

Stock code: 000045,200045

Stock Abbreviation: Shen Textile A, Shen Textile B

Announcement No. 2017-14

Summary of 2016 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 find in the full-text of annual report that published on website of Shenzhen Stock Exchange and other website appointed by CSRC.

All directors present in the meeting of the board of the annual report to review the annual report.

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	Mo Xiayun	
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II. Brief introduction to the main business or products in the reporting period

In 2016, 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 Polarizer is the upstream raw material for liquid crystal panel, also is one of the key materials for flat panel display industry, and it has been widely used in smart phones, liquid crystal display panel of tablet computers and TVs and so forth, OLED display panel, instrumentation, sun glasses, filter of photographic equipments and so on many fields. The company's five existing production lines of polarizer with mass production have products

covered the fields such as TN, STN, TFT, OLED, 3D, dye plate, optical film for touch screen, and the products mainly used in TV, NB, navigator, monitor, automotive, industrial control, instrumentation, smart phones, wearable devices, 3D glasses, sunglasses and so forth products, becoming the qualified supplier to Huaxing Optoelectronic, BOE, IVO, Shenchao Optoelectronic ,LGD and so forth panel companies.

During the reporting period, firstly, the company effectively improved the production capacity of polarizer through speed-up and capacity-lift of the production line; secondly, the company promoted the second-phase construction of No.6 line project according to the plan and completed the plant decoration and purification and the related projects, as well as the host equipment has been successively arrived in the port while being installed; thirdly; in order to further enhance the company's polarizer production technology and management level, the company launched the introduction of strategic investors for Shenbo Optoelectronic, resulted in that Jinhang Investment - which was set up by Hangzhou Jinjiang Group Co., Ltd and Hangzhou Jinjiang Group Co., Ltd is the actual controller- invested RMB 1352.64 million in cash to subscribe 40% stake of Shengbo Optoelectronics. On the basis of the Capital Increase Agreement signed by the company and Jinjiang Group and Jinhang Investment, they also signed the Cooperative Agreement which reached a consensus in connection to the future development and management of Shengbo Optoelectronics.

Upon the dual effects of the product line construction and the enormous downstream market, the core of the global display industry has speeded up the transfer to the Mainland China, thus Mainland China has become the investment hotspots for the global panel display industry. The panel display industry is one of the most important development projects listed in Medium and Long Term Development Outline for Information Industry form 2006 to 2020, and is also an industry encouraged by the country. In the future, the company will, upon more than 20 years of operational experiences in the industry and the regional advantages, fully utilize the resource advantages of state-owned enterprise and the mechanism advantages of private enterprise. Based on the all-round improvement of the management level and profitability and production technology, the company will tap into the platform of listed company and the existing industries to integrate the industrial resources of polarizer industry and other related optical film industry both in China and Taiwan area to boost the development of Shengbo Optoelectronics and become perfect, thus to construct the Industrial Cluster of optical film in Shenzhen.

III. Accounting and financial highlights

1.Accounting and financial highlights for the past three years

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

In RMB

	2016	2015	Changed over last year (%)	2014
Operating Gross income (RMB)	1,198,200,216.42	1,226,746,791.62	-2.33%	1,210,952,548.57
Net profit attributable to the shareholders of the listed company (RMB)	-87,270,604.54	8,497,227.40	-1,127.05%	-113,591,328.26
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-102,767,648.41	-92,259,797.61	-11.39%	-148,855,363.05
Cash flow generated by business operation, net (RMB)	-55,264,465.84	39,584,500.37	-239.61%	-48,701,494.05
Basic earning per share(RMB/Share)	-0.17	0.02	-950.00%	-0.22
Diluted gains per share(RMB/Share)(RMB/Share)	-0.17	0.02	-950.00%	-0.22
Net asset earning ratio (%)	-4.10%	0.39%	-4.49%	-5.06%
	End of 2016	End of 2015	Changed over last year (%)	End of 2014

Gross assets (RMB)	4,119,586,266.47	2,969,394,978.70	38.73%	2,884,531,917.28
Net assets attributable to shareholders of the listed company (RMB)	2,339,554,176.31	2,174,569,545.55	7.59%	2,196,249,248.26

2. Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	262,310,373.65	289,847,211.91	305,710,856.98	340,331,773.88
Net profit attributable to the shareholders of the listed company	-10,246,461.60	-19,851,389.80	-22,331,061.71	-34,841,691.43
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	-11,444,624.15	-20,934,054.20	-28,728,256.10	-41,660,713.97
Net Cash flow generated by business operation	-23,635,239.84	-15,680,955.50	-9,241,580.15	-6,706,690.35

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

IV. Share capital and shareholders

1. Numbers of the common shareholders and the preference shareholders with resumed voting rights as well as the shareholdings of the top 10 shareholders

In shares

Total number of common shareholders at the end of the reporting period	41,555	Total shareholders at the end of the month from the date of disclosing the annual report	46,078	The total number of preferred shareholders voting rights restored at period-end (if any) (See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report (if any) (See Notes 8)	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				
Qianhai Life insurance Co., Ltd.—Self funds Huatai Portfolio	Domestic non State-owned Legal person	1.26%	6,384,816				
Anhui Guofu Industrial	Domestic non	0.67%	3,408,341				

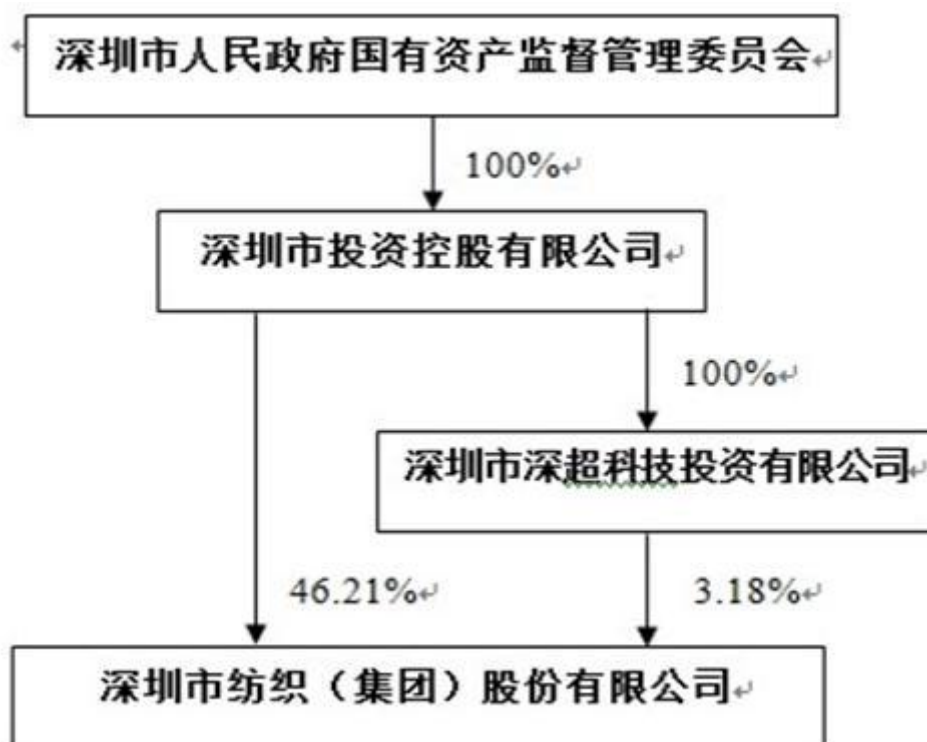
Investment Funds Management Co., Ltd.	State-owned Legal person					
MORGAN STANLEY & CO. INTERNATIONAL PLC	Foreign Legal person	0.57%	2,900,814			
Sun Huiming	Domestic Nature person	0.48%	2,443,526			
Sheng Qingxia	Domestic Nature person	0.28%	1,442,600			
Zhu Ye	Domestic Nature person	0.24%	1,239,109			
Chongqing International Trust Co., Ltd. — Collective capital trust of No. 2	Domestic non State-owned Legal person	0.24%	1,210,000			
Qingdao Liema Asset Management Co., Ltd. — Liema Private offering securities investment	Domestic non State-owned Legal person	0.23%	1,181,694			
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 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's shareholder- Zhu Ye-via Goulian Securities Co.,Ltd's clients' credit-trading guaranteed securities account-holds 1,239,109 shares.					

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

(1) Basic information of the corporate bonds

Bond Name	Abbreviated Name	Bond Code	Date Due	Bond Balance(RMB'0000)	Interest Rate
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(2) Information about the rating of the corporate bonds

(3) The key accounting data and financial indicators of the latest two years to the end of the reporting period

In RMB'0000

Items	2016	2015	At the same time rate of change
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III. Discussion and Analysis of the Management

1. Business Operation summary in the reporting period

The Company requires investors to read the full text of this annual report carefully and take note of the following risk factors.

Whether the company needs to comply with the disclosure requirements of the particular industry

No

In 2016, affected by the adverse factors including the sharp appreciation of the yen, the rising prices of raw materials and the intensifying market competition leading to a continuous price decline of the polarizer, the production and management situation of polarizer has been grim; the company overcame the impacts of the major

asset restructuring, unified minds and thoughts, adhered to the transformation for development, promoted the reform of mixed ownership, and successfully drew in private capital for Shengbo Optoelectronics, thus to all-roundly improve the competitiveness. The company utilized all strengths to promote the polarizer project construction and improve the main business of polarizer, meanwhile, the company ensured the increasing growth for the revenue of property leasing, as well as maintained a stable and orderly work tendency for the development.

In the year of 2016, the company achieved the operating revenue of RMB 1198.2002 million, an year-on-year decrease of 2.33%; total profits of RMB 77.9865 million, an year-on-year decrease of 280.73%; net profits attributable to the owner of the parent company was RMB 87.2706 million, an year-on-year decrease of 1,127.05%. Mainly due to the sharp appreciation of the yen, the raw material costs and foreign exchange losses of the company's polarizer business increased significantly compared to the same period last year, and the losses of polarizer business increased, meanwhile the investment income from the disposal of financial assets available for sale and the income from the disposal of equity decreased compared to the same period last year.

During the reporting period, the company mainly completed the following work: firstly, the company effectively improved the production capacity through speed-up and capacity-lift of the production line, actively promoted the client-import work for new products, followed up the work of raw material substitution and reduced the production costs, thus the polarizer business development has got new achievements; secondly, strengthened the service management of property-type enterprises, optimized the customer structure and strictly implemented the leasing revenue enhancement plan for creating conditions to the sustainable increase of property operating efficiency; thirdly, continuously demonstrated and perfected the "13th Five-Year" planning and specified the strategic goal of unswervingly developing the polarizer business; fourthly, after the introduction of strategic investors by Shengbo Optoelectronic, the company invigorated the mechanism and strongly developed the whole business; fifthly, upon the arrangement of the major asset restructuring by the controlling shareholder, the company actively cooperated to push forward the matters of the major asset restructuring; sixthly, paid close attention to safety production and took preventive measures to ensure the safe development of enterprises.

2. Material change in principal activities during the reporting period

Yes No

3. Products accounting for over 10% of revenue or profit from principal activities of the Company

Applicable Not applicable

In RMB

Name	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Polarizer sheet	798,562,759.96	-131,094,111.13	0.20%	-0.64%	-119.44%	-1.84%
Lease and Management of Property	92,357,025.54	45,190,347.43	71.88%	1.78%	-48.84%	-2.25%
Trade	274,139,665.80	4,126,317.74	1.04%	-9.02%	414.00%	0.27%

4. Seasonal or cyclical operations requiring special attention

Yes No

5. Significant YoY changes in the operating revenues, operating costs and net profits attributable to the common shareholders or their composition

Applicable Not applicable

During the reporting period, the net profit attributable to ordinary shareholders of the listed company decreased by RMB 95.7678 million or 1,127.05% as compared with the previous period. The decrease was mainly due to the substantial appreciation of the yen, which resulted in a significant increase in raw material cost and exchange

losses for the Company's polarizer business, The loss of investment in polarizing sheet business and the decrease in investment income and equity disposal proceeds from the sale of available-for-sale financial assets were lower than the previous period.

6. Suspension in trading or delisting

Applicable Not applicable

7. Events relating to the 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

According to CK (2016) No. 22 notice "On printing and Distributing Value-Added tax Accounting Regulations" issued by the Ministry of Finance, after comprehensive regulations for business tax paid VAT, business tax and additional course changed name to "tax and additional" course. The course accounts consumption tax of business activities, urban maintenance and construction tax, resource tax, educational expenses additional and the property tax, land-using tax, vehicle-using taxes, stamp duty and other relevant taxes. The "business tax and additional" column in the income statement should be changed to "tax and additional" column. The company's property tax, land-using tax, vehicle-using taxes, stamp duty and other relevant taxes should be listed in the management fees. And also be listed in this course since May 1, 2016.

Items	Amount
Taxes and surcharges	3,469,318.93
Management fee	-3,469,318.93

The above changes in accounting policies were examined and approved in the 33th meeting of the sixth term board of directors.

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

Applicable Not applicable

Nil

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

Applicable Not applicable

Nil

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

March 31, 2017