

Stock code: 000045,200045

Stock Abbreviation: Shen Textile A, Shen Textile B

Announcement No. :2020-48

## **Shenzhen Textile (Holdings) Co., Ltd.**

### **The Third Quarterly Report 2020**

## **I 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. He Fei, Chief financial officer and the Ms. 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 Basic Information of the Company

### 1. Main financial data and financial index

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

☐ Yes ☒ No

In RMB

	As at the end of the reporting period	As at the end of last year	Changed ( %) over end of prev. year	
Gross assets ( Yuan )	4,760,429,824.39	4,531,399,885.99	5.05%	
Net assets attributable to the shareholders of the listed company ( Yuan )	2,754,887,410.53	2,727,764,144.36	0.99%	
	Reporting period	Increase/decrease over the same period of last year ( % )	Between beginning of the year to the end of the report period	Changed ( %) over end of prev. year
Operating revenue ( Yuan )	616,632,602.23	-2.38%	1,472,945,950.97	-10.21%
Net profit attributable to the shareholders of the listed company ( Yuan )	24,726,413.83	172.89%	25,446,148.57	50.63%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company ( Yuan )	20,780,909.95	1,447.56%	13,662,964.52	213.00%
Net cash generated from /used in operating activities ( Yuan )	85,768,341.55	-67.35%	-49,851,133.68	-117.40%
Basic earning per share (Yuan/Share)	0.0487	173.60%	0.0500	51.06%
Diluted gains per share (Yuan/Share)	0.0487	173.60%	0.0500	51.06%
Weighted average return on equity ( % )	0.90%	0.53%	0.93%	0.25%

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
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Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	262,826.07	
Government subsidy recognized in current gain and loss (excluding those closely related to the Company's business and granted under the state's policies)	19,189,814.08	
Other non-operating income and expenditure except for the aforementioned items	-80,453.65	
Less: Amount of influence of income tax	129,760.77	
Amount of influence of minority interests (After tax)	7,459,241.68	
Total	11,783,184.05	--

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.

## 2. 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		29,807	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	45.96%	234,069,436			
Shenzhen Shenchao Technology Investment Co., Ltd.	State-owned Legal person	3.17%	16,129,032			

Sun Huiming	Domestic Nature person	0.63%	3,224,767			
Su Weipeng	Domestic Nature person	0.55%	2,823,066			
Deng Yan	Domestic Nature person	0.45%	2,277,700			
Dai Guangxia	Domestic Nature person	0.34%	1,720,600			
Wang Zhongjing	Domestic Nature person	0.33%	1,671,700			
Hou Xiulan	Domestic Nature person	0.32%	1,612,591			
Li Zengmao	Domestic Nature person	0.31%	1,590,097			
Shen Zhenxing	Domestic Nature person	0.29%	1,455,300			
Shareholding of top 10 shareholders of unrestricted shares						
Name of the shareholder		Quantity of unrestricted shares held at the end of the reporting period	Share type			
			Share type		Quantity	
Shenzhen Investment Holdings Co., Ltd.		234,069,436	RMB Common shares			
Shenzhen Shenchao Technology Investment Co., Ltd.		16,129,032	RMB Common shares			
Sun Huiming		3,224,767	Foreign shares placed in domestic exchange			
Su Weipeng		2,823,066	RMB Common shares			
Deng Yan		2,277,700	RMB Common shares			
Dai Guangxia		1,720,600	RMB Common shares			
Wang Zhongjing		1,671,700	RMB Common shares			
Hou Xiulan		1,612,591	RMB Common shares			
Li Zengmao		1,590,097	RMB Common shares			
Shen Zhenxing		1,455,300	RMB Common shares			
Related or acting-in-concert parties among shareholders above		Shenzhen Shenchao Technology Investment Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd., According to the decision of the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, Shenzhen Shenchao Technology Investment Co., Ltd was transferred to Shenzhen Major Industrial Investment Group Co., Ltd in June 2019. Shenzhen Investment Holdings Co., Ltd and Shenzhen Shenchao Technology Investment Co., Ltd are both controlled by the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government. 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 Shareholder Dai Guangxia holds 200,600 shares of the Company through stock account with credit transaction;

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

#### 1. Major changes of main accounting statement items and financial indicators in the reporting period, as well as reasons for the changes

√ Applicable □ Not applicable

Items	September 30,2020 (In RMB10,000 )	January 1,2020 (In RMB 10,000 )	Scale of change	Causes of change
Accounts receivable	53,008.74	36,532.50	45.10%	Due to the increase in sales of polarizers.
Other receivables	806.66	1,244.08	-35.16%	Due to the decrease in interest receivable in the current period.
Other current assets	8,416.89	14,082.16	-40.23%	Due to the input tax to be deducted for certification, transferred to the tax payable.
Construction in progress	122,245.46	83,986.63	45.55%	Due to the increased investment in the Line 7 project during the current period.
Advance receipt	1,883.22	3,053.01	-38.32%	Due to the implementation of the "New Income Standards" in the current period to reclassify this item to contract liabilities and return the advance trade payment.
Taxes payable	1,056.88	2,254.56	-53.12%	Due to the settlement and payment of corporate income tax of the previous year in this period.
Long term loan	25,460.00	0.00	-	Due to the loan for the newly added Line 7 project in this period.
Treasury stock	752.54	1,613.90	-53.37%	Due to the fulfillment of restricted stock repurchase obligations.
Undistributed profit	7,475.39	4,930.78	51.61%	Due to profit during the reporting period.
Items	Amount incurred in the reporting period (In RMB10,000 )	Amount incurred in the previous period (In RMB 10,000 )	Scale of change	Causes of change
Sales expense	2,480.03	1,418.86	74.79%	Due to the increase in sales staff salaries, transportation costs and sales service fees.
R&D expense	4,056.55	2,914.84	39.17%	Due to increased research and development efforts in this period.
Financial expense	269.98	46.15	485.01%	Due to the decrease in interest income in this period.
Credit impairment loss	-926.57	844.72	-209.69%	Due to the increase in accounts receivable in this period, the provision for bad debts increased accordingly.
Operating profit	3,075.63	1,045.27	194.24%	The sales volume of polarizer products in

				the current period has increased significantly, and the growth rate of operating costs is significantly less than the growth rate of sales revenue..
Non-operating income	4.39	475.29	-99.08%	Received insurance claims in the same period last year, but none during the reporting period.
Non-perating expense	12.43	0.61	1937.70%	During the reporting period, the tax owed before repayment was none in the same period of the previous year.
Total profit	3,067.58	1,519.95	101.82%	The polarizer business has substantially reduced losses.
Income tax expense	869.90	1,550.21	-43.89%	Mainly because of the impact of the epidemic, the profit of the property leasing business decreased.
Net profit	2,197.68	-30.27	7360.26%	Mainly due to the increase in total profits and the decrease in income tax expenses.
Net cash flow from operating activities	-4,985.11	28,653.27	-117.40%	The trade payment was recovered in the same period of last year, but none in this period.
Net cash flows from investing activities	-15,572.56	-67,821.70	77.04%	During the reporting period, the funds received from the recovery of wealth management investment were more than the funds paid for investment and wealth management, while the funds paid for investment and wealth management in the same period last year were more than recovered.
Net cash flow from financing activities	24,368.10	-47,339.57	151.48%	During the reporting period, bank loans were obtained, and bank loans were repaid in the same period last year.

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

√ Applicable □ Not applicable

(1) Matters concerning the Company's involving arbitration and the subsidiary's' 2019 performance commitment compensation

On March 9, 2020, the company received the Notice of Arbitration (No.452 -2) from Shenzhen International Arbitration Court and the Application for Arbitration submitted by Hangzhou Jinjiang Group Co., Ltd., which is the applicant of this arbitration while the company is the respondent. Hangzhou Jinjiang Group Co., Ltd. submitted the following arbitration requests: 1. The ruling made the following changes to the Cooperation Agreement: (1) Delete the original Article 3.1 of the Cooperation Agreement and the relevant unfulfilled rights and obligations will no longer be fulfilled (2) Delete the original Article 6.4 of the Cooperation Agreement, and the relevant unfulfilled rights and obligations will no longer be fulfilled; 2. The respondent shall bear the



arbitration fee of the case and the actual expenses of the arbitral tribunal. The applicant reserves the right to further modify the arbitration request.

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On March 26, 2020, the company received the Notice on Extending the Time Limit Appointed by Arbitrators (2020 SGZS No.452 -3) delivered by Shenzhen International Arbitration Court. Due to the complexity of the dispute and the special epidemic background, the applicant needs extra time to negotiate and communicate the procedural matters of the case with the respondent, so it applies to Shenzhen International Arbitration Court to extend the time limit for appointing arbitrators in this case. Shenzhen International Arbitration Court believes that the applicant's request is reasonable, and both parties are requested to notify Shenzhen International Arbitration Court in writing of the arbitrator's appointment result before March 30, 2020. Therefore, the company shall appoint an arbitrator before March 30, 2020 instead of within 15 days after receiving the arbitration notice on March 9, 2020, and notify the Shenzhen International Arbitration Court of the results in writing. For details, please refer to the Announcement of 2020-21 on the website of <http://www.cninfo.com.cn>.

On April 17, 2020, the company received the Notice of Arbitral Tribunal Composition (2020 SGZS No.452-4) from Shenzhen International Arbitration Court. Both parties to the arbitration informed Shenzhen International Arbitration Court in writing of the results of arbitrator selection according to the arbitration procedure before March 30, 2020, and appointed 1 arbitrator respectively and 1 chief arbitrator together. On April 16, 2020, the arbitration tribunal was formed to hear the case.

As of the disclosure date of this report, the company has entrusted a lawyer to submit evidence and materials of this arbitration to the arbitration tribunal in accordance with the arbitration procedures, and submitted a letter of invitation for the applicant to clarify the arbitration request and arrange the hearing. However, due to the epidemic, the arbitration has not yet been held, and the time of the court session has yet to be scheduled. In view of the company's involvement in the above arbitration and the uncertainty of the arbitration results, Jinjiang Group's unfulfilled commitment to the company's subsidiary SAPO Photoelectric in 2019 is uncertain. The company will continue to pay attention to the follow-up progress of this arbitration and fulfill its information disclosure obligations in a timely manner.

## (2) Progress of Transferring the Equity of Guanhua

In order to further revitalize the Company's existing assets, concentrate resources on its main business and stimulate the vitality of the enterprise, the Proposal on Transfer of 50.16% Equity of Shenzhen Guanhua Printing and Dyeing Co., Ltd. was deliberated and passed at the 22nd meeting of the 7th Board of Directors and the 2nd Extraordinary General Meeting in 2019. It was agreed that the Company would transfer 50.16% of Guanhua equity held by the Company through public listing at a price of not less than 340,468,300 yuan in Shenzhen United Property and Share Rights, which was approved by the state-owned assets management department for filing. However, due to market reasons and changes in relevant conditions, after comprehensive consideration by the Company, the shares of Guanhua are not listed on Shenzhen United Property and Share Rights Exchange, and

the Company planned to choose a suitable time to list within the validity period of the underlying equity evaluation report (August 30, 2020) according to market conditions and in combination with the actual operation of the Company. For details, please refer to the Announcement of 2019-55, 2019-63 and 2019-71 on the website of <http://www.cninfo.com.cn>.

Due to market reasons and changes in relevant circumstances, the company did not publicly list and transfer the equity of the target company on the Shenzhen United Property and Share Rights Exchange. As of the disclosure date of this report, the evaluation report of Guanhua Company has passed its validity period (valid until August 30, 2020). If the equity transfer continues to be implemented, a new asset evaluation will be required. In view of the market reasons affected by the new crown pneumonia epidemic this year, combined with the company's actual operating conditions, the Company, after careful consideration, plans to terminate the transfer of 50.16% of Guanhua's equity. On October 29, 2020, the thirty-third meeting of the seventh board of directors of the company reviewed and approved the "Proposal on Terminating the Transfer of 50.16% Equity in Shenzhen Guanhua Printing and Dyeing Co., Ltd.". Due to market reasons and changes in relevant circumstances, the company agreed to terminate the case above, the proposal still needs to be submitted to the Company's shareholders meeting for deliberation. For the above content, please refer to the "Announcement on the Termination of the Transfer of 50.16% Equity of Shenzhen Guanhua Printing and Dyeing Co., Ltd." (No. 2020-49) of Juchao Information Network (<http://www.cninfo.com.cn>).

### (3) Progress in subsidiaries participating in the establishment of industrial funds

On November 16, 2017, the company's controlling subsidiary Shengbo Optoelectronic Co., Ltd 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 RMB 50 million. SAPO as one of the limited partners of the industrial fund, subscribed for a capital contribution of RMB 28.5 million. 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).

As of September 30, 2020, Changxing Junying had accumulated 3 investment projects with a total investment of RMB 42 million.

No	Name	Investment	Fund contribution(In RMB 10,000)
1	Shenzhen Kaichuang Shijia Technology Co., Ltd.	Optical Film	1,400
2	Shenzhen shenfuyu Electronic Technology Co., Ltd.	Optical Film	1,300
3	Shenzhen Hengbaoshun Technology Development Co., Ltd.	Optical Film	1,500

### (4) The matter about the provision of guarantees for subsidiaries to apply for bank mortgage loans

In order to meet the capital demand for the construction of Line 7 project, the 28th meeting of the 7th Board of Directors reviewed and approved the Proposal on Subsidiaries Applying for Mortgage Loans from Banks and the Proposal on Providing Guarantee for Subsidiaries' Mortgage Loans, and the Second Extraordinary General Meeting of Shareholders in 2020 reviewed and approved the Proposal on Providing Guarantee for Subsidiaries' Mortgage Loans, and agreed that SAPO will apply for a fixed asset loan of RMB 800 million from the syndicate led by Shenzhen Branch of Bank of Communications Co., Ltd. with some of its self-held properties, with a term of no more than 8 years, and the specific terms are subjected to "Syndicated Loan for the Industrialization Project

of Polarizers for Ultra-Large TVs (Line 7)" and "The Mortgage Contract for the Syndicated Loan for the Industrialization Projects of Polarizers for Ultra-large TVs (Line 7)" signed by SAPO and the lender; it is agreed that the Company will provide joint liability guarantee to the above syndicate for 60% of the total debts of SAPO under the above project loans, of which the principal amount of the secured creditor's rights is RMB 480 million, and the legal representative of the company or its authorization is authorized Represent the company in handling the above guarantee matters and sign the guarantee contract and any other documents related to this guarantee. For details, please refer to Announcement Nos. 2020-18, 2020-19 and 2020-22 on cninfo (<http://www.cninfo.com.cn>). As of the date of the disclosure of this report, the company has signed the "Guarantee Contract for Syndicated Loans for the Industrialization Project of Polarizers for Ultra-large TVs (Line 7)" with Bank of Communications Co., Ltd. Shenzhen Branch, the guarantee agent of the syndicate. For details, please refer to the "Announcement on the Progress of the Company's Provision of Guarantees for Subsidiaries" (No. 2020-46) on cninfo(<http://www.cninfo.com.cn>) on October 24, 2020.

Announcement	Date of disclosure	Website for disclosure
Matters concerning the Company's involving arbitration for its subsidiary's 2019 performance commitment compensation	March 11, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No.2020-07
	March 28, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No.2020-21
Matters concerning the Company providing guarantee for its subsidiary's bank mortgage loans applied.	March 18, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No.2020-18
	March 18, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No.2020-19
	April 7, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No.2020-22
	October 24, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No.2020-46
Matters concerning the equity transfer of Guanhua	October 31, 2020	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> . Announcement No.2020-49

Progress in the implementation of share repurchase

☐ Applicable ☒ Not applicable

Progress in the implementation of the reduction of the repurchased shares by means of centralized bidding

☐ Applicable ☒ Not applicable

**3. 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	Shenzhen	Share	As Shenzhen Investment Holdings Co., Ltd.,	August 4,	Sustained	Under

reform	n Investm ent Holding s Co., Ltd.	reducti on commit ment	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 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.	2006	and effective	Fulfillment
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement						
Commitments made upon issuance	Shenzhe n Investm ent Holding s Co., Ltd.	Commi tments on horizon tal compet ition, related transac tion and capital occupa tion	Shenzhen Investment Holdings Co., Ltd. signed a “Letter of Commitment and Statement on Horizontal Competition Avoidance” when the company issued non-public stocks in 2009. 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 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	October 9, 2009	Sustained and effective	Under Fulfillment

			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, 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 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 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 controlling Shenzhen Textile.	July 14, 2012	Sustained and effective	Under Fulfillment
Equity incentive	Shenzhen	Other	1.The company undertakes not to provide	November	December	Under

commitment	n Textile( Holding s) Co., Ltd.	commit ment	loans, loan guarantees, and any other forms of financial assistance to the incentive objects for obtaining the restricted stocks in the incentive plan; 2. The company undertakes that there is no circumstance that the stock incentive shall be prohibited as stipulated in the provisions of Article 7 of the “Measures for the Management of Stock Incentives of Listed Companies”.	27,2017	27,2021	Fulfillment
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	Not applicable					

#### 4. Financial asset investment

(1) Investment in securities

☐ Applicable ☒ Not applicable

No securities investment during the report period.

(2) Investments in derivatives

☐ Applicable ☒ Not applicable

No derivative investment during the report period.

#### V. Progress of investment projects with raised funds

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

In order to meet the needs of downstream panel customers, improve the overall production efficiency of Line 7 project and enhance the competitiveness of the enterprise, SAPO Photoelectric, a subsidiary, increases its investment by 147.2 million yuan to build one RTP production line and 2 RTS production lines, with its own funds and bank loans. For details, please refer to Announcement No.2020-25 of CNInfo (<http://www.cninfo.com.cn>).

As of the disclosure date of this report, the Line 7 project has completed the capping of the main plant and the manufacturing of extension equipment. Affected by the Coronavirus epidemic, due to labor shortages, insufficient supply of engineering materials and equipment, transportation restrictions, etc., the construction of the Line 7 project was not fully resumed until mid-March 2020. The company further strengthened the monitoring and management of budget, schedule, quality and other aspects, rearranged the construction time node, and is currently carrying out the purification and decoration engineering construction and the installation of extension

machine equipment. It is planned to complete the main machine equipment debugging in March 2021, and start the trial production.

During the reporting period, the Company has prudently demonstrated that it will invest 147.2 million yuan in the construction of 1 RTP production line and 2 RTS production lines on the Line 7 project. The source of funds is its own funds and bank loans. The main reasons for this increase in investment are first to meet the needs of downstream panel customers and enhance the depth of customer cooperation; second, to help improve the overall production efficiency of the Line 7 project, simplify the production process, and effectively reduce production costs; third, to further improve Enterprise competitiveness provides guarantee for the successful operation of Line 7 project. For the above details, please refer to the "Announcement on the Increase of Investment and Construction Progress in the Industrialization Project of Polarizers for Ultra-large TVs (Line 7)" on cninfo (<http://www.cninfo.com.cn>) on April 30, 2020. (No. 2020-25). As of the disclosure date of this report, the company has built one RTP production line, and the RTP equipment production is in progress. It is expected to achieve mass production in Q3 of 2021; one RTS production line is already under construction and is expected to achieve mass production in Q3 of 2021.

As of Sep. 30, 2020, the total investment contract amount of the Line 7 project was 1,573.4259 million yuan, and the actual paid-in investment was 1,347.7947 million yuan (with raised funds of 409.9510 million yuan, and its own funds and government funds of 937.8437 million yuan used).

## 6. Forecast of 2020 business performance

A warning and explanation of the reason for predicting that the cumulative net profit from the beginning of the year to the end of the next reporting period may be a loss or a significant change compared with the same period of the previous year

☐ Applicable ☒ Not applicable

## 7. Major contracts for daily operations

☐ Applicable ☒ Not applicable

## 8. Entrusted Financial Management

☒ Applicable ☐ Not applicable

In RMB 10,000

Type	Source	Amount	Unexpired balance	Overdue amount
Bank financing product	Self fund	77,900	19,000	0
Others	Self fund	51,500	51,500	0
Total		129,400	70,500	0

Specific Circumstance of Trust Investment which is Large in single amount, low insecurity, poor in liquidity or unguaranteed in high risk

☒ Applicable ☐ Not applicable

In RMB 10,000

Name of Trustee Organization (or	Type of Trustee Organization (or	Product Type	Amount	Capital Source	Start Date	Expiry Date	Funds Allocation	Method of Reward	Reference Annualized Rate of	Expected Income (if any)	Actual profit and loss during	The actual recovery of profit and loss	Amount of provision for impairment	Whether has passed the statistical	Whether there is any entrusted financial	Summary of events and related search
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Trustee Name)	Trustee)							Determination	Return		During the reporting period	During the reporting period	Interest (if any)	utory procedure	Special plan in the future	Index (if any)
SPD Bank. Fenghuang Building Sub-Branch	Bank	Structural deposit	28,000	Self fund	February 5, 2020	August 3, 2020	Bank financial products	Repayment of principal and interest	3.85 %	539	539.54	Redemption at maturity		Yes	Not applicable	
SPD Bank. Fenghuang Building Sub-Branch	Bank	Structural deposit	12,000	Self fund	March 12, 2020	September 14, 2020	Bank financial products	Repayment of principal and interest	3.85 %	233.57	233.57	Redemption at maturity		Yes	Not applicable	
China Southern Asset Management Co., Ltd.	Fund company	Monetary Fund	30,500	Self fund	September 8, 2020	October 29, 2020	Public fund products	Redemption on T day, arrival on T+1 day	2.20 %			Unexpired		Yes	Not applicable	
China South	Fund comp	Mon	12,000	Self	September	October	Public	Rede	2.20 %			Unexpired		Yes	Not appli	



ern Asset Mana geme nt Co., Ltd.	any	eta ry Fu nd		fu nd	ber 15, 202 0	29, 202 0	fun d pro duc ts	mpt ion on T day , arri val on T+ 1 day							cable	
Total			82,500	--	--	--	--	--	--	772. 57	773. 11	--		--	--	--

Entrusted financing appears to be unable to recover the principal or there may be other circumstances that may result in impairment

☐ Applicable ☒ Not applicable

#### 9. Violation of external guarantees

☐ Applicable ☒ Not applicable

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

#### 10. 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.

#### 11. Registration form for receiving research, communication, interviews and other activities during the reporting period

☐ Applicable ☒ Not applicable

The company did not receive research, communication, interviews and other activities in Period.

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

October 31,2020