

Summary of 2022 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	Going on business trip	Ning Maozai
Sun Minghui	Director	Going on business trip	Zhu Meizhu
Wang Kai	Independent director	Due to work	Cai Yuanqing

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 0.60 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	
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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 continued to optimize the product structure. Under the background of the significant reduction in production by terminal and panel customers in 2022, it adopted the route of product differentiation, optimized the customer structure, improved the ability to resist risks, implemented the "Production utilization guarantee" policy, and raced to seize the market share; Second, it spared no effort to implement the production and operation of Line 7, focused on improving production capacity, yield and management level, thus helped the Company's overall business performance to be improved; The third was to continue to promote lean management, strictly control manufacturing costs, reduce material loss, strengthen material recycling, and reduce costs and increase efficiency in an all-round way; The fourth was to strengthen the innovation drive, create differentiated competitive advantages, focus on promoting the construction of SAPO's R&D management system, create a market-oriented innovation mechanism, and strengthen the technical research; Fifth, it's to focus on the security of raw material supply chain and the risk of price increases of chemical raw materials, and accelerate the evaluation and use of chemical alternative raw materials; Sixth, actively fulfilled social responsibilities, and formulated an implementation plan for rent reduction of the Company's and its wholly-owned enterprises' self-owned properties based on actual business conditions, thus to bridge over difficulties with market entities; The seventh was to promote the major asset restructuring matter, which's planned to purchase all the equity or the controlling stake of Hengmei Optoelectronics by issuing shares and paying cash, and meanwhile raise supporting funds, thus to coordinate system resources, make up for shortcomings, and enhance the core competitiveness of the Company.

(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
Line 5	Pingshan	650mm	2 millin m ²	TFT
Line 6	Pingshan	1490mm	10 million m ²	TFT/OLED
Line 7	Pingshan	2500mm	32 millin m ²	TFT/OLED

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 2022	End of 2021		Changed over last year (%)	End of 2020	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Gross assets (Yuan)	5,617,137,367.90	5,496,647,107.83	5,563,539,326.16	0.96%	4,969,547,552.23	4,969,547,552.23
Net assets attributable to shareholders of the listed company (Yuan)	2,849,264,555.21	2,816,795,889.89	2,811,366,974.46	1.35%	2,766,234,174.39	2,766,234,174.39
	2022	2021		Changes of this period over same period of Last year(%)	2020	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating income (Yuan)	2,837,988,264.36	2,293,747,892.06	2,330,061,681.00	21.80%	2,108,964,687.80	2,108,964,687.80
Net profit attributable to the shareholders of the listed company (Yuan)	73,309,182.94	61,162,384.25	55,733,468.82	31.54%	37,267,995.74	37,267,995.74
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	54,148,057.50	40,650,013.22	35,221,097.79	53.74%	18,084,607.04	18,084,607.04
Cash flow generated by business operation, net (Yuan)	490,238,550.60	-4,436,980.35	-4,436,980.35	11,148.92%	1,930,932.76	1,930,932.76
Basic earning per share(Yuan/Share)	0.14	0.12	0.11	27.27%	0.07	0.07
Diluted gains per share(Yuan/Share)	0.14	0.12	0.11	27.27%	0.07	0.07
Weighted average ROE(%)	2.59%	2.19%	2.00%	0.59%	1.36%	1.36%

Reasons for changes in accounting policy and correction of accounting errors

① Reasons for changes in accounting policies

On December 30, 2021, the Ministry of Finance issued "Interpretation No. 15 of the Accounting Standards for Business Enterprises" (hereinafter referred to as "Interpretation No. 15"), which regulates the accounting treatment for the external sales of products or by-products produced by enterprises before their fixed assets reach their intended usable state or during the research and development process.

Interpretation No. 15 stipulates that if an enterprise sells products or by-products produced before the fixed assets reach their intended usable status or during the research and development process, it should separately account for the revenue and costs related to the trial operation sales in accordance with the revenue standards, Accounting Standards for Business Enterprises No. 1 - Inventory, and other provisions, and include them in the current profit and loss. The net amount of trial run sales related revenue after offsetting costs should not be used to offset fixed asset costs or research and development expenses. At the same time, enterprises should separately disclose relevant information such as the amount of revenue and cost related to trial run sales, specific reporting items, and important accounting estimates used to determine the costs related to trial run sales in the notes. This provision shall come into force as of January 1, 2022. Retroactive adjustments shall be made to trial run sales that occur between the beginning of the earliest period in which financial statements are presented and January 1, 2022.

The Company adopts the retroactive adjustment method for accounting treatment and restates the financial statements of comparable years. For specific impacts, see "Section X Financial Report (IV) Changes in Important

Accounting Policies and Accounting Estimates and Correction of Prior Period Errors".

② Correction of accounting errors

Shenzhen Shengbo Optoelectronics Technology Co., Ltd. (hereinafter referred to as "Shengbo Optoelectronics"), a subsidiary of the company, found significant prior period errors in previous years this year. In accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Correction of Errors", the company has corrected relevant error matters and restated the 2021 consolidated financial statements. For details, see "Section X Financial Reports - (IV) Changes in Significant Accounting Policies and Accounting Estimates and Correction of Prior Period Errors".

(2) Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	670,551,882.04	774,585,427.05	676,901,015.17	715,949,940.10
Net profit attributable to the shareholders of the listed company	17,625,745.18	24,807,779.92	14,115,950.48	16,759,707.36
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	15,102,181.63	19,868,793.84	9,730,544.28	9,446,537.75
Net Cash flow generated by business operation	-65,966,923.49	145,405,158.08	36,463,548.86	374,336,767.15

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	38,145	Total shareholders at the end of the month from the date of disclosing the annual report	34,975 ¹	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	1.23%	6,208,853				
Su Weipeng	Domestic Nature person	0.71%	3,580,000		Pledge	2,800,000	
Chen Xiaobao	Domestic Nature person	0.60%	3,029,484				
Zhangzhou Xiaotian Venture Investment Co., Ltd.	Domestic State-owned Non-Legal person	0.58%	2,924,500				

¹Due to the fact that the company has not yet obtained the number of shareholders with B shares from China Securities Depository and Clearing Corporation Limited Shenzhen Branch as of March 31, 2023 (the issuance of the B share shareholder list is 3 trading days behind the issuance of the A share shareholder list), the total number of shareholders (34975) is the sum of the number of shareholders with A shares as of March 31, 2023 (30231) and the number of shareholders with B shares as of March 20, 2023 (4744).

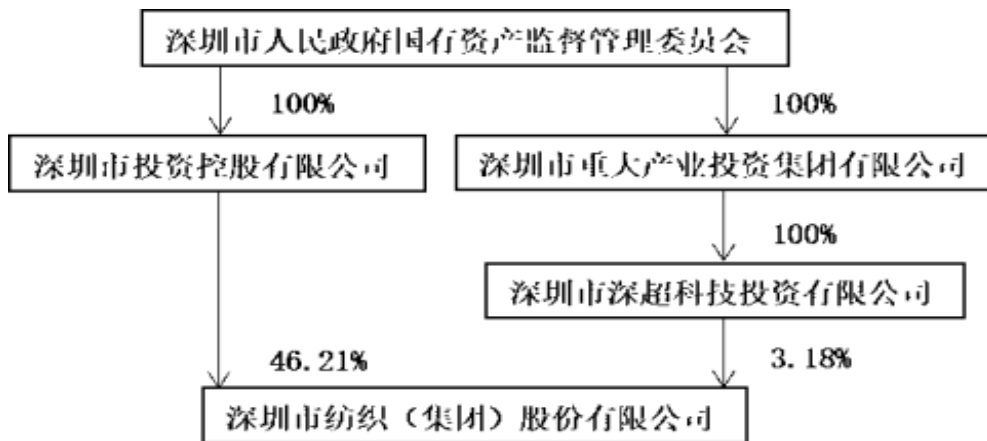
Li Zengmao	Domestic Nature person	0.44%	2,224,397		
Qi Jianhong	Domestic Nature person	0.28%	1,433,800		
Shenzhen Pengkang Pharmaceutical Co., Ltd.	Domestic Non-State-owned Legal person	0.28%	1,429,200		
Peng Xun	Domestic Nature person	0.27%	1,359,700		
Related or acting-in-concert parties among shareholders 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				

(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's shares resumed trading on the morning of January 3, 2022. 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"). This

transaction constitutes a related party transaction and is expected to constitute a major asset restructuring, but it does not constitute a restructuring and listing, nor will it lead to the change of the actual controller of the company. This transaction is conducive to the company's strong alliance in the polarizer industry, rapidly increasing the production scale of polarizers, optimizing the layout of industrial chain and deepening the depth of technical reserves, making the company move towards a new level of high-quality development. Meanwhile, this major asset restructuring is in line with the relevant development strategies of the country and Shenzhen, and has positive significance for ensuring the security of the national new display supply chain.

Since the disclosure of this transaction plan, the company and relevant parties have actively promoted the work of this transaction. As of the disclosure date of this announcement, the audit, evaluation and due diligence involved in this transaction are still in progress. After the relevant work is completed, the company will convene the board meeting again to review the relevant matters on this transaction, and the company will perform the relevant follow-up approval and information disclosure procedures in accordance with relevant laws and regulations.

(II) Progress of polarizer industrialization project for ultra-large TV (Line 7)

During the reporting period, technical indicators such as yield and loss rates of Line 7 improved month by month, production capacity increased, and the company's operating performance improved month by month. The main products of Line 7 have been verified by customers, the order volume has gradually increased, and the unit manufacturing cost of the products has gradually decreased; The yield of the 65 inch large size has reached the advanced level in the industry, and the product structure has been continuously optimized, driving the improvement of the company's operating efficiency..

(III) Regarding the investment in the construction of the RTS rear cutting production line

In 2021, the company will increase investment in the construction of a RTS rear cutting production line, with a total investment of no more than 30 million yuan; As of December 31, 2022, the signed contract amount was 26.17 million yuan, and the actual payment was 24.02 million yuan. Currently, production operations are being orderly promoted based on the overall market demand and customer order release, and the production line is continuously improving.

(IV) The disposal of assets of the joint venture company Xieli Automobilemobile Co., Ltd.

Shenzhen Xieli Automobile mobile Enterprise Co., Ltd. (hereinafter referred to as "Shenzhen Xieli") is a Sino-foreign joint venture invested and established by the company and Hong Kong Xieli Maintenance Company in 1981, with a registered capital of 3.12 million yuan, and 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 asset is real estate. The industrial and commercial license of Shenzhen Xieli was cancelled in March 2020, but there are still three properties under its name, the disposal of which is required to be resolved after further consultation between the shareholders of both parties.

On July 26, 2021, the Company filed a lawsuit with Yantian District People's Court in Shenzhen City, Guangdong Province to revoke the cancellation of Shenzhen Xieli Automobilemobile Enterprise Co., Ltd. approved by Shenzhen Administration for Market Regulation on March 9, 2020, on which the court gave a judgment on November 21, 2021 to revoke the cancellation of Shenzhen Xieli Automobilemobile Enterprise Co., Ltd. approved by Shenzhen Administration for Market Regulation. On December 3 and December 6, 2021, Hong Kong Xili and Shenzhen Market Supervision Administration submitted appeals to the Shenzhen Intermediate People's Court, respectively. On April 18, 2022, the Company received the notice of the second trial from Shenzhen Intermediate People's Court. The case was heard in the second instance on April 27, 2022. The Shenzhen Intermediate People's Court made the judgment on June 28, 2022: 1. Revoke the administrative judgment Y0308 XC No.1883 of the People's Court of Yantian District, Shenzhen City, Guangdong Province (2021); II. Remand to Yantian District People's Court, Shenzhen City, Guangdong Province for retrial. On July 22, 2022, the Company received the summons from Yantian District People's Court, Shenzhen City, Guangdong Province, and the trial of this case is scheduled on August 25, 2022.

Yantian court made the first-instance judgment on December 30, 2022, which ruled that we won the case and cancelled the administrative act of registration cancellation of Shenzhen Xieli. The third person in the original trial, Hong Kong Xieli Maintenance Company, refused to accept it and appealed to the Shenzhen Intermediate People's Court on January 10, 2023. Later, because Hong Kong Xieli Maintenance Company did not pay the case settlement fee as scheduled, Shenzhen Intermediate People's Court issued (2023) the final administrative Decision No. 387 of Yue 03 Line and ruled that the case should be dealt with as the appellant Hong Kong Xieli

Maintenance Company withdrew the appeal..

(V)Matters concerning waiver of preemptive right and equity transfer of holding subsidiaries

The board of shareholders of SAPO Photoelectric, a holding subsidiary of the Company, agreed that Hangzhou Jinhang Equity Investment Fund Partnership (Limited Partnership) would transfer its 40% equity of SAPO Photoelectric to Hengmei Optoelectronics Co., Ltd. For details, please refer to the announcement of the Company (No.2023-01) on CNINF (<http://www.cninfo.com.cn>). On January 19, 2023, SAPO Photoelectric obtained the Notice of Registration issued by Shenzhen Administration for Market Regulation, and the registration procedures for industrial and commercial changes have been completed for this equity transfer. After this change, the Company still holds 60% equity of SAPO Photoelectric, and Hengmei Optoelectronics holds 40% equity of SAPO Photoelectric. This equity transfer is conducive to the synergy of the advantages of both parties in the polarizer industry, the integration of high-quality resources of both parties, the further enhancement of the main business of polarizers, and the better promotion of the core competitiveness of listed companies.

(VI)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 Summon, 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>).

The above three cases, namely, the dispute over dissolution, the dispute over the confirmation of the validity of company resolutions and the dispute over shareholders' right to know, were heard in the People's Court of Pingshan District, Shenzhen City, Guangdong Province on July 15, 2022, September 22, 2022, and September 22, 2022 respectively, and no judgment has yet been made.

(VII)Progress in subsidiaries participating in the establishment of industrial funds

On November 16, 2017, the company's controlling subsidiary SAPO Photoelectric 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 50 million yuan. SAPO Photoelectric, as one of the limited partners of the industrial fund, subscribed for a capital contribution of 28.5 million yuan.

For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2017--55).

On February 10, 2018, Changxing Junying Equity Investment Partnership completed the industrial and commercial registration and completed the private equity investment fund registration on February 8, 2018. For details Juchao Website: (<http://www.cninfo.com.cn>. (Announcement No.2018--05).

In order to optimize the strategic layout and supplement the working capital, SAPO Photoelectric and Hangzhou Yuanzhen Investment Management Co., Ltd. (hereinafter referred to as Yuanzhen Investment) signed the Transfer Agreement on Property Share of Changxing Junying Equity Investment Partnership (Limited Partnership) on July 11, 2022, and transferred the share of Changxing Fund held by SAPO Photoelectric to Yuanzhen Investment at a transaction consideration of RMB 28.5 million. After this property share transfer, the Company will withdraw from Changxing Fund and no longer hold the partnership share of Changxing Fund. For details, please refer to the Company's Announcement No.2022-21 on Juchao Information Network (<http://www.cninfo.com.cn>).

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

April 4, 2023