

Stock code: 000045 , 200045

Stock Abbreviation: Shen Textile A , Shen Textile B

Announcement No.: 2018-47

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

**The Third Quarterly Report 2018**

## **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.

All the directors attended the board meeting for reviewing the Quarterly Report.

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 about the company

### I. Main financial data and financial index

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

☐ Yes ☒ No

	As at the end of the reporting period	As at the end of last year	Changed （%）over end of prev. year	
Gross assets （Yuan）	4,509,489,610.40	4,195,746,507.56	7.48%	
Net assets attributable to the shareholders of the listed company （Yuan）	2,413,288,148.00	2,397,474,603.79	0.66%	
	Reporting period	Increase/decrease over the same period of last year （%）	Between beginning of the year to the end of the report period	Changed （%）over end of prev. year
Operating income （Yuan）	533,270,021.40	61.11%	1,071,558,072.01	0.11%
Net profit attributable to the shareholders of the listed company （Yuan）	2,621,782.96	-86.37%	12,268,759.11	-63.59%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company （Yuan）	-7,620,712.88	-172.87%	-18,438,027.80	-398.72%
Cash flow generated by business operation, net （Yuan）	--	--	-398,788,741.04	-87.30%
Basic earning per share(Yuan/Share)	0.005	-87.50%	0.024	-63.91%
Diluted gains per share(Yuan/Share)	0.005	-87.50%	0.024	-63.91%
Weighted average income/asset ratio （%）	0.11%	-0.70%	0.51%	-0.92%

Items and amount of non-current gains and losses

☒ Applicable ☐ Not applicable

In RMB yuan

Items	Amount (Year-beginning to the end of the report period.)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-43,439.68	

Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	9,092,751.66	
Gain/loss on entrusting others with investment or asset management	40,885,414.42	
Other non-business income and expenditures other than the above	1,196,557.78	
Less :Influenced amount of income tax	48,598.77	
Influenced amount of minor shareholders' equity (after tax)	20,375,898.50	
Total	30,706,786.91	--

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

☐ Applicable ☒ Not applicable

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		36,053		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				
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.15%	16,129,032				
Fujiang Bairui	Domestic Non-	0.77%	3,954,735				

Jiayuan, Asset Management Co., Ltd. — Bairui Jiayuan Growth I Fund	State-owned Legal person					
Sun Huiming	Domestic Nature person	0.62%	3,192,767			
Li Songqiang	Domestic Nature person	0.56%	2,873,078			
Zheng Junsheng	Domestic Nature person	0.36%	1,830,000			
Kuang Guowei	Domestic Nature person	0.27%	1,387,900			
Zhu Ye	Domestic Nature person	0.22%	1,131,945			
Deng Hua	Domestic Nature person	0.21%	1,051,404			
Hong Fan	Domestic Nature person	0.20%	1,028,900			
Shareholding of top 10 shareholders of unrestricted shares						
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period			Share type		
				Share type	Quantity	
Shenzhen Investment Holdings Co., Ltd.	234,069,436			RMB Common shares	234,069,436	
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032			RMB Common shares	16,129,032	
Fujian Bairui Jiayuan, Asset Management Co., Ltd. — Bairui Jiayuan Growth I Fund	3,954,735			RMB Common shares	3,954,735	
Sun Huiming	3,192,767			Foreign shares placed in domestic exchange	3,192,767	
Li Songqiang	2,873,078			RMB Common shares	2,873,078	
Zheng Junsheng	1,830,000			RMB Common shares	1,830,000	
Kuang Guowei	1,387,900			RMB Common shares	1,387,900	

Zhu Ye	1,131,945	RMB Common shares	1,131,945
Deng Hua	1,051,404	RMB Common shares	1,051,404
Hong Fan	1,028,900	RMB Common shares	1,028,900
Explanation on shareholders participating in the margin trading business	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.		
Participation of top 10 unconditional common share shareholders in securities margin trading (if any)	The Company shareholder Fujian Bairui Jiayuan Asset Management Co., Ltd. — Bairui Jiayuan Growth I Fund holds 3,954,735 shares of the Company through stock account with credit transaction ; The Company Shareholder Li Songqiang holds 1,837,653 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 ; The Company Shareholder Deng Hua holds 1,051,404 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 closing balance of Notes receivable is RMB 138.0842 million, increased by 71.73% compared with the beginning of the year, Mainly due to the increase in the production of the No. 6 line project of the second phase of the polarizer and the increase in import and export trade business;
- 2.The closing balance of advance payment is RMB315.0868 million, increased by 2290.68% compared with the beginning of the year, Mainly due to the increase in advances in import and export trade during the period;
- 3.The closing balance of Fixed assets is RMB351.128 million, increased by 53.51% compared with the

beginning of the year, mainly due to the carry-over of fixed assets in the current phase II of the TFT-LCD polarizer;

4. The closing balance of construction in process is RMB314.2584 million, Decreased by 97.42% compared with the beginning of the year, mainly due to the carry-over of fixed assets in the current phase II of the TFT-LCD polarizer;

5. The closing balance of Other non-current assets is RMB129.2055 million, increased by 273.93% compared with the beginning of the year, Mainly due to the payment of technical service fees;

6. The closing balance of Short-term borrowing is RMB300.4261 million, increased by 338.94% compared with the beginning of the year, Mainly due to the addition of short-term bank loans;

7. The closing balance of Advance Payments is RMB20.1201 million, increased by 57.56% compared with the beginning of the year, Mainly due to the increase in advances in export trade;

8. The closing balance of Non-current liabilities due within one year is RMB40 million, decreased by 100% compared with the beginning of the year, Mainly due to the return of the loan;

9. The closing balance of Administrative expenses is RMB26.0883 million, Increased by 38.45% compared with the beginning of the year, Mainly due to the increase in research and development expenses and share payment expenses for the current period;

10. Financial expenses in current period increased by RMB16.70 million and 75.73% year on year, Mainly due to the increase in short-term borrowings in the current period, which led to an increase in interest expenses. The appreciation of the Japanese yen led to an increase in exchange losses;

11. The net cash flows from operating activities in current period decreased by RMB185.8809 million and 87.31% year on year, Mainly due to the increase in advances in trade activities;

12. The net cash flows from investment activities in current period increased by RMB27.6183 million and 158.88% year on year, Mainly due to the redemption of the entrusted financial management due in the current period;

13. The net cash flows from financing activities in current period increased by RMB252.1144 million and 13,976.67% year on year, Mainly due to the increase in short-term loans in the current period.

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

√ Applicable □ Not applicable

### **(1) Progress information about the second phase of No.6 line TFT-LCD polarizer project**

In view of the fact that the second phase project of the No.6 line project has been transferred to the fixed asset and entered the mass production stage, the project invested by the raised funds has been basically finished, so the company will deposit the RMB 134,717,200 from the left raised funds into the original specific account for raised funds for the subsequent expenditures of No.6 Line project, and use the rest left RMB 403.0727 million (The specific amount is subject to the bank's settlement on the day the funds are transferred) of the raised funds for the ultra-large-size TV polarizer industrialization project (Line 7). The above matter have been reviewed and approved by the Company's second provisional shareholders' meeting of 2018. For details, please refer to the Company's announcements of No. 2018-34 and No. 2018-41.

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

On November 16, 2017, the company's controlling subsidiary Shengbo Optoelectronic Co., Ltd signed the *Changxing Junying Equity Investment Partnership (Limited Partnership) Agreement* with the fund manager Huizhi Investment Management Co., Ltd, general partner Jinxin Investment Co., Ltd and other limited partners,

and co-sponsored the establishment of an industrial fund, focusing on the optical film industry chain related projects related to the company's main business, with a fund size of RMB 50 million. Shengbo Optoelectronic Co., Ltd, as one of the limited partners of the industrial fund, subscribed for a capital contribution of RMB 28.5 million .For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2017--55).

On February 10, 2018, Changxing Junying had accumulated 3 investment projects with a total investment of RMB 42 million.

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

### (III)Progress in construction of Guanhua Building

During the reporting period, the Company has completed the open-tender rental scheme of Guanhua Building and is currently promoting the open-tender rental work of Guanhua Building. Meanwhile, the completion and settlement work of the Guanhua Building has been sped up, as well as the real estate license has been handled more quickly.

### (IV) Progress of Nitto Denko's Technical Cooperation Contract

In order to introduce the world's leading Japanese polarizer company technology, we will build a wide-width polarizer production line project for TFT-LCD with a width of 2,500mm. Shengbo Optoelectronic will introduce the East Japan with Jinjiang Group and Kunshan Chi Mei on November 6, 2017. The related matters of the 2,500mm polarizer production line technology of the electrician and Nitto Denko signed the "Technical Cooperation Contract". For details, please refer to <http://www.cninfo.com.cn> "About Subsidiary Signing the Announcement of Technical Cooperation Contracts (2017-53)". In the normal implementation of the Technical Cooperation Contract, the company has communicated with Nitto Denko on the schedule, plant planning and design, equipment specification parameters of the No. 7 line project. The company originally disclosed that it intends to cooperate with professional investment institutions, initiated by Jinjiang Group, and Shengbo Optoelectronic participated in the establishment of the polarizer industry fund, and the "project company" established by the fund and Shengbo Optoelectronic Co., Ltd as the main construction investment construction No. 7 line project. After the establishment of the "project company", the company will inherit the responsibility of Shengbo Optoelectronic Co., Ltd in the Technical Cooperation Contract and pay the relevant technology licensing fees. Currently, due to the immaturity of the establishment of the industrial fund, the company will use other financing methods to invest the construction of Line 7 project, it also will not establish a "project company" as the main body of construction. At present, the "Technical Cooperation Contract" is in normal performance.

### (V)Progress in construction of No. 7 line project

As of the date of disclosure of this report, The No.7 Line project prepared to construct by the Company, namely the ultra-large-size TV polarizer industrialization project (Line 7), has been reviewed and approved at the 13th meeting of the 7th Board of Directors and at the 2nd Provisional General Meeting of 2018. For details, please refer to the Company's announcements of No. 2018-33 and No. 2018-41. The company has been actively carrying out the work including the planning and applying-for-construction of the No. 7 line project, the bidding procurement of the host equipment and the environmental impact assessment approval of the project.

### (VI) Progress of the company's capital increase and share expansion to introduce strategic investors

On June 1, 2018, the company held the twelfth meeting of the seventh board of directors, in which the "Proposal

about via capital increase and share-expanding to introduce strategic investors by the Company's Subsidiary-Shenzhen Shengbo Optoelectronic Technology Co., Ltd." was reviewed and approved, and agreed that the subsidiary Shengbo Optoelectronic Co., Ltd. can publicly solicit no more than 5 strategic investors on the Shenzhen United Assets and Equity Exchange according to the regulations on state-owned assets and based on the assets appraisal results recorded, and upon that finalize the strategic investors via competitive negotiations. At present, the company is communicating with the state-owned assets management department and some potential investors. Yet, there is still some uncertainty in this matter, and investors are advised to pay attention to the investment risks. The company will further fulfill the corresponding review procedures and information disclosure obligations according to the progress of the matter.

### 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

The company has no commitments completed in period and those without completed till end of the period from actual controller, shareholders, related parties, purchaser and companies.

### IV. Anticipation of Business Performance of 2018

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or comparing with the same period of last year, and statement of causations.

☐ Applicable ☒ Not applicable

### V. Investment in securities

☐ Applicable ☒ Not applicable

No securities investment in period.

### VI. Entrusted Financial Management

☒ Applicable ☐ Not applicable

Unit :Ten thousand yuan

Type	Source	Amount	Unexpired balance	Overdue amount
Bank financing product	Self fund	8,000	0	0
Trust financing product	Self fund	80,000	60,000	0
Bank financing product	Raise funds	50,000	0	0
Total		138,000	60,000	0

Specific Circumstance of Trust Investment which is Large in single amount, low insecurity, poor in liquidity or unguaranteed in high risk

☒ Applicable ☐ Not applicable

Unit :Ten thousand yuan

Name of	Type of Trustee	Product Type	Amount	Capital Source	Start Date	Expiry Date	Funds Allocation	Method of	Reference	Expected	Actual profit	The actual recovery of	Amount of	Whether	Whether there	Summary of
---------	-----------------	--------------	--------	----------------	------------	-------------	------------------	-----------	-----------	----------	---------------	------------------------	-----------	---------	---------------	------------

Trustee Organiz ation (or Trustee Name)	Organiz ation (or Trustee)						on	Reward Determi nation	Annuali zed Rate of Return	Income (if any)	and loss during the reportin g period	profit and loss during the reporting period	provi sion for impair ment (if any)	passed the statut ory proce dure	is any entruste d financia l plan in the future	events and related search index (if any)
Wanxi ang Trust Co., Ltd.	Trust	Designat ed Use Business Manage ment Funding Trust	40,000	Self fund	Januar y 13,201 8	Dece mber 28,201 8	Trust financia l product s	Quarte rly interes t balanc e	7.50%	2,860. 27		Unexpired		Yes	Not applic able	<a href="http://www.cninfo.com.cn:">Http:// www.c ninfo.c om.cn:</a> (Annou ncemen t No. 2018-0 4)
Wanxi ang Trust Co., Ltd.	Trust	Designat ed Use Business Manage ment Funding Trust	40,000	Self fund	Februa ry 17,201 7	Dece mber 16,201 8	Trust financia l product s	Quarte rly interes t balanc e	7.50%	5,058. 33	2,242. 41	Redempti on part of the Trust,200 million yuan ,and recovery 22.42 million as the profit		Yes	Not applic able	<a href="http://www.cninfo.com.cn:">Http:// www.c ninfo.c om.cn:</a> (Annou ncemen t No. 2017-2 6)
Total			80,000	--	--	--	--	--	--	7,918. 6	2,242. 41	--	0	--	--	--

Entrusted financing appears to be unable to recover the principal or there may be other circumstances that may result in impairment

☐ Applicable ☒ Not applicable

#### VII. Investment in derivatives

☐ Applicable ☒ Not applicable

There is no derivative investment during the report period.

#### VIII. 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.

**IX. External guarantee get out of line**

☐ Applicable ☒ Not applicable

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

**X. 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 Director of Board of Shenzhen Textile (Holdings) Co., Ltd.

October 30, 2018