Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B No. of Announcement: 2002-005

SHENZHEN TEXTILE (HOLDINGS) CO., LTD.

REPORT FOR THE FIRST QUARTER OF 2002 (B)

Important Declaration: The Board of Directors 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. The quarterly financial statements of the Company have not been audited.

I. Brief Introduction of the Company

(I) Statutory Name of the Company
In Chinese : 深圳市纺织（集团）股份有限公司
In English : SHENZHEN TEXTILE (HOLDINGS) CO., LTD.
Short form in English: STHC
(II) Registered Address: 6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen
Office Address: 6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen
Post Code: 518031
E-mail :sztext@szonline.net
(III) Legal Representative : Guan Tongke
General Manager: Liu Junhou
(IV) Secretary of the Board of Directors : Chao Jing
Contact Address: 6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen
Post Code: 518031
Tel : 0755-3776043
Fax : 0755-3776139
E-mail: cjane@mail.china.com
(V) Newspapers for Information Disclosure:
Securities Times, Hong Kong Commercial Daily
Internet Web Site for Publishing the Interim Report: http://www.cninfo.com.cn
The Place Where the Quarterly Report is Prepared and Placed: the Office of the Company
(VI) Stock Exchange with Which the Company's Stocks Are Listed: Shenzhen Stock Exchange
Abbreviation of the Stock : SHEN TEXTILE A SHEN TEXTILE B

Stock Code : 0045 2045

II Review and Prospect of Business

(I) The operation status and the material change of the main industry in which the Company is engaged

The Company is mainly engaged in the production and trading of textile products, garments, electronic products and in the lease and management of properties. In the report period, the Company strengthened internal management and actively developed market while quickening the construction of new projects, which was in good condition of production and operation. The income from the key business and net profit earned by the Company were respectively RMB 84.39 million and RMB 5.51 million, an increase of 12.2% and 21.5% respectively over the same period of the previous year.

In the report period, there was no material change to the textile industry in which the Company is engaged.

(II) Main investment projects

In the report period, the Company established Anhui Huapeng Textile Co., Ltd. with Anhui Huamao Textile Co., Ltd. and Anhui Huamao Group Co., Ltd. in Anqing City, Anhui Province. Its business scope: Production, bleaching, printing, dyeing, processing and sales of various yarns, production, processing and sales of various textile fabrics and garments. The Company invested RMB 25 million in this company, which accounts for 50% of the registered capital of this company. In the report period, this project was implemented as scheduled.

(Relevant announcement was published on Securities Times and Hong Kong Commercial Daily on February 9, 2002.

(III) Operating result and financial result

1. Operating result

(1) The change of income, gross profit and net profit as compared with the previous year and the reasons (RMB'000)

Item	Balance at the end of the period	Balance in the same period of the previous year	Change (%)
Income	84388	75199	12.2
Gross profit	20789	19164	8.5
Net profit	5512	4538	21.5

Main reason for change:

The income increased by 12.2% over the same period of the previous year mainly due to the increase of the income from trade and property lease.

Gross profit increased 8.5% over the same period of the previous year mainly due to the increase of income.

Net profit increased 21.5% over the same period of the previous year mainly due to the growth of investment income.

(2) The proportion of gross profit, expenses and investment income to the before-tax profit and the comparison over the previous report period (Unit: RMB'000)

Item	2002.3		2001.3	
	Amount	Proportion of before-tax profit (%)	Amount	Proportion of before-tax profit (%)
Before-tax profit	5536		4648	
Gross profit	20789	375.5	19164	412.3
Sales and management expenses	(16510)	-298.2	(15008)	-322.9
Investment income	3813	68.9	2735	58.8

There were no items that changed by over 20%.

(3) In the report period, there were neither seasonal income and expenses nor material non-recurring gains and losses.

2. Financial position

(1) Main asset items (Unit: RMB'000)

Item	2002.3		2001.12	
	Amount	Proportion of total assets (%)	Amount	Proportion of total assets (%)
Total assets	658366		682384	
Accounts receivable	45451	6.9	46176	6.8
Prepayments, security deposit and other payables	81838	12.4	71169	10.4
Investment in associated companies	34471	5.2	9157	1.3
Net asset	312707	47.5	307195	45.0

Reason for change:

The increase of the investment in associated companies resulted from the investment in Anhui Huapeng Textile Co., Ltd.

(2) In the report period, the Company neither entrusted others to manage its material assets nor borrowed funds.

(3) In the report period, the Company had no material overdue debts.

3. Contingent and subsequent events

(1) In the report period, the Company neither got involved in any material lawsuit or arbitration.

(2) The Company signed an agreement on mutual guarantee for loans with amount up to RMB 0.1 billion with Shenzhen Laiyingda Group Co., Ltd. By the end of the report period, the total amount of the loan guarantee provided by the Company to Shenzhen

Laiyingda Group Co., Ltd. was RMB 86.45 million. The above loan has been overdue.

(3) There were no important events subsequent to the date of balance sheet in the report period.

4. Shenzhen Pengcheng Certified Public Accountants and Ho and Ho & Company issued qualified auditors' report for 2001 annual financial report of the Company in respect of the matter that the Company provided loan guarantee to Shenzhen Laiyingda Group Co., Ltd. In the report period, the Board of Director actively took measures, formulated new solutions according to actual conditions and consulted with relevant parties. The independent directors of the Company also coordinated with relevant department for this matter. The solution for this matter is now under discussion by relevant parties.

III. Financial and accounting report (adjusted pursuant to international accounting standards, unaudited)

Consolidated Balance Sheet As of March 31, 2002

Prepared by: Shenzhen Textile (Holdings) Co., Ltd.

	March 2002	December 2001
	RMB'000	RMB'000
ASSETS		
NON-CURRENT ASSETS		
Real estates, factory buildings and equipment	162636	164886
Investment in real estate	101372	101372
Construction-in-progress	12076	11504
Investment in subsidiaries	4394	7025
Investment in affiliates	34471	9157
Other investments	30946	30946
	344476	324890
CURRENT ASSETS		
Inventories	41479	41755
Accounts receivable	45451	46176
Prepayments, deposits other receivables	81838	71169
Securities investment	4507	4507
Cash and bank balances	140615	193887
	313890	357494
TOTAL ASSETS	**658366**	**682384**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Capital and reserves		
Share capital	163416	163416
Reserves	149291	143779

	312707	307195
MINORITY INTERESTS	45781	43186
NON-CURRENT LIABILITIES		
Loan with maturity period of over 1 year	500	500
CURRENT LIABILITIES		
Loan at sight or due within 1 year	187964	188514
Accounts payable	21643	26009
Accruals and other payables	70833	97952
Dividends payable	18732	18732
Income tax payable	206	296
Total liabilities and shareholders' equity	**658366**	**682384**

Consolidated Profit and Loss Statement

For the Period Ended March 31, 2002

Prepared by: Shenzhen Textile (Holdings) Co., Ltd.

	March 2002	March 2001
	RMB'000	RMB'000
Income	84388	75199
Cost of sales	(63599)	(56035)
Gross profit	20789	19164
Other income	(68)	717
Selling and administrative expenses	(16510)	(15008)
Operating profit	4211	4873
Negative goodwill amortization	142	142
Investment income (loss)	3813	2735
The profit (loss) attributable to affiliates	(50)	30
Financial expenses	(2506)	(3061)
Profit before taxation	5610	4719
Taxation	(74)	(71)
Profit after taxation	5536	4648
Minority interests	(24)	(110)
Net profit for the year	5512	4538

(II) Notes to financial statements

1. Compared with the previous regular report, the accounting policies, accounting estimation and the scope of the consolidation of financial statements remained unchanged.
2. The accounting policies adopted in this quarterly report are the same with those adopted in annual financial report.
3. There were no subsidiaries that should be included in the consolidation scope of financial statements but whose financial statements were not consolidated.
4. Compared with the report of the previous year, the consolidation scope of the financial statements of the Company remained unchanged in the report period.
5. The implementation of new accounting standards and system as well as supplementary regulations did not affect the financial status and operating result of the Company for the year 2000.

IV. Documents Available for Inspection

1. The original of quarterly report bearing the signature of the chairman of the board of directors;
2. Financial statements bearing the seal and signature of legal representative, financial controller and accounting personnel in charge.
3. The original of all Company's documents and the original manuscripts of announcements publicly disclosed on the newspapers designated by CSRC in the report period;

The above documents were completely placed at the Office of the Company.
This report has been prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.
April 26, 2002