

Summary of 2024 Annual Report of Shenzhen Textile (Holdings) Co., Ltd.

I. Important notes

The summary is abstract from full-text of annual report, for more details information , investors should found in the full-text of annual report that published on website of Shenzhen Stock Exchange and other website appointed by CSRC.

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

Non-standard auditor's opinion

Applicable Not applicable

Preliminary plan for profit distribution to the common shareholders or turning the capital reserve into the share capital for the reporting period, which has been reviewed and approved at the board meeting

Applicable Not applicable

The Company has plan of Converting provident fund to share capital .

Applicable Not applicable

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.

The profit distribution plan for preferred stocks for the reporting period passed by the board of directors

Applicable Not applicable

II. Basic information about the company

1. Company profile

Stock abbreviation	Shen Textile A, Shen Textile B	Stock code	000045, 200045
Stock exchange for listing	Shenzhen Stock Exchange		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Jiang Peng	Li Zhenyu	
Office Address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen	
Fax	0755-83776139	0755-83776139	
Tel	0755-83776043	0755-83776043	
E-mail	jiangp@chinasthc.com	lizy@chinasthc.com	

2. Brief introduction to the main business or products in the reporting period

(1) 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.

(2) 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

(3) Industry information of the Company 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.

(4) Industry competition pattern

Polarizer industry is a highly concentrated industry. Currently, there are about 10 major polarizer manufacturers worldwide, mainly in mainland China, Japan, South Korea and Taiwan Province of China. With the transfer of production capacity and the expansion of Chinese mainland manufacturers, mainland China has become the largest polarizer production base in the world. According to Omdia data, by the end of 2023, the global share of Chinese Mainland's polarizer capacity scale is about 54.91%. It is estimated that by 2027, the share of Chinese Mainland's polarizer capacity scale will further increase to 69.66%. In the competition of ultra wide polarizer production line brought about by the rapid growth of demand for 65 inch and above large-size display products, Chinese Mainland is in the forefront of the industry. According to Omdia data, by the end of 2023, there are 12 ultra wide production lines with a length of 2.3 meters or more in the world, of which 11 have been built in Chinese Mainland. Polarizer enterprises with good production and operation capacity of ultra wide production lines will occupy a favorable position in the market competition.

(5) 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.

3. Major accounting data and financial indicators

(1) Major accounting data and financial indicators for the last three years

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

Retroactive adjustment or restatement of causes

Accounting policy change and Correction of accounting errors

In RMB

	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
	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 shareholders of the listed company (RMB)	89,371,134.24	79,268,250.45	12.75%	73,309,182.94
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%

(2) Main Financial Index by Quarters

In 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 non-recurring profit or loss	16,974,425.78	18,283,331.01	34,873,170.40	6,897,558.57
Net cash flows from operating activities	31,638,249.21	-19,803,399.27	155,500,217.20	63,929,457.95

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

Yes No

4. Share capital and shareholders

(1) Number of holders of ordinary shares and preference shares with restored voting right and Top 10 shareholders

In shares

Total number of common shareholders at the end of the reporting period	33,622	Total shareholders at the end of the month from the date of disclosing the annual report	32,264	The total number of preferred shareholders voting rights restored at period-end(if any)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report(if any)	0
Shareholdings of top 10 shareholders							
Shareholders	Nature of shareholder	Proportion of shares held(%)	Number of shares held at period -end	Amount of restricted shares held	Number of share pledged/frozen		
					State of share	Amount	
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	46.21%	234,069,436		Not applicable	0	
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned legal person	3.18%	16,129,032		Not applicable	0	
Sun Huiming	Domestic natural person	1.60%	8,088,853		Not applicable	0	
Su Weipeng	Domestic natural person	0.71%	3,580,000		Pledged	3,000,000	
Chen Xiaobao	Domestic natural person	0.66%	3,328,620		Not applicable	0	
Li Zengmao	Domestic natural person	0.61%	3,077,997		Not applicable	0	
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas legal person	0.50%	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		Not applicable	0
Sun Wenbo	Domestic natural person	0.39%	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		Not applicable	0
Related or acting-in-concert parties among shareholders above	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 on shareholders participating in the margin trading business(if any)	None					

Lending of shares by the top ten shareholders participating in refinancing business

Applicable Not applicable

The top ten shareholders have changed from the previous period

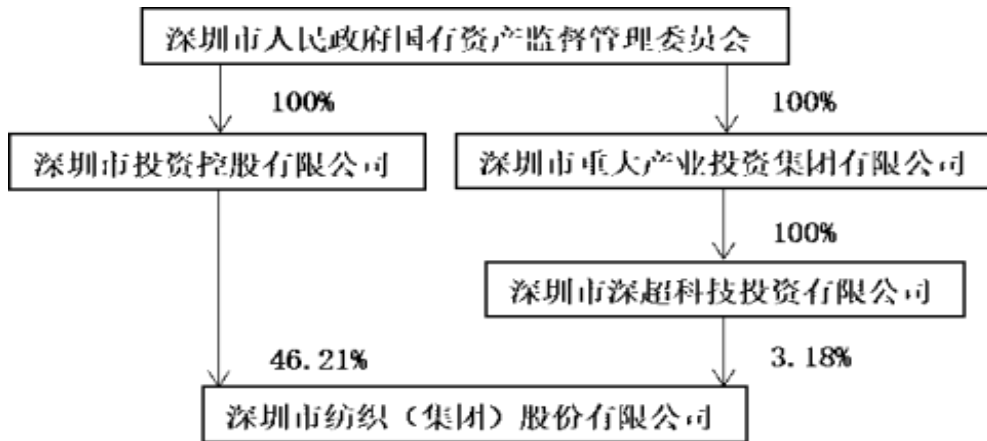
Applicable Not applicable

(2) Number of the preference shareholders and the shareholdings of the top 10 of them

Applicable Not applicable

No preference shareholders in the reporting period

(3) Relationship between the Company and its actual controller in the form of diagram



5. Corporation bonds

Applicable Not applicable

III. Significant events

(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.

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

March 28, 2024