

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

**The First Quarterly Report 2019**



**April 2019**

## 1 Important Notice

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

Other directors attending the Meeting for annual report deliberation except for the followed:

Name of director absent	Title for absent director	Reasons for absent	Attorney
Zhu Jun	Chairman	Working reason	Zhu Meizhu

Mr.Zhu Jun, Person in charge of the Company, Mr. Zhu Meizhu, Chief financial officer and the Ms. Mu Linying , the person in charge of the accounting department (the person in charge of the accounting )hereby confirm the authenticity and completeness of the financial report enclosed in this Quarterly Report .

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

## II. Basic Information of the Company

### (1) Main financial data and financial index

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

☐ Yes ☒ No

In RMB			
	This period	Same period of last year	Changes of this period over same period of last year (%)
Operating income (RMB)	592,839,958.12	221,307,388.08	167.88%
Net profit attributable to the shareholders of the listed company (RMB)	10,381,938.06	5,616,717.00	84.84%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	7,034,190.76	-4,641,384.38	251.55%
Cash flow generated by business operation, net (RMB)	23,567,172.13	-35,263,573.85	166.83%
Basic earning per share(RMB/Share)	0.0203	0.0110	84.55%
Diluted gains per share(RMB/Share)(RMB/Share)	0.0203	0.0110	84.55%
Weighted average ROE(%)	0.43%	0.23%	0.20%
	End of this period	End of last period	Changes of this period-end over same period-end of last year(%)
Gross assets (RMB)	4,504,910,782.68	4,619,203,416.79	-2.47%
Net assets attributable to the shareholders of the listed company (RMB)	2,532,932,438.75	2,373,329,991.86	6.72%

Items and amount of non-current gains and losses

☒ Applicable ☐ Not applicable

In RMB

End of this period	End of last period	Changes of this period-end over same period-end of last year(%)
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-638.80	

Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	5,552,132.00	
Other non-operating income and expenditure except for the aforementioned items	3,080.57	
Less: Amount of influence of income tax	25,005.06	
Amount of influence of minority interests (After tax)	2,181,821.41	
Total	3,347,747.30	--

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

☐ Applicable ☒ Not applicable

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

## II. Total Shareholders and Shares Held by Top Ten Shareholders at the End of the Reporting Period

## 1. About Total Common Shareholders, Total Preference Shareholders with the Voting Power Recovered and the Shares Held by Top Ten Common Shareholders

In shares

Total number of common shareholders at the period-end		35,689	Total preference shareholders with the voting power recovered at the end of the reporting period(if any)		0	
Shares held by the top 10 shareholders						
Shareholder name	Properties of shareholder	Share proportion %	Quantity	Amount of tradable shares with Conditional held	Pledging or freezing	
					Status of the shares	Quantity
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	45.78%	234,069,436	0		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.15%	16,129,032	0		
Sun Huiming	Domestic Nature person	0.63%	3,224,767	0		
Li Songqiang	Domestic Nature person	0.56%	2,873,078	0		
Zheng Junsheng	Domestic Nature person	0.36%	1,830,000	0		
Kuang Guowei	Domestic Nature person	0.28%	1,453,000	0		
Hong Fan	Domestic Nature person	0.26%	1,328,900	0		
Zhu Ye	Domestic Nature person	0.22%	1,134,145	0		
Li Zengmao	Domestic Nature person	0.22%	1,101,200	0		
Xiong Yan	Domestic Nature person	0.20%	1,000,000	0		
Shareholding of top 10 shareholders of unrestricted shares						
Name of the shareholder		Quantity of unrestricted shares held at the end of the			Share type	

	reporting period	Share type	Quantity
Shenzhen Investment Holdings Co., Ltd.	234,069,436	RMB Common shares	234,069,436
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	RMB Common shares	16,129,032
Sun Huiming	3,224,767	Foreign shares placed in domestic exchange	3,224,767
Li Songqiang	2,873,078	RMB Common shares	2,873,078
Zheng Junsheng	1,830,000	RMB Common shares	1,830,000
Kuang Guowei	1,453,000	RMB Common shares	1,453,000
Hong Fan	1,328,900	RMB Common shares	1,328,900
Zhu Ye	1,134,145	RMB Common shares	1,134,145
Li Zengmao	1,101,200	RMB Common shares	1,101,200
Xiong Yan	1,000,000	RMB Common shares	1,000,000
Related or acting-in-concert parties among shareholders above	Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holding Co., Ltd. and a person taking concerted action. Except this, the Company did not whether there is relationship between the top ten shareholders holding non-restricted negotiable shares and between the top ten shareholders holding non-restricted negotiable shares and the top 10 shareholders or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Companies.		
Explanation on shareholders participating in the margin trading business(if any )	The Company Shareholder Li Songqiang holds 2,872,653 shares of the Company through stock account with credit transaction ; The Company Shareholder Zhu Ye holds 1,031,945 shares of the Company through stock account with credit transaction .		

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

☐ Yes ☒ No

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

2.Total number of preferred shareholders and shareholding of top 10 preferred shareholders by the end of the report period

☐ Applicable ☒ Not applicable

### III Significant Events

#### I. Major changes of main accounting statement items and financial indicators in the reporting period, as well as reasons for the changes

√ Applicable □ Not applicable

1. The ending balance of Construction in process Increased by RMB 10.2946 million and 65.90% over beginning of period, Mainly because of the current investment increase in the line 7 of polarizer;
2. The ending balance of Short-term loans decreased by RMB 285.5699 million and 69.39% over beginning of period, Mainly because that the current repayment of short-term loans leads to a decrease in the balance of short-term loans;
3. Operation revenue in current period increased by RMB371.5326 million and 167.88% year on year, Mainly because that current settlement of trade transactions leads to income increases;
4. Business costs in current period increased by RMB351.4396 million and 174.49% year on year, Mainly because that current settlement of trade transactions leads to income increases;
5. Asset impairment loss in current period increased by RMB 3.2958 million and 112.40% year on year, Mainly because that withdrawing inventory falling price reserves increase;
6. Investment gains in current period decreased by RMB 12.2767 million and 94.52% year on year, Mainly because that there is no trust investment in the period, and the investment income decreases accordingly;
7. Operating income in current period increased by RMB 5.9472 million and 84.19 % year on year, Mainly because that current settlement of trade transactions affects profit of the period;
8. The net cash flows from operating activities in current period increased by RMB 58.8307 million and 166.83% year on year, Mainly because that the payment for goods has increased compared with last year;
9. The net cash flows from financing activities in current period decreased by RMB297.7814 million and 2,991.13% year on year, Mainly because that repayment of bank loans has increased compared with the same period;
10. The net cash flows from investment activities in current period decreased by RMB 413.4722 million and 96.06% year on year, Mainly because that the amount of funds recovered from matured finance products in the current period has decreased compared with the previous period.

#### II. The progress of significant events and influence, as well as the analysis and explanation on resolving proposal.

√ Applicable □ Not applicable

##### (1) Progress in Investment and Construction of Polarizer Industrialization Project (Line 7) for Ultra-Large-Size Television

During the reporting period, the project of Line 7 has completed the signing of construction contracts for extension machines, AGV, coated pressure sensors and wastewater treatment equipment, and the civil engineering construction of Line 7 began on April 18, 2019. As of March 31, 2019, the project of Line 7 has actually paid 354.307 million yuan for investment (157.627 million yuan for raising funds, 196.675 million yuan for self-owned funds and government funds).

##### (2) The termination of Shengbo Optoelectronic Company's introduction of strategic investors

The company held the Twelfth Meeting of the seventh board of directors on June 1, 2018. It considered and



adopted the Bill on Shenzhen Shengbo Photoelectric Technology Co., Ltd. to increase capital and share to introduce strategic investors. It agreed that Shengbo Photoelectric Company, a subsidiary company, would increase capital and share by adding capital and taking the results of assets assessment as the basis, and in accordance with the regulation of state-owned assets, conduct joint property rights transactions in Shenzhen. No more than five strategic investors are publicly recruited and the final strategic investors are determined through competitive negotiations. See Bulletin No. 2018-24 of Giant Tide Information Network (<http://www.cninfo.com.cn>).

During the promotion of Shengbo Photoelectric Company's introduction of strategic investors, the company actively consulted with interested investors to increase capital. However, due to the changes of domestic investment environment and financial policy, the capital of financial market tends to be tense, investors' investment decisions tend to be cautious, and the cooperation conditions of intending investors, the company continued to promote Shengbo Photoelectric Company's introduction of capital expansion. Strategic investors are faced with greater uncertainty. In view of the fact that the company has not yet reached an agreement with any interested investors on specific capital increase cooperation, and taking into account the above factors, the company held the 16th meeting of the seventh board of directors on January 29, 2019, and considered and adopted the Bill on the Subsidiary Shengbo Photoelectric Technology Co., Ltd. to terminate capital increase and share increase to introduce strategic investors. The company agreed to terminate Shengboguang, the subsidiary. The introduction of strategic investor issues in electricity capital increase and stock expansion. See Bulletin No. 2019-02 and No. 2019-03 of Juchao Information Network (<http://www.cninfo.com.cn>) for details.

(3) Matters relating to capital increase and related transactions of Shenzhen Guanhua Printing and Dyeing Co., Ltd.

In order to smooth the equity relationship between Shenzhen Guanhua Printing and Dyeing Co., Ltd. and Guanhua Building, the company and Qiaohui Industrial Co., Ltd. signed an equity transfer agreement to transfer 5.16% of the shares of Shenzhen Guanhua Printing and Dyeing Co., Ltd. and completed the equity transfer. After the transfer, the company and Qiaohui Industrial Co., Ltd. hold 50.16% and 49.84% of the shares of Shenzhen Guanhua Printing and Dyeing Co., Ltd. On February 28, 2019, in order to improve the investment obligations of the shareholders of Shenzhen Guanhua Printing and Dyeing Co., Ltd., the company and Qiaohui Industrial Co., Ltd. increased the capital of Shenzhen Guanhua Printing and Dyeing Co., Ltd. according to the proportion of 50.16% and 49.84% of the rights and interests occupied by the buildings of Guanhua Building, respectively, and the corresponding evaluation value of the buildings of Guanhua Building was 49.9351 million yuan and 49.616 million yuan. Shenzhen Guanhua Printing and Dyeing Co., Ltd. signed the Capital Increase Agreement with Qiaohui Industry Co., Ltd. and Shenzhen Guanhua Printing and Dyeing Co., Ltd. After the capital increase is completed, Shenzhen Guanhua Printing and Dyeing Co., Ltd. is an enterprise jointly controlled by the company and Qiaohui Industry Co., Ltd. See the announcement of Juchao Information Network (<http://www.cninfo.com.cn>) Co., Ltd. 2019-07. Up to the disclosure date of this report, Shenzhen Guanhua Printing and Dyeing Co., Ltd. has obtained the "Real Property Registration Certificate" of Guanhua Building, and the registration procedures for the change of shareholding rights and the increase of registered capital have been completed.

Announcement	Date of disclosure	Website for disclosure
Matters on the end of capital and share increase and introduction of strategic investors to the subsidiary SAPO Photoelectric	January 30, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No. 2019-03
Matters on the capital increase and related	March 1, 2019	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement

transactions of the joint stock company, Shenzhen Guanhua Printing & Dyeing Co., Ltd.		No.2019-07
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Progress in the implementation of share repurchase

☐ Applicable ☒ Not applicable

Progress in the implementation of the reduction of the repurchased shares by means of centralized bidding

☐ Applicable ☒ Not applicable

### III. Commitments finished in implementation by the Company, shareholders, actual controller, acquirer, directors, supervisors, senior executives or other related parties in the reporting period and commitments unfinished in implementation at the end of the reporting period

☒ Applicable ☐ Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd.	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.	August 4, 2006	Sustained and effective	Under Fulfillment
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement						
Commitments made upon issuance	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition	Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance” when the company issued non-public stocks in 2009.	October 9, 2009	Sustained and effective	Under Fulfillment

		n, related transaction and capital occupation	Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may constitute direct or indirect competition with Shenzhen Textile; if the operations of Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it compete with Shenzhen Textile in the same industry or contradict the interest of the issuer in the future, Shenzhen Investment Holdings Co., Ltd. shall urge such companies to sell the equity, assets or business to Shenzhen Textile or a third party; when the horizontal competition may occur due to the business expansion concurrently necessary for Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it and Shenzhen Textile, Shenzhen Textile shall have priority.			
	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	The commitments during the period non-public issuance in 2012: 1. Shenzhen Investment Holdings, as the controlling shareholder of Shenzhen Textile, currently hasn't the production and business activities of inter-industry competition with Shenzhen Textile or its share-holding subsidiary. 2. Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights can't be directly and indirectly on behalf of any person, company or unit to engage in the same or similar business in any districts in the future by the form of share-holding, equity participation, joint venture, cooperation, partnership, contract, lease, etc., and ensure not to use the controlling shareholder's status to damage the legitimate rights and interests of Shenzhen Textile and other shareholders, or to gain the additional benefits. 3. If there will be the situation of inter-industry	July 14, 2012	Sustained and effective	Under Fulfillment

			competition with Shenzhen Textile for Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights in the future, Shenzhen Investment Holdings will promote the related enterprises to avoid the inter-industry competition through the transfer of equity, assets, business and other ways. 4. Above commitments will be continuously effective and irrevocable during Shenzhen Investment Holdings as the controlling shareholder of Shenzhen Textile or indirectly controlling Shenzhen Textile.			
Equity incentive commitment	Shenzhen Textile(Holdings) Co., Ltd.	Other commitment	1.The company undertakes not to provide loans, loan guarantees, and any other forms of financial assistance to the incentive objects for obtaining the restricted stocks in the incentive plan; 2. The company undertakes that there is no circumstance that the stock incentive shall be prohibited as stipulated in the provisions of Article 7 of the “Measures for the Management of Stock Incentives of Listed Companies”.	November 27,2017	December 27,2021	Under Fulfillment
Other commitments made to minority shareholders						
Executed timely or not?	Yes					
If the commitments failed to complete the execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan	Not applicable					

#### IV. Prediction of Business performance for January- June 2019

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

☐ Applicable ☒ Not applicable

**V. Investment in securities**

☐ Applicable ☒ Not applicable

No securities investment in period.

**VI. Investments in derivatives**

☐ Applicable ☒ Not applicable

There is no derivative investment during the report period.

**VII. The registration form of acceptance of investigation, communication and interview in the report period for future reference**

☐ Applicable ☒ Not applicable

The Period has no research, communication and written inquiry from the investors in the report period.

**VIII. Outward Guarantee against the Regulations**

☐ Applicable ☒ Not applicable

The Company has no external guarantee get out of the line in the Period

**IX. Controlling shareholder and its related parties occupying non-business capital of the listed company**

☐ Applicable ☒ Not applicable

There are no controlling shareholder and its related parties occupying non-business capital of the listed company in Period

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

April 27,2019