Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B No. of Announcement: 2003-6

Shenzhen Textile (Holdings) Co., Ltd.
Quarterly Report for the First Quarter of 2004 (B Shares)

§ 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, Mr. Liu Yunhou, general manager in charge of finance and Mr. Liu Yi, the director of Finance Dept., represent and warrant the financial and accounting report in the annual 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
Tel	0755-83776043
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E-mail	cjane@mail.china.com

2.2 Financial data

2.2.1 Highlights of accounting data and financial indicators (Adjusted pursuant to international accounting standards, Unit: RMB'000)

	End of the report period	End of the previous year	Increase/decrease (%)
Total assets	685065	715306	-4.23
Shareholders' equity	355669	351865	1.08
Net assets per share	2.176	2.153	1.07
	Report period	Year beginning to end of report period	Increase/decrease over the same period of the previous year (%)
Net cash flow	12829	-33663	138.11

from operating activities			
Earnings per share	0.023	0.027	-14.81
Return on net assets (%)	1.07	1.36	-21.32

The net profit of the Company for the report period after adjustment pursuant to international accounting standards was more than that for A shares by RMB 0.729 million. The difference is mainly due to the writeback of over-provision of RMB 0.587 million for depreciation and the negative goodwill amortization of RMB 0.142 million pursuant to international accounting standards.

2.2.2 Consolidated income statement

For the period ended March 31, 2004

	March 2003	March 2004
	RMB'000	RMB'000
Revenue	89471	113893
Cost of sales	(70865)	(92859)
Gross profit	18606	21034
Other revenue	(51)	(287)
Selling and administrative expenses	(14949)	(16054)
Operating profit	3606	4693
Negative goodwill amortization	142	142
Investment income / (loss)	2006	495
Share of profit (loss) from associates	532	593
Financial expenses	(2265)	(1159)
Profit before tax	4021	4764
Taxes	(74)	(74)
After-tax profit	3947	4559
Minority interest	(425)	(755)
Net profit for the year	4372	3804

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

As of March 31, 2004, the Company had 16,791 shareholders in total including one shareholder of state-owned shares, 9,102 shareholders of A shares and 7,688 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 continue strengthen the support to newly established enterprises and the integration of existing enterprises and enhanced its overall competitive strength. In the report period， the Company's production and operation continued to keep stable development. It earned income of RMB 113.894 million from main operation and net profit of RMB 3.804 million.

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 main operation	Cost of main operation	Gross profit rate (%)
Manufacturing industry	53206798.46	47544021.35	10.64
Domestic and foreign trade	20749319.12	44741136.76	11.84
Property management and lease	9937465.24	0.00	100.00
Total	113893582.82	92285158.11	18.97

3.1.2 Seasonal and periodical characteristics of the Company's operation

☐ Applicablev Not applicable

3.1.3 Profit structure of the report period （the material change of the proportion of profit from key business, profit from other businesses, period expenses, investment income, subsidy income and net non-operating revenues and expenses to total profit over the previous report period and the explanation of reasons）

☐ Applicablev 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

☐ Applicablev 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

☐ Applicablev Not applicable

3.2 Important events, their influence and analysis of solutions

☐ Applicablev Not applicable

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

☐ Applicablev 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

☐ Applicablev Not applicable

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

□ Applicablev Not applicable

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, 2004

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Profit and Loss Statement
As of March 31,2004

	March 2003	March 2004
	RMB'000	RMB'000
Revenue	89471	113893
Cost of sales	(70865)	(92859)
Gross profit	18606	21034
Other revenue	(51)	(287)
Selling and administrative expenses	(14949)	(16054)
Operating profit	3606	4693
Negative goodwill amortization	142	142
Investment income / (loss)	2006	495
Share of profit (loss) from associates	532	593
Financial expenses	(2265)	(1159)
Profit before tax	4021	4764
Taxes	(74)	(205)
After-tax profit	3947	4559
Minority interest	(425)	(755)
Net profit for the year	4372	3804

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Balance Sheet
As of March 31,2004

	December 2003	March 2004
	RMB'000	RMB'000
assets		
Non-current assets		
Property, plant and equipment	218107	212674
Investment in property	101372	101372
Construction in progress	7907	12036
Intangible assets	38	33
Interests in associates	28262	28696
Other investment	83102	82962
	438788	437773
Current assets		
Inventory	38753	34350
Accounts receivable	24375	30541
Prepayments, deposits and other receivables	82201	67077
Securities investment	3023	3523
Cash and bank balances	128166	111801
	276518	247292
Total assets	**715306**	**685065**
Equity and liabilities		
Capital and Reserve		
Shares capital	163416	163416
Reserve	188449	192253
	351865	355669
Minority interest	78787	79265
Non-current liabilities		
Long-term loans	4200	10500
Current liabilities		
Long-term loans - short-term part	119100	93600
Accounts payable	17549	12042
Other payables and accrued expenses	120781	114894
Dividends payable	18483	18483
Income tax payable	4541	612
	280454	239631
Total shareholders' equity and liabilities	**715306**	**685065**

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Cash Flow Statement
As of March 31,2004

Cash flow from operating activities	
Operating profit before taxation	4764
Adjustment items	
Depreciation and amortization	5228
Loss on disposal of property, plant and equipment	20
decrease in value on of property, plant and equipment	6116
Subsidiaries not consolidated	140
Share of profit / (loss) from associates	(593)
Income from negative goodwill amortization	(142)
Interest income	(537)
Interest expense	1601
Net cash inflow from operating activities before working capital	**16597**
Decrease of inventories	4403
Increase of accounts receivable	(6166)
Increase of prepayments, deposits and other receivables	15124
decrease of accounts payable	(5507)
Increase/ of other payables and accrued expenses	(5887)
Interest payment and Net cash inflow from operating activities of before tax	18564
Income tax payment	(4134)
Interest payment	(1601)
Net cash inflow from operating activities	**12829**
Investing activities	
Increase of Property, plant and equipment	(4072)
Associates rights (Increase)/decrease	392
Long-term investing (Increase)/decrease	(700)
Net **cash inflow / (outflow) from investing activities**	**(4380)**
Financing activities	
Increase / Decrease of bank and other loans	(25500)
Increase of minority interests	686
Net cash outflow from financing activities	**(24814)**
Increase / (decrease) of cash and cash equivalents	**(16365)**
Cash and cash equivalents at beginning of period	**128166**
Cash and cash equivalents at end of period	**111801**
Analysis of cash and cash equivalents:	
Cash and bank balances	111801