

Stock code: 000045,200045

Stock Abbreviation: Shen Textile A, Shen Textile B

Announcement No. :2024-11

Summary of 2023 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.

All directors personally attended the Board meeting at which the Annual Report was considered.

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 company's profit distribution plan approved by the board of directors this time is: based on 506,521,849 shares, a cash dividend of 0.65 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 shares (tax included) will be given as bonus shares. The capital reserve will not be converted 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) The company's main business

The company's main business covered such the high and new technology industry as represented by LCD polarizer, its own property management business and the retained business of high-end textile and garment.

During the reporting period, the Company's main business has not changed significantly.

First, the Company actively adjusts the product structure, implements the product differentiation strategy, further optimizes the product structure, increases the proportion of large-size products, increases the market share of high-value products, implements the policy of "ensuring utilization" and seizes market share; Second, it carries out lean management in depth, continuously strengthens efficiency improvement, significantly reduces production line switching time, reduces production costs and strengthens production management by unifying production technology, to continuously reduce the loss rate of main raw materials, and increase the product yield rate to a higher level in the industry; Third, it strengthens the guidance of innovation, accelerates the construction of a market-oriented and professional R&D management system, focuses on key technologies and product research, completes the process optimization and upgrading of No.4 wide production line, realizes the mass production delivery of 55-inch and 65-inch high-transmittance OLED TV polarizers, and completes the development of high alkali-resistant fixed-curvature OLED mobile phone polarizers; Fourth, it actively promotes the elimination of enterprises with "non-main business assets non-dominant business assets, inefficient assets and ineffective assets", steadily promotes the survival of the fittest, promotes the concentration of resources from non-main business to main business, and improves the efficiency of resource allocation; Fifth, it strengthens supervision and management, well ensures work safety, formulates safety management system, strengthens safety training and education, carries out safety risk management and control, investigates and rectifies hidden dangers, consolidates weak links and prevents accidents; Sixth, it continues to well ensure the lease of its own property, improves service quality, and carries out the improvement of textile business operation; Seventh, it promotes major asset restructuring, and actively promotes the audit, evaluation, due diligence and other work involved in this transaction with relevant parties.

(2) Main products and their purposes

Currently, the Company has 7 mass production lines for polarizers, covering TN, STN, TFT, OLED, 3D, dye sheet, optical film for touch screen and other fields, mainly used in TV, NB, navigator, Monitor, vehicle, industrial control, instruments, smart phones, wearable devices, 3D glasses, sunglasses and other products, the company has become a mainstream panel company such as Huaxing Optoelectronics, BOE, Sharp, LGD, Shenzhen Tianma, Huike, etc. by continuously strengthening sales channel expansion and building its own brand. Qualified suppliers.

The Company's main products made in each polarizer production line and their application are as follows:

Line	Place	Product breadth	Planned capacity	Main project
Line 1	Pingshan	500mm	600, 000 m ²	TN/STN/ Dye sheet
Line 2	Pingshan	500mm	1.2 million m ²	TN/STN/CSTN
Line 3	Pingshan	650mm	1 million m ²	TFT
Line 4	Pingshan	1490mm	6 million m ²	TFT/OLED
Line 5	Pingshan	650mm	2 millin m ²	TFT/OLED
Line 6	Pingshan	1490mm	10 million m ²	TFT/OLED
Line 7	Pingshan	2500mm	32 millin m ²	TFT/OLED

(3) Industry information of the Company during the reporting period

Polarizers are also known as polaroid, which can control the polarization direction of specific light beams. When natural light passes through the polarizer, the light whose vibration direction is perpendicular to the transmission axis of the polarizer will be absorbed, leaving only polarized light whose vibration direction is parallel to the transmission axis of the polarizer. The downstream polarizer is mainly used in the panel industry. According to different panel types, polarizers mainly include TN, STN, TFT and OLED. Currently, the global polarizer market is dominated by polarizers for TFT-LCD panels. Each LCD panel requires two polarizers.

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 for display panels, the demand for polarizers is directly affected by the fluctuations in the display panel market. In recent years, with the accelerated transfer of the global display panel industry to Chinese Mainland, China's polarizer industry has ushered in a stage of rapid development. The capacity scale and process technology level of domestic polarizer manufacturers have continued to rise. The status and influence of China's polarizer industry in the global market have significantly improved, and Chinese Mainland has become the world's largest polarizer production base.

The company is one of the main domestic polarizer research and development, production, and sales enterprises. It is a pioneer in the polarizer industry in China and has now developed into a leading enterprise in the domestic polarizer industry, becoming an important supplier of mainstream panel enterprises worldwide. In 2023, affected by the severe and complex global economic and political situation, global demand for display panels and terminal markets has slowly recovered. However, polarizer companies still face significant operational pressures such as intensified market competition, declining sales prices, and rising raw material costs.

(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 company products

The company is one of the main polarization film research and development, production, and sales enterprises in China. It began to engage in polarization film business in 1995 and achieved mass production of the first polarization film in China in 1998. It is a pioneer in the polarization film industry in China and has now mastered the core technology of TN/STN, TFT-LCD, OLED display polarization film research and production. It is one of the few polarization film manufacturers in China with the ability to produce a full range of large, medium, and small size polarization film products. It is the first to achieve mass production of polarization films for OLED TVs and OLED phones, filling the domestic gap.

The company mainly produces polarizing film products for medium and large-sized TFT-LCD. The company's Line 7 is one of the few 2500mm ultra wide polarizing film production lines in the world, which can meet the needs of higher generation panel production lines such as the 8.5/8.6/10.5/11 generation globally. Especially matching the 10.5/11 generation line has the best economic production efficiency, and has industry-leading advantages in the technical level and production capacity of 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

	End of 2023	End of 2022	Changed over last year (%)	End of 2021
Gross assets (Yuan)	5,649,822,363.44	5,617,137,367.90	0.58%	5,563,539,326.16
Net assets attributable to shareholders of the listed company (Yuan)	2,882,152,266.22	2,849,264,555.21	1.15%	2,811,366,974.46
	2023	2022	Changes of this period over same period of Last year(%)	2021
Operating income (Yuan)	3,079,678,375.45	2,837,988,264.36	8.52%	2,330,061,681.00
Net profit attributable to the shareholders of the listed company (Yuan)	79,268,250.45	73,309,182.94	8.13%	55,733,468.82
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	62,328,667.73	61,951,894.68	0.61%	41,288,192.98
Cash flow generated by business operation, net (Yuan)	184,766,739.80	490,238,550.60	-62.31%	-4,436,980.35
Basic earning per share(Yuan/Share)	0.16	0.14	14.29%	0.11
Diluted gains per share(Yuan/Share)	0.16	0.14	14.29%	0.11
Weighted average ROE(%)	2.77%	2.59%	0.18%	2.00%

(2) Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	679,306,013.14	810,789,656.41	827,289,643.21	762,293,062.69

Net profit attributable to the shareholders of the listed company	13, 108, 613. 21	23, 198, 549. 76	30, 277, 434. 06	12, 683, 653. 42
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	7, 600, 013. 36	16, 086, 591. 17	28, 366, 690. 84	10, 275, 372. 36
Net Cash flow generated by business operation	2, 240, 056. 33	12, 162, 917. 27	50, 337, 535. 36	120, 026, 230. 84

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	26,709	Total shareholders at the end of the month from the date of disclosing the annual report	26, 787	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				
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032				
Sun Huiming	Domestic Nature person	1.26%	6,399,653				
Su Weipeng	Domestic Nature person	0.71%	3,580,000		Pledge	2,800,000	
China Construction Bank Co., Ltd—Xinao new energy industry equity securities investment fund	Other	0.60%	3,049,784				
Chen Zhaoyao	Domestic Nature person	0.60%	3,035,100				
Chen Xiaobao	Domestic Nature person	0.59%	3,002,384				
Li Zengmao	Domestic Nature person	0.56%	2,831,397				
Peng Xun	Domestic Nature person	0.38%	1,920,500				
HKSCC	Overseas Legal person	0.36%	1,843,603				
Related or acting-in-concert parties among shareholders above	Among the top 10 common shareholders, Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shenchao Technology Investment Co., Ltd. do not constitute a concerted party relationship. In addition, the company does not know whether there is an associated relationship among the top 10 ordinary shareholders, and between the top 10 ordinary shareholders 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 Company.						
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

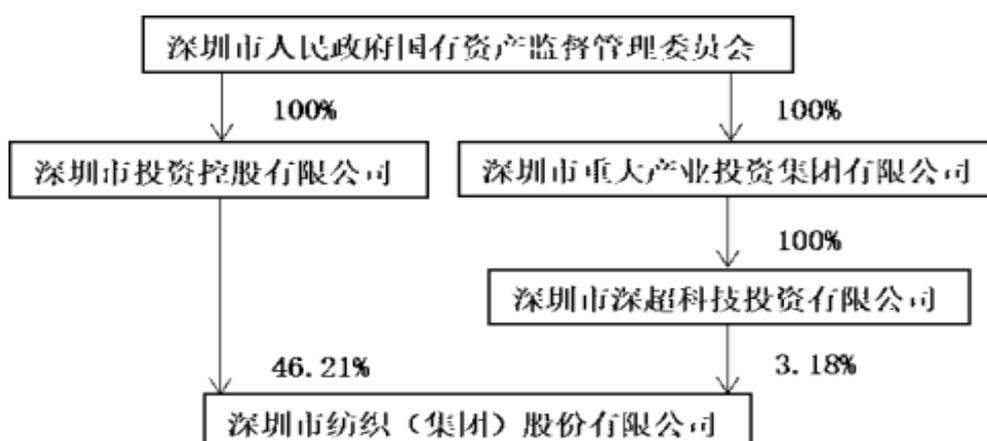
In Shares

Changes of the top ten shareholders compared with the end of the previous period					
Name of shareholder (full name)	Addition/Withdrawal in this reporting period	Number of shares lent by refinancing at the end of the period and not yet returned		Number of shares held by shareholders in general accounts and credit accounts and lent by refinancing at the end of the period and not yet returned	
		Total quantity	Proportion of total share capital	Total quantity	Proportion of total share capital
HKSCC	Newly increased	0	0.00%	1,843,603	0.36%
Zhangzhou Xiaotian Venture Investment Co., Ltd.	Left	0	0.00%	0	0.00%

(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**(I) Issue shares to purchase assets and raise supporting funds**

According to the relevant regulations of Shenzhen Stock Exchange, upon the application of the company, the shares of the company were suspended from trading on the morning of December 19, 2022. On December 30, 2022, the company held the nineteenth meeting of the Eighth Board of Directors and the thirteenth meeting of the Eighth Board of Supervisors, and deliberated and passed the Proposal on the "Plan for Shenzhen Textile (Group) Co., Ltd. to Issue Shares, Pay Cash to Purchase Assets and Raise Matching Funds and Related Party Transactions" and Its Summary and other proposals related to this transaction. The Company intends to purchase 100% equity of Hengmei Optoelectronics Co., Ltd. by issuing shares and paying cash, and at the same time, it plans to raise matching funds from non-public offering of shares to no more than 35 qualified specific targets (hereinafter referred to as "this transaction"). The company's shares resumed trading on the morning of January 3, 2023.

On June 28, 2023, due to the upcoming expiration of the validity period of the financial data of the target company in this transaction, the intermediary agency planned to conduct additional audit and supplementary due

diligence, and the Company still needs to communicate with the counterparty to negotiate the details of the transaction, so the Company could not disclose the draft restructuring report within six months and issue a notice on the convening of General Meeting of Shareholders. After the parties to the transaction reached an agreement through consultation, the Company continued to promote the transaction, and disclosed a special explanation announcement according to relevant requirements. For details, please refer to Announcement No.2023-29 of the Company on CNINF (<http://www.cninfo.com.cn>).

Due to the changes in the shareholders and shareholding ratio of the target company Hengmei Optoelectronics during the reorganization, it is necessary to adjust the counterparty of this restructuring and the transaction plan according to the requirements of the relevant rules of the registration system. On November 17, 2023, the Company reconvened the meeting of the Board of Directors to review and approve the revised draft of this transaction plan, and adjusted the pricing base date, issue price and counterparty of this transaction plan. At present, while intermediaries continue to promote the overtime audit, evaluation and supplementary due diligence of the target company, the Company further negotiates the transaction details with the counterparty to consolidate the restructuring transaction plan. After the transaction plan is determined and the state-owned assets examination and approval procedures are fulfilled, the Company will convene the meeting of the Board of Directors again to consider matters related to this transaction.

This restructuring is the adjustment and optimization of the Company's main polarizer business in the face of the rapidly developing new display industry environment. Through the integration of high-quality resources in the same industry and the realization of large-scale development, the restructuring will help the Company to optimize the industrial chain layout in the polarizer industry, deepen the depth of technical reserves, enhance its core competitiveness, enhance its overall profitability, give full play to the synergistic effect, and help it become a bigger and stronger listed company.

(2) Disposal of assets of the joint venture company Shenzhen Xieli

Shenzhen Xieli Automobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli") is a Sino foreign joint venture established by the company and Hong Kong Xieli Maintenance Company in 1981, with a registered capital of 3.12 million yuan. The company holds 50% of the equity. The company's operating period ended in 2008 and its business license was revoked in 2014. The company's main assets are real estate. In March 2020, Shenzhen Xieli Industrial and Commercial Co., Ltd. has been cancelled, but there are still three properties under its name that need to be resolved through further negotiation between the shareholders of both parties.

On July 26, 2021, the Company filed a complaint with the People's Court of Yantian District, Shenzhen City, Guangdong Province to revoke the approval of cancellation of Shenzhen Xieli Automobile Enterprise Co., Ltd by the Shenzhen Market Supervision and Administration Bureau. In November 2021, the court ruled to revoke the aforementioned approval of cancellation. Hong Kong Xieli Maintenance Company and Shenzhen Market Supervision and Administration Bureau were not satisfied and submitted appeal petitions to the Shenzhen Intermediate People's Court respectively. On June 28, 2022, the Shenzhen Intermediate People's Court ruled in the second instance: revoked the administrative judgment-No. 1883(2021) Yue 0308 Xingchuof of the Yantian District People's Court of Shenzhen City, Guangdong Province, and remanded it to the Yantian District People's Court of Shenzhen City, Guangdong Province for a new trial.

The case was reopened in Yantian District People's Court on September 29, 2022, and Yantian District People's Court made a retrial judgment on December 30, 2022: The administrative act of Shenzhen Xieli Automobile Enterprise Co., Ltd., which was approved by Shenzhen Administration for Market Regulation on March 9, 2020, was revoked. The third party Xieli Maintenance Company filed an appeal in January 2023. Later, because Xieli Maintenance Company failed to pay the appeal fee in advance, the Shenzhen Intermediate People's Court of Guangdong Province issued an administrative ruling that Hong Kong Xieli withdrew the appeal. The retrial verdict of the first instance came into effect on March 22, 2023.

(3) Matters on waiving the preemptive right and equity transfer of controlling subsidiaries

The shareholders' meeting of SAPO Photoelectric, the company's holding subsidiary, agreed that Hangzhou Jinhang Equity Investment Fund Partnership (limited partnership) would transfer 40% of its shareholding in SAPO Photoelectric to Hengmei Optoelectronics Co., Ltd. For details, see <http://www.cninfo.com.cn> Company Announcement No. 2023-01. On January 19, 2023, SAPO Photoelectric obtained the "Registration Notice" issued by the Shenzhen Municipal Market Supervision and Administration Bureau, and the industrial and commercial change registration procedures for this equity transfer have been completed. After this change, the company still holds 60% equity of SAPO Photoelectric, while Hengmei Optoelectronics holds 40% equity of SAPO Photoelectric. This equity transfer is conducive to synergizing the advantages of both parties in the polarizer

industry, integrating high-quality resources of both parties, further optimizing and strengthening the main polarizer industry, and better enhancing the core competitiveness of listed companies.

(4) About the progress of the Company and its holding subsidiaries involved in litigation

In July and August 2022, the Company and its holding subsidiary SAPO Photoelectric received the legal documents such as Notice of Respondence to Action, and Summons, with case numbers of (2022) Y0310 MC No. 3507, No.4013 and No.4336 served by Pingshan District People's Court, Shenzhen City, Guangdong Province, and were informed that the court had accepted Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Jinhang Fund") v. SAPO Photoelectric for ① dissolution dispute, ② dispute over the confirmation of the validity of company resolutions and ③ dispute over shareholders' right to know, and the Company was informed to participate in the lawsuit as a party to the case, and SAPO Photoelectric was informed to respond as the defendant to the case. For details, please refer to the Company's Announcement No. 2022-20 and No. 2022-25 on CNINF (<http://www.cninfo.com.cn>).

In the above-mentioned lawsuits, concerning the dissolution dispute of SAPO Photoelectric and the dispute over shareholders' right to know, the People's Court of Pingshan District of Shenzhen City, Guangdong Province received the plaintiff's application for withdrawal on March 30, 2023, and made a ruling on April 6, 2023. The Company and SAPO Photoelectric have received the Civil Rulings of the above two cases, with the rulings as follows: The plaintiff's withdrawal of the lawsuit is a self-disposition of its right of action, which does not violate the law, does not harm the interests of the state, the collective and others, and it is allowed according to law.

For details, please refer to the Company's Announcement No. 2023-19 on CNINF (<http://www.cninfo.com.cn>).

In addition, on May 25, 2023, the People's Court of Pingshan District of Shenzhen City, Guangdong Province rendered a first-instance judgment in the above-mentioned dispute case over the confirmation of the validity of the resolution of SAPO Photoelectric, and the Company and SAPO Photoelectric have received the Civil Judgment of the above-mentioned case, with the judgment is as follows: all claims of the plaintiff Jinhang Fund are dismissed. For details, please refer to the Company's Announcement No. 2023-28 on CNINF (<http://www.cninfo.com.cn>).

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

March 28, 2024