Stock code: 000045，200045 Stock Abbreviation: Shen Textile A ，Shen Textile B Announcement No.: 2018-39

Shenzhen Textile (Holding) Co., Ltd.

Summary of the Semi-Annual Report 2018

I. Important notes

The summary is abstract from full-text of summary of the semi-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.

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 no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Preliminary plan for profit distribution to the preference shareholders for the reporting period which has been reviewed and approved at the board meeting

□ 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	
Tel	0755-83776043	0755-83776043	
E-mail	jiangp@chinasthc.com	lizy@chinasthc.com	

2. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate the accounting data of previous years due to changes in the accounting policy or corrections of accounting errors?

□Yes √ No

	Reporting period	Same period of last year	YoY+/-（%）

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Operating income（RMB）	538,288,050.61	739,337,756.87	-27.19%
Net profit attributable to the shareholders of the listed company（RMB）	9,646,976.15	14,457,841.63	-33.28%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company（RMB）	-10,817,314.92	-4,286,186.35	-152.38%
Cash flow generated by business operation, net（RMB）	-128,850,889.44	-98,176,400.94	-31.24%
Basic earning per share (RMB/Share)	0.02	0.03	-33.33%
Diluted gains per share(RMB/Share)(RMB/Share)	0.02	0.03	-33.33%
Weighted average ROE(%)	0.40%	0.61%	-0.21%
	As at the end of the reporting period	As at the end of last year	YoY+/-（%）
Total assets（RMB）	4,299,888,118.25	4,195,746,507.56	2.48%
Net assets attributable to shareholder of listed company（RMB）	2,410,183,006.27	2,397,474,603.79	0.53%

3.Shareholders and shareholding

In Shares

Total Number of common shareholders at the end of the reporting period	36,545	Number of shareholders of preferred stocks of which voting rights recovered in the report period (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 or share pledged/frozen	
					State of share	Amount
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		
Fujiang Bairui Jiayuan, Asset Management Co., Ltd.－Bairui Jiayuan Growth I Fund	Domestic non State-owned Legal person	0.77%	3,954,735	0		
Sun Huiming	Domestic Nature person	0.62%	3,192,767	0		
Li Songqiang	Domestic Nature person	0.55%	2,833,078	0		
Zheng Junsheng	Domestic Nature person	0.36%	1,830,000	0		
Liu Dongxia	Domestic Nature person	0.30%	1,544,800	0		
Zhu Ye	Domestic Nature person	0.22%	1,131,945	0		
Deng Hua	Domestic Nature person	0.21%	1,051,404	0		
Hong Fan	Domestic Nature person	0.20%	1,028,900	0		
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				

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	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 Fujiang 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 Liu Dongxia holds 1,544,800 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.

4.Changing of controlling shareholder and practical controller of the Company.

Change of holding shareholder
□ Applicable √ Not applicable
No change of holding shareholder in the report period.
Change of substantial controller
□ Applicable √ Not applicable
No change of substantial controller in the report period.

5.Number of preference shareholders and shareholdings of top 10 of them

□ Applicable √ Not applicable
No preference shareholders in the reporting period

6.Corporate bonds

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this report or were due but could not be redeemed in full?
No

III. Performance discussion & analysis

1．Performance Review for Reporting period

Is the company subject to any disclosure requirements for special industries?

No

In the first half of 2018, the company has continued to deepen the practice of diversified ownership reform, actively promoted the construction of ultra-wide production line for polarizer and the acquisition and integration of optical film industry chain. In the reporting period, it has completed project initiation for investment in the construction of polarizer industrialization project for ultra-large-size TVs (line 7), feasibility study and argument and expert review of the project, and initiated the reintroduction of strategic investors of subsidiary SAPO photoelectric; Second, the company has actively adjusted the production management strategy of polarizer, optimized product structure, and accelerated technological transformation. During the reporting period, the company has completed technical transformation and commissioning of Phase II project of polarizer for TFT-LCD on line 6, has now entered the mass production stage, and the operation quality of the polarizer supplier has been effectively improved. Third, the company has active promoted property renovation and upgrading projects to make property leasing rising stably; Fourth, the company has adjusted and optimized the customer structure to make order growing steadily, which has greatly changed the difficulties of textile and garment operations.

During the reporting period, the Company realized the operating income of RMB 538.2881 million,

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representing an decrease of RMB201.0497 million or 27.19% over the same period of last year; the total profit was RMB 9.88 million, representing an decrease of RMB 10.3994 million or 51.28% over the same period last year; the net profits was RMB 9.647 million, representing an decrease of RMB 4.8109 million or 33.28% over the same period last year.

During the reporting period, the company has been operated under normal operating condition. The reason for decreased net profit attributable to shareholders of listed companies compared with the same period of the previous year include: First, the research and development expenses during the reporting period had increased compared with the same period of last year. Second, the trade has a decline in business which is compared with the same period last year. Third, the adjustment of TN/STN production line had led to a decline in production and sales.

Reviewing the first half of 2018, the company focused on the key work, with contents as follows:

(I) Comprehensively improving the operation and R&D capabilities of polarizer business

During the reporting period, the company has improved the speed and quality in the production line while reducing consumption to improve production level and follow up substitution and introduction of various products to reduce production cost by emphasizing to improve management efficiency and improving economic efficiency as the foothold. Second, the company has continued to maintain cooperation with existing customers while strengthening quality management to gain sales share, and attach great importance to the supply of existing customers to ensure stable sales; Third, the company has improved awareness of quality management, focusing on after-sales service. Through keeping track of after-sales situation, the company has maintained business cooperation relationship to reduce product return and exchange rate. As the company has maintained relatively stable production and operation for polarizer, the polarizer business as a whole has a great development potential.

At the same time, the company has devoted greater effort to independent research and development and innovation. During the reporting period, the company has applied for one patent and obtained two authorizations, including one domestic invention patent and one authorization; one domestic utility model authorization. The two national standards “Determination of Optical Compensation Value for Polarizer” and “Test Methods for Adhesion of Optical Film Coating for Polarizer” developed by the company have been officially implemented. The company has conducted R&D and industrialization of key production technology of polarizer for LCDs and development and industrialization of new polarizer for OLEDs as well as nationalism study of raw materials for polarizer production on the two technology platforms of “Shenzhen Polarizing Materials and Technology Engineering Laboratory” and “Municipal Research and Development Center”. In addition, the company has actively expanded investment in research and development, horizontally explored the innovative development of mature products, enhancing the sustainable development of the company.

(II) Completing the construction of project on line 6 as planned

In view of the fact that the price of 32-inch products in the polarizer market declined to some extent at the end of 2017, in order to adjust the product structure and better undertake the business of ultra-large-size polarizer products with higher profits, the company launched the optimization and upgrade of host equipment in second-phase of project on line 6 at the end of 2017. As of June 30, 2018, the construction of project on line 6 has transferred to fixed asset, which has met the condition of mass production.

(III) Actively promoting the construction of project on line 7

During the reporting period, the company has completed the project initiation in the construction of polarizer industrialization project for ultra-large-size TVs (line 7), feasibility study and expert review. The company is actively carrying out preparatory work such as plant planning, equipment selection, and negotiation on technical assistance agreement with Nitto of the project on line 7, and the project still has corresponding review procedures to be performed.

(IV) Subsidiaries initiate capital increase and share expansion to introduce strategic investors

During the reporting period, in order to further optimize the equity structure of the holding subsidiary SAPO photoelectric, give full play to the advantages of the system mechanism of diversified ownership, improve the acquisition and integration of the optical film industry chain, and seize the good market opportunities to achieve the aim of making optical film business including polarizer bigger and stronger, the company plans to planned to increase capital and expand shares of SAPO photoelectric after introduction of Jinjiang Group as strategic investor in 2016, to attract other strategic investors. The company will further implement the corresponding review procedures according to the progress of the matter and information disclosure obligation.

(V) Tapping potentials of property enterprises to increase efficiency to achieve steady development

During the reporting period, first, the company has strengthened the management standards of property enterprises and actively promoted the fire rectification in the first half of the year. Second, the underground business district of Huaqiang North region has gradually matured through combination with the positive response to market demand and changes. The renovation of the external wall has created favorable conditions for the

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continuous improvement of the property management efficiency; Third, potential of property and hotels has been tapped to increase efficiency by emphasizing the safety management, overcoming the marketing difficulties to improve the quality of property services, and explore new growth points of the company's property income.

(VI) Optimizing product structure of textile business to effectively improve operational capability

During the reporting period, the textile business has suffered from significant losses. Through the introduction of high-end customers, the company has controlled production capacity in a targeted manner by enhancing marketing to drive production, to make order volume reach saturation, and to make product structure more reasonable; At the same time, the company has continued to follow up the competitors to understand their dynamics, coordinated and met customer needs, and optimized sales strategies to improve profitability.

(VII) Always guaranteeing safety production and maintaining the company's harmony and stability

During the reporting period, the company has identified 68 safety hazards by checking the safety production of its subsidiaries in accordance with the plan, which have basically been solved. In addition, the company has inspected the previous year's unresolved hidden dangers to give effective control, and developed specific measures and programs to be filed for the company's security committee. The company has set out to strengthen the monitoring mechanism of hidden danger points and hazard sources, intensified the self-inspection of safety production, and allocated the responsibility of the hidden danger points and danger sources discovered through self-inspection to specific personnel in specific time limit to make reasonable inspection, documentation, rectification and acceptance in order. If the rectification is completed in time, close-loop process is formed.

(VIII) Strengthening party building and innovating corporate culture

During the reporting period, the company has earnestly carried out party building. Under the leadership of the party committee at the higher level, first, the company's party committee has studied the spirit of the 19th CPC National Congress thoroughly and actively carried out the construction of normalization and institutionalization of learning and education proposed in "Two Studies, and One Action". Second, the party committee has earnestly implemented the "two responsibilities" of promoting ethical party and government, which has created a clean and positive atmosphere for enterprise development; Third, the committee has strengthened the ideological construction, organizational construction, leadership team building, system construction and work style construction at the grassroots level, and strengthened accountability to provide strong political and organizational guarantee for the company's deepening reform; Fourth, the committee has actively played the role of the party branch, youth league branch, and the trade unions by strengthening the construction of party branch and youth league branch to promote the role of party members and league members as a model and by taking trade union activities as a link to promote corporate culture construction and improve corporate cohesion.

2.Maters related to financial report

(1) Reason for changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year

□ Applicable √ Not applicable

No such cases in the reporting period.

(2) Reason for retrospective restatement to correct major accounting errors during the reporting period

□ Applicable √ Not applicable

No such cases in the reporting period.

(3) Reason for changes in scope of the consolidated financial statements as compared to the financial report for the prior year

□ Applicable √ Not applicable

No such cases in the reporting period.

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

August 29, 2018

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