax assets and liabilities at the end of the period	Ending balance of deferred tax assets or liabilities after write-off	Deduction amount of deferred tax assets and liabilities from the beginning of the period	Beginning balance of deferred tax assets or liabilities after write-off
Deferred income tax assets	-11,374,490.06	58,056,027.64	-11,469,966.38	55,777,290.89
Deferred income tax assets	-11,374,490.06	48,006,838.91	-11,469,966.38	47,064,430.16

(4) Details of unconfirmed deferred tax assets

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Deductible temporary difference	3,040,068.92	9,402,132.77
Deductible loss	273,168,348.51	325,441,799.20
Total	276,208,417.43	334,843,931.97

(5) Deductible losses from unrecognized deferred tax assets will be expired in the following years

In RMB

Year	Ending amount	Beginning amount	Remark

2026	88,798,039.53	126,219,867.46	
2027	10,016,728.60	10,067,397.50	
2028	13,479,346.66	13,479,346.66	
2029	85,250,910.83	85,276,427.23	
2030	14,279,844.14	14,316,545.70	
2031	0.00	0.00	
2032	0.00	0.00	
2033	50,553,910.34	50,960,399.54	
2034	0.00	0.00	
Year 2035	10,789,568.41	25,121,815.11	
Total	273,168,348.51	325,441,799.20	

Other explanations

Based on the Group's profit forecast for the future periods, the Group believes that it is highly probable to obtain sufficient taxable income to utilize the above-mentioned deductible temporary differences and deductible losses in the future periods, so the relevant deferred tax assets are recognized.

20. Other non-current assets

In RMB

Rewards for the key management personnel Items	Ending balance			Beginning balance		
	Balance of Book	Withdrawn impairment provision	Book balance	Balance of Book	Withdrawn impairment provision	Book balance
Prepayment for engineering and equipment	71,281,883.46	0.00	71,281,883.46	11,326,699.63	0.00	11,326,699.63
Investment funds to be liquidated	25,760,086.27	0.00	25,760,086.27	25,760,086.27	0.00	25,760,086.27
Total	97,041,969.73	0.00	97,041,969.73	37,086,785.90	0.00	37,086,785.90

21. Assets with restrictions on the ownership or right of use

In RMB

Rewards for the key management personnel Items	Ending				Beginning			
	Balance of Book	Book balance	Restricted circumstances	Restricted circumstances	Balance of Book	Book balance	Restricted circumstances	Restricted circumstances
Monetary funds	15,719,606.07	15,719,606.07	Restricted right of use	Account Freezing and Margin	685,396.65	685,396.65	Restricted right of use	Account Freezing and Margin
Notes receivable	33,936,675.37	33,936,675.37	Restricted right of use	The endorsement of the note is not terminated	53,001,736.07	53,001,736.07	Restricted right of use	The endorsement of the note is not terminated
Fixed asset	575,157,823.88	417,626,862.41	Restricted right of use	Mortgage	581,895,750.64	432,224,852.53	Restricted right of use	Mortgage
Intangible asset	44,770,083.00	29,867,438.47	Restricted right of use	Mortgage	44,770,083.00	30,309,394.69	Restricted right of use	Mortgage
Total	669,584.188.32	497,150,582.32			680,352,966.36	516,221,379.94		

22. Derivative financial liabilities

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Forward foreign exchange contracts	572,148.11	4,071,800.19
Total	572,148.11	4,071,800.19

23. Notes payable

In RMB

Balance at the end of this year	Ending balance	Beginning balance
Bank acceptance bill	14,734,317.72	0.00
Total	14,734,317.72	0.00

At the end of the current period, the Totall amount of matured but unpaid notes payable was RMB 0.00. The reason for non-payment upon maturity is that the Group had no matured but unpaid notes payable at the end of the reporting period.

24. Accounts payable

(1) Presentation of accounts payable

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Goods	462,049,699.32	315,492,749.54
Service charge	12,003,862.74	17,809,719.59
Subcontracting payment	2,577,172.94	8,954,077.38
Loyalities	1,803,564.00	1,949,556.00
Others	1,164,798.76	450,733.38
Total	479,599,097.76	344,656,835.89

(2) Significant accounts payable aging more than one year or overdue

In RMB

Rewards for the key management personnel Items	Ending balance	Reason for no settlement or carrying-forward

Other explanations:

At the end of the reporting period, the Group had no significant accounts payable with aging over 1 year or overdue.

25. Other payables

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance

Other payables	142,982,024.31	159,826,234.73
Total	142,982,024.31	159,826,234.73

(1) Interest payable

None

(2) Dividends payable

None

(3) Other payable

1) List other payable by nature of payment

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Engineering equipment payment	29,521,966.69	43,922,031.06
Current payment	53,721,235.92	46,981,495.00
Deposit and security deposit	50,173,501.99	57,213,864.04
Others	9,565,319.71	11,708,844.63
Total	142,982,024.31	159,826,234.73

2) Other significant payable aging over one year or overdue

In RMB

Rewards for the key management personnel Items	Ending balance	Reason for no settlement or carrying-forward

Other explanations

At the end of the reporting period, the Group had no other significant accounts payable with aging over 1 year or overdue.

26. Advances from customers

(1) Presentation of advances from customers

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Rent and other	781,506.37	769,227.07
Total	781,506.37	769,227.07

(2) Important advances from customers with aging more than 1 year or overdue

At the end of the reporting period, the Group had no significant accounts receivable with aging over 1 year or overdue.

27. Contract liabilities

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Goods	2,650,257.63	3,132,419.01
Total	2,650,257.63	3,132,419.01

Significant contract liabilities with aging over 1 year

None

Amount and reasons for significant changes in book value during the reporting period

None

28. Employee compensation payable

(1) Presentation of employee compensation payable

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	51,056,793.38	118,706,587.17	128,582,164.04	41,181,216.51
II. Post-employment benefits-defined contribution plans	0.00	11,652,130.37	11,652,130.37	0.00
III. Dismissal benefits	1,590,522.36	0.00	1,101,097.88	489,424.48
Total	52,647,315.74	130,358,717.54	141,335,392.29	41,670,640.99

(2) Presentation of short-term compensation

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Salaries, bonuses, allowances and subsidies	48,478,820.60	104,279,632.12	114,207,445.78	38,551,006.94
2. Employee benefits	29,484.50	3,827,512.19	3,770,695.69	86,301.00
3. Social insurance premiums	0.00	2,987,519.89	2,987,519.89	0.00
Including:Medical insurance	0.00	2,141,454.85	2,141,454.85	0.00
Work injury insurance	0.00	489,254.50	489,254.50	0.00
Maternity insurance	0.00	356,810.54	356,810.54	0.00

4. Housing provident funds	0.00	5,298,482.66	5,298,482.66	0.00
5. Trade union funds and employee education expenses	2,548,488.28	2,313,440.31	2,318,020.02	2,543,908.57
Total	51,056,793.38	118,706,587.17	128,582,164.04	41,181,216.51

(3) Presentation of defined contribution plans

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance premiums	0.00	9,805,179.70	9,805,179.70	0.00
2. Unemployment insurance premiums	0.00	400,691.43	400,691.43	0.00
3. Enterprise annuity payment	0.00	1,446,259.24	1,446,259.24	0.00
Total	0.00	11,652,130.37	11,652,130.37	0.00

Other explanations

The Group participates in pension insurance and unemployment insurance plans established by government agencies according to regulations, and according to the plans, the Group pays fees to these plans according to the prescribed standards. In addition to the above-mentioned monthly deposit fees, the Group will no longer assume further payment obligations. The corresponding expenses are included in the current profits and losses or the related asset costs when incurred.

The Group shall pay RMB 9,805,179.70 and RMB 400,691.43 to the endowment insurance and unemployment insurance plans respectively for the current year (2025 H1: RMB 9,389,734.62 and RMB 407,578.97). As of June 30, 2026, the Group has fully paid the amount of pension insurance and unemployment insurance plans payable during the reporting period.

29. Taxes payable

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
VAT	516,019.70	251,065.10
Consumption tax	0.00	0.00
Enterprise Income tax	3,649,596.34	3,763,975.34
Individual Income tax	1,005,395.32	670,592.00
Urban maintenance and construction tax	0.00	0.00
Other taxes	5,055,035.51	1,121,186.11
Total	10,226,046.87	5,806,818.55

30. Non-current liabilities maturing within one year

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Long-term borrowings maturing within one year	60,585,978.70	48,033,108.58
Lease liabilities maturing within one year	6,618,446.89	7,267,259.91
Estimated liabilities due within one year	10,040,486.12	10,664,297.79
Total	77,244,911.71	65,964,666.28

31. Other current liabilities

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Return payable	17,253,721.89	31,679,349.15
Endorsed and unexpired acceptance bill	33,936,675.37	53,001,736.07
Product quality assurance	12,074,028.32	3,705,710.05
Total	63,264,425.58	88,386,795.27

Other explanations:

None

32. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Credit loans	156,082,785.81	141,852,077.65
Guaranteed loan (note)	147,124,355.94	167,899,085.74
Less: Long-term loans due within one year	-60,585,978.70	-48,033,108.58
Total	242,621,163.05	261,718,054.81

Description of the classification of long-term borrowings:

Note: SAPO Photoelectric, a subsidiary of the Company, obtained the loan by mortgaging the real estate such as the plant it held, and the Company and Hengmei Optoelectronics Co., Ltd. provided 60% and 40% joint and several liability guarantee for the loan respectively.

Other explanations, including interest rate range:

1. Shenzhen Sapo Photoelectric Co., Ltd., a subsidiary of the Company, obtained long-term borrowings by pledging its real estate properties such as plants, and the interest rate of the long-term borrowings ranges from 3.26% to 3.31%.

2. Shenzhen Sapo Photoelectric Co., Ltd., a subsidiary of the Company, obtained credit borrowings, and the interest rate of the credit borrowings is 2.24%.

33. Lease liabilities

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
33. Lease liabilities	17,324,145.36	17,683,257.08
Less: Lease liabilities due within one year	-6,618,446.89	-7,267,259.91
Total	10,705,698.47	10,415,997.17

Other explanations:

The Group's lease liabilities are analysed by the maturity of the undiscounted remaining contractual obligations as follows:

Rewards for the key management personnel Items	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Tota
Ending balance	998,254.36	1,748,414.73	5,102,153.56	9,772,147.28	2,809,029.24	20,429,999.17
Beginning balance	1,049,935.94	2,078,351.34	4,688,581.14	9,705,967.44	1,937,423.13	19,460,258.99

34. Deferred income

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reason
(IX) Government subsidies	83,469,949.03	343,732.72	9,908,067.72	73,905,614.03	Received the government subsidies
Total	83,469,949.03	343,732.72	9,908,067.72	73,905,614.03	

Other explanations:

None

35. Share capital

In RMB

	Beginning balance	Changes during the period (+, -)					Ending balance
		Issuance of new share	Bonus shares	Capitalization of public reserve	Others	Subtotal	
Total of capital shares	506,521,849.00	0.00	0.00	0.00	0.00	0.00	506,521,849.00

36. Capital reserve

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (share premium)	1,826,482,608.54	0.00	0.00	1,826,482,608.54
Other capital reserves	135,117,216.09	0.00	0.00	135,117,216.09
Total	1,961,599,824.63	0.00	0.00	1,961,599,824.63

37. Other comprehensive income

In RMB

Rewards for the key management personnel Items	Beginning balance	Amount in the current period						Ending balance
		Amount before income tax in the current period	Less:Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less:Prior period included in other composite income transfer to retained income in the current period	Less:Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Other comprehensive income that cannot be reclassified into profit or loss	102,271,832.32	0.00	0.00	0.00	0.00	0.00	0.00	102,271,832.32
Changes in fair value of investment in other equity instruments	102,271,832.32	0.00	0.00	0.00	0.00	0.00	0.00	102,271,832.32
Total of other comprehensive income	102,271,832.32	0.00	0.00	0.00	0.00	0.00	0.00	102,271,832.32

38. Surplus reserves

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	106,805,904.93	0.00	0.00	106,805,904.93
Total	106,805,904.93	0.00	0.00	106,805,904.93

39. Undistributed profits

In RMB

Rewards for the key management personnel Items	Current period	Previous period
Retained earnings as at the end of the previous period before the adjustment	302,520,158.30	272,608,113.66
Adjustment of total undistributed profit at the beginning of the period (+ for increase and - for decrease)	0.00	0.00
Undistributed profits at the beginning of the period after adjustment	302,520,158.30	272,608,113.66
Plus: Net profit attributable to owners of the parent company in this period	50,776,164.37	68,418,663.02
Offsetting losses with capital reserve	0.00	0.00
Less: Withdrawal of statutory surplus reserve	0.00	2,543,589.29
Withdrawal of discretionary surplus reserves	0.00	0.00
Withdrawal of general risk reserves	0.00	0.00
Common stock dividends payable	24,313,030.25	35,963,029.09
Ordinary share dividends transferred to share capital	0.00	0.00
Undistributed profits as at the end of the period	328,983,292.42	302,520,158.30

Details of adjustment to undistributed profits as at the beginning of the period:

1) Due to the retroactive adjustment of the Accounting Standards for Business Enterprises and its related new regulations, the opening undistributed profits was RMB0.

2) Due to the change in accounting policies, the opening undistributed profits was RMB0.

3) The correction of significant accounting errors has influenced the undistributed opening profit by RMB 0.00.

4) Due to the change of consolidation scope caused by the same control, the opening undistributed profits was RMB0.

5) Other adjustments have influenced the undistributed opening profit by RMB 0.00 in total.

40. Operating revenue and operating costs

In RMB

Rewards for the key management personnel Items	Amount in the current period		Amount in the previous period	
	Business income	Business cost	Business income	Business cost
Income from Main Business	1,565,592,671.28	1,307,726,946.02	1,566,433,554.09	1,333,183,441.76

Other business	23,130,526.86	14,889,232.70	34,048,072.22	29,329,292.33
Total	1,588,723,198.14	1,322,616,178.72	1,600,481,626.31	1,362,512,734.09

Breakdown of operating revenue and operating costs:

In RMB

Contract classification	Division 1		Division 2		Tota	
	Turnover	Operation cost	Turnover	Operation cost	Turnover	Operation cost
Business type	1,513,251,246.96	1,295,208,878.78	75,471,951.18	27,407,299.94	1,588,723,198.14	1,322,616,178.72
Including:						
Polarizer sales	1,513,251,246.96	1,295,208,878.78	0.00	0.00	1,513,251,246.96	1,295,208,878.78
Lease and Management of Property	0.00	0.00	75,471,951.18	27,407,299.94	75,471,951.18	27,407,299.94
Classification by business area	1,513,251,246.96	1,295,208,878.78	75,471,951.18	27,407,299.94	1,588,723,198.14	1,322,616,178.72
Including:						
Domestic	1,291,705,728.14	1,106,552,128.67	75,471,951.18	27,407,299.94	1,367,177,679.32	1,133,959,428.61
Overseas	221,545,518.82	188,656,750.11	0.00	0.00	221,545,518.82	188,656,750.11
Total	1,513,251,246.96	1,295,208,878.78	75,471,951.18	27,407,299.94	1,588,723,198.14	1,322,616,178.72

Other explanations

The Group's businesses are mainly the production and sales of polarizers. 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.

Information related to the transaction prices allocated to the remaining performance obligations:

The amount of revenue corresponding to the performance obligations of contracts that have been signed but not performed or not fully performed yet at the end of the reporting period is RMB 2,650,257.63, of which RMB 2,650,257.63 is expected to be recognized as revenue in 2026, RMB0.00 is expected to be recognized in 2027, and RMB0.00 is expected to be recognized in 2028.

41. Taxes and surcharges

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Urban maintenance and construction tax	171,360.72	186,779.06
Surcharge for education	122,400.41	132,989.76
Property tax	4,320,491.52	4,270,965.18

Land use taxes	185,694.72	185,694.72
Vehicle and vessel use tax	2,040.00	1,170.00
Stamp duty	920,363.58	879,283.21
Others	778.95	2,179.87
Total	5,723,129.90	5,659,061.80

42. G&A expenses

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Employee remuneration	47,667,252.38	43,886,236.10
Depreciation and amortization cost	6,250,549.91	8,075,177.45
Leasing and utilities	1,161,014.58	1,318,905.59
Intermediary fees	1,122,559.54	1,285,128.08
Travel expenses	218,911.51	252,585.67
Office expenses	490,701.64	376,182.51
Business entertainment	382,590.68	358,372.72
Others	3,610,165.09	4,079,976.42
Total	60,903,745.33	59,632,564.54

43. Selling and distribution expenses

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Employee remuneration	6,387,288.91	7,148,494.80
Sales service charge	6,217,672.93	5,822,600.27
Others	3,109,974.27	1,973,390.12
Business entertainment	593,939.93	542,128.76
Travel expenses	406,698.24	544,505.33
Total	16,715,574.28	16,031,119.28

44. R&D expenses

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Employee remuneration	9,356,296.44	8,472,938.45
Material consumption	38,745,617.07	42,300,970.33
Depreciation	769,598.45	1,239,700.65
Others	543,334.80	726,136.76
Total	49,414,846.76	52,739,746.19

45. Financial expenses

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Interest expenses (Note)	2,863,362.87	3,666,950.38

Interest income	-1,433,948.01	-2,493,076.60
Profit or loss on exchange	-7,005,018.25	20,562,319.66
Handling fees and others	611,817.78	932,295.46
Total	-4,963,785.61	22,668,488.90

Other explanations

Note: During the reporting period, the interest expense of the lease liabilities was RMB 358,284.25.

46. Other income

In RMB

Source of other income	Amount in the current period	Amount in the previous period
(IX) Government subsidies	9,908,067.72	8,700,501.44
Tax subsidy	7,291,977.68	9,331,437.35
Others	167,003.45	130,123.63
Total	17,367,048.85	18,162,062.42

47. Gains from changes in fair value

In RMB

Sources of income from changes in fair value	Amount in the current period	Amount in the previous period
Transactional financial assets	7,165,205.48	5,127,945.21
Derivative financial liabilities	-572,148.11	783,062.42
Total	6,593,057.37	5,911,007.63

48. Investment income

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Income from long-term equity investment measured by adopting the equity method	-3,311,433.02	-3,645,599.07
Investment income of trading financial assets during the holding period	2,462,280.90	3,345,206.16
Dividend income from investments in other equity instrument during the holding period	1,643,982.69	748,000.00
Investment income (loss) from derecognition of derivative financial liabilities	-4,334,736.33	-317,500.00
Total	-3,539,905.76	130,107.09

49. Credit loss

In RMB

Rewards for the key management	Amount in the current period	Amount in the previous period

personnel Items		
Losses from bad debts of accounts receivable	360,745.70	815,033.69
Bad debt loss of other receivables	-84,962.66	-6.04
Total	275,783.04	815,027.65

50. Assets impairment loss

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
I. Inventories depreciation loss and contract performance cost impairment losses	-79,106,067.18	-55,273,530.83
Total	-79,106,067.18	-55,273,530.83

51. Gains from disposal of assets

In RMB

Source of gains from disposal of assets	Amount in the current period	Amount in the previous period
Gains from disposal of fixed assets	0.00	1,163,586.44

52. Non-operating revenue

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period	The amount of non-operating gains & lossed
Non-current asset Disposition loss	214.72	2,955,577.58	214.72
Compensation expenses	106,491.74	135,405.57	106,491.74
Gains from the damage and scrapping of non-current assets	5,793.82	0.00	5,793.82
Others	63,472.32	13,133.66	63,472.32
Total	175,972.60	3,104,116.81	175,972.60

53. Non-operating expenses

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period	The amount of non-operating gains & lossed
Compensation expenses	473,014.46	0.00	473,014.46
Non-current asset Disposition loss	27,272.86	21,854.23	27,272.86
Others	274,686.93	36,046.56	274,686.93
Total	774,974.25	57,900.79	774,974.25

54. Income tax expenses

(1) Income tax expenses schedule

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Current income tax expense	5,425,150.46	6,113,497.06
Deferred income tax expense	-1,336,328.00	1,550,469.29
Total	4,088,822.46	7,663,966.35

(2) Adjustment process of accounting profits and income tax expenses

In RMB

Rewards for the key management personnel Items	Amount in the current period
Total profits	79,304,423.43
Current income tax expense accounted by tax and relevant	19,826,105.86
Influence of different tax rates applied by some subsidiaries	-4,628,063.32
Influence of adjustments to the income tax for the prior years	623,762.84
The impact of non-taxable income	-869,435.17
Non-deductible costs, expenses and losses	317,883.28
Influence of deductible losses on the use of preliminarily unrecognized deferred tax assets in previous periods	-5,623,407.98
Effect of deductible temporary differences or deductible losses from deferred tax assets unrecognized in the current period	0.00
ax impact of research and development fee plus deduction	-5,558,023.05
Income tax expenses	4,088,822.46

55. Other comprehensive income

See Notes VII 37 for details

56. Items of statement of cash flows

(1) Cash related to operating activities

Other cash received related to operating activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Bill deposits and deposits	20,466,803.18	24,284,760.87
Current account and other	3,813,509.98	37,772,057.08
(IX) Government subsidies	343,732.72	4,199,478.21

Interest income	1,215,448.21	1,802,046.53
Total	25,839,494.09	68,058,342.69

Other cash paid related to operating activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Bill deposits and deposits	18,357,865.08	11,692,439.32
Current account and other	38,280,919.73	28,654,553.90
Total	56,638,784.81	40,346,993.22

(2) Cash related to investing activities

Other cash received related to investing activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Wealth management, investments and others	215,577,600.00	518,000,000.00
Total	215,577,600.00	518,000,000.00

Important cash received related to investing activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Currency fund	15,000,000.00	18,000,000.00
Bank wealth management and others	200,577,600.00	500,000,000.00
Total	215,577,600.00	518,000,000.00

Other cash paid related to investing activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Wealth management, investments and others	228,984,136.52	500,000,000.00
Total	228,984,136.52	500,000,000.00

Important cash paid related to investing activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Currency fund	20,000,000.00	0.00
Bank wealth management and others	208,984,136.52	500,000,000.00
Total	228,984,136.52	500,000,000.00

(3) Cash related to financing activities

Other cash received related to financing activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period

Total	0.00	0.00

Other cash paid related to financing activities

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Lease payment	5,564,480.21	6,983,290.34
Total	5,564,480.21	6,983,290.34

Changes in various liabilities arising from financing activities

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Long-term loans	309,751,163.39	24,230,052.00	4,258,589.86	35,032,663.50	0.00	303,207,141.75
33. Lease liabilities	17,683,257.08	0.00	5,205,368.49	5,564,480.21	0.00	17,324,145.36
Total	327,434,420.47	24,230,052.00	9,463,958.35	40,597,143.71	0.00	320,531,287.11

(4) Notes to cash flows expressed in net amount

Rewards for the key management personnel Items	Relevant facts	Basis for presentation of net amount	Financial impact

(5) Significant activities and financial impacts that do not involve current cash receipts and payments, but affect the financial position of the enterprise or may affect the cash flows in the future

The Group has no significant activities that do not involve current cash receipts and payments but affect the financial position of the enterprise or may affect the cash flows of the enterprise in the future.

57. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

In RMB

Items	The current period	Amount in previous period
1. Net profit adjusted to cash flows from operating activities:		
Net Profit	75,215,600.97	47,528,421.58
Add: asset impairment provision	78,830,284.14	54,458,503.18
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological	119,024,259.56	119,208,355.02

assets		
Depreciation of right-of-use assets	5,091,531.00	4,900,406.39
Amortization of intangible assets	1,436,083.33	2,237,075.67
Amortization of Long-term deferred expenses	1,105,679.10	890,263.30
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	0.00	-1,163,586.44
Losses on write-off of fixed assets ("-" for gains)	27,272.86	21,854.23
Losses from changes in fair value ("-" for gains)	-6,593,057.37	-2,446,624.07
Financial expenses ("-" for gains)	-3,182,062.73	-3,649,406.53
Investments losses ("-" for gains)	7,646,169.35	3,963,099.07
Decreases in deferred tax assets (“-” for increases)	-2,278,736.75	1,875,265.31
Increase in deferred tax liabilities ("-" for decreases)	942,408.75	-324,796.02
Decreases in inventories ("-" for increases)	-85,581,909.47	-20,257,532.33
Decreases in operating receivables (“-” for increases)	44,636,530.31	49,387,975.80
Increases in operating payables (“-” for decreases)	20,945,727.63	68,705,046.83
Others	0.00	0.00
Net cash flows arising from operating activities	252,931,044.35	325,334,320.99
2. Significant investing and financing activities not involving in cash receipts and payments:		
Transfer of debts into capital	0.00	0.00
Convertible corporate bonds maturing within 1 year	0.00	0.00
Fixed assets leased from financing	0.00	0.00
3. Net change in cash and cash equivalents:		
Ending balance of cash	501,894,557.90	577,224,121.16
Less: beginning balance of cash	449,257,554.81	302,084,839.35
Plus: ending balance of cash equivalents	0.00	0.00
Less: beginning balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	52,637,003.09	275,139,281.81

(2) Net cash paid for acquisition of subsidiaries in the current period

None

(3) Net cash received for disposal of subsidiaries in the current period

None

(4) Breakdowns of cash and cash equivalents

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
I. Cash	501,894,557.90	449,257,554.81
Including: Cash at hand	8,507.96	15,510.21
Demand bank deposit	501,886,049.94	449,242,044.60
II. Cash equivalents	0.00	0.00
III. Ending balance of cash and cash equivalents	501,894,557.90	449,257,554.81
Including: cash and cash equivalents with restricted use right by parent company or subsidiaries of the Group	0.00	0.00

(5) Limited use but still presented as cash and cash equivalents

In RMB

Rewards for the key management personnel Items	The current period	Amount in previous period	Reasons for classified as cash and cash equivalents
Bill and L/C guarantee	6,920,565.27	2,104,358.22	Cannot be used for payment at any time
Demand interest and 7-day notice deposit interest	239,998.72	579,003.23	Cannot be used for payment at any time
Others	8,799,040.80	3,401,500.00	Account Freezing
Total	15,959,604.79	6,084,861.45	

(6) Monetary funds not classified as cash and cash equivalents

At end of the reporting period, the Group had no cash and cash equivalents with restricted use that were still presented as such.

(7) Notes on other significant activities

None

58. Notes to the statements of changes in owners' equity

Specify the name of "others" items adjusted to the ending balance of the previous year, the adjusted amount and other matters:

None

59. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Rewards for the key management personnel Items	Ending balance of foreign currency	Exchange rate	Ending balance of translated RMB
Monetary funds			193,638,552.88
Including:USD	4,700,011.79	6.8109	32,011,310.30
HKD	796,368.62	0.8686	691,725.78
Yen	3,831,798,019.00	0.0420	160,935,516.80
4. Account receivable			131,617,079.86
Including:USD	19,288,987.63	6.8109	131,375,365.85
HKD	278,280.00	0.8686	241,716.01
Other receivable			480,349.76
Including:USD	70,526.62	6.8109	480,349.76
Accounts payable			25,447,275.51
Including:USD	3,047,608.78	6.8109	20,756,958.64
Yen	5,584,190,281.00	0.0420	234,535,991.80
HKD	177,671.05	0.8686	136,325.07
Other payables			4,883,759.29
Including:USD	716,957.20	6.8109	4,883,123.79
Yen	15,131.00	0.0420	635.50

(2) The nature of the lack of convertibility of the currency and its financial impact, the spot exchange rates adopted and the estimation process, as well as the risks faced by the enterprise arising from the lack of convertibility of the currency

□Applicable ☑Not applicable

(3) Description of foreign operating entities, including, for significant foreign operating entities, disclosure of their principal place of business outside of the country, the recording currency and the basis of selection, and disclosure of the reasons for any change in the recording currency

□Applicable ☑Not applicable

(4) Lack of convertibility between the functional currency of the overseas operation and the presentation currency of the enterprise

□Applicable ☑Not applicable

60. Lease

(1) The Company acted as lessee:

☑Applicable □Not applicable

Variable lease payments not included in the measurement of lease liabilities

□Applicable ☑Not applicable

Lease expense of short-term leases or low-value assets with simplified treatment

☑Applicable □Not applicable

The Group has leased a number of assets, including houses and buildings, with lease terms ranging from 1 to 10 years. The above-mentioned right-of-use assets cannot be used for the purpose of loan mortgage, guarantee, etc.

The short-term lease expenses subject to simplified accounting treatment and recognized in the current profit or loss in this period amounted to RMB 582,500.00 (previous period: RMB 476,994.45).

The total lease-related cash outflow for the period is RMB6,199,405.21 (previous period: RMB7,460,284.79).

Situations involving sale and leaseback transactions

None

(2) The Company acted as the lessor

Operating lease as a lessor

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Lease income	Thereinto: Income related to variable lease payments that are not included in lease receipts
Houses and buildings	47,257,095.41	0.00
Total	47,257,095.41	0.00

Financing lease as the lessor

□Applicable ☑Not applicable

Undiscounted lease receipts for each of the next five years

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Annual undiscounted lease receipts	
	Ending amount	Beginning amount
The First year	82,125,047.62	62,836,298.43
The Second year	45,979,790.57	42,497,987.11
The Third year	25,572,470.00	31,889,090.71
The Fourth year	9,630,559.76	9,303,836.50
The Fifth year	8,495,216.95	5,911,687.52
Total undiscounted lease receipts	1,825,738.99	4,518,270.00

after five years		

Reconciliation of undiscounted lease receipts and net lease investment

None

(3) Recognize the profit or loss from financing lease sales as a manufacturer or distributor

□Applicable ☑Not applicable

VIII. R&D expenditures

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Employee remuneration	9,356,296.44	8,472,938.45
Material consumption	38,745,617.07	42,300,970.33
Depreciation	769,598.45	1,239,700.65
Others	543,334.80	726,136.76
Total	49,414,846.76	52,739,746.19
Thereinto: Expensed R&D expenditures	49,414,846.76	52,739,746.19
Capitalized R&D expenditures	0.00	0.00

1. R&D projects eligible for capitalization

None

2. Important outsourced projects under research

None

IX. Changes in consolidation scope

The consolidation scope of the Company during the reporting period has not changed.

X. Equity in other entities

1. Equity in the subsidiaries

(1) Compositions of the Group

In RMB

Subsidiary name	Place of registration	Main place of business	Place of registration	Business nature	Proportion of shares held(%)		Acquisition method
					Direct	Indirect	
Shenzhen Lisi Industrial Development Co.,	2,360,000.00	Shenzhen	Shenzhen	Property leasing	100.00%		Establishment

Ltd.							
Shenzhen Shenfang Property Management Co., Ltd.	1,600,400.00	Shenzhen	Shenzhen	Property management	100.00%		Establishment
Shenzhen Beauty Century Garment Co., Ltd.	13,000,000.00	Shenzhen	Shenzhen	Textile production and sales	100.00%		Establishment
Shenzhen Shenfang Sungang Property Management Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Property management	100.00%		Establishment
SAPO Photoelectric	583,333,333.00	Shenzhen	Shenzhen	Polarizer production and sale	60.00%		Acquisition
Shengtou (Hongkong) Co., Ltd.	10,000.00	Hongkong	Hongkong	Polarizer sales		100.00%	Establishment

(2) Significant non-wholly-owned subsidiaries

In RMB

Subsidiary name	Minority shareholding ratio	Profit or loss attributable to minority shareholders in this period	Dividends declared to be distributed to minority shareholders in this period	Balance of minority interests as at the end of the period
SAPO Photoelectric	40.00%	24,439,436.60	0.00	1,335,085,040.29

(3) Key financial information of significant non-wholly-owned subsidiaries

In RMB

Subsidiary name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
SAPO Photoelectric	2,403,879,547.26	1,979,166,820.71	4,383,046,367.97	725,471,081.99	325,223,420.79	1,050,694,502.78	2,277,246,004.30	1,960,766,749.97	4,238,012,754.27	613,303,419.14	353,456,061.45	966,759,480.59

In RMB

Subsidiary name	Amount in the current period				Amount in the previous period			
	Turnover	Net Profit	Total comprehensive income	Cash flow from operating activities	Turnover	Net Profit	Total comprehensive income	Cash flow from operating activities
SAPO Photoelectric	1,539,256,959.23	61,098,591.51	61,098,591.51	242,888,029.74	1,548,606,518.05	30,734,140.16	30,734,140.16	313,070,563.35

2. Transactions leading to changes in the share of owners' equity in subsidiaries and still controlling the subsidiaries

(1) Explanation of changes in the share of owners' equity in subsidiary

None

(2) Impact of the transaction on minority interests and owners' equity attributable to the parent company

None

3. Equity in joint ventures or associates

(1) Significant joint ventures or associates

None

(2) Key financial information of significant joint ventures

None

(3) Key financial information of significant associates

None

(4) Summarized financial insignificant of unimportant joint ventures and associates

In RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in previous period
Joint ventures Associated enterprise		
Total book value of investment	100,825,762.08	104,274,952.84
Total of the following items calculated by shareholding ratio		
- Net profit	-3,449,190.76	-3,779,842.71
Other comprehensive income	0.00	0.00
Total comprehensive income	-3,449,190.76	-3,779,842.71
Associated enterprise		
Total book value of investment	3,204,891.81	3,308,634.07
Total of the following items calculated by shareholding ratio		
- Net profit	137,757.74	134,243.64
Other comprehensive income	0.00	0.00
Total comprehensive income	137,757.74	134,243.64

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

None

(6) Excess losses incurred by joint ventures or associates

None

(7) Unrecognized commitments related to investments in joint ventures

None

(8) Contingent liabilities related to joint ventures or investments in associates

None

4. Important joint operation

None

5. Equity in the structured entities not included in the scope of consolidated financial statements

None

6. Others

None

XI. Government grants

1. Government grants not recognized by amounts receivable at the end of the reporting period

□Applicable ☑Not applicable

Reasons for not receiving the expected amounts of government grants at the expected time

□Applicable ☑Not applicable

2. Liability items involving government grants

☑Applicable □Not applicable

In RMB

Accounting item	Beginning balance	New subsidies in the current period	Amount included in non-operating revenue in	Amount transferred to other income in the current period	Other changes in the current period	Ending balance	Related to assets/ income
Deferred income	83,469,949.03	0.00	0.00	9,564,335.00	0.00	73,905,614.03	Asset-related
Deferred income	0.00	343,732.72	0.00	343,732.72	0.00	0.00	Income - related

3. Government grants included in the current profit or loss

☑Applicable □Not applicable

In RMB

Accounting item	Amount in the current period	Amount in the previous period
Other income	9,908,067.72	8,700,501.44

XII. Risks associated with financial instruments

1. Various risks arising from financial instruments

The Group's main financial instruments include monetary funds, financial assets held for trading, notes receivable, accounts receivable, receivables financing, other receivables, other equity instrument investments, short-term borrowings, derivative financial liabilities, notes payable, accounts payable, other payables, other current liabilities and long-term borrowings, etc. At the end of the period, the financial instruments held by the Group are as follows, and the details are described in "Section 8 VII. Notes to Consolidated Financial Statements".. The risks associated with these financial instruments and the risk management policies adopted by the Group to reduce these risks are as follows. The Group's management manages and monitors these exposures to ensure that the risks are controlled within certain limits.

		Unit: RMB
Rewards for the key management personnel Items	Ending balance	Beginning balance
Financial assets		
Measured at fair value, with its changes included in current profits and losses		
Transactional financial assets	748,398,696.32	736,341,286.18
Measured at fair value, with its changes included in other comprehensive income		
Financings receivable	1,507,659.34	22,584,820.72
Investment in other equity instruments	159,261,600.00	159,261,600.00
Measured in amortized cost		
Monetary funds	517,854,162.69	449,964,450.38
Notes receivable	33,936,675.37	85,980,246.52
4. Account receivable	817,955,456.71	761,807,949.52
Other receivable	4,783,576.95	4,324,973.02
Financial liabilities		
Measured at fair value, with its changes included in current profits and losses		-
Derivative financial liabilities	572,148.11	4,071,800.19
Measured in amortized cost		
23.Notes payable	14,734,317.72	-

Accounts payable	479,599,097.76	344,656,835.89
Other payables	142,982,024.31	159,826,234.73
Other current liabilities	33,936,675.37	53,001,736.07
Long-term loans	303,207,141.75	309,751,163.39

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, policies and procedures, and changes occurred during the year

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 objective, the basic strategy of the Group's risk management is to identify and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and timely and reliably supervise various risks to control risks within a limited scope.

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 June 30, 2026, except for the foreign currency monetary items described in "Section VIII VII. Notes to the items of the consolidated financial statements", the assets and liabilities of the Group are all denominated in RMB. 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.

		Unit: RMB
Rewards for the key management personnel Items	**Ending balance**	
	Assets	**Liabilities**
USD	163,867,025.91	25,640,082.43
Yen	160,935,516.80	234,536,627.30
HKD	933,439.79	154,325.07
Subtotal	325,735,982.50	260,331,034.80

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

With other variables unchanged, the pre-tax impact of reasonable changes in exchange rates on the current profit or loss and shareholders' equity is as follows:

			Unit: RMB
Rewards for the key management personnel Items	**Interest rate change**	**Amount in the current period**	
		Impact on profits	**Impact on shareholders' equity**
All foreign currencies	Appreciation of RMB by 5%	3,270,247.39	3,270,247.39
All foreign currencies	Depreciation of RMB by 5%	-3,270,247.39	-3,270,247.39

1.1.2. Interest rate risk - risk of changes in cash flows

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 reasonable changes in interest rates on the current profit or loss and shareholders' equity is as follows:

			Unit: RMB
Rewards for the key management personnel Items	**Interest rate change**	**Amount in the current period**	
		Impact on profits	**Impact on shareholders' equity**
Floating-rate loan	Increase by 1%	-3,029,799.61	-3,029,799.61
Floating-rate loan	Decrease by 1%	3,029,799.61	3,029,799.61

1.2. Credit risk

As of June 30, 2026, the maximum credit risk exposure that may cause financial losses to the Group mainly comes from the losses of the Group's financial assets due to the failure of the other party to the contract to perform its obligations, including: monetary funds, financial assets held for trading, notes receivable, accounts receivable, receivables financing and other receivables. On the balance sheet date, the book value of the Group's financial assets has represented its maximum credit risk exposure.

In order to reduce the credit risk, the Group arranges special 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 Group reviews the recovery of financial assets on each balance sheet date to ensure that sufficient credit loss provision has been made for relevant financial assets. Therefore, the management of the Group believes that the credit risk assumed by the Group has been greatly reduced.

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

As of June 30, 2026, the balance of accounts receivable from the top five customers of the Group was RMB 486,632,633.17, accounting for 57.41% of the balance of accounts receivable of the Group. In addition, the Group has no other significant credit risk exposure concentrated in a single financial asset or financial asset portfolio with similar characteristics.

1.3. Liquidity risk

When managing liquidity risk, the Group maintains sufficient cash and cash equivalents as deemed by the management and monitors them to meet the Group's business needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank loans and ensures compliance with the loan agreement.

As at June 30, 2026, the unused comprehensive bank credit line of the Group was RMB 1,334,982,200.

The Group's financial liabilities held are presented as follows based on the maturity of undiscounted remaining contractual obligations:

				Unit: RMB
Rewards for the key management personnel Items	**Within 1 year**	**1-5 years**	**More than 5 years**	**Tota**
23.Notes payable	14,734,317.72			14,734,317.72
Accounts payable	479,599,097.76			479,599,097.76
Other payables	142,982,024.31			142,982,024.31
Other current liabilities	33,936,675.37			33,936,675.37
Long-term loans	67,507,015.15	249,145,543.53		316,652,558.68
33. Lease liabilities	7,848,822.65	9,772,147.28	2,809,029.24	20,429,999.17
Derivative financial liabilities	572,148.11			572,148.11

2. Hedging

(1) The Company conducts hedging business for risk management

☑Applicable □Not applicable

Item	Corresponding Risk Management Strategies and	Qualitative and Quantitative	Economic Relationship between	Expected Achievement of Risk	Impact of Corresponding Hedging

	Objectives	Information on Hedged Risks	Hedged Items and Relevant Hedging Instruments	Management Objectives	Activities on Risk Exposure
Foreign Exchange Rate Risk	To hedge the foreign-exchange risk of foreign-currency liabilities arising from the Company's raw-material purchases and prevent adverse impacts of significant exchange-rate fluctuations on the Company's operations.	Exchange-rate fluctuations give rise to corresponding exchange gains and losses on the Company's foreign-currency liabilities held.	Foreign-exchange forward and option contracts are signed to mitigate foreign-exchange market risks.	Risk-management objectives are expected to be achieved.	By conducting hedging business, the hedging function of the derivatives market can be fully utilised to mitigate the impact of substantial exchange-rate fluctuations on the Company's operations.

(2) The Company conducts hedging business for risk management, and is expected to achieve risk management objectives but does not apply hedging accounting

☑Applicable □Not applicable

Item	Reasons for Not Applying Hedge Accounting	Impact on Financial Statements
Foreign-Exchange Forward Contracts	The Company carries out foreign-exchange hedging activities, yet the qualifying conditions for applying *Accounting Standard for Business Enterprises No.24 — Hedge Accounting* are not satisfied.	Derivative financial liabilities of RMB 572,148.11 are recognised; fair-value change gain or loss of - RMB 572,148.11; investment loss of RMB 4,334,736.33.

3. Financial assets

(1) Classification of transfer methods

☑Applicable □Not applicable

In RMB

Transfer method	The nature of the transferred financial assets	The amount of financial assets transferred	Derecognition information	The basis for determining the situation of derecognition
Transfer by endorsement	Outstanding banker's acceptance bill that is classified as financings receivable	42,234,097.78	Derecognition	Since the credit risk and deferred payment risk of banker's acceptance bill in financings receivable are very small, and the interest rate risk

				related to the bill has been transferred to the bank, it can be determined that the main risks and rewards on the ownership of the note have been transferred, so the recognition is derecognized.
Transfer by endorsement	Unexpired banker's acceptance bill classified as bills receivable	33,936,675.37	Non-derecognition	Not eligible for derecognition
Tota		76,170,773.15		

(2) Financial assets derecognition due to transfer

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Method for the financial assets transferred	The amount of the financial asset derecognized	Gains or losses related to derecognition
Financings receivable	Transfer by endorsement	42,234,097.78	0.00
Total		42,234,097.78	0.00

(3) Continued involvement in the transfer of financial assets

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Asset transfer method	Amount of assets resulting from continued involvement	Amount of liability arising from continued involvement
Notes receivable	Transfer by endorsement	33,936,675.37	33,936,675.37
Total		33,936,675.37	33,936,675.37

XIII. Disclosure of fair value

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

In RMB

Rewards for the key management personnel Items	Fair value as at the end of the period			
	Fair value measurement of Level 1	Fair value measurement of Level 2	Fair value measurement of Level 3	Tota
I. Continuous measurement of fair	--	--	--	--

value				
(I) Trading financial assets	0.00	748,398,696.32	0.00	748,398,696.32
1. Financial assets measured at fair value through current profit or loss	0.00	748,398,696.32	0.00	748,398,696.32
(III) Investments in other equity instruments	0.00	0.00	159,261,600.00	159,261,600.00
(VI) Receivable financing	0.00	0.00	1,507,659.34	1,507,659.34
Total assets continuously measured at fair value	0.00	748,398,696.32	160,769,259.34	909,167,955.66
(VI) Financial liabilities held for trading	0.00	572,148.11	0.00	572,148.11
Derivative financial liabilities	0.00	572,148.11	0.00	572,148.11
Total liabilities constantly measured at fair value	0.00	572,148.11	0.00	572,148.11
II. Measurement at fair value not on a going concern	--	--	--	--

2. Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern

None

3. Qualitative and quantitative valuation techniques and important parameters of sustainable and non-sustainable items measured on the basis of fair value of level 2

Rewards for the key management personnel Items	Ending	Valuation technique	Input value
	Fair value		
Transactional financial assets	748,398,696.32	Discounted cash flow technique	Expected yield
Derivative financial liabilities	572,148.11	Discounted cash flow technique	The contracted delivery exchange rate under forward foreign exchange contracts and the market forward exchange rate as of the balance sheet date

4. Continuous and non-continuous Level 3 fair value measurement items, valuation techniques used, and the qualitative and quantitative information of important parameters

Rewards for the key management personnel Items	Ending	Valuation technique	Input value
	Fair value		
Financings receivable	1,507,659.34	Discounted cash flow technique	Discount rate
Investment in other equity instruments	159,261,600.00	Comparison of listed companies	P/B ratio of similar listed companies
		Comparable income method	Market price
		Statement adjustment method	Book balance

5. The information of adjustment between the beginning and the end of the book value and analysis on the sensitivity of the unobservable parameters of sustainable and non-sustainable items measured on the basis of fair value of tier three

None

6. Continuous measurement items by fair value, reason for conversion among all levels in the current period and policies for determining the time of conversion

None

7. Change of valuation techniques in the current period and reason for change

None

8. Condition of 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, notes payable, accounts payable, other payables, other current liabilities and long-term borrowings, etc.

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.

9. Others

None

XIV. Related parties and related party transactions

1. Parent company

Name of parent company	Place of registration	Business nature	Place of registration	Parent company's shareholding percentage in the Company	Parent company's voting rights percentage in the Company
Shenzhen Investment Holdings Co., Ltd	18/F, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investments, real estate development, etc.	33,586,000,000.00	46.21%	46.21%

Parent company

The parent company of the Company is a wholly state-owned company approved and authorized by the Shenzhen Municipal Government, which exercises the functions of the investor in accordance with the law for the state-owned enterprises within the authorized scope.

The ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government.

Other explanations:

During the reporting period, the registered capital of the parent company has not changed.

2. Subsidiaries of the Company

See Note 10 Rights and interests in other entities for details of the subsidiary of the Company.

3. Joint ventures and associates

See Note 11. Long-term equity investment for details of important joint ventures or associates of the Company.

Joint ventures and associates involved in the related-party transactions with the Company in the Current Period, or leading to balance due to the related party transaction they had with the Company in previous periods:

Name of joint venture or associates	Relationship with the Company
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	A joint venture of the Company, whose vice chairman is appointed by the Group
Shenzhen Changlianfa Printing and dyeing Company	An associate of the Company, whose chairman and directors are appointed by the Group

Other explanations

None

4. Other related parties

Other related parties	Relationship between other related parties with the COOEC
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 Shentou Property Development Co., Ltd	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen SGE Longyan Energy Technology Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Guoren P&C Insurance Co., Ltd. Shenzhen Branch	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Talent Service Center (Shenzhen Talent Market)	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Property Management Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Cultural Enterprise Development Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Investment Holdings Development Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Investment Holdings Digital Technology Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Legal Training Center Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Leaguer Education Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Hengmei Optoelectronics Co., Ltd	Minority shareholder of the Company's subsidiary SAPO Photoelectric; one of the directors of the Company is a director of SAPO Photoelectric
Xinmei Fontana Holding (Hong Kong) Limited	One of the directors of the Company is a director of SAPO Photoelectric
Haosheng Hengxin (Wuxi) Materials Co., Ltd.	Minority shareholder of the Company's subsidiary SAPO Photoelectric; one of the directors of the Company is a director of SAPO Photoelectric
Kunshan Xinmei Optical Technology Co., Ltd.	One of the directors of the Company is a director of SAPO Photoelectric
Fuzhou Hengmei Optoelectronics Co., Ltd.	A subsidiary of a minority shareholder of SAPO Photoelectric, a subsidiary of the Company
Shenzhen Security Service Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Environmental Technology Group Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Digital Talent Technology Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Talent Recruitment International (Group) Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Wuzhou Guest House Operation Branch of Shenzhen Wuzhou International Hotel Management Group Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company
Shenzhen Penglao Human Resources Management Co., Ltd.	A subsidiary of Shenzhen Investment Holdings Limited, the parent company of the Company

Other explanations

None

5. Related party transactions

(1) Related party transactions on purchase and sales of goods, rendering and receipt of services

Purchase of goods/receipt of services

In RMB

Related party	Content of related party transaction	Amount in the current period	Approved transaction quota	Whether the transaction quota is exceeded	Amount in the previous period
Hengmei Optoelectronics Co., Ltd	Material procurement	1,966,166.94	24,500,000.00	No	0.00
Hengmei Optoelectronics Co., Ltd	Technical service fees	2,177,500.00	3,500,000.00	No	0.00
Xinmei Fontana Holding (Hong Kong) Limited	Material procurement	64,175,034.44	316,286,325.00	No	0.00
Kunshan Xinmei Optical Technology Co., Ltd.	Material procurement	48,163,716.84		No	0.00
Shenzhen SGE Longyan Energy Technology Co., Ltd.	Purchasing electricity	519,578.65			469,327.43
Shenzhen Investment Holdings Development Co., Ltd.	Lease fee / property management fee / utilities / interest expense	619,808.60			219,288.00
Shenzhen Security Service Co., Ltd.	Security service fee	1,704,653.42			0.00
Shenzhen Environmental Technology Group Co., Ltd.	Hazardous waste treatment service	535,005.22			0.00
Shenzhen Digital Talent Technology Co., Ltd.	Consulting fees	11,323.93			0.00
Shenzhen Legal Training Center Co., Ltd.	Training expenses	0.00			680.00
Guoren P&C Insurance Co., Ltd. Shenzhen Branch	Insurance premiums	131,209.23			100,377.15

Shenzhen Talent Service Center (Shenzhen Talent Market)	Outsourcing service fee	33,163.30			31,318.11
Shenzhen Property Management Co., Ltd.	Property management fee	11,134.12			1,121.48
Shenzhen Investment Holdings Digital Technology Co., Ltd.	Software/office expenses/information construction expenses	176,230.80			26,687.76
Shenzhen Talent Recruitment International (Group) Co., Ltd.	Recruitment fees	300.00			0.00
Wuzhou Guest House Operation Branch of Shenzhen Wuzhou International Hotel Management Group Co., Ltd.	Employee welfare	10,472.00			0.00
Shenzhen Penglao Human Resources Management Co., Ltd.	Labor costs	80,883.81			0.00
Shenzhen Leaguer Education Co., Ltd.	Training expenses	0.00			6,454.70
Shenzhen Cultural Enterprise Development Co., Ltd.	Purchase of computers and photocopiers	0.00			17,196.00
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	Interest expenses	0.00			2,831.38

Sales of goods/ rendering of services

In RMB

Related party	Content of related party transaction	Amount in the current period	Amount in the previous period
Fuzhou Hengmei Optoelectronics Co., Ltd.	Sale of raw materials and processing fees	1,254,556.56	0.00

Haosheng Hengxin (Wuxi) Materials Co., Ltd.	Processing fees	6,171,323.80	0.00
Hengmei Optoelectronics Co., Ltd	Sale of raw materials	633,125.22	0.00
Shenzhen Environmental Technology Group Co., Ltd.	Sale of waste	19,719.91	0.00
Shenzhen Changlianfa Printing and dyeing Company	House leasing	5,714.29	0.00
Shenzhen Xinfang Knitting Co., Ltd.	House leasing	5,714.29	0.00

(2) Management on commission/contract and commissioned management/contracting-out

None

(3) Related party leases

The COOEC acted as the lessor:

In RMB

Lessee	Type of leased asset	Lease income recognized in this period	Lease income recognized in previous period
Shenzhen Xinfang Knitting Co., Ltd.	Houses and Building	5,714.29	0.00
Shenzhen Changlianfa Printing and dyeing Company	Houses and Building	5,714.29	0.00

The COOEC acted as lessee:

In RMB

Lessor	Type of leased asset	Rental costs for short-term leases and low-value asset leases for simplified processing (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rents		Interest expense on lease liabilities assumed		Increase in right-of-use assets	
		Amount in the current period	Amount in the previous period	Amount in the current period	Amount in the previous period	Amount in the current period	Amount in the previous period	Amount in the current period	Amount in the previous period	Amount in the current period	Amount in the previous period
Shenzhen Investment Holdings Development Co., Ltd.	Houses and Building	0.00	0.00	0.00	0.00	382,368.47	0.00	63,486.69	0.00	1,733,358.64	0.00

(4) Related party guarantees

None

(5) Information on inter-bank lending of capital of related parties

None

(6) Asset transfer and debt restructuring of related parties

None

(7) Remuneration of key officers

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Rewards for the key management personnel	3,588,506.00	1,994,146.00

(8) Other related party transactions

None

6. Accounts receivable and payable of related parties

(1) Receivables

In RMB

Name	Related party	Ending balance		Beginning balance	
		Balance of Book	Bad debt provisions	Balance of Book	Bad debt provisions
Account receivable	Haosheng Hengxin (Wuxi) Materials Co., Ltd.	1,311,410.44	19,802.30	3,255,772.72	41,863.57
Account receivable	Fuzhou Hengmei Optoelectronics Co., Ltd.	0.00	0.00	1,028,460.87	848,850.89
Account receivable	Hengmei Optoelectronics Co., Ltd	0.00	0.00	652,754.27	538,757.54
Account receivable	Shenzhen Shentou Property Development Co., Ltd	6,027.00	1,808.10	6,027.00	1,808.10
Prepayment	Xinmei Fontana	5,371,247.31	0.00	0.00	0.00

	Holding (Hong Kong) Limited				
Prepayment	Kunshan Xinmei Optical Technology Co., Ltd.	13,196,175.38	0.00	4,745,325.94	0.00
Prepayment	Shenzhen Investment Holdings Digital Technology Co., Ltd.	0.00	0.00	96,500.00	0.00
Prepayment	Shenzhen Investment Holdings Development Co., Ltd.	0.00	0.00	53,118.73	0.00
Prepayment	Guoren P&C Insurance Co., Ltd. Shenzhen Branch	148,000.00	0.00	0.00	0.00
Other receivable	Shenzhen Dailishi Underwear Co., Ltd.	550,000.00	27,500.00	1,100,000.00	55,000.00
Other receivable	Shenzhen Investment Holdings Development Co., Ltd.	224,354.56	11,631.14	106,237.44	5,311.87

(2) Payables

In RMB

Name	Related party	Ending book balance	Beginning book balance
Accounts payable	Xinmei Fontana Holding (Hong Kong) Limited	0.00	14,853,562.10
Accounts payable	Fuzhou Hengmei Optoelectronics Co., Ltd.	0.00	1,370,344.95
Accounts payable	Hengmei Optoelectronics Co., Ltd	2,177,500.00	633,118.20
Accounts payable	Shenzhen Environmental Technology Group Co., Ltd.	301,129.84	0.00
Accounts payable	Shenzhen Security Service Co., Ltd.	328,240.00	0.00
Other payables	Shenzhen Guanhua Printing & Dyeing Co., Ltd.	3,806,454.17	3,806,454.17
Other payables	Shenzhen Changlianfa Printing and dyeing Company	2,281,299.95	2,281,299.95
Other payables	Shenzhen Xinfang Knitting Co., Ltd.	244,789.85	244,789.85
Other payables	Shenzhen Investment Holdings Digital Technology Co., Ltd.	0.00	51,840.00
Other payables	Shenzhen Investment	0.00	18,417.00

	Holdings Development Co., Ltd.		
Other payables	Shenzhen Cultural Enterprise Development Co., Ltd.	0.00	6,536.00
Other payables	Shenzhen Security Service Co., Ltd.	20,000.00	0.00

7. Commitments from related parties

None

8. Others

None

XV. Commitments and contingencies

1. Significant commitments

Significant commitments on the balance sheet date

In RMB

Rewards for the key management personnel Items	Ending amount	Beginning amount
Contracted but not recognized in the financial statements		
Commitment on construction and purchase of long-lived assets	74,460,058.34	7,977,917.50
Large amount contract	389,285,200.00	0.00

2. Contingencies

(1) Significant contingencies on the balance sheet date

As of June 30, 2026, the Group had no contingencies such as pending litigations and external guarantees to be disclosed.

(2) Notes shall be given even if there were no significant contingencies required to be disclosed by the Company

The Company has no significant contingencies required to be disclosed.

3. Others

None

XVI. Events after the balance sheet date

1. Significant non-adjustment matters

None

2. Profit distribution

None

3. Sales return

None

4. Events after the balance sheet date

To further establish and improve the Company's long-term incentive mechanism, attract and retain high-caliber talents, fully motivate the core team of the Company, effectively align the interests of shareholders, the Company and its employees, and enable all parties to focus on the long-term development of the Company, under the premise of fully safeguarding shareholders' interests and in accordance with the principle of matching returns with contributions, the Company convened the 4th meeting of the 9th Board of Directors on 18 August 2026. The meeting reviewed and approved the *Proposal on the Company's 2026 Stock Option Incentive Plan (Draft) and its Summary*, the *Proposal on the Administration Measures for Performance Assessment under the Company's 2026 Stock Option Incentive Plan*, and the *Proposal on Authorising the Board of Directors by the Shareholders' Meeting to Handle Matters in Connection with the Company's 2026 Stock Option Incentive Plan*. For details, please refer to the Company's *2026 Stock Option Incentive Plan (Draft)* and *Summary of the 2026 Stock Option Incentive Plan (Draft)* published on CNINFO (http://www.cninfo.com.cn) on 19 August 2026.

XVII.Other significant events

1. Correction of accounting errors in prior period

None

2. Debt restructuring

None

3. Asset replacement

(1) Exchange of non-monetary assets

None

(2) Replacement of other assets

None

4. Annuity plan

None

5. Discontinued operations

None

6. Segment information

(1) Determination basis and accounting policies for reporting segments

According to the internal organizational structure, management requirements and internal reporting system of the Group, the Group's operating business is divided into two operating segments. The management of the Group regularly evaluates the operating results of these segments to decide on the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group has identified the following three reporting segments: polarizer business, property leasing business and textile business.

Information on segment reporting is disclosed according to 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 when preparing the financial statements.

(2) Financial information of reporting segments

In RMB

Rewards for the key management personnel Items	Polarizer	Property leasing	Inter-segment offset	Tota
Operating income:				
External transaction income	1,535,690,780.45	53,032,417.69	0.00	1,588,723,198.14
Inter-segment transaction income	0.00	1,447,100.34	-1,447,100.34	0.00
Total operating income of segment	1,535,690,780.45	54,479,518.03	-1,447,100.34	1,588,723,198.14
Operating expenses (note)	1,412,749,408.25	38,937,987.85	-1,277,706.72	1,450,409,689.38
Operating profit	56,493,656.82	28,879,161.88	-5,469,393.62	79,903,425.08
Net Profit	58,709,202.34	21,957,475.84	-5,451,077.21	75,215,600.97
Total assets of segment	4,323,911,225.00	3,183,397,959.65	-1,957,076,749.55	5,550,232,435.10
Total liabilities of segment	1,049,114,177.95	196,363,048.99	-36,512,535.43	1,208,964,691.51

(3) If the Company has no reporting segments, or cannot disclose the total assets and total liabilities of each reporting segment, the reasons shall be stated.

None

(4) Other notes

Note: This item includes operating costs, taxes and surcharges, management costs, R&D expenses, sales expenses and financial expenses.

7. Other significant transactions and events that influence the decision-making of investors

In light of the current operating status of Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli"), the Company filed an application with the People’s Court of Luohu District, Shenzhen (hereinafter referred to as the "Court") for compulsory liquidation of Shenzhen Xieli on 7 January 2026. A hearing for this case was held at the Luohu Court on 19 May, and the case is still under the compulsory liquidation procedure pending a ruling by the Luohu Court.

8. Others

None

XVIII. Notes to the main items of the parent company's financial statements

1. Accounts receivable

(1) Disclosure by aging

In RMB

Category	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	7,710,115.69	8,710,793.24
Over 3 years	0.00	118,603.99
Including：4 to 5 years	0.00	118,603.99
Total	7,710,115.69	8,829,397.23

(2) Disclosure by provision method for bad debts

In RMB

Category	Ending balance					Beginning balance				
	Balance of Book		Bad debt provisions		Book balance	Balance of Book		Bad debt provisions		Book balance
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Including:										
Accounts receivable with provision for bad	7,710,115.69	100.00%	115,450.32	1.50%	7,594,665.37	8,829,397.23	100.00%	115,022.89	1.30%	8,714,374.34

debts on a combination basis										
Including:										
Total	7,710,115.69	100.00%	115,450.32	1.50%	7,594,665.37	8,829,397.23	100.00%	115,022.89	1.30%	8,714,374.34

Name of the category for which bad debt provision is accrued by portfolio: Accrual of bad debt provision based on the simplified model of expected credit losses

In RMB

Name	Ending balance		
	Balance of Book	Bad debt provisions	Provision ratio
Provision for bad debts based on simplified expected credit loss model	7,710,115.69	115,450.32	1.50%
Total	7,710,115.69	115,450.32	

Explanation on the basis for determining the combination:

Group customers are mainly leasing customers, and the provision for credit impairment is made according to the aging method combination.

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses:

□Applicable ☑Not applicable

(3) Provision for bad debts accrued, recovered or reversed for the current period

Provision for bad debts for the current period:

In RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Accrual	Recovery or reversal	Write-off	Others	
Bad debt provisions	115,022.89	427.43	0.00	0.00	0.00	115,450.32
Total	115,022.89	427.43	0.00	0.00	0.00	115,450.32

(4).Actual write-off of accounts receivable for the current period

There were no accounts receivable with actual write-off during the reporting period.

(5) Top five accounts receivable by the debtor in terms of the ending balance and contract assets

In RMB

Unit name	Ending balance	Ending balance	Ending balances	Ratio to the total	Ending balance

	of accounts receivable	of contract assets	of accounts receivable and contract assets	amount of ending balance of accounts receivable and contract assets (%)	of provision for bad debts of accounts receivable and provision for impairment of contract assets
Customer1	5,708,767.73	0.00	5,708,767.73	74.04%	75,368.70
Customer2	1,122,801.92	0.00	1,122,801.92	14.56%	0.00
Customer3	189,195.98	0.00	189,195.98	2.45%	9,459.80
Customer4	81,020.22	0.00	81,020.22	1.05%	0.00
Customer5	51,336.46	0.00	51,336.46	0.67%	2,566.82
Total	7,153,122.31	0.00	7,153,122.31	92.77%	87,395.32

2. Other receivables

In RMB

Rewards for the key management personnel Items	Ending balance	Beginning balance
Interest receivable	0.00	0.00
Dividend receivable	0.00	0.00
Other receivable	1,549,862.15	2,014,545.65
Total	1,549,862.15	2,014,545.65

(1) Other receivables

1) Classification of other receivables by nature of payment

In RMB

Payment nature	Ending book balance	Beginning book balance
Related party transactions within the consolidation scope	26,014,041.10	26,114,041.10
External unit transactions	14,905,577.41	15,455,577.41
Deposit and security deposit	10,000.00	10,000.00
Others	1,870,310.70	1,812,494.20
Total	42,799,929.21	43,392,112.71

2) Disclosure by aging

In RMB

Category	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	1,476,257.20	1,973,476.50
1-2 years	372,981.02	13,636,400.01
2-3 years	13,406,076.71	273,000.00
Over 3 years	27,544,614.28	27,509,236.20
Include：3 to 4 years	240,019.17	2,204,641.09
4 to 5 years	7,000,000.00	10,025,200.01

More than 5 years	20,304,595.11	15,279,395.10
Total	42,799,929.21	43,392,112.71

3) Disclosure by provision method for bad debts

In RMB

Category	Ending balance					Beginning balance				
	Balance of Book		Bad debt provisions		Book balance	Balance of Book		Bad debt provisions		Book balance
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Including:										
Account receivable withdrawal bad debt provision by portfolio	42,799,929.21	100.00%	41,250,067.06	96.38%	1,549,862.15	43,392,112.71	100.00%	41,377,567.06	95.36%	2,014,545.65
Including:										
Provisio	42,799,929.21	100.00%	41,250,067.06	96.38%	1,549,862.15	43,392,112.71	100.00%	41,377,567.06	95.36%	2,014,545.65
Total	42,799,929.21	100.00%	41,250,067.06	96.38%	1,549,862.15	43,392,112.71	100.00%	41,377,567.06	95.36%	2,014,545.65

Name of category of provision for bad debts on a portfolio basis: Other receivables with provision for bad debts on a portfolio basis by credit risk characteristics

In RMB

Name	Ending balance		
	Balance of Book	Bad debt provisions	Provision ratio
Other receivables for which credit loss provision is made according to the combination of credit risk characteristics	42,799,929.21	41,250,067.06	96.38%
Total	42,799,929.21	41,250,067.06	

Explanation on the basis for determining the combination:

Other receivables with provision for bad debts based on credit risk characteristics combination

The provision for bad debts made according to the general model of expected credit losses

In RMB

Bad debt provisions	Stage 1	Stage 2	Stage 3	Tota
	Expected credit losses over the next 12 months	Expected credit loss throughout the duration (without credit loss)	Expected credit loss throughout the duration (with credit impairment)	
Balance as of January 1, 2026	74,666.33	13,909,400.01	27,393,500.72	41,377,567.06
Balance as at January 1, 2026 forwarded to				

the current period				
——Transfer to stage III	0.00	-135,378.08	135,378.08	0.00
Provision for the current period	27,500.00	0.00	0.00	27,500.00
Reversal in this period	-55,000.00	0.00	-100,000.00	-155,000.00
Balance as of June 30, 2026	47,166.33	13,774,021.93	27,428,878.80	41,250,067.06

Basis for division of each stage and ratio of provision for bad debts

None

Changes in the book balance of provision for loss with significant changes in the current period

□Applicable ☑Not applicable

4) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts for the current period:

In RMB

Category	Beginning balance	Changes in the current period				Ending balance
		Accrual	Recovery or reversal	Transfer or write off	Others	
Bad debt provisions	41,377,567.06	27,500.00	-155,000.00	0.00	0.00	41,250,067.06
Total	41,377,567.06	27,500.00	-155,000.00	0.00	0.00	41,250,067.06

None

5) Other receivables actually write-off in the current period

There was no other receivables with actual write-off during the reporting period.

6) Other receivables of the top five ending balances collected by debtor

In RMB

Unit name	The nature of the amount	Ending balance	Category	Ratio to the total ending balance of other receivables	Balance of provision for bad debts as at the end of the period
Customer1	Transactions with related parties	26,014,041.10	1-2 years, 2-3 years, 3-4 years, 4-5 years, more than 5 years	60.78%	26,014,041.10
Customer2	External unit transactions	11,389,044.60	More than 5 years	26.61%	11,389,044.60
Customer3	External unit transactions	1,800,000.00	More than 5 years	4.21%	1,800,000.00
Customer4	External unit transactions	1,018,295.37	More than 5 years	2.38%	1,018,295.37

Customer5	Others	592,420.00	More than 5 years	1.38%	592,420.00
Total		40,813,801.07		95.36%	40,813,801.07

7) Reported as other receivables due to centralized fund management

There was no other receivables due to centralized management of funds during the reporting period.

3. Long-term equity investments

In RMB

Rewards for the key management personnel Items	Ending balance			Beginning balance		
	Balance of Book	Withdrawn impairment provision	Book balance	Balance of Book	Withdrawn impairment provision	Book balance
Investments in subsidiaries	1,963,252,748.31	37,390,767.64	1,925,861,980.67	1,963,252,748.31	37,390,767.64	1,925,861,980.67
Investments in associates and joint ventures	104,030,653.89	0.00	104,030,653.89	107,583,586.91	0.00	107,583,586.91
Total	2,067,283,402.20	37,390,767.64	2,029,892,634.56	2,070,836,335.22	37,390,767.64	2,033,445,567.58

(1) Investment in subsidiaries

In RMB

Name	Beginning balance (book value)	Beginning balance of provision for impairment	Increase/decrease in this period				Ending balance (book value)	Balance of provision for impairment as at the end of the period
			Add investment	Decreased investment	Withdrawal of impairment provision	Others		
SAPO Photoelectric	1,910,247,781.94	14,415,288.09	0.00	0.00	0.00	0.00	1,910,247,781.94	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25	0.00	0.00	0.00	0.00	0.00	8,073,388.25	0.00
Shenzhen Beauty Century Garment Co., Ltd.	0.00	22,975,479.55	0.00	0.00	0.00	0.00	0.00	22,975,479.55
Shenzhen Shenfang Property Management Co., Ltd.	1,713,186.55	0.00	0.00	0.00	0.00	0.00	1,713,186.55	0.00
Shenzhen Shenfang Sungang Property Management Co., Ltd.	5,827,623.93	0.00	0.00	0.00	0.00	0.00	5,827,623.93	0.00

Total	1,925,861,980.67	37,390,767.64	0.00	0.00	0.00	0.00	1,925,861,980.67	37,390,767.64

(2) Investments in associates and joint ventures

In RMB

Investment unit	Beginning balance (book value)	Beginning balance of provision for impairment	Increase/decrease in this period								Ending balance (book value)	Balance of provision for impairment as at the end of the period
			Add investment	Decreased investment	Equity method affirmative profit and loss on investments	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to be paid	Withdrawal of impairment provision	Others		
I. Joint ventures												
Shenzhen Guanhua Printing & Dyeing Co., Ltd.	104,274,952.84	0.00	0.00	0.00	-3,449,190.76	0.00	0.00	0.00	0.00	0.00	100,825,762.08	0.00
Subtotal	104,274,952.84	0.00	0.00	0.00	-3,449,190.76	0.00	0.00	0.00	0.00	0.00	100,825,762.08	0.00
2. Affiliated Company												
Shenzhen Changlianfa Printing and dyeing Company	3,308,634.07	0.00	0.00	0.00	137,757.74	0.00	0.00	-241,500.00	0.00	0.00	3,204,891.81	0.00
Subtotal	3,308,634.07	0.00	0.00	0.00	137,757.74	0.00	0.00	-241,500.00	0.00	0.00	3,204,891.81	0.00
Total	107,583,586.91	0.00	0.00	0.00	-3,311,433.02	0.00	0.00	-241,500.00	0.00	0.00	104,030,653.89	0.00

The recoverable amount is determined at the net amount of the fair value minus the disposal expenses

□Applicable ☑Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

□Applicable ☑Not applicable

Reasons for the obvious inconsistency between the above information and the information used in previous impairment test or external information

Reasons for the difference between the information used in the impairment test of the Company in previous years and the actual situation of the current year

(3) Other notes

None

4. Operating revenue and operating costs

In RMB

Rewards for the key management personnel Items	Amount in the current period		Amount in the previous period	
	Business income	Business cost	Business income	Business cost

Income from Main Business	37,217,931.31	5,231,095.08	37,694,268.56	5,050,078.15
Other business	0.00	0.00	903,094.00	684,545.01
Total	37,217,931.31	5,231,095.08	38,597,362.56	5,734,623.16

Breakdown of operating revenue and operating costs:

In RMB

Contract classification	Property leasing		Tota	
	Turnover	Operation cost	Turnover	Operation cost
Business type	37,217,931.31	5,231,095.08	37,217,931.31	5,231,095.08
Including:				
Property leasing	37,217,931.31	5,231,095.08	37,217,931.31	5,231,095.08
Classification by business area	37,217,931.31	5,231,095.08	37,217,931.31	5,231,095.08
Including:				
Domestic	37,217,931.31	5,231,095.08	37,217,931.31	5,231,095.08
Total	37,217,931.31	5,231,095.08	37,217,931.31	5,231,095.08

Information related to performance obligations:

None

Information related to the transaction prices allocated to the remaining performance obligations:

The amount of revenue corresponding to the performance obligations of contracts that have been signed but not performed or not fully performed yet at the end of the reporting period is RMB 0.00, of which RMB 0.00 is expected to be recognized as revenue in 2026, RMB0.00 is expected to be recognized in 2027, and RMB0.00 is expected to be recognized in 2028.

5. Investment income

In RMB

Rewards for the key management personnel Items	Amount in the current period	Amount in the previous period
Income from long-term equity investment measured by adopting the cost method	5,200,000.00	4,200,000.00
Income from long-term equity investment measured by adopting the equity method	-3,311,433.02	-3,645,599.07
Investment income of trading financial assets during the holding period	2,462,280.90	3,345,206.16
Dividend income from investments in other equity instrument during the holding period	750,000.00	748,000.00
Total	5,100,847.88	4,647,607.09

6. Others

None

XIX. Supplementary information

1. Breakdown of current non-recurring profit or loss

☑Applicable □Not applicable

In RMB

Rewards for the key management personnel Items	Amount	Description
Profit or loss from disposal of non-current assets	-21,479.04	Mainly the losses on write-off of fixed assets
Government grants included in profit and loss of the current period (except for government subsidies that are closely related to the Company's normal business operation, comply with national policies and are enjoyed in accordance with defined criteria, and have a continuing impact on the Company's profit or loss)	690,798.69	Mainly government subsidies.
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	2,258,321.04	Mainly gains and losses from changes in fair value arising from the company's holding of trading financial assets and derivative financial liabilities.
Reversal of the account receivable depreciation reserves subject to separate impairment test	5,003,582.71	
Other non-business income and expenditures other than the above	-577,522.61	Mainly the litigation compensation expenses.
Less :Influenced amount of income tax	513,944.52	
Influenced amount of minor shareholders’ equity (after tax)	-43,356.09	
Total	6,883,112.36	--

2. Return on net assets and earnings per share

Profit of report period	Weighted average ROE(%)	Earnings per share	
		Basic earning per share(Yuan/Share)	Diluted gains per share(Yuan/Share)
Net profit attributable to the	1.70%	0.1002	0.1002

Common stock shareholders of Company.			
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	1.47%	0.0867	0.0867

Shenzhen Textile (Holding) Co., Ltd.

Board of Directors

26 August 2026