

**Shenzhen Textile (Holdings) Co., Ltd.**

**2024 Annual Report**



**March 2025**

## Section I Important Notes, Table of Contents and Interpretations

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

The Principal Yin Kefei, the Chief Finance Officer Liu Yu and the Chief Accountant (accounting supervisor) Huang Min declare that they will ensure the authenticity, accuracy and completeness of the financial report in this annual report.

In addition to the following directors, other directors personally attended the Board meeting at which the Annual Report was considered.

Names of directors not present in person	Positions of directors not present in person	Reasons for not attending the meeting in person	Name of principal
Wang Chuan	Director	Business Related	Wei Junfeng
Meng Fei	Director	Business Related	Liu Yu

Forward-looking statements such as future development plans involved in this report do not constitute a substantial commitment by the Company to investors. Investors and related persons should maintain sufficient risk awareness and understand the differences between plans, forecasts and commitments. Investors are requested to pay attention to 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 "XI. Outlook for the Company's Future Development (III) Possible Risks" in "Section III Management Discussion and Analysis" of this report.

The profit distribution plan reviewed and approved by the Company at the Board is: based on 506,521,849 shares, distribute cash dividends of 0.71RMB (including tax) for every 10 shares to all shareholders, and distribute 0 bonus shares (including tax), without converting the provident fund into share capital.

This report is prepared in Chinese and English respectively. In case of any ambiguity between the Chinese and foreign versions, the Chinese version shall prevail.

## Table of Contents

<b>Section I Important Notes, Table of Contents and Interpretations</b> .....	2
<b>Section II Company Profile and Major Financial Indicators</b> .....	7
<b>Section III Management's Discussion and Analysis</b> .....	11
<b>Section IV Corporate Governance</b> .....	29
<b>Section V Environment and Social Responsibilities</b> .....	49
<b>Section VI Important Matters</b> .....	54
<b>Section VII Changes in Shares and Shareholders</b> .....	65
<b>Section VIII Preferred shares</b> .....	71
<b>Section IX Bonds</b> .....	71
<b>Section X Financial Reports</b> .....	72

## **List of Documents Available for Inspection**

- I. Accounting statements bearing the signatures and seals of the legal representative, Finance Director and Chief Accountant of the Company;
- II. The original audit report bearing the seal of the accounting firm and the signature and seal of the certified public accountant;
- III. 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-mentioned documents are kept in the office of the Board of Directors for reference.

## Interpretations

Items	Refers to	Interpretations
Company/ the Company / Shenzhen Textile	Refers to	Shenzhen Textile (Holdings) Co., Ltd.
Articles of Association	Refers to	Articles of Association of Shenzhen Textile (Holdings) Co., Ltd.
Actual owner / Shenzhen SASAC	Refers to	State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government
Controlling shareholder / Shenzhen Investment Holdings	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenchao Technology	Refers to	Shenzhen Shenchao Technology Investment Co., Ltd.
SAPO Photoelectric	Refers to	Shenzhen SAPO Photoelectric Co., Ltd.
MCENTURY	Refers to	Shenzhen MCENTURY Garment Co., Ltd.
Hengmei Optoelectronics	Refers to	Hengmei Optoelectronics Co., Ltd.
Line 4	Refers to	Polarizer for TFT-LCD Phase I Line 4 Project
Line 5	Refers to	Polarizer for TFT-LCD Phase I Line 5 Project
Line 6	Refers to	Polarizer for TFT-LCD Phase II Line 6 Project
Line 7	Refers to	Polarizer industry project for ultra-large-size TV
China Securities Regulatory Commission	Refers to	China Securities Regulatory Commission
This report	Refers to	2024 Annual Report

## Section II Company Profile and Major Financial Indicators

### I. Information about the Company

Stock name	Shenzhen Textile A, Shenzhen Textile B	Stock code	000045、200045
Stock name before the change (if any)	None		
Stock exchange where the Company's stocks are listed	Shenzhen Stock Exchange		
Chinese name	Shenzhen Textile (Holdings) Co., Ltd.		
Abbreviation in Chinese	Shenzhen Textile		
Foreign name of the Company (if any)	SHENZHEN TEXTILE(HOLDINGS)CO.,LTD		
Abbreviation of the Company's foreign name (if any)	STHC		
Legal representative	Yin Kefei		
Registered address	Room A1203, Tower A, China State-owned Capital Venture Building, No. 2 Hengsheng Street, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen		
Postal code	518052		
Historical changes in the Company's registered address	<p>1. On April 27, 2023, the registered address of the Company was changed from "6th Floor, Shen Fang Building, No. 3 Huaqiang North Road, Futian District, Shenzhen" to "708M, Building 8, Qianhai Excellence Financial Center (Phase I), No. 5033 Menghai Avenue, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen";</p> <p>2. upon the review and approval of the 36th Meeting of the 8th Board of Directors of the Company held on January 24, 2025 and the 2025 First Extraordinary General Meeting held on February 18, 2025, the registered address of the Company was changed from "708M, Building 8, Qianhai Excellence Financial Center (Phase I), No. 5033 Menghai Avenue, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen" to "A1203, Tower A, China Venture Capital Fund Tower, No. 2 Hengsheng Street, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen".</p>		
Office address	Floor 6, Block A, Shen Fang Building, No. 3 Huaqiang North Road, Futian District, Shenzhen		
Postal code	518031		
Official website	<a href="http://www.chinasthc.com">http://www.chinasthc.com</a>		
E-mail	szfzjt@chinasthc.com		

### II. Contact person and contact information

	Secretary of the Board of Directors	Securities affairs representative
Name	Jiang Peng	Li Zhenyu
Contact address	Floor 6, Block A, Shen Fang Building, No. 3 Huaqiang North Road, Futian District, Shenzhen	Floor 6, Block A, Shen Fang Building, No. 3 Huaqiang North Road, Futian District, Shenzhen
Tel.	0755-83776043	0755-83776043
Fax	0755-83776139	0755-83776139
E-mail	jiangp@chinasthc.com	lizy@chinasthc.com

### III. Information disclosure and storage location

Stock exchange websites where companies	Shenzhen Stock Exchange ( <a href="http://www.szse.cn/">http://www.szse.cn/</a> )
---	---

disclose annual reports	
Name and website of the media where the Company discloses its annual report	Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Storage location of annual reports	Office of the Board of Directors

#### IV. Registration changes

Unified social credit code	91440300192173749Y
Changes in primary business since the listing of the Company (if any)	In July 2012, with the approval of Shenzhen Administration for Market Regulation, the Company's business scope was changed to: production and processing of textiles, knitwear, clothing, decorative fabrics, belts, trademark belts, and handicrafts (excluding restricted items); Department stores, textile industry special equipment, textile equipment and accessories, instruments, standard parts, textile raw materials, dyes, electronic products, chemical products, mechanical and electrical equipment, textile products, office supplies and domestic trade (excluding exclusive, special control and monopolized goods); import and export business. In December 2018, with the approval of Shenzhen Administration for Market Regulation, the Company's business scope was changed to: production and operation of polarizer and other optical film products; hotel, property leasing and management; production and processing of textiles, knits, clothing, decorative fabrics, belts, trademark belts, and handicrafts (excluding restricted items); Department stores, textile industry special equipment, textile equipment and accessories, instruments, standard parts, textile raw materials, dyes, electronic products, chemical products, mechanical and electrical equipment, textile products, office supplies and domestic trade (excluding exclusive, special control and monopolized goods); import and export business.
Previous changes of controlling shareholder (if any)	In October 2004, according to the Decision on the Establishment of Shenzhen Investment Holdings Co., Ltd. issued by the Shenzhen State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government (SGZW (2004) No. 223), the controlling shareholder of the Company, Shenzhen Investment & Management Company, was merged and reorganized together with Shenzhen Construction Holdings Company and Shenzhen Commerce and Trade Holdings Company to form Shenzhen Investment Holdings Co., Ltd.

#### V. Other relevant information

Accounting firm engaged by the Company

Name	Deloitte Touche Tohmatsu Certified Public Accountants (LLP)
Office address	Floor 30, No. 222, Yan'an East Road, Huangpu District, Shanghai
Signing accountants	Huang Tianyi, Chen Junheng

Sponsor engaged by the Company to perform continuous supervision during the reporting period

Applicable Not applicable

Financial consultant engaged by the Company to perform continuous supervision during the reporting period

Applicable Not applicable

#### VI. Main accounting data and financial indicators

Whether the Company needs to retroactively adjust or restate the accounting data of previous years

Yes No

	Year 2024	Year 2023	Increase/decrease this year compared with last year	Year 2022
Operating revenue (RMB)	3,335,283,008.68	3,079,678,375.45	8.30%	2,837,988,264.36
Net profit attributable to the	89,371,134.24	79,268,250.45	12.75%	73,309,182.94

shareholders of the listed company (RMB)				
Net profit attributable to shareholders of listed companies after deducting non-recurring profit or loss (RMB)	77,028,485.76	62,328,667.73	23.58%	61,951,894.68
Net cash flows from operating activities (RMB)	231,264,525.09	184,766,739.80	25.17%	490,238,550.60
Basic earnings per share (RMB/share)	0.18	0.16	12.50%	0.14
Diluted earnings per share (RMB/share)	0.18	0.16	12.50%	0.14
Weighted average rate of return on net assets	3.06%	2.77%	0.29%	2.59%
	As at the end of 2024	As at the end of 2023	Increase/decrease at the end of this year compared with the end of last year	As at the end of 2022
Total assets (RMB)	5,232,150,397.33	5,649,822,363.44	-7.39%	5,617,137,367.90
Net assets attributable to shareholders of the listed company (RMB)	2,951,869,910.25	2,882,152,266.22	2.42%	2,849,264,555.21

The net profit of the Company in the last three fiscal years before and after deducting non-recurring profit or loss is negative, and the audit report of the latest year shows that the going-concern ability of the Company is uncertain

Yes  No

The lower of net profit before and after deducting non-recurring profit or loss is negative

Yes  No

## VII. Differences between accounting data under domestic and foreign 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

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

## VIII. Main financial indicators by quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	761,350,922.92	862,033,228.98	898,708,470.32	813,190,386.46
Net profit attributable to shareholders of the listed company	20,777,352.85	23,116,722.38	35,007,531.14	10,469,527.87
Net profit attributable to shareholders of listed companies after deducting	16,974,425.78	18,283,331.01	34,873,170.40	6,897,558.57

non-recurring profit or loss				
Net cash flows from operating activities	31,638,249.21	-19,803,399.27	155,500,217.20	63,929,457.95

Whether the above financial indicators or their aggregate are significantly different from the financial indicators related to the Company's disclosed quarterly and semi-annual reports

Yes  No

## IX. Non-recurring profit or loss items and amounts

Applicable  Not applicable

Unit: RMB

Item	Amount in 2024	Amount in 2023	Amount in 2022	Notes
Profit or loss on disposal of non-current assets (including write-off of provision for asset impairment)	833,613.28	1.72	31,264.60	
Government grants included in the current profit or loss (except for those that are closely related to the Company's normal business operations, comply with national policies and regulations, are enjoyed according to determined standards, and have a sustained impact on the Company's profit or loss)	10,454,530.12	19,927,836.02	11,048,569.36	Mainly government grants.
Profit or loss from changes in fair value of financial assets and liabilities held by non-financial enterprises and profit or loss from the disposal of financial assets and financial liabilities, except for effective hedging operations related to the Company's normal business operations	-5,319,496.55	2,151,780.82	0.00	Mainly refers to the fair value change gains and losses generated by the company's holding of trading financial assets and derivative financial liabilities.
Reversal of provision for impairment of accounts receivable subject to separate impairment test	13,927,792.63	15,031,480.15	0.00	
Non-operating revenue and expenses other than the above-mentioned items	1,107,069.21	-6,755,922.25	7,516,025.10	
Less: income tax effects	2,998,978.10	3,478,333.83	3,294,064.39	
Affected amount of minority interests (after tax)	5,661,882.11	9,937,259.91	3,944,506.41	
Total	12,342,648.48	16,939,582.72	11,357,288.26	--

Specific circumstances of other profit or loss items that meet the definition of non-recurring profit or loss:

Applicable  Not applicable

The Company had no specific profit or loss items that meet the definition of non-recurring profit or loss.

Notes on the definition of the non-recurring profit or loss items listed in the "Interpretive Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public - Non-recurring Profit or Loss" as recurring profit or loss items

Applicable  Not applicable

The Company had no circumstances of definition of the non-recurring profit or loss items listed in the "Interpretive Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public - Non-recurring Profit or Loss" as recurring profit or loss items.

## Section III Management's Discussion and Analysis

### I. Industry status during the reporting period

The polarizer is also called polarized light sheet, which can control the polarization direction of a specific beam. When the natural light passes through the polarizer, the light with the vibration direction perpendicular to the polarizer transmission axis will be absorbed, and only the polarized light with the vibration direction parallel to the polarizer transmission axis will be transmitted. The downstream applications of polarizers are mainly in the panel industry. According to different panel types, polarizer are mainly classified into TN type, STN type, TFT type and OLED type. At present, the global polarizer market is mainly based on polarizers for TFT-LCD panels. One LCD panel requires two polarizers, while one OLED panel requires one polarizer.

The high-quality development of the polarizer industry has a profound impact on the entire display industry. As one of the three 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 polarizer R&D, production and sales enterprises in China. It is the pioneer of China's polarizer industry. Now it has developed into a leading enterprise in China's polarizer industry, and has become an important supplier of mainstream panel enterprises in the world. In 2024, the global economic and geopolitical situation will remain complex and volatile. Affected by the severe and complex economic and political situation in the world, the global display panel and terminal market demand will slowly recover, and the polarizer industry will continue to expand its production capacity. However, it still faces risks such as intensified industry competition, rising raw materials costs, and raw materials supply security.

### II. Main business engaged in by the Company during the reporting period

#### (I) Main business of 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, the operation and management of its own properties, and textile and clothing business.

During the reporting period, there was no significant change in the Company's primary business. 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 achieved an industry-leading position in OLED TV polarizer sales volume, and the sales volume of ultra-large-size products has surged significantly; second, the Company made every effort to overcome quality problems, improve customer satisfaction, reduce product return losses and management costs, and at the same time, played a sales-driven role to promote sales by production, and the production and sales volume repeatedly hit a record high; third, the Company strengthened the on-site technical management level and enhanced the process stability. The improvement of broken film of each production line was remarkable, and the average frequency of broken film decreased significantly year-on-year, which has reached a higher level in the industry. fourth, the Company continued to strengthen innovation leadership, driving the development and mass production of cutting-edge products. It focused on breakthroughs in key technologies and successfully achieved the development and mass production of high-performance OLED TV polarizers with high transmittance and low reflection in 55-inch, 65-inch, and 77-inch sizes. Additionally, it completed the development of highly alkali-resistant polarizers for OLED mobile phones and the development of display polarizers that meet the U.S. Energy Star 9.0 energy efficiency standards; fifth, the Company actively phased out subsidiaries with "non-core businesses and inefficient assets", steadily implemented the performance-based selection mechanism, promoted the shifting of resources from non-core businesses to core businesses, and achieved rational use of resources; Sixth, the Company strengthened supervision and management, focused on work safety, prepared safety management systems, strengthened safety training and education, carried out safety risk identification and hidden danger investigation and management, consolidated weak links, and prevented accidents; Seventh, continuously improved the quality of property management service, improve tenant satisfaction, strived to maintain the Company's property rental rate at a high level, and ensured the stability of the Company's property leasing management business income.

#### (II) Main products of the Company and their uses

Currently, the Company has 7 mass-production polarizer production lines, and its products cover TN, STN, TFT, OLED, 3D, dye films, optical films for touch screens and other fields. These products are mainly applied to products such as TVs, laptops, navigators, monitors, vehicles, industrial controls, instruments and meters, smartphones, wearable devices, 3D glasses, and sunglasses. 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:

Production lines	Address	Product width	Planned capacity	Main product type
Line 1	Pingshan	500mm	600,000 square meters	TN/STN/dye films
Line 2	Pingshan	500mm	1.2 million square meters	TN/STN/CSTN
Line 3	Pingshan	650mm	1 million square meters	TFT
Line 4	Pingshan	1490mm	6 million square meters	TFT/OLED
Line 5	Pingshan	650mm	2 million square meters	TFT/OLED
Line 6	Pingshan	1490mm	10 million square meters	TFT/OLED
Line 7	Pingshan	2500mm	32 million square meters	TFT/OLED

### (III) Business model of the Company

The polarizer industry is gradually shifting from the traditional business model of R&D, production and sales to a customer-centric, joint R&D 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.

### (IV) Main performance drivers of the Company

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

### (V) Market position of the Company's 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, TFT-LCD, and OLED display polarizers. It is one of the few domestic polarizer manufacturers 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, filling a gap in the domestic market.

The Company's main products are medium and large-sized polarizers for TFT-LCD. Its Line 7 is one of the few 2,500mm ultra-wide polarizer production lines in the world, capable of meeting the needs of high-generation panel production lines such as 8.5/8.6, 10.5/11 generations globally. Especially, it offers the best economic production efficiency for 10.5/11 generation lines and has an industry-leading advantage in the technology and production capacities for ultra-large and large-sized products.

### (VI) Competitive advantages and disadvantages

#### 1. Advantages of competition

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

#### 2. Disadvantages of competition

See "(III) Possible risks of XI. Outlook for the Company's future development" in this chapter for details.

## III. Analysis of core competitiveness

(I) Technical 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 29 years of polarizer industry operation experience, and its products cover mainstream display applications such as TN type, STN type, TFT type, 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. As of the end of the reporting period, SAPO Photoelectric has been granted 109 patents, including: 21 domestic invention patents, 86 domestic utility model patents and 2 overseas utility model patents. 4 national standards and 2 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.

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 well as the localization research of raw materials for polarizer production. Among them, the projects of polarizers for OLED TVs and OLED mobile phones have successfully achieved mass production, breaking the monopoly of Japan and South Korea and filling the domestic gap. It has a leading edge compared with other polarizer manufacturers. Based on the successful development of OLED polarizer products, the Company's A Polarizer for Improving the Contrast Ratio of OLED Displays was granted a national patent in 2023. Through in-depth research and elaborate design of the material structure and optical path of the OLED polarizer, this patent has successfully solved key technical problems in the industry and promoted technological progress in the field of OLED polarizers, possessing high commercial value and application prospects.

(II) Talent advantages. In order to comply with the high-quality development of the company, the Company promotes the construction of talent team in an all-round and multi-level way, deeply explores the potential of existing talents, fully stimulates their vitality, continuously improves the core competitiveness of the enterprise, and lays a solid foundation for the high-quality development of the company. The Company has always taken independent innovation as its core development strategy, and has built a set of scientific and efficient own R&D management system, and gathered a professional team with excellent skills, rich experience and international vision, covering polarizer management talents and senior technicians. First, focus on talent training and team forging, attach great importance to talent training and team building, and strive to build a technical team with high efficiency, excellent cooperation and strong creativity, and successfully develop a series of innovative products with influence in the industry, such as polarizer for ultra-large-size TVs and polarizer for OLED. Second, continuously enrich the team of middle-level cadres and core backbone talents. Supplement and equip core backbone talents through diversified channels such as market-oriented recruitment, public recruitment and internal selection to inject strong impetus into the company's development. Third, actively promote internal personnel exchanges and learning. In combination with the actual situation of the Group, in 2024, the two-way exchange and training activities for cadres and talents of the Group and its affiliated enterprises were continuously carried out to effectively strengthen talent communication between enterprises, improve the comprehensive ability and duty performance ability of employees of the Company, and further stimulate the overall vitality of the cadre team. Fourth, adhere to the "strategy-traction, performance-based and fair and impartial" assessment and distribution principle, and continuously improve the compensation assessment and distribution mechanism of "efficiency priority, justice integration, balanced evaluation system, appropriate adjustment, and combination with incentives and constraints". By scientifically and reasonably determining the salary structure and level, an effective incentive and constraint mechanism for determining value distribution based on value creation has been formed, and the work enthusiasm and creativity of employees have been fully mobilized.

(III) Market advantages. The Company has a good customer base in the domestic and foreign markets. Compared with foreign advanced peers, the biggest advantage lies in the localized supporting capacity close to the panel market and the strong support of the national industrial policy. 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 products, 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 in OLED TVs and mobile phone products, and has accumulated rich experience in the production of high-quality automotive polarizers, which will put it in a favorable position in future 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 achieving continuous improvement", pays attention to product quality control, and the products are comparable to international quality 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 product has passed the CTI test, meets the environment protection requirements of RoHS directive, and realizes 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 industry for more than 20 years, and has accumulated rich management experience in the production and manufacturing of polarizers. It has a domestic leading polarizer production management process control system, quality management system and stable raw materials 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 management, refined management processes, and learned from the management experience of domestic and overseas polarizer enterprises to optimize the company's organizational structure, reduce management levels, and further improve the company's management efficiency; The Company continues to implement advanced management systems and reasonable incentive mechanisms to improve decision-making efficiency, enhance market response speed, and refine the R&D reward system. In addition, it achieves a deeper integration of corporate value and employee value, stimulating new business vitality; the Company steadily promotes strategic transformation, optimizes resource allocation, and orderly phases out "non-core businesses and inefficient assets"; the Company has improved the efficiency of production management and enhanced the production stability, with significant progress in film-breaking reduction across production lines, reaching an industry-leading level; the Company has strengthened quality management, leading to a significant reduction in customer complaints and return rates, earning multiple quality improvement awards from multiple key customers; 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 is an important part of the new display industry. 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 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.

## IV. Analysis of primary business

### 1. Overview

2024 is a crucial year for the company to achieve the goals and tasks of the 14th Five Year Plan, and also a year for the company to forge ahead towards high-quality development. Over the past year, facing a severe and complex economic situation, the company's board focused on the "14th Five Year Plan" strategic plan, insisting on deepening the main business of polarizing film, fully promoting the continuous improvement of production capacity and technological level, and the continuous innovation of cutting-edge technology, striving to turn challenges into opportunities, continuously optimizing business quality, steadily improving operational efficiency, and achieving an overall improvement in the business situation, laying a solid foundation for the company's further transformation and development.

In 2024, the company will focus on its main business of polarizing films and achieve steady growth in performance through measures such as optimizing product structure, improving product quality, enhancing operational efficiency, promoting the development and mass production of cutting-edge products, and strengthening on-site technical management. During the reporting period, the company achieved a revenue of 3.335 billion yuan, a year-on-year increase of 8.30%; The net profit attributable to shareholders of the listed company was 89.3711 million yuan, a year-on-year increase of 12.75%.

The key work reviewed by the Company in 2024 as follows:

#### (I) Deeply cultivated the operation and management of polarizer, and drove high-quality development with differentiation strategy

In 2024, 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 achieved an industry-leading position in OLED TV polarizer sales volume, and the sales volume of ultra-large-size products has surged significantly; second, the Company continued to promote lean management, strictly controlled manufacturing costs, reduced material losses, made every effort to overcome quality problems, and improved customer satisfaction; third, the Company continued to strengthen innovation leadership, driving the development and mass production of cutting-edge products. It focused on breakthroughs in key technologies and successfully achieved the development and mass production of high-performance OLED TV polarizers with high transmittance and low reflection in 55-inch, 65-inch, and 77-inch sizes. Additionally, it completed the development of highly alkali-resistant polarizers for OLED mobile phones and the development of display polarizers that meet the U.S. Energy Star 9.0 energy efficiency standards; fourth, the Company strengthened the on-site technical management level and enhanced the process stability. The improvement of broken film of each production line was remarkable, and the average frequency of broken film decreased significantly year-on-year, which has reached a higher level in the industry.

#### (II) Consolidated the technological innovation ecosystem and empowered domestic substitution for breakthrough of key technologies

In 2024, the Company actively cooperated with upstream and downstream enterprises in the industry chain, consolidated the innovation ecosystem, and undertook technical research projects. First, in conjunction with upstream optical film material manufacturers and downstream panel enterprises, the project of OLED circular polarizer and optical compensation film technology research and development has been carried out, and has received national funding. The project was expected to make important contributions to the localization of key materials for OLED polarizer and the industrialization of domestic OLED polarizer; second, accelerated the research and development of key technologies such as low color deviation circular polarizer for fixed curvature AMOLED and key technologies for vehicle display polarizer. By the end of 2024, the fixed curvature AMOLED polarizer project completed the product development and entered the mass production stage, and the performance of the on-board polarizer products was preliminarily verified by customers.

In 2024, the Company completed 15 new patent applications, including 7 invention patents and 8 utility model patents; obtained 5 authorized patents, including 3 invention patents and 2 utility model patents. By the end of 2024, the Company had obtained a total of 109 authorized patents, including 21 invention patents and 88 utility model patents.

(III) Maintained the stable development of the leasing industry, and improved tenant satisfaction with high service quality

In 2024, the leasing market situation was grim, the vacancy rate continued to rise, and rents generally declined. The property management enterprises affiliated to the Company continuously improved their management, and their operation and development have made steady progress. First, judged the development trend of the future leasing market, analyzed the potential customer demand, and scientifically and reasonably formulated the annual property leasing plan based on the actual situation of the property enterprise; second, strengthened management, designed flexible lease terms and flexible payment methods, and ensured the refined implementation and landing of the annual lease plan; third, continuously improved the quality of property management service, timely responded to the needs of tenants, upgraded hardware and software facilities, and enhanced tenant satisfaction. The Company's property leasing and management business achieved steady development throughout the year, contributing stable cash flows.

(IV) Focus on the main business to optimize the asset structure, and the Company's transformation and development results have been achieved

In 2024, the Company steadily promoted strategic transformation, optimized resource allocation and promoted high-quality development. First, continued to steadily and orderly promoted the improvement of textile business operation, and basically completed personnel optimization; second, the orderly liquidation of "non-core businesses and non-performing assets", and the participating enterprises Yehui International Co., Ltd. has substantially completed the liquidation procedures; third, revitalized idle assets and made full use of vacant properties.

(V) Terminate major asset reorganization projects and safeguard the interests of shareholders and the Company

Since the planning and first announcement of the Company's acquisition of 100% equity in Hengmei Optoelectronics Co., Ltd. by issuing shares and paying cash (hereinafter referred to as the "Restructuring"), the Company and relevant intermediaries have always adhered to the perspective of safeguarding the interests of all shareholders, actively communicated with the counterparty in terms of transaction plans and core terms of the transaction.

As the restructuring plan is complex and involves many counterparties, by May 2024, the transaction has not completed the approval procedures of all parties to the transaction, and the validity period of the financial data of the target company has expired. From the perspective of safeguarding the interests of all shareholders and listed companies, the company has prudently demonstrated and friendly negotiated with all parties to the transaction.

(VI) Build a firm concept of work safety, and take multiple measures to strengthen work safety management

In 2024, the Company firmly established the concept of safety development, adhered to the safety red line awareness and bottom line thinking, comprehensively consolidated the safety foundation, improved the safety management level, and created a good safety environment for production and operation. First, improved the safety management system, optimized the safety management system, established and improved the work safety responsibility system, compacted the responsibilities at all levels, and ensured that all safety measures are implemented in place; second, strengthened safety education and training, carried out in-depth safety education and skill training for all employees through diversified training forms, and effectively improved employees' safety awareness and operation ability; Third, improved emergency response capabilities, organized and carried out multi-level and multi-scenario emergency drills, and strengthened employees' emergency response skills and emergency response capabilities; fourth, deepened risk prevention and control and hidden danger investigation, comprehensively carried out safety risk identification and hidden danger investigation and governance, and formulated special rectification measures for weak links to ensure that safety control measures are in place.

(VII) Improved the quality of party building and led the high-quality development of enterprises

In 2024, the Company unswervingly strengthened party building, further promoted the Party's innovative theoretical armament, steadily carried out Party discipline learning and education, continued to deepen the construction of party conduct and clean government, solidly carried out Party building research, and gave full play to the vanguard and exemplary role of grassroots party organizations as fighting bastions and party members and cadres; continuously strengthened the overall service, adhered to the focus on party building around the center, focused on straightening out the relationship between diversified shareholders of important subsidiary, and formed a joint force for the company's development; adhered to the party building-led innovation drive to create differentiated competitive advantages; adhered to strengthening responsibility with party building empowerment, forged a loyal and responsible cadre team, and led the Company's high-quality development through high-quality party building.

## 2. Revenue and cost

### (1) Composition of operating revenue

Unit: RMB

	Year 2024		Year 2023		YoY change
	Amount	Percentage of operating revenue	Amount	Percentage of operating revenue	
Total operating revenue	3,335,283,008.68	100%	3,079,678,375.45	100%	8.03%
By industry					

Manufacturing	3,222,007,352.76	96.60%	2,968,884,717.77	96.40%	8.53%
Property leasing	113,275,655.92	3.40%	110,793,657.68	3.60%	2.24%
By product					
Polarizer sales business	3,161,332,478.08	94.78%	2,885,625,542.77	93.70%	9.55%
Property leasing and other business	173,950,530.60	5.22%	194,052,832.68	6.30%	-10.36%
By region					
Domestic	3,173,216,270.08	95.14%	2,963,091,439.22	96.21%	7.09%
Overseas	162,066,738.60	4.86%	116,586,936.23	3.79%	39.01%
Subsales model					
Credit sales	3,088,206,699.28	92.59%	2,948,168,591.89	95.73%	4.75%
Cash sales	247,076,309.40	7.41%	131,509,783.56	4.27%	87.88%

**(2) Industry, product, region and sales model accounting for more than 10% of the company's operating revenue or operating profit**

Applicable     Not applicable

Unit: RMB

	Operating revenue	Operating costs	Gross margin	YoY change in operating revenue	YoY change in operating costs	YoY change in gross margin
By industry						
Manufacturing	3,222,007,352.76	2,770,623,790.28	14.01%	8.53%	9.09%	-0.44%
By product						
Polarizer sales business	3,161,332,478.08	2,720,719,735.99	13.94%	9.55%	10.46%	-0.70%
By region						
Domestic	3,173,216,270.08	2,669,090,161.64	15.89%	7.09%	8.10%	-0.78%
Subsales model						
Credit sales	3,088,206,699.28	2,633,299,467.78	14.73%	4.75%	5.33%	-0.47%

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

**(3) Whether the company's physical sales revenue is greater than the revenue of labor services**

Yes     No

Industry classification	Item	Unit	Year 2024	Year 2023	YoY change
Polarizer	Sales volume	Ten thousand square meters	4,511.36	4,067.17	10.92%
	Production volume	Ten thousand square meters	4,519.80	4,059.98	11.33%
	Inventory	Ten thousand square meters	113.66	105.22	8.02%

Reasons for the YoY change of more than 30% in relevant data

Applicable     Not applicable

**(4) Performance of major sales contracts and major procurement contracts signed by the Company as of the reporting period**

Applicable     Not applicable

**(5) Composition of operating costs**

Industry and product classification

Industry and product classification

Unit: RMB

Industry classification	Item	Year 2024		Year 2023		YoY change
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Manufacturing	Polarizer and textile	2,770,623,790.28	99.10%	2,539,763,710.92	99.15%	9.09%
Property leasing	Property leasing and others	25,236,144.54	0.90%	21,868,133.61	0.85%	15.40%

Unit: RMB

Product classification	Item	Year 2024		Year 2023		YoY change
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Polarizer sales business	Direct materials	2,249,737,862.60	82.69%	2,001,392,768.82	81.25%	12.41%
Polarizer sales business	Direct labor	56,860,547.47	2.09%	56,414,151.28	2.29%	0.79%
Polarizer sales business	Power cost	69,419,996.74	2.55%	74,399,845.18	3.02%	-6.69%
Polarizer sales business	Manufacturing expenses	344,701,329.18	12.67%	330,930,582.77	13.44%	4.16%

Notes

None

**(6) Whether there was any change in the consolidation scope during the reporting period**Yes No**(7) Information about significant changes or adjustments in the Company's business, products or services during the reporting period**Applicable Not applicable**(8) Main sales customers and suppliers**

Main sales customers of the Company

Total sales amount of top five customers (RMB)	2,378,354,555.09
Ratio of top 5 customers' sales to total annual sales	71.31%
Ratio of related party sales among top 5 customers to total annual sales	0.00%

Information on the Company's top 5 customers

No.	Customer name	Sales amount (RMB)	Ratio in total annual sales
1	Customer 1	837,268,230.79	25.10%
2	Customer 2	711,021,831.51	21.32%

3	Customer 3	384,654,504.42	11.53%
4	Customer 4	310,802,454.14	9.32%
5	Customer 5	134,607,534.23	4.04%
Total	--	2,378,354,555.09	71.31%

Other information of main customers

Applicable Not applicable

Main suppliers of the Company

Total purchase amount of top five suppliers (RMB)	1,136,388,239.76
Ratio of total purchase amount of the top five suppliers in the total annual purchase amount	44.72%
Ratio of related party purchases among top 5 suppliers to total annual purchases	0.00%

Information on the Company's top 5 suppliers

No.	Supplier name	Purchase amount (RMB)	Ratio in the annual purchase amount
1	Supplier I	380,858,912.59	14.99%
2	Supplier II	249,144,324.52	9.80%
3	Supplier III	217,940,190.61	8.58%
4	Supplier IV	147,054,553.77	5.79%
5	Supplier V	141,390,258.27	5.56%
Total	--	1,136,388,239.76	44.72%

Other information of main suppliers

Applicable Not applicable

### 3. Costs

Unit: RMB

	Year 2024	Year 2023	YoY change	Explanation of significant changes
Selling and distribution expenses	42,260,603.47	34,195,670.61	23.58%	Mainly due to the increase in sales service fees.
G&A expenses	134,347,821.58	134,371,410.53	-0.02%	
Financial expenses	12,121,156.05	24,399,501.16	-50.32%	Mainly due to reduced interest expenses and exchange rate fluctuations.
R&D expenses	103,811,822.91	104,653,040.92	-0.80%	

### 4. R&D investment

Applicable Not applicable

Name of main R&D project	Purpose of the project	Project progress	Objectives to be achieved	Expected impact on the company's future development
Development of high-transmittance and high-deviation TV products	Follow the development trend of the industry.	Completed	High-transparency and high-deviation TV products have been developed and mass-produced.	Satisfy the demands of terminals for low-energy-consumption display products and stabilize the market position of the enterprise.
Development of ultra-wide new VA compensation film product	Solve the issue of having a single supplier.	Completed	Complete the development and introduction of materials, and achieve the mass production and delivery of	Broaden sources of material supply.

			products.	
MNT product development	Follow the development trend of the industry.	Completed	Complete the product development and introduction, and achieve mass production and delivery.	It is conducive to seizing market share and laying a foundation for further product technological update.
Development of wide width brightening NB products	Enter the medium and high-end NB market and strengthen the layout of the NB market.	Completed	Complete the verification of customer materials.	Improve the Company's market position in small and medium-sized markets, especially in the NB field.
OLED TV product development	Match the customer's development strategy.	In progress	Component certification will be completed in June 2025 to achieve mass production.	Further enhance the company's market position in the field of the polarizer for OLED.
AMOLED circular polarizer product development	Dual development of core components.	Completed	Complete material process verification and customer-side verification.	Implement the Company's strategy of cost reduction and efficiency improvement, and meet the localization requirements of the customer.
PVA high transparency process development	Improve the cutting utilization rate.	Completed	Complete the development of the extended process for thin PVA in the wide-width production line.	Improve utilization while reducing production costs.
High-durability PVA water glue	Improve the weather resistance index of the product.	Completed	Complete the design and verification of the formula of high-durability PVA water glue.	The Company has enriched and perfected its core technology of polarizer production, and kept up with the international advanced level of the industry.
Development of highly reliable UV adhesive	Improve the moisture resistance and interlayer adhesion of large-size products.	Completed	Under the condition of matching high machine speed, the interlayer adhesion and reliability of the product are stable.	Improve the competitiveness of the Company's products and broaden the scope of application.
Development of full lamination vehicle-mounted products	Achieve breakthroughs in technical solutions and break foreign monopoly.	Completed	Ensure that the internal test performance of the developed products meets the requirements of full - fit on - board products.	Lay a foundation for opening the high-end market of on-board products.
SGF eye care product development	Develop eye protection products to enhance product competitiveness.	Completed	Complete the product development and introduction, and achieve mass production and delivery.	Diversify the Company's products and improve the competitiveness of the Company's products.

## R&amp;D personnel of the Company

	Year 2024	Year 2023	Change ratio
Number of R&D personnel	174	178	-2.25%
Proportion of R&D personnel	12.53%	12.57%	-0.04%

## R&amp;D investment

	Year 2024	Year 2023	Change ratio
Amount of R&D investment (RMB)	103,811,822.91	104,653,040.92	-0.80%
Ratio of R&D investment to operating revenue (%)	3.11%	3.40%	-0.29%
Amount of capitalized R&D investment (RMB)	0.00	0.00	0.00%
Ratio of capitalized R&D investment to R&D investment	0.00%	0.00%	0.00%

## Reasons and impact of major changes in the composition of the Company's R&amp;D personnel

Applicable Not applicable

Reasons for the significant change in the proportion of total R&D investment to operating revenue compared with the previous year

Applicable Not applicable

Reasons for the significant change in the capitalization rate of R&D investment and its rationality explanation

Applicable Not applicable

## 5.Cash flows

Unit: RMB

Item	Year 2024	Year 2023	YoY change
Sub-total of cash inflows from operating activities	3,498,846,688.58	3,078,145,063.09	13.67%
Sub-total of cash outflows from operating activities	3,267,582,163.49	2,893,378,323.29	12.93%
Net cash flows from operating activities	231,264,525.09	184,766,739.80	25.17%
Sub-total of cash inflows from investing activities	1,710,096,583.99	1,467,781,075.59	16.51%
Sub-total of cash outflows from investing activities	1,634,895,167.62	1,904,569,967.97	-14.16%
Net cash flows from the investing activities	75,201,416.37	-436,788,892.38	117.22%
Sub-total of cash inflows from financing activities	0.00	8,000,000.00	-100.00%
Sub-total of cash outflows from financing activities	466,358,420.51	169,488,356.86	175.16%
Net cash flows from financing activities	-466,358,420.51	-161,488,356.86	-188.79%
Net increase in cash and cash equivalents	-159,335,617.98	-413,054,377.13	61.43%

Description of main influencing factors of significant YoY changes in relevant data

Applicable Not applicable

The net cash flows from investing activities increased by 117.22% YoY, mainly due to the purchase of structured deposits and bank wealth management products in the same period last year;

The net cash flows from financing activities decreased by 188.79% YoY, mainly due to the prepayment of loan principal during the reporting period;

The net increase in cash and cash equivalents increased by 61.43% YoY, mainly due to the increase in cash inflows from the maturity of the company's wealth management products during the reporting period.

Explanation of the reasons for the significant difference between the net cash flow generated from the operating activities of the Company and the net profit of the current year during the reporting period

Applicable Not applicable

## V. Analysis of non-primary business

Applicable Not applicable

Unit: RMB

	Amount	Ratio of total profit	Formation reasons	Whether it is sustainable

Investment income	-165,313.89	-0.11%	It is mainly due to the loss of participating enterprises during the reporting period.	Sustainable.
Gains/losses on changes in fair value	1,134,503.45	0.74%	It is mainly due to the income and 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 sustainable.
Asset impairment	-132,423,108.75	-86.62%	It was mainly due to the provision for inventory depreciation made by the Company in accordance with the accounting policies during the reporting period.	Sustainable.
Non-operating revenue	1,805,086.92	1.18%	It is mainly due to the liquidated damages received by the Company during the reporting period.	Not sustainable.
Non-operating expenses	698,017.71	0.46%	It is mainly due to the liquidated damages paid by the Company during the reporting period.	Not sustainable.
Other income	41,484,107.53	27.13%	It is mainly due to the government grants received by and the preferential policy of additional value-added tax deduction enjoyed by the Company during the reporting period.	Sustainable.

## VI. Analysis of assets and liabilities

### 1. Major changes in asset composition

Unit: RMB

	As at the end of 2024		Early 2024		Increase/decrease in percentage	Explanation of significant changes
	Amount	Ratio of total assets	Amount	Ratio of total assets		
Monetary funds	340,961,443.82	6.52%	472,274,448.00	8.36%	-1.84%	
Accounts receivable	863,731,936.89	16.51%	820,134,833.95	14.52%	1.99%	
Inventories	789,756,700.88	15.09%	736,392,172.27	13.03%	2.06%	
Investment properties	115,993,390.19	2.22%	125,603,207.18	2.22%	0.00%	
Long-term equity investments	114,828,026.04	2.19%	127,682,020.70	2.26%	-0.07%	
Fixed assets	1,873,552,843.91	35.81%	2,066,006,237.73	36.57%	-0.76%	
Construction in progress	5,814,012.03	0.11%	31,307,060.74	0.55%	-0.44%	
Right-of-use assets	15,338,117.86	0.29%	11,999,466.57	0.21%	0.08%	
Short-term borrowings	0.00	0.00%	8,000,000.00	0.14%	-0.14%	
Contract liabilities	490,562.97	0.01%	1,436,943.34	0.03%	-0.02%	
Long-term borrowings	162,388,870.00	3.10%	505,578,314.56	8.95%	-5.85%	It is mainly due to the early repayment of loans by the Company during

						the reporting period.
Lease liabilities	9,496,564.12	0.18%	6,687,317.22	0.12%	0.06%	
Financial assets held for trading	731,419,904.42	13.98%	821,946,114.68	14.55%	-0.57%	
Other payables	160,296,989.98	3.06%	184,528,344.55	3.27%	-0.21%	

High proportion of overseas assets

Applicable Not applicable

## 2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Beginning balance	Profit or loss from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment provision in the current period	Amount purchased in the current period	Amount sold in the current period	Other changes	Ending balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	821,946,114.68	2,413,062.80	0.00	0.00	1,605,454,000.00	1,698,393,273.06	0.00	731,419,904.42
4. Other equity instrument investments	145,988,900.00	0.00	19,414,000.00	0.00	0.00	0.00	0.00	165,402,900.00
Sub-total of financial assets	967,935,014.68	2,413,062.80	19,414,000.00	0.00	1,605,454,000.00	1,698,393,273.06	0.00	896,822,804.42
Total of the above	967,935,014.68	2,413,062.80	19,414,000.00	0.00	1,605,454,000.00	1,698,393,273.06	0.00	896,822,804.42
Financial liabilities	0.00	-1,278,559.35	0.00	0.00	0.00	0.00	0.00	-1,278,559.35

Other changes

None

Whether there were significant changes in the measurement attributes of the Company's major assets during the reporting period

Yes No

## 3. Restrictions on asset rights as of the end of the reporting period

Restricted assets as of the end of the reporting period are monetary funds, notes receivable, fixed assets and intangible assets, of which:

(1) The restricted monetary funds mainly include the funds equivalent to RMB 3,401,500.00 due to the freezing of accounts and the bill guarantee of RMB 35,443,338.96.

(2) Restricted notes receivable are notes receivable that have been endorsed by the Company and have not yet matured 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

## VII. Analysis of investment status

### 1. Overall situation

Applicable Not applicable

### 2. Major equity investments acquired during the reporting period

Applicable Not applicable

### 3. Major non-equity investments in progress during the reporting period

Applicable Not applicable

### 4. Investment in the financial assets

#### (1) Securities investment

Applicable Not applicable

The Company had no securities investment during the reporting period.

#### (2) Derivative investment

Applicable Not applicable

The Company had no derivative investment during the reporting period.

### 5. Use of funds raised

Applicable Not applicable

The Company had no use of funds raised during the reporting period.

## VIII. Sales of major assets and equities

### 1. Sales of major assets

Applicable Not applicable

The Company did not sell major assets during the reporting period.

### 2. Sale of major equity

Applicable Not applicable

## IX. Analysis of major holding and participating companies

Applicable Not applicable

Major subsidiaries and participating companies with an impact of 10% or more on the Company's net profit

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen SAPO Photoelectric Co., Ltd.	Subsidiaries	Production and sales of polarizers	583,333,333.00	4,038,576,173.15	3,203,266,074.15	3,230,006,072.51	136,109,623.37	134,214,080.34

Information on acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Methods of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Shenzhen Huaqiang Hotel Co., Ltd.	Liquidation	It conforms to the Company's strategic planning and has no significant impact on the Company's overall production, operation and performance.

Notes to main holding and participating 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 "IV Analysis of primary business" in "Section III Management Discussion and Analysis".

## X. Structured entities controlled by the Company

Applicable Not applicable

## XI. Prospects for the future development of the Company

(i) Industry competition pattern and development trend

1. Industry competition pattern

The polarizer industry is a highly concentrated industry. At present, there are about 10 major polarizer manufacturers in the world, mainly located in Chinese mainland, Japan and Taiwan. With the transfer of production capacity and the continuous expansion of production by manufacturers from Chinese mainland, China has become the world's largest polarizer production base. According to the latest data from Omdia, by the end of 2024, the global share of polarizer production capacity in Chinese mainland will further increase to about 58.5%, and it is expected that by 2027, the share of polarizer production capacity in Chinese mainland will be close to 72%. In the competition for ultra-wide polarizer production line driven by the rapid growth of demand for large-size display products of 65 inches and above, Chinese mainland continues to maintain its leading position in the industry.

2. Industry development trend

With the recovery of the global economy, the gradual recovery of the consumer electronics market and the increasing maturity of various types of display technologies and products in multiple scenarios, the global display industry has entered a recovery upward channel. At present, the "national subsidy" policy continues to advance, and the policy coverage will be further expanded in 2025. New consumer electronic products such as mobile phones and tablets will be added as subsidy objects. At the same time, the accelerated breakthrough of artificial intelligence technology at the application end stimulates consumer demand to further promote the renewal and upgrading of display products, directly driving the demand growth of display panel and its upstream industrial chain. As one of the key raw materials upstream of the display panel, polarizers are expected to fully benefit from the recovery of the industry and technological progress, and enter a new round of demand growth.

In recent years, due to the continuous expansion of production capacity by major panel manufacturers in Chinese mainland, the market demand for domestic polarizer has grown rapidly. Similar to the development trend of the global panel industry, overseas polarizer manufacturers are also accelerating their contraction and withdrawal. Domestic polarizer manufacturers have occupied an advantageous position in the field of LCD polarizer, and are gradually catching up in differentiated markets such as high-end LCD polarizer and OLED polarizer. There is still a large space for domestic substitution in the future, which brings good development opportunities for polarizer manufacturers from Chinese mainland with market advantages, scale advantages, policy advantages and geographical advantages.

With the upgrading of consumption, ultra-large-size display products can better meet the needs of consumers for high-quality display effects, which has led to the continuous growth of demand for 65-inch and above large-size TVs, bringing huge demand for ultra-wide polarizer products. Market institution Omdia predicts that from 2024 to 2027, the annual compound growth rate of global demand area of 65-inch and above polarizers will be about 10%. It is expected that by 2027, the demand for large-size panel of 65 inches and above will increase to about 100mn square meters, and the corresponding demand for ultra-wide polarizers will exceed 200mn square meters. At the same time, the shipment of OLED panels in the field of smartphone screens in 2024 exceeded that of LCD panels for the first time. OLED displays have achieved high penetration in the field of smartphone and are accelerating the penetration to medium and large sizes.

In addition, the multi-screen demand brought about by the continuous evolution of automobile intelligence and electrification, as well as the actual layout of OLED IT products actively promoted by Apple, domestic and foreign leading panel manufacturers are also accelerating the investment and construction of 8.6 generation OLED panel production lines, which will drive the rapid growth of market demand for high-end products such as OLED and polarizers for vehicle use, becoming a blue ocean market for polarizer companies to compete. In the future, manufacturers with large-size polarizer products, as well as high-end and cutting-edge polarizer technology reserves and mass production capabilities such as OLED and vehicle will occupy greater competitive advantages.

## (II) Development strategy of the Company

The Company strengthens strategic leadership, relying on the existing business foundation, through the two major paths of stock business potential expansion and incremental business investment empowerment, actively plans business innovation and upgrading, vigorously implements the "polarizer +" strategy, flexibly uses the capital operation mode, promotes the core business of polarizer to become bigger, better and stronger, and extends to the upstream raw materials of polarizer at the right time, and actively expands to other advanced new material sub-sectors with better industry track, higher economic benefits and faster performance release, and thus to achieve "industry + capital" two-wheel drive to strive to build a world-class new material technology group.

## (III) Possible risks

### 1. 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.

### 2. Market risks

The polarizer industry is an important part of China's new display industry. The demand for display panels and the development of corresponding technologies are changing rapidly. The process of domestic substitution in the polarizer industry is underway. With the development of new display technologies such as ultra-large size displays, OLED displays, and vehicle displays, if the Company's technology and products cannot respond to the needs of the application field in a timely manner, the new product development and application are weaker than expected, or the intensified market competition leads to the decline in the price of display products, and the downward pressure on the price is transmitted to the polarizer market, which will have an adverse impact on the Company.

### 3. Raw materials risks

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.

### 4. Risks of intensified competition

With the accelerated production of new and expanded production lines by major domestic polarizer manufacturers in recent years, polarizer production capacity, especially large-size polarizer production capacity, will continue to grow in the future. If the recovery of downstream consumer markets is weaker than expected, the competition in the polarizer industry will further intensify.

## (IV) Priorities in 2025

### 1. Adhere to innovation-driven approach, and promote the main business of polarizers to become stronger and better

Adhere to focusing on the main business of polarizer, and effectively promote the measures of "capacity scale, product differentiation, innovation ecology, and management lean". First, continuously strengthen the research of cutting-edge technologies, focus on key technologies such as high penetration, high contrast, flexible folding, and high durability, promote the product development of cutting-edge products, and seize the development opportunities of the blue ocean market of new displays; second, continue to improve the production process technology level, further improve the speed and yield of Lines, improve the mass production capacity of ultra-large size polarizers, and steadily promote the optimization and transformation of existing production lines; third, strengthen diversified technological innovation cooperation, promote collaborative research with upstream and downstream enterprises of the industrial chain, and accelerate the breakthrough of key technology research projects such as OLED circular polarizers and optical compensation films and vehicle-mounted polarizers; fourth, promote lean management, effectively promote quality improvement, cost reduction and efficiency improvement, reduce process losses, remove sluggish inventory, improve product quality, import domestic materials, and enhance the anti-risk ability of operation.

### 2. The property leasing business is stable and progressive, providing effective support for the Company's development

Property management companies actively carry out market research, formulate refined annual leasing plans in combination with market and the Company's conditions, further optimize the working mechanism, continuously implement refined management, innovate and tap potential, open up revenue and reduce expenditure, improve the service quality and management level of property management companies, and improve operating efficiency.

### 3. Strengthen the governance of loss-making enterprises and the disposal of "non-core/non-competitive businesses and inefficient/non-performing assets"

Carry out the demobilization work in an orderly and steady manner. First, actively promote the disposal of textile business inventories, the public listing of fixed assets and the liquidation of claims and debts; second, extensively seek interested acquirers and promote the transfer of small equity in some participating enterprises; thirdly, actively revitalize the low-efficiency property stock assets, optimize

asset allocation, and improve asset operation efficiency, so as to lay a solid foundation for the Company to focus on the main business of polarizers and seek transformation and development.

#### 4. Strengthen the construction of talent team, and ensure development with talent-driven innovation

Deeply implement the talent-driven strategy, optimize the structure of the cadre team, and improve capacity building. First, vigorously select cadres and talents with both integrity and ability, increase the introduction of high-end talents, cultivate compound talents, and broaden the development path; second, innovate the incentive mechanism, release the potential of talents, benchmark the management experience of advanced enterprises, and implement flexible and diversified medium and long-term incentives; third, create an environment of "recognizing talents, cherishing talents, loving talents, and using talents", give full play to the professional, intellectual and resource advantages of talents, empower the Company's high-quality development with a high-quality talent team, and comprehensively enhance the Company's core competitiveness.

#### 5. Strengthen safety management and build a firm safety defense line

Always adhere to the work safety policy of "safety first, prevention oriented and comprehensive governance", firmly establish the concept of safety development, continuously improve the safety management system of the Company, closely follow the update of national and local work safety regulations, refine the safety management system, further strengthen the on-site safety supervision and rewards and punishments, vigorously carry out safety education and training, carry out various forms of safety inspections, continuously improve the Company's safety management capabilities, enhance the safety awareness and emergency response capabilities of all employees, and comprehensively build a firm line of defense for work safety.

#### 6. Improve the risk control compliance system and enhance the ability of comprehensive risk prevention and control

Comprehensively improve the compliance management system, make multi-dimensional efforts from organization, system, mechanism to cultural construction, implement special compliance management for key areas, explore the establishment of coordination mechanisms for compliance, legal affairs and risk control, and improve management efficiency through efficient coordination. At the same time, strengthen the cornerstone of legal management, strictly control the legality and compliance of major decisions, and effectively improve the level of business support and risk prevention and control. Strengthen the legal affairs and compliance team, enhance the compliance awareness and ability of all employees through regular training, promote the deep integration of business laws, and help the Company develop steadily.

#### 7. Enhance market value management level and promote high-quality development of the company

Focusing on improving the operational quality of the company, efforts will be made to optimize the "three meetings and one layer" governance mechanism, improve the internal control system, enhance the quality of information disclosure, strengthen investor relations management, formulate market value management system and assessment system, and lay a solid foundation for the sustainable and high-quality development of listed companies. At the same time, timely and compliant use of mergers and acquisitions, equity incentives, cash dividends, investor relations management, share repurchases, and other methods to promote the increase of investment value of listed companies, achieve market recognition of the company's investment value, and inject vitality into the company's high-quality development.

#### 8. Strengthen the leadership of party building and innovate corporate culture

In strict accordance with the unified deployment and arrangement of the Party Central Committee and the superior Party Committee, give full play to the leadership role of the Party Committee in overseeing the overall situation and coordinating all parties, and promote the Party's latest theoretical achievements into the enterprise, the front line and the team; make every effort to build a characteristic party building brand of enterprises in the field of mixed ownership competition, and play a vanguard and exemplary leading role of party members in core key positions such as production line and scientific research and innovation; pay close attention to the construction of the work style of the cadre team, promote the improvement and implementation of the Company's system, promote the clarity and implementation of the corporate strategy, and lay a solid foundation and provide guarantee for the healthy development of the Company.

## XII. 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
March 29, 2024	Meeting room on the sixth floor of the Company	Field survey	Institution	Shenzhen Chuanghua Qisheng Co., Ltd.: Li Junhui ; Shenzhen Dexun Securities Consulting Co., Ltd.: Ruan Shiwang, Chang Jianwu, Zeng Xianwei ; Hexun Information Technology Co., Ltd.: Ye Xiaofei, Wang Yanqiu;	Main contents discussed: prosperity of the polarizer industry, future development trend, impact of panel price fluctuations on polarizer price, the Company's product structure, the	For details, please refer to the Investor Relations Activity Record Form (No. 2024-01) published by Shenzhen Textile (Holdings) Co., Ltd. on Cninfo (http://www.cninfo.c

				Shanghai Chuhua Capital Co., Ltd.: Li Xianhong	Company's major customers, etc. Data provided: none.	om.cn).
April 19, 2024	Value Online (https://www.ir-online.cn/) network interaction	Online communication on the network platform	Others	General investors	Main contents discussed: progress of restructuring, whether the textile business is divested, when to change its name, how to realize strategic planning, etc. Data provided: none.	For details, please refer to the Investor Relations Activity Record Form (No. 2024-02) published by Shenzhen Textile (Holdings) Co., Ltd. on Cninfo (http://www.cninfo.com.cn).
May 19, 2024	Value Online (https://www.ir-online.cn/) network interaction	Online communication on the network platform	Others	General investors	Main contents discussed: reasons for termination of restructuring, corporate planning, etc. Data provided: none.	For details, please refer to the Investor Relations Activity Record Form (No. 2024-03) published by Shenzhen Textile (Holdings) Co., Ltd. on Cninfo (http://www.cninfo.com.cn).
July 30, 2024	Meeting room on the sixth floor of the Company	Field survey	Institution	Li Jie, Xue Zhao and Shang Yingna from Beijing Fundamentals Private Equity Fund Management Center (Limited Partnership)	The prosperity of LCD polarizer industry, the market space of OLED TV polarizers, the progress of vehicle-mounted polarizers, and the Company's competitive advantages compared with its peers. Data provided: none.	For details, please refer to the Investor Relations Activity Record Form (No. 2024-04) published by Shenzhen Textile (Holdings) Co., Ltd. on Cninfo (http://www.cninfo.com.cn).
December 12, 2024	Panorama "Investor Relations Interactive Platform" (https://ir.p5w.net)	Online communication on the network platform	Others	General investors	The net profit growth business-driven sector; measures to deal with price fluctuations of raw materials; how to maintain a competitive advantage; when to change the name, etc. Data provided: none.	For details, please refer to the Investor Relations Activity Record Form (No. 2024-05) published by Shenzhen Textile (Holdings) Co., Ltd. on Cninfo (http://www.cninfo.com.cn).

### XIII. 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

#### **XIV. Implementation of the action plan of "double improvement of quality return".**

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

Yes      No

## Section IV Corporate Governance

### I. Basic status of corporate governance

During the reporting period, the Company operated in strict accordance with the requirements of the Securities Law, the Company Law, the Code of Corporate Governance for Listed Companies, the Guidelines for Self-Regulation of Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board, and other relevant laws, regulations and normative documents, strengthened risk management and control, and ensured the healthy and stable development of the Company. At present, the Company's various governance systems are basically sound, its operation is standardized, and its legal person governance structure is perfect, which meets the requirements of the normative documents on the corporate governance of listed companies issued by the China Securities Regulatory Commission.

#### (I) Operation of the general meeting

In 2024, the Company held a total of 4 general meetings in strict accordance with the provisions and requirements of the Company Law, the Company's Articles of Association and the Rules of Procedure for the General Meeting on the convening and holding of general meeting, and the voting procedures were standardized, and the resolutions were legal and valid. The Company actively protects the voting right of small and medium-sized investors, and all the general meetings are held on-site and online to fully protect the exercise of rights of small and medium-sized investors.

#### (II) Operation of the Board of Directors

In 2024, the Board of Directors of the Company held a total of 9 meetings. The convening, holding and voting procedures of the Board of Directors were carried out in strict accordance with the provisions of the Articles of Association and the Rules of Procedures of the Board of Directors of the Company. All directors performed their duties as directors, exercised their rights as directors, conscientiously attended relevant meetings, actively participated in training, and were familiar with relevant laws and regulations in a conscientious, diligent and honest manner. The independent directors independently performed their duties in strict accordance with relevant laws, regulations and the Company's Articles of Association, the Independent Directors System and other regulations, and prudently and carefully deliberated on major matters of the Company, and with their independent and objective perspective and rich professional knowledge, put forward constructive opinions and suggestions. The Board of Directors has established strategic planning, audit, remuneration assessment and nomination committees. All specialized committees operate normally and perform earnestly their relevant duties such as internal audit and remuneration assessment, providing scientific and professional advice for the Board's decision-making.

#### (III) Operation of the Board of Supervisors

In 2024, the Board of Supervisors of the Company held 6 meetings. The Board of Supervisors, in strict accordance with the requirements of relevant laws, regulations, the Articles of Association and the Rules of Procedure of the Board of Supervisors, supervised the legality and compliance of the Company's financial affairs and the performance of duties by the Company's directors, managers and other senior officers to safeguard the legitimate rights and interests of the Company and shareholders. All supervisors conscientiously performed their obligations and exercised their rights as supervisors according to law. The convening, holding and voting procedures of the Board of Supervisors were legal, and the resolutions were legal and valid. The establishment and implementation of the Company's Board of Supervisors organization and system have played a positive role in improving the corporate governance structure and standardizing the Company's operation.

#### (IV) Operation of the management

The management of the Company performed its duties in strict accordance with the Company Law, the Guidelines for Self-Regulation of Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board, the Articles of Association and the Working Rules of the General Manager. The Company conducted internal information communication through the weekly general manager's office meeting, and reviewed performance and gave feedback on budget implementation through quarterly business analysis meetings to ensure that all kinds of information were transmitted in a timely and effective manner within the Company. The management is fully responsible for the production and operation management of the Company, diligently and dutifully performs its duties, effectively implements the decisions of the Board of Directors, and the division of labor among the management is clear, diligent and responsible, and there is no "insider control".

#### (V) Information disclosure and transparency

In 2024, the Company further improved information transparency and strengthened investor communication. During the reporting period, the Company strictly complied with the Articles of Association, the Measures for the Administration of Information Disclosure of Listed Companies and other relevant provisions, abided by the principle of "openness, fairness and impartiality" in information disclosure, fulfilled its information disclosure obligations in a true, accurate, complete and timely manner, continuously improved the quality of information disclosure, improved investor relations management and specific measures to protect investors' interests, and promoted the standardized development of the Company. The Company strengthened the management of inside information, carried out continuous education and publicity, confidentiality before information disclosure and registration and filing of insiders, so as to prevent the disclosure of inside information from the source to ensure that all shareholders have equal rights and opportunities to access information; the Company attached great importance to the management of investor relations, made full use of various platforms such as telephone and e-mail, especially the Shenzhen Stock Exchange's investor relations interactive platform, timely and patiently answered questions

raised by investors, and timely reported the needs, suggestions and reasonable demands of investors to the management. At the same time, the Company continued to improve the voting mechanism for small and medium investors. The votes of small and medium investors were counted separately at the 4 general meetings of the Company in 2024, and the results of the separate counting were publicly disclosed in the resolution announcement of the general meeting, fully protecting the rights of small and medium investors.

Whether there is any significant difference between the actual status of corporate governance and the laws, administrative regulations and the provisions issued by the China Securities Regulatory Commission on the governance of listed companies

Yes No

There are no significant differences between the actual status of corporate governance and the laws, administrative regulations and the provisions issued by the China Securities Regulatory Commission on the governance of listed companies

## II. The independence of the Company from the controlling shareholder and actual owner in terms of assets, personnel, finance, organization and business

During the reporting period, the controlling shareholders of the Company behaved in a standard manner, and did not directly or indirectly intervene in the Company's decision-making and operating activities beyond the general meeting. The Company has independent and complete business and independent operation abilities, and can achieve "five separations" in terms of personnel, finance, assets, institutions and business.

## III. Horizontal competitions

Applicable Not applicable

## V. Relevant information of the annual general meeting and extraordinary general meeting held during the reporting period

### 1. General meetings during the reporting period

Session	Meeting type	Investor attendance ratio	Date of meeting	Date of disclosure	Resolutions made at the meeting
The First Extraordinary General Meeting in 2024	Extraordinary general meeting	49.56%	February 28, 2024	February 28, 2024	For details, please refer to the Announcement No. 2024-06 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
2023 Annual General Meeting	Annual general meeting	49.64%	May 29, 2024	May 30, 2024	For details, please refer to the Announcement No. 2024-26 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
The Second Extraordinary General Meeting in 2024	Extraordinary general meeting	49.78%	July 23, 2024	July 24, 2024	For details, please refer to the Announcement No. 2024-36 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
The Third Extraordinary General Meeting in 2024	Extraordinary general meeting	49.91%	December 25, 2024	December 26, 2024	For details, please refer to the Announcement No. 2024-51 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).

### 2. The preferred shareholders whose voting rights have been restored requested to convene an extraordinary general meeting.

Applicable Not applicable

## V. Directors, supervisors and senior officers

### 1. Basic information

Name	Gender	Age	Position	Employment status	Beginning date of term	Ending date of term	Number of shares held at the beginning of the period (shares)	Number of shares increased the current period (shares)	Number of shares reduced in the current period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease in share
Yin Kefei	Male	50	Secretary of the Party Committee and Chairman	Incumbent	February 10, 2021		0	0	0	0	0	
Ma Jie	Male	47	Deputy Secretary of the Party Committee, Director and General Manager	Incumbent	February 18, 2025		0	0	0	0	0	
Wei Junfeng	Male	45	Deputy Secretary of the Party Committee and Director	Incumbent	February 18, 2025		0	0	0	0	0	
Wang Chuan	Male	53	Director	Incumbent	October 28, 2022		0	0	0	0	0	
Liu Yu	Female	53	Director and Finance Director	Incumbent	February 28, 2024		0	0	0	0	0	
Meng Fei	Male	49	Director	Incumbent	July 23, 2023		0	0	0	0	0	
Wu Guangquan	Male	62	Independent director	Incumbent	December 25, 2023		0	0	0	0	0	
Yang Gaoyu	Male	57	Independent director	Incumbent	December 25, 2023		0	0	0	0	0	
Wang Kai	Male	41	Independent director	Incumbent	January 16, 2020		0	0	0	0	0	
Ma Yi	Male	58	Secretary of Commission for Discipline Inspection, Chairman of the Board of Supervisors	Incumbent	January 16, 2020		0	0	0	0	0	
Yuan Shuwen	Male	44	Supervisor	Incumbent	January 16, 2020		0	0	0	0	0	
Lin Xia	Female	49	Deputy General Manager	Incumbent	January 24, 2025		0	0	0	0	0	
Wang	Male	35	Deputy	Incumbent	January		0	0	0	0	0	

Zihan			General Manager	ent	24, 2025							
Jiang Peng	Female	54	Secretary of the Board of Directors	Incumbent	January 16, 2015		0	0	0	0	0	0
Jiang Yifan	Male	39	Employee supervisor	Incumbent	September 27, 2024		0	0	0	0	0	0
He Fei	Male	47	Director and Finance Director	Resigned	January 16, 2020	February 7, 2024	0	0	0	0	0	0
Zhu Meizhu	Male	60	Deputy Secretary of the Party Committee, Director and General Manager	Resigned	July 19, 2017	November 29, 2024	93,000	0	0	0	93,000	0
Ning Maozai	Male	49	Deputy Secretary of the Party Committee and Director	Resigned	December 14, 2017	January 22, 2025	0	0	0	0	0	0
Sun Minghui	Male	43	Director	Resigned	February 10, 2021	July 2, 2024	0	0	0	0	0	0
Liu Honglei	Male	60	Deputy General Manager	Resigned	January 19, 2017	May 31, 2024	3,000	0	0	0	3,000	0
Zhan Lumei	Female	55	Employee supervisor	Resigned	February 10, 2021	June 28, 2024	0	0	0	0	0	0
Total	--	--	--	--	--	--	96,000	0	0	0	96,000	--

Whether there were any resignations of directors and supervisors or dismissals of senior officers during the reporting period

Yes No

- The original director and Finance Director of the Company, He Fei, left office on February 7, 2024. On February 7, 2024, the 27th meeting of the 8th Board of Directors was held, which agreed to appoint Liu Yu as the Finance Director and the person in charge of finance of the Company, and agreed to nominate Ms. Liu Yu as the candidate for non-independent director of the 8th Board of Directors. For details, please refer to the Announcement on Adjusting the Finance Director and Nominating Director Candidates (2024-04) published by the Company on Cninfo (<http://www.cninfo.com.cn>); On February 28, 2024, the Company held the first extraordinary general meeting in 2024 and elected Liu Yu as the non-independent director of the company. For details, please refer to the Announcement on the Resolution of the First Extraordinary General Meeting in 2024 (2024-06) published by the Company on Cninfo (<http://www.cninfo.com.cn>).
- Liu Honglei, the original deputy general manager of the Company, retired on May 13, 2024. For details, please refer to the Announcement on the Retirement of the Company's Deputy General Manager (No. 2024-27) published by the Company on Cninfo (<http://www.cninfo.com.cn>).
- Zhan Lumei, the original employee representative supervisor of the Company, retired on June 28, 2024. For details, please refer to the Announcement on the Retirement of the Employee Representative Supervisor (2024-29) published by the Company on Cninfo (<http://www.cninfo.com.cn>); The Company held a staff meeting on September 13, 2024, and elected Jiang Yifan as the employee representative supervisor of the eighth Board of Supervisors of the Company. For details, please refer to the Announcement on Adding the Employee Representative Supervisor of the Eighth Board of Supervisors (2024-40) published by the Company on Cninfo (<http://www.cninfo.com.cn>).
- Sun Minghui, the former director of the Company, resigned on July 2, 2024. On July 5, 2024, the Company held the 31st meeting of the 8th Board of Directors and agreed to nominate Meng Fei as the non-independent director candidate of the 8th Board of Directors of the Company. For details, please refer to the Announcement on Adjusting Directors and Nomination of Director Candidates (2024-32) published by the Company on Cninfo (<http://www.cninfo.com.cn>); On July 23, 2024, the Company held the second extraordinary general meeting in 2024 and elected Meng Fei as the non-independent director of the Company. For details, please refer to the Announcement on the Resolution of the Second Extraordinary General Meeting in 2024 (No. 2024-36) published by the Company on Cninfo (<http://www.cninfo.com.cn>).

5. Zhu Meizhu, the former Deputy Secretary of the Party Committee, director and general manager of the Company, retired on November 29, 2024. For details, please refer to the Announcement on the Retirement and Resignation of the Company's Director and General Manager (No. 2024-45) published by the Company on Cninfo (<http://www.cninfo.com.cn>).

6. Wang Chuan, the director and former deputy general manager of the Company, resigned as the deputy general manager of the company on January 21, 2025, and Ning Maozai, the former Deputy Secretary of the Party Committee and director of the Company, resigned on January 22, 2024. On January 24, 2025, the 36th meeting of the 8th Board of Directors was held, and it was agreed to appoint Ma Jie as the deputy general manager of the Company, and Lin Xia and Wang Zihan as the deputy general manager of the Company. It was also agreed to nominate Ma Jie and Wei Junfeng as candidates for non-independent directors of the 8th Board of Directors of the Company. For details, please refer to the Announcement on Adjusting Directors and Senior Officers (2025-02) published by the Company on Cninfo (<http://www.cninfo.com.cn>); On February 18, 2025, the Company held the first extraordinary general meeting in 2025 and elected Ma Jie and Wei Junfeng as the non-independent directors of the Company. For details, please refer to the Announcement on the Resolution of the First Extraordinary General Meeting in 2025 (2025-06) published by the Company on Cninfo (<http://www.cninfo.com.cn>).

As of the disclosure date of this report, except for the above changes, there were no changes in other directors, supervisors and senior officers of the Company.

Changes in directors, supervisors and senior officers of the Company

Applicable Not applicable

Name	Position	Type	Date	Reasons
He Fei	Director and Finance Director	Resigned	February 7, 2024	Job transfer
Liu Honglei	Deputy General Manager	Resigned	May 13, 2024	Retired
Zhan Lumei	Employee representative supervisor	Resigned	June 28, 2024	Retired
Sun Minghui	Director	Resigned	July 2, 2024	Job transfer
Zhu Meizhu	Deputy Secretary of the Party Committee, Director and General Manager	Resigned	November 29, 2024	Retired
Ning Maozai	Deputy Secretary of the Party Committee and Director	Resigned	January 22, 2025	Job transfer
Wang Chuan	Deputy General Manager	Resigned	January 21, 2025	Job transfer

## 2. Office holding

Professional background, main work experience and current main responsibilities of the current directors, supervisors and senior officers of the Company

Yin Kefei, male, born in July 1974, master's degree, engineer, member of the Communist Party of China. Successively served as the Deputy General Manager of Ganzhou Shenran Natural Gas Co., Ltd. of Shenzhen Gas Group Co., Ltd.; member of Party Leadership Group and Deputy Director of Dongguan SASAC, Guangdong Province; Deputy Secretary-general of Dongguan Municipal Government of Guangdong Province; Secretary and Director of the Party Leadership Group of Beijing Liaison Office of Dongguan Municipal Government of Guangdong Province; Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Financial Holdings Group Co., Ltd.; Chairman of the Components and IC International Trade Center Co., Ltd; Director of Shenzhen Environmental Protection Technology Group Co., Ltd. He is currently the Deputy General Manager of Shenzhen Investment Holdings Co., Ltd., the Director of Research Institute of Tsinghua University in Shenzhen, and the Secretary of the Party Committee and Chairman of the Company.

Ma Jie, male, born in November 1977, master's degree and a member of the Communist Party of China. He successively served as a section member of Luohu Branch of Shenzhen Public Security Bureau and Personnel Bureau of Yantian District of Shenzhen; Director and Deputy Secretary of the General Office of Shenzhen Luohu District Committee of the Communist Youth League; Deputy Director and Researcher of Shenzhen Luohu District Environment Protection and Water Affairs Bureau; Director of Discipline Inspection and Supervision Office and Deputy Secretary of Commission for Discipline Inspection of Shenzhen SDG Group Co., Ltd.; Secretary of Commission for Discipline Inspection and Chairman of the Board of Supervisors of Shenzhen Urban Construction and Development (Group) Co., Ltd. He currently serves as the Deputy Secretary of the Party Committee, Director and General Manager of the Company.

Wei Junfeng, male, born in November 1979, a master's degree and a member of the Communist Party of China. He successively served as the secretary of the board of directors and the project manager of the general department of Shenzhen International Tendering Co., Ltd., the director and senior supervisor of the board office (during which he was also the risk control director and administrative director of Shenzhen Investment Holdings Donghai Investment Co., Ltd.), and the senior supervisor and deputy director of the Strategy Research Department (the Board Office) of Shenzhen Investment Holdings Co., Ltd.. He is currently the Deputy Secretary of the Party Committee and Director of the Company.

Wang Chuan, male, born in March 1972, master's degree, economist, engineer, and member of the Communist Party of China. He successively served as the Deputy Director, Director and Assistant Director of the Cooperative Development Department of Shenzhen

National High-tech Industry Innovation Center, the Director, General Manager and Chairman of Shenzhen Innovation Starting Point Technology Co., Ltd., and the Deputy General Manager of Shenzhen Tong Chan Group Co., Ltd. He is currently the director of the Industrial Management Department of Shenzhen Investment Holdings Co., Ltd. and a director of the Company.

Liu Yu, female, born in November 1971, bachelor degree, senior accountant, Chinese certified public accountant, and member of the Communist Party of China. She successively served as the Finance Director of Shenzhen WOMAN Magazine, the Deputy General Manager of Shenzhen WOMAN Magazine, and the Director and Finance Director of Shenzhen Wuzhou Guest House Group Co., Ltd. She is currently a director and Finance Director of the company.

Meng Fei, male, born in November 1975, bachelor degree, senior accountant. He has worked in Shenzhen Rainbow Mall Co., Ltd. and Shenzhen Press Group, and successively served as a senior supervisor of the Finance Department of Shenzhen Investment Holdings Co., Ltd. He is currently the deputy director of the Finance Department (Settlement Center) of Shenzhen Investment Holdings Co., Ltd., the supervisor of Shenzhen High-tech Zone Investment and Development Group Co., Ltd., supervisor of Shenzhen Investment Holdings Donghai Investment Co., Ltd., and the director of the Company.

Wu Guangquan, male, born in May 1962, master's degree from Tongji University and a member of the Communist Party of China. He once served as the assistant manager, deputy manager and manager of the Accounting and Finance Department, deputy chief accountant, deputy general manager, general manager and chairman of China National Aero-Technology Shenzhen Co., Ltd.; Chairman of Jiangxi Jiangnan Trust Investment Co., Ltd.; Secretary of the Party Committee, Chairman and General Manager of AVIC International Holding Corporation; special officer of Aviation Industry Corporation of China, Ltd.; Secretary of the Party Committee and Chairman of China Aviation Industry General Aircraft Co., Ltd.; He has also served as the chairman and legal representative of FIYTA Precision Technology Co., Ltd., the chairman and legal representative of Tianma Microelectronics Co., Ltd., the chairman and legal representative of Rainbow Digital Commercial Co., Ltd., the chairman and legal representative of AVIC Real Estate Holding Co., Ltd. (now renamed as China Merchants Property Operation & Service Co., Ltd.), the chairman of Shennan Circuits Co., Ltd., the executive director of China South City Holdings Limited, and the chairman of the Board of Directors of Continental Aerospace Technologies Holding Limited. He is currently the chairman of the Federation of Shenzhen Industries, the chairman of the presidium and the director of the Global Industry Research Center of the China Federation of Industrial Economics, the chairman of Shenzhen Jinling Era Technology Co., Ltd., the chairman of Shenzhen Fanjing Investment Co., Ltd., the chairman of Shenzhen Fanjing Intelligent Enterprise Management Consulting Co., Ltd., the independent director of CALB Group Co., Ltd., the independent director of Shenzhen Leaguer Co., Ltd., and the independent director of the Company.

Yang Gaoyu, male, born in February 1968, a graduate student of Business Administration at New York Institute of Technology, a Chinese Certified Public Accountant, a Chinese Certified Tax Agent, a forensic accounting expert, and a member of China Zhi Gong Party. He used to be the accounting officer of A-Fontane Fabrication Industrial (Shenzhen) Co., Ltd., and the audit officer, audit manager, partner and chief partner of Shenzhen Changcheng Accountant Office Co.,Ltd. He is currently the director of the Shenzhen branch of Zhongzheng Tiantong Certified Public Accountants (Special General Partnership), the executive director and general manager of Zhongtian Dexiang Taxation Firm (Shenzhen) Co., Ltd., the executive director and general manager of Shenzhen Baofuqin Enterprise Management Consulting Co., Ltd., and is also a member of the Seventh Committee of the CPPCC of Shenzhen, a member of the Legislative Consultation Committee of the CPPCC of Shenzhen, the vice president of the Shenzhen New Social Stratum Association, a member of the Seventh Council of the China Certified Tax Agents Association, the executive member of the council and vice president of the Shenzhen Tax Agents Association, the vice president of the Shenzhen Futian District Accounting Society, the executive president of the Legal, Taxation and Finance Association of Shenzhen Jiangxi Chamber of Commerce, an expert member of Guangdong Province's third-party supervision and assessment mechanism for compliance of enterprises involved in cases, a visiting professor of the School of Accountancy of Jiangxi University of Finance and Economics, an invited professor of the College of Modern Economics & Management of Jiangxi University of Finance and Economics, a part-time master's supervisor of the Shenzhen Research Institute of Jiangxi University of Finance and Economics, an entrepreneurship tutor of the Innovation and Entrepreneurship Center of the Shenzhen Research Institute of Jiangxi University of Finance and Economics, an off-campus tutor of the School of Economics of Shenzhen University for MPAcc, an independent director of Shenzhen New Trend International Logis-Tech Co., Ltd., an independent director of Shenzhen Chotest Technology Inc., and an independent director of the Company.

Wang Kai, male, born in September 1983, Ph.D. of Huazhong University of Science and Technology, member of the Communist Party of China, professor of the Department of Electronic and Electrical Engineering of Southern University of Science and Technology, National Excellent Youth, and Outstanding Youth of Guangdong Province. He serves as a member of the Technical Committee of the Beijing Branch of the Society for Information Display (SID), a member of the Optical Display Professional Committee of the Chinese Society for Optical Engineering, and the deputy director of the Key Laboratory of Quantum Dot Advanced Display and Lighting of Guangdong Provincial General Colleges and Universities. He is also the technical consultant of Shenzhen Planck Innovation Technology Co., Ltd. and an independent director of the Company.

#### (II) Supervisors

Ma Yi, male, born in August 1966, bachelor degree, member of the Communist Party of China, with the title of assistant economist. He has successively served as a cadre of the Automobile Manufacturing Plant of Hainan Motor Transportation Corporation, Business Director and General Manager Assistant of Guangzhou Branch of Shenzhen Shenkyu International Logistics Co., Ltd., Operation Director of COSCO Logistics Guangzhou Attend Logistics Co., Ltd., General Manager of Guangzhou Branch of Shenzhen Shenkyu International Logistic Co., Ltd., Director and Assistant Director of the Planning and Development Department of Shenzhen Highway Passenger and Freight Transport Service Center, Stationmaster of Futian Station, Director, General Manager and Deputy Secretary of the

Party Committee of Shenzhen Highway Passenger and Freight Transport Service Center Co., Ltd. He is currently the Secretary of Commission for Discipline Inspection of the Company and the Chairman of the Board of Supervisors.

Yuan Shuwen, male, born in May 1980, master's degree, senior accountant, and member of the Communist Party of China. He has served as the stationmaster of Shigu Operation and Management Station of Hengshan County Rural Management Administration, the financial supervisor of Shenzhen Fengcheng Iron Wire Products Co., Ltd., the project manager of BDO China Shu Lun Pan Certified Public Accountants LLP Shenzhen Branch, the general ledger accountant of the Finance Department of Shenzhen Zhenye (Group) Co., Ltd., and is currently the deputy director of the Assessment and Distribution Department of Shenzhen Investment Holdings Co., Ltd., and the supervisor of the Company.

Jiang Yifan, male, born in July 1985, postgraduate degree, a doctor of laws. He successively served as senior market analyst and project manager of Grok Market Consulting Co., Ltd., director and legal advisor of the Development Department of Guangzhou Huijian Technology Co., Ltd., and asset preservation manager of the asset preservation department of Guangzhou Branch of Jiangxi Bank. He is currently the deputy director of the risk control and compliance department and the employee supervisor of the Company.

(III) Senior officers

Lin Xia, female, born in October 1975, bachelor's degree, member of the Communist Party of China. He has served as the business supervisor of the Legal Supervision and Audit Department of Shenzhen Shenhua Group Co., Ltd., the legal supervisor of the Board Office, the deputy director and director of the Office, and director of the General Office (Process and Information Center) of Shenzhen Properties & Resources Development (Group) Ltd., the deputy secretary of the branch committee (full-time rank) and the chairman of the labor union of Shenzhen Huangcheng Real Estate Co., Ltd. and the deputy general manager of Shenzhen Municipal People's Congress Cadre Training Center Co., Ltd. He is currently the deputy general manager of the Company.

Wang Zihan, male, born in April 1989, bachelor's degree, member of the Communist Party of China. He has successively served as the Deputy Director of the Marketing Department of the Commercial Operation Branch of Shenzhen SEG Group Co., Ltd., the General Manager of SEG Creative Space of Shenzhen SEG Entrepreneurship Hub Co., Ltd., and the Deputy General Manager and General Manager of the Operation Management Department of Shenzhen SEG Group Co., Ltd. He is currently the deputy general manager of the Company.

Jiang Peng, female, born in October 1970, bachelor's degree, member of the Communist Party of China. She has successively served as an office staff member and deputy section chief of the General Office of Shandong Group Corp of Fisheries Enterprises, the section chief and deputy director of the Board of Directors Office and the representative of securities affairs of Shandong Zhonglu Oceanic Fisheries Co., Ltd., the representative of securities affairs of Huafu Top Dyed Melange Yarn Co., Ltd., the representative of securities affairs of the Company and the director of the Secretary of the Board of Directors Office. She is currently the Secretary of the Board of Directors of the Company and also serves as a director of Shenzhen SAPO Photoelectric Co., Ltd.

\*.Positions held in shareholders

Applicable Not applicable

Name of the appointed personnel	Name of shareholder	Positions held in shareholders	Beginning date of term	Ending date of term	Whether to receive remuneration allowance from the shareholder unit
Yin Kefei	Shenzhen Investment Holdings Co., Ltd.	Deputy General Manager	January 11, 2021		Yes
Wang Chuan	Shenzhen Investment Holdings Co., Ltd.	Director of Industry Management Department	May 23, 2018		No
Meng Fei	Shenzhen Investment Holdings Co., Ltd.	Deputy Director of Financial Department (Settlement Center)	September 18, 2017		Yes
Yuan Shuwen	Shenzhen Investment Holdings Co., Ltd.	Deputy Director of Assessment and Distribution Department	September 18, 2017		Yes
Description of the positions held in shareholders	None				

\*.Position in other entities

Applicable Not applicable

Name of the appointed personnel	Name of other entities	Positions held in other entities	Beginning date of term	Ending date of term	Whether to receive remuneration allowances in other entities
Yin Kefei	Research Institute of Tsinghua University in Shenzhen	Council member	March 17, 2023		No
Yin Kefei	Shenzhen International Chamber of Commerce	Vice President	July 24, 2023		No
Yin Kefei	ULTRARICH INTERNATIONAL LIMITED	Director	September 4, 2023		No
Yin Kefei	Shenzhen International Investment & Promotion Association	Candidates for the 2nd President	January 20, 2022		No
Ma Jie	Hebei Shenbao Investment Development Co., Ltd.	Supervisor	April 20, 2021		No
Wang Chuan	Shenzhen Shenfubao (Group) Co., Ltd.	Director	June 21, 2018		No
Wang Chuan	ULTRARICH INTERNATIONAL LIMITED	Director	June 27, 2018		No
Wang Chuan	Shenzhen Tong Chan Group Co., Ltd.	Director	December 17, 2020		No
Meng Fei	Shenzhen High-tech Zone Investment and Development Group Co., Ltd.	Supervisor	November 25, 2022		No
Meng Fei	Shenzhen Investment Holdings Donghai Investment Co., Ltd.	Supervisor	October 17, 2017		No
Meng Fei	Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	Director	May 16, 2024		No
Meng Fei	Hong Kong Investment Holdings Co., Ltd. under Shenzhen Investment Holdings	Director	July 18, 2024		No
Yuan Shuwen	Shenzhen Water Planning&Design Institute Co., Ltd.	Supervisor	February 20, 2023		No
Wu Guangquan	Meishan Venture Capital Co., Ltd.	Executive Director and General Manager	September 28, 2021		No
Wu Guangquan	Shenzhen Jinling Era Technology Co., Ltd.	Chairman and General Manager	November 11, 2022		No
Wu Guangquan	Shenzhen Fanjing Investment Co., Ltd.	Executive Director and General Manager	December 24, 2019		No
Wu Guangquan	Shenzhen Fanjing Intelligent Enterprise Management Consulting Co., Ltd.	Executive Director and General Manager	July 9, 2021		No
Wu Guangquan	Shanghai Yutian Kongka Aviation Technology Co., Ltd.	Director	December 20, 2022		No
Wu	CALB Group Co., Ltd.	Independent	December 25,		Yes

Guangquan		director	2023		
Wu Guangquan	Shenzhen Leaguer Co., Ltd.	Independent director	December 25, 2021		Yes
Yang Gaoyu	Zhongzheng Tiantong Certified Public Accountants (Special General Partnership) Shenzhen Branch	Director	October 1, 2013		Yes
Yang Gaoyu	Shenzhen Ulan Binhai Industrial Investment Co., Ltd.	Director	February 5, 2016		No
Yang Gaoyu	Shanghai Dasheng Agricultural Financial Technology Co., Ltd.	Independent Non-Executive Director	August 23, 2016		Yes
Yang Gaoyu	Shenzhen Jiangcairen Education Management Co., Ltd.	Director	November 8, 2018		No
Yang Gaoyu	Shenzhen Ganfan Dazi Catering Management Co., Ltd.	General manager	May 31, 2018		No
Yang Gaoyu	Zhongtian Dexiang Taxation Firm (Shenzhen) Co., Ltd.	Executive Director and General Manager	July 17, 2019		Yes
Yang Gaoyu	Shenzhen Sannuo Acousticlinc Co., Ltd.	Independent director	July 24, 2020		Yes
Yang Gaoyu	Shenzhen Baofuqin Enterprise Management Consulting Co., Ltd.	Executive Director and General Manager	December 20, 2021		No
Yang Gaoyu	Shenzhen Chotest Technology Inc.	Independent director	October 17, 2022		Yes
Yang Gaoyu	Shenzhen New Trend International Logis-Tech Co., Ltd.	Independent director	April 10, 2023		Yes
Yang Gaoyu	Shenzhen Hangsheng Electronics Co., Ltd.	Director	June 25, 2023		No
Wang Kai	Southern University of Science and Technology	Long-term professor	January 1, 2024		Yes
Wang Kai	Shenzhen Planck Innovation Technology Co., Ltd.	Technical Consultant	August 1, 2024		Yes
Wang Zihan	General Manager of Shenzhen SEG Hi-Tech Industrial Co., Ltd.	General manager	January 31, 2024		No
Explanation of serving in other entities	None				

Penalties imposed by securities regulators on current directors, supervisors and senior officers as well as those left the post in the past three years

Applicable Not applicable

### 3. Remuneration of directors, supervisors and senior officers

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

During the reporting period, the remuneration of directors and senior officers who received remuneration from the Company was determined in accordance with the Company's Director Remuneration Management System and the Measures for Annual Performance Assessment and Remuneration Management of Senior Officers of STHC. the remuneration of independent directors shall be determined according to the resolution of the general meeting; the remuneration of supervisors who receive remuneration from the Company shall be determined according to their positions in the Company.

## Remuneration of directors, supervisors and senior officers during the reporting period

Unit: RMB10,000

Name	Gender	Age	Position	Employment status	Total pre-tax compensation received from the Company	Whether get paid from related parties of the Company
Yin Kefei	Male	50	Secretary of the Party Committee, Chairman and Director	Incumbent	0	Yes
Ma Jie	Male	47	Deputy Secretary of the Party Committee, Director and General Manager	Incumbent	0	No
Wei Junfeng	Male	45	Deputy Secretary of the Party Committee and Director	Incumbent	0	No
Wang Chuan	Male	53	Director	Incumbent	57.81	No
Liu Yu	Female	53	Director and Finance Director	Incumbent	60.72	No
Meng Fei	Male	49	Director	Incumbent	0	Yes
Wu Guangquan	Male	62	Independent director	Incumbent	12	No
Yang Gaoyu	Male	57	Independent director	Incumbent	12	No
Wang Kai	Male	41	Independent director	Incumbent	12	No
Ma Yi	Male	58	Secretary of Commission for Discipline Inspection, Chairman of the Board of Supervisors	Incumbent	103.92	No
Yuan Shuwen	Male	44	Supervisor	Incumbent	0	Yes
Lin Xia	Female	49	Deputy General Manager	Incumbent	0	No
Wang Zihan	Male	35	Deputy General Manager	Incumbent	0	No
Jiang Peng	Female	54	Secretary of the Board of Directors	Incumbent	95.29	No
Jiang Yifan	Male	39	Employee supervisor	Incumbent	47.42	No
Zhu Meizhu	Male	60	Former director and general manager	Resigned	90.73	No
Ning Maozai	Male	49	Former director	Resigned	95.29	No
He Fei	Male	47	Former Director and Finance Director	Resigned	36	No
Sun Minghui	Male	43	Former director	Resigned	0	Yes
Liu Honglei	Male	60	Former Deputy General Manager	Resigned	40.27	No
Zhan Lumei	Female	55	Original employee supervisor	Resigned	29.85	No
Total	--	--	--	--	693.30	--

Note: The compensation of directors, supervisors, and senior executives who receive salaries in the company includes basic salary and partial performance-based pay, as well as partial performance-based pay paid in the previous year after the completion of the current year's assessment; Ma Jie, Wei Junfeng, Lin Xia, and Wang Zihan have been employed by the company since January 2025 and have not received any salary in 2024.

## VI. Directors' performance of duties during the reporting period

### 1. Board of Directors during the reporting period

Session	Date of meeting	Date of disclosure	Resolutions made at the meeting
27th Meeting of the 8th Board of Directors	February 7, 2024	February 8, 2024	For details, please refer to the Announcement No. 2024-03 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
28th Meeting of the 8th Board of Directors	March 26, 2024	March 27, 2025	For details, please refer to the Announcement No. 2024-09 published by

			the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
29th Meeting of the 8th Board of Directors	April 28, 2024	April 30, 2024	For details, please refer to the Announcement No. 2024-18 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
30th Meeting of the 8th Board of Directors	May 16, 2024	May 17, 2024	For details, please refer to the Announcement No. 2024-22 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
31st Meeting of the 8th Board of Directors	July 5, 2024	July 6, 2024	For details, please refer to the Announcement No. 2024-30 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
32nd Meeting of the 8th Board of Directors	August 21, 2024		Only reviewing one item in the semi annual report without objection or abstention is exempt from disclosing the resolution announcement.
33rd Meeting of the 8th Board of Directors	September 27, 2024	September 28, 2024	For details, please refer to the Announcement No. 2024-39 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).
34th Meeting of the 8th Board of Directors	October 29, 2024		Only reviewing the third quarter report without objection or abstention is exempt from disclosing the resolution announcement.
35th Meeting of the 8th Board of Directors	December 6, 2024	December 7, 2024	For details, please refer to the Announcement No. 2024-46 published by the Company on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).

## 2. Attendance of directors at the board meeting and the general meeting

Attendance of directors at the board meeting and general meeting							
Name of director	Number of the board meetings to be attended during this reporting period	Number of the board meetings attended on site	Number of the board meetings attended by communication	Number of the board meetings attended by proxy	Number of absences from the board meetings	Whether to fail to attend the meeting of the Board in person for two consecutive times	Number of general meetings attended
Yin Kefei	9	6	3	0	0	No	4
Ma Jie	0	0	0	0	0	No	0
Wei Junfeng	0	0	0	0	0	No	0
Wang Chuan	9	6	3	0	0	No	0
Liu Yu	8	5	3	0	0	No	4
Meng Fei	4	3	1	0	0	No	0
Wu Guangquan	9	0	9	0	0	No	3
Yang Gaoyu	9	1	8	0	0	No	3
Wang Kai	9	1	8	0	0	No	4
Zhu Meizhu	8	5	3	0	0	No	3
Ning Maozai	9	6	3	0	0	No	4
Sun Minghui	4	2	2	0	0	No	0

Description of the failure to attend the board meetings in person for two consecutive times

None

### 3. Objections raised by directors to relevant matters of the Company

Whether the directors have raised any objections to relevant matters of the Company?

Yes No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

### 4. Other descriptions of directors' performance of duties

Whether the relevant suggestions of the directors to the Company have been adopted

Yes No

Director's statement on the adoption or non-adoption of the Company's relevant proposals

During the reporting period, all directors of the Company diligently and responsibly carried out their work in strict accordance with the relevant provisions of the China Securities Regulatory Commission and Shenzhen Stock Exchange, as well as the Company's Articles of Association, Rules of Procedures of the Board of Directors and other systems. They paid close attention to the Company's standardized operation and management, put forward relevant opinions on the Company's major governance and operation decisions according to the Company's actual situation, and formed a consensus after full communication and discussion, and they resolutely supervised and promoted the implementation of the resolutions of the Board of Directors to ensure that the decisions are scientific, timely and efficient, and may safeguard the legitimate rights and interests of the Company and all shareholders.

## VII. Information on special committees under the Board during the reporting period

Name of committee	Memberships	Number of meetings held	Date of meeting	Content of the meeting	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
Nomination Committee of the Board	Wu Guangquan, Yang Gaoyu, Wang Kai	1	February 4, 2024	Deliberated on and nominated the non-independent directors of the 8th Board of Directors and appointed the Finance Director of the Company.	It is agreed to nominate Liu Yu as the non-independent director candidate, and it is agreed that the general manager shall nominate the Finance Director, and the nomination shall be submitted to the Board for deliberation.	None	None
Nomination Committee of the Board	Wu Guangquan, Yang Gaoyu, Wang Kai	1	July 2, 2024	Deliberated on matters relating to the nomination of candidates for non-independent directors of the 8th Board of Directors of the Company.	It is agreed to nominate Feng Meng, non-independent director, and submitted it to the Board of Directors for deliberation.	None	None
Remuneration Appraisal Committee	Yang Gaoyu, Wang Kai, Liu Yu	1	September 23, 2024	Deliberated on matters related to the performance assessment indicators of the Company's senior officers for 2024.	It is believed that the formulation of the performance assessment indicators of the senior officers of the Company for 2024 complies with the Code of Corporate Governance for Listed Companies, the Articles of Association of the Company, and the Working Regulations of the Remuneration Assessment Committee of the Board of Directors and other relevant provisions.	None	None
Remuneration	Wu	1	December 2,	Deliberated on	It is believed that the	None	None

ration Appraisal Committee	Guangquan, Wang Kai, Liu Yu		2024	matters related to the formulation of the senior officers' 2023 annual business performance assessment and remuneration management plan.	formulation of the 2023 annual business performance assessment and remuneration management plan for senior officers of the company complies with the Code of Corporate Governance for Listed Companies, the Articles of Association of the Company, and the Working Regulations of the Remuneration Assessment Committee of the Board of Directors and other relevant provisions.		
Audit Committee	Wu Guangquan, Yang Gaoyu, Ning Maozai	1	January 12, 2024	The Audit Department reported to the Audit Committee on the summary of the 2023 internal audit work and the 2024 audit plan, and communicated on matters related to the entry of the annual report auditor.	The Audit Committee fully affirmed the internal audit work of the Audit Department in 2023. The Audit Committee evaluated the effectiveness of the Company's internal control in the third quarter of 2024 and believed that the Company maintained effective internal control over financial report and non-financial report in all material aspects in accordance with the requirements of the enterprise's internal control norm system and relevant regulations.	None	None
Audit Committee	Wu Guangquan, Yang Gaoyu, Ning Maozai	1	April 26, 2024	The Audit Department reported the summary of the internal audit work in the first quarter and the work plan for the second quarter to the Audit Committee, and the Audit Committee put forward requirements for the internal audit related work.	The Audit Committee recognized the implementation of the internal audit work in the first quarter and requested the Audit Department to continue to carry out the audit work in accordance with the requirements of the annual internal audit work plan for the second quarter of 2024; and deliberated on and adopted the First Quarterly Report of 2024.	None	None
Audit Committee	Wu Guangquan, Yang Gaoyu, Ning Maozai	1	February 4, 2024	Deliberated on the Proposal on Appointing the Finance Director of the Company.	The Audit Committee believes that Liu Yu is qualified to be the Finance Director of the Company, and agrees that the Finance Director shall be nominated by the General Manager and it shall be submitted to the Board for deliberation.	None	None
Audit Committee	Wu Guangquan, Yang Gaoyu,	1	February 28, 2024	The Audit Committee communicated with the annual report	The Audit Committee proposed that all relevant departments should actively cooperate with the	None	None

	Ning Maozai			auditor on the progress of the audit of the Company's 2023 annual report and the preliminary findings during the audit, and put forward requirements and suggestions for the follow-up work of the annual audit.	accountants to provide relevant information; the accounting firm should complete the annual audit work in strict accordance with the annual audit plan, in terms of quality, quantity and agreed time. If any important problem is found, it shall communicate with the Audit Committee in time.		
Audit Committee	Wu Guangquan, Yang Gaoyu, Ning Maozai	1	August 21, 2024	The Audit Department reported the summary of the semi-annual internal audit work and the work plan for the third quarter to the Audit Committee, and the Audit Committee put forward requirements for the internal audit related work.	The Audit Committee recognized the implementation of the semi-annual internal audit work and requested the Audit Department to continue to carry out the audit work in accordance with the requirements of the annual internal audit work plan for the third quarter of 2024; and deliberated on and adopted the Semi-annual Report of 2024.	None	None
Audit Committee	Wu Guangquan, Yang Gaoyu, Ning Maozai	1	March 25, 2024	Deloitte's accountant reported to the Audit Committee on the annual review work in 2023; Yang Gaoyu made a report on the performance of the Audit Committee in 2023; the Audit Committee deliberated on eight proposals, including the 2023 annual report of the Company.	The Audit Committee adopted the proposal of this meeting and agreed to submit it to the Board of Directors for deliberation.	None	None
Audit Committee	Wu Guangquan, Yang Gaoyu, Ning Maozai	1	October 28, 2024	The Audit Department reported the summary of the internal audit work in the third quarter and the work plan for the fourth quarter to the Audit Committee, and the Audit Committee put forward requirements for the internal audit related work.	The Audit Committee recognized the implementation of the internal audit work in the third quarter and requested the Audit Department to continue to carry out the audit work in accordance with the requirements of the annual internal audit work plan for the fourth quarter of 2024; and deliberated on and adopted the Third Quarterly Report of 2024.	None	None
Audit	Wu	1	December 5,	Deliberated on the	It is agreed to carry out	None	None

Committee	Guangquan, Yang Gaoyu, Ning Maozai		2024	Proposal on the Implementation of Foreign Exchange Hedging Business by Subsidiaries submitted by the Finance Department and the attached Feasibility Analysis Report on the Implementation of Foreign Exchange Hedging and the Risk Control Plan for the Implementation of Foreign Exchange Hedging Business.	hedging business to manage the foreign exchange risk exposure.		
-----------	------------------------------------	--	------	---	--	--	--

### VIII. Work of the Board of Supervisors

Whether the Company has risks found by the Board of Supervisors during the supervision activities in the reporting period

Yes No

The Board of Supervisors has no objection to the supervision matters during the reporting period.

### IX. Employees of the Company

#### 1. Number, professional composition and education level of employees

Number of employees of the parent company at the end of the reporting period	55
Number of in-service employees of major subsidiaries at the end of the reporting period	1,281
Total number of in-service employees at the end of the reporting period	1,389
Total number of employees receiving salaries in the current period	1,389
Number of retired employees whose expenses shall be borne by the parent company and major subsidiaries	0
<b>Professional composition</b>	
Professional composition category	Number of employees of each category
Production personnel	988
Sales personnel	14
Technical personnel	174
Financial personnel	30
Administrative staff	183
Total	1,389
<b>Education level</b>	
Education level category	Quantity
Master's degree or above	42
Undergraduate	225
Junior college	163

Below junior college	959
Total	1,389

## 2. Remuneration policy

In 2024, the Company carried out employee remuneration management in strict accordance with relevant national laws and regulations and the Company's remuneration management system to ensure fair and reasonable employee remuneration, give corresponding rewards and incentives to employees' contributions, promote the common development of employees and the Company, and reflect more humanistic care of the Company.

## 3. Training plan

In combination with the Company's development strategy, continue to improve the Company's talent training system, and strengthen the exchange and learning of personnel of STHC. First, in combination with the work of the department and the actual situation of employees, provide appropriate courses for employees according to the existing network academy resources, including general management courses and professional courses. During the reporting period, further improve the professional level and comprehensive quality of employees through the allocation of internal and external training courses; second, continue to create an atmosphere of "reading again after returning from a hundred battles" and encourage employees to love reading and read good books; third, in combination with the Company's business development needs and the actual work of each department, organize key employees to participate in professional training arranged by superior units and professional institutions to further improve the comprehensive ability, professional skills and professional quality of employees.

## 4. Outsourcing of labor services

Applicable Not applicable

## X. The Company's profit distribution and conversion of capital reserves into share capital in the current year

Formulation, implementation or adjustment of the profit distribution policy during the reporting period, especially the cash dividend policy

Applicable Not applicable

On May 29, 2024, the Company held the 2023 annual general meeting to deliberate on and adopt the 2023 annual profit distribution plan. The Company's 2023 annual profit distribution plan is: based on the distributable profits of the consolidated statements, and based on the total equity of 506,521,849 shares of the Company as of December 31, 2023 (including 457,021,849 A shares and 49,500,000 B shares), the Company would distribute cash dividends of RMB 0.65 (including tax) to all shareholders for every 10 shares, with a total cash dividend of RMB 32,923,920.19 (including tax) that should be paid, and the cash dividend of RMB 32,923,916.72 (including tax) that were actually paid, and the remaining undistributed profits would be carried forward to the next year; no bonus shares would be issued, and no capital reserve would be converted into share capital.

If there is a change in the total equity of the Company before the implementation of the distribution plan, the distribution will be made according to the total equity on the equity registration date when the distribution plan is implemented in the future, based on the fixed ratio, and the specific amount will be subject to the actual distribution.

Special instructions for cash dividend policy	
Whether it complies with the Articles of Association or the resolutions of the general meeting of shareholders:	Yes
Whether the dividend standards and proportions are explicit and clear:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the Independent Directors have fulfilled their duties and played their due roles:	Yes
If the Company does not make cash dividends, it shall disclose the specific reasons and the next measures to be taken to enhance the returns level of investors:	Not applicable
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
Whether the conditions and procedures are compliant and transparent if the cash dividend policy is adjusted or changed:	Not applicable

The Company is profitable during the reporting period and the profit available for distribution by the parent company is positive, but no cash dividend distribution plan is proposed

Applicable  Not applicable

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

Applicable  Not applicable

Bonus shares for every ten shares(Shares)	0
Cash dividend for every ten shares (Yuan)(Tax-included)	0.71
A total number of shares as the distribution basis(shares)	506,521,849
Cash dividend amount (yuan, including tax)	35,963,051.28
Other means (such as repurchase of shares) cash dividend amount (yuan)	0.00
Total cash dividend (yuan, including tax)	35,963,051.28
Distributable profit (yuan)	272,608,113.66
Proportion of cash dividend in the distributable profit	100%
<b>Cash dividend distribution policy</b>	
When the company's development stage is in the growth period and there are major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%.	
<b>Detailed explanation of the profit distribution or capital reserve transfer plan</b>	
Based on the distributable profits in the consolidated statement, with the total share capital of 506,521,849 shares as of December 31, 2024 as the base, a cash dividend of RMB 0.71 (including tax) was distributed to every 10 shares of all shareholders, with a total cash dividend of RMB 35,963,051.28 (including tax).No bonus shares will be issued and no capital reserve will be converted into share capital.If there is a change in the total share capital of the company before the implementation of the distribution plan, the total distribution amount shall be adjusted based on the total share capital on the equity registration date when the distribution plan is implemented in the future, and the above distribution proportion shall be kept unchanged. The specific amount shall be subject to the actual distribution.	

## **XI. 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.

## **XII. Construction and implementation of internal control system during the reporting period**

### **1. Construction and implementation of internal control**

During the reporting period, the Company has updated and improved the internal control system in a timely manner in accordance with the provisions of the Basic Standard for Enterprise Internal Control and its supporting guidelines, and established a set of internal control system that is scientifically designed, concisely applicable and effectively operated. The Audit Committee, the Risk Control and Compliance Department, and the Audit Department jointly formed the Company's risk internal control management organization system to supervise and evaluate the Company's internal control management. Through the operation, analysis and evaluation of the internal control system, the Company has effectively prevented risks in operation and management and promoted the realization of internal control objectives.

According to the identification of major deficiencies in the Company's internal control over financial report, there are no major deficiencies in the internal control over financial report on the base date of the Evaluation Report on Internal Control. The Company has maintained effective internal control over financial reports in all material respects in accordance with the requirements of the standardized system of enterprise internal control and relevant regulations.

According to the identification of major deficiencies in the Company's internal control over financial report, the Company has not identified any major deficiencies in the internal control over financial report on the base date of the Evaluation Report on Internal Control.

**2. Details of major deficiencies in internal control found during the reporting period**□Yes    No**XIII. The Company's management and control over its subsidiaries during the reporting period**

Company name	Consolidation plan	Consolidation progress	Problems encountered in consolidation	Solutions taken	Progress of solution	Follow-up solution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

**XIV. Evaluation Report on Internal Control or Audit Report on Internal Control****1. Internal control evaluation report**

Full-text disclosure date of the Evaluation Report on Internal Control	March 28, 2025	
Full-text disclosure index of the Evaluation Report on Internal Control	The Company's 2024 Internal Control Self-Evaluation Report on Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).	
Ratio of total assets of units included in the evaluation scope to total assets in the consolidated financial statements of the Company	100.00%	
Ratio of operating revenue of units included in the evaluation scope to the operating revenue of consolidated financial statements of the Company	100.00%	
Defect identification criteria		
Type	Financial report	Non-financial report
Qualitative criteria	Deficiencies related to financial reports are divided into minor deficiencies, significant deficiencies and major deficiencies according to their severity. Major deficiencies refer to a combination of one or more control deficiencies, which may cause the enterprise to deviate seriously from the control objectives. Significant deficiencies refer to a combination of one or more control deficiencies, the severity and economic consequences of which are lower than those of major deficiencies, but which may still cause the enterprise to deviate from the control objectives. Minor deficiencies refer to other internal control deficiencies that do not constitute major deficiencies or significant deficiencies.	Under any of the following circumstances, it shall be deemed that the Company has major deficiencies in internal control unrelated to financial reports: (1) the operating activities of the Company seriously violate national laws and regulations; (2) unscientific decision-making procedures for "decision-making on major issues, appointment and removal of important cadres, arrangement of important projects, and use of large sums of money", resulting in major decision-making errors and causing major property losses to the Company; (3) a large number of key positions or technical talents are lost; (4) failure of control system involving important business areas of the Company; (5) it has a serious negative impact on the Company's business, and the Company cannot eliminate such impact; (6) the internal control evaluation results are major deficiencies and have not

		been effectively rectified. Significant deficiencies: refer to a combination of one or more control deficiencies, the severity and economic consequences of which are lower than those of major deficiencies, but which may still cause the enterprise to deviate from the control objectives. Minor deficiencies: refer to other internal control deficiencies that do not constitute major deficiencies or significant deficiencies.
Quantitative criteria	The misstated amount of the financial statements falls within the following range: major deficiencies: misstated amount $\geq 1.5\%$ of the total revenue; misstated amount $\geq 10\%$ of total profit; misstated amount $\geq 5\%$ of net assets. Significant deficiencies: $0.5\%$ of the total revenue $\leq$ misstated amount $< 1.5\%$ of the total revenue; $5\%$ of the total profit $\leq$ misstated amount $< 10\%$ of the total profit; $3\%$ of net assets $\leq$ misstated amount $< 5\%$ of net assets. Minor deficiencies: $0\%$ of the total revenue $<$ misstated amount $< 0.5\%$ of the total revenue; $2\%$ of the total profit $<$ misstated amount $< 5\%$ of the total profit; $0\%$ of net assets $<$ misstated amount $< 3\%$ of net assets.	Not applicable
Number of major deficiencies in financial reports		0
Number of major deficiencies in non-financial report		0
Number of significant deficiencies in financial report		0
Number of significant deficiencies in non-financial report		0

## 2. Audit Report on Internal Control

Applicable    Not applicable

Review opinion in the Audit Report on Internal Control	
Shenzhen Textile has maintained, in all material respects, effective internal control over financial reports in accordance with the Basic Standard for Enterprise Internal Control and relevant regulations as of December 31, 2024.	
Disclosure of the Audit Report on Internal Control	Disclosed
Full-text disclosure date of the Audit Report on Internal Control	March 28, 2025
Full-text disclosure index of the Audit Report on Internal Control	See Cninfo ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) for details
Opinion type of the Audit Report on Internal Control	Standard and unqualified opinion
Whether there are major deficiencies in non-financial reports	No

Whether the accounting firm issues an Audit Report on Internal Control with non-standard opinions

Yes    No

Whether the Audit Report on Internal Control issued by the accounting firm is consistent with the opinion of the self-evaluation report of the Board of Directors

Yes    No

## **XV. Status of rectification of self-examination issues of special actions on governance of listed companies**

During the reporting period, no relevant governance issues of the Company have been found as listed in the Self-inspection Checklist for Special Governance Activities of Listed Companies.

## Section V Environment and Social Responsibilities

### I. Major environmental protection issues

Whether the listed company and its subsidiaries are among the key pollutant discharge entities announced by the environmental protection department

Yes No

Environmental protection related policies and industry standards

I. SAPO Photoelectric:

(I) Name of executive standards for air pollutant emissions

1. Emission Standard for Boiler Air Pollutant DB44/765-2019;

2. Emission limits of air pollutants DB44/ 27-2001;

3. Implement the limits for electronic components in the electronic industry in Tianjin Volatile Organic Compound Emission Control Standard for Industrial Enterprises (DB12/524-2020);

4. Emission Standard for Odor Pollutants GB 14554-93, Control Standard for Unorganized Emission of Volatile Organic Compounds GB 37822-2019.

(II) Name of executive standards for discharge of water pollutants

Guangdong Province Water Pollutant Discharge Limit Standard DB44/26-2001.

II. MCENTURY

1. Regulations on environment protection of Guangdong Province;

2. Measures for Management of Ecological Environment Standards.

Environmental protection administrative licensing

I. SAPO Photoelectric

Application time of the existing pollutant discharge permit is: December 13, 2022, and validity period is: from December 13, 2022 to December 12, 2027.

II. MCENTURY

The application period of the existing pollutant discharge permit is from August 10, 2020 to August 9, 2023, and the validity period after application for renewal is from August 10, 2023 to August 9, 2028.

Industrial emission standards and details of pollutant emissions involved in production and operating activities

Name of the Company or subsidiaries	Type of main pollutants and particular pollutants	Name of main pollutants and particular pollutants	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration/intensity	Discharge standards of pollutants applied	Total discharge	Approved total discharge	Exceeding discharge standards
Shenzhen SAPO	Waste gas	Non-methane	High altitude	5	Discharge outlets	<50mg/m <sup>3</sup>	120mg/m <sup>3</sup>	21.9t/a	49.98t/a	None

Photoelectric Co., Ltd.		hydrocarbons	emissions		are set on the east side of the roof of buildings 1 and 3					
Shenzhen SAPO Photoelectric Co., Ltd.	Wastewater	COD	Open channel discharge after treatment	1	Southeast side of the plant	<20mg/L	40mg/L	3.9347/a	25.0536/a	None
MCENTURY	Wastewater	COD, ammonia nitrogen, pH value, suspended solids, five-day biochemical oxygen demand, total phosphorus (as P), color, anilines, chlorine dioxide, sulfide, total nitrogen (as N), ammonia (ammonia gas), non-methane total hydrocarbons, hydrogen sulfide, odor concentration	Atmosphere: disorganized; wastewater: 1. Intermittent discharge, the flow is unstable and irregular during discharge, but it is not a shock discharge; 2. intermittent discharge, stable flow during discharge	1	Longitude: 114°15'31.36" Latitude: 22°43'38.14"	Permitted discharge value: pH value: 6-9; anilines: 1.0 mg/L; suspended solids: 50 mg/L; total nitrogen (as N) 15 mg/L; ammonia nitrogen: 8 mg/L; sulfide: 0.5 mg/L; chemical oxygen demand: 60 mg/L; chlorine dioxide: 0.5 mg/L; chroma: 50; five-day biochemical oxygen demand: 20 mg/L; total phosphorus (as	Discharge Limits of Water Pollutants DB44/26-2001; Discharge Standard of Water Pollutants for Danshui River and Shima River Basin DB44/2050-2017; Discharge Standard of Water Pollution for Textile Dyeing and Finishing Industry GB4287-2012GB 4287-2012	CODcr: 0.349 t/a; ammonia nitrogen: 0.0102 t/a; total nitrogen (as N) 0.1305 t/a	CODcr: 1.62 t/a; ammonia nitrogen: 0.216 t/a; total nitrogen (as N) 0.405 t/a	None

						P) 0.5 mg/L.				
--	--	--	--	--	--	-----------------	--	--	--	--

## Treatment of pollutants

### I. SAPO Photoelectric

SAPO Photoelectric adopts RTO waste gas thermal storage incineration treatment process for the organic waste gas produced by each production line, of which RTO+ catalyst treatment process is adopted for production line 7. The exhaust gas treatment equipment operates stably, with good exhaust gas treatment effect, and the VOCs removal rate of organic exhaust gas reaches more than 99.9%, which can fully meet the requirements of exhaust gas emission; at the same time, the equipment adopts imported heat storage materials, with a heat storage effect of 90% and low energy consumption for equipment operation; after RTO treatment, the exhaust gas generated in the production process can meet the emission standard after treatment, and the VOCs concentration at the discharge port is all controlled at <40 mg/m<sup>3</sup>.

SAPO Photoelectric adopts the wastewater treatment process of Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane for its phase I wastewater treatment facilities, with strong impact load resistance of the process, stable system operation, low energy consumption, low maintenance and repair cost, a high degree of automation, and good effluent effect of wastewater treatment. The wastewater treatment process of Fenton + sedimentation + UASB anaerobic + aerobic + MBR membrane + mc membrane treatment + evaporation system is adopted for its phase II wastewater treatment facilities, and all the wastewater is reused to the production line after treatment. All the wastewater of SAPO Photoelectric can meet the environmental requirements of standard discharge after being treated by the treatment facilities, and the COD concentration of the total discharge outlet is <20 mg/L.

### II. MCENTURY

MCENTURY has built a set of dedicated wastewater treatment facilities, and continuously optimized and improved the facilities and processes during the actual operation process. The wastewater is professionally treated through multiple processes, with better operation effect, and all pollutant indicators meet relevant standards and laws and regulations. In addition, MCENTURY built the reclaimed water recycling system in 2021, which can effectively save water consumption and reduce wastewater discharge after it is officially put into operation.

## Environmental self-monitoring plan

### I. SAPO Photoelectric

The monitoring shall be carried out according to the monitoring requirements issued by the monitoring station and the operation requirements of each system of SAPO Photoelectric. The specific monitoring plan is as follows: organic waste gas, 4 times/year (once a quarter); wastewater discharge, 12 times/year (once a month); boiler waste gas, 2 times/year (once every six months), of which nitrogen oxide, 12 times/year (once a month); canteen fume, 1 time/year; noise at the plant boundary, 2 times/year (once every six months); drinking water, 1 time/year; waste gas at the plant boundary, 1 time/year.

### II. MCENTURY

According to the environmental management requirements of the pollutant discharge permit, the specific monitoring plan is as follows: wastewater pH, flow, COD and ammonia nitrogen, automatic detection; chromaticity, suspended solids, total nitrogen and 5-day biochemical oxygen demand, 1 time/day; total phosphorus, 1 time/week; sulfide and aniline, 1 time/month; chlorine dioxide, 1 time/quarter; ammonia gas, non-methane hydrocarbons, sulfide and odor concentration at the plant boundary, 1 time/half a year.

## Emergency plan for unexpected environmental events

### I. SAPO Photoelectric

According to the actual situation of the Company, complete the preparation of the emergency plan for environmental emergencies, and apply for the filing of the environmental emergency plan through relevant departments.

### II. MCENTURY

According to the actual situation of the Company, complete the preparation of the emergency plan for environmental emergencies, and apply for the filing of the environmental emergency plan through relevant departments.

## Investment in environmental governance and protection and payment of environmental protection tax

### I. SAPO Photoelectric

Investment in environmental governance and protection in 2024: RMB 9.257 million;

Payment of environmental protection tax in 2024: RMB 8217.78.

### II. MCENTURY

The investment in environmental governance and protection in 2024 was about RMB10,000.

## Measures taken to reduce its carbon emissions during the reporting period and their effects

Applicable Not applicable

### I. SAPO Photoelectric

1. Through refined management and technological innovation, SAPO Photoelectric save in energy consumption cost for 2024 when the output increased; through various initiatives such as independent maintenance and transformation, hazardous waste reduction, RTO maintenance, solid waste sales and iodine recycling, SAPO Photoelectric cumulatively saved in cost, which effectively reduced the company's operating costs and provided strong support for the Company's sustainable development.

2. According to the production line shutdown and startup plan, SAPO Photoelectric formulated the air-conditioning energy-saving adjustment plan for the corresponding shutdown, carried out the air-conditioning energy-saving adjustment after the production line was connected, and recorded the adjustment time every day and calculated the energy-saving benefits. The total electricity cost saved for 2024 was RMB 341,000.

3. According to the provisions of the Environmental Protection Law, enterprises and institutions are required to conduct environmental credit evaluation once a year, and conduct dynamic evaluation on a quarterly basis. SAPO Photoelectric has actively implemented the government's requirements, improved the environmental protection system database filling (environmental punishment system, emergency management system, pollutant discharge permit management platform, pollution source online monitoring platform, solid waste supervision platform, etc.), provided various green factory promotion materials for the ecological environment bureau, and at the same time published the enterprise environmental credit commitment letter in the Special Zone Daily publicly. In May 2024, SAPO Photoelectric was rated as an Environmental Protection Integrity Enterprise by Shenzhen Municipal Bureau of Ecology and Environment, and enjoyed the preferential treatment of charging at 90% of sewage treatment fee since July, with a cumulative saving of RMB 81,800 in sewage treatment fee from July to December 2024.

## II. MCENTURY

During the reporting period, MCENTURY has strictly abided by laws and regulations, strengthened the management of wastewater treatment, and ensured the effective operation of wastewater treatment facilities, and there was no violation of laws and regulations throughout the year.

Administrative punishment due to environmental problems during the reporting period

Name of the Company or subsidiaries	Reason for punishment	Violations	Punishment result	Impact on production and operation of listed companies	Corrective measures of the Company
None	None	None	None	None	None

Other environmental information that should be disclosed

### I. SAPO Photoelectric

1. Annual Report on Legal Disclosure of Corporate Environmental Information: <https://www-app.gdeei.cn/stfw/index>
2. Quarterly/Annual Implementation Report of Pollutant Discharge Permit: <http://permit.mee.gov.cn/>

## II. MCENTURY

None

Other information related to environmental protection

None

## II. Social responsibilities

### (I) Protection of shareholders' equity

During the reporting period, the Company has operated in compliance with laws and regulations, and further standardized its operation by continuously improving its governance structure in strict accordance with the requirements of laws and regulations such as the Company Law, the Securities Law and the Code of Corporate Governance for Listed Companies. The Company has adhered to taking the deliberative system of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the independent directors as the core, further improved the corporate governance structure and various management systems, continuously improved the internal control system in the process of the Company's operation and management, adopted effective preventive measures against operational risks, and effectively safeguarded and protected the shareholders' equity, thus laying a solid foundation for the Company's healthy and sustainable development. The independent directors have paid close attention to the operation of the Company, put forward many valuable professional suggestions for the daily operation and key issues of the Company, and played an important role in improving the supervision mechanism and safeguarding the legitimate rights and interests of the Company and all shareholders. The Company has strictly performed its information disclosure obligations in accordance with the law, disclosed information that has a significant impact on investment decisions in a true, accurate, complete, timely and fair manner, adhered to concise and easy-to-understand disclosure contents, fully reveals risks and facilitates access by all shareholders, and further sorted out and improved the relevant systems to enhance the quality of information disclosure in accordance with regulatory requirements.

During the reporting period, the Company has further improved information disclosure and information transparency, performed its information disclosure obligations in strict accordance with regulatory requirements, communicated and exchanged information with investors through multiple channels, answered questions raised by investors in a timely manner, improved information transparency, cooperated with regulatory authorities, safeguarded the rights and interests of the majority of the investors, especially small and medium-sized investors, and achieved positive interaction and harmonious development between investors and listed companies.

### (II) Protection of employees' legitimate rights and interests

In 2024, according to the requirements of modern enterprise management, the Company strengthened the scientific, standardized and professional management of human resources management through initiatives such as system construction and cultural construction, effectively improved the level of human resources management, avoided the risks of labor and employment, created a good corporate culture atmosphere, further mobilized the enthusiasm of employees, and enhanced their sense of acquisition and sense of belonging. Firstly, the human resources management system was further revised and improved according to the Company's development needs. During the year, the Company newly revised the human resources management systems such as the Management Measures for Staff Rank Promotion of Shenzhen Textile, the Management Measures for Staff Exchange and Exercise of Shenzhen Textile and the Management System for Employee Performance Assessment of Shenzhen Textile, and optimized and improved the human resources

work such as talent rank promotion, exchange and exercise, and performance assessment management. Secondly, the Company signed labor contracts with new employees, and conducted standardized management of employees in accordance with the Labor Law and relevant management regulations of the Company. Thirdly, the Company established a scientific appraisal and distribution system for senior officers, department managers and employees, and set up a relatively systematic and standardized performance appraisal and evaluation system, which comprehensively, objectively and fairly assesses and evaluates the performance of employees in performing their duties and completing tasks, and uses this as the basis for determining the remuneration, rewards and punishments and appointments of the employees. Fourthly, the Company strengthened the construction of talent team, thoroughly implemented the strategy of "strengthening enterprises with talents", continuously carried out two-way communication and training activities for cadres and talents of the Group and its affiliated enterprises, better cared for and helped employees grow and become successful, improved the comprehensive business ability and duty performance ability of employees, and stimulated the vitality of the cadre team. At the same time, the Company selected and recruited talents through marketization, created a good environment for talent development, and continuously stimulated innovation vitality and power.

#### (III) Environmental protection

The Company has always regarded building a modernized "green enterprise" as an important and long-term responsibility to be undertaken, insisted on creating the whole process of building a green cycle of the industrial chain, realized a truly green circular economy, improved the quality of the surrounding environment of the Company, and escorted the Company's production. During the reporting period, the off-site noise, industrial wastewater and exhaust emissions during the production process of the Company have been monitored by the environmental protection department and met the standard requirements of relevant laws and regulations, and no major environmental protection incidents have occurred. The Company has vigorously advocated green office, carried out various forms of environment protection publicity and education activities, improved employees' awareness of energy conservation and emission reduction, realized the coordinated development of production and operation and environment protection, and earnestly fulfilled its social responsibility. During the reporting period, the Company has actively responded to the national development goal of "carbon peak" and "carbon neutrality", continuously improved environmental protection facilities, optimized waste gas and wastewater treatment processes, strictly controlled the Company's waste gas and wastewater discharge, ensured the efficient and stable operation of waste gas and wastewater treatment facilities to effectively reduce the Company's carbon emissions, thus contributing to the realization of the national goal of "carbon peak" and "carbon neutrality".

#### (IV) Protection of consumer rights and interests

The Company has always adhered to the core values of "integrity-based and responsibility first". Being responsible for customers is the source of enterprise value. It is our unremitting pursuit to strive to provide customers with professional, personalized and comprehensive products and services. Focusing on customer needs, continuously innovating customer service, and continuously improving product quality are the driving force for the Company to achieve good performance and sustainable development, and also an important guarantee for winning long-term trust of customers. The Company has taken the initiative to pay attention to customer needs, responded quickly to customer feedback, sincerely thought about the interests of the customers, and promoted the establishment of long-term partnerships.

### **III. Consolidation and expansion of the achievements of poverty alleviation and rural revitalization**

In 2024, the Company actively fulfilled its corporate social responsibility, actively participated in consumption assistance work, and completed consumption assistance procurement of RMB 547,600.

## Section VI Important Matters

### I. Fulfillment of commitments

#### 1. 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

Reason	Party making commitment	Type	Content	Date	Term	Performance
Commitments on share reform	Shenzhen Investment Holdings Co., Ltd.	Commitments on share reduction	Commitments made at the time of listing and circulation of restricted shares in the share reform: 1. if it plans to sell its shares held through the securities trading system in the future, and the reduction in the number of shares reaches 5% within six months from the first reduction, it will disclose the sales prompt announcement through the Company within two trading days before the first reduction; 2. strictly abide by the relevant provisions of the Guidance Opinions of Listed Companies on Lifting the Transfer of Restricted Stocks and the relevant business rules of the Shenzhen Stock Exchange.	August 4, 2006	Continuously effective	In normal performance
Commitments made at the time of IPO or refinancing	Shenzhen Investment Holdings Co., Ltd.	Commitments on avoiding horizontal competitions	Commitments made at the time of private offering in 2009: Shenzhen Investment Holdings and its wholly-owned subsidiaries, subsidiaries held or other companies with actual right of control will not engage in any business that are the same or similar to those currently or in the future engaged by Shenzhen Textile, or conduct any other business or activities that may directly or indirectly compete with Shenzhen Textile; if Shenzhen Investment Holdings and its wholly-owned subsidiaries, subsidiaries held or other companies with actual right of control over Shenzhen Investment Holdings engage in horizontal competitions with Shenzhen Textile or conflict with the interests of the issuer in the future in terms of operating activities, Shenzhen Investment Holdings will procure the sale of the equity interests, assets or business of such companies to Shenzhen Textile or a third party; when Shenzhen Investment Holdings and its wholly-owned subsidiaries, subsidiaries held or other companies with actual right of control and Shenzhen Textile need to expand their business, during which there may be horizontal competitions, Shenzhen Textile has the right of first refusal.	October 9, 2009	Continuously effective	In normal performance
Commitments made at the	Shenzhen Investment	Commitments on avoiding	Commitments made at the time of private offering in 2012: 1. Shenzhen Investment Holdings, as the controlling shareholder of	July 14, 2012	Continuously effective	In normal performance

time of IPO or refinancing	ent Holding s Co., Ltd.	horizontal competitions	Shenzhen Textile, currently has no production and operating activities that constitute horizontal competitions with the existing business of Shenzhen Textile and its subsidiaries held; 2. Shenzhen Investment Holdings and its subsidiaries held or other companies with actual right of control will not, in the future, directly or indirectly, or on behalf of any person, company or unit, engage in the same or similar business as Shenzhen Textile and its subsidiaries held in any region in the form of holding, equity participation, joint venture, cooperation, partnership, contracting, leasing, etc., and undertake not to use the position as controlling shareholder to damage the legitimate rights and interests of Shenzhen Textile and other shareholders, or to seek additional benefits by using the position as controlling shareholder; 3. if Shenzhen Investment Holdings and its subsidiaries held or other companies with actual right of control engage in horizontal competitions with Shenzhen Textile in the future in terms of operating activities, Shenzhen Investment Holdings will urge the relevant companies to avoid horizontal competitions by transferring equity, assets or business, etc.; 4. the above commitments shall remain valid and irrevocable during the period when Shenzhen Investment Holdings serves as the controlling shareholder of Shenzhen Textile or indirectly controls Shenzhen Textile.			
Whether the commitment is fulfilled on time				Yes		
If the commitments are not fulfilled within the time limit, the specific reasons for the unfinished performance and the next work plan shall be specified				Not applicable		

**2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company shall explain that the assets or projects have met the original profit forecast and the reasons**

Applicable Not applicable

**II. Non-operational occupation of funds by the controlling shareholders and other related parties of the listed company**

Applicable Not applicable

During the reporting period, there were no non-operational funds occupied by the controlling shareholders and other related parties for the listed company.

**III. Illegal external guarantees**

Applicable Not applicable

The Company had no illegal external guarantee during the reporting period.

**IV. Explanation of the Board of Directors on the latest "modified report"**

Applicable Not applicable

**V. Explanation of the Board of Directors, the Board of Supervisors, independent directors (if any) on the "modified report" of the accounting firm during the reporting period**

Applicable Not applicable

**VI. Explanation of the accounting policies, changes in accounting estimates or corrections of significant accounting errors compared to the financial report of the previous year**

Applicable Not applicable

During the reporting period, the Company had no accounting policies, changes in accounting estimates or corrections of significant accounting errors.

**VII. Explanation of changes in the scope of consolidated statements compared to the financial report of the previous year**

Applicable Not applicable

There was no change in the scope of the consolidated statements of the Company during the reporting period.

**VIII. Appointment and dismissal of the accounting firm**

Currently appointed accounting firm

Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants (LLP)
Remuneration of domestic accounting firm (RMB10,000)	110
Number of consecutive years of audit services provided by domestic accounting firm	3
Name of certified public accountants of the domestic accounting firm	Huang Tianyi, Chen Junheng
Number of consecutive years of audit services provided by certified public accountants of domestic accounting firm	2
Name of overseas accounting firm (if any)	None
Number of consecutive years of audit services provided by overseas accounting firm (if any)	None
Name of certified public accountants of overseas accounting firm (if any)	None
Number of consecutive years of audit services provided by certified public accountants of overseas accounting firm (if any)	None

Whether to change the accounting firm in the current period

Yes No

Engagement of internal control audit accounting firm, financial adviser or sponsor

Applicable Not applicable

The total audit fee for 2024 is RMB 1.1 million (including tax), of which the financial statements audit fee is RMB 850,000 (including tax) and the internal control audit fee is RMB 250,000 (including tax).

**IX. Delisting after the disclosure of the annual report**

Applicable Not applicable

**X. Matters related to bankruptcy and reorganization**

Applicable Not applicable

During the reporting period, the Company had no bankruptcy restructuring related matters.

**XI. Significant litigation and arbitration**

Applicable Not applicable

Basic information of litigation (arbitration)	Amount involved (RMB10,000)	Whether estimated liabilities are formed	Proceedings of litigation (arbitration)	Results and influence of litigation (arbitration) trial	Execution of litigation (arbitration) judgment	Date of disclosure	Disclosure index
During the reporting period, the Company and its subsidiaries were involved in a total of 15 other litigation and arbitration cases that did not meet the criteria for disclosure of material litigation, mainly contract disputes and labor disputes, of which 6 were brought as plaintiffs and 9 as defendants.	901.65	No	As of the end of the reporting period, among the aforementioned 15 cases, 3 cases were concluded, while 7 cases were withdrawn by the plaintiffs, and 5 cases were not concluded.	The concluded cases basically supported the Company's claims and had no material adverse impact on the Company.	As at the end of the reporting period, the concluded cases were in the process of execution or completed, with no material adverse impact on the Company.		/

**XII. Punishment and rectification**

Applicable Not applicable

There was no punishment or rectification during the reporting period.

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

Applicable Not applicable

The Company, its controlling shareholders and actual owners are in good standing in terms of their integrity and have not failed to perform the effective judgments of the court or failed to pay the larger amount due, etc.

**XIV. Major related party transactions****1. Related party transactions related to daily operations**

Applicable Not applicable

During the reporting period, the Company had no related party transactions related to daily operations.

**2. Related party transactions arising from the acquisition and sale of assets or equity**

Applicable    Not applicable

During the reporting period, the Company had no related party transactions arising from the acquisition or sale of assets or equity.

**3. Related party transactions arising from joint external investment**

Applicable    Not applicable

During the reporting period, the Company had no related party transactions arising from joint external investment.

**4. Related claims and debts**

Applicable    Not applicable

During the reporting period, the Company had no related debt transactions.

**5. Information on transactions with finance companies with related relationship**

Applicable    Not applicable

There was no deposit, loan, credit or other financial business between the Company and the finance companies with related relationship and their related parties.

**6. Transactions between the Company's holding finance companies and its related parties**

Applicable    Not applicable

There was no deposit, loan, credit or other financial business between the Company's holding finance companies and its related parties.

**7. Other major related party transactions**

Applicable    Not applicable

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

**XV. Major contracts and their performance****1. Custody, contracting and lease matters****(1) Custody**

Applicable    Not applicable

During the reporting period, the Company had nothing under custody.

**(2) Contracting**

Applicable    Not applicable

During the reporting period, the Company had no contracting.

**(3) Leases**

Applicable    Not applicable

During the reporting period, the Company had no leases.

## 2. Significant guarantees

Applicable    Not applicable

Unit: RMB10,000

External guarantees of the Company and its subsidiaries (excluding the guarantees to subsidiaries)										
Name of guarantor	Disclosure date of guarantee limit related announcements	Guarantee limit	Actual date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether the performance is completed	Whether to guarantee for a related party
<b>Guarantees to subsidiaries by the Company</b>										
Name of guarantor	Disclosure date of guarantee limit related announcements	Guarantee limit	Actual date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether the performance is completed	Whether to guarantee for a related party
Shenzhen SAPO Photoelectric Co., Ltd.	March 18, 2020	48,000	September 8, 2020	12,564.05	Joint and several liability guarantee			From the effective date of the guarantee agreement to the expiration date of the actual loan performance period	No	No
Total guarantee limit to be approved to subsidiaries during the reporting period (B1)		0		Total actual amount of guarantee incurred to subsidiaries during the reporting period (B2)						-23,927.4
Total approved guarantee limit to subsidiaries at the end of the reporting period (B3)		48,000		Total actual balance of guarantees to subsidiaries at the end of the reporting period (B4)						12,564.05
<b>Guarantees by subsidiaries to subsidiaries</b>										
Name of guarantor	Disclosure date of guarantee limit related	Guarantee limit	Actual date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether the performance is completed	Whether to guarantee for a related party

announcements										
Total guarantees of the Company (i.e. the total of the top three items)										
Total guarantee limit to be approved during the reporting period (A1+B1+C1)		0	Total actual amount of guarantee incurred during the reporting period (A2+B2+C2)						-23,927.4	
Total approved guarantee limit at the end of the reporting period (A3+B3+C3)		48,000	Total actual balance of guarantees at the end of the reporting period (A4+B4+C4)						12,564.05	
Total actual guarantees (i.e. A4+B4+C4) as a percentage of the Company's net assets										4.26%
Including:										
Balance of guarantees provided for shareholders, actual owner and their related parties (D)										0
Balance of debt guarantees provided directly or indirectly for the guaranteed object whose asset-liability ratio exceeds 70% (E)										0
Amount of total guarantees exceeding 50% of net assets (F)										0
Total amount of the above three guarantees (D+E+F)										0
Explanation of the situation in which the guarantee liability occurs or there is evidence that it may bear joint and several repayment liability during the reporting period in respect of unexpired guarantee contracts (if any)			None							
Explanation of provision of guarantee to external parties in violation of the prescribed procedures (if any)			None							

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

### 3. Entrustment of others for cash asset management

#### (1) Entrusted wealth management

Applicable    Not applicable

Overview of entrusted wealth management during the reporting period

Unit: RMB10,000

Specific type	Sources of funds for entrusted wealth management	Amount of entrusted wealth management	Outstanding balance	Delinquent uncollected amount	Delinquent uncollected amount of financial assets with provision for impairment
Bank wealth management products	Self-owned funds	95,000	50,215.56	0	0
Others	Self-owned funds	64,900	22,926.43	0	0
Total		159,900	73,141.99	0	0

## Details of high-risk entrusted wealth management with significant single amount, low safety and poor liquidity

☑Applicable    ☐Not applicable

Unit: RMB10,000

Name of trustee institution (or name of trustee)	Type of trustee institution (or trustee)	Product type	Amount	Source of funds	Start date	Expiry date	Investment of funds	Determination method of remuneration	Reference annualized rate of return	Expected earnings (if any)	Actual profit or loss amount during the reporting period	Actual recovery of profit or loss during the reporting period	Amount of provision for impairment (if any)	Whether to go through legal procedures	Whether there will be any entrusted wealth management plan in the future	Overview of matter and index of related enquiries (if any)
Shanghai Pudong Development Bank Co., Ltd.	Bank	Financing	15,000	Self-owned funds	February 8, 2024	August 8, 2024	Others	Lump sum payment upon maturity	3.05%	228.75	0	Undue	0	Yes	Not applicable	
Bank of China Limited	Bank	Structural deposits	20,000	Self-owned funds	March 7, 2024	June 19, 2024	Others	Lump sum payment upon maturity	0.20%	11.29	11.29	Redemption on maturity	0	Yes	Not applicable	
Shanghai Pudong Development Bank Co., Ltd.	Bank	Financing	10,000	Self-owned funds	March 12, 2024	June 19, 2024	Others	Lump sum payment upon maturity	2.90%	79.47	74.97	Redemption on maturity	0	Yes	Not applicable	
Bank of Jiangsu Co., Ltd.	Bank	Financing	25,000	Self-owned funds	November 5, 2024	April 28, 2025	Others	Lump sum payment upon maturity	2.80%	335.62	0	Undue	0	Yes	Not applicable	
Bank of Jiangsu Co., Ltd.	Bank	Financing	25,000	Self-owned funds	November 7, 2024	May 8, 2025	Others	Lump sum payment upon maturity	2.80%	350.96	0	Undue	0	Yes	Not applicable	
Southern	Fund	Money	5,000	Self-	February	March	Money	Rede	1.88	10.05	10.05	Rede	0	Yes	Not	

Asset Management Co., Ltd.	Fund	Monetary fund	6,000	Self-owned funds	February 23, 2024	December 31, 2024	Monetary market instruments	Redemption on T day, arrival on T+1	2.07%	0	0	Undue	0	Yes	Not applicable
Penghua Fund Management Co., Ltd.	Fund	Monetary fund	6,000	Self-owned funds	February 23, 2024	December 31, 2025	Monetary market instruments	Redemption on T day, arrival on T+1	2.07%	0	0	Undue	0	Yes	Not applicable
Hotland Innovation Asset Management Co., Ltd.	Fund	Monetary fund	5,000	Self-owned funds	April 3, 2024	December 31, 2025	Monetary market instruments	Redemption on T day, arrival on T+1	3.69%	0	0	Undue	0	Yes	Not applicable
Penghua Fund Management Co., Ltd.	Fund	Monetary fund	9,000	Self-owned funds	April 30, 2024	December 31, 2025	Monetary market instruments	Redemption on T day, arrival on T+1	2.07%	0	0	Undue	0	Yes	Not applicable
Southern Asset Management Co., Ltd.	Fund	Monetary fund	9,900	Self-owned funds	May 8, 2024	December 31, 2025	Monetary market instruments	Redemption on T day, arrival on T+1	2.01%	0	0	Undue	0	Yes	Not applicable
Southern Asset Management Co., Ltd.	Fund	Monetary fund	10,000	Self-owned funds	June 28, 2024	December 31, 2025	Monetary market instruments	Redemption on T day, arrival on T+1	1.97%	0	0	Undue	0	Yes	Not applicable
Penghua Fund Management Co., Ltd.	Fund	Monetary fund	10,000	Self-owned funds	June 28, 2024	December 31, 2025	Monetary market instruments	Redemption on T day, arrival on T+1	2.07%	0	0	Undue	0	Yes	Not applicable
Hotland Innovation Asset Management	Fund	Monetary fund	10,000	Self-owned funds	June 28, 2024	December 31, 2025	Monetary market instruments	Redemption on T day,	3.69%	0	0	Undue	0	Yes	Not applicable

Co., Ltd.							ment s	arriva l on T+1								
Total		159,900	--	--	--	--	--	--	1,379.42	688.34	--	0	--	--	--	--

Entrusted wealth management that may fail to recover the principal or other circumstances that may lead to impairment

Applicable Not applicable

## (2) Entrusted loans

Applicable Not applicable

There were no entrusted loans of the Company during the reporting period.

## 4. Other major contracts

Applicable Not applicable

There were no other major contracts of the Company during the reporting period.

## XVI. Notes to other major matters

Applicable Not applicable

### (1) Termination of the restructuring

In 2023, through the integration of high-quality resources in the polarizer industry, the company optimized the industrial chain layout, and actively promoted the work relating to the acquisition of 100% equity in Hengmei Optoelectronics Co., Ltd. by way of issuance of shares and payment of cash (hereinafter referred to as "the Restructuring" or "the Transaction"). During the period, due to the changes in shareholders and shareholding ratio of the target company, Hengmei Optoelectronics, during the restructuring period, it is necessary to adjust the counterparty of the restructuring and the transaction plan according to the relevant rules and requirements of the registration system. On November 17, 2023, the Company reconvened the Board of Directors to review and approve the revised draft of the transaction plan, and adjusted the pricing base date, issue price, counterparty, etc. of the transaction plan. Since the disclosure of this transaction plan, the Company and relevant parties have actively promoted the various tasks involved in the Transaction, including additional audit, evaluation and supplementary due diligence of the target company, and communicated, negotiated and prudently demonstrated with the counterparty on the transaction plan. According to the relevant regulations, the Company shall convene the Board of Directors to review the draft of the restructuring report and issue a notice to convene the general meeting of shareholders before May 17, 2024, and clarify whether to continue or terminate the Restructuring.

Since the planning and first announcement of the Transaction, the Company has actively organized all parties involved in the Transaction to promote the restructuring in strict accordance with the requirements of relevant laws, regulations and normative documents. As of May 16, 2024, due to the complexity of the restructuring plan and the involvement of many counterparties, the transaction has not yet completed the approval procedures of all parties involved, and the validity period of the financial data of the target company has expired. The Company is unable to issue a notice of convening the general meeting of shareholders within six months after the announcement of the first board resolution on the issuance of shares for the purchase of assets, that is, before May 17, 2024. From the perspective of safeguarding the interests of all shareholders and the listed company, the Company has decided to terminate the Restructuring after prudent argumentation by the Company and friendly negotiation with all parties to the transaction.

According to the agreements relating to the Transaction signed by the Company and the counterparties, the agreements relating to the Transaction shall only take effect after the transaction plan is reviewed and approved by the Board of Directors and the general meeting of shareholders, reviewed and approved by the Shenzhen Stock Exchange, and registered and agreed to by China Securities Regulatory Commission. In view of the fact that the above relevant preconditions have not been met, the termination of the Restructuring is a prudent decision made by the Company after full communication, prudent analysis and friendly negotiation with relevant parties, and the Company and the parties to the transaction do not need to bear any liability for breach of contract or other liabilities. The Company's current production and operation are normal. The termination of the Restructuring is not expected to have any material adverse impact on the Company's existing daily operation and financial position, and there is no harm to the interests of the Company and shareholders, especially minority shareholders. The Company will continue to pay attention to and actively explore investment opportunities in polarizer and related fields to promote the long-term development of the Company and enhance its value. For details, please refer to the Announcement on Termination of Issuance of Shares and Payment of Cash for Purchase of Assets and Raising of Matching Funds and Related Party Transactions (No. 2024-24) of the Company on Cninfo (<http://www.cninfo.com.cn>).

**(2) Disposal of Assets by Shenzhen Xieli Joint Venture Company**

Our company has invested with Hong Kong Xieli Maintenance Company (hereinafter referred to as "Hong Kong Xieli") to establish a Sino foreign joint venture, Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli"). In March 2020, Shenzhen Xieli was deregistered by the Shenzhen Municipal Administration for Market Regulation. In July 2020, our company filed an administrative action with the Yantian District People's Court in Shenzhen, Guangdong Province to revoke the approval of the Shenzhen Market Supervision Administration for the cancellation of Shenzhen Xieli.

In December 2022, the People's Court of Yantian District, Shenzhen, Guangdong Province, reviewed the first instance judgment and revoked the administrative action approving the cancellation of Shenzhen Xieli's registration. In January 2023, the third party in the original trial, Hong Kong Xieli, appealed to the Shenzhen Intermediate People's Court in Guangdong Province. Later, due to Hong Kong Xieli's failure to pay the case acceptance fee in advance, the Shenzhen Intermediate People's Court issued an administrative ruling, ruling that the appeal should be withdrawn by Hong Kong Xieli. The retrial judgment of the first instance has taken effect on March 22, 2023. At present, Shenzhen Xieli has resumed its business registration status, but its future direction still needs to be negotiated among all shareholders.

**XVII. Major matters of the Company's subsidiaries**

Applicable      Not applicable

## Section VII Changes in Shares and Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit: shares

	Before the change		Increase or decrease in this change (+, -)					After the change	
	Number	Ratio	New shares issued	Bonus issue	Conversion of provident fund into shares	Others	Sub-total	Number	Ratio
I. Shares with restrictive conditions for sales	72,000	0.01%	0	0	0	21,000	21,000	93,000	0.02%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by the state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Other domestic holdings	72,000	0.01%	0	0	0	21,000	21,000	93,000	0.02%
Including: shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	72,000	0.01%	0	0	0	21,000	21,000	93,000	0.02%
4. Foreign shareholding	0	0.00%	0	0	0	0	0	0	0.00%
Including: shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without restrictive conditions for sales	506,449,849	99.99%	0	0	0	-21,000	-21,000	506,428,849	99.98%
1. RMB ordinary shares	457,021,849	90.23%	0	0	0	-21,000	-21,000	457,000,849	90.22%
2. Foreign shares listed domestically	49,428,000	9.76%	0	0	0	0	0	49,428,000	9.76%
3. Foreign shares listed overseas	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	506,521,849	100.00%	0	0	0	0	0	506,521,849	100.00%

Reasons for changes in shares

Applicable    Not applicable

1. Liu Honglei, the former Deputy General Manager of the Company, retired on May 31, 2024, and the 750 tradable shares of the Company held by him without restrictions on sales were converted into tradable shares with restrictions on sales. On November 30, 2024, the restricted sales were lifted and converted into tradable shares without restrictions on sales.

2. Zhu Meizhu, the former Director and General Manager of the Company, retired on November 29, 2024, and the 23,250 tradable shares of the Company held by him without restrictions on sales were converted into tradable shares with restrictions on sales. On May 31, 2025, the restricted sales were lifted and converted into tradable shares without restrictions on sales.

Approval of changes in shares

Applicable Not applicable

Transfer of changes in shares

Applicable Not applicable

Effect of changes in shares on financial indicators such as basic earnings per share and diluted earnings per share in the latest year and the latest period, and net assets per share attributable to the Company's ordinary shareholders

Applicable Not applicable

Other contents deemed necessary by the Company or required by the securities regulators to be disclosed

Applicable Not applicable

## 2. Changes in restricted shares

Applicable Not applicable

## II. Issuance and listing of securities

### 1. Issuance of securities (excluding preferred shares) during the reporting period

Applicable Not applicable

### 2. Changes in the total number of shares and shareholder structure of the Company, and changes in the structure of assets and liabilities of the Company

Applicable Not applicable

### 3. Existing internal employee shares

Applicable Not applicable

## III. Shareholders and actual owner

### 1. Number of the Company's shareholders and shareholding ratios

Unit: shares

Total number of ordinary shareholders at the end of the reporting period.	33,622	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	32,264	Total number of preferred shareholders with restoration of voting rights at the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders whose voting right have been restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0	
Shareholdings of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting	Changes during the reporting	Number of shares held under restricted	Number of shares held without restrictions	Pledge, marking or freezing	
							Share	Number

			period	period	conditions	on sales	status	
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	46.21%	234,069,436	0	0	234,069,436	Not applicable	0
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned legal person	3.18%	16,129,032	0	0	16,129,032	Not applicable	0
Sun Huiming	Domestic natural person	1.60%	8,088,853	1,689,200	0	8,088,853	Not applicable	0
Su Weipeng	Domestic natural person	0.71%	3,580,000	0	0	3,580,000	Pledged	3,000,000
Chen Xiaobao	Domestic natural person	0.66%	3,328,620	326,236	0	3,328,620	Not applicable	0
Li Zengmao	Domestic natural person	0.61%	3,077,997	246,600	0	3,077,997	Not applicable	0
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas legal person	0.50%	2,507,982	664,379	0	2,507,982	Not applicable	0
Shanghai Submartingale Asset Management Co., Ltd. - Submartingale Value No. 1 Private Fund	Domestic non-state-owned legal person	0.43%	2,154,800	2,154,800	0	2,154,800	Not applicable	0
Sun Wenbo	Domestic natural person	0.39%	2,000,200	854,500	0	2,000,200	Not applicable	0
Shanghai Submartingale Asset Management Co., Ltd. - Submartingale Pingchangxin Yuanwang Private Fund	Domestic non-state-owned legal person	0.39%	1,991,700	1,991,700	0	1,991,700	Not applicable	0
Strategic investors or general legal person becoming the top 10 shareholders due to placement of new shares (if any) (see Note 3)	None							
Notes to shareholders' related relationship or persons acting in concert	Among the top 10 ordinary shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a relationship of persons acting in concert. In addition, the Company does not know whether there is a related relationship between the top 10 ordinary shareholders and between the top 10 ordinary shareholders and the top 10 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 of the above shareholders' involvement in entrusting/being entrusted voting rights and waiver of voting rights	None							
Special explanation for the existence of repurchase accounts among the top 10 shareholders (if any) (see	None							

Note 10)				
Shareholdings of the top 10 shareholders without restrictions on sales (excluding shares lent through refinancing and shares locked by senior management)				
Name of shareholder	Number of shares held without restrictions on sales at the end of the reporting period	Type of shares		
		Type of shares	Number	
Shenzhen Investment Holdings Co., Ltd.	234,069,436	RMB shares	ordinary	234,069,436
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	RMB shares	ordinary	16,129,032
Sun Huiming	8,088,853	Domestically listed foreign shares		8,088,853
Su Weipeng	3,580,000	RMB shares	ordinary	3,580,000
Chen Xiaobao	3,328,620	RMB shares	ordinary	3,328,620
Li Zengmao	3,077,997	RMB shares	ordinary	3,077,997
Hong Kong Securities Clearing Company Ltd. (HKSCC)	2,507,982	RMB shares	ordinary	2,507,982
Shanghai Submartingale Asset Management Co., Ltd. - Submartingale Value No. 1 Private Fund	2,154,800	RMB shares	ordinary	2,154,800
Sun Wenbo	2,000,200	RMB shares	ordinary	2,000,200
Shanghai Submartingale Asset Management Co., Ltd. - Submartingale Pingchangxin Yuanwang Private Fund	1,991,700	RMB shares	ordinary	1,991,700
Explanation of related relationship or concerted actions among the top 10 shareholders with unrestricted tradable shares, and between the top 10 shareholders with unrestricted tradable shares and the top 10 shareholders	Among the top 10 ordinary shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a relationship of persons acting in concert. In addition, the Company does not know whether there is a related relationship between the top 10 ordinary shareholders and between the top 10 ordinary shareholders and the top 10 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 of the top 10 ordinary shareholders' participation in margin financing and securities lending business (if any) (see Note 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 the Company's top 10 ordinary shareholders and the top 10 ordinary shareholders without restrictive condition for sales conduct any agreed repurchase transactions during the reporting period

Yes No

The Company's top 10 ordinary shareholders, and top 10 ordinary shareholders without restrictive condition for sales did not conduct any agreed repurchase transaction during the reporting period.

## 2. Controlling shareholders of the Company

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Name of controlling	Legal	Date of	Organization	Main business
---------------------	-------	---------	--------------	---------------

shareholder	representative/person in charge	establishment	code	
Shenzhen Investment Holdings Co., Ltd.	He Jianfeng	October 13, 2004	76756642-1	General business items are: investment and merger and acquisition of financial and quasi-financial equity such as banking, securities, insurance, funds and guarantee; engage in real estate development and operation business within the scope of legally obtaining land use right; carry out investment and services in the field of strategic emerging industries; invest, operate and manage the state-owned equity of wholly-owned, holding and participating enterprises through restructuring and integration, capital operation, asset disposal, etc; other business authorized by the Municipal State-owned Assets Supervision and Administration Commission (if the above business scope needs to be approved according to national regulations, it can be operated only after approval is obtained).
Equities of other domestic and overseas listed companies controlled and invested by the controlling shareholder during the reporting period	SZPRD A (000011) holds 301.41 million shares, with a shareholding ratio of 50.57%; Shenzhen Special Economic Zone Real Estate & Properties (000029) holds 564.3538 million shares, with a shareholding ratio of 55.78%; Shenzhen Universe (Group) (000023) holds 8.21 million shares, with a shareholding ratio of 5.91%; Ping An Insurance (601318) holds 962.72 million shares, with a shareholding ratio of 5.29%; Guosen Securities (002736) holds 3,223.11 million shares, with a shareholding ratio of 33.53%; Guotai Junan Securities (601211) holds 609.43 million A-shares and 103.37 million H-shares, with a shareholding ratio of 8.00%; Telling Telecommunication Holding (000829) holds 195.03 million shares, with a shareholding ratio of 19.03%; Shenzhen International (00152) holds 1,059.08 million shares, with a shareholding ratio of 43.96%; Leaguer (002243) holds 606.66 million shares, with a shareholding ratio of 50.11%; Infinova (002528) holds 315.83 million shares, with a shareholding ratio of 26.35%; Eternal Asia (002183) holds 601.67 million shares, with a shareholding ratio of 23.17%; Shenzhen Water Planning and Design Institute (301038) holds 64.35 million shares, with a shareholding ratio of 37.50%; Shenzhen Energy (000027) holds 6.77 million shares, with a shareholding ratio of 0.14%; Bank of Communications (601328) holds 9.52 million shares, with a shareholding ratio of 0.01%; CECEP Techand Ecology&Environment (300197) holds 113.98 million share, with a shareholding ratio of 3.66%; China Vanke (02202) holds 77.27 million shares, with a shareholding ratio of 0.66%; Shenzhen SEG (000058) holds 696.16mn shares, with a shareholding ratio of 56.54%; Shenzhen SDG Information (000070) holds 325.72 million shares, with a shareholding ratio of 36.18%; Shenzhen Tellus Holding (000025) holds 211.59 million shares, with a shareholding ratio of 49.09%; Shenzhen SDG Service (300917) holds 80.74mn shares, with a shareholding ratio of 47.78%; Microgate Technology (300319) holds 72 million shares, with a shareholding ratio of 8.28%; China Merchants Shekou Industrial Zone Holdings (001979) holds 456.12 million shares, with a shareholding ratio of 5.03%.			

Changes in controlling shareholders during the reporting period

Applicable Not applicable

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

### 3. The Company's actual owner and its persons acting in concert

Nature of actual owner: local state-owned assets management agency

Type of actual owner: legal person

Name of actual owner	Legal representative/person in charge	Date of establishment	Organization code	Main business
State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government	Yang Jun	July 30, 2004	K3172806-7	Perform the duties of the contributor on behalf of the state, and supervise and manage state-owned assets authorized for supervision in accordance with the law.

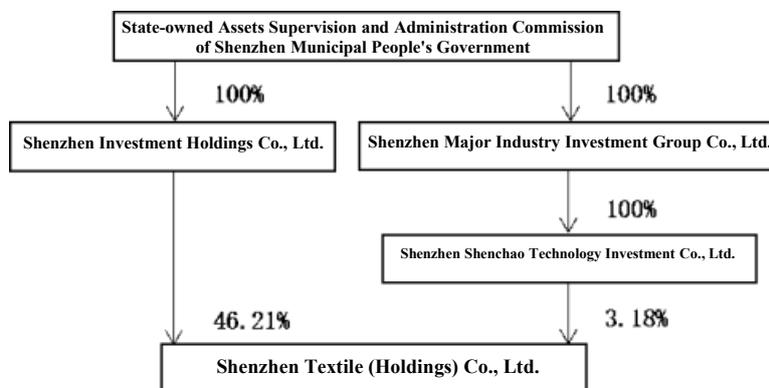
Equity of other domestic and overseas listed companies controlled by the actual owner during the reporting period	Directly holds 40.10% equity in Shenzhen Gas (601139); directly hold 21.93% equity in Shenzhen Zhenye (000006); directly holds 43.91% equity in Shenzhen Energy (000027).
---	---

Changes in actual owner during the reporting period

Applicable Not applicable

There was no change in the actual owner of the Company during the reporting period.

Chart for the property and controlling relationships between the Company and the actual owner



The actual owner controls the Company by way of trust or other asset management methods

Applicable Not applicable

**4. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and their persons acting in concert accounted for 80% of the number of shares held by them**

Applicable Not applicable

**5. Other institutional shareholders holding more than 10% of the shares**

Applicable Not applicable

**6. Restricted share reduction of controlling shareholder, actual owner, reorganization parties and other committed entities**

Applicable Not applicable

**IV. Specific implementation of share repurchase during the reporting period**

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchase shares by means of centralized bidding transaction

Applicable Not applicable

## **Section VIII Preferred shares**

Applicable    Not applicable

During the reporting period, the Company had no preferred shares.

## **Section IX Bonds**

Applicable    Not applicable

## Section X Financial Reports

Type of audit opinion	Standard and unqualified opinion
Signing date of the audit report	March 26, 2025
Name of audit institution	Deloitte Touche Tohmatsu Certified Public Accountants (LLP)
Audit report No.	DSB (S) Z (25) No. P03605
Name of certified public accountant	Huang Tianyi, Chen Junheng

See the attached financial statements and notes for details.

Chairman: Yin Kefei

Date of approval by the Board of Directors for filing: March 26, 2025

Shenzhen Textile (Holdings) Co., Ltd.

Financial Statements and Audit Report  
For Year Ended December 31, 2024

Content Page

Audit Report	1-4
Consolidated and parent company's balance sheet	5-7
Consolidated and parent company's income statement	8-9
Consolidated and parent company's statement of cash flows	10-11
Consolidated and parent company's statement of changes in shareholders' equity	12-15
Notes to the financial statements	16-102

All shareholders of Shenzhen Textile (Holdings) Co., Ltd.

### **I. Audit opinions**

We have audited the financial statements of Shenzhen Textile (Holdings) Co., Ltd. (hereinafter referred to as the "Shenzhen Textile"), including the consolidated and parent company's balance sheet as at December 31, 2024, the consolidated and parent company's income statement, consolidated and parent company's statement of cash flows, consolidated and parent company's statement of changes in shareholders' equity and related notes to the financial statements for the year then ended.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and fairly present the consolidated and the parent company's financial position of Shenzhen Textile as at December 31, 2024 and the consolidated and the parent company's operating results and cash flows for the year then ended.

### **II. Basis for the audit opinion**

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

### **III. Key audit matters**

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the financial statements of the current year. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have identified the following matters as key audit matters to be communicated in the audit report.

#### **1. Recognition of revenue from sales of polarizers**

As described in the Note (V). 41 to the financial statements, in 2024, the operating revenue of Shenzhen Textile as presented in the consolidated financial statements was RMB 3,335,283,008.68, of which the revenue from sales of polarizers was RMB 3,161,332,478.08, accounting for 94.78% of the total revenue. The revenue from sales of polarizers of Shenzhen Textile is recognized when the customer obtains control of the relevant goods. Due to the importance of revenue from sales of polarizers to the consolidated financial statements as a whole, and the fact that the revenue is one of the key performance indicators of Shenzhen Textile, there is an inherent risk that management may manipulate the revenue recognition, in order to achieve specific goals or expectations. Therefore, we have identified the recognition of revenue from sales of polarizers as a key audit matter in the audit of the consolidated financial statements.

### **III. Key audit matters - continued**

#### **1. Recognition of revenue from sales of polarizers - continued**

In response to the above key audit matters, the audit procedures we performed mainly include:

- Test and evaluate the effectiveness of the operation of internal control related to the sales business of polarizer;
- Check the sales contracts signed with major customers, identify the terms and conditions of the contracts related to the transfer of right of control of the goods, and evaluate whether the accounting policies for recognition of revenue from sales of polarizers meet the requirements of the Accounting Standards for Business Enterprises;
- Execute analytical procedures for the revenue from sales of polarizers by production line, product type and customer respectively, and analyze the rationality of the change in revenue from sales of polarizers in combination with market selling price and other factors;
- Extract samples to perform detail tests on the revenue from sales of polarizers, check the supporting documents such as invoices, delivery orders and receipts related to the recognition of revenue from sales of polarizers, and conduct letter of confirmation on the sales amount of major customers to verify the authenticity of revenue from sales of polarizers;
- Select samples for sales transactions before and after the balance sheet date, check supporting documents such as delivery orders, receipts and invoices, and evaluate whether the revenue from sales of polarizers is recorded in the appropriate accounting period.

#### **2. Impairment of polarizer inventories**

As described in Note (V). 8 to the Financial Statements, as of December 31, 2024, the book balance of inventories of Shenzhen Textile as presented in the consolidated financial statements was RMB 911,706,239.87, of which the book balance of polarizer inventories was RMB 905,482,857.11, accounting for 99.32% of the total inventories, and the corresponding provision for inventory depreciation of polarizer was RMB 115,967,084.94. According to the accounting policies of Shenzhen Textile, the inventories are measured at the lower of cost or net realizable value at the end of the year. When the net realizable value of the inventories is lower than the cost, the provision for inventory depreciation shall be made according to the difference. Since the provision for inventory depreciation involves significant estimates of the management, we have identified the impairment of polarizer inventories as a key audit matter in the audit of the consolidated financial statements.

In response to the above key audit matters, the audit procedures we performed mainly include:

- Test and evaluate the effectiveness of internal control related to the impairment of polarizer inventories;
- Evaluate the appropriateness of accounting policies related to the impairment of polarizer inventories;
- Implement the on-site monitoring procedures of polarizer inventories, check the inventory quantity of polarizer inventories and observe the status of polarizer inventories on the basis of sampling;
- Select samples, compare the data used in determining the net realizable value of the polarizer inventories with the actual cost of completion of products in progress and the actual selling prices incurred recently, and evaluate the reasonableness of the net realizable value of polarizer inventories.

**IV. Other information**

The management of Shenzhen Textile is responsible for other information. Other information includes information covered in the 2024 Annual Report of Shenzhen Textile, but excludes the financial statements and our audit report.

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

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

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

**IV. Responsibilities of the management and those charged with governance for financial statements**

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

In preparing the financial statements, the management is responsible for assessing the going-concern ability of Shenzhen Textile, disclosing matters related to going concern (if applicable) and applying the going concern basis, unless the management plans to liquidate Shenzhen Textile, terminate its operations or has no other realistic alternative.

Those charged with governance are responsible for overseeing the financial reporting process of Shenzhen Textile.

**VI. Responsibilities of certified public accountants for the audit of financial statements**

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

We have exercised professional judgment and maintained professional skepticism in performing our audit under the auditing standards. At the same time, we also implement the following work:

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

**VI. Responsibilities of certified public accountants for the audit of financial statements - continued**

- (2) Understand the internal control related to the audit, so as to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Draw conclusions on the appropriateness of the management's use of the going concern basis. At the same time, based on the audit evidence obtained, a conclusion is drawn as to whether there is a material uncertainty in events or circumstances that may give rise to significant doubt about the going-concern ability of Shenzhen Textile. If we conclude that a material uncertainty exists, we are required to, in our audit report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or circumstances may cause Shenzhen Textile to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including disclosures), structure and content of the financial statements, and whether the financial statements fairly reflect the relevant transactions and matters.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Shenzhen Textile to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we have determined which matters are of most significance to the audit of the financial statements in the current year and thus constitute the key audit matters. We describe these matters in the audit report unless laws and regulations prohibit public disclosure of these matters, or in extremely rare circumstances, if it is reasonably expected that the negative consequences of communicating a matter outweigh the benefits to the public interest in the audit report, we determine not to do so.

Deloitte Touche Tohmatsu Certified Public Accountants LLP Certified Public Accountant of China  
(Engagement partner)  
Shanghai, China

Certified Public Accountant of China

March 26, 2025

## Consolidated Balance Sheet

RMB

	Notes	Balance as at the end of the current year	Balance as at the end of the previous year
<b>Current assets:</b>			
Monetary funds	(V). 1	340,961,443.82	472,274,448.00
Financial assets held for trading	(V). 2	731,419,904.42	821,946,114.68
Notes receivable	(V). 3	47,305,221.88	50,963,943.01
Accounts receivable	(V). 4	863,731,936.89	820,134,833.95
Receivables financing	(V). 5	6,804,603.68	22,839,459.13
Advances to suppliers	(V). 6	8,176,724.70	19,499,886.80
Other receivables	(V). 7	3,596,543.96	3,220,285.42
Including: interest receivable		-	-
Dividends receivable		-	-
Inventories	(V). 8	789,756,700.88	736,392,172.27
Other current assets	(V). 9	21,461,736.14	60,773,457.39
<b>Total current assets</b>		<b>2,813,214,816.37</b>	<b>3,008,044,600.65</b>
<b>Non-current assets:</b>			
Long-term equity investments	(V). 10	114,828,026.04	127,682,020.70
Other equity instrument investments	(V). 11	165,402,900.00	145,988,900.00
Investment properties	(V). 12	115,993,390.19	125,603,207.18
Fixed assets	(V). 13	1,873,552,843.91	2,066,006,237.73
Construction in progress	(V). 14	5,814,012.03	31,307,060.74
Right-of-use assets	(V). 15	15,338,117.86	11,999,466.57
Intangible assets	(V). 16	35,207,791.95	39,564,422.80
Goodwill	(V). 17	-	-
Long-term deferred expenses	(V). 18	6,084,115.87	3,503,660.94
Deferred tax assets	(V). 19	58,920,511.20	60,605,365.42
Other non-current assets	(V). 20	27,793,871.91	29,517,420.71
<b>Total non-current assets</b>		<b>2,418,935,580.96</b>	<b>2,641,777,762.79</b>
<b>Total assets</b>		<b>5,232,150,397.33</b>	<b>5,649,822,363.44</b>

## Consolidated Balance Sheet - Continued

RMB

	Notes	Balance as at the end of the current year	Balance as at the end of the previous year
<b>Current liabilities:</b>			
Short-term borrowings	(V). 22	-	8,000,000.00
Derivative financial liabilities	(V). 23	1,278,559.35	-
Notes payable	(V). 24	31,095,540.29	31,049,291.49
Accounts payable	(V). 25	304,812,580.55	408,548,136.24
Advances from customers	(V). 26	1,051,491.96	1,450,096.30
Contract liabilities	(V). 27	490,562.97	1,436,943.34
Employee compensation payable	(V). 28	56,685,289.92	56,437,162.09
Taxes payable	(V). 29	6,853,730.84	4,340,895.14
Other payables	(V). 30	160,296,989.98	184,528,344.55
Including: interest payable		-	-
Dividends payable		-	-
Non-current liabilities maturing within one year	(V). 31	63,347,555.03	108,102,752.99
Other current liabilities	(V). 32	54,072,022.27	80,082,477.22
<b>Total current liabilities</b>		679,984,323.16	883,976,099.36
<b>Non-current liabilities:</b>			
Long-term borrowings	(V). 33	162,388,870.00	505,578,314.56
Lease liabilities	(V). 34	9,496,564.12	6,687,317.22
Deferred income	(V). 35	96,349,196.26	97,485,986.89
Deferred tax liabilities	(V). 19	48,610,809.66	44,177,287.45
<b>Total non-current liabilities</b>		316,845,440.04	653,928,906.12
<b>Total liabilities</b>		996,829,763.20	1,537,905,005.48
<b>Shareholders' equity:</b>			
Equity	(V). 36	506,521,849.00	506,521,849.00
Capital reserve	(V). 37	1,961,599,824.63	1,961,599,824.63
Other comprehensive income	(V). 38	106,877,807.32	93,607,380.81
Surplus reserves	(V). 39	104,262,315.64	104,262,315.64
Undistributed profits	(V). 40	272,608,113.66	216,160,896.14
Total equity attributable to shareholders of the parent company		2,951,869,910.25	2,882,152,266.22
Minority interests		1,283,450,723.88	1,229,765,091.74
<b>Total shareholders' equity</b>		4,235,320,634.13	4,111,917,357.96
<b>Total liabilities and shareholders' equity</b>		5,232,150,397.33	5,649,822,363.44

The notes are an integral part of the financial statements

Principal

Chief Finance Officer

Chief Accountant

## Balance Sheet of the Parent Company

RMB

	Notes	Balance as at the end of the current year	Balance as at the end of the previous year
<b>Current assets:</b>			
Monetary funds		13,630,974.26	9,125,800.27
Financial assets held for trading		731,419,904.42	741,243,309.42
Accounts receivable	(XVI). 1	13,028,987.63	12,671,623.65
Advances to suppliers		99,904.79	-
Other receivables	(XVI). 2	1,534,395.80	14,013,552.95
Including: interest receivable		-	-
Dividends receivable		-	-
Inventories		39,835.05	32,814.05
<b>Total current assets</b>		<b>759,754,001.95</b>	<b>777,087,100.34</b>
<b>Non-current assets:</b>			
Long-term equity investments	(XVI). 3	2,040,690,006.71	2,087,532,810.79
Other equity instrument investments		152,221,200.00	131,185,500.00
Investment properties		94,773,462.23	102,430,682.27
Fixed assets		2,099,585.67	2,522,229.44
Intangible assets		83,350.98	191,875.56
Long-term deferred expenses		4,448,190.05	-
Other non-current assets		25,860,862.33	27,823,005.45
<b>Total non-current assets</b>		<b>2,320,176,657.97</b>	<b>2,351,686,103.51</b>
<b>Total assets</b>		<b>3,079,930,659.92</b>	<b>3,128,773,203.85</b>
<b>Current liabilities:</b>			
Accounts payable		411,743.57	411,743.57
Advances from customers		540,673.07	540,673.07
Employee compensation payable		17,955,509.70	15,810,919.71
Taxes payable		5,619,509.34	3,115,369.56
Other payables		87,029,351.12	106,722,393.87
Including: interest payable		-	-
Dividends payable		-	-
<b>Total current liabilities</b>		<b>111,556,786.80</b>	<b>126,601,099.78</b>
<b>Non-current liabilities:</b>			
Deferred income		100,000.00	200,000.00
Deferred tax liabilities		34,086,313.51	40,855,186.12
<b>Total non-current liabilities</b>		<b>34,186,313.51</b>	<b>41,055,186.12</b>
<b>Total liabilities</b>		<b>145,743,100.31</b>	<b>167,656,285.90</b>
<b>Shareholders' equity:</b>			
Equity		506,521,849.00	506,521,849.00
Capital reserve		1,577,392,975.96	1,577,392,975.96
Other comprehensive income		98,116,532.32	83,629,830.81
Surplus reserves		104,262,315.64	104,262,315.64
Undistributed profits		647,893,886.69	689,309,946.54
<b>Total shareholders' equity</b>		<b>2,934,187,559.61</b>	<b>2,961,116,917.95</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,079,930,659.92</b>	<b>3,128,773,203.85</b>

The notes are an integral part of the financial statements

Consolidated Income Statement  
For Year Ended December 31, 2024

## Consolidated Income Statement

RMB

	Notes	Amount for the current year	Amount for the previous year
I. Operating revenue	(V). 41	3,335,283,008.68	3,079,678,375.45
Less: operating costs	(V). 41	2,795,859,934.82	2,561,631,844.53
Taxes and surcharges	(V). 42	10,235,505.65	9,293,623.13
Selling and distribution expenses	(V). 43	42,260,603.47	34,195,670.61
G&A expenses	(V). 44	134,347,821.58	134,371,410.53
R&D expenses	(V). 45	103,811,822.91	104,653,040.92
Financial expenses	(V). 46	12,121,156.05	24,399,501.16
Including: interest expenses		17,858,022.73	27,339,804.17
Interest income		7,272,362.76	12,947,471.64
Plus: other income	(V). 47	41,484,107.53	50,740,363.91
Investment (loss) income	(V). 48	(165,313.89)	10,828,635.56
Including: investment losses in associates and joint ventures		(10,701,895.08)	(6,898,983.89)
Gains from derecognition of financial assets measured at amortized costs		-	-
Gains from changes in fair value	(V). 49	1,134,503.45	2,151,780.82
Credit loss gains	(V). 50	5,100,446.66	4,535,775.14
Asset impairment loss	(V). 51	(132,423,108.75)	(126,089,709.42)
Gains from disposal of assets		-	1.72
II. Operating profit		151,776,799.20	153,300,132.30
Plus: non-operating revenue	(V). 52	1,805,086.92	1,449,879.26
Less: non-operating expenses	(V). 53	698,017.71	8,205,801.51
III. Total profit		152,883,868.41	146,544,210.05
Less: income tax expenses	(V). 54	9,827,102.03	19,407,731.47
IV. Net profit		143,056,766.38	127,136,478.58
(I) Classified by operating sustainability:			
1. Net profit from continuing operations		143,056,766.38	127,136,478.58
2. Net profit from discontinued operations		-	-
(II) Classified by ownership:			
1. Net profit attributable to shareholders of the parent company		89,371,134.24	79,268,250.45
2. Minority interests		53,685,632.14	47,868,228.13
V. Net of tax of other comprehensive income	(V). 38	13,270,426.51	(15,870,135.10)
Net of tax of other comprehensive income attributable to shareholders of the parent company		13,270,426.51	(15,989,228.50)
(I) Other comprehensive income that cannot be reclassified into profit or loss		14,560,500.00	(16,267,037.45)
1. Changes in re-measurement of defined benefit plans		-	-
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		-	-
3. Changes in fair value of other equity instrument investments		14,560,500.00	(16,267,037.45)
4. Changes in fair value of the enterprise's own credit risk		-	-
(II) Other comprehensive income that will be reclassified into profit or loss		(1,290,073.49)	277,808.95
1. Other comprehensive income that can be transferred to profit or loss under the equity method		-	-
2. Changes in fair value of other debt investments		-	178,640.10
3. Amount of financial assets reclassified and included in other comprehensive income		-	-
4. Provision for credit impairment of other debt investments		-	-
5. Reserves of cash flow hedges (effective portion of cash flow hedging profit or loss)		-	-
6. Differences arising from translation of foreign-currency financial statements		(1,290,073.49)	99,168.85
7. Others		-	-
Net of tax of other comprehensive income attributable to minority shareholders		-	119,093.40
VI. Total comprehensive income		156,327,192.89	111,266,343.48
Total comprehensive income attributable to shareholders of the parent company		102,641,560.75	63,279,021.95
Total comprehensive income attributable to minority shareholders		53,685,632.14	47,987,321.53
VII. Earnings per share			
Basic earnings per share (RMB/share)		0.18	0.16
Dilute earnings per share (RMB/share)		0.18	0.16

The notes are an integral part of the financial statements

Income Statement of the Parent Company  
For Year Ended December 31, 2024

## Income Statement of the Parent Company

RMB

	Notes	Amount for the current year	Amount for the previous year
I. Operating revenue	(XVI). 4	77,167,496.95	77,822,508.75
Less: operating costs	(XVI). 4	10,205,157.84	9,822,306.53
Taxes and surcharges		3,069,369.36	3,193,559.74
Selling and distribution expenses		476,938.50	233,086.71
G&A expenses		46,124,842.97	46,901,768.72
Financial expenses		(1,179,537.25)	(3,418,990.44)
Including: interest expenses		422,950.59	356,264.79
Interest income		1,698,292.14	3,838,789.68
Plus: other income		164,150.75	153,012.52
Investment income	(XVI). 5	12,077,902.81	19,300,515.95
Including: investment losses in associates and joint ventures		(10,701,895.08)	(6,898,983.89)
Gains from derecognition of financial assets measured at amortized costs		-	-
Gains from changes in fair value		2,413,062.80	2,151,780.82
Credit impairment (loss) gains		(26,291,403.84)	708,847.28
Asset impairment loss		(20,243,658.34)	-
Gains from disposal of assets		-	-
II. Operating (loss) profit		(13,409,220.29)	43,404,934.06
Plus: non-operating revenue		1,124,656.60	6,431.44
Less: non-operating expenses		93,185.54	59,123.40
III. Total profit (loss)		(12,377,749.23)	43,352,242.10
Less: income tax expenses		(3,885,606.10)	9,825,698.88
IV. Net (loss) profit		(8,492,143.13)	33,526,543.22
(I) Net (loss) profit from continuing operations		(8,492,143.13)	33,526,543.22
(II) Net profit from discontinued operations		-	-
V. Net of tax of other comprehensive income		14,486,701.51	(15,225,837.94)
(I) Other comprehensive income that cannot be reclassified into profit or loss		15,776,775.00	(15,325,006.79)
1. Changes in re-measurement of defined benefit plans		-	-
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		-	-
3. Changes in fair value of other equity instrument investments		15,776,775.00	(15,325,006.79)
4. Changes in fair value of the enterprise's own credit risk		-	-
5. Others		-	-
(II) Other comprehensive income that will be reclassified into profit or loss		(1,290,073.49)	99,168.85
1. Other comprehensive income that can be transferred to profit or loss under the equity method		-	-
2. Changes in fair value of other debt investments		-	-
3. Amount of financial assets reclassified and included in other comprehensive income		-	-
4. Provision for credit impairment of other debt investments		-	-
5. Reserves of cash flow hedges (effective portion of cash flow hedging profit or loss)		-	-
6. Differences arising from translation of foreign-currency financial statements		(1,290,073.49)	99,168.85
7. Others		-	-
VI. Total comprehensive (loss) income		5,994,558.38	18,300,705.28

The notes are an integral part of the financial statements

## Consolidated Statement of Cash Flows

RMB

	Notes	Amount for the current year	Amount for the previous year
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		3,390,788,584.83	2,985,794,229.99
Refunds of taxes and surcharges received		21,049,133.80	5,073,509.20
Other cash received related to operating activities	(V). 55(1)	87,008,969.95	87,277,323.90
Sub-total of cash inflows from operating activities		3,498,846,688.58	3,078,145,063.09
Cash paid for purchase of goods and receipt of services		2,842,864,632.73	2,466,252,261.73
Cash paid to and on behalf of employees		238,890,310.33	255,045,680.87
Cash paid for taxes and surcharges		32,071,014.09	54,636,406.53
Other cash paid related to operating activities	(V). 55(1)	153,756,206.34	117,443,974.16
Sub-total of cash outflows from operating activities		3,267,582,163.49	2,893,378,323.29
Net cash flows from operating activities	(V). 56(1)	231,264,525.09	184,766,739.80
<b>II. Cash flows from investing activities:</b>			
Cash received from recovery of investment		1,349,489.37	-
Cash received from investment income		11,747,113.36	13,769,440.75
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets		(18.74)	11,634.84
Net cash received from disposal of subsidiaries and other business units		-	-
Other cash received related to investing activities	(V). 55(2)	1,697,000,000.00	1,454,000,000.00
Sub-total of cash inflows from investing activities		1,710,096,583.99	1,467,781,075.59
Cash paid for the purchase of fixed assets, intangible assets, and other long-term assets		29,441,167.62	64,069,967.97
Cash paid for investments		-	-
Net cash paid to acquire subsidiaries and other business units		-	-
Other cash paid related to investing activities	(V). 55(2)	1,605,454,000.00	1,840,500,000.00
Sub-total of cash outflows from investing activities		1,634,895,167.62	1,904,569,967.97
Net cash flows from the investing activities		75,201,416.37	(436,788,892.38)
<b>III. Cash flows from financing activities:</b>			
Cash received from absorption of investments		-	-
Including: cash received by subsidiaries from absorption of investments of minority shareholders		-	-
Cash received from acquisition of borrowings		-	8,000,000.00
Other cash received related to financing activities		-	-
Sub-total of cash inflows from financing activities		-	8,000,000.00
Cash paid for debt repayments		406,216,304.56	103,387,387.94
Cash paid for distribution of dividends and profits or payment of interests		50,633,653.38	57,324,944.21
Including: dividends and profits paid to minority shareholders by subsidiaries		-	-
Other cash paid related to financing activities	(V). 55(3)	9,508,462.57	8,776,024.71
Sub-total of cash outflows from financing activities		466,358,420.51	169,488,356.86
Net cash flows from financing activities		(466,358,420.51)	(161,488,356.86)
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>			
		556,861.07	456,132.31
<b>V. Net increase (decrease) in cash and cash equivalents</b>			
	(V). 56(1)	(159,335,617.98)	(413,054,377.13)
Plus: balance of cash and cash equivalents at the beginning of the year	(V). 56(2)	461,420,457.33	874,474,834.46
<b>VI. Balance of cash and cash equivalents at the end of the year</b>			
	(V). 56(2)	302,084,839.35	461,420,457.33

The notes are an integral part of the financial statements

Statement of Cash Flows of the Parent Company  
For Year Ended December 31, 2024

## Statement of Cash Flows of the Parent Company

RMB

	Notes	Amount for the current year	Amount for the previous year
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		80,553,754.68	79,719,541.58
Refunds of taxes and surcharges received		-	-
Other cash received related to operating activities		7,902,075.25	20,183,240.81
Sub-total of cash inflows from operating activities		88,455,829.93	99,902,782.39
Cash paid for purchase of goods and receipt of services		2,842,492.81	3,005,590.09
Cash paid to and on behalf of employees		35,045,305.67	38,735,139.38
Cash paid for taxes and surcharges		13,926,380.37	19,540,659.95
Other cash paid related to operating activities		15,727,708.36	18,940,923.33
Sub-total of cash outflows from operating activities		67,541,887.21	80,222,312.75
Net cash flows from operating activities		20,913,942.72	19,680,469.64
<b>II. Cash flows from investing activities:</b>			
Cash received from recovery of investment		1,554,056.96	-
Cash received from investment income		7,790,814.29	12,954,592.48
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Net cash received from disposal of subsidiaries and other business units		-	-
Other cash received related to investing activities		1,373,585,151.73	1,250,200,000.00
Sub-total of cash inflows from investing activities		1,382,930,022.98	1,263,154,592.48
Cash paid for the purchase of fixed assets, intangible assets, and other long-term assets		2,993,281.20	2,784,786.15
Cash paid for investments		-	-
Net cash paid to acquire subsidiaries and other business units		-	-
Other cash paid related to investing activities		1,363,000,000.00	1,550,500,000.00
Sub-total of cash outflows from investing activities		1,365,993,281.20	1,553,284,786.15
Net cash flows from the investing activities		16,936,741.78	(290,130,193.67)
<b>III. Cash flows from financing activities:</b>			
Cash received from absorption of investments		-	-
Cash received from acquisition of borrowings		-	-
Other cash received related to financing activities		-	-
Sub-total of cash inflows from financing activities		-	-
Cash paid for debt repayments		-	-
Cash paid for distribution of dividends and profits or payment of interests		33,346,867.31	30,747,575.73
Other cash paid related to financing activities		-	-
Sub-total of cash outflows from financing activities		33,346,867.31	30,747,575.73
Net cash flows from financing activities		(33,346,867.31)	(30,747,575.73)
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>			
		1,356.80	571.84
<b>V. Net increase (decrease) in cash and cash equivalents</b>			
		4,505,173.99	(301,196,727.92)
Plus: balance of cash and cash equivalents at the beginning of the year		9,125,800.27	310,322,528.19
<b>VI. Balance of cash and cash equivalents at the end of the year</b>			
		13,630,974.26	9,125,800.27

The notes are an integral part of the financial statements

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity  
For Year Ended December 31, 2024

Consolidated Statement of Changes in Shareholders' Equity

RMB

Item	Amount for the current year						
	Equity attributable to shareholders of the parent company					Minority interests	Total shareholders' equity
	Equity	Capital reserve	Other comprehensive income	Surplus reserves	Undistributed profits		
I. Balance as at the end of the previous year	506,521,849.00	1,961,599,824.63	93,607,380.81	104,262,315.64	216,160,896.14	1,229,765,091.74	4,111,917,357.96
Plus: changes in accounting policies	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Balance at the beginning of the current year	506,521,849.00	1,961,599,824.63	93,607,380.81	104,262,315.64	216,160,896.14	1,229,765,091.74	4,111,917,357.96
III. Increase/decrease in the current year	-	-	13,270,426.51	-	56,447,217.52	53,685,632.14	123,403,276.17
(I) Total comprehensive income	-	-	13,270,426.51	-	89,371,134.24	53,685,632.14	156,327,192.89
(II) Capital contributed or reduced by shareholders	-	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	-	-	-	-	-	-	-
2. Amount of share-based payments included in shareholders' equity	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(32,923,916.72)	-	(32,923,916.72)
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-
2. Profits distributed to shareholders	-	-	-	-	(32,923,916.72)	-	(32,923,916.72)
3. Others	-	-	-	-	-	-	-
(IV) Internal transfer of shareholders' equity	-	-	-	-	-	-	-
1. Conversion of capital reserve into share capital	-	-	-	-	-	-	-
2. Conversion of surplus reserve into share capital	-	-	-	-	-	-	-
3. Surplus reserves offsetting losses	-	-	-	-	-	-	-
4. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-
1. Withdrawal in the current year	-	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Balance as at the end of the current year	506,521,849.00	1,961,599,824.63	106,877,807.32	104,262,315.64	272,608,113.66	1,283,450,723.88	4,235,320,634.13

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity - Continued  
For Year Ended December 31, 2024

Consolidated Statement of Changes in Shareholders' Equity - Continued

RMB

Item	Amount for the previous year						
	Equity attributable to shareholders of the parent company					Minority interests	Total shareholders' equity
	Equity	Capital reserve	Other comprehensive income	Surplus reserves	Undistributed profits		
I. Balance as at the end of the previous year	506,521,849.00	1,961,599,824.63	109,596,609.31	100,909,661.32	170,636,610.95	1,181,777,770.21	4,031,042,325.42
Plus: changes in accounting policies	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Balance at the beginning of the current year	506,521,849.00	1,961,599,824.63	109,596,609.31	100,909,661.32	170,636,610.95	1,181,777,770.21	4,031,042,325.42
III. Increase/decrease in the current year	-	-	(15,989,228.50)	3,352,654.32	45,524,285.19	47,987,321.53	80,875,032.54
(I) Total comprehensive income	-	-	(15,989,228.50)	-	79,268,250.45	47,987,321.53	111,266,343.48
(II) Capital contributed or reduced by shareholders	-	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	-	-	-	-	-	-	-
2. Amount of share-based payments included in shareholders' equity	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	3,352,654.32	(33,743,965.26)	-	(30,391,310.94)
1. Withdrawal of surplus reserves	-	-	-	3,352,654.32	(3,352,654.32)	-	-
2. Profits distributed to shareholders	-	-	-	-	(30,391,310.94)	-	(30,391,310.94)
3. Others	-	-	-	-	-	-	-
(IV) Internal transfer of shareholders' equity	-	-	-	-	-	-	-
1. Conversion of capital reserve into share capital	-	-	-	-	-	-	-
2. Conversion of surplus reserve into share capital	-	-	-	-	-	-	-
3. Surplus reserves offsetting losses	-	-	-	-	-	-	-
4. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-
1. Withdrawal in the current year	-	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-
IV. Balance as at the end of the current year	506,521,849.00	1,961,599,824.63	93,607,380.81	104,262,315.64	216,160,896.14	1,229,765,091.74	4,111,917,357.96

The notes are an integral part of the financial statements

Shenzhen Textile (Holdings) Co., Ltd.

Statement of Changes in Shareholders' Equity of the Parent Company  
For Year Ended December 31, 2024

Statement of Changes in Shareholders' Equity of the Parent Company

RMB

Item	Amount for the current year					
	Equity	Capital reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Balance as at the end of the previous year	506,521,849.00	1,577,392,975.96	83,629,830.81	104,262,315.64	689,309,946.54	2,961,116,917.95
Plus: changes in accounting policies	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-
Others	-	-	-	-	-	-
II. Balance at the beginning of the current year	506,521,849.00	1,577,392,975.96	83,629,830.81	104,262,315.64	689,309,946.54	2,961,116,917.95
III. Increase/decrease in the current year	-	-	14,486,701.51	-	(41,416,059.85)	(26,929,358.34)
(I) Total comprehensive income	-	-	14,486,701.51	-	(8,492,143.13)	5,994,558.38
(II) Capital contributed or reduced by shareholders	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	-	-	-	-	-	-
2. Amount of share-based payments included in shareholders' equity	-	-	-	-	-	-
3. Others	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	(32,923,916.72)	(32,923,916.72)
1. Withdrawal of surplus reserves	-	-	-	-	-	-
2. Profits distributed to shareholders	-	-	-	-	(32,923,916.72)	(32,923,916.72)
3. Others	-	-	-	-	-	-
(IV) Internal transfer of shareholders' equity	-	-	-	-	-	-
1. Conversion of capital reserve into share capital	-	-	-	-	-	-
2. Conversion of surplus reserve into share capital	-	-	-	-	-	-
3. Surplus reserves offsetting losses	-	-	-	-	-	-
4. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-
5. Others	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-
1. Withdrawal in the current year	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-
IV. Balance as at the end of the current 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

Shenzhen Textile (Holdings) Co., Ltd.

Statement of Changes in Shareholders' Equity of the Parent Company - Continued  
For Year Ended December 31, 2024

Statement of Changes in Shareholders' Equity of the Parent Company - Continued

RMB

Item	Amount for the previous year					
	Equity	Capital reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Balance as at the end of the previous year	506,521,849.00	1,577,392,975.96	98,855,668.75	100,909,661.32	689,527,368.58	2,973,207,523.61
Plus: changes in accounting policies	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-
Others	-	-	-	-	-	-
II. Balance at the beginning of the current year	506,521,849.00	1,577,392,975.96	98,855,668.75	100,909,661.32	689,527,368.58	2,973,207,523.61
III. Increase/decrease in the current year	-	-	(15,225,837.94)	3,352,654.32	(217,422.04)	(12,090,605.66)
(I) Total comprehensive income	-	-	(15,225,837.94)	-	33,526,543.22	18,300,705.28
(II) Capital contributed or reduced by shareholders	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	-	-	-	-	-	-
2. Amount of share-based payments included in shareholders' equity	-	-	-	-	-	-
3. Others	-	-	-	-	-	-
(III) Profit distribution	-	-	-	3,352,654.32	(33,743,965.26)	(30,391,310.94)
1. Withdrawal of surplus reserves	-	-	-	3,352,654.32	(3,352,654.32)	-
2. Profits distributed to shareholders	-	-	-	-	(30,391,310.94)	(30,391,310.94)
3. Others	-	-	-	-	-	-
(IV) Internal transfer of shareholders' equity	-	-	-	-	-	-
1. Conversion of capital reserve into share capital	-	-	-	-	-	-
2. Conversion of surplus reserve into share capital	-	-	-	-	-	-
3. Surplus reserves offsetting losses	-	-	-	-	-	-
4. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-
5. Others	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-
1. Withdrawal in the current year	-	-	-	-	-	-
2. Use in the current year	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-
IV. Balance as at the end of the current year	506,521,849.00	1,577,392,975.96	83,629,830.81	104,262,315.64	689,309,946.54	2,961,116,917.95

The notes are an integral part of the financial statements

Notes to the financial statements

Year ended December 31, 2024

---

**(I) Basic information of the Company**

**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 Company and its subsidiaries (hereinafter referred to as "the Group") are principally engaged in the research and development, production and marketing of polarizers for liquid crystal displays, as well as property management and textile and apparel businesses, which are mainly located in the prosperous commercial area of Shenzhen.

**2. Approval date of financial statements**

The consolidated and parent company's financial statements of the Company were approved by the Board of Directors on March 26, 2025.

**(II) Basis for preparation of the financial statements**

**1. Basis for preparation**

The Group implements the Accounting Standards for Business Enterprises and related provisions issued by the Ministry of Finance. In addition, the Group also discloses relevant financial information in accordance with the Rules for the Compilation and Reporting of Information Disclosure by Companies Issuing Securities to the Public No. 15 - General Provisions on Financial Reports (Revised in 2023).

**2. Going concern**

The Group has evaluated its going-concern ability for 12 months from December 31, 2024 and has not found any matters or circumstances that cast significant doubt on the going-concern ability. Therefore, the financial statements have been prepared on the going concern basis.

**3. Accounting basis and valuation principle**

The accounting of the Group is based on the accrual basis. Except for certain financial instruments measured at fair value, the financial statements are measured at historical cost. In the event of any asset impairment, a provision for impairment will be made in accordance with relevant provisions.

Under the historical cost measurement, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration paid at the time of acquisition. Liabilities are measured at the amount of money or assets actually received for assuming current obligations, or the contract amount of assuming current obligations, or the amount of cash or cash equivalents expected to be paid to repay liabilities in daily activities.

Fair value is the price received from the sale of an asset or paid for the transfer of a liability by a market participant in an orderly transaction occurring on the measurement date. Regardless of whether the fair value is observable or estimated by using valuation techniques, the fair value measured and disclosed in these financial statements is determined on this basis.

**(II) Basis for preparation of financial statements - continued**

**3. Accounting basis and valuation principle - continued**

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.

The fair value measurement is divided into three levels based on the observability of the input value of the fair value and the importance of such input value to the fair value measurement as a whole:

- Level 1 input value is the unadjusted quoted price in active markets for identical assets or liabilities that are available on the measurement date.
- Level 2 input value is the directly or indirectly observable input value of the relevant assets or liabilities except for the level 1 input value.
- Level 3 input value is the unobservable input value of the relevant assets or liabilities.

**(III) Significant accounting policies and accounting estimates**

**1. Statement in 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 December 31, 2024, 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 the year then ended.

**2. Accounting period**

The Company adopts the Gregorian calendar year for its accounting year, that is, from January 1 to December 31 of each year.

**3. Operating cycle**

Operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents by the enterprise. The operating cycle of the Company is 12 months.

**4. Recording currency**

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries operate. The Company and its domestic subsidiaries adopt RMB as the recording currency. The Company's overseas subsidiaries determine RMB as their recording currency based on the currency in the main economic environment in which they operate. The currency used by the Company in preparing these financial statements is RMB.

**5. Importance criteria determination method and selection basis**

Item	Importance criteria
Significant accounts receivable with the provision for bad debts made on an individual basis	The individual book balance accounts for more than 0.5% of the total assets
Recovery or reversal amount of provision for bad debts of significant accounts receivable	The individual recovery or reversal amount accounts for more than 10% of the total amount of provision for bad debts recovery or reversal of the corresponding accounts receivable and the amount exceeds RMB 10 million
Advances to suppliers with aging over 1 year and of significant amount	Individual amount accounts for more than 0.5% of total assets
Important accounts payable, advances from customers, contract liabilities and other payables with aging over 1 year	Individual amount accounts for more than 0.5% of total assets
Other cash received related to significant investing activities	The amount exceeds RMB 50 million
Other cash paid related to significant investing activities	The amount exceeds RMB 50 million
Major non-wholly-owned subsidiaries	The total assets, total revenue or total profit of the non-wholly-owned subsidiary account for more than 10% of the amount of the corresponding items in the consolidated financial statements of the Group
Significant joint ventures or associates	The book value of the long-term equity investments of the enterprise at the end of the year accounts for more than 5% of the net assets of the consolidated financial statements of the Group

**6. Accounting treatment method of business combination under common control and not under common control**

Business combinations are categorized into those under common control and those not under common control.

**6.1 Business combinations under common control**

If, before and after the business combination, all parties involved are ultimately controlled by the same party or the same group of parties and such control is not temporary, the combination is considered under 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. Any difference between the book value of the net assets acquired by the combining party and the book value of the consideration paid is adjusted against the share premium in capital reserve. If the equity premium is insufficient, the difference is adjusted against retained earnings.

All direct expenses incurred for the purpose of the business combination are recognized in current profit or loss as they occur.

**6.2 Business combinations not under common control and goodwill**

When the entities involved in the combination are not under the ultimate control of the same party or the same group of parties before and after the combination, it is considered a business combination not under common control.

The combination cost refers to the fair value of the assets paid, the liabilities incurred or assumed, and the equity instruments issued by the acquirer to obtain the right of control of the acquiree. Any intermediary fees for business combination, including but not limited to audit, legal, and valuation consulting services, and other related G&A expenses incurred by the acquirer are charged to current profit or loss as they arise.

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.

**(III) Significant accounting policies and accounting estimates - continued**

**6. Accounting treatments for business combination under common control and not under common control - continued**

**6.2 Business combination not under common control and goodwill - continued**

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 combination cost is less than the acquiree's fair value share of net identifiable assets obtained, the acquirer shall first reassess the fair values of all identifiable assets, liabilities, and contingent liabilities of the acquiree, as well as the measurement of the combination cost. After reassessment, if the combination cost is still less than acquiree's fair value share of net identifiable assets obtained, the difference is included in current profit or loss.

Goodwill arising from a business combination is presented separately in the consolidated financial statements and is measured at cost less any accumulated provision for impairment.

**7. Criteria for determining control and methods of preparing consolidated financial statements**

**7.1 Criteria for determining control**

Control means that an investor has power over the investee, derives variable returns by participating in the investee's relevant activities, and can use that power to affect the amount of returns. Whenever changes in relevant facts and circumstances alter any element of this definition of control, the Group will reassess the situation.

**7.2 Methods of preparing consolidated financial statements**

The consolidation scope in the consolidated financial statements is determined on the basis of control.

A subsidiary is consolidated from the date the Group obtains the right of control over it until the date such right is lost.

For subsidiaries that the Group disposes of, operating results and cash flows prior to the disposal date (the date when the loss of control occurs) are appropriately included in the consolidated income statement and consolidated cash flow statement.

For subsidiaries acquired in a business combination not under common control, their operating results and cash flows from the acquisition date (the date when the right of control is obtained) are appropriately included in the consolidated income statement and consolidated cash flow statement.

For subsidiaries acquired in a business combination under common control, regardless of the point in time during the reporting period at which the combination takes place, the subsidiary is deemed to have been under the Group's consolidation scope from the date it came under the ultimate controller. Its operating results and cash flows from the earliest beginning date of the reporting period are appropriately included in the consolidated income statement and consolidated cash flow statement.

The primary accounting policies and reporting periods adopted by the subsidiaries are determined in accordance with the uniform accounting policies and reporting periods set by the Company.

**7. Judgment criteria for control measures and preparation of the consolidated financial statements - continued**

7.2 Methods of preparing consolidated financial statements - continued

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.

Any portion of the subsidiary's owners' equity not attributable to the parent company is recognized as non-controlling interests and presented under "Minority Interests" in the shareholders' equity section of the consolidated balance sheet. The share of the subsidiary's current net profit or loss attributable to these minority interests is presented in the consolidated income statement under the net profit item as "minority interest income".

If the losses borne by minority shareholders exceed the share of owners' equity they hold at the beginning of the subsidiary's period, the excess continues to be deducted from the minority interests.

Transactions involving the purchase of a subsidiary's minority interests or the partial disposal of a subsidiary's equity investments without losing the right of control are accounted for as equity transactions. The book value of the parent company's owners' equity and the minority interests are adjusted to reflect the changes in their respective ownership in the subsidiary. Any difference between the adjustment to minority interests and the fair value of the consideration paid or received is adjusted against the capital reserve. If the capital reserve is insufficient, the difference is adjusted against retained earnings.

**8. Joint venture arrangements**

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. A joint operation refers to those joint venture arrangements under which the joint venture is entitled to relevant assets and be responsible for relevant liabilities. A joint venture is a joint venture arrangement in which the parties are entitled only to the arrangement's net assets.

The Group accounts for investments in joint ventures using the equity method. For further details, refer to Note (III), Section 17.3.2, "Long-term equity investments accounted for under the equity method."

**9. Recognition of cash and cash equivalents**

Cash refers to cash on hand and deposits readily available for payment. Cash equivalents refer to short-term (generally maturing within three months from the purchase date), highly liquid investments held by the Group that are easily convertible into known amounts of cash and subject to an insignificant risk of value changes.

**10. Translation of foreign currency transactions and financial statements denominated in foreign currency**

10.1 Foreign currency transactions

Foreign currency transactions are initially recognized using an exchange rate approximating the spot exchange rate on the transaction date, determined by a reasonable systematic method.

**(III) Significant accounting policies and accounting estimates - continued**

**10. Foreign currency transactions and translation of foreign currency statements - continued**

10.1 Foreign currency transactions - continued

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) exchange differences on hedging instruments used to hedge foreign exchange risk, which are accounted for under hedge accounting; (3) foreign exchange differences arising from changes in the book balance of monetary items classified as measured at fair value through other comprehensive income, except for amortized costs, are recognized in current profit or loss.

When preparing consolidated financial statements involving foreign operations, if a foreign currency monetary item essentially constitutes a net investment in a foreign operation, any exchange differences arising from fluctuation in exchange rate are included under "Exchange differences on translation of foreign currency statements" in other comprehensive income. Upon disposal of the foreign operation, these differences are recognized in profit or loss for the disposal period.

Foreign currency non-monetary items measured at historical cost continue to be measured using the spot exchange rate in recording currency on the transaction date. 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

To prepare consolidated financial statements, foreign-currency financial statements of overseas operations are translated into RMB as follows: all assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date; shareholders' equity items are translated at the spot exchange rate on the date of occurrence; all items in the income statement and items reflecting profit distribution are translated using an exchange rate approximating the spot exchange rate on the transaction date; any difference between the sum of translated assets and the sum of translated liabilities plus equity items is recognized as other comprehensive income and included in shareholders' equity.

Foreign currency cash flows and the cash flows of overseas subsidiaries are translated using an exchange rate approximating the spot exchange rate on the date of the cash flow. The impact of fluctuation in exchange rate on cash and cash equivalents is presented separately in the statement of cash flows under "Effect of exchange rate changes on cash and cash equivalents."

The figures for the prior year-end and the actual amounts for the previous year are presented according to the amounts translated in the previous year's financial statements.

When the Group disposes of its entire owners' equity in a foreign operation or otherwise loses the right of control over a foreign operation—whether by partially disposing of equity investments or for any other reason—all differences on translation of foreign currency statements related to that foreign operation and presented under shareholders' equity (attributable to the parent company) in the balance sheet are transferred in full to profit or loss for the disposal period.

**(III) Significant accounting policies and accounting estimates - continued**

**10. Foreign currency transactions and translation of foreign currency statements - continued**

**10.2 Translation of foreign-currency financial statements - continued**

When disposing of part of an equity investments or in other circumstances that reduce the Group's ownership interest in an overseas operation without losing the right of control over that operation, any differences on translation of foreign currency statements related to the disposed portion are attributed to minority interests and are not transferred to profit or loss for the current 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 the contractual provisions of a financial instrument.

For purchases or sales of financial assets in the ordinary course of business, the Group recognizes the assets to be received and the liabilities to be assumed on the trade date, or derecognizes the assets sold on the trade date.

Financial assets and financial liabilities are measured at fair value upon initial recognition (see Note (II) "Basis of accounting and valuation principles" for details on determining fair value). For financial assets and liabilities measured at fair value through profit or loss, transaction costs are recognized directly in profit or loss for the current period; for other categories of financial assets and liabilities, the relevant 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 method is the method used to calculate the amortized cost of a financial asset or liability and to allocate the interest income or interest expenses over the relevant accounting periods.

The effective interest rate is the rate that discounts the estimated future cash flows over the expected life of a financial asset or liability to the financial asset's book balance or the financial liability's amortized cost. In determining the effective interest rate, the Group estimates expected cash flows based on all contractual terms of the financial asset or liability (e.g., early repayment, extension, call options, or other similar options), but does not factor in expected credit losses.

The amortized cost of a financial asset or liability is the initial recognized amount minus any repaid principal, plus or minus the accumulated amortization of the difference between the initial recognized amount and the amount at maturity using the effective interest method, and then minus the accumulated provision for losses (applicable only to financial assets).

**11. Financial instruments - continued**

**11.1 Classification, recognition and measurement of financial assets**

After initial recognition, the Group subsequently measures different categories of financial assets at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

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 this financial asset is to collect the contractual cash flows, the Group classifies this financial asset as 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 presented as "Other debt investments," while those maturing within one year (inclusive) from the balance sheet date are presented under "Non-current assets due within one year." Accounts receivable and notes receivable classified upon acquisition as measured at fair value through other comprehensive income are presented under "Receivables financing," and any other items acquired with a maturity of one year (inclusive) or less are presented under "Other current assets."

At initial recognition, on an individual financial asset basis, the Group may irrevocably designate a non-trading equity instrument investment, other than any contingent consideration recognized in a business combination not under common control, as measured at fair value through other comprehensive income. Such financial assets are presented as "Other equity instrument investments."

If a financial asset meets any of the following conditions, it indicates that the Group holds this asset for trading purposes:

- The main purpose of acquiring the financial asset is to sell it in the near term.
- Upon initial recognition, the financial asset is part of an identifiable portfolio of financial instruments that is collectively managed, and there is objective evidence of a recent pattern of short-term profit-taking.
- The financial asset is a derivative, except for derivatives that meet the definition of a financial guarantee contract or are designated as effective hedging instruments.

Financial assets measured at fair value through profit or loss include those classified as such and those designated as such:

- Any financial asset that does not meet the classification criteria for measurement at amortized cost or at fair value through other comprehensive income is classified as measured at fair value through profit or loss.
- At initial recognition, to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate a financial asset as measured at fair value through profit or loss.

**(III) Significant accounting policies and accounting estimates - continued**

**11. Financial instruments - continued**

11.1 Classification, recognition and measurement of financial assets - continued

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 by amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method, and any gain or loss arising from impairment or derecognition is recognized in profit or loss.

The Group recognizes interest income on financial assets measured at amortized cost using the effective interest method. For purchased or originated financial assets that are already credit-impaired, the Group determines interest income from the date of initial recognition based on the asset's amortized cost and a credit-adjusted effective interest rate. For all other financial assets, the Group calculates interest income by multiplying the book balance of the asset by the effective interest rate.

11.1.2 Financial assets measured at fair value through other comprehensive income

For a financial asset classified as measured at fair value through other comprehensive income, any impairment loss or gain and interest income calculated using the effective interest method are recognized in profit or loss, while all other fair value changes are recognized in other comprehensive income. The amount recognized in profit or loss each period is the same as if the asset had been measured at amortized cost throughout its life. When such a financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to profit or loss.

For a non-trading equity instrument investment designated as measured at fair value through other comprehensive income, fair value changes are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and into retained earnings. During the period the Group holds this non-trading equity instrument investment, if the right to receive dividends is established, the related economic benefits are likely to flow to the Group, and the amount of dividends can be measured reliably, then the Group recognizes dividend income in profit or loss.

11.1.3 Financial assets measured at fair value through the current profit or loss

Financial assets measured at fair value through profit or loss are subsequently measured at fair value; gains or losses arising from fair value changes, as well as any dividend and interest income related to these assets, are recognized in profit or loss.

**(III) Significant accounting policies and accounting estimates - continued**

**11. Financial instruments - continued**

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.

For all notes receivable and accounts receivable arising from transactions governed by the Revenue Standard, as well as operating lease receivables arising from transactions governed by Accounting Standards for Business Enterprises No. 21 - Leases, the Group measures the provision for loss at an amount equal to the lifetime expected credit losses.

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 such a financial instrument has significantly increased since initial recognition, the Group measures the provision for loss at an amount equal to the lifetime expected credit losses; if it has not significantly increased, the Group measures the provision for loss at an amount equal to the 12-month expected credit losses. Except for financial assets classified as fair value through other comprehensive income, any increase or reversal of the provision for credit losses is recognized as an impairment loss or gain in the current period's profit or loss. For financial assets classified as fair value through other comprehensive income, the Group recognizes the provision for credit losses in other comprehensive income and records the impairment loss or gain in profit or loss, without reducing the asset's book value in the balance sheet.

If, in a prior period, the Group measured the provision for loss at an amount equal to the lifetime expected credit losses (due to a significant increase in credit risk since initial recognition), but at the current balance sheet date that significant increase in credit risk no longer applies, then the Group measures the provision for loss at an amount equal to the 12-month expected credit losses. The amount of any resulting reversal is recognized as an impairment gain in profit or loss.

11.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information to compare the risk of default on a financial instrument at the balance sheet date with the risk of default at initial recognition, in order to determine whether the credit risk has significantly increased since initial recognition.

Notes to the financial statements

Year ended December 31, 2024

**(III) Significant accounting policies and accounting estimates - continued**

**11. Financial instruments - continued**

**11.2 Impairment financial instruments - continued**

**11.2.1 Significant increase in credit risk - continued**

When the Group assesses whether credit risk has increased significantly, it considers the following factors:

- (1) Whether internal price indicators resulting from changes in credit risk have undergone a significant change.
- (2) Whether, if an existing financial instrument is effectively originated or issued as a new financial instrument on the balance sheet date, there is a significant change in the interest rate or other terms of that instrument (e.g., more stringent contractual terms, increased collateral or guarantees, or a higher yield).
- (3) Whether external market indicators of credit risk for the same financial instrument, or similar instruments with the same expected term, have changed significantly. Such indicators include credit spreads, credit default swap (CDS) prices for the borrower, the length of time and extent to which a financial asset's fair value is below its amortized cost, and other market information related to the borrower (e.g., changes in the prices of the borrower's debt or equity instruments).
- (4) Whether the external credit rating of the financial instrument has actually changed or is expected to change significantly.
- (5) Whether there has been a downgrade in the debtor's internal credit rating, either actual or anticipated.
- (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 significantly adverse change in the regulatory, economic, or technological environment in which the debtor operates.
- (10) Whether the value of collateral securing the debt, or the quality of a third-party guarantee or credit enhancement, has changed significantly. Such changes are expected to reduce the debtor's economic incentive to repay under the contractual schedule or affect the probability of default.
- (11) Whether there has been a significant change in factors that would reduce the borrower's economic incentive to repay in accordance with the contractual terms.
- (12) Whether the loan contract is expected to be modified, including the potential release or amendment of contractual obligations due to anticipated breaches of contract, granting interest-free periods, raising interest rates, requiring additional collateral or guarantees, or otherwise modifying the contractual framework of the financial instrument.
- (13) Whether there is a significant change in the debtor's expected performance or repayment behavior.
- (14) Whether the Group's credit management approach for the financial instrument has changed.

Regardless of the outcome of the above assessment, if payments under the financial instrument's contract are more than (or equal to) 30 days past due, it indicates that the financial instrument's credit risk has increased significantly.

On the balance sheet date, if the Group concludes that a financial instrument has only low credit risk, it presumes the credit risk has not increased significantly since initial recognition. A financial instrument is considered to have low credit risk if its risk of default is low, the borrower has a strong capacity to meet its contractual cash flow obligations in the short term, and even over a longer period, adverse changes in economic and operating conditions would not necessarily reduce the borrower's ability to meet those obligations.

**(III) Significant accounting policies and accounting estimates - continued**

**11. Financial instruments - continued**

**11.2 Impairment financial instruments - continued**

*11.2.2 Financial assets with credit loss*

When one or more events occur that the Group expects to adversely affect the future cash flows of a financial asset, that asset is considered credit-impaired. Evidence for a credit-impaired financial asset includes the following observable information:

- (1) The debtor breaches a contract, such as default or delinquency in interest or principal payments.
- (2) The debtor breaches the contract, such as default or delay in repayment of interest or principal.
- (3) The creditor grants concessions to the debtor in consideration of the debtor's financial difficulties that would not otherwise be offered under normal circumstances.
- (4) The debtor is highly likely to go bankrupt or undertake other financial restructuring.
- (5) The issuer's or debtor's financial difficulties lead to the disappearance of an active market for the financial asset.
- (6) A financial asset is purchased or originated at a substantial discount, reflecting 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.

Regardless of the above assessment, if payments under the financial instrument's contract are more than (or equal to) 90 days past due, the Group presumes the instrument is in default.

*11.2.3 Determination of expected credit losses*

For financial assets and lease receivables, the expected credit loss is the present value of the difference between the contractual cash flows the Group is entitled to receive and the cash flows the Group actually expects to receive.

When measuring the expected credit losses on financial instruments, the Group's method reflects: an unbiased, probability-weighted average determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions, available without undue cost or effort at the balance sheet date.

*11.2.4 Write-off of financial assets*

If the Group no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, the Group writes off the book balance of the financial asset directly. This write-off constitutes derecognition of the relevant financial asset.

**(III) Significant accounting policies and accounting estimates - continued**

**11. Financial instruments - continued**

11.3 Transfer of financial assets

A financial asset is derecognized if one of the following conditions is met: (1) the contractual right to receive cash flows from the financial asset expires; (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to the transferee; or (3) the financial asset has been transferred, and although the Group has neither transferred nor retained substantially all the risks and rewards of ownership, it has not retained control over the asset.

If the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but retains control of it, the Group continues to recognize the transferred financial asset to the extent of its continuing involvement, and recognizes a corresponding liability. 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 asset is measured at fair value, the book value of the related liability equals the book value of the asset in which the Group continues to be involved minus the fair value of any rights retained by the Group (if the Group retained such rights due to the transfer) and plus the fair value of any obligations assumed by the Group (if the Group assumed such obligations due to the transfer). The fair values of such rights and obligations are measured on a stand-alone basis.

When the full transfer of a financial asset qualifies for derecognition, the difference between the book value of the transferred financial asset on the derecognition date and the sum of the consideration received and the corresponding portion of the cumulative fair value changes previously recognized in other comprehensive income is recognized in profit or loss. If the transferred asset by the Group is a non-trading equity instrument investment designated as measured at fair value through other comprehensive income, any cumulative gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and into retained earnings.

When a partial transfer of a financial asset qualifies for derecognition, the book value of the original asset before transfer is allocated between the portion being derecognized and the portion that continues to be recognized, based on the relative fair values of each portion on the transfer date. The difference between (a) the consideration received for the derecognized portion plus the corresponding portion of the cumulative fair value changes previously recognized in other comprehensive income and (b) the book value of the derecognized portion on the derecognition date is recognized in profit or loss. If the transferred asset by the Group is a non-trading equity instrument investment designated as measured at fair value through other comprehensive income, any cumulative gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and into retained earnings.

If a full transfer of a financial asset does not satisfy the derecognition criteria, the Group continues to recognize the entire transferred financial asset and recognizes the consideration received as a liability.

**(III) Significant accounting policies and accounting estimates - continued**

**11. Financial instruments - continued**

11.4 Classification of financial liabilities and equity instruments

Based on the contractual terms and the economic substance of the issued financial instrument rather than merely its legal form and in conjunction with the definitions of financial liabilities and equity instruments, the Group classifies the financial instrument (or its components) as either a financial liability or an equity instrument at initial recognition.

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 through profit or loss include financial liabilities held for trading (including derivatives classified as financial liabilities) and those designated as measured at fair value through profit or loss. Except for derivative financial liabilities, which are presented separately, financial liabilities measured at fair value through profit or loss are presented as financial liabilities held for trading.

If a financial liability meets any of the following conditions, it indicates that the Group has assumed this liability for trading purposes:

- The primary purpose of assuming the financial liability is to repurchase it in the near term.
- Upon initial recognition, the financial liability is part of an identifiable portfolio of financial instruments that is collectively managed, and there is objective evidence of a recent pattern of short-term profit-taking.
- The financial liability is a derivative, except for derivatives that meet the definition of a financial guarantee contract or are designated as effective hedging instruments.

At initial recognition, if any of the following conditions are met, the Group may designate a financial liability as measured at fair value through profit or loss: (1) the designation can eliminate or significantly reduce accounting mismatches; (2) under the Group's formally documented risk management or investment strategy, portfolios of financial liabilities or combined portfolios of financial assets and liabilities are managed and evaluated on a fair value basis, and this is reported internally to key officers; or (3) it is part of an eligible hybrid contract containing an embedded derivative.

Financial liabilities held for trading are subsequently measured at fair value, with any gains or losses arising from fair value changes, along with dividends or interest expenses related to these liabilities, recognized in profit or loss.

**(III) Significant accounting policies and accounting estimates - continued**

**11. Financial instruments - continued**

11.4 Classification of financial liabilities and equity instruments - continued

11.4.1 Classification, recognition and measurement of financial liabilities - continued

11.4.1.1 Financial liabilities measured by fair value through the current profit or loss - continued

For a financial liability designated as measured at fair value through profit or loss, the portion of the fair value change attributable to the Group's own credit risk is recognized in other comprehensive income, while other changes in fair value are recognized in profit or loss. When the financial liability is derecognized, the accumulated fair value change attributable to changes in the Group's own credit risk that was previously recorded in other comprehensive income is transferred to retained earnings. Any dividends or interest expenses related to such financial liabilities are recognized in profit or loss. 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

Except for financial liabilities arising from the transfer of financial assets that do not meet derecognition criteria, or where the Group continues to be involved in transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost. They are subsequently measured at amortized cost, and any gains or losses from derecognition or amortization are recognized in profit or loss.

If the Group modifies or renegotiates a contract with a counterparty, and it does not result in the derecognition of a financial liability subsequently measured at amortized cost but leads to changes in the contractual cash flows, the Group recalculates the book value of the financial liability and recognizes any related gain or loss in profit or loss. For recalculated book value, the Group shall determine it by discounting the renegotiated or modified contractual cash flows at the original effective interest rate of the financial liability. For any costs or fees incurred as a result of modifying or renegotiating the contract, the Group shall adjust the book value of the modified financial liability and amortize them over the remaining term thereof.

11.4.2 Derecognition of financial liabilities

If the present obligation of a financial liability is fully or partially discharged, the liability (or the discharged portion) is derecognized. If the Group (as borrower) signs an agreement with a lender to replace the original financial liability with a new one, and the terms of the new liability differ substantially from those of the original liability, the Group derecognizes the original liability and recognizes the new one.

When a financial liability is fully or partially derecognized, the difference between the book value of the derecognized portion and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the current period.

**11. Financial instruments - continued**

11.4 Classification of financial liabilities and equity instruments - continued

11.4.3 Equity instruments

An equity instrument is a contract that evidences a residual interest in the Group's assets after deducting all liabilities. The Group treats the issuance (including refinancing), repurchase, sale, or cancellation of its equity instruments as changes in equity. The Group does not recognize fair value changes in equity instruments. Transaction costs directly attributable to equity transactions are deducted from equity.

The Group's distributions made to holders of equity instruments are treated as profit distribution, and any issued stock dividends 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 Offsetting financial assets and financial liabilities

When the Group has a legal right to offset recognized financial assets and liabilities, and that right is currently enforceable, and the Group intends to settle on a net basis or to realize the asset and settle the liability simultaneously, the financial assets and liabilities are presented on the balance sheet at the net amount. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offset.

**12. Notes receivable**

12.1 Method for determining expected credit losses on notes receivable and the related accounting treatments

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 Combination categories and basis for determining provision for credit losses according to credit risk characteristic combination

Apart from those notes receivable whose credit losses are determined on an individual basis, the Group classifies the remaining notes receivable into different groups based on shared credit risk characteristics:

Combination category	Determination basis
Combination 1	Bank acceptance bills
Combination 2	Commercial acceptance bills

### 13. Accounts receivable

#### 13.1 Method for determining expected credit losses on accounts receivable and the related accounting treatments

The Group uses an impairment matrix at the group level to determine expected credit losses for accounts receivable. Any increase or reversal of the provision for expected credit losses of accounts receivable is recognized as a credit loss or gain in profit or loss.

#### 13.2 Combination categories and basis for determining provision for credit losses according to credit risk characteristic combination.

The Group classifies accounts receivable into Combination 1 and Combination 2 based on the credit risk characteristics of counterparties under different business segments. Combination 1 refers to accounts receivable arising from the polarizer business revenue, where provisions for credit losses are made based on overdue aging relative to the credit term. Combination 2 refers to accounts receivable arising from property leasing and other business revenue, where provisions for credit losses are made based on natural aging.

#### 13.3 Method 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. Natural aging is calculated starting from the date of initial recognition of the accounts receivable, while overdue aging begins once the natural aging exceeds the credit term granted to the customer. If the terms and conditions of an accounts receivable are modified but do not lead to derecognition, the aging continues to accumulate.

#### 13.4 Criteria for individual assessment of provision for credit losses

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 Method for determining expected credit losses on receivables financing and the related accounting treatments

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 Criteria for individual assessment of provision for credit losses

Based on the credit status of the accepting bank for bank acceptance bills, the Group individually assesses and determines credit losses for receivables financing.

**(III) Significant accounting policies and accounting estimates - continued**

**15. Other receivables**

15.1 Method for determining expected credit losses on other receivables and the related accounting treatments

The Group determines credit losses for other receivables on a group 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.

15.2 Combination categories and basis for determining provision for credit losses according to credit risk characteristic 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.

15.3 Method for calculating aging when determining credit risk characteristic combination

The aging is calculated from the date of initial recognition. If the terms and conditions of other receivables are modified but do not lead to derecognition, the aging continues to accumulate.

**16. Inventories**

16.1 Types of inventories, methods of costing for issuance, inventory system, and methods for amortizing low-value consumables and packaging materials

*16.1.1 Types of inventories*

The Group's inventories mainly include raw materials, work in progress, finished products, and materials processed on consignment. 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 Group uses a perpetual inventory system.

*16.1.4 Amortization methods for low-value consumables and packaging materials*

Low-value consumables and packaging materials are amortized using the straight-line method or are written off in full at once.

**(III) Significant accounting policies and accounting estimates - continued**

**16. Inventories - continued**

16.2 Criteria for recognizing and methods for making provision for inventory depreciation

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. If net realizable value is lower than cost, a provision for inventory depreciation is made.

Net realizable value is the estimated selling price of inventories in the ordinary course of business, less the estimated costs to complete, the estimated selling and distribution expenses, and related taxes. When determining the net realizable value of inventories, the Group uses conclusive evidence while considering the purpose of holding the inventories and the impact of events after the balance sheet date.

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 determining common control and significant influence

Control means that an investor has power over the investee, derives variable returns by participating in the investee's relevant activities, and can use that power to affect the amount of returns. Common control refers to shared control over an arrangement under relevant agreements, where decisions about the arrangement's relevant activities require the unanimous consent of the parties sharing the right of control. Significant influence refers to the power to participate in decisions on an investee's financial and operating policies, but not to control or commonly control the formation of those policies. 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 a long-term equity investment acquired in a business combination under common control, the initial investment cost is determined on the combination date based on the share of the book value of the acquiree's owners' equity in the ultimate controller's consolidated financial statements. Any difference between the initial investment cost of the long-term equity investment and the book value of the cash paid, non-cash assets transferred, or liabilities assumed is adjusted against capital reserve. If the capital reserve is insufficient, the difference is adjusted against retained earnings. Where equity securities are issued as consideration for the combination, on the combination date, the initial investment cost of the long-term equity investment is determined based on the share of the book value of the acquiree's owners' equity in the ultimate controller's consolidated financial statements. The total par value of the issued shares is recognized as share capital, and any difference between the initial investment cost and the total par value of the shares issued is adjusted against capital reserve. If the capital reserve is insufficient, the difference is adjusted against retained earnings.

**(III) Significant accounting policies and accounting estimates - continued**

**17. Long-term equity investments - continued**

17.2 Determination of initial investment cost - continued

For a long-term equity investment acquired in a business combination not under common control, on the acquisition date the initial investment cost is determined based on the combination cost.

Audit, legal, valuation, consulting, and other related G&A expenses incurred by the acquirer or purchaser for the business combination are recognized in profit or loss when they occur.

Long-term equity investments obtained through methods other than a business combination are initially measured at cost. Where an investor gains significant influence or common control but not control over an investee through additional investment, the cost of the long-term equity investment is the sum of the fair value of the previously held equity investment (as determined in accordance with Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments) and the new investment cost.

17.3 Subsequent measurement and recognition method of profit or loss

17.3.1 Long-term equity investments accounted for under the cost method

In the parent company's financial statements, long-term equity investments in subsidiaries are measured using the cost method. A subsidiary is an investee over which the Group can exercise control.

Under the cost method, long-term equity investments are measured at their initial investment cost. Any additional investment or capital recovery adjusts the cost of the long-term equity investment. Current investment income is recognized based on the amount of cash dividends or profits declared and distributed by the investee.

17.3.2 Long-term equity investments measured using the equity method

The Group applies the equity method to its investments in associates and joint ventures. 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 share of the fair value of the investee's identifiable net assets at the time of investment, the difference is recognized in current profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

**(III) Significant accounting policies and accounting estimates - continued**

**17. Long-term equity investments - continued**

17.3 Subsequent measurement and recognition method of profit or loss - continued

17.3.2 Long-term equity investments measured using the equity method - continued

When the equity method is adopted for accounting, the Group, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. COOEC shall calculate the shares according to profits or cash dividends declared by the investee and correspondingly reduce the book value of long-term equity investments; As to any change in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the Group shall adjust the book value of the long-term equity investment and include such change in capital reserves. When recognizing the attributable share of net profit or loss of the investee, the Group shall, based on the fair value of identifiable net asset of the investee when it obtains the investment, recognize the net profits of the investee after adjustment. If 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 and investment income and other comprehensive income etc. shall be recognized on such basis. For transactions between the Group and associates and joint ventures, if the invested or sold assets do not constitute business, the unrealized profit or loss from internal transactions will be offset at the part attributable to the Group and the investment profit or loss will be recognized on that basis. However, the unrealized losses from internal transactions between the Group and any investee shall not be offset if they belong to the losses from the impairment of the transferred assets.

When recognizing the net losses occurred in the investee that shall be shared, the reduction value of book value of long-term equity investments and other long-term equities that constitute net investments in the investee will be the limit until it becomes zero. In addition, if the Group has the obligation to assume extra-amount losses for the investee, the estimated liabilities are recognized according to the estimated obligations and included in the current investment losses. Where the investee realizes net profits in the subsequent period, the Group shall restore the income shared after making up for unrecognized losses undertaken by such income.

17.4 Disposal of long-term equity investments

When a long-term equity investment is disposed of, the difference between its book value and the actual proceeds is recognized in current profit or loss. 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. Any other changes in owners' equity of the investee, other than net profit or loss, other comprehensive income, and profit distribution, which were previously recognized, are transferred proportionately to the current profit or loss. 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.

**(III) Significant accounting policies and accounting estimates - continued**

**17. Long-term equity investments - continued**

17.4 Disposal of long-term equity investments - continued

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 can not exercise common control or significant influence on the investee, such equity will be changed to be accounted for according to recognition and measurement standards of financial instruments and the difference between fair value and book value on the date of loss of the control shall be included in the current profit or loss. For other comprehensive income recognized by using the equity method or financial instruments recognition and measurement standards before the Group obtains the control over the investee, accounting treatment shall be made on the same basis as that for direct disposal of relevant assets or liabilities by the investee when the Group loses the control over the investee. Other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in net asset of the investee recognized by using the equity method shall be carried forward to the current profit or loss when the control over the investee is lost. Where the remaining equities after disposal are accounted for under the equity method, the other comprehensive income and other owners' equity shall be carried forward in proportion. If the remaining equity after disposal is changed to be accounted for according to the recognition and measurement standards of the financial instruments, the other comprehensive income and other owner's equity shall be fully carried forward.

In case the common control or significant influence over the investee is lost for disposing part of equity investments, the remaining equity will be changed to be accounted for according to the recognition and measurement principles of financial instruments. The difference between the fair value and the book value on the date of the loss of common control or significant influence shall be included in the current profit or loss. Any other comprehensive income previously recognized under the equity method for the original equity investment is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities once the equity method ceases to apply. All other changes in owners' equity recognized due to factors other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in full to current investment income when the equity method is no longer applied.

Where the Group disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of control, if the above transactions belong to a package of transactions, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between each disposal cost and the book value of long-term equity investments corresponding to disposed equities before the loss of control shall be firstly recognized as other comprehensive income and then transferred into the current profit or loss at the loss of control.

**18. Investment properties**

Investment property refers to property held to earn rentals or for capital appreciation, or both, and includes leased land use rights and leased buildings.

Investment property is initially measured at cost. Subsequent expenses related to the investment property, if the economic benefits related to the asset are likely to flow in and the cost can be measured reliably, shall be included in the cost of the investment property. Other subsequent expenses shall be included in the current profit or loss when incurred.

## Notes to the financial statements

Year ended December 31, 2024

**(III) Significant accounting policies and accounting estimates - continued****18. Investment properties - continued**

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:

Type	Depreciation method	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	10-40	0.00-4.00	2.40-10.00

When an investment property is being disposed of or permanently withdraws from use without any economic benefits expected from the disposal, the investment property shall be derecognized.

The difference between the disposal proceeds of an investment property (through sale, transfer, retirement, or damage) and its book value, net of related taxes and fees, is recognized in current profit or loss.

**19. Fixed assets**19.1 Recognition conditions

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, renting or operating management, with a service life exceeding one fiscal year. Fixed assets will only be recognized when the economic benefits associated with such assets are likely to flow into the Group and the cost can be measured reliably. A fixed asset is initially measured at cost.

For the subsequent expenses related to the fixed assets, if the economic benefits related to the fixed assets are likely to flow in and the cost can be measured reliably, they shall be included in the cost of the fixed assets, and the book value of the replaced part shall be derecognized, Other subsequent expenses shall be included into the current profit or loss when incurred.

19.2 Depreciation method

From the month following the date a fixed asset is in working condition for intended use, the Group depreciates the asset on a straight-line basis over its service life. The depreciation method, service year, estimated residual value, and annual depreciation rates for each category of fixed assets are as follows:

Type	Depreciation method	Depreciation life (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	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
Transportation equipment	Straight-line method	8	4.00	12.00
Electronic equipment and others	Straight-line method	5	4.00	19.20

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.

Notes to the financial statements  
Year ended December 31, 2024

(III) Significant accounting policies and accounting estimates - continued

19. Fixed assets - continued

19.3 Other explanations

When the fixed assets are disposed of or it is expected that no economic benefits can be generated through use or disposal, the fixed assets shall be derecognized. The difference of the revenue from disposal of fixed assets such as sales, transfer, retirement or damage deducting their book value and related taxes shall be included into the current profit or loss.

The Group will review service life, estimated net residual value and depreciation methods of the fixed assets at the end of each year. Changes, if any, shall be handled as changes in accounting estimates.

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 made for construction in progress.

The construction in progress shall be carried forward to the fixed assets after it reaches the working condition for intended use. The criteria and timing for the conversion of various types of construction in progress into fixed assets are as follows:

Type	Criteria for conversion to fixed assets	Time point of conversion into fixed assets
Installation of machinery equipment	The machinery equipment shall be carried forward to the fixed assets when it has been accepted and the following conditions are met: (1) The machinery equipment and its supporting facilities have been installed; (2) After commissioning, the machinery equipment can maintain normal and stable operation or produce qualified products for a period of time.	Reach working condition for intended use

21. Borrowing costs

The capitalization of the borrowing costs that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions will start when the asset expenditure has incurred, the borrowing costs have incurred, and the acquisition, construction or production activities necessary for the asset to reach the intended usable or salable state have begun; The capitalization shall be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their working condition for intended use or sales condition. The remaining borrowing costs are recognized as expenses on occurrence.

## 22. Intangible assets

### 22.1 Service life and its basis for determination, estimate, amortization method or review procedure

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

The intangible assets shall be initially measured at the costs. For intangible assets with limited service life, the original value shall be evenly amortized by straight-line method within the expected service life from the time when they are available for use. The intangible assets with uncertain service life shall not be amortized. The amortization method, service life and residual value rate of various intangible assets are as follows:

Type	Amortization method	Service life (year) and basis of determination	Residual value rate (%)
Land use rights	Straight-line method	50 (Determine the service life based on the statutory service life)	-
Software	Straight-line method	5 (Determine the service life based on the period expected to bring economic benefits)	-
Patent right	Straight-line method	15 (Determine the service life based on the period expected to bring economic benefits)	-

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 The collection scope and related accounting treatments for research expenditures

The expenditures in research phase will be included in current profit or loss on occurrence.

Expenditures in the development stage will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in current profit or loss if the following conditions are not satisfied:

- (1) It is technically feasible to complete the intangible assets so that it can be used or sold;
- (2) It has the intention to complete the intangible assets and use or sell them;
- (3) The manner in which an intangible asset generates economic benefits includes the ability to prove that there is a market for the products produced through the use of this intangible asset or a market for the intangible asset itself. In the case that the intangible asset will be used internally, its usefulness shall be proven.
- (4) With the support of sufficient technology, financial resources and other resources, it is able to complete the development of the intangible assets, and it is able to use or sell the intangible assets;
- (5) The expenditures attributable to the intangible assets in the development stage can be measured reliably.

Where the research expenditures and the development expenditures are indistinguishable, the COOEC shall include research expenditures and development expenditures incurred in current profit or loss. 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 collection scope of R&D expenditures includes the wages, salaries and welfare expenses of the personnel directly engaged in R&D activities, and the direct R&D activities

The depreciation cost of materials, fuel and power expenses, 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 there are indications of impairment of such assets, the recoverable amount shall be estimated. Intangible assets with indefinite service life and intangible assets that have not yet reached a usable state are subject to impairment testing every year regardless of whether there are indications of impairment.

The recoverable amount of the estimated 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 shall be determined on the basis of the asset group to which the asset belongs. The recoverable amount is the higher of the net amount obtained by deducting the disposal expenses from the fair value of an asset or an asset group and the present value of its expected future cash flows.

If the recoverable amount of the asset is lower than its book value, the provision for asset impairment shall be made at the difference and included in the current profit or loss.

The goodwill shall be tested for impairment at least at the end of each year. The impairment test of goodwill shall be carried out in combination with the asset group or combination of asset groups related to it. That is, from the acquisition date, the book value of goodwill shall be allocated using a reasonable method to the asset group or portfolio of asset groups that benefit from the synergies of the business combination. If the recoverable amount of the asset group or group of asset groups including the allocated goodwill is lower than its book value, the corresponding impairment losses shall be recognized. Amount of impairment losses shall be firstly used to deduct the book value of goodwill allocated to the asset group or portfolio of asset groups, and then deduct book value of other assets according to the proportion of the book values of other assets (except for goodwill) in the asset group or portfolio of asset groups.

The above losses from assets impairment will not be reversed in subsequent accounting periods once recognized.

**24. Long-term deferred expenses**

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in the current period and in the future with an amortization period of over 1 year. Long-term deferred expenses are amortized evenly over the expected benefit period.

**25. Contract liabilities**

Contract 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 contract liabilities under the same contract are presented by their net amounts.

**26. Employee compensation**

26.1 Accounting treatments for short-term compensation

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

**(III) Significant accounting policies and accounting estimates - continued**

**26. Employee compensation - continued**

26.1 Accounting treatments for short-term compensation - continued

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.

26.2 Accounting treatments for post-employment benefits

Post-employment benefits are all defined contribution plans.

During the accounting period when employees provide services for the Group, the Group recognizes the amount payable calculated according to the defined contribution plans as a liability and includes it in the current profit or loss or related asset costs.

26.3 Accounting treatments for dismissal benefits

When the Group provides dismissal benefits to employees, the employee compensation liability arising from the dismissal benefits shall be recognized at the earlier of the following dates and included in the current profit or loss: when the Group cannot unilaterally withdraw the dismissal benefits provided due to the termination of labor relationship plan or the layoff proposal; When the Group recognizes the costs or expenses related to the restructuring involving the payment of dismissal benefits.

**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, by considering the risks, uncertainty and time value of money and other factors related to contingency, the estimated liabilities will be measured according to the best estimate of the required expenditures for performance of relevant present obligation. If the time value of money is significant, the best estimate shall be determined by the amount discounted by the estimated future cash flows.

**28. Revenue**

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

When the Group has fulfilled its performance obligations under the contract, that is, when the customer obtains right of control of the relevant goods or services, the revenue is recognized based on the transaction prices allocated to the specific performance obligation. Performance obligations refer to the contractual commitments in which the Group transfers clearly distinguishable goods or services to the customers.

**28. Revenue - continued**

**28.1 Disclosure of accounting policies for revenue recognition and measurement by business type - continued**

The Group evaluates the contract on the contract commencement date, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time. If one of the following conditions is met, it is a performance obligation performed within a certain period of time, and the Group recognizes revenue within a certain period of time according to the performance progress: (1) the customer obtains and consumes the economic benefits brought by the Group at the same time as the Group performs the contract; (2) The customer is able to control the goods under construction in the course of the Group's performance; (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 revenue when the right of 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. For property service, the Group recognizes revenue in the course of providing property service.

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. When determining the transaction prices, the Group considers the impact of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors.

If the contract contains two or more performance obligations, the Group shall, on the commencement date of the contract, allocate the transaction prices to each individual performance obligation according to the relative ratio of the individual selling price of the goods or services promised by each individual performance obligation. However, if there is conclusive evidence that the contractual discount or variable consideration is only related to one or more (but not all) performance obligations in the contract, the Group shall allocate the contractual discount or variable consideration to the relevant one or more performance obligations. Individual selling price refers to the price at which the Group sells goods or services to customers separately. If the individual selling price cannot be directly observed, the Group will comprehensively consider all the information that can be reasonably obtained and estimate the individual selling price by maximizing the use of observable input value.

For sales with sales return clauses, the Group recognizes revenue at the amount of consideration expected to be entitled to receive due to the transfer of goods to the customer (i.e., excluding the amount expected to be returned due to sales return) when the customer obtains the relevant control over goods, and recognizes liabilities at the amount expected to be returned due to sales return; At the same time, the balance of the book value of the expected goods to be returned at the time of transfer after deducting the expected cost of recovering the goods (including the impairment of the value of the returned goods) is recognized as an asset. The net amount after deducting the cost of the above asset will be transferred as cost based on the book value of the transferred goods.

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

The Group determines whether it is the principal or the agent when engaging in transactions based on whether it has the right of control over the goods or services before transferring them to the customer. If the Group can control the goods or services before transferring them to the customer, the Group is the main responsible person and recognizes the revenue according to the total consideration received or receivable; Otherwise, the Group is an agent and recognizes revenue based on the expected commissions or service fee it is entitled to receive. This amount is determined by subtracting the price payable to other related parties from the total consideration received or receivable.

**(III) Significant accounting policies and accounting estimates - continued**

**28. Revenue - continued**

28.1 Disclosure of accounting policies for revenue recognition and measurement by business type - continued

If the Group receives payment in advance from customers for sales of goods or services, the payment is first recognized as a liability and then transferred to revenue when the relevant performance obligations are fulfilled. When the Group's advances from customers do not need to be returned and the customer may waive all or part of its contractual rights, the Group expects to be entitled to the amount related to the contractual rights waived by the customer, and recognizes the above amount as revenue in ratio according to the mode of the customer's exercise of contractual rights; Otherwise, the Group will only transfer the relevant balance of the above-mentioned liabilities to revenue when it is highly unlikely that the customer will request the fulfillment of the remaining performance obligations.

**29. Government grants**

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

The government grants considered as monetary assets are measured at the amount received or receivable.

29.1 Judgment basis and accounting treatments for government grants related to assets

The subsidies for production line and equipment in the Group's government grants can form long-term assets, so such government grants are asset-related government grants.

Government grants related to assets are recognized as deferred income and included in the current profit or loss by stages according to the straight-line method within the service life of the relevant assets.

29.2 Judgment basis and accounting treatments for government grants related to income

The industry development support funds and enterprise development support funds in the Group's government grants cannot form long-term assets, so such government grants are income-related government grants.

Income-related government grants used to compensate for relevant costs and losses in subsequent periods are recognized as deferred income and included in the current profit or loss in the period when the relevant costs or expenses are recognized; If it is used to compensate the relevant costs and losses incurred, it shall be directly included in the current profit or loss.

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

When the recognized government grants need to be returned, if there is relevant deferred income balance, the book balance of relevant deferred income shall be offset, and the excess shall be included in the current profit or loss; If there is no relevant deferred income, it shall be directly included in the current profit or loss.

### 30. Lease

Leases refers to a contract in which the lessor transfers the right of use of the asset to the lessee for consideration within a certain period of time.

At the commencement date of the contract, the Group assesses whether the contract is a lease contract or contains a lease. Unless the terms and conditions of the contract change, the Group does not reassess whether the contract is a lease contract or contains a lease.

#### 30.1 The Group as a lessee

##### 30.1.1 Spin-off of the lease

When a contract contains one or more lease and non-lease parts, the Group will split the individual lease and non-lease parts and allocate the contract consideration according to the relative ratio of the sum of the individual price of each lease part and the individual price of the non-lease part.

##### 30.1.2 Right-of-use assets

Except for short-term leases, the Group recognizes the right-of-use assets of the lease on the lease commencement date. The lease commencement date refers to the starting date when the lessor provides the leased assets for use by the Group. Right-of-use assets are initially measured at cost. The cost includes:

- The initial measurement amount of the lease liabilities;
- The lease payments made on or before the lease commencement date, or the relevant amount after deducting the lease incentive already enjoyed if any;
- Initial direct costs incurred by the Group;
- The costs to be incurred to the Group for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms.

The Group depreciates right right-of-use assets with reference to the depreciation provisions of Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If the Group can reasonably determine that the ownership of leased assets will be obtained at the expiration of the lease term, the right-of-use assets shall be depreciated within the remaining service life of the leased assets. If it is not reasonably certain that ownership of leased assets will be obtained at the expiration of the lease term, the depreciation shall be accrued during the shorter of the lease term and remaining service life leased assets.

The Group determines whether the right-of-use assets are impairment in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment and performs accounting treatment on the identified impairment losses.

##### 30.1.3 Lease liabilities

Except for short-term leases, the Group makes initial measurement of the lease liabilities on the lease commencement date according to the present value of the lease payments that have not been paid on that date. When calculating the present value of lease payments, the Group uses the interest rate implicit in lease as the discount rate, and if the interest rate implicit in lease cannot be determined, the incremental borrowing rate is used as the discount rate.

**30. Leases** - continued

30.1 The Group as a lessee - continued

30.1.3 Lease liabilities - continued

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 (including substantial fixed payment), and the relevant amount after deducting the lease incentive if any;
- Variable lease payments depending on index or ratio;
- The Group reasonably determines the exercise price of purchase option to be exercised;
- Lease term reflects the amount that needs to be paid if the Group exercises the option to termination of leases termination of leases;
- The amount expected to be paid based on the residual value of guarantee provided by the Group.

After the lease commencement date, the Group calculates the interest expenses of the lease liabilities for each period of the lease term at a fixed cyclical interest rate and includes it in the current profit or loss or related asset costs.

After the lease commencement date, if any of the following circumstances occurs, the Group shall remeasure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still needs to be further reduced, the Group shall include the difference in the current profit or loss:

- If lease term changes or the valuation result of purchase option changes, the Group remeasures lease liabilities based on the present value of the changed lease payments and the revised discount rate;
- If there is a change in the estimated amount payable of the residual value of guarantee or the index or ratio used to determine lease payments, the Group remeasures lease liabilities based on the changed lease payments and the present value calculated using the original discount rate.

30.1.4 As the basis for judgment and accounting treatments for the simplified treatment of short-term leases by the lessee

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases of some plants and some leased warehouses. Short-term lease refers to a lease that lasts for no more than 12 months and includes no purchase options at the lease commencement date. The Group includes the lease payments of short-term leases in the current profit or loss or related asset costs according to the straight-line method in each period of the lease term.

30.1.5 Lease modification

If the lease is modified and the following conditions are met at the same time, the Group will account for the lease modification 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 adjusted according to the contract.

**30. Leases - continued**

30.1 The Group as a lessee - continued

30.1.5 Lease modification - continued

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 modification results in a reduction in the scope of the lease or the lease term, the Group shall reduce the book value of the right-of-use assets accordingly, and include the relevant gains or losses of partial or complete termination of leases into the current profit or loss. If the lease liabilities are remeasured due to other lease modification, the Group shall adjust the book value of the right-of-use assets accordingly.

30.2 The Group as a lessor

30.2.1 Spin-off of the lease

If the contract contains both the lease and non-lease parts, the Group shall allocate the contract consideration according to the provisions of the revenue standards on the allocation of transaction prices, and the basis of allocation shall be the separate price of the lease part and the non-lease part.

30.2.2 Classification criteria and accounting treatments as a lessor

Leases that substantially transfer substantially all of the risks and rewards associated with the ownership of leased assets are financing leases. Leases other than financing lease are operating leases.

30.2.2.1 The Group records operating leases as a lessor

During each period of the lease term, the Group recognizes the lease receipts of operating leases as rental income by using the straight-line method. The initial direct costs incurred by the Group in connection with operating leases are capitalized when incurred, amortized on the same basis as rental income recognition during the lease term, and included in the current profit or loss in installments.

The variable lease receipts related to operating leases acquired by the Group and not included in the lease receipts are included in the current profit or loss when actually incurred.

30.2.3 Lease modification

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.

### 31. Deferred tax assets and deferred tax liabilities

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

#### 31.1 Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and prior periods are measured at the expected income tax payable (or refundable) calculated in accordance with the tax law.

#### 31.2 Deferred tax assets and deferred tax liabilities

For the difference between the book value of certain assets and liabilities and their tax bases, and the temporary differences arising from the difference between the book value and tax base of items that are not recognized as assets and liabilities but whose tax bases can be determined in accordance with the tax law, the balance sheet liability method is adopted to recognize deferred tax assets and deferred tax liabilities.

In general, the relevant deferred income taxes are recognized for all temporary differences. However, for deductible temporary differences, the Group recognizes the relevant deferred tax assets to the extent of the taxable income that is likely to be obtained to offset the deductible temporary differences. In addition, deferred tax assets or liabilities are not recognized for temporary differences associated with the initial recognition of goodwill and with the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profit or taxable income (or deductible losses) and do not result in equal taxable temporary differences and deductible temporary differences.

For deductible loss and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets arising therefrom are recognized to the extent that future taxable income will be probable to be available against deductible losses and tax credits.

The Group recognizes deferred tax liabilities arising from taxable temporary differences associated with subsidiaries, associates and investments in joint ventures, unless the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. For deductible temporary differences related to subsidiaries, associates and investments in joint ventures, the Group recognizes deferred tax assets only if it is probable that the temporary differences will reverse in the foreseeable future and it is probable that taxable income will be available to offset the deductible temporary differences in the future.

On the balance sheet date, deferred tax assets and deferred tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or liquidation of the relevant assets according to the provisions of tax laws.

Except for the current income tax and deferred income taxes related to transactions and events directly included in other comprehensive income or shareholders' equity, which are included in other comprehensive income or shareholders' equity, and the book value of deferred income taxes arising from business combination to adjust goodwill, the remaining current income tax and deferred income tax expenses or income are included in the current profit or loss.

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.

**(III) Significant accounting policies and accounting estimates - continued**

**31. Deferred tax assets/deferred tax liabilities - continued**

31.3 Offset of income tax

When the Group has a legal right to settle on a net basis and intends to settle with net amount or acquire assets and pay off liabilities simultaneously, the Group reports the net amount of current income tax assets and current tax liabilities after offsetting.

When the Group has the legal right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection authority on the same taxpayer or on different taxpayers, but in each important future period of reversal of deferred tax assets and liabilities, the involved taxpayer intends to settle current income tax assets and liabilities on a net basis or to obtain assets and settle liabilities at the same time, the deferred tax assets and deferred tax liabilities of the Group are presented at the net amount after offset.

**32. Changes in significant accounting policies and accounting estimates**

32.1 Adjustments for changes in significant accounting policies

On October 25, 2023, the Ministry of Finance issued the Accounting Standards for Business Enterprises - Interpretation No. 17 (hereinafter referred to as "Interpretation No. 17"). Interpretation No. 17 standardizes the classification of current liabilities and non-current liabilities and the accounting treatment of sale and leaseback transactions, and will come into effect on January 1, 2024.

On December 6, 2024, the Ministry of Finance issued the Accounting Standards for Business Enterprises - Interpretation No. 18" (hereinafter referred to as "Interpretation No. 18"). It regulates the subsequent measurement of investment properties held as underlying items under the floating charge method and the accounting treatment of warranty-type quality assurance that is not a single performance obligation. It will come into force from December 6, 2024, allowing enterprises to implement it ahead of the annual release.

After assessment, the Group believes that the adoption of the above provisions has no material impact on the Group's financial statements.

32.2 Changes in accounting estimates

The Group has no significant changes in accounting estimates during the year.

Notes to the financial statements  
Year ended December 31, 2024

## (IV) Taxation

## 1. Main tax types and tax rates

Tax type	Tax basis	Tax rate
Value-added tax	Balance of output tax minus deductible input tax; Tax exemption, offset and refund measures are applicable to the sales of export products	The output tax for domestic sales is calculated at 13%, 9%, 6%, and 5% of the sales amount according to relevant tax regulations, and the export product tax rebate rate is 13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surtax	Turnover tax payable	2%
Corporate income tax	Taxable income	25%、20%、15%、8.25%
Property taxes	THE RESIDUAL VALUE AFTER DEDUCTING 30% FROM THE ORIGINAL VALUE OF THE PROPERTY AT ONCE	1.2%

Notes to the taxpayers with different corporate income tax rates:

Name of taxpayer	Income tax rate
The Company	25%
Shenzhen Shenfang Property Management Co., Ltd.	20% (Note 1)
Shenzhen MCENTURY 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)
Shenzhen Huaqiang Hotel Co., Ltd.	20% (Note 1)
SATO (Hong Kong) Limited	8.25% (Note 2)
Shenzhen SAPO Photoelectric Co., Ltd. (hereinafter referred to as "SAPO Photoelectric")	15% (Note 3)

Note 1: See Note (IV) and 2(2) 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 be taxed at a rate of 8.25%, and the profits generated thereafter shall be taxed at a rate of 16.5%.

Note 3: See Note (IV) and 2(1) for details.

## 2. Tax incentives

(1) SAPO Photoelectric, a subsidiary of the Company, was jointly recognized as a high-tech enterprise in 2022 by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration. The certification is valid for 3 years and the certificate number is GR202244204504. Since SAPO Photoelectric was recognized as a high-tech enterprise, it is eligible for the tax incentives for high-tech enterprises for three years. After filing with the competent tax bureau, SAPO Photoelectric has paid corporate income tax at a tax rate of 15%.

Notes to the financial statements  
Year ended December 31, 2024**(IV) Taxes** - continued**2. Tax incentives** - continued

(2) The Company's subsidiaries, Shenzhen MCENTURY Garment Co., Ltd., Shenzhen Huaqiang Hotel Co., Ltd., Shenzhen Lisi Industrial Development Co., Ltd., Shenzhen Shenfeng Sungang Property Management Co., Ltd. and Shenzhen Shenfeng Property Management Co., Ltd. are qualified small low-profit enterprises. According to the Announcement of the Ministry of Finance and the State Taxation Administration of Taxation 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 [2021] No. 19), SAPO Photoelectric, a subsidiary of the Company, meets the relevant conditions and will enjoy the policy of exemption from import duties on relevant 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 2024.

**(V) Notes to financial statements items****1. Monetary funds**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Cash on hand:	4,751.69	1,710.40
RMB	4,691.50	1,651.50
HKD	60.19	58.90
Bank deposits (Note 1):	302,111,853.17	462,967,619.54
RMB	245,621,517.8	396,264,667.05
USD	40,462,152.89	62,535,102.56
JPY	15,265,963.38	3,440,280.17
HKD	762,219.10	727,569.76
Other monetary funds (Note 2):	38,844,838.96	9,305,118.06
RMB	10,920,461.06	9,305,118.06
JPY	27,924,377.90	-
Total	340,961,443.82	472,274,448.00
Including: total amount deposited abroad	-	-

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****1. Monetary funds - continued**

Note 1: bank deposits include interest income from current deposits and 7-day notice deposits amounting to RMB 31,765.51 (2023: RMB 1,548,872.61).

Note 2: as of December 31, 2024, the Group's other monetary funds included RMB 3,401,500.00 (2023: RMB 3,400,000.00) of restricted funds due to account freezes, and RMB 35,443,338.96 (2023: RMB 5,905,118.06) of guarantee deposits for bills and letters of credit.

**2. Financial assets held for trading**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Financial assets measured at fair value through current profit or loss	731,419,904.42	821,946,114.68
Including: money funds and structured deposits	731,419,904.42	821,946,114.68

**3. Notes receivable**

## (1) Classification of notes receivable

RMB

Category	Balance as at the end of the current year	Balance as at the end of the previous year
Bank acceptance bills	47,305,221.88	50,963,943.01

(2) As at December 31, 2024, the Group has no pledged notes receivable.

(3) As of December 31, 2024, notes receivable endorsed or discounted by the Group and not yet due on the balance sheet date at the end of the period

RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	-	30,291,952.76

## (4) Disclosure by provision method for bad debts

RMB

Category	Balance as at the end of the current year					Balance as at the end of the previous year				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts accrued on an individual basis	-	-	-	-	-	-	-	-	-	-
Provision for bad debts made by portfolio	47,305,221.88	100.00	-	-	47,305,221.88	50,963,943.01	100.00	-	-	50,963,943.01
Including: bank acceptance bills	47,305,221.88	100.00	-	-	47,305,221.88	50,963,943.01	100.00	-	-	50,963,943.01
Total	47,305,221.88	100.00	-	-	47,305,221.88	50,963,943.01	100.00	-	-	50,963,943.01

(5) In 2024, the Group has no actual write-off of notes receivable.

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 4. Accounts receivable

## (1) Disclosure by aging

RMB

Aging	Book balance at the end of the year	Book balance at the end of the previous year
Within 1 year	888,265,598.53	848,526,236.04
1-2 years	368,365.12	1,640,043.18
2 to 3 years	-	618,907.34
Over 3 years	13,565,696.79	12,911,211.29
Total	902,199,660.44	863,696,397.85

## (2) Disclosure by provision method for bad debts

RMB

Category	Balance as at the end of the current year				
	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts accrued on an individual basis	35,622,829.91	3.95	17,870,018.37	50.16	17,752,811.54
Provision for bad debts made by portfolio	866,576,830.53	96.05	20,597,705.18		845,979,125.35
Including: portfolio 1	854,782,067.66	94.74	20,338,340.21	2.38	834,443,727.45
Combination 2	11,794,762.87	1.31	259,364.97	2.20	11,535,397.90
Total	902,199,660.44	100.00	38,467,723.55		863,731,936.89

RMB

Category	Balance as at the end of the previous year				
	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts accrued on an individual basis	71,687,951.26	8.30	27,464,002.48	38.31	44,223,948.78
Provision for bad debts made by portfolio	792,008,446.59	91.70	16,097,561.42		775,910,885.17
Including: portfolio 1	779,372,185.30	90.24	15,882,600.54	2.04	763,489,584.76
Combination 2	12,636,261.29	1.46	214,960.88	1.70	12,421,300.41
Total	863,696,397.85	100.00	43,561,563.90		820,134,833.95

As of December 31, 2024, the Company has no significant accounts receivable with individual provision for bad debts.

As of December 31, 2024, the credit risk and provision for bad debts of accounts receivable of Portfolio 1 are as follows:

RMB

Type	Balance as at the end of the current year			
	Expected average loss rate (%)	Book balance	Provision for bad debts	Book value
Within the credit period	2.11	796,842,757.97	16,786,953.04	780,055,804.93
1-30 days overdue	3.10	53,503,516.30	1,656,637.60	51,846,878.70
31-60 days overdue	26.63	3,418,979.10	910,571.37	2,508,407.73
61-90 days overdue	96.70	989,164.17	956,528.08	32,636.09
More than 90 days overdue (with impairment)	100.00	27,650.12	27,650.12	-
Total		854,782,067.66	20,338,340.21	834,443,727.45

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****4. Accounts receivable - continued**

## (2) Disclosure by provision method for bad debts - continued

As of December 31, 2024, the credit risk and provision for bad debts of accounts receivable of Portfolio 2 are as follows: RMB

Aging	Balance as at the end of the current year			
	Expected average loss rate (%)	Book balance	Provision for bad debts	Book value
Within 1 year	1.44	11,460,139.05	165,377.59	11,294,761.46
1-2 years	10.00	267,373.82	26,737.38	240,636.44
Over 3 years	100.00	67,250.00	67,250.00	-
Total		11,794,762.87	259,364.97	11,535,397.90

As of December 31, 2024, provision for bad debts is made based on the simplified expected credit losses model RMB

Provision for bad debts	Whole duration Expected credit losses (No credit loss)	Whole duration Expected credit losses (With credit loss)	Total
Balance at the beginning of the year	27,153,548.62	16,408,015.28	43,561,563.90
Balance at the beginning of the year			
- Transfer to credit loss incurred	-	-	-
- Reversal of credit loss not incurred	-	-	-
Withdrawal in the current year	8,871,275.71	102,828.16	8,974,103.87
Reversal in the current year	(11,196,138.79)	(2,871,805.43)	(14,067,944.22)
Charge-off in the current year	-	-	-
Write-off in the current year	-	-	-
Other changes	-	-	-
Balance as at the end of the current year	24,828,685.54	13,639,038.01	38,467,723.55

## (3) Provision for bad debts

RMB

Type	Balance at the beginning of the year	Changes in the current year				Balance as at the end of the current year
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts	43,561,563.90	8,974,103.87	(14,067,944.22)	-	-	38,467,723.55

There was no significant amount of provision for bad debts recovered or reversed this year.

## (4) There are no accounts receivable with actual write-off this year.

Notes to the financial statements  
Year ended December 31, 2024

(V) Notes to financial statements - continued

4. Accounts receivable - continued

(5) Top 5 accounts receivable in terms of the ending balances by debtors

RMB

Entity name	Book balance at the end of the year	Proportion in accounts receivable Ratio of balance at the end of the year (%)	Provision for bad debts Balance as at the end of the current year
Customer 1	216,148,577.64	23.96	4,753,114.82
Customer 2	102,082,718.13	11.31	2,184,024.62
Customer 3	90,645,486.60	10.05	1,855,541.78
Customer 4	84,618,742.39	9.38	1,841,371.17
Customer 5	65,531,083.75	7.26	1,350,058.99
Total	559,026,608.51	61.96	11,984,111.38

5. Receivables financing

(1) Presentation of receivables financing by category

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Bank acceptance bills	6,804,603.68	22,839,459.13

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.

(2) As at December 31, 2024, the Group has no pledged receivables financing.

(3) As of December 31, 2024, receivables financing endorsed or discounted by the Group and not yet due on the balance sheet date at the end of the period

RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	34,926,518.99	-

(4) In 2024, the Group has no receivables financing with actual write-off.

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****6. Advances to suppliers**

## (1) Disclosure of advances to suppliers by aging

RMB

Aging	Balance as at the end of the current year		Balance as at the end of the previous year	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	7,233,035.70	88.46	16,927,119.84	86.81
1-2 years	873,375.47	10.68	969,677.39	4.97
2 to 3 years	8,227.73	0.10	1,603,089.57	8.22
Over 3 years	62,085.80	0.76	-	-
Total	8,176,724.70	100.00	19,499,886.80	100.00

As of December 31, 2024, the Group has no advances to suppliers with an aging of more than 1 year and an important amount.

## (2) Top 5 advances to suppliers in terms of the ending balances by prepayment objects

The total amount of the top five prepayments categorized by prepayment objects as of the end of the year was RMB 5,657,262.47, accounting for 69.19% of the ending balance of advances to suppliers.

**7. Other receivables**

## (1) Disclosure by aging

RMB

Aging	Balance as at the end of the current year	Balance as at the end of the previous year
Within 1 year	2,878,553.22	1,860,613.92
1-2 years	227,729.90	548,779.55
2 to 3 years	37,922.15	690,301.34
Over 3 years	18,436,540.75	18,115,521.40
Total	21,580,746.02	21,215,216.21
Less: provision for bad debts	17,984,202.06	17,994,930.79
Book value	3,596,543.96	3,220,285.42

## (2) Disclosure by nature of payment

RMB

Nature of payment	Book balance at the end of the year	Book balance at the end of the previous year
Current accounts	15,422,685.97	15,350,589.97
Guarantee and deposits	2,523,551.88	2,000,722.80
Export tax rebate	709,028.48	710,026.13
Petty cash and employee borrowings	296,058.95	577,183.94
Others	2,629,420.74	2,576,693.37
Total	21,580,746.02	21,215,216.21

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****7. Other receivables - continued**

## (3) Provision for bad debts

As of December 31, 2024, provision for bad debts is made based on general model of expected credit losses

RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	The entire expected credit loss over the life of the instruments (No credit loss)	The entire expected credit loss over the life of the instruments (With credit loss)	
Balance at the beginning of the year	73,918.97	268,296.26	17,652,715.56	17,994,930.79
Balance at the beginning of the year	73,918.97	268,296.26	17,652,715.56	17,994,930.79
-Transfer to phase II	(12,183.55)	12,183.55	-	-
-Transfer to phase III	-	(187,095.88)	187,095.88	-
-Reversal to phase II	-	-	-	-
-Reversal to phase I	-	-	-	-
Withdrawal in the current year	85,256.08	-	-	85,256.08
Reversal in the current year	-	(54,177.15)	(37,685.24)	(91,862.39)
Charge-off in the current year	-	-	-	-
Write-off in the current year	-	-	(4,122.42)	(4,122.42)
Other changes	-	-	-	-
Balance as at the end of the current year	146,991.50	39,206.78	17,798,003.78	17,984,202.06

As of December 31, 2024, provision for bad debts shall be made according to the credit risk characteristic combination

RMB

Phase	Balance as at the end of the current year			
	Expected average loss rate (%)	Book balance	Provision for bad debts	Book value
Provision for bad debts based on credit risk characteristic combination Provision for other receivables	83.33	21,580,746.02	17,984,202.06	3,596,543.96

As of December 31, 2024, the credit risk and provision for bad debts of other receivables are as follows:

RMB

Aging	Balance as at the end of the current year			
	Expected average loss rate (%)	Book balance	Provision for bad debts	Book value
Within 1 year	5.11	2,878,553.22	146,991.50	2,731,561.72
1-2 years	7.69	227,729.90	17,521.25	210,208.65
2 to 3 years	57.18	37,922.15	21,685.53	16,236.62
Over 3 years	96.54	18,436,540.75	17,798,003.78	638,536.97
Total		21,580,746.02	17,984,202.06	3,596,543.96

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****7. Other receivables - continued**

## (4) Provision for bad debts

RMB

Type	Balance at the beginning of the year	Changes in the current year				Balance as at the end of the current year
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts	17,994,930.79	85,256.08	(91,862.39)	(4,122.42)	-	17,984,202.06

There is no provision for bad debts recovery or reversal of significant amount in the current year.

## (5) There are no other receivables with actual write-off this year.

## (6) Top five entities in terms of ending balance of other receivables by debtors

RMB

Other receivables	Balance as at the end of the current year	Ratio in ending balance of other receivables (%)	Nature of amount	Aging	Provision for bad debts Balance as at the end of the current year
Top five of the ending balance of the current year	16,287,801.03	75.47	应收单位往来等	1年以内、3年以上	15,242,801.03
Total other receivables					

**8. Inventories**

## (1) Classification of inventories

RMB

Item	Balance as at the end of the current year			Balance as at the end of the previous year		
	Book balance	Provision for inventory depreciation	Book value	Book balance	Provision for inventory depreciation	Book value
Raw materials	453,134,126.81	14,875,137.34	438,258,989.47	403,031,948.06	7,506,047.48	395,525,900.58
Products in progress	335,115,507.53	66,220,022.55	268,895,484.98	309,068,674.96	64,610,590.25	244,458,084.71
Finished products	121,746,047.85	40,357,658.59	81,388,389.26	137,596,740.37	43,501,540.31	94,095,200.06
Entrusted processing materials	1,710,557.68	496,720.51	1,213,837.17	2,406,793.65	93,806.73	2,312,986.92
Total	911,706,239.87	121,949,538.99	789,756,700.88	852,104,157.04	115,711,984.77	736,392,172.27

Note: as of December 31, 2024, the book balance of the polarizer inventories was RMB 905,482,857.11 (December 31, 2023: RMB 838,447,375.39), with a corresponding provision for inventory depreciation of RMB 115,967,084.94 (December 31, 2023: RMB 107,290,039.96).

## (2) Provision for inventory depreciation

RMB

Item	Balance at the beginning of the year	Increase in the current year		Decrease in the current year		Balance as at the end of the current year
		Provision	Others	Reversal or write-off	Others	
Raw materials	7,506,047.48	10,509,078.42	-	3,139,988.56	-	14,875,137.34
Products in progress	64,610,590.25	28,883,121.41	-	27,273,689.11	-	66,220,022.55
Finished products	43,501,540.31	83,743,853.45	-	86,887,735.17	-	40,357,658.59
Entrusted processing materials	93,806.73	402,913.78	-	-	-	496,720.51
Total	115,711,984.77	123,538,967.06	-	117,301,412.84	-	121,949,538.99

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 8. Inventories - continued

## (2) Provision for inventory depreciation - continued

Specific basis for determining the net realizable value of inventories and the reasons for reversal or write-off of the provision for inventory depreciation during the current year:

Item	Specific basis for determining net realizable value	Reasons for reversing or writing off provision for inventory depreciation this year
Raw materials, goods in process and consigned processing materials	The net realizable value is determined by the estimated selling price of the relevant finished products minus the estimated cost to be incurred until completion, estimated selling and distribution expenses and relevant taxes.	Received or sold in the current year
Finished products	The net realizable value is determined by the estimated selling price of the inventories minus the estimated selling and distribution expenses and related taxes.	It is sold or market value is recovered in the current year

(3) As of December 31, 2024, there is no amount in the balance of inventories used for guarantee and no amount of capitalization of borrowing costs.

## 9. Other current assets

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Value-added tax to be deducted and input tax to be certified	2,100,314.86	27,399,897.46
Prepaid income tax	47,034.59	47,034.59
Cost of return receivable	19,314,386.69	33,326,525.34
Total	21,461,736.14	60,773,457.39

## 10. Long-term equity investments

RMB

Investees	Balance at the beginning of the year	Changes in the current year								Balance as at the end of the current year	Provision for impairment Balance as at the end of the current year
		Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividends or profits declared to be paid	Provision on Provision for impairment	Others		
I. Joint ventures											
Shenzhen Guanhua Printing and Dyeing Co., Ltd.	122,370,494.08	-	-	(10,814,606.80)	-	-	-	-	-	111,555,887.28	-
Sub-total	122,370,494.08	-	-	(10,814,606.80)	-	-	-	-	-	111,555,887.28	-
II. Associates											
Shenzhen Changlianfa Printing and Dyeing Co., Ltd.	3,358,117.09	-	-	260,171.67	-	-	(346,150.00)	-	-	3,272,138.76	-
Yehui International Co., Ltd.	1,953,409.53	-	(1,805,949.58)	(147,459.95)	-	-	-	-	-	-	-
Sub-total	5,311,526.62	-	(1,805,949.58)	112,711.72	-	-	(346,150.00)	-	-	3,272,138.76	-
Total	127,682,020.70	-	(1,805,949.58)	(10,701,895.08)	-	-	(346,150.00)	-	-	114,828,026.04	-

**(V) Notes to financial statements - continued****11. Other equity instrument investments****(1) Details of other equity instrument investments**

RMB

Item	Balance at the beginning of the year	Changes in the current year					Balance as at the end of the current year	Dividend income recognized in the current period	Accumulative gains accrued to other comprehensive income	Accumulative losses accrued to other comprehensive income	Reasons designated as being measured at fair value through other comprehensive income
		Additional investment	Reduced investment	Gains accrued to other comprehensive income in the current year	Loss accrued to other comprehensive income in the current year	Others					
Hualian Development Co., Ltd.	110,457,700.00	-	-	19,426,300.00	-	-	129,884,000.00	208,000.00	127,284,000.00	-	The Group plans to hold it for a long time
Shenzhen Dailisi Underwear Co., Ltd.	17,741,900.00	-	-	1,901,000.00	-	-	19,642,900.00	1,037,735.85	17,083,043.74	-	The Group plans to hold it for a long time
Shenzhen Nanfang Textile Co.,Ltd.	14,803,400.00	-	-	-	(1,621,700.00)	-	13,181,700.00	865,050.16	11,681,700.00	-	The Group plans to hold it for a long time
Shenzhen Xinfang Knitting Factory Co., Ltd.	2,985,900.00	-	-	-	(291,600.00)	-	2,694,300.00	200,000.00	2,170,300.00	-	The Group plans to hold it for a long time
Jintian Industry (Group) Co., Ltd.	-	-	-	-	-	-	-	-	-	(14,831,681.50)	The Group plans to hold it for a long time
<b>Total</b>	<b>145,988,900.00</b>	<b>-</b>	<b>-</b>	<b>21,327,300.00</b>	<b>(1,913,300.00)</b>	<b>-</b>	<b>165,402,900.00</b>	<b>2,310,786.01</b>	<b>158,219,043.74</b>	<b>(14,831,681.50)</b>	

**(2) Description of derecognition in the current year**

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

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****12. Investment properties**

## (1) Investment properties measured at the cost mode

RMB

Item	Houses and buildings
<b>I. Total original book value</b>	
1. Balance at the beginning of the year	350,367,442.40
2. Increase in the current year	-
(1) Outsourcing	-
(2) Transfer of fixed assets	-
3. Decrease in the current year	-
(1) Disposal	-
(2) Other transfer-out	-
4. Balance at the end of the year	350,367,442.40
<b>II. Accumulated depreciation and accumulated amortization</b>	
1. Balance at the beginning of the year	224,764,235.22
2. Increase in the current year	9,609,816.99
(1) Provision or amortization	9,609,816.99
(2) Transfer of fixed assets	-
3. Decrease in the current year	-
(1) Disposal	-
(2) Other transfer-out	-
4. Balance at the end of the year	234,374,052.21
<b>III. Provision for impairment</b>	
1. Balance at the beginning of the year	-
2. Increase in the current year	-
(1) Provision	-
3. Decrease in the current year	-
(1) Disposal	-
4. Balance at the end of the year	-
<b>IV. Book value</b>	
1. Book value at the end of the year	115,993,390.19
2. Book value at the beginning of the year	125,603,207.18

## (2) Investment properties without certificate of title

RMB

Item	Book value	Reasons for failure to obtain the certificate of title
Houses and buildings	11,556,252.96	Warrants not obtained for historical reasons

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 13. Fixed assets

## (1) Fixed assets

RMB

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
<b>I. Total original book value</b>					
1. Balance at the beginning of the year	727,679,833.94	2,711,433,903.98	17,090,895.87	44,539,622.55	3,500,744,256.34
2. Increase in the current year	9,634,489.50	35,489,764.62	471,769.90	1,139,257.60	46,735,281.62
(1) Purchase	-	5,444,196.63	471,769.90	1,139,257.60	7,055,224.13
(2) Transfer from construction in progress	-	30,045,567.99	-	-	30,045,567.99
(3) Other changes	9,634,489.50	-	-	-	9,634,489.50
3. Decrease in the current year	-	4,168,000.00	266,184.80	717,804.27	5,151,989.07
(1) Disposal or scrapping	-	-	266,184.80	717,804.27	983,989.07
(2) Other changes	-	4,168,000.00	-	-	4,168,000.00
4. Balance at the end of the year	737,314,323.44	2,742,755,668.60	17,296,480.97	44,961,075.88	3,542,327,548.89
<b>II. Accumulated depreciation</b>					
1. Balance at the beginning of the year	189,420,295.28	1,179,132,635.63	7,869,614.58	33,092,767.56	1,409,515,313.05
2. Increase in the current year	23,097,751.05	198,886,428.20	2,046,425.49	4,076,907.22	228,107,511.96
(1) Provision	23,097,751.05	198,886,428.20	2,046,425.49	4,076,907.22	228,107,511.96
(2) Other changes	-	-	-	-	-
3. Decrease in the current year	-	-	249,694.76	677,349.26	927,044.02
(1) Disposal or scrapping	-	-	249,694.76	677,349.26	927,044.02
(2) Other changes	-	-	-	-	-
4. Balance at the end of the year	212,518,046.33	1,378,019,063.83	9,666,345.31	36,492,325.52	1,636,695,780.99
<b>III. Provision for impairment</b>					
1. Balance at the beginning of the year	9,820,261.26	15,149,037.18	6,126.41	247,280.71	25,222,705.56
2. Increase in the current year	99,508.16	6,572,870.85	1,102.16	189,993.37	6,863,474.54
(1) Provision	99,508.16	6,572,870.85	1,102.16	189,993.37	6,863,474.54
3. Decrease in the current year	-	-	-	7,256.11	7,256.11
(1) Disposal or scrapping	-	-	-	7,256.11	7,256.11
4. Balance at the end of the year	9,919,769.42	21,721,908.03	7,228.57	430,017.97	32,078,923.99
<b>IV. Book value</b>					
1. Book value at the end of the year	514,876,507.69	1,343,014,696.74	7,622,907.09	8,038,732.39	1,873,552,843.91
2. Book value at the beginning of the year	528,439,277.40	1,517,152,231.17	9,215,154.88	11,199,574.28	2,066,006,237.73

## (2) Fixed assets without certificate of title

RMB

Item	Book value	Reasons for failure to obtain the certificate of title
Houses and buildings	10,815,790.07	Warrants not handled for historical reasons

## (3) Fixed assets of mortgage and guarantee

As at December 31, 2024, the Group's fixed assets mortgaged for bank borrowings are detailed in Note (V) 21 "Assets with Restricted Ownership or Right of Use".

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 14. Construction in progress

## 14.1 Summary of construction in progress

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Construction in progress	5,814,012.03	31,307,060.74

## 14.2 Construction in progress

RMB

Item	Balance as at the end of the current year			Balance as at the end of the previous year		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Installation of machinery equipment	5,814,012.03	-	5,814,012.03	31,307,060.74	-	31,307,060.74

## 15. Right-of-use assets

RMB

Item	Buildings and constructions	Machinery equipment	Total
<b>I. Total original book value:</b>			
1. Balance at the beginning of the year	33,450,802.23	-	33,450,802.23
2. Increase in the current year	11,214,565.00	1,799,631.64	13,014,196.64
(1) Addition	11,214,565.00	1,799,631.64	13,014,196.64
3. Decrease in the current year	8,181,940.76	-	8,181,940.76
(1) Termination of leases	8,181,940.76	-	8,181,940.76
4. Balance at the end of the year	36,483,426.47	1,799,631.64	38,283,058.11
<b>II. Accumulated depreciation</b>			
1. Balance at the beginning of the year	21,451,335.66	-	21,451,335.66
2. Increase in the current year	8,105,002.79	1,546,340.96	9,651,343.75
(1) Provision	8,105,002.79	1,546,340.96	9,651,343.75
3. Decrease in the current year	8,157,739.16	-	8,157,739.16
(1) Termination of leases	8,157,739.16	-	8,157,739.16
4. Balance at the end of the year	21,398,599.29	1,546,340.96	22,944,940.25
<b>III. Provision for impairment</b>			
1. Balance at the beginning of the year	-	-	-
2. Increase in the current year	-	-	-
(1) Provision	-	-	-
3. Decrease in the current year	-	-	-
4. Balance at the end of the year	-	-	-
<b>IV. Book value</b>			
1. Book value at the end of the year	15,084,827.18	253,290.68	15,338,117.86
2. Book value at the beginning of the year	11,999,466.57	-	11,999,466.57

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 16. Intangible assets

## (1) Details of intangible assets

RMB

Item	Land use rights	Software	Patent right	Total
<b>I. Total original book value</b>				
1. Balance at the beginning of the year	48,258,239.00	22,600,069.86	11,825,200.00	82,683,508.86
2. Increase in the current year	-	219,057.84	-	219,057.84
(1) Purchase	-	219,057.84	-	219,057.84
3. Decrease in the current year	-	-	-	-
4. Balance at the end of the year	48,258,239.00	22,819,127.70	11,825,200.00	82,902,566.70
<b>II. Accumulated accumulation</b>				
1. Balance at the beginning of the year	16,165,713.67	15,128,172.39	11,825,200.00	43,119,086.06
2. Increase in the current year	891,565.32	3,684,123.37	-	4,575,688.69
(1) Provision	891,565.32	3,684,123.37	-	4,575,688.69
3. Decrease in the current year	-	-	-	-
4. Balance at the end of the year	17,057,278.99	18,812,295.76	11,825,200.00	47,694,774.75
<b>III. Provision for impairment</b>				
1. Balance at the beginning of the year	-	-	-	-
2. Increase in the current year	-	-	-	-
3. Decrease in the current year	-	-	-	-
4. Balance at the end of the year	-	-	-	-
<b>IV. Book value</b>				
1. Book value at the end of the year	31,200,960.01	4,006,831.94	-	35,207,791.95
2. Book value at the beginning of the year	32,092,525.33	7,471,897.47	-	39,564,422.80

As at December 31, 2024, for the intangible assets pledged by the Group due to bank borrowings, please refer to Note (V), 21 "Assets with restricted ownership or right of use" for details.

## 17. Goodwill

## (1) Original book value of goodwill

RMB

Name of the investees or matters forming goodwill	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
SAPO Photoelectric	9,614,758.55	-	-	9,614,758.55
Shenzhen MCENTURY Garment Co., Ltd.	2,167,341.21	-	-	2,167,341.21
<b>Total</b>	<b>11,782,099.76</b>	<b>-</b>	<b>-</b>	<b>11,782,099.76</b>

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****17. Goodwill - continued**

## (2) Provision for impairment of goodwill

RMB

Name of the investees or matters forming goodwill	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
SAPO Photoelectric	9,614,758.55	-	-	9,614,758.55
Shenzhen MCENTURY Garment Co., Ltd.	2,167,341.21	-	-	2,167,341.21
Total	11,782,099.76	-	-	11,782,099.76

**18. Long-term deferred expenses**

RMB

Item	Balance at the beginning of the year	Increase in the current year	Amortization amount for the current year	Other decreases	Balance as at the end of the current year
Decoration and facility renovation costs	3,503,660.94	5,515,370.67	2,934,915.74	-	6,084,115.87

**19. Deferred tax assets and deferred tax liabilities**

## (1) Deferred tax assets without offset

RMB

Item	Balance as at the end of the current year		Balance as at the end of the previous year	
	Deductible temporary differences	Deferred tax Assets	Deductible temporary differences	Deferred tax Assets
Provision for credit losses	55,500,808.39	9,874,641.13	59,994,128.15	10,538,054.68
Provision for asset impairment	146,194,722.68	21,929,208.40	132,512,745.52	19,876,911.83
Unrealized profits of internal transactions	2,056,848.93	308,527.34	2,145,963.47	321,894.52
Employee compensation payable	4,173,800.00	1,043,450.00	4,173,800.00	1,043,450.00
Deferred income	95,821,558.58	14,373,233.79	96,647,256.82	14,497,088.52
Deductible losses	96,771,113.52	14,515,667.03	127,769,387.40	19,165,408.11
Fair value changes of investments in other equity instruments	14,831,681.50	3,707,920.38	14,831,681.50	3,707,920.38
Lease liabilities	16,381,050.71	2,457,157.61	12,177,572.68	1,826,635.90
Changes in fair value of derivative financial liabilities	1,278,559.35	191,783.90	-	-
Estimated liabilities	9,451,090.40	1,417,663.56	-	-
Total	442,461,234.06	69,819,253.14	450,252,535.54	70,977,363.94

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.

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****19. Deferred tax assets and deferred tax liabilities - continued**

## (2) Deferred tax liabilities without offset

RMB

Item	Balance as at the end of the current year		Balance as at the end of the previous year	
	Taxable temporary differences	Deferred tax Liabilities	Taxable temporary differences	Deferred tax Liabilities
Difference between initial recognition cost and tax base of long-term equity investments	62,083,693.36	15,520,923.34	62,083,693.36	15,520,923.34
Fair value changes of investments in other equity instruments	158,219,043.74	39,554,760.94	138,805,043.74	34,701,260.94
Rent receivable	8,532,598.56	2,133,149.64	10,108,726.81	2,527,181.70
Right-of-use assets	15,338,117.86	2,300,717.68	11,999,466.57	1,799,919.99
Total	244,173,453.52	59,509,551.60	222,996,930.48	54,549,285.97

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

RMB

Item	Deduction amount of deferred tax assets and liabilities at the end of the current year	Balance of deferred tax assets or liabilities after offset at the end of the current year	Deduction amount of deferred tax assets and liabilities at the end of the previous year	Balance of deferred tax assets or liabilities after offset at the end of the previous year
Deferred tax assets	(10,898,741.94)	58,920,511.20	(10,371,998.52)	60,605,365.42
Deferred tax liabilities	(10,898,741.94)	48,610,809.66	(10,371,998.52)	44,177,287.45

## (4) Unrecognized deferred tax assets

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Deductible temporary differences	15,750,990.01	14,740,965.97
Deductible losses	365,594,502.67	442,263,671.30
Total	381,345,492.68	457,004,637.27

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

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Year 2024	-	69,053,143.67
2025	-	-
2026	83,168,900.37	53,989,578.07
2027	10,067,397.50	10,067,397.50
2028	13,479,346.66	39,988,583.76
2029	132,565,644.36	129,732,249.98
2030	75,352,814.24	75,352,814.24
2031	-	-
2032	-	-
2033	50,960,399.54	64,079,904.08
2034	-	-
Total	365,594,502.67	442,263,671.30

Notes to the financial statements  
Year ended December 31, 2024

(V) Notes to financial statements - continued

20. Other non-current assets

RMB

Item	Balance as at the end of the current year			Balance as at the end of the previous year		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advances for projects and equipment	2,033,785.64	-	2,033,785.64	3,757,334.44	-	3,757,334.44
Investment funds to be liquidated	25,760,086.27	-	25,760,086.27	25,760,086.27	-	25,760,086.27
Total	27,793,871.91	-	27,793,871.91	29,517,420.71	-	29,517,420.71

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

Item	At the end of current year				At the end of the previous year			
	Book balance	Book value	Restricted type	Restricted condition	Book balance	Book value	Restricted type	Restricted condition
Monetary funds	38,844,838.96	38,844,838.96	Restricted right of use	Account freezing and guarantee	9,305,118.06	9,305,118.06	Restricted right of use	Account freezing and guarantee
Notes receivable	30,291,952.76	30,291,952.76	Restricted right of use	Bill endorsement has not been derecognized	42,665,954.11	42,665,954.11	Restricted right of use	Bill endorsement has not been derecognized
Fixed assets	581,895,750.64	448,156,480.33	Restricted right of use	Mortgage	572,261,261.14	454,185,881.22	Restricted right of use	Mortgage
Intangible assets	44,770,083.00	31,200,960.01	Restricted right of use	Mortgage	44,770,083.00	32,092,525.33	Restricted right of use	Mortgage
Total	695,802,625.36	548,494,232.06			669,002,416.31	538,249,478.72		

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

**22. Short-term borrowings**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Credit borrowings	-	8,000,000.00

**23. Derivative financial liabilities**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Foreign exchange forward contract	1,278,559.35	-

**24. Notes payable**

RMB

Bill type	Balance as at the end of the current year	Balance as at the end of the previous year
Bank acceptance bills	31,095,540.29	31,049,291.49

The Group had no notes payable due but unpaid at the end of the year.

**25. Accounts payable**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Payment for goods	282,510,771.35	386,767,637.00
Service fee	15,645,017.04	13,817,610.72
Payment for outsourcing processing	3,489,364.64	4,584,423.60
Royalties	2,006,578.00	2,207,166.50
Others	1,160,849.52	1,171,298.42
Total	304,812,580.55	408,548,136.24

As at December 31, 2024, the Group had no significant accounts payable with aging of over 1 year or overdue.

**26. Advances from customers**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Rent and others	1,051,491.96	1,450,096.30

As at December 31, 2024, the Group had no significant advances from customers with aging of over 1 year.

**27. Contract liabilities**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Payment for goods	490,562.97	1,436,943.34

As at December 31, 2024, the Group had no significant contract liabilities with aging of more than 1 year.

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 28. Employee compensation payable

## (1) Presentation of employee compensation payable

RMB

Item	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
Short-term compensation	53,853,081.65	213,903,704.48	214,130,906.81	53,625,879.32
Post-employment benefits defined contribution plans	-	18,732,853.22	18,032,853.22	700,000.00
Dismissal welfare	2,584,080.44	6,172,694.98	6,397,364.82	2,359,410.60
Total	56,437,162.09	238,809,252.68	238,561,124.85	56,685,289.92

## (2) Presentation of short-term compensation

RMB

Item	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
Salaries, bonuses, allowances and subsidies	50,484,811.72	190,224,348.48	189,308,677.27	51,400,482.93
Employee welfare expenses	-	6,936,747.83	6,936,747.83	-
Social insurance premiums	-	4,740,283.18	4,740,283.18	-
Including: medical insurance premiums	-	3,516,302.65	3,516,302.65	-
Maternity insurance premiums	-	572,355.25	572,355.25	-
Work-related injury insurance premiums	-	651,625.28	651,625.28	-
Housing provident fund	-	8,872,644.55	8,872,644.55	-
Union funds and employee education funds	3,368,269.93	3,129,680.44	4,272,553.98	2,225,396.39
Total	53,853,081.65	213,903,704.48	214,130,906.81	53,625,879.32

## (3) Presentation of defined contribution plans

RMB

Item	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
Basic endowment insurance premiums	-	15,756,686.06	15,056,686.06	700,000.00
Supplementary endowment insurance premiums	-	2,765,981.24	2,765,981.24	-
Unemployment insurance premium	-	210,185.92	210,185.92	-
Total	-	18,732,853.22	18,032,853.22	700,000.00

The Group participates in the endowment insurance and unemployment insurance plans established by government agencies in accordance with the regulations. According to the plans, the Group makes contributions to such plans in accordance with the prescribed standards. Except for the above monthly contributions, the Group has no further payment obligations. The corresponding expenses are included in the current profit or loss or the cost of related assets when incurred.

The Group shall pay RMB 15,756,686.06 and RMB 210,185.92 to the endowment insurance and unemployment insurance plans respectively for the current year (2023: RMB 14,207,148.80 and RMB 296,839.87). As at December 31, 2024, the Group still had RMB 700,000.00 of payable contributions due but not paid to the endowment insurance plan during the reporting period, and the relevant payable contributions are expected to be paid after the reporting period.

## Notes to the financial statements

Year ended December 31, 2024

**(V) Notes to financial statements - continued****29. Taxes payable**

RMB

Taxation	Balance as at the end of the current year	Balance as at the end of the previous year
Corporate income tax	4,720,967.29	2,080,849.81
Individual income tax	751,443.34	1,080,628.82
Value-added tax	592,143.28	582,961.29
Other taxes	789,176.93	596,455.22
Total	6,853,730.84	4,340,895.14

**30. Other payables**

## (1) Other payables by nature of payment

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Engineering equipment payment	56,213,373.95	67,176,881.34
Current accounts	53,333,604.97	56,444,481.12
Guarantee and deposits	37,775,687.75	48,208,919.61
Others	12,974,323.31	12,698,062.48
Total	160,296,989.98	184,528,344.55

(2) As at December 31, 2024, the Group had no significant other payables with aging of more than 1 year or overdue.

**31. Non-current liabilities maturing within one year**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Long-term borrowings maturing within one year (Note (V), 33)	47,011,978.04	102,612,497.53
Lease liabilities maturing within one year (Note (V), 34)	6,884,486.59	5,490,255.46
Estimated liabilities due within one year	9,451,090.40	-
Total	63,347,555.03	108,102,752.99

**32. Other current liabilities**

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Endorsed but undue acceptance bills	30,291,952.76	42,665,954.11
Payables for returned goods	23,747,757.33	37,244,449.90
Output tax to be carried forward in the value-added tax	32,312.18	172,073.21
Total	54,072,022.27	80,082,477.22

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 33. Long-term borrowings

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year	Interest rate range
Guaranteed borrowings (Note)	209,400,848.04	608,190,812.09	3.36%-3.41%
Total	209,400,848.04	608,190,812.09	
Less: long-term borrowings maturing within one year	47,011,978.04	102,612,497.53	
Long-term borrowings due after one year	162,388,870.00	505,578,314.56	

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.

## 34. Lease liabilities

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
Lease liabilities	16,381,050.71	12,177,572.68
Total	16,381,050.71	12,177,572.68
Less: Lease liability maturing within one year	6,884,486.59	5,490,255.46
Lease liabilities due after one year	9,496,564.12	6,687,317.22

The Group's lease liabilities are presented as follows according to the maturity of undiscounted remaining contractual obligations:

RMB

	Within 1 month	1- 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Balance as at the end of the current year	1,105,714.51	2,425,877.50	3,879,671.64	7,808,943.06	3,098,158.97	18,318,365.68
Balance as at the end of the previous year	513,149.55	2,012,582.22	3,284,024.84	5,822,333.46	1,672,592.08	13,304,682.15

## 35. Deferred income

RMB

Item	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year	Formation causes
Government grants	97,485,986.89	15,265,000.00	16,401,790.63	96,349,196.26	Government grants received

## 36. Equity

RMB

Item	Balance at the beginning of the year	Changes in the current year					Balance as at the end of the current year
		New shares issued	Bonus issue	Conversion of provident fund into shares	Others	Sub-total	
Total shares	506,521,849.00	-	-	-	-	-	506,521,849.00

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 37. Capital reserve

RMB

Item	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
Equity premium	1,826,482,608.54	-	-	1,826,482,608.54
Other capital reserves	135,117,216.09	-	-	135,117,216.09
Total	1,961,599,824.63	-	-	1,961,599,824.63

## 38. Other comprehensive income

RMB

Item	Balance at the beginning of the year	Amount before income tax this year	Amount for the current year					Balance as at the end of the current year
			Less: the amount included in other comprehensive income in prior period and transferred to current profit or loss	Less: retained income included in other comprehensive income in prior periods and transferred to current profit or loss	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profit or loss	92,317,307.32	19,414,000.00	-	-	4,853,500.00	14,560,500.00	-	106,877,807.32
1. Changes in fair value of other equity instrument investments	92,317,307.32	19,414,000.00	-	-	4,853,500.00	14,560,500.00	-	106,877,807.32
II. Other comprehensive income to be reclassified into profit or loss later	1,290,073.49	-	1,290,073.49	-	-	(1,290,073.49)	-	-
1. Changes in the fair value of other debt investments	-	-	-	-	-	-	-	-
2. Translation differences of foreign currency financial statements	1,290,073.49	-	1,290,073.49	-	-	(1,290,073.49)	-	-
Total of other comprehensive income	93,607,380.81	19,414,000.00	1,290,073.49	-	4,853,500.00	13,270,426.51	-	106,877,807.32

## 39. Surplus reserves

RMB

Item	Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
Statutory surplus reserve	104,262,315.64	-	-	104,262,315.64

## 40. Undistributed profits

RMB

Item	Current year	Previous year
Undistributed profits at the beginning of the year before adjustment	216,160,896.14	170,636,610.95
Total adjusted undistributed profits at the beginning of the year	-	-
Adjusted undistributed profit at the beginning of the year	216,160,896.14	170,636,610.95
Plus: net profit attributable to shareholders of the parent company in the current year	89,371,134.24	79,268,250.45
Less: Withdrawal of statutory surplus reserves	-	3,352,654.32
Distribution of dividends of ordinary shares (Note)	32,923,916.72	30,391,310.94
Undistributed profits at the end of the year	272,608,113.66	216,160,896.14

Note: according to the resolution of the General Meeting on May 29, 2024, the Company distributed cash dividends of RMB 0.65 (including tax) for every 10 shares based on the share capital of 506,521,849 shares as at December 31, 2023, with a total cash dividends of RMB 32,923,916.72 (tax inclusive).

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****41. Operating revenue and operating costs**

## (1) Operating revenue and operating costs

RMB

Item	Amount for the current year		Amount for the previous year	
	Revenue	Cost	Revenue	Cost
Primary business	3,275,150,434.05	2,748,312,498.75	3,031,175,008.58	2,524,464,550.09
Other business	60,132,574.63	47,547,436.07	48,503,366.87	37,167,294.44
Total	3,335,283,008.68	2,795,859,934.82	3,079,678,375.45	2,561,631,844.53

## (2) Primary business by product

RMB

Product type	Amount for the current year		Amount for the previous year	
	Income from primary business	Cost of primary business	Income from primary business	Cost of primary business
Polarizer sales business	3,161,332,478.08	2,720,719,735.99	2,885,625,542.77	2,463,137,348.05
Property leasing and others	113,817,955.97	27,592,762.76	145,549,465.81	61,327,202.04
Total	3,275,150,434.05	2,748,312,498.75	3,031,175,008.58	2,524,464,550.09

## (3) Primary business by region

RMB

Main business area	Amount for the current year		Amount for the previous year	
	Income from primary business	Cost of primary business	Income from primary business	Cost of primary business
Domestic	3,113,083,695.45	2,621,542,725.57	2,914,588,072.35	2,427,944,202.03
Overseas	162,066,738.60	126,769,773.18	116,586,936.23	96,520,348.06
Total	3,275,150,434.05	2,748,312,498.75	3,031,175,008.58	2,524,464,550.09

## (4) Description of performance obligations

The Group's sales of goods are mainly the production and sales of polarizers and textiles-related goods. For goods sold to customers, the Group recognizes revenue when the right of 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 a receivable when the goods are delivered to the customer because the delivery of the goods to the customer represents an unconditional right to receive the contractual consideration, and the maturity of the payment depends only on the passage of time. When the customer makes a prepayment for goods, the Group recognizes the transaction amount received as a contract liability and recognizes the revenue when the goods are delivered to the customer.

The Group provides property services to customers, and such services represent performance obligations performed over a period of time. For property service, the Group recognizes revenue in the course of providing property service.

## (5) Description of allocation to remaining performance obligations

As of December 31, 2024, the amount of contract liabilities corresponding to the performance obligations that the Group has already signed contracts for but has not yet fulfilled or has not fully fulfilled is RMB 490,562.97, which will be recognized as revenue when the customer obtains the control over goods.

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****42. Taxes and surcharges**

RMB

Item	Amount for the current year	Amount for the previous year
Property taxes	7,240,576.84	6,184,638.83
Urban maintenance and construction tax	397,643.06	555,230.22
Education surcharge	287,055.45	400,403.17
Other taxes	2,310,230.30	2,153,350.91
Total	10,235,505.65	9,293,623.13

**43. Selling and distribution expenses**

RMB

Item	Amount for the current year	Amount for the previous year
Employee compensation	15,245,568.88	17,089,203.74
Sales service fee	19,491,891.54	10,639,607.95
Business entertainment expenses	1,117,751.47	972,733.63
Others	6,405,391.58	5,494,125.29
Total	42,260,603.47	34,195,670.61

**44. G&A expenses**

RMB

Item	Amount for the current year	Amount for the previous year
Employee compensation	90,301,081.26	90,991,755.13
Depreciation cost	10,962,929.91	11,118,057.18
Professional service fees	10,520,874.85	8,841,449.74
Amortization of intangible assets	4,575,688.69	4,891,672.68
Property leasing and utilities	2,441,383.42	4,086,627.39
Business entertainment expenses	1,193,877.91	1,439,231.97
Others	14,351,985.54	13,002,616.44
Total	134,347,821.58	134,371,410.53

**45. R&D expenses**

RMB

Item	Amount for the current year	Amount for the previous year
Employee compensation	15,844,594.49	14,827,264.16
Material consumption	83,483,679.76	85,216,243.35
Depreciation cost	3,275,385.23	3,389,328.35
Others	1,208,163.43	1,220,205.06
Total	103,811,822.91	104,653,040.92

The Group has no development expenses of R&D projects that meet the capitalization requirements.

## Notes to the financial statements

Year ended December 31, 2024

**(V) Notes to financial statements - continued****46. Financial expenses**

RMB

Item	Amount for the current year	Amount for the previous year
Interest expenses (Note)	17,858,022.73	27,339,804.17
Less: interest income	7,272,362.76	12,947,471.64
Exchange differences	(3,772,940.12)	4,332,702.63
Service fee and others	5,308,436.20	5,674,466.00
Total	12,121,156.05	24,399,501.16

Note: The interest expenses of the lease liabilities in 2024 is RMB 721,945.56.

**47. Other income**

RMB

Classification by nature	Amount for the current year	Amount for the previous year
Transfer-in of deferred income	16,401,790.63	22,107,734.21
Support funds for industry development (Note 1)	7,988,744.44	11,049,910.96
Support funds for enterprise development (Note 2)	989,098.49	553,455.00
Tax incentives	16,014,588.22	16,881,612.68
Others	89,885.75	147,651.06
Total	41,484,107.53	50,740,363.91

Note 1: The support funds for industry development mainly include the 2024 Special Science and Technology Innovation Funds (the first batch) funded by the Science and Technology Innovation Bureau of Pingshan District, Shenzhen City, the Foreign Trade Quality Growth Support Plan of the Bureau of Commerce, and the Industry Standard Formulation Project Subsidies of the Shenzhen Administration for Market Regulation.

Note 2: The support funds for enterprise development mainly include the Steady Growth Funds of Industry and Information Technology Bureau of Shenzhen Municipality and the One-time Subsidy for Job Expansion of Guangdong Provincial Social Insurance Fund Administration.

**48. Investment (loss) income**

RMB

Item	Amount for the current year	Amount for the previous year
Losses on long-term equity investments accounted for under equity method	(10,701,895.08)	(6,898,983.89)
Investment income from disposal of long-term equity investments	833,613.28	-
Investment income obtained during holding the financial assets held for trading	13,846,181.90	15,519,035.33
Investment income (loss) from derecognition of derivative financial liabilities	(6,454,000.00)	-
Dividend income from investments in other equity instrument during the holding period	2,310,786.01	2,208,584.12
Total	(165,313.89)	10,828,635.56

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 49. Gains from changes in fair value

RMB

Sources of gains from changes in fair value	Amount for the current year	Amount for the previous year
Financial assets held for trading	2,413,062.80	2,151,780.82
Derivative financial liabilities	(1,278,559.35)	-
Total	1,134,503.45	2,151,780.82

## 50. Credit loss gains

RMB

Item	Amount for the current year	Amount for the previous year
Gains on impairment of accounts receivable (Note (V), 4 (2))	5,093,840.35	4,133,136.51
Gains on impairment of other receivables (Note (V), 7 (3))	6,606.31	402,638.63
Total	5,100,446.66	4,535,775.14

## 51. Asset impairment loss

RMB

Item	Amount for the current year	Amount for the previous year
Inventory depreciation loss	(123,538,967.06)	(126,089,709.42)
Fixed asset impairment loss	(6,863,474.54)	-
Other asset impairment loss	(2,020,667.15)	-
Total	(132,423,108.75)	(126,089,709.42)

## 52. Non-operating revenue

RMB

Item	Amount for the current year	Amount for the previous year	Amount included in the current non-recurring profit or loss
Gains from unclaimed payables	1,439,654.31	768,398.45	1,439,654.31
Liquidated damages	275,672.99	252,000.00	275,672.99
Insurance compensation	24,911.31	193,275.48	24,911.31
Gains from the damage and scrapping of non-current assets	341.42	-	341.42
Others	64,506.89	236,205.33	64,506.89
Total	1,805,086.92	1,449,879.26	1,805,086.92

Notes to the financial statements  
Year ended December 31, 2024

## (V) Notes to financial statements - continued

## 53. Non-operating expenses

RMB

Item	Amount for the current year	Amount for the previous year	Amount included in the current non-recurring profit or loss
Losses on scrapping of non-current assets	51,361.87	115,541.99	51,361.87
Amercement outlay	44,000.00	42,319.72	44,000.00
Compensation expenses	468,146.00	7,926,787.08	468,146.00
Other losses	134,509.84	121,152.72	134,509.84
Total	698,017.71	8,205,801.51	698,017.71

## 54. Income tax expenses

## (1) List of income tax expenses

RMB

Item	Amount for the current year	Amount for the previous year
Income tax expenses for the current period	8,562,225.60	8,563,917.13
Deferred tax expenses	1,264,876.43	10,843,814.34
Total	9,827,102.03	19,407,731.47

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

RMB

Item	Amount for the current year	Amount for the previous year
Total profits	152,883,868.41	146,544,210.05
Income tax expenses calculated at statutory tax rate	38,220,967.10	36,636,052.51
Influence of different tax rates applicable to subsidiaries	(15,431,945.83)	(14,393,929.80)
Influence of adjustments to the income tax for the prior years	(27,243.77)	27,700.05
Influence of non-taxable income	(3,079,800.79)	(1,126,262.45)
Influence of nondeductible costs, expenses and losses	5,591,965.60	2,266,174.69
Utilization of unrecognized deductible losses and deductible temporary differences from prior periods and their tax effects	(7,061,678.51)	(25,587.79)
Tax effects of unrecognized deductible losses and deductible temporary differences	4,078,341.28	10,154,045.89
Changes in deferred tax assets/liabilities at the beginning of the period due to tax rate adjustments	-	(21,128.84)
Additional deduction for R&D expenses	(12,458,381.02)	(13,995,916.51)
Others	(5,122.03)	(113,416.28)
Income tax expenses	9,827,102.03	19,407,731.47

Notes to the financial statements  
Year ended December 31, 2024

(V) Notes to financial statements - continued

55. Notes to items in statement of cash flows

(1) Cash related to operating activities

Other cash received related to operating activities

RMB

Item	Amount for the current year	Amount for the previous year
Letter of credit guarantee and deposit	30,652,489.87	37,450,879.69
Interest income	9,057,486.70	18,578,870.77
Government grants	24,242,842.93	16,029,942.02
Current accounts and others	23,056,150.45	15,217,631.42
Total	87,008,969.95	87,277,323.90

Other cash paid related to operating activities

RMB

Item	Amount for the current year	Amount for the previous year
Letter of credit guarantee and deposit	57,908,823.39	34,639,361.27
Out-of-pocket expenses	68,667,614.18	71,894,532.84
Current accounts and others	27,179,768.77	10,910,080.05
Total	153,756,206.34	117,443,974.16

(2) Cash related to investing activities

Other cash received related to significant investing activities

RMB

Item	Amount for the current year	Amount for the previous year
Structural deposits	950,000,000.00	950,000,000.00
Monetary fund	747,000,000.00	245,000,000.00
Certificates of deposit and others	-	259,000,000.00
Total	1,697,000,000.00	1,454,000,000.00

Other cash paid related to significant investing activities

RMB

Item	Amount for the current year	Amount for the previous year
Structural deposits	950,000,000.00	1,400,000,000.00
Monetary fund	649,000,000.00	290,500,000.00
Foreign exchange forward contract	6,454,000.00	-
Certificates of deposit and others	-	150,000,000.00
Total	1,605,454,000.00	1,840,500,000.00

Notes to the financial statements  
Year ended December 31, 2024

(V) Notes to financial statements - continued

55. Notes to items in statement of cash flows - continued

(2) Cash related to investing activities - continued

Other cash received related to investing activities

RMB

Item	Amount for the current year	Amount for the previous year
Wealth management investment and structured deposits	1,697,000,000.00	1,454,000,000.00

Other cash paid related to investing activities

RMB

Item	Amount for the current year	Amount for the previous year
Wealth management investment and structured deposits	1,605,454,000.00	1,840,500,000.00

(3) Cash related to financing activities

Other cash paid related to financing activities

RMB

Item	Amount for the current year	Amount for the previous year
Lease payments	9,508,462.57	8,776,024.71

Changes in various liabilities arising from financing activities

RMB

Item	Balance at the beginning of the year	Increase in current year		Decrease in current year		Balance as at the end of the current year
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	8,000,000.00	-	-	8,000,000.00	-	-
Long-term borrowings (Note)	608,190,812.09	-	18,176,583.78	416,966,547.83	-	209,400,848.04
Lease liabilities (Note)	12,177,572.68	-	13,711,940.60	9,508,462.57	-	16,381,050.71
Total	628,368,384.77	-	31,888,524.38	434,475,010.40	-	225,781,898.75

Note: long-term borrowings and lease liabilities include those maturing within one year.

(4) The Group does not present cash flows on a net basis.

(5) 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.

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****56. Supplementary information to statement of cash flows**

## (1) Supplementary information to the statement of cash flows

RMB

Supplementary information	Amount for the current year	Amount for the previous year
<b>1. Adjustment of net profit to cash flows from operating activities:</b>		
Net profit	143,056,766.38	127,136,478.58
Plus: provision for assets impairment	132,423,108.75	126,089,709.42
Provision for credit losses (reversal)	(5,100,446.66)	(4,535,775.14)
Depreciation of fixed assets and investment properties	237,717,328.95	235,884,938.02
Amortization of right-of-use assets	9,651,343.75	8,257,857.90
Amortization of intangible assets	4,575,688.69	4,891,672.68
Amortization of long-term deferred expenses	2,934,915.74	2,160,430.42
Losses (gains) from disposal of fixed assets, intangible assets and other long-term assets	-	(1.72)
Losses (gains) on retirement of non-current assets	51,020.45	113,290.32
Losses from changes in fair value (income)	(1,134,503.45)	(2,151,780.82)
Financial expenses (income)	17,301,161.66	26,883,671.86
Investment loss (income)	165,313.89	(10,828,635.56)
Decrease (increase) in deferred tax assets	1,684,854.22	9,218,448.87
Increase (decrease) in deferred tax liabilities	(419,977.79)	1,625,365.47
Decrease (increase) in inventories	(176,903,495.67)	(304,034,232.92)
Decrease (increase) in operating receivables	29,434,877.96	(126,515,773.08)
Increase (decrease) in operating payables	(164,173,431.78)	90,571,075.50
Net cash flows from operating activities	231,264,525.09	184,766,739.80
<b>2. Net changes in cash and cash equivalents:</b>		
Ending balance of cash and cash equivalents	302,084,839.35	461,420,457.33
Less: beginning balance of cash and cash equivalents	461,420,457.33	874,474,834.46
Net increase (decrease) in cash and cash equivalents	(159,335,617.98)	(413,054,377.13)

## (2) Composition of cash and cash equivalents

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year
I. Cash	302,084,839.35	461,420,457.33
Including: cash on hand	4,751.69	1,710.40
Unrestricted bank deposits	302,080,087.66	461,418,746.93
Other unrestricted monetary funds	-	-
II. Cash equivalents	-	-
III. Balance of cash and cash equivalents at the end of the year	302,084,839.35	461,420,457.33

(3) As of the end of the year, the Group had no cash and cash equivalents with restricted use that were still presented as such.

Notes to the financial statements  
Year ended December 31, 2024**(V) Notes to financial statements - continued****56. Supplementary information to the statement of cash flows - continued**

## (4) Monetary funds other than cash and cash equivalents

RMB

Item	Balance as at the end of the current year	Balance as at the end of the previous year	Reason
Bill and L/C guarantee	35,443,338.96	5,905,118.06	Not available for payment at any time
Demand interest and 7-day notice deposit interest	31,765.51	1,548,872.61	Not available for payment at any time
Others	3,401,500.00	3,400,000.00	Account freezing
Total	38,876,604.47	10,853,990.67	

**57. Monetary items in foreign currency**

## (1) Foreign currency monetary items

RMB

Item	Foreign currency balance at the end of the current year	Exchange rate of conversion	Conversion at the end of the current year RMB balance
Monetary funds			84,414,773.46
Including: USD	5,628,812.10	7.1884	40,462,152.89
JPY	934,188,594.29	0.0462	43,190,341.28
HKD	823,195.78	0.9260	762,279.29
Accounts receivable			38,996,397.54
Including: USD	5,389,057.25	7.1884	38,738,699.13
HKD	278,280.00	0.9260	257,698.41
Other receivables			506,973.56
Including: USD	70,526.62	7.1884	506,973.56
Accounts payable			165,329,381.79
Including: USD	2,549,681.14	7.1884	18,328,127.89
JPY	3,179,297,798.00	0.0462	146,988,475.10
HKD	13,800.00	0.9260	12,778.80
Other payables			6,609,813.60
Including: USD	879,786.00	7.1884	6,324,253.68
JPY	5,555,131.00	0.0462	256,830.37
HKD	31,025.43	0.9260	28,729.55

**58. Lease**

## (1) As a lessee

The Group leases a number of assets, including houses and buildings, for lease terms of 1 to 10 years. The above right-of-use assets cannot be used for purposes such as borrowing mortgages, guarantees, etc.

The Group had no variable lease payments that were not included in the measurement of lease liabilities.

Notes to the financial statements  
Year ended December 31, 2024

(V) Notes to financial statements - continued

58. Leases - continued

(1) As a lessee - continued

The short-term lease expenses subject to simplified accounting treatment and recognized in the current profit or loss in this year amounted to RMB 950,508.89 (previous year: RMB 558,957.38).

The total cash outflows related to leases in the current year amounted to RMB 10,458,971.46 (previous year: RMB 9,334,982.09).

(2) As a lessor

Operating lease as lessor

RMB

Item	Lease income	Including: revenue related to variable lease payments not included in lease receipts
Buildings and constructions	96,066,371.44	-

The operating leases of the Group as the lessor are related to houses and buildings, with lease terms ranging from 1 to 15 years.

The revenue related to operating leases in the current year amounted to RMB 96,066,371.44 (previous year: RMB 97,558,143.88), of which the revenue related to variable lease payments not included in the lease receipts amounted to RMB 0 (previous year: RMB 0).

RMB

Item	Undiscounted lease receipts	
	Amount at the end of current year	Amount at the end of the previous year
The first year after the balance sheet date	66,825,466.35	74,399,477.80
The second year after the balance sheet date	49,946,457.62	54,475,653.29
The third year after the balance sheet date	31,103,495.38	44,564,404.34
The fourth year after the balance sheet date	8,785,825.58	29,708,115.33
The fifth year after the balance sheet date	6,625,510.75	9,346,233.32
Subsequent years	5,106,929.55	7,327,310.40
Total undiscounted lease receipts	168,393,685.23	219,821,194.48

Notes to the financial statements  
Year ended December 31, 2024

(VI) R&D expenditures

(1) Presented by nature of expenses

RMB

Item	Amount for the current year	Amount for the previous year
Employee compensation	15,844,594.49	14,827,264.16
Material consumption	83,483,679.76	85,216,243.35
Depreciation cost	3,275,385.23	3,389,328.35
Others	1,208,163.43	1,220,205.06
Total	103,811,822.91	104,653,040.92
Including: expensed R&D expenditures	103,811,822.91	104,653,040.92
Capitalized R&D expenditures	-	-

(2) The Group has no development expenses of R&D projects that meet the capitalization requirements.

(3) The Group has no significant outsourced projects under research.

(VII) Changes in the scope of consolidation

The consolidation scope of the Group has not changed.

(VIII) Equity in other entities

1. Interest in subsidiary

(1) Structure of the enterprise group

Name of subsidiaries	Main premise	Registered capital (RMB)	Registration place	Business nature	Shareholding ratio of the Company (%)		Method of acquisition
					Direct	Indirect	
Shenzhen Lisi Industrial Development Co., Ltd.	Shenzhen	RMB 2,360,000.00	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Huaqiang Hotel Co., Ltd.	Shenzhen	RMB 10,005,300.00	Shenzhen	Property leasing	100.00	-	Establishment
Shenzhen Shenfang Property Management Co., Ltd.	Shenzhen	RMB 1,600,400.00	Shenzhen	Property management	100.00	-	Establishment
Shenzhen M-CENTURY Garment Co., Ltd.	Shenzhen	RMB 13,000,000.00	Shenzhen	Production and sales of textiles	100.00	-	Establishment
Shenzhen Shenfang Sungang Property Management Co., Ltd.	Shenzhen	RMB 1,000,000.00	Shenzhen	Property management	100.00	-	Establishment
SAPO Photoelectric	Shenzhen	RMB 583,333,333.00	Shenzhen	Production and sales of polarizers	60.00	-	Acquisition
SATO (Hong Kong) Limited	Hong Kong	HKD 10,000.00	Hong Kong	Polarizer sales	-	100.00	Establishment

Notes to the financial statements  
Year ended December 31, 2024**(VIII) Interests in other entities - continued****1. Interests in subsidiary - continued**

## (2) Significant non-wholly-owned subsidiaries

RMB

Name of subsidiaries	Shareholding ratio by minority shareholders	Profit or loss attributable to minority shareholders in the current year	Dividends declared to be distributed to minority shareholders in the current year	Balance of minority interests at the end of the current year
SAPO Photoelectric	40.00%	53,685,632.14	-	1,283,450,723.88

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

RMB

Item	SAPO Photoelectric	
	Balance as at the end of the current year/ Amount for the current year	Balance as at the end of the previous year/ Amount for the previous year
Current assets	2,039,673,042.84	2,224,998,868.32
Non-current assets	1,998,903,130.31	2,215,651,449.74
Total assets	4,038,576,173.15	4,440,650,318.06
Current liabilities	567,603,106.30	762,685,435.65
Non-current liabilities	267,706,992.70	608,912,888.60
Total liabilities	835,310,099.00	1,371,598,324.25
Operating revenue	3,230,006,072.51	2,944,147,907.27
Net profit	134,214,080.34	119,670,570.33
Total comprehensive income	134,214,080.34	119,968,303.83
Cash flows from operating activities	205,666,636.23	168,163,478.05

**2. Equity in joint ventures or associates**

## Summarized financial information of insignificant joint ventures and associates

RMB

Item	Balance as at the end of the current year/ Amount for the current year	Balance as at the end of the previous year/ Amount for the previous year
Joint ventures:		
Total of investment book value	111,555,887.28	122,370,494.08
Total amounts of the following items calculated at shareholding ratio		
- Net profit (loss)	(10,814,606.80)	(7,135,777.68)
-Other comprehensive income	-	-
-Total comprehensive income	(10,814,606.80)	(7,135,777.68)
Associates:		
Total of investment book value	3,272,138.76	5,311,526.62
Total amounts of the following items calculated at shareholding ratio		
-Net profit	112,711.72	236,793.79
-Other comprehensive income	-	99,168.85
-Total comprehensive income	112,711.72	335,962.64

Notes to the financial statements  
Year ended December 31, 2024

**(IX) Government grants**

(1) As at December 31, 2024, the Group had no government grants recognized at the amount receivable.

(2) Liability items involving government grants

RMB

Liabilities	Amount at the beginning of the year	New grants in the current year	Amount included in non-operating revenue in the current year	Amount included in other income in the current year	Other changes in the current year	Amount at the end of current year	Related to assets/ Related to income
Deferred income	97,485,986.89	15,265,000.00		16,401,790.63	-	96,349,196.26	Related to assets
Total	97,485,986.89	15,265,000.00	-	16,401,790.63	-	96,349,196.26	

(3) Government grants included in the current profit or loss

RMB

Grants	Amount for the current year	Amount for the previous year
Other income	25,379,633.56	33,711,100.17

**(X) Risks associated with 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 year, the financial instruments held by the group are as follows, and the details are described in note (v). Risks associated with these financial instruments and the risk management policies adopted by the group to mitigate these risks are described below. The group's management manages and monitors these exposures to ensure that the risks are controlled within certain limits.

Notes to the financial statements  
Year ended December 31, 2024**(X) Risks related to financial instruments - continued**

RMB

Item	Amount at the end of current year	Amount at the end of the previous year
<b>Financial assets</b>		
<i>Measured at fair value through current profit or loss</i>		
Financial assets held for trading	731,419,904.42	821,946,114.68
<i>Measured at fair value through other comprehensive income</i>		
Receivables financing	6,804,603.68	22,839,459.13
Other equity instrument investments	165,402,900.00	145,988,900.00
<i>Measured at amortized costs</i>		
Monetary funds	340,961,443.82	472,274,448.00
Notes receivable	47,305,221.88	50,963,943.01
Accounts receivable	863,731,936.89	820,134,833.95
Other receivables	3,596,543.96	3,219,287.77
<b>Financial liabilities</b>		
<i>Measured at fair value through current profit or loss</i>		
Derivative financial liabilities	1,278,559.35	-
<i>Measured at amortized costs</i>		
Short-term borrowings	-	8,000,000.00
Notes payable	31,095,540.29	31,049,291.49
Accounts payable	304,812,580.55	408,548,136.24
Other payables	160,296,989.98	184,528,344.55
Other current liabilities	30,291,952.76	42,665,954.11
Long-term borrowings	209,400,848.04	608,190,812.09

The group uses sensitivity analysis techniques to analyze the possible impact of reasonable and possible changes in risk variables on the current profit or loss and shareholders' equity. As any risk variable seldom changes in isolation, and the correlation between the variables will have a significant effect on the final affected amount of the change of a risk variable, the following contents are carried out under the assumption that the change of each variable is independently:

**1. Risk management objectives, policies and procedures, and changes in the current year**

The group's objective in risk management is to achieve an appropriate balance between risk and return, minimize the negative impact of risk on the group's operating performance, 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.

Notes to the financial statements  
Year ended December 31, 2024**(X) Risks related to financial instruments - continued****1. RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES, AND CHANGES IN THE CURRENT YEAR - CONTINUED****1.1 MARKET RISK****1.1.1 FOREIGN EXCHANGE RISK**

Foreign exchange risk refers to the risk of losses arising from the exchange rate fluctuation. The Group's exposure to foreign exchange risk is mainly related to the USD, the JPY and the HKD. Except for some of the Group's import purchases and export sales in Chinese mainland, which were mainly settled in USD, JPY and HKD, the Group's other major business activities were settled in RMB.

As of December 31, 2024, except for the foreign currency monetary items in Note (V), 57, the assets and liabilities of the Group were all in RMB. The foreign currency balances of assets and liabilities (converted into RMB) listed in the table below may expose the Group to foreign exchange risks that could impact its operating performance.

RMB

Item	Balance as at the end of the current year	
	Assets	Liabilities
USD	79,707,825.58	24,652,381.57
JPY	43,190,341.28	147,245,305.47
HKD	1,019,977.70	41,508.35

The Group closely monitors the impact of exchange rate changes on the Group's foreign exchange risk and will take measures to avoid foreign exchange risk according to the actual situation.

**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:

RMB

ITEM	FLUCTUATION IN EXCHANGE RATE	CURRENT YEAR		PREVIOUS YEAR	
		IMPACT ON PROFIT	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON PROFIT	IMPACT ON SHAREHOLDERS' EQUITY
ALL FOREIGN CURRENCIES	REVALUATION AGAINST RMB BY 5%	(2,401,052.54)	(2,401,052.54)	(11,522,564.42)	(11,522,564.42)
ALL FOREIGN CURRENCIES	DEPRECIATION AGAINST RMB BY 5%	2,401,052.54	2,401,052.54	11,522,564.42	11,522,564.42

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

The Group's risk of changes in cash flows of financial instruments due to changes in interest rates is mainly related to bank borrowings with floating rates. The Group continues to closely monitor the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain the floating rate of these borrowings, and there are currently no interest rate swap arrangements.

Notes to the financial statements  
Year ended December 31, 2024

(X) Risks related to financial instruments - continued

**1. RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES, AND CHANGES IN THE CURRENT YEAR - CONTINUED**

**1.1 MARKET RISK - CONTINUED**

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

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:

RMB

ITEM	FLUCTUATION IN EXCHANGE RATE	CURRENT YEAR		PREVIOUS YEAR	
		IMPACT ON PROFIT	IMPACT ON SHAREHOLDER S' EQUITY	IMPACT ON PROFIT	IMPACT ON SHAREHOLDER S' EQUITY
FLOATING RATE BORROWINGS	UP 1%	(2,092,051.50)	(2,092,051.50)	(6,154,214.55)	(6,154,214.55)
FLOATING RATE BORROWINGS	DOWN 1%	2,092,051.50	2,092,051.50	6,154,214.55	6,154,214.55

**1.2. Credit risk**

As of December 31, 2024, 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 represents its maximum credit risk exposure.

In order to reduce the credit risk, the Group arranges special personnel to determine the credit line, 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 adequate provision for credit losses has been made for the 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 December 31, 2024, the balance of accounts receivable from the top five customers of the Group was RMB 559,026,608.51, accounting for 61.96% 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 a portfolio of financial assets with similar characteristics.

**1.3. Liquidity risk**

When managing liquidity risk, the Group maintains cash and cash equivalents that the management believes are sufficient and monitors them to meet the Group's operational needs and reduce the impact of fluctuations in cash flows. The Group's management monitors the use of bank borrowings and ensures compliance with loan agreements.

Notes to the financial statements  
Year ended December 31, 2024**(X) Risks related to financial instruments - continued****1. RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES, AND CHANGES IN THE CURRENT YEAR - CONTINUED****1.3. Liquidity risk - continued**

AS AT DECEMBER 31, 2024, THE UNUSED COMPREHENSIVE BANK CREDIT LINE OF THE GROUP WAS RMB 1,380,340,000

THE GROUP'S FINANCIAL LIABILITIES HELD ARE PRESENTED AS FOLLOWS BASED ON THE MATURITY OF UNDISCOUNTED REMAINING CONTRACTUAL OBLIGATIONS:

RMB

Item	Within 1 year	1 - 5 years	Over 5 years	Total
Notes payable	31,095,540.29	-	-	31,095,540.29
Accounts payable	304,812,580.55	-	-	304,812,580.55
Other payables	160,296,989.98	-	-	160,296,989.98
Other current liabilities	30,291,952.76	-	-	30,291,952.76
Long-term borrowings	52,192,649.82	169,663,448.78	-	221,856,098.60
Lease liabilities	7,411,263.65	7,808,943.06	3,098,158.97	18,318,365.68
Derivative financial liabilities	1,278,559.35	-	-	1,278,559.35

**2. Transfer of financial assets****2.1 Classification of transfer methods**

RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Judgment basis for derecognition
Factoring	Accounts receivable	59,923,300.74	Derecognized	After the accounts receivable is factored, the factor has no right to recover from the Group, and almost all the risks and rewards of the ownership of the accounts receivable have been transferred
Transfer by endorsement	Outstanding bank acceptance bills classified as receivables financing	34,926,518.99	Derecognized	The credit risk level of the acceptance bank of the bank acceptance bill transferred by endorsement is relatively high, and almost all the risks and rewards of the ownership of the corresponding receivables financing have been transferred
Transfer by endorsement	Outstanding bank acceptance bills classified as notes receivable	30,291,952.76	Not derecognized	The credit risk level of the acceptance bank of the bank acceptance bill transferred by endorsement is not high, and almost all the risks and rewards of the ownership of the relevant notes receivable are retained
Total		125,141,772.49		

**2.2 Financial assets derecognized due to transfer**

RMB

Item	Transfer method of financial assets	Amount of derecognized financial assets	Gains or losses related to derecognition
Receivables financing	Transfer by endorsement	34,926,518.99	-
Accounts receivable	Factoring	59,923,300.74	-
Total		94,849,819.73	-

Notes to the financial statements  
Year ended December 31, 2024**(X) Risks related to financial instruments - continued****2. Transfer of financial assets - continued**2.3 Transfer of financial assets with continued involvement

RMB

Item	Asset transfer method	Amount of assets arising from continued involvement	Amount of liabilities arising from continued involvement
Notes receivable	Transfer by endorsement	30,291,952.76	30,291,952.76
Total		30,291,952.76	30,291,952.76

**(XI) Disclosure of fair value****1. Fair value of assets and liabilities measured at fair value at the end of the year**

RMB

Item	Fair value at the end of current year			
	Measured at the fair value of the 1st level	Measured at the fair value of the 2nd level	Measured at the fair value of the 3rd level	Total
Continuous fair value measurement				
(I) Financial assets held for trading	-	731,419,904.42	-	731,419,904.42
(II) Receivables financing	-	-	6,804,603.68	6,804,603.68
(III) Other equity instrument investments	-	-	165,402,900.00	165,402,900.00
<b>Total assets constantly measured at fair value</b>	-	731,419,904.42	172,207,503.68	903,627,408.10
(IV) Derivative financial liabilities	-	1,278,559.35	-	1,278,559.35
<b>Total liabilities constantly measured at fair value</b>	-	1,278,559.35	-	1,278,559.35

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

RMB

Item	Fair value at the end of current year	Valuation techniques	Input value
Financial assets held for trading	731,419,904.42	Discounted cash flow method	Expected rate of return
Derivative financial liabilities	1,278,559.35	Discounted cash flow method	The contracted delivery exchange rate under forward foreign exchange contracts and the market forward exchange rate as of the balance sheet date

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

RMB

Item	Fair value at the end of current year	Valuation techniques	Input value
Receivables financing	6,804,603.68	Discounted cash flow method	Discount rate
Other equity instrument investments	165,402,900.00	Comparable Public Company Method	P/B ratio of similar listed companies
		Comparable earnings method	Market price
		Statement adjustment method	Book value

Notes to the financial statements  
Year ended December 31, 2024

(XI) Disclosure of fair value

Disclosure of fair value - continued

**4. 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 Group's management believes that the book value of financial assets and financial liabilities measured at amortized costs in the financial statements is close to the fair value of such assets and liabilities.

(XII) Related parties and related party transactions

**1. Parent company**

Name	Registration place	Business nature	Registered capital (RMB '0,000)	Parent company's shareholding ratio in the Company (%)	Proportion of voting rights of the parent company in the Company (%)
Shenzhen Investment Holdings Co., Ltd.	Floor 18, Investment Building, Shennan Road, Futian District, Shenzhen	Equity investments, real estate development, etc.	3,318,600.00	46.21	46.21

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

During the reporting period, the registered capital of the parent company changed as follows:

Balance at the beginning of the year	Increase in current year	Decrease in current year	Balance as at the end of the current year
3,235,900.00	82,700.00	-	3,318,600.00

RMB '0,000

**2. Subsidiaries**

See Note (VIII), 1 for details of the subsidiary.

**3. Joint ventures and associates of the Company**

See Note (V), 10 for details of the Company's joint ventures and associates.

Notes to the financial statements  
Year ended December 31, 2024**(XII) Related parties and related party transactions - continued****4. Other related parties of the Company**

Name of related party	Relationship with the Company
Shenzhen Xinfang Knitting Factory Co., Ltd.	The Company's participated company, whose chairman is appointed by the Group
Shenzhen Dailisi Underwear Co., Ltd.	The Company's participated company, whose chairman is appointed by the Group
Hengmei Optoelectronics Co., Ltd.	Minority shareholder of the Company's subsidiary SAPO Photoelectric; one of the directors of the company is a supervisor of SAPO Photoelectric
Shenzhen Shentou Property Development Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Seg Longyan Energy Technology Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Guoren P&C Insurance Co., Ltd. Shenzhen Branch	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Talent Service Center (Shenzhen Talent Market)	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Property Management Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Cultural Enterprise Development Co., Ltd. (Headquarters)	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Investment Holdings Development Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Investment Holdings Digital Technology Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Talent Recruitment International Co., Ltd. (Headquarters)	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Leaguer Education Co., Ltd. (Headquarters)	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Legal Training Center Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Investment Holdings Sports Event Development Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Investment Building Hotel Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.
Shenzhen Investment Building Property Management Co., Ltd.	Subsidiary of the parent company of the Company, Shenzhen Investment Holdings Co., Ltd.

**5. Related party transactions**

## (1) Procurement of goods/receipt of labor services

Related party	Related party transactions	Amount for the current year	Amount for the previous year
Shenzhen Seg Longyan Energy Technology Co., Ltd.	Purchase of electricity	1,146,803.41	1,075,289.19
Guoren P&C Insurance Co., Ltd. Shenzhen Branch	Insurance premiums	285,104.25	-
Shenzhen Cultural Enterprise Development Co., Ltd. (Headquarters)	Exhibition fees	136,298.00	-
Shenzhen Talent Service Center (Shenzhen Talent Market)	Outsourcing service fee	125,596.14	-
Shenzhen Investment Holdings Sports Event Development Co., Ltd.	Marketing expenses	80,000.00	-
Shenzhen Investment Holdings Digital Technology Co., Ltd.	Information construction	78,655.84	-
Shenzhen Investment Holdings Development Co., Ltd.	Rental	65,786.40	-
Shenzhen Property Management Co., Ltd.	Property management fee	47,258.75	-
Shenzhen Legal Training Center Co., Ltd.	Training expenses	34,597.00	-
Shenzhen Leaguer Education Co., Ltd. (Headquarters)	Training expenses	20,449.02	-
Shenzhen Guanhua Printing and Dyeing Co., Ltd.	Interest expenses	9,025.99	16,237.39
Shenzhen Talent Recruitment International Co., Ltd. (Headquarters)	Training expenses	7,000.00	-
Hengmei Optoelectronics Co., Ltd.	Optical film materials and processing	2,874.60	4,540,435.30
Total		2,039,449.40	5,631,961.88

Notes to the financial statements  
Year ended December 31, 2024**(XII) Related parties and related party transactions - continued****5. Related party transactions - continued**

## (2) Sale of goods

RMB

Related party	Related party transactions	Amount for the current year	Amount for the previous year
Hengmei Optoelectronics Co., Ltd.	Polarizer	-	4,744,631.12
Shenzhen Investment Building Hotel Co., Ltd.	Textiles	-	163,729.20
Shenzhen Shentou Property Development Co., Ltd.	Textiles	-	65,634.51
Shenzhen Investment Building Property Management Co., Ltd.	Textiles	-	35,522.12
Shenzhen Investment Holdings Co., Ltd.	Textiles	-	15,371.68
Total		-	5,024,888.63

## (3) Loans from and to related parties

RMB

Related party	Amount borrowed	Start date	Maturity date	Notes
Borrowed from				
Shenzhen Guanhua Printing and Dyeing Co., Ltd.	3,806,454.17	2019.07.30	2025.07.31	Annual interest rate 0.15%

## (4) Remuneration of key officers

RMB

Item	Amount for the current year	Amount for the previous year
Remuneration of key officers	6,932,991.00	8,557,258.00

**6. Accounts receivable, accounts payable to related parties and other unsettled items**

## (1) Receivables

RMB

Project	Related party	Balance as at the end of the current year		Balance as at the end of the previous year	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen Shentou Property Development Co., Ltd.	6,027.00	602.70	6,027.00	602.70
Other receivables	Shenzhen Dailisi Underwear Co., Ltd.	1,100,000.00	55,000.00	1,100,000.00	58,850.00
Other receivables	Shenzhen Investment Holdings Development Co., Ltd.	73,096.00	3,910.64	-	-
Other receivables	Shenzhen Guanhua Printing and Dyeing Co., Ltd.	-	-	41,325.00	-
Total		1,173,096.00	58,910.64	1,141,325.00	58,850.00

**(XII) Related parties and related party transactions - continued****6. Accounts receivable, accounts payable to related parties and other unsettled items - continued**

## (2) Payables

RMB

Project	Related party	Balance as at the end of the current year	Balance as at the end of the previous year
Other payables	Shenzhen Guanhua Printing and Dyeing Co., Ltd.	3,816,981.88	3,811,272.20
	Shenzhen Changlianfa Printing and Dyeing Co., Ltd.	2,281,299.95	2,023,699.95
	Shenzhen Xinfang Knitting Factory Co., Ltd.	244,789.85	244,789.85
	Shenzhen Investment Holdings Co., Ltd.	-	485,189.00
	Shenzhen Investment Holdings Sports Event Development Co., Ltd.	80,000.00	-
	Shenzhen Investment Holdings Digital Technology Co., Ltd.	37,735.84	-
	Shenzhen Investment Holdings Development Co., Ltd.	29,238.40	-
	Shenzhen Property Management Co., Ltd.	7,934.52	-
	Yehui International Co., Ltd.	-	1,124,656.60
	Total	6,497,980.44	7,689,607.60

**(XIII) Commitments and contingencies****1. Important commitments**

## (1) Capital commitments

RMB

Item	Amount at the end of current year	Amount at the end of previous year
Contracted but not recognized in the financial statements		
- Commitment to purchase and construct long-term assets	53,374.76	2,413,823.52

**2. Contingencies**

As of December 31, 2024, the Group had no contingencies such as pending litigations and external guarantees to be disclosed.

Notes to the financial statements  
Year ended December 31, 2024

## (XIV) Events after the balance sheet date

## 1. Profit distribution after the balance sheet date

On March 26 2025, the profit distribution proposal for the year 2024 was approved by the Board of the Company. It is proposed that the Company distribute cash dividends of RMB 0.71 per share (tax inclusive) to all shareholders based on the total share capital of 506,521,849 shares as of December 31, 2024, resulting in total cash dividends of RMB 35,963,051.28 (tax inclusive). The profit distribution plan is subject to the consideration and approval of the Company's General Meeting.

	RMB
Item	Amount
Profit or dividend to be distributed	35,963,051.28
Profit or dividend declared to be granted upon deliberation and approval	-

## (XV) Other significant matters

## 1. 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 two reporting segments, polarizer business, property leasing business and other 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

	RMB			
Current year or end of current year	Polarizer	Property leasing and others	Offset	Total
Operating revenue:				
Revenue from external transactions	3,219,211,416.65	116,071,592.03	-	3,335,283,008.68
Revenue from transactions between segments	-	4,239,345.09	(4,239,345.09)	-
Total operating revenue of segments	3,219,211,416.65	120,310,937.12	(4,239,345.09)	3,335,283,008.68
Operating expenses (Note)	3,007,500,292.36	95,037,109.98	(3,900,557.86)	3,098,636,844.48
Operating profit	136,015,568.69	(20,628,307.04)	36,389,537.55	151,776,799.20
Net profit	134,120,025.66	(15,831,104.78)	24,767,845.50	143,056,766.38
Total assets of segments	4,031,861,994.76	3,149,618,569.49	(1,949,330,166.92)	5,232,150,397.33
Total liabilities of segments	835,237,595.88	191,159,171.74	(29,567,004.42)	996,829,763.20

Note: this item includes operating costs, taxes and surcharges, G&A expenses, R&D expenses, selling and distribution expenses and financial expenses.

## Notes to the financial statements

Year ended December 31, 2024

**(XV) Other significant events - continued****2. Other significant events affecting the decision-making of investors**

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

Our company has invested with Hong Kong Xieli Maintenance Company (hereinafter referred to as "Hong Kong Xieli") to establish a Sino foreign joint venture, Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli"). In March 2020, Shenzhen Xieli was deregistered by the Shenzhen Municipal Administration for Market Regulation. In July 2020, our company filed an administrative action with the Yantian District People's Court in Shenzhen, Guangdong Province to revoke the approval of the Shenzhen Market Supervision Administration for the cancellation of Shenzhen Xieli.

In December 2022, the People's Court of Yantian District, Shenzhen, Guangdong Province, reviewed the first instance judgment and revoked the administrative action approving the cancellation of Shenzhen Xieli's registration. In January 2023, the third party in the original trial, Hong Kong Xieli, appealed to the Shenzhen Intermediate People's Court in Guangdong Province. Later, due to Hong Kong Xieli's failure to pay the case acceptance fee in advance, the Shenzhen Intermediate People's Court issued an administrative ruling, ruling that the appeal should be withdrawn by Hong Kong Xieli. The retrial judgment of the first instance has taken effect on March 22, 2023. At present, Shenzhen Xieli has resumed its business registration status, but its future direction still needs to be negotiated among all shareholders.

**(XVI) Notes to the main items of the parent company's financial statements****1. Accounts receivable**

(1) Disclosure by aging

RMB

Aging	Book balance at the end of the year	Book balance at the beginning of the year
Within 1 year	10,649,986.34	10,190,859.62
1-2 years	-	-
2 to 3 years	-	2,485,076.00
3 - 4 years	2,485,076.00	-
Total	13,135,062.34	12,675,935.62

(2) Disclosure by provision method for bad debts

RMB

Category	Balance as at the end of the current year				Book value
	Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts accrued on an individual basis	-	-	-	-	-
Provision for bad debts made by portfolio	13,135,062.34	100.00	106,074.71	0.81	13,028,987.63
Total	13,135,062.34	100.00	106,074.71		13,028,987.63

Notes to the financial statements  
Year ended December 31, 2024

## (XVI) Notes to the main items of the parent company's financial statements - continued

## 1. Accounts receivable - continued

## (2) Disclosure by provision method for bad debts - continued

RMB

Category	Balance as at the end of the previous year				Book value
	Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts accrued on an individual basis	-	-	-	-	-
Provision for bad debts made by portfolio	12,675,935.62	100.00	4,311.97	0.03	12,671,623.65
Total	12,675,935.62	100.00	4,311.97		12,671,623.65

As of December 31, 2024, accounts receivable with provision for bad debts accrued on a portfolio basis:

RMB

Aging	Balance as at the end of the current year			
	Expected average loss rate (%)	Book balance	Provision for bad debts	Book value
Within 1 year	1.00	10,649,986.34	106,074.71	10,543,911.63
3 - 4 years	-	2,485,076.00	-	2,485,076.00
Total		13,135,062.34	106,074.71	13,028,987.63

As of December 31, 2024, provision for bad debts is made based on the simplified expected credit losses model

RMB

Provision for bad debts	Whole duration Expected credit losses (No credit loss)	Whole duration Expected credit losses (With credit loss)	Total
Balance at the beginning of the year	4,311.97	-	4,311.97
Balance at the beginning of the year	-	-	-
- Transfer to credit loss incurred	-	-	-
- Reversal of credit loss not incurred	-	-	-
Withdrawal in the current year	101,762.74	-	101,762.74
Reversal in the current year	-	-	-
Charge-off in the current year	-	-	-
Write-off in the current year	-	-	-
Other changes	-	-	-
Balance as at the end of the current year	106,074.71	-	106,074.71

## (3) Provision for bad debts

RMB

Type	Balance at the beginning of the year	Changes in the current year				Balance as at the end of the current year
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts	4,311.97	101,762.74	-	-	-	106,074.71

There was no significant amount of provision for bad debts recovered or reversed this year.

Notes to the financial statements  
Year ended December 31, 2024

## (XVI) Notes to the main items of the parent company's financial statements - continued

## 1. Accounts receivable - continued

(4) There are no accounts receivable with actual write-off this year.

(5) Top five entities in terms of the ending balance of accounts receivable by debtor

RMB

Entity name	At the end of current year Book balance	Ratio in total accounts receivable (%)	Provision for bad debts Balance as at the end of the current year
Total amount of the top five accounts receivables as of December 31, 2024.	13,003,135.50	99.00	100,734.39

## 2. Other receivables

(1) Disclosure by aging

RMB

Aging	Balance as at the end of the current year	Balance as at the end of the previous year
Within 1 year	15,129,726.66	1,683,810.52
1-2 years	273,000.00	2,213,073.28
2 to 3 years	2,204,641.09	10,100,800.01
Over 3 years	25,380,195.11	15,279,395.10
Total	42,987,562.86	29,277,078.91
Less: provision for bad debts	41,453,167.06	15,263,525.96
Book value	1,534,395.80	14,013,552.95

(2) Disclosure by nature of payment

RMB

Nature of payment	Book balance at the end of the year	Book balance at the end of the previous year
Transactions with related parties within the consolidation scope	26,189,641.10	12,553,241.09
Transactions with external units	15,422,435.97	15,349,339.97
Guarantee and deposits	10,000.00	10,000.00
Others	1,365,485.79	1,364,497.85
Total	42,987,562.86	29,277,078.91

(3) Provision for bad debts

As of December 31, 2024, provision for bad debts shall be made according to the credit risk characteristic combination

RMB

Phase	Balance as at the end of the current year			
	Expected average loss rate (%)	Book balance	Provision for bad debts	Book value
Provision for bad debts based on credit risk characteristic combination	96.43	42,987,562.86	41,453,167.06	1,534,395.80
Provision for other receivables				

Notes to the financial statements  
Year ended December 31, 2024

## (XVI) Notes to the main items of the parent company's financial statements - continued

## 2. Other receivables - continued

## (3) Provision for bad debts - continued

As of December 31, 2024, the credit risk and provision for bad debts of other receivables are as follows:

RMB

Aging	Balance as at the end of the current year			
	Expected average loss rate (%)	Book balance	Provision for bad debts	Book value
Within 1 year	90.62	15,129,726.66	13,711,066.34	1,418,660.32
1-2 years	100.00	273,000.00	273,000.00	-
2 to 3 years	100.00	2,204,641.09	2,204,641.09	-
Over 3 years	99.54	25,380,195.11	25,264,459.63	115,735.48
Total		42,987,562.86	41,453,167.06	1,534,395.80

## (4) Changes in provision for bad debts

RMB

Type	Balance at the beginning of the year	Changes in the current year				Balance as at the end of the current year
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts	15,263,525.96	26,189,641.10	-	-	-	41,453,167.06

(5) There were no other receivables actually written off this year.

## (6) Top five entities in terms of ending balance of other receivables by debtors

RMB

Entity name	Nature of payment	Other receivables Balance as at the end of the current year	Aging	Ratio in the total ending balance of other receivables in the current year (%)	Provision for bad debts Balance as at the end of the current year
Total amount of the top five other receivables as of December 31, 2024.	Receivables from external entities and internal receivables	41,496,981.06	Within 1 year, 1 - 2 years, 2 - 3 years, over 3 years	96.53	40,514,681.06

## 3. Long-term equity investments

RMB

Item	Balance as at the end of the current year			Balance as at the end of the previous year		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	1,962,688,268.31	36,826,287.64	1,925,861,980.67	1,976,433,419.39	16,582,629.30	1,959,850,790.09
Investments in joint ventures	111,555,887.28	-	111,555,887.28	122,370,494.08	-	122,370,494.08
Investments in associates	3,272,138.76	-	3,272,138.76	5,311,526.62	-	5,311,526.62
Total	2,077,516,294.35	36,826,287.64	2,040,690,006.71	2,104,115,440.09	16,582,629.30	2,087,532,810.79

## Notes to the financial statements

Year ended December 31, 2024

## (XVI) Notes to the main items of the parent company's financial statements - continued

## 3. Long-term equity investments - continued

## (1) Investment in subsidiaries

RMB

Investees	Balance at the beginning of the year	Increase in current year	Decrease in current year	Provision for impairment in the current year	Balance as at the end of the current year	Provision for impairment Balance as at the end of the current year
SAPO Photoelectric	1,910,247,781.94	-	-	-	1,910,247,781.94	14,415,288.09
Shenzhen Lisi Industrial Development Co., Ltd.	8,073,388.25	-	-	-	8,073,388.25	-
Shenzhen MCENTURY Garment Co., Ltd.	18,499,458.34	1,744,200.00	-	20,243,658.34	-	22,410,999.55
Shenzhen Huaqiang Hotel Co., Ltd.	15,489,351.08	-	15,489,351.08	-	-	-
Shenzhen Shenfang Property Management Co., Ltd.	1,713,186.55	-	-	-	1,713,186.55	-
Shenzhen Shenfang Sungang Property Management Co., Ltd.	5,827,623.93	-	-	-	5,827,623.93	-
Total	1,959,850,790.09	1,744,200.00	15,489,351.08	20,243,658.34	1,925,861,980.67	36,826,287.64

## (2) Investment in associates and joint ventures

RMB

Investees	Balance at the beginning of the year	Changes in the current year								Balance as at the end of the current year	Provision for impairment Balance as at the end of the current year
		Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividends or profits declared to be paid	Provision for impairment	Others		
Joint ventures											
Shenzhen Guanhua Printing and Dyeing Co., Ltd.	122,370,494.08	-	-	(10,814,606.80)	-	-	-	-	-	111,555,887.28	-
Sub-total	122,370,494.08	-	-	(10,814,606.80)	-	-	-	-	-	111,555,887.28	-
Associates											
Shenzhen Changlianfa Printing and Dyeing Co., Ltd.	3,358,117.09	-	-	260,171.67	-	-	346,150.00	-	-	3,272,138.76	-
Yehui International Co., Ltd.	1,953,409.53	-	1,805,949.58	(147,459.95)	-	-	-	-	-	-	-
Sub-total	5,311,526.62	-	1,805,949.58	112,711.72	-	-	346,150.00	-	-	3,272,138.76	-
Total	127,682,020.70	-	1,805,949.58	(10,701,895.08)	-	-	346,150.00	-	-	114,828,026.04	-

**(XVI) Notes to the main items of the parent company's financial statements - continued****4. Operating revenue and operating costs****(1) Operating revenue and operating costs**

RMB

Item	Amount for the current year		Amount for the previous year	
	Revenue	Cost	Revenue	Cost
Primary business	77,167,496.95	10,205,157.84	77,822,508.75	9,822,306.53

**(2) Income from primary business and cost of primary business by product**

RMB

Products	Amount for the current year		Amount for the previous year	
	Income from primary business	Cost of primary business	Income from primary business	Cost of primary business
Property leasing	77,167,496.95	10,205,157.84	77,822,508.75	9,822,306.53

**(3) Income from primary business and cost of primary business by region**

RMB

Region	Amount for the current year		Amount for the previous year	
	Income from primary business	Cost of primary business	Income from primary business	Cost of primary business
Domestic	77,167,496.95	10,205,157.84	77,822,508.75	9,822,306.53

**5. Investment income**

RMB

Item	Amount for the current year	Amount for the previous year
Long-term equity investment income calculated under the equity method	(10,701,895.08)	(6,898,983.89)
Income from long-term equity investments under cost method	4,700,000.00	9,989,533.92
Investment income from disposal of long-term equity investments	5,838,587.94	-
Investment income obtained during holding the financial assets held for trading	10,795,474.10	14,816,230.07
Dividend income from investments in other equity instrument during the holding period	1,445,735.85	1,393,735.85
Total	12,077,902.81	19,300,515.95

Supplementary information  
Year ended December 31, 2024

**1. Breakdown of current non-recurring profit or loss**

According to the Interpretive Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public - Non-recurring Profit or Loss (Revision 2023) (hereinafter referred to as "Interpretive Announcement No. 1") issued by the China Securities Regulatory Commission, the Group's non-recurring profit or loss for 2024 are as follows:

RMB

Item	Amount for the current year
Profit or loss from disposal of non-current assets, including the writing-off part for which the asset impairment provision is made	833,613.28
Government grants included in the current profit or loss (except for those that are closely related to the Company's normal business operations, comply with national policies and regulations, are enjoyed according to determined standards, and have a sustained impact on the Company's profit or loss)	10,454,530.12
Profit or loss from changes in fair value of financial assets and liabilities held by non-financial enterprises and profit or loss from the disposal of financial assets and financial liabilities, except for effective hedging operations related to the Company's normal business operations	(5,319,496.55)
Reversal of provision for impairment of accounts receivable subject to separate impairment test	13,927,792.63
Non-operating revenue and expenses other than the above-mentioned items	1,107,069.21
Total non-recurring profit or loss	21,003,508.69
Less: income tax effect of non-recurring profit or loss	2,998,978.10
Net amount of non-recurring profit or loss	18,004,530.59
Less: net effect of non-recurring profit or loss attributable to minority shareholders (after tax)	5,661,882.11
Non-recurring profit or loss attributable to the Company's ordinary shareholders	12,342,648.48

**2. Return on net assets and earnings per share**

This return on net assets and earnings per share table is prepared by Shenzhen Textile (Holdings) Co., Ltd. in accordance with the Rules for the Compilation and Reporting of Information Disclosure by Companies Issuing Securities in Public (No. 9) - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by the China Securities Regulatory Commission.

RMB

Profit in the reporting period	Weighted average rate of return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the COOEC	3.06	0.18	0.18
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	2.64	0.15	0.15

Shenzhen Textile (Holdings) Co., Ltd.

Board of Directors

March 28, 2025