Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B No. of Announcement: 2002-0014

SHENZHEN TEXTILE (HOLDINGS) CO., LTD.

REPORT FOR THE THIRD QUARTER OF 2002 (B)

Important: The Board of Directors of the Company hereby guarantees that there are no false record, misleading statement 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

1. Stock Exchange at Which the Company's Stocks Are Listed: Shenzhen Stock Exchange
   Abbreviation of the Stock : SHEN TEXTILE A SHEN TEXTILE B
2. Secretary to the Board of Directors : Chao Jin
   Contact Address: 6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen
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3. Financial Highlights and Indicators RMB'000

Financial indicators	Jan-Sept 2002	
Net profit	22,311	
Return on net assets (%)	6．77	
Earnings per share (RMB)	0．14	
Financial indicators	Sept 30, 2002	Dec. 31, 2001
Shareholders' equity (not including minority interests)	329，506	307，195
Net assets per share (RMB)	2．02	1．88

Note: The net profit of the Company for the report period was RMB 22.311 million pursuant to international accounting standards, which is RMB 2.815 million more than that for A shares. The reason of the difference is that the entry of over-provided reserve of RMB 1.76 million for depreciation and the amortization of RMB 0.425 million for negative goodwill is reserved pursuant to international accounting standards.

II. Particulars about the Changes of Share Capital and Shareholding of

Shareholders

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

(II) By the end of the report period, the Company had 19,585 shareholders in total including one shareholder of state-owned shares, 11,037 shareholders of A shares and 8,547 shareholders of B shares.

(III) Particulars about the shareholding of top ten shareholders of the Company by the end of the report period

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	1519680	0.93
3	Baogang Group Shanghai No.5 Steel Co., Ltd.	A	1027791	0.63
4	Yangzi Petrochemical Co., Ltd. Trade Union Committee	A	874398	0.54
5	Guo Changquan	A	456156	0.28
6	Victor Onward Printing & Dyeing (HK) Co., Ltd.	B	370000	0.23
7	Xingye Securities Investment Fund	A	294515	0.18
8	Zhou Jianguo	A	253441	0.16
9	Sun Hung Kai Investment Services Ltd-Customers A/C	B	202700	0.12
10	Zhu Yifeng	A	170000	0.10

Among the above shareholders, the one holding shares on behalf of the state is Shenzhen Investment Management Co. No. 6 and 9 shareholders are the ones holding foreign investment shares.

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

III Statement and Analysis of Operation

(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 import and export trade of textile products, garments and relevant products and in the lease and management of properties. In the report period, the Company quickened the construction of new textile project and strengthened internal management, which was in good condition of production and operation. By the end of the report period, the income and net profit earned by the Company were respectively RMB 307.12 million and RMB 22.31 million, an increase of 30.4% and 9.8% 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 invested in and established Shenzhen Beauty Century Garment Co., Ltd. The registered capital of this company is RMB 15 million. The Company's investment is RMB 12 million, accounting for 80% of the registered capital. The business scope of this company: Production of completely-electronic, jacquard completely-shaped knitwear, purchase and sales of garments, textiles and relevant auxiliary materials. Registered address: Nanlian Road, Longgang Town, Shenzhen

Phase-I project equipment of Anhui Huapeng Textile Co., Ltd. in which the Company invested has been put into production. The installation and commissioning of the phase-II project equipment was basically completed. This project progressed as scheduled.

(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	307,118	235,485	30.4
Gross profit	62,851	56,109	12.0
Net profit	22,311	20,328	9.8

Main reason for change:

The income increased by 30.4% over the same period of the previous year mainly due to the increase of the income from trade and property lease.

Gross profit increased 12.0% over the same period of the previous year mainly due to the increase of income.

Net profit increased 9.8% over the same period of the previous year mainly due to the growth of operating profit.

(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	2002.9		2001.9	
	Amount	Proportion of before-tax profit (%)	Amount	Proportion of before-tax profit (%)
Before-tax profit	25,312		21,762	
Gross profit	62,851	248.3	56,109	257.8
Sales and management	(45,121)	(178.3)	(45,308)	(208.2)

expenses				
Investment income	9,779	39．0	14，394	66．1

Main reason for change: The investment income lowered by 32.1% over the same period of the previous year mainly due to the decrease of income from securities investment.

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

2. Financial position

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

Item	2002.9		2001.12	
	Amount	Proportion of total assets (%)	Amount	Proportion of total assets (%)
Total assets	670,348		682，384	
Accounts receivable	48,025	7．2	46，176	6．8
Prepayments, security deposit and other payables	79，969	11．9	71，169	10．4
Investment in associated companies	42，578	6．4	9，175	1．3
Net asset	329，506	49．2	307，195	45．0

Reason for change:

The increase of the investment in associated companies resulted from the investment in Anhui Huapeng Textile Co., Ltd. and Shenzhen Beauty Century Garment 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 and consulted with relevant parties. At present, preliminary solution of this matter has been proposed and relevant parties are coordinating for it.

IV. Financial and accounting report (unaudited)

(I) Financial statements

Consolidated Profit Statement

For the Period Ended September 31, 2002

	September 2002	September 2001
	RMB’000	RMB’000
Income	307，118	235，485
Cost of sales	(244，267)	(179，376)
Gross profit	62，851	56，109
Other income	3，216	3，529
Selling and administrative expenses	(45，121)	(45，308)
Operating income	20，946	14，330
Negative goodwill amortization	425	425
Investment income (loss)	9，779	14，394
The profit (loss) attributable to affiliates	1，596	1，604
Financial expenses	(7，434)	(8，991)
Profit before taxation	25，312	21，762
Taxation	(2，121)	(469)
Profit after taxation	23，191	21，293
Minority interests	(880)	(965)
Net profit for the year	22，311	20，328

Consolidated Balance Sheet As at September 31, 2002

	September 2002	December 2001
	RMB’000	RMB’000
ASSETS		
NON-CURRENT ASSETS		
Real estates, factory buildings and equipment	155,324	164,886
Investment in real estate	101,372	101,372
Construction-in-progress	11,532	11,504
Investment in subsidiaries	6,934	7,025
Investment in affiliates	42,578	9,157
Other investments	30,946	30,946
	348,686	324,890
CURRENT ASSETS		
Inventories	59,177	41,755
Accounts receivable	48,025	46,176
Prepayments, deposits and other receivables	79,969	71,169
Securities investment	8,133	4,507
Cash and bank balances	126,358	193,887
	321,662	357,494
TOTAL ASSETS	670,348	682,384

LIABILITIES AND SHAREHOLDERS' EQUITY		
Capital and reserves		
Share capital	163,416	163,416
Reserves	166,090	143,779
	329,506	307.195
MINORITY INTERESTS	53,516	43,186
NON-CURRENT LIABILITIES		
Loan with maturity period of over 1 year	450	500
CURRENT LIABILITIES		
Loan at sight or due within 1 year	158,294	188,514
Accounts payable	27,175	26,009
Accruals and other payables	80,869	97,952
Dividends payable	18,732	18,732
Income tax payable	1,806	296
	286,876	331,503
Total liabilities and shareholders' equity	670,348	682,384

(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.

V. 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 placed at the Office of the Company in complete form.
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.
October 25, 2002