SHENZHEN TEXTILE (HOLDINGS) CO., LTD.
2002 SEMIANNUAL REPORT

Important Note: The board of directors and directors of the Company hereby guarantees that there are no false records, 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 semiannual financial report of the Company was not 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) Stock Exchange with Which the Company¡¯s Stocks Are Listed Shenzhen Stock Exchange

Short Form of the Stock : SHEN TEXTILE A SHEN TEXTILE B

Stock Code : 000045 200045

(III) 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

（IV）Legal Representative : Guan Tongke

General Manager: Liu Junhou

（V）Secretary of the Board of Directors : Chao Jin

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

(VI) Newspapers for Information Disclosure:

Securities Times, Hong Kong Commercial Daily

Internet Web Site for Publishing the Annual Report: http://www.cninfo.com.cn

The Place Where the Interim Report is Prepared and Placed: the Office of the Company

II. Financial Highlights and Indicators (Pursuant to international accounting standards) RMB¡¯000

Item	Jan 1, 2002-June 30, 2002	Jan 1, 2001-June 30, 2001
Net profit	17,133	16,679
Earnings per share (RMB)	0.108	0.102
Return on net assets (%)	5.28	5.43
Net cash flows per share from operating activities	-0.021	0.045
Item	June 30, 2002	Dec. 31, 2001
Total assets	683,118	682,384
Asset/debt ratio (%)	45.9%	49.7%
Shareholders¡¯ equity (not including minority equities)	324,330	307,195
Net assets per share (RMB)	1.98	1.88

Note:

The difference of the net profits and net assets calculated pursuant to Enterprise Accounting System (RMB¡¯000)

	Net profit	Net assets
Pursuant to	15,677	319,348
Pursuant to international accounting standards		
Negative goodwill amortization	284	284
Reversing the depreciation	1,173	14,625
Not consolidating the depreciation reserve of subsidiaries		(2,854)
Under-provided reserve for the losses of subsidiaries in the previous year		(1,786)
Proprietary technology amortization		(5,262)
Others		(26)
	17,133	324,330

III. Particulars about the Changes of Share Capital and Shareholding of Shareholders

(I) Particulars about the change of share capital

The total number and the structure of the shares of the Company remained unchanged in the report period.

(II) Total number of shareholders

As of June 30, 2002, the Company had 18,825 shareholders in total including one shareholder of state-owned shares, 10,342 shareholders of A shares and 8,482 shareholders of B shares.

(III) Particulars about the shares held by the main shareholders

No.	Name of shareholders	Type of share	Quantity of shares	Proportion of total shares (%)
1	Shenzhen Investment Management Co.	State-owned shares	108240000	66.24
2	Zhuang Shangyi	A	2330921	1.43
3	Yangzi Petrochemical Co., Ltd. Trade Union Committee	A	871398	0.53
4	Top Form China Holdings Ltd. N/A	B	650000	0.40
5	Guo Changquan	A	456156	0.28
6	Beijing International Power Development Investment Co.	A	390942	0.24
7	Ningbo Union Yulong Textile Co., Ltd.	A	372000	0.23
8	Victor Onward Printing & Dyeing (HK) Co., Ltd.	B	370000	0.22
9	Xingye Securities Investment Fund	A	203000	0.12
10	Yulong Securities Investment Fund	A	200018	0.12

Among the above shareholders, the one holding shares on behalf of the state is Shenzhen Investment Management Co. No. 4 and 8 shareholders are the ones holding foreign investment shares.

4. The controlling shareholder of the Company remained unchanged in the report period.

IV. Directors, supervisors and senior executives

1. Shares held by directors, supervisors and senior executives of the Company remained unchanged in the report period.
2. On May 28, 2002, 2001 annual general meeting of the Company elected Mr. Zhu Dahua as the director of the Company and Mr. Feng Junbin as the supervisor of the Company.

V. Discussion and analysis of the management

1.Financial position of the Company

Income from key business was RMB 193,827,000, an increase of 26.6% over the same period of the previous year.

Profit from key business was RMB 44,432,000, an increase of 9.1% over the same period of the previous year.

Net profit was RMB 17, 133, 000, an increase of 2.7% over the same period of the previous year.

The increase of the above three items was mainly caused by the increase of trade income of the Company in the report period.

Cash and cash equivalent decreased by RMB 44,183,000, which was mainly caused by the repayment of debts and external investments in the report period.

The total assets were RMB 683,118,000, which decreased by 0.1% over the year-beginning balance due to the liquidation of debts in the report period.

Shareholders¡¯ equity was RMB 324,330,000, which increased by 5.6% over the year-beginning balance due to the obtainment of net profit in the report period.

2. Main operation of the Company

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 income from the key business and net profit earned by the Company were respectively RMB 193.827 million and RMB 17.133 million, an increase of 26.6% and 2.7% respectively over the same period of the previous year.

(1) Industry: In the report period, the income of industrial subsidiaries of the Company was RMB 25.715 million, which decreased by 9.0% over the same period of the previous year. Their cost was RMB 23.228 million, which decreased by 3.1% over the same period of the previous year.

(2) Trading: In the report period, the income from trading was RMB 137.059 million, an increase of 41.7% over the same period of the previous year. The cost of trading was RMB 124.598 million, an increase of 43.4% over the same period of the previous year.

(3) Property lease and hotel business: The Company earned income of RMB 31.054 million in total from property lease, warehousing and hotel business in the report period, which increased by 10.3% the same period of the previous year. The cost has been calculated in period expenses. The Company did not independently state this accounting item.

3. Investment of the Company

(1) The utilization of raised funds

The Company did not raise funds in the report period. The use of the funds raised previously did not extended to the report period.

(2) Other investment

In the report period, the Company invested RMB 25 million in establishing Anhui Huapeng Textile Co., Ltd. with Anhui Huamao Textile Co., Ltd. and Anhui Huamao Group Co., Ltd. in Anqing City, Anhui Province. The registered capital of this company is RMB 50 million. The Company, Anhui Huamao Textile Co., Ltd. and Anhui Huamao Group Co. respectively own 50%, 40% and 10% of the registered capital. Its business scope: Production, bleaching, printing, dyeing, processing and sales of various yarns, production, processing and sales of various textile fabrics and garments. In the report period, this project was implemented as scheduled. Phase-I project equipment has been put into production. The phase-II project equipment is in the stage of installation and commissioning.

4. Plan of the next half year

(1) To quicken the construction key projects including high-class full-fashioned no-seam underwear project, high-class singed mercerized wool project and the acquisition of relevant textile projects to strengthen its key business and economic power;
(2) To strengthen the management of overseas garment enterprises and further enhance their production capacity and the ability of receiving orders;
(3) To strengthen the management of property management and try to enhance the occupancy rate and rent recovery rate.
(4) To further strengthen internal management, tap internal potential and reduce variable costs as far as possible under the circumstance of planned increase of income by 4% over the previous year and increase of various fixed expenses year by year.

5. The certified public accountants engaged by the Company issued qualified auditors¡¯ report for 2001 annual financial report of the Company in respect of the matter that the Company provided guarantee to Shenzhen Laiyingda Group Co., Ltd. (now renamed as Guangdong Shengrun Group Co., Ltd.) for loan of RMB 86.45 million. In the report period, the Company actively coordinated with controlling shareholder, banks and Laiyingda Co. At present, the parties concerned have not entered into relevant agreement.

VI. Important Events

1. According to resolutions of 2001 annual general meeting held by May 28, 2002, the Company was to cover the losses of the previous years with net profit of RMB 25,201,666.88, surplus common reserve fund of RMB 5,326,454.77 and capital common reserve fund of RMB 40,890,611.81 to cover the losses of the previous years. The above accounting handling has been completed. (Refer to the announcement published on Securities Times and Hong Kong Commercial Daily on June 25, 2002).
2. The Company was not involved in any material lawsuits and arbitration in the report period.
3. The Company was not involved in acquisition, sales, or disposal of assets in the report period.
4. The Company signed an agreement on mutual guarantee for loans with amount up

to RMB 0.1 billion with Shenzhen Laiyingda Group Co., Ltd. (now renamed as Guangdong Shengrun Group Co., Ltd.) As of June 30, 2002, 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.

5. The Company signed equity trust agreement with China Pushi Electronics Co., Ltd. and Jiujiu Industrial Co., Ltd. on December 14, 2001 to trust the 12,274,495 ordinary shares of Jintian Industrial (Group) Co., Ltd. held by it to the aforementioned two companies for management. The trust period is three years. In the report period, the above two companies withdrew from the reorganization of Jintian Industrial (Group) Co., Ltd. This trust agreement was terminated.

6. Pursuant to the resolutions of 2001 annual general meeting, the Company respectively engaged Shenzhen Pengcheng Certified Public Accountants and K. C. Oh & Co. as the auditing organs for its A shares and B shares for the year 2002 and made announcement on Securities Times and Hong Kong Commercial Daily on May 29, 2002.

VII. Financial Report

(I) Financial statements (attached hereinafter)

1. Balance sheet
2. Profit and profit distribution statement
3. Cash flow statement

(II) Notes to financial statements

1. Compared with the report of the previous year, the accounting policies, accounting estimate principle and accounting methods implemented by the Company in the report period remained unchanged.
2. Compared with the report of the previous year, the consolidation scope of the financial statements of the Company remained unchanged in the report period.
3. The financial report was prepared pursuant to international accounting standard and unaudited.

VIII. List of Documents Available for Inspection

The following documents are completely placed at the Office of the Company for reference:

1. The original semiannual report bearing the signature of the Chairman of the Board of Directors of the Company;
2. The full text of the financial report bearing the seal and signature of the person in charge of the Company, financial controller and the person in charge of accounting organ
3. The originals of all Company¡¯s documents publicly disclosed on the newspapers designated by CSRC in the report period;
4. Articles of Association of the Company;
5. English version of semiannual report.

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.
July 30, 2002

Consolidated Balance Sheet
As of July 30, 2002

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

	June 2002	December 2001
	RMB¡¯000	RMB¡¯000
ASSETS		
NON-CURRENT ASSETS		
Real estates, factory buildings and equipment	159971	164886
Investment in real estate	101372	101372
Construction-in-progress	13407	11504
Investment in subsidiaries	6957	7025
Investment in affiliates	34928	9157
Other investments	30946	30946
	347581	324890
CURRENT ASSETS		
Inventories	48603	41755
Accounts receivable	48933	46176
Prepayments, deposits and other receivables	86597	71169
Securities investment	7230	4507
Cash and bank balances	149704	193887
	341067	357494
TOTAL ASSETS	**688648**	**682384**
LIABILITIES AND SHAREHOLDERS¡¯ EQUITY		
Capital and reserves		
Share capital	163416	163416
Reserves	160914	143779
	324330	307195
MINORITY INTERESTS	45105	43186
NON-CURRENT LIABILITIES		
Loan with maturity period of over 1 year	500	500
CURRENT LIABILITIES		
Loan at sight or due within 1 year	179664	188514
Accounts payable	22856	26009
Accruals and other payables	91824	97952
Dividends payable	18732	18732
Income tax payable	107	296
	313183	331503
Total liabilities and shareholders¡¯ equity	**688648**	**682384**

Consolidated Profit and Loss Statement
For the Period Ended June 30, 2002

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

	June 2002	June 2001
	RMB¡¯000	RMB¡¯000
Income	193827	153129
Cost of sales	（149396）	（112421）
Gross profit	44431	40708
Other income	677	1534
Selling and administrative expenses	（32458）	（30189）
Operating income	12650	12053
Negative goodwill amortization	284	284
Investment income (loss)	10588	10206
The profit (loss) attributable to affiliates	（1275）	1206
Financial expenses	（4738）	（6187）
Profit before taxation	17509	17562
Taxation	（107）	（200）
Profit after taxation	17402	17362
Minority interests	（269）	（683）
Net profit for the year	17133	16679

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated Cash Flow Statement for the Period Ended June 30, 2002

		June 2002
		RMB ¡¯000
Net cash inflow from operating activities		（3382）
Income tax paid		（83）
Net cash outflow from operating activities		（3465）
Investment activities		
Interest income		1220
Increase of construction-in-progress		（1903）
Purchase of properties, factory buildings and equipment		（271）
Income from the sales of properties, factory buildings and equipment		38
Decrease /(increase) of dues from affiliates		（1055）
Increase of dues to affiliates		34
Income from sales of other investments		2900
Purchase of other non-current assets		（1024）
Decrease of securities investment		（2723）
Increase of investment in affiliates		（25000）
Net cash inflow from investing activities		（27784）
Net cash outflow before financing		（31249）
Financing		
Interest expenses		（5734）
Increase /(Decrease) of minority interests		1650
Decrease of loan		（8850）
Net cash flow from financing		（12934）
Net increase in cash and cash equivalents		（44183）
Year-beginning cash and cash equivalents balances		193887
Cash and cash equivalent balance at the end of the period		149704