Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B No. of Announcement: 2003-016

Shenzhen Textile (Holding) Co., Ltd. （B）

Report for the Third Quarter of 2003

§1 Important notes

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 and accounting report of the Company is unaudited.

Mr. Guan Tongke, the board chairman of the Company and Mr. Liu Yi, general manager in charge of finance., represent and warrant the financial and accounting report in the Quarterly report is true and complete.

§2 Basic Information

2.1 Basic information

Stock abbreviation	Shen Textile A, Shen Textile B
Stock code	000045, 200045
	Board secretary
Name	Chao Jin
Contact address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen
Telephone:	0755-83776043
Fax	0755-83776139
E-mail	cjane@mail.china.com

2. 2 Financial information

2.2.1 Highlights of accounting data and financial indicators (Unit: RMB'000)

	End of the report period	End of the previous year	Increase/decrease (%)
Total assets	676524	752283	-10.07

Shareholders' equity (not including minority interests)	338593	316072	7.13
Net assets per share	2.07	1.93	7.25
	Report period	Year beginning to end of report period	Increase/decrease over the same period of the previous year (%)
Amount of cash inflow from operating activities	-8789	-73317	—
Earnings per share (RMB)	0.033	0.138	0.73
Return on net assets (%)	2.55	6.65	62.42

The net profit of the Company for the report period was RMB 22.521 million after adjustment pursuant to international accounting standards, which is RMB 2.185 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 negative goodwill of RMB 0.425 million is reversed pursuant to international accounting standards. The net assets of the Company for the report period was RMB 338.593 million after adjustment pursuant to international accounting standards, which is RMB 13.406 million more than that for A shares. The reason of the difference is that the entry of over-provided reserve of RMB 17.558 million for depreciation and the increase of amortization of intangible assets of RMB 4.152 million is reversed pursuant to international accounting standards.

2.2.2 **Consolidated Income Statement**

As of September 30, 2003

	September 2002 RMB'000	September 2003 RMB'000
Income	307118	332506
Cost of sales	(244267)	(268546)
Gross profit	62851	63960
Other income	3216	1551
Selling and administrative expenses	(45121)	(44290)
Operating profit	20946	21221
Negative goodwill amortization	425	425
Investment income/ (loss)	9779	5741
Income / (loss) from associates	1596	1545
Financial expenses	7434)	(4951)

Before-tax profit	25312	23981
Tax	(2121)	(1263)
Profit after taxation	23191	22718
Minority interest	(880)	(197)
Net Profit for the year	22311	22521
Earnings per share	RMB0.137	RMB0.138

2.3 Total number of shareholders at the end of the report period

As of March 31, 2003, the Company had 20,669 shareholders in total including one shareholder of state-owned shares, 12,026 shareholders of A shares and 8,642 shareholders of B shares.

§3 Discussion and analysis of the management

3.1 Brief analysis of the overall status of operating activities of the Company in the report period

In the report period, the Company strengthened the support to newly invested subsidiaries in respect of funds and talents and urged them to obtain economic result as soon as possible. Meanwhile, it intensified the management and resource integration of the existing subsidiaries and enhanced their competitive strength. Its income from key business and net profit for the report period were RMB 332.506 million and RMB 22.521 million respectively.

3.1.1 Key line of business or product whose income or profit accounts for over 10% of total income from key business or profit from key business

V Applicable ? Not applicable

In terms of line of business	Income from key business	Cost of key business	Gross profit rate (%)
Industry	133,099,017.16	122,307,294.36	8.11
Trade	159,776,462.40	144,490,259.33	9.57
Property lease	39,630,825.33	-	100
Total	332,506,304.89	266,797,553.69	

3.1.2 Seasonal and periodical characteristics of the Company's operation

? Applicable V Not applicable

3.1.3 Profit structure in the report period

? Applicable V Not applicable

3.1.4 The material change of the key business and its structure over the previous report period and the explanation of reasons

? Applicable V Not applicable

3.1.5 The material change of the profitability（gross profit rate） of the key business over the previous report period and the explanation of reasons

? Applicable∨ Not applicable

3.2 Important events, their influence and analysis of solutions

? Applicable∨ Not applicable

3.3 The change of accounting policies, accounting estimate and scope of consolidation, material accounting errors and explanation of reasons therefor

? Applicable∨ Not applicable

3.4 Relevant explanation of the board of directors and the supervisory committee under the circumstance where the financial statements of the Company have been audited and non-standard opinions have been given

? Applicable∨ Not applicable

3.5 The Company's on-going adjustment of disclosed annual operation plan or budget

? Applicable∨ Not applicable

Appendix：Consolidated Income Statement
Consolidated Balance Sheet
Consolidated Cash Flow Statement

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

October 28, 2003

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Income Statement
As of September 30, 2003

	September 2002	September 2003
	RMB'000	RMB'000
Income	307118	332506
Cost of sales	(244267)	(268546)
Gross profit	62851	63960
Other income	3216	1551
Selling and administrative expenses	(45121)	(44290)
Operating profit	20946	21221
Negative goodwill amortization	425	425
Investment income/ (loss)	9779	5741
Income / (loss) from associates	1596	1545
Financial expenses	(7434)	(4951)
Before-tax profit	25312	23981
Tax	(2121)	(1263)
Profit after taxation	23191	22718
Minority interest	(880)	(197)
Net Profit for the year	22311	22521
Earnings per share	RMB0.137	RMB0.138

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Balance Sheet
As of September 30, 2003

	December 2002	September 2003
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	166618	204631
Investment in property	101372	101372
Construction in progress	11565	8668
Intangible assets	58	13
Interests in associates	58346	33415
Other investment	79170	81845
	417129	429944
Current assets		
Inventory	55745	44472
Accounts receivable	46820	31019
Prepayments, deposits and other receivables	70116	90321
Securities investment	6089	6089
Cash and bank balances	156384	74679
	335154	246580
Total assets	752283	676524
shareholders' equity and liabilities		
Capital and reserve		
Share capital	163416	163416
Reserve	152656	175177
	316072	338593
Minority interest	61456	82580
Non-current liabilities		
Long-term loans	4200	4200
Current liabilities		
Long-term loans - short-term part	140300	141100
Accounts payable	56037	19024
Other payables and accrued expenses	131678	72110
Dividends payable	18483	18483
Estimated liabilities	24000	
Income tax payable	57	434
	370555	251151
Total shareholders' equity and liabilities	752283	676524

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Cash Flow Statement
As of September 30, 2003

Net cash inflow from operating activities	(73317)
Investing activities	
Interest income	207
Increase of construction in progress	(561)
Purchases of property, plant and equipment	(3912)
Proceeds from disposal of property, plant and equipment	624
Additional investment in associates	(1175)
Profits obtained from associates	3891
Proceeds from disposal of other investment	2480
Net cash inflow / (outflow) from investing activities	1554
Financing activities	
Increase/(Decrease)of bank and other loans	800
Interests expenditure	(5503)
Net cash outflow from financing activities	(4703)
Increase / (decrease) of cash and cash equivalents	(76466)
Cash and cash equivalents at beginning of period	151145
Cash and cash equivalents at end of period	74679
Analysis of cash and cash equivalents:	
Cash and bank balances	74679