Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B
No. of Announcement: 2004-5

# Summary of 2003 Annual Report of Shenzhen Textile (Holdings) Co., Ltd.

§1 Important notes

1.1 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 summary of this annual report is selected from the annual report. If investors intend to know the detailed contents, they should read the full text of the annual report.

1.2 No director declares inability to warrant or objection to the authenticity, accuracy and completeness of the content of the annual report.

1.3 All directors attended the board meeting.

1.4 Shenzhen Pengcheng Certified Public Accountants and K.C. Oh & Co. issued unqualified auditor's report with no explanatory notes for the Company.

1.5.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 |
| Stock exchange for listing | Shenzhen Stock Exchange |
| Registered address and business address | 6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen |
| Zip code | 518031 |
| Website | |
| E-mail | sztext@szonline.net |

2.2 Contact person and contact manner

| | Board secretary |
|---|---|
| Name | Chao Jin |

| | |
|---|---|
| Contact address | 6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen |
| Tel | 83776043 |
| Fax | 83776139 |
| E-mail | cjane@mail.china.com |

# § 3 Highlights of Accounting Data and Financial Indicators

3.1 Main accounting data

Unit: RMB'000

| | 2003(the report year) | 2002 (the previous year) | Increase/decrease (%) |
|---|---|---|---|
| Turnover | 451,965 | 457,480 | -1.21 |
| Before-tax profit | 42,200 | 11,851 | 256.09 |
| Profit for the year | 36,361 | 9,444 | 285.0 |
| | End of 2003 (End of report year) | End of 2002 (End of previous year) | Increase/decrease (%) |
| Total assets | 715,306 | 752,283 | -4.92 |
| Shareholders' equity | 351,864 | 316,072 | 11.32 |
| Net cash inflow from operating activities | 5,721 | 74,149 | -92.28 |

3.2 Main financial indicators

Unit: RMB'000

| | 2003 (the report year) | 2002 (the previous year) | Increase/decrease (%) |
|---|---|---|---|
| Earnings per share | 0.223 | 0.058 | 284.48 |
| Return on net assets | 10.33 | 2.99 | 245.48 |
| Net cash inflow per share from operating activities | 0.04 | 0.45 | -91.11 |
| | End of 2003 (End of report year) | End of 2002 (End of previous year) | Increase/decrease (%) |
| Net assets per | 2.15 | 1.93 | 11.40 |

| | | | |
|---|---|---|---|
| share | | | |

3.3 Difference of domestic and foreign accounting standards

√ Applicable☐ Not applicable

Unit: RMB'0000

| | Domestic accounting standards | Overseas accounting standards |
|---|---|---|
| Net profit | 3,408.63 | 3,636.10 |

| Notes to difference | | 2003 (RMB'000) | 2002 (RMB'000) |
|---|---|---|---|
| | Pursuant to the financial report audited by Chinese C.P.A. | | |
| | Adjustment made for complying with IAS: | 34,086 | 1,180 |
| | Writeback of over-provision for the depreciation of real estate of investment nature | 2,346 | 2,346 |
| | Negative goodwill amortization | 568 | 567 |
| | Writeback of impairment of unconsolidated subsidiaries | 166 | 2,854 |
| | Disposal of unconsolidated subsidiaries | (1,697) | - |
| | Writeback of losses of subsidiaries for previous year | - | 1,786 |
| | Amortization of intangible assets | 788 | 789 |
| | Others | 104 | (78) |
| | Restated pursuant to international financial report standard | 36,361 | 9,444 |

## § 4 Particulars about the Changes of Share Capital and Shareholders

### 4.1 Schedule of Change in Share Capital

Unit: shares

| | Before this change | Increase or decrease this time (+/-) | After this change |
|---|---|---|---|
| I. Non-negotiable shares | | | |
| 1. Promoter's shares | 108,240,000 | 0 | 108,240,000 |
| Of which: State-owned shares | 108,240,000 | 0 | 108,240,000 |
| 2. Raised corporate shares | | 0 | 0 |

| | | | |
|---|---|---|---|
| 3. Staff shares | | 0 | 0 |
| 4. Preferred shares or others | | 0 | 0 |
| Total non-negotiable shares | 108,240,000 | 0 | 108,240,000 |
| II. Negotiable shares | | | |
| 1. RMB common shares | 22,176,000 | 0 | 22,176,000 |
| 2. Domestically listed foreign-capital shares | 33,000,000 | 0 | 33,000,000 |
| 3. Overseas listed foreign-capital shares | | 0 | 0 |
| 4. Others | | 0 | 0 |
| Total negotiable shares | 55,176,000 | 0 | 55,176,000 |
| III. Total shares | 163,416,000 | 0 | 163,416,000 |

4.2 Table of shareholding of the top ten shareholders

| Total number of shareholders at the end of the report period | 20,822 | | | | | |
|---|---|---|---|---|---|---|
| Particulars about the shareholding of the top ten shareholders | | | | | | |
| Name of shareholder (full name) | Increase or decrease in the year (shares) | Number of shares held at the end of year (shares) | Proportion (%) | Type of share (Negotiable or non-negotiable) | Quantity of pledged or frozen shares (shares) | Nature of shareholder (state-owned shareholder or foreign shareholder) |
| Shenzhen Investment Management Co., Ltd. | 0 | 108,240,000 | 66.24 | Non-negotiable | 7,000,000 | State-owned shareholder |
| Zhuang Meili | Unknown | 391,669 | 0.24 | Negotiable | Unknown | |
| Victor Onward Printing & Dyeing (HK) Co., Ltd. | 0 | 370,000 | 0.23 | Negotiable | Unknown | Foreign shareholder |
| Shanghai Chengkai | Unknown | 293,445 | 0.18 | Negotiabl | Unknown | |

| | | | | | | |
|---|---|---|---|---|---|---|
| (Group) Co., Ltd. | | | | e | | |
| Xiao Shenggen | Unknown | 268,660 | 0.16 | Negotiable | Unknown | |
| Zhou Jianguo | Unknown | 254,541 | 0.16 | Negotiable | Unknown | |
| Liu Jinqun | Unknown | 230,095 | 0.14 | Negotiable | Unknown | Foreign shareholder |
| Chen Jundi | Unknown | 186,720 | 0.11 | Negotiable | Unknown | |
| Cai Yaqin | Unknown | 174,665 | 0.11 | Negotiable | Unknown | |
| Shanghai Chengjiu Investment Development Co., Ltd. | Unknown | 169,977 | 0.10 | Negotiable | Unknown | |
| Notes to the related relationship between the top ten shareholders or their concerted action | Among the above top ten shareholders, state-owned corporate shareholder Shenzhen Investment Management Co., Ltd. is not related to other shareholders. The Company does not know whether there is related relation between social public shareholders or whether they are persons taking concerted action defined in Regulations on Disclosure of Information about Shareholding of Shareholders of Listed Companies. | | | | | |

| Particulars about the shareholding of the top ten shareholders | | |
|---|---|---|
| Name of shareholder (full name) | Number of shares held at the end of year (shares) | Type（A、B and Hshares or other） |
| Zhuang Meili | 391,669 | A |
| Victor Onward Printing & Dyeing (HK) Co., Ltd. | 370,000 | B |
| Shanghai Chengkai (Group) Co., Ltd. | 293,445 | A |
| Xiao Shenggen | 268,660 | A |
| Zhou Jianguo | 254,541 | A |
| Liu Jinqun | 230,095 | B |
| Chen Jundi | 186,720 | A |

| | | |
|---|---|---|
| Cai Yaqin | 174,665 | A |
| Shanghai Chengjiu Investment Development Co., Ltd. | 169,977 | A |
| Xiao Lizhu | 167,000 | B shares |
| Notes to the relation between the top ten shareholders holding negotiable shares: | The relation between the top ten shareholders is unknown. | |

4.3 Introduction of the controlling shareholder and actual controller

4.3.1 Change of the controlling shareholder and actual controller

☐ Applicable √ Not applicable

4.3.2 Particulars about the controlling shareholder and other actual controller

| |
|---|
| The shares held by Shenzhen Investment Management Co. account for 66.24% of the total share capital of the Company. Its legal representative: Li Heihu. Date of establishment: February 10, 1988. Main business: Management and supervision of state-owned assets, finance and property right representatives, share participation in various municipal enterprises and turnover investment, provision of loan guarantee, levy of occupation fee of after-tax profit and assets of state-run enterprises, other businesses authorized by the municipal government. Registered capital: RMB 2 billion. It is a solely state-owned company in Shenzhen. |

# § 5 Directors, Supervisors and Senior Executives

5.1 Change of Shareholdings of Directors, Supervisors and Senior Executives

| Name | Sex | Age | Title | Date of starting and ending | Shares held at year-beginning | Shares held at year-end |
|---|---|---|---|---|---|---|
| Guan Tongke | Male | 56 | Board chairman | 2003.6.30—2006.6.29 | 37,200 | 37,200 |
| Liu Junhou | Male | 45 | Director, General Manager | 2003.6.30—2006.6.29 | 0 | 0 |
| Li Jingqiang | Male | 51 | Director | 2003.6.30—2006.6.29 | 30000 | 30000 |
| Zhu Dahua | Male | 36 | Director, chief accountant | 2003.6.30—2006.6.29 | 0 | 0 |
| Yang Jichao | Male | 49 | Independent director | 2003.6.30—2006.6.29 | 0 | 0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Liu Xiangqing | Male | 42 | Independent director | 2003.6.30—2006.6.29 | 0 | 0 |
| Huang Hui | Male | 39 | Independent director | 2003.6.30—2006.6.29 | 0 | 0 |
| Gao Zhuofu | Male | 51 | Chairman of Supervisory Committee | 2003.6.30—2006.6.29 | 0 | 0 |
| Guo Jianhua | Female | 48 | Supervisor | 2003.6.30—2006.6.29 | 0 | 0 |
| Zhou Dadong | Male | 57 | Deputy GM | 2003.6.30—2006.6.29 | 0 | 0 |
| Feng Junbin | Male | 41 | Supervisor | 2003.6.30—2006.6.29 | 0 | 0 |
| Zhu Jun | Male | 40 | Deputy GM | 2003.6.30—2006.6.29 | 0 | 0 |

5.2 Particulars about the directors and supervisors of the Company holding positions at shareholder companies

√ Applicable□ Not applicable

| Name | Name of shareholder | Position | Term of office | Whether receiving remuneration or subsidy |
|---|---|---|---|---|
| Zhu Dahua | Shenzhen Investment Management Co., Ltd. | Dispatched Director | From June 2001 | Yes |

5.3 Annual Remuneration of Directors, Supervisors and Senior Executives

Unit: RMB'0000

| | |
|---|---|
| Total amount of annual remuneration | 0.00 |
| The total amount of the remuneration of the top three directors receiving the remuneration of the highest amount | 144.50 |
| The total amount of the remuneration of the top three senior executives receiving the remuneration of the highest amount | 66.81 |

| | |
|---|---|
| Subsidy of independent directors | RMB 50,000 / person /year |
| Other benefits of independent directors | The traveling expenses of independent directors for attending board meetings and shareholders' general meetings and the expenses from exercising powers and functions according to the Articles of Association of the Company shall be borne by the Company and included in the administration expenses of the Company. |
| Name of directors and supervisors not receiving remuneration and subsidy from the Company | Director Zhu Dahua |
| Range of remuneration | Number of person |
| 50-54 | 2 |
| 35-45 | 2 |
| 30-35 | 4 |

# § 6 Report of the Board of Directors

6.1 Discussion and analysis of the overall operation status in the report period

The Company is mainly engaged in the production, import and export trade of textiles, garments and relevant products and sidelines in property lease, warehousing, real estate development and hotel business. The income earned by the Company in 2003 was RMB 451.964 million, a decrease of 1.2% over the same period of the previous year. Its net profit was RMB 34.086 million, an increase of 2788.6% over the same period of the previous year. With the provision of RMB 24 million for contingent liabilities in the same period of the previous year being deducted, the net profit increased by 35.3% over the same period of the previous year mainly due to the Company's strengthening of business management, expansion of marketing channels and effective expense control.

Industry: in the report period，the income of the Company from the manufacturing industry was RMB 191.273 million, an increase of 209.5% over the same period of the previous year. The total profit from manufacturing industry was RMB - 0.61 million. The loss decreased by RMB 4.05 million over the same period of the previous year.

Trade: In the report period，the income and total profit of the Company from trade were RMB 214.173 million and RMB 8.47 million respectively, which decreased by 39% and 11.9% respectively over the same period of the previous year mainly due to the exclusion of the statements of Yehui International Co., Ltd. from the consolidation scope.

Property lease and hotel business: The Company owns Shenfang Building and other properties including commercial stalls, factory buildings, office buildings and warehouses for

| |
|---|
| lease. In the report period，the income of the Company from property lease, warehousing and hotel business was RMB 43.229 million, which increased by RMB 2.879 million over the same period of the previous year.<br>Real estate industry: In the report period，the Company developed Shenzhen Yinlu Apartment through cooperation and earned income of RMB 10.40 million. |

6.2 Table of the status of key business in terms of line of business or product

Unit: RMB'0000

| In terms of line of business or product | Income from key business | Cost of key business | Gross profit rate (%) | Increase/decrease of income (%) | Increase/decrease of cost (%) | Increase/decrease of gross profit rate (%) |
|---|---|---|---|---|---|---|
| Other wholesale business | 21,417.31 | 19,115.13 | 10.75 | -37.48 | -37.41 | -0.92 |
| Garment manufacturing industry | 19,127.30 | 17,227.56 | 9.93 | 153.20 | 178.21 | -44.94 |
| Real estate development and operation business | 1,040.00 | 131.71 | 87.34 | 0.00 | 0.00 | 100.00 |
| Lease service industry | 4,322.87 | 0.00 | 100.00 | 3.92 | 0.00 | 0.00 |
| Including：Related transactions | 0.00 | 0.00 | -- | 0.00 | 0.00 | |
| | | | | | | |
| Principle of pricing of related transaction | The purchases and sales between the Company and its affiliated companies are settled according to contract price (approaching market price). The fund lending between the Company and its affiliated companies is settled according to the interest rate specified in loan contract (approaching normal bank loan interest rate). | | | | | |
| Notes to the necessity and continuity of related transactions | The related transactions with related companies are normal market behaviors. | | | | | |

6.3 The status of key business in terms of areas

Unit: RMB'0000

| Area | Income from key business | Increase/decrease of income (%) |
|---|---|---|
| National business | 20,579.09 | 60.55 |
| Foreign business | 25,328.40 | 23.61 |
| Inter-industry internal set-off | -711.02 | 216.31 |

6.4 Particulars about suppliers and customers

| | | | |
|---|---|---|---|
| Total of the amount of purchase from the top five suppliers | 9,631.42 | Proportion of total purchase amount | 26.93% |
| Total of the amount of sales to the top five customers | 16,534.23 | Proportion of total sales amount | 36.58% |

6.5 Operation of invested companies (the investment income from whom accounts for over 10% of the net profit of the Company)

☐ Applicablev Not applicable

6.6 Reasons for the material change of key business and its structure

☐ Applicablev Not applicable

6.7 Reasons for the material change of the profitability ( gross profit rate) of the key business compared with the previous year

☐ Applicablev Not applicable

6.8 Analysis of the reasons for the material change of operating results and profit structure compared with the previous year

√ Applicable? Not applicable

| |
|---|
| The reason for the change of profit structure in the report period as compared with the same period of the previous year:<br>In the report period，the Company earned income of RMB 10.40 million and gross profit of RMB 9.08 million from real estate, which are the proceeds of its cooperative development of Shenzhen Yinlu Apartment. |

Analysis of the reasons for the material change of overall financial status compared with the previous year

☐ Applicablev Not applicable

6.9 Notes to the existing, current and future important influence of the material change of production and business environment, macro-policies, laws and regulations on the Company's financial status and operating results.

☐ Applicablev Not applicable

6.10 The fulfillment of profit target

☐ Applicablev Not applicable

6.11 Fulfillment of operation plan

☐ Applicablev Not applicable

6.12 Utilization of raised funds

☐ Applicablev Not applicable

Change Item

☐ Applicablev Not applicable

6.13 Investment projects not utilizing raised funds

Change Item

☐ Applicablev Not applicable

6.14 Explanation of the board of directors to the "nonstandard opinions"

☐ Applicablev Not applicable

6.15 The operation plan of the board of directors for the new year (if any)

v Applicable ☐ Not applicable

| |
|---|
| The Company will focus on the following work in 2004: (1) To enhance the production capacity and sales ability of newly established enterprises as soon as possible and further develop its key business. (2) To promote the development of new products and the construction of phase-II projects of Shenfang Lekai Photoelectronic Materials Co., Ltd. (3) To improve the mode of property management, enhance property management level and increase property income. (4) To create new brand image of the Company with the popularization of the products of new project as a point of breakthrough. (5) To steadily conduct effective production and operation management and seek efficiency through good management. |

Profit forecast for the new year (if any)

☐ Applicablev Not applicable

6.16 The preplan of the board of directors for profit distribution or capitalization of capital common reserve fund

| |
|---|
| As audited by Shenzhen Pengcheng Certified Public Accountants, the net profit of the Company for 2003 is RMB 34,086,332.84. As audited by K.C. Oh & Co. pursuant to international accounting standards, the net profit of the Company for 2003 is RMB 36,361,000.00. As required in the articles of association of the Company, the Company is to appropriate 10% and 5% of its net profit for 2002 (RMB 34,086,332.84), i.e., RMB 3,408,633.28 and RMB 1704316.64, respectively for statutory common reserve fund and statutory public welfare fund. With the existing total share capital of the Company, i.e., 163,416,000 shares, as the base, the Company is to pay dividend of RMB 1.8 (including tax) to all shareholders for every 10 shares. After this distribution, the balance of the undistributed profit of the Company is RMB 564,445.12. |

The accumulative capital surplus of the Company at the end of 2003 was RMB 126,994,259.45. It is suggested to capitalize part of capital surplus on five-for-ten basis to all shareholders with the total share capital at the end of 2003, i.e., 163,416,000 shares, as the base. After the implementation of the proposal for capital surplus capitalization, the balance of the capital surplus of the Company is to be RMB 45,286,259.45.

# § 7 Important Events

7.1 Asset acquisition

☐ Applicablev Not applicable

7.2 Disposal of assets

☐ Applicablev Not applicable

7.3 Material guarantee

☐ Applicablev Not applicable

7.4 Related creditor's rights and debts

Unit: RMB'0000

| Related parties | Financing to related party | | Financing of related party to the Company | |
|---|---|---|---|---|
| | Amount | Balance | Amount | Balance |
| Shenzhen Tianlong Industrial and Trading Co., Ltd. | 50.00 | 50.00 | 0.00 | 0.00 |
| Shenzhen Xiangjiang Leather Product Co., Ltd. | 69.00 | 69.00 | 0.00 | 0.00 |
| Shenzhen Investment Management Co., Ltd. | 0.00 | 0.00 | 470.00 | 470.00 |
| Total | 119.00 | 119.00 | 470.00 | 470.00 |

7.5 Entrusted asset management

☐ Applicable ?v Not applicable

7.6 Performance of commitments

☐ Applicablev Not applicable

7.7 Material lawsuits and arbitration

☐ Applicablev Not applicable

7.8 Particulars about duty performance of independent directors

In the report period，the Company elected 3 independent directors，who account for 43% of the total directors of the Company. They are experts in the fields of textile, law and accounting respectively. In the report period，the board of directors of the Company seriously implemented all resolutions of the shareholders' general meeting according to relevant provisions of the Company Law and the Articles of Association of the Company.

## §8 Report of the Supervisory Committee

In the report period，the supervisory committee of the Company duly performed its supervision duties and carried out effective supervision strictly according to the provisions of the Company Law and the Articles of Association of the Company.

The supervisory committee held the opinion that the decision-making procedures of the Company were legal and its internal control regulations were sound. The directors and members of management of the Company worked diligently and practiced self discipline. No act that violated laws, regulations and the Articles of Association of the Company or harmed the interests of the Company was found.

## §9 Financial Report

9.1 Audit opinions

K.C. Oh & Co. and Shenzhen Pengcheng Certified Public Accountants issued unqualified auditor's report with no explanatory notes for the Company.

9.2 Consolidated balance sheet, consolidated profit and loss statement and consolidated cash flow statement are attached hereinafter.

9.3 Notes to the change of accounting policies, accounting estimate and accounting method as compared with those for the annual report of the previous year.

1. The accounting policies remained unchanged.
2. Illustration of the change of accounting estimate.

The original estimate of the useful life of textile machinery and equipment was not very reasonable according to the actual conditions of the use of textile machinery and equipment and the specific regulations of other textile enterprises on the useful life of machinery and equipment. According to SFD (2002) No. 11 resolution of the board of directors, the Company decided to adjust the useful life of its textile machinery and equipment from the original 10 years to 14 years. The above change of accounting estimate affected the net profit of the Company for 2003 by RMB 1.952 million.

3. The accounting method remained unchanged.

9.4 Notes to the change of consolidation scope as compared with that for the annual report of the previous year.

The financial statements of Anhui Huapeng Textile Co., Ltd. were consolidated in this period. The financial statements of Hong Kong Yehui International Co., Ltd. and Shenzhen Fengsheng Garment Co., Ltd. were eliminated from the consolidation scope. As a result, the number of subsidiaries included in consolidation scope decreased from 12 in the same period of the previous year to 11 in this period. The above change of statement consolidation scope affected the total profit of the Company by RMB 1.129 million.

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, 2003

**Shenzhen Textile (Holdings) Co., Ltd.**

## Consolidated income statement for the year ended December 31, 2003

| | Notes | 2003 RMB'000 | 2002 RMB'000 |
|---|---|---|---|
| **Turnover** | (5) | 451,965 | 457,480 |
| **Cost of sales** | | ( 357,645 ) | ( 365,091 ) |
| **Gross profit** | | 94,320 | 92,389 |
| **Other revenue** | | 4,253 | 10,197 |
| | | 98,573 | 102,586 |
| **Distribution and administrative expenses** | | ( 58,833 ) | ( 77,923 ) |
| **Operating profit** | | 39,740 | 24,663 |
| **Income from investments** | (7) | 10,822 | 20,712 |
| **Provision for loss on guarantees** | (8) | ( 702 ) | ( 24,000 ) |
| **Finance costs** | (9) | ( 7,219 ) | ( 11,443 ) |
| **Loss on deemed disposal of subsidiaries** | (28) | ( 1,697 ) | - |
| **Amortisation of negative goodwill** | | 568 | 567 |
| **Share of profit from associates** | | 688 | 1,352 |
| **Profit before taxation** | (10) | 42,200 | 11,851 |
| **Taxation** | (11) | ( 5,244 ) | ( 2,745 ) |
| **Profit after taxation** | | 36,956 | 9,106 |
| **Minority interests** | | ( 595 ) | 338 |
| **Net profit for the year** | | 36,361 | 9,444 |
| **Earnings per share** | | RMB0.223 | RMB0.058 |

Earnings per share is calculated by dividing the net profit for the year of RMB36,361,000 (2002 - RMB9,444,000) attributable to shareholders by 163,416,000 shares (2002 - 163,416,000 shares) in issue during the year concerned.

## Shenzhen Textile (Holdings) Co., Ltd.

## Consolidated balance sheet as at December 31, 2003

| | Notes | 2003 RMB'000 | 2002 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | (12) | 218,107 | 166,618 |
| Investment properties | (13) | 101,372 | 101,372 |
| Construction-in-progress | (14) | 7,907 | 11,565 |
| Intangible assets | (15) | 38 | 58 |
| Interests in associates | (16) | 28,262 | 58,346 |
| Other investments | (17) | 82,728 | 79,170 |
| | | 438,414 | 417,129 |
| **Current assets** | | | |
| Inventories | (18) | 38,753 | 55,745 |
| Accounts receivable | (19) | 24,375 | 46,820 |
| Prepayments, deposits and others receivable | (20) | 82,201 | 70,116 |
| Investments in securities | (21) | 3,023 | 6,089 |
| Cash and bank balances | | 128,166 | 156,384 |
| | | 276,518 | 335,154 |
| **Total assets** | | 714,932 | 752,283 |
| **Capital and reserves** | | | |
| Share capital | (22) | 163,416 | 163,416 |
| Reserves | | 188,449 | 152,656 |
| | | 351,865 | 316,072 |
| **Minority interests** | (23) | 78,787 | 61,456 |
| **Non-current liability** | | | |
| Long-term loans, non-current portion | (24) | 4,200 | 4,200 |
| **Current liabilities** | | | |
| Long-term loans, current portion | (24) | 119,100 | 140,300 |
| Accounts payable | | 17,549 | 56,037 |
| Others payable and accrued expenses | | 120,407 | 131,678 |
| Dividend payable | (25) | 18,483 | 18,483 |
| Provision for loss on guarantees | (26) | - | 24,000 |
| Provision for taxation | | 4,541 | 57 |
| | | 280,080 | 370,555 |
| **Total equity and liabilities** | | 714,932 | 752,283 |

**Shenzhen Textile (Holdings) Co., Ltd.**

## Consolidated cash flow statement for the year ended December 31, 2003

| | 2003<br>RMB'000 | 2002<br>RMB'000 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Operating profit before taxation | 42,200 | 11,851 |
| **Adjustment items :** | | |
| Depreciation and amortisation | 18,690 | 17,686 |
| Provision for loss on guarantees | - | 24,000 |
| Profit on disposal of property, plant and equipment | ( 565 ) | ( 188 ) |
| Loss on deemed disposal of subsidiaries | 1,697 | - |
| Share of profit from associates | ( 688 ) | ( 1,352 ) |
| Profit on disposal of other investments | ( 3,475 ) | ( 3,377 ) |
| Provision for impairment loss made/(reversed) | | |
| - property, plant and equipment | - | ( 20 ) |
| - unconsolidated subsidiaries | 554 | 448 |
| - other investments | ( 2,960 ) | ( 4,950 ) |
| - investments in securities | 12 | 841 |
| Provision for diminution in value of inventories made/(reversed) | 303 | ( 1,395 ) |
| Provision for doubtful debts made/(reversed) | ( 8,520 ) | 2,424 |
| Amortisation of negative goodwill | ( 568 ) | ( 567 ) |
| Interest income | ( 1,860 ) | ( 1,623 ) |
| Interest expense | 7,012 | 9,973 |
| **Net operating cash inflow before movements in working capital** | 51,832 | 53,751 |
| Increase in inventories | ( 1,887 ) | ( 12,595 ) |
| Increase in accounts receivable | ( 3,427 ) | ( 1,873 ) |
| Increase in prepayments, deposits and others receivable | ( 6,546 ) | ( 19,531 ) |
| Increase/(decrease) in accounts payable | ( 17,696 ) | 30,028 |
| Increase in others payable and accrued expenses | 15,594 | 35,111 |
| Decrease in loss on guarantees | ( 24,000 ) | - |
| **Cash inflow from operating activities before interest and tax payments** | 13,870 | 84,891 |
| **Income tax paid** | ( 1,449 ) | ( 2,984 ) |
| **Interest paid** | ( 6,688 ) | ( 7,758 ) |
| **Net cash inflow from operating activities c/f** | 5,733 | 74,149 |

*(to be cont'd)*

**Shenzhen Textile (Holdings) Co., Ltd.**

## Consolidated cash flow statement for the year ended December 31, 2003

*(cont'd)*

| | Notes | 2003 RMB'000 | 2002 RMB'000 |
|---|---|---|---|
| **Net cash inflow from operating activities b/f** | | 5,733 | 74,149 |
| **Investing activities** | | | |
| Interest received | | 1,860 | 1,623 |
| Purchases of property, plant and equipment | | (21,905) | (20,257) |
| Increase in construction-in-progress | | (741) | (2,486) |
| Proceeds from disposal of property, plant and equipment | | 791 | 3,492 |
| Increase in investments in associates | | - | (25,000) |
| Returns from associates received | | 1,814 | 2,059 |
| Decrease in amounts due from associates | | 3,796 | 1,779 |
| Increase/(decrease) in amounts due to associates | | 382 | (40,595) |
| Increase in other investments | | (1,175) | (7,241) |
| Proceeds from disposal of other investments and investments in securities | | 10,303 | 6,719 |
| Increase in investments in securities | | (1,033) | (1,990) |
| **Net cash outflow from investing activities** | | (5,908) | (81,897) |
| **Net cash outflow before financing activities** | | (175) | (7,748) |
| **Financing activities** | (27) | | |
| Decrease in bank and other loans | | (21,200) | ( ) |
| Increase/(decrease) in minority interests | | (1,380) | 14,759 |
| **Net cash outflow from financing activities** | | (22,580) | (29,755) |
| **Decrease in cash and cash equivalents** | | (22,755) | (37,503) |
| **Effect on deemed disposal and acquisition of Subsidiaries** | (28) | (5,463) | - |
| **Cash and cash equivalents as at beginning of the year** | | 156,384 | 193,887 |
| **Cash and cash equivalents as at end of the year** | | 128,166 | 156,384 |

**Cash and cash equivalents as at end of the year are represented by :**

| | | 2003 RMB'000 | 2002 RMB'000 |
|---|---|---|---|
| Cash and bank balances | | 128,166 | 156,384 |