

Stock code: 000045, 200045    Stock Abbreviation: Shen Textile A, Shen Textile B    Announcement No.: 2016-18

Shenzhen Textile (Holdings) Co., Ltd.

The First Quarterly Report 2016



## 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 Jun, Chief financial officer and the Mr. 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. Main financial data and changes of shareholders

### (1) Main financial data and financial index

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not.

Yes  No

	This period	Same period of last year	Changes of this period over same period of last year (%)
Operating income (RMB)	262,310,373.65	302,735,429.91	-13.35%
Net profit attributable to the shareholders of the listed company (RMB)	-10,246,461.60	4,339,711.63	-336.11%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-11,444,624.15	-19,099,161.16	40.08%
Cash flow generated by business operation, net (RMB)	-23,635,239.84	42,290,099.22	-155.89%
Basic earning per share(RMB/Share)	-0.020	-0.010	-100.00%
Diluted gains per share(RMB/Share)(RMB/Share)	-0.020	-0.010	-100.00%
Weighted average return on equity (%)	-0.47%	0.20%	-0.67%
	End of this period	End of last period	Changes of this period-end over same period-end of last year(%)
Gross assets (RMB)	2,903,516,337.16	2,969,394,978.70	-2.22%
Net assets attributable to the shareholders of the listed company (RMB)	2,162,258,136.01	2,174,569,545.57	-0.57%

Items and amount of non-current gains and losses

Applicable  Not applicable

In RMB

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)	-20,504.69	

Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	1,082,855.70	Special assistance fund of RMB 300,000 and finance discount of RMB 60,486.12 are raised for the II-phase reorganization and expansion. RMB 324,999.99 as fiscal assistance is raised for Pingshan project. The narrow range allowance for the first-phase project is RMB 125,000.01. Amortization of polarizing material engineering lab is RMB125,000.01. The grant for imported equipment and technology is RMB43,772.55 . Supporting funds toward strategic emerging industry from NDRC is RMB 12,500.01. Fiscal allowance for innovative entrepreneurship of first-phase project is RMB 12,500.01. Fiscal allowance for encouraging to bring in advanced technology from Shenzhen municipal government is RMB 3,597.00 . The grant from municipal R&D center is RMB 75,000.00 ,
Other non-operating income and expenditure except for the aforementioned items	132,441.15	
Less: Amount of influence of income tax	-3,370.39	
Amount of influence of minority interests (After tax)	0.00	
Total	1,198,162.55	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

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		32,888		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	46.21%	234,069,436	0		
Qianhai Life insurance Co., Ltd. – Self funds Huatai Portfolio	Other	4.02%	20,384,816	0		
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.18%	16,129,032	0		
Anhui Guofu Industrial Investment Funds Mangement Co., Ltd.	Domestic non State-owned Legal person	0.73%	3,708,341	0		
MORGAN STANLEY & CO. INTERNATIONAL PLC	Overseas legal person	0.53%	2,700,864	0		
Sun Huiming	Domestic Nature	0.48%	2,432,526	0		

	person					
China Foreign Economic & Trade Trust Co., Ltd. – Yun Feng Securities Investment Trust Fund	Other	0.39%	2,000,000	0		
Guangzhou Guangyong State-Owned Assets Management Co., Ltd.	State-owned legal person	0.25%	1,243,000	0		
Chongqing International Trust Co., Ltd. – Collective capital trust of No. 2 Collective capital trust of No. 2	Other	0.23%	1,160,000	0		
Zhuang Shuzhu	Domestic Natural person	0.22%	1,094,800	0		
Shares held by the Top 10 Shareholders of Non-restricted shares						
Shareholders' Names	Number of the non-restricted shares held	Share type				
		Share type	Quantity			
Shenzhen Investment Holdings Co., Ltd.	234,069,436	RMB Common shares	234,069,436			
Qianhai Life insurance Co., Ltd. – Self funds Huatai Portfolio	20,384,816	RMB Common shares	20,384,816			
Shenzhen Shenchao Technology Investment Co., Ltd.	16,129,032	RMB Common shares	16,129,032			
Anhui Guofu Industrial Investment Funds Mangement Co., Ltd.	3,708,341	RMB Common shares	3,708,341			
MORGAN STANLEY & CO. INTERNATIONAL PLC	2,700,864	Foreign shares placed in domestic exchange	2,700,864			
Sun Huiming	2,432,526	Foreign shares placed in domestic	2,432,526			

		exchange	
China Foreign Economic & Trade Trust Co., Ltd.— Yun Feng Securities Investment Trust Fund	2,000,000	RMB Common shares	2,000,000
Guangzhou Guangyong State-Owned Assets Management Co., Ltd.	1,243,000	RMB Common shares	1,243,000
Chongqing International Trust Co., Ltd.— Collective capital trust of No. 2 Collective capital trust of No. 2	1,160,000	RMB Common shares	1,160,000
Zhuang Shuzhu	1,094,800	Foreign shares placed in domestic exchange	1,094,800
Explanation on associated relationship or concerted action of the above shareholders	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.		
Note to the top 10 common stockholders involved in margin financing & securities lending (If any)	None		

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 ending balance of Note receivable increased by RMB 11.8297 million and 62.78% over beginning of period, It is mainly because clients purchase with bank acceptance.
2. The ending balance of Prepayments increased by RMB 45.6234 million and 580.91% over beginning of period, It is mainly because of the increased business volume of export by the end of this term.
3. The ending balance of Construction in progress increased by RMB 42.4931 million and 56.06% over beginning of period, It is mainly because of the construction of project Line 6.
4. The ending balance of Short-term loans decreased by RMB 17.2622 million and 32.05% over beginning of period, It is mainly because of the short-term loan repayment in bank.
5. The ending balance of Advance payment increased by RMB 40.5286 million and 143.72% over beginning of period, It is mainly because of the increased expected payment for goods of export business by the end of this term.
6. The ending balance of Tax payable increased by RMB 17.1720 million and 116.95% over beginning of period, It is mainly because of the increased VAT in the polarizer sales.
7. The ending balance of Other comprehensive income decreased by RMB 2.0650 million and 64.28% over beginning of period, It is mainly because of the reduced fair value of financial assets available-for-sale.
8. The ending balance of Undistributed profit decreased by RMB 10.2465 million and 111.79% over beginning of period, It is mainly because of the loss in this term.
9. Financial expenses in current period increased by RMB6.2416 million and 151.70% year on year, It is mainly because of the exchange loss caused by appreciation of Japanese Yen.
10. Impairment loss of assets in current period decreased by RMB4.7814 million and 55.75% year on year, It is mainly because of the reduced falling price reserves for storage of withdrawing polarizer.
11. Investment Income in current period decreased by RMB27.80 million and 98.49% year on year, It is mainly because of the reduced year-on-year investment income of selling available-for-sale financial assets
12. Non-operational income in current period decreased by RMB2.0146 million and 62.37% year on year, It is mainly because of the reduced government subsidy.
13. Income tax expenses in current period decreased by RMB6.3492 million and 65.32% year on year, It is mainly because of the reduced incomes from taxes.
14. The net cash flows from operating activities in current period decreased by RMB65.9253 million and 155.89% year on year, It is mainly because of raw materials has been increased.
15. The net cash flows from investing activities in current period decreased by RMB85.7880 million and 437.89% year on year, It is mainly because of the increase of fixed assets construction and expenditure of construction in process.



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

√Applicable Not applicable

### (I) II-phase process of TFT-LCD Polarizer

1. Accelerate the construction of project Line 6. Within the reporting period, our company clarifies the investment plan and construction process on the basis of optimized construction program of project Line 6. Meanwhile, public bidding for host equipment procurement and contract signing have been finished.

2. Project Line 7, original item to raise money and invest, has been stopped. Our company decides to stop the project Line 7 because the raised net fund for second-phase projects (Line 6 and Line 7), originally designed to raise money for and invest in TFT-LCD polarizer, is quite less than the expected raised fund. Our company decides to transform RMB 309.2722 million (with interest) originally raised for Line 7 into the permanent working capital which is used to support the primary business after comprehensive thinking about operating scale and pressure. The replacement program has been passed by the 20<sup>th</sup> session of the 6<sup>th</sup> board meeting and the shareholders' Meeting in 2015 (see the Notice 2016-09 and Notice 2016-16)

### (II) Progress of Litigation Matters

Our company received the No. 28 notice of response to action concerning foreign affairs for the first instance from the Shenzhen Intermediate People's Court (2014) in March 6, 2014. In the case which has been accepted and heard, the Xieli (Hong Kong) Repair Co., Ltd. is the accuser, our company first-mentioned defendant and Xieli (Shenzhen) Auto Co., Ltd. the second defendant. Xieli (Hong Kong) asked: ① our company should pay RMB 31.8579 million for its economic loss in the name of tortious liability; ② the second defendant should take joint liquidated liability in terms of the amount of indemnification; ③ two defendants should share the court cost jointly. In the reporting period, the case is still in the process of hearing, so it's still unclear whether litigation matters have influence on the profit of the period or the after-period profit.

### (III) Other Matters

In the reporting period, our goal is to increasingly improve polarizer business. Through the improvement of equipments and speed, our productive capacity has been gradually increased and wastage has been reduced. Yield rate of TV polarizer is over 95% steadily. Newly developed 48-inch and 55-inch TV polarizer is in the stage of client authentication. In the reporting period, our company has applied for 2 new patents for utility models. Among four licensing patents, one is patent for an innovation, and the other three belong to utility models.

Overview of material matters	Date of disclosing	Description of the website for disclosing provisional announcements
Announcement of Replacement of Fund Originally Raised for II-phase TFT-LCD Polarizer	March 31,2016	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )and Securities times, China Securities Journal, Shanghai Securities News ,Securities Daily and Hong kong Commercial Daily on March 31, 2016
Announcement of Resolutions of the shareholders' general meeting in 2015	April 22,2016	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )and Securities times, China Securities Journal, Shanghai

		Securities News ,Securities Daily and Hongkong Commercial Daily on April 22, 2016
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### 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

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shenzhen Investment Holdings Co., Ltd	Share reduction commitment	As Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of the company, committed when the restricted-for-sale shares from the shares restructuring were listed for circulation in the market: i. if they plan to sell the shares through the securities exchange system in the future, and the decrease of the shares they hold reaches 5% within 6 months after the first	August 4, 2006	Sustained and effective	Under Fulfillment

			decrease, they will disclose an announcement indicating the sale through the company within two trading days before the first decrease; ii. They shall strictly observe the “Guidelines on Transfer of Restricted-for-sale Original Shares of Listed Companies” and the provisions of the relevant business principles of Shenzhen Stock Exchange.			
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement						
Commitments made upon issuance	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance”	October 9, 2009	Sustained and effective	Under Fulfillment

			<p>when the company issued non-public stocks in 2009.</p> <p>Pursuant to the Letter of Commitment and Statement, Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiary, subsidiaries under control or any other companies that have actual control of it shall not be involved in the business the same as or similar to those Shenzhen Textile currently or will run in the future, or any businesses or activities that may constitute direct or indirect competition with Shenzhen Textile; if the operations of Shenzhen Investment</p>			
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		<p>Holdings Co., Ltd. and its wholly owned subsidiaries, subsidiaries under control or other companies that have actual control of it compete with Shenzhen Textile in the same industry or contradict the interest of the issuer in the future, Shenzhen Investment Holdings Co., Ltd. shall urge such companies to sell the equity, assets or business to Shenzhen Textile or a third party; when the horizontal competition may occur due to the business expansion concurrently necessary for Shenzhen Investment Holdings Co., Ltd. and its wholly owned subsidiaries,</p>			
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			subsidiaries under control or other companies that have actual control of it and Shenzhen Textile, Shenzhen Textile shall have priority.			
	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related transaction and capital occupation	The commitments during the period non-public issuance in 2012: 1. Shenzhen Investment Holdings, as the controlling shareholder of Shenzhen Textile, currently hasn't the production and business activities of inter-industry competition with Shenzhen Textile or its share-holding subsidiary. 2. Shenzhen Investment Holdings and its share-holding subsidiaries or other	July 14, 2012	Sustained and effective	Under Fulfillment

			<p>enterprises owned the actual control rights can't be directly and indirectly on behalf of any person, company or unit to engage in the same or similar business in any districts in the future by the form of share-holding, equity participation, joint venture, cooperation, partnership, contract, lease, etc., and ensure not to use the controlling shareholder's status to damage the legitimate rights and interests of Shenzhen Textile and other shareholders, or to gain the additional benefits. 3. If there will be the situation of inter-industry</p>			
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		<p>competition with Shenzhen Textile for Shenzhen Investment Holdings and its share-holding subsidiaries or other enterprises owned the actual control rights in the future, Shenzhen Investment Holdings will promote the related enterprises to avoid the inter-industry competition through the transfer of equity, assets, business and other ways. 4. Above commitments will be continuously effective and irrevocable during Shenzhen Investment Holdings as the controlling shareholder of Shenzhen Textile or indirectly</p>			
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			controlling Shenzhen Textile.			
	Shenzhen Investment Holdings Co., Ltd.	Share limited commitment	Commitment to non-public offering during the second phase project of Shenzhen Textile shares subscribed lock handling Shenzhen Textile non-public offering on the stock market of 36 months.	March 25, 2013	2016-03-25	Fulfilled
Equity incentive commitment						
Other commitments made to minority shareholders						
Executed timely or not?	Yes					
If the commitments failed to complete the execution when expired, should specifically explain the reasons of unfulfillment and the net stage of the working plan	None					

#### IV. Prediction of Business performance for January- June 2016

Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason.

Applicable  Not applicable

#### V. Securities investment

Applicable  Not applicable

Security category	Stock Code	Stock Abbreviation	Initial investment cost(RM)	Number of shares held at the	Shareholding proportion at the	Number of shares held at the end of	Shareholding proportion at the	Book balance at the end of the	Gain. loss of the reporting period	Accounting items	Sauce of the shares

			B)	beginning of the reporting period(sh ares)	beginning of the reporting period(%)	the reporting period (shares)	end of the reporting period(%)	reporting period (RMB)	(RMB)		
Stock	000030	Fawer	8,940,598 .31	985,733	0.08%	985,733	0.08%	7,452,141 .48	0.00	Financial assets available for sale	Debt equi ty
Total			8,940,598 .31	985,733	--	985,733	--	7,452,141 .48	0.00	--	--
Disclosure date for the notice of approval by the Board (If any)											
Disclosure date for the notice of approval by shareholders' Meeting (If any)											

## VI. Investments in derivatives

Applicable  Not applicable

There is no derivative investment during the report period.

## VII. 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.

## VIII. External guarantee get out of line

Applicable  Not applicable

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

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

April 29,2016