Summary of 2004 Semiannual Report

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

§ 1 Important notes

1.1 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.

This summary of semiannual report is extracted from the full text of semiannual report. The full text of the report was published on www.cninfo.com.cn simultaneously. Investors should read the full text of the semiannual report carefully to know the details.

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

1.3 All directors attended the board meeting.

1.4 The semiannual report of the Company is unaudited.

1.5 Guan Tongke, the person in charge of the Company, Liu Junhou, the financial controller and Liu Yi, the person in charge of accounting organ represent and warrant the financial and accounting report in the semiannual 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
	Board secretary
Name	Chao Jin
Contact address	6/F, Shenfang Building, No.3 Huaqiang North Road, Futian District, Shenzhen
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2.2 Highlights of financial data and indicators

2.2.1 Highlights of accounting data and financial indicators(Calculated pursuant to international accounting standards and unaudited.)

Unit: RMB'000

	The report year)	The previous year	Increase/decrease (%)
Total assets	699,049	715,306	-2.27
Shareholders' equity (not including minority interests)	366,090	351,865	4.04
Net assets per share(Yuan)	2.24	2.15	4.19
	Report period (Jan.-June)	Same period of the previous year	Increase/decrease over the same period of the previous year (%)
Net profit	14,225	13,888	2.43
Earnings per share	0.087	0.085	2.35
Return on net assets	3.89%	3.95%	-1.52
Increase of cash and cash equivalents	13,658	(80,875)	116.89

2.2.2 Items of non-recurring gains and losses

□Applicable √Not applicable

2.2.3 Difference of domestic and foreign accounting standards

√ Applicable□ Not applicable

Unit: RMB'0000

	Domestic accounting standards	Overseas （international） accounting standards
Net profit	1,276.84	1,422.50
Notes to difference	The net profit calculated pursuant to international accounting standards is RMB 14.225 million, which is more than that calculated pursuant to Chinese Accounting Regulations for Business Enterprises by RMB 1.457 million. The reason for this difference is the entry reversal of depreciation of RMB 1.173 million pursuant to international accounting standards and the amortization of negative goodwill of RMB 0.284 million.	
	Domestic accounting standards	Overseas （international） accounting standards
Net Asset	35,170.57	36,609.00
Notes to difference	The net assets calculated pursuant to international accounting standards were RMB 366.090 million, which is more than those calculated pursuant to Chinese Accounting Regulations for Business Enterprises by RMB 14.384 million. The reason for this difference is the writeback of depreciation of RMB 19.317 million over-provided for real estate of investment nature pursuant to international accounting standards, RMB 0.166	

	million for the entry reversal of impairment provision of unconsolidated subsidiaries, RMB 1.697 million for the disposal of unconsolidated subsidiaries and RMB - 3.402 million for the amortization of intangible assets.

§3 Particulars about the Changes of Share Capital and Shareholders

3．1. Schedule of Change in Share Capital

□Applicable √Not applicable

3.2 Particulars about the shareholding of the top ten shareholders

Unit: shares

Total number of shareholders at the end of the report period						18,511
Particulars about the shareholding of the top ten shareholders						
Name of shareholder (full name)	Increase or decrease within the year	Quantity of shares held at the end of year	Proportion (%)	Type of share (Negotiable or non-negotiable)	Quantity of pledged or frozen shares	Nature of shareholder
Shenzhen Investment Management Co., Ltd.	0	108,240,000	66.24	Non-negotiable	7,000,000	State-owned shareholder
Wang Bin	Unknown	374036	0.23	Negotiable	0	A
VICTOR ONWARD PRINTING—DYEING （HK） CO.，LTD	0	370000	0.23	Negotiable	0	B
Ge Ruming	Unknown	328000	0.20	Negotiable	0	B
LOK YUNG CHING	Unknown	262395	0.16	Negotiable	0	B
Chen Jingwen	Unknown	240000	0.15	Negotiable	0	B
Yang Guoxiong	Unknown	230000	0.14	Negotiable	0	B
Xu Ling	Unknown	221800	0.14	Negotiable	0	
Jinxin Trust Investment Co., Ltd.	Unknown	210000	0.13	Negotiable	0	
BNP P P/SECURITIES NIMINEES LTD	Unknown	207801	0.13	Negotiable	0	B

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
Wang Bin	374036	A
VICTOR ONWARD PRINTING—DYEING (HK) CO., LTD	370000	B
Ge Ruming	328000	B
LOK YUNG CHING	262395	B
Chen Jingwen	240000	B
Yang Guoxiong	230000	B
Xu Ling	221800	A
Jinxin Trust Investment Co., Ltd	210000	A
BNP P P/SECURITIES NIMINEES LTD	207801	B
Huabao Trust Investment Co., Ltd	204292	A
Notes to the related relationship between the top ten 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.	

3.3 Change of the controlling shareholder and actual controller

☐ Applicable √ Not applicable

§ 4 Particulars about Directors, Supervisors and Senior Executives

4.1 Change of Shareholding of Directors, Supervisors and Senior Executives

☐ Applicable √ Not applicable

§ 5 Discussion and analysis of the management

5.1 Table of the status of key business in terms of line of business and product

Unit: RMB'0000

In terms of line of business	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 (%)
Industry	**9,063.36**	**7,901.32**	**12.82**	**8.12**	**2.06**	**80.26**
Trade	**8,479.88**	**7,310.37**	**13.79**	**-24.41**	**-29.62**	**73.01**

Property management and lease	2,317.77	0.00	100.00	-16.56	0.00	0.00
Of which：Amount of related transaction	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).					

Including: In the report period, the total related transaction amount of sales of products by the Company to its controlling shareholder and subsidiaries was RMB 0.00.

5.2 The status of key business in terms of areas

Unit: RMB'0000

Area	Income from key business	Increase/decrease of income (%)
Domestic business income	10,439.86	-2.70
Foreign business income	9,421.15	-19.13

5.3 Other business operations having material influence on net profit

☐ Applicable√ Not applicable

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

☐Applicable√ Not applicable

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

☐Applicable√ Not applicable

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

√ Applicable☐ Not applicable

The gross profit rate increased by 80.26% over the same period of the previous year mainly due to the enhancement of the market competitiveness of products and the growth of income. In the report period, Shenfang Lekai Photoelectronic Materials Co., Ltd. a controlled subsidiary of the Company, reversed losses into profits. The business of Shenzhen Beauty Century Garment Co., Ltd., another controlled subsidiary of the Company developed rapidly. The gross profit rate increased by 73.01% over the same period of the previous year mainly due to the Company's adjustment of variety structure of trade in the report period.

5.7 Analysis of the reasons for the material change of profit structure compared with the previous year

☐ Applicable√ Not applicable

5.8 Utilization of raised funds

5.8.1 Utilization of raised funds

☐ Applicable√ Not applicable

5.8.2 Particulars about the change of investment projects

☐ Applicable√ Not applicable

5.9 The plan of the board of directors for revising the operation plan for the second half-year

☐ Applicable√ Not applicable

5.10 The warning of possible losses for the period from the beginning of the year to the end of the next report period on accumulative basis or great change of accumulative net profit compared with the same period of the previous year and the explanation of reasons

☐ Applicable√ Not applicable

5.11 Explanation of the management of the Company to the "nonstandard opinions" given by certified public accountants in this report period.

☐ Applicable√ Not applicable

5.12 Explanation of the management of the Company to the change and the status of handling of the matters concerning the "nonstandard opinions" given in the previous year.

☐ Applicable√ Not applicable

§6 Important Events

6.1 Acquisition or disposal of assets and asset reorganization

6.1.1 Acquisition or swap in of assets

☐ Applicable√ Not applicable

6.1.2 Disposal or swap out of assets

☐ Applicable√ Not applicable

6.1.3 The progress of the event after the publishing of asset reorganization report or announcement of acquisition or disposal of assets and its influence on the operating results and financial status for the report period.

☐ Applicable √ Not applicable

6.2 Guarantee

√ Applicable ☐ Not applicable

Unit: RMB'0000

Name of guaranteed company	Date of occurrence (Date of signing of agreement)	Amount of guarantee	Type of guarantee	Guarantee period	Whether terminated	Whether provided to related party (Yes or no)
Shenzhen Beauty Century Garment Co., Ltd.	June 2, 2004	1,050	Joint liability guarantee	June 15, 2004-Nov, 17,2004	No	No
Total amount of guarantee			0.00			
Total balance of guarantee			0.00			
Of which：Total of balance of guarantee for related party			0.00			
Total amount of regulation-violating guarantee			0.00			
The proportion of total amount of guarantee to the Company's net assets			3.10			
Total amount of guarantee provided by the Company to its controlled subsidiaries:			1,050.00			

6.3 Related creditor's rights and debts

√ Applicable ☐ Not applicable

Unit: RMB'0000

Related parties	Financing to related party Amount	Financing to related party		Financing of related party to the Company	
		Amount	Balance	Amount	Balance
Shenzhen Investment Management Co., Ltd.	Holding shareholder	0.00	0.00	0.00	1,470.00
Total		0.00	0.00	0.00	1,470.00

Including: In the report period, the Company provided funds of RMB 0.00 to its controlling shareholder and subsidiaries. The balance of the funds provided by the Company to its controlling shareholder and subsidiaries was RMB 0.00.

6.4 Material lawsuits and arbitration

☐ Applicable √ Not applicable

6.5 Other important events, their influence and analysis of solutions

☐ Applicable √ Not applicable

§ 7 Financial Report

7.1 Audit opinions

The financial report for the report period is unaudited.

7.2 Consolidated income statement

Consolidated Profit and Loss Statement
As of June 30, 2004

	June 2003	June 2004
	RMB'000	RMB'000
Income	223789	198610
Cost of sales	(182556)	(153428)
Gross profit	41233	45182
Other income	536	190
Selling and administrative expenses	(29752)	(30952
Operating profit	12017	14420
Negative goodwill amortization	284	284
Investment income (loss)	7153	3945
The profit (loss) attributable to affiliates	(1605)	1167
Financial expenses	(3339)	(2031)
Profit before taxation	14510	17785
Taxation	(724)	(1547)
Profit after taxation	13786	16238
Minority interests	102	(2013)
Net profit for the year	13888	14225
Per share Profit	RMB0.085	RMB0.085

7.3 Notes to financial report

7.3.1 Notes to the change of accounting policies, change of accounting estimate and the correction of accounting errors of this report period compared with the annual report of the previous year.

7.3.2 Notes to the change of consolidation scope of this report period compared with the annual report of the previous year.

7.3.3 If non-standard unqualified opinions are given against the Company, the explanatory notes to the matters concerned should be shown.
□ Applicable √ Not applicable

§ 8 Documents Available for Inspection

1. The text of semiannual report bearing the signature of the chairman of the board of directors
2. The text of the financial report bearing the seal and signature of the person in charge of the Company, controller of accounts and the person in charge of accounting organ;
3. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period;
4. The text of the Articles of Association of the Company.

The above documents were completely placed at the Office of the Company.

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 28, 2004