Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B No. of Announcement: 2004-12

Shenzhen Textile (Holdings) Co., Ltd.

Report for the Third 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 Junhou, 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 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
Tel	0755-83776043
Fax	0755-83776139
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: 000'RMB)

	End of the report period	End of the previous year	Increase/decrease (%)
Total assets	650163	715306	-9.11
Shareholders' equity	345228	351865	-1.89
Net assets per share	1.408	2.153	-34.6
	July-September	January-September	Increase/decrease over the same

			period of the previous year (%)
Net cash flow from operating activities	12401	35593	241.10
Earnings per share	0.001	0.093	-98.11
Return on net assets (%)	2.30	6.60	-9.80

Note:

1) The total share capital of the Company in the same period of the previous year was 163,416,000 shares. As of the end of the report period, the total share capital of the Company was 245,124,000 shares.

2) The net profit of the Company was RMB 22.778 million after adjustment pursuant to international accounting standards, which is RMB 2.185 million more than that for A shares. The difference is mainly due to the writeback of the excessive provision of RMB 1.76 million for the depreciation of real estate of investment nature and the amortization of negative goodwill of RMB 0.425 million pursuant to international accounting standards.

3) The net assets of the Company were RMB 345.228 million after adjustment pursuant to international accounting standards, which are RMB 15.113 million more than that for A shares. The difference is mainly due to the writeback of the excessive provision of RMB 19.904 million for the depreciation of real estate of investment nature, the writeback of the impairment of unconsolidated subsidiaries, the devalue of unconsolidated subsidiaries of RMB 0.166 million ,the disposal of unconsolidated subsidiaries of RMB - 1.697 million and the amortization of intangible assets of RMB -3.26 million.

2.2.2 Consolidated income statement

As of September 30, 2004

	September 2003	September 2004
	RMB'000	RMB'000
Revenue	332506	304767
Cost of sales	(268546)	(234885)
Gross profit	63960	69882
Net revenue of Other working	1551	1410
Selling and administrative expenses	(44290)	(43094)
Operating profit	21221	28198
Negative goodwill amortization	425	425
Investment income / (loss)	5741	3897
Share of profit (loss) from associates	1545	1811
Financial expenses	(4951)	(3592)
Profit before tax	23981	30739

Taxes	(1263)	(3100)
After-tax profit	22718	27639
Minority interest	(197)	(4861)
Net profit for the year	22521	22778
EPS (RMB)	0.138	0.093

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

Total number of shareholders at the end of the report period	18,658	
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	561,054	A
VICTOR ONWARD PRINTING &DYEING (HK) CO.LTD	555,000	B
Ge Ruming	492,000	B
Liu Jinqun	393,592	B
LOK YUNG QING	360,000	B
Chen Jingwen	345,000	B
WU KIN YEUK	316,055	B
Yang Guoxiong	311,702	B
BNP P P/SECURITIES NOMINEES LTD	300,000	B
Xu Ling	299,985	A

§ 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 industry the Company is engaged in and its business scope remained unchanged. While strengthening new product development and marketing and ensuring the steady development of the original subsidiaries, the Company completed the application for the construction of factory buildings for phase-II project of Shenfang Lekai photoelectron material Co., Ltd. and the introduction of phase-III equipment of Beauty Beauty Century Garment Co., Ltd. In the report period, the Company's production and operation was in good condition. It earned income of RMB 10.6156 from main operation and net profit of RMB 7.746 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
Of which : Related transactions	0.00	0.00	0.00

3.1.2 Seasonal and periodical characteristics of the Company's operation

□ Applicable v 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）

□ 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 v Not applicable

3.2 Important events, their influence and analysis of solutions

□ Applicable v Not applicable

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

□ Applicable v 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 v Not applicable

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

□ Applicable v 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.

October 23, 2004

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Profit and Loss Statement
As of September 30,2004

	September 2003	September 2004
	RMB'000	RMB'000
Revenue	332506	304767
Cost of sales	(268546)	(234885)
Gross profit	63960	69882
Net revenue of Other working	1551	1410
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Profit before tax	23981	30739
Taxes	(1263)	(3100)
After-tax profit	22718	27639
Minority interest	(197)	(4861)
Net profit for the year	22521	22778
EPS (RMB)	0.138	0.093

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Balance Sheet
As of September 30,2004

	December 2003	September 2004
	RMB'000	RMB'000
assets		
Non-current assets		
Property, plant and equipment	218107	200059
Investment in property	101372	101372
Construction in progress	7907	12042
Intangible assets	38	23
Interests in associates	28262	29066
Other investment	83102	88233
	438788	430795
Current assets		

Inventory	38753	33941
Accounts receivable	24375	32323
Prepayments, deposits and other receivables	82201	48692
Securities investment	3023	3212
Cash and bank balances	128166	101200
	276518	219368
Total assets	**715306**	**650163**
Equity and liability		
Capital and Reserve		
Shares capital	163416	245124
Reserve	188449	100104
	351865	345228
Minority interest	78787	84442
Non-current liabilities		
Long-term loans	4200	7350
Current liabilities		
Sight or credit to mature within one year	119100	93200
Accounts payable	17549	14432
Other payables and accrued expenses	120781	85027
Dividends payable	18483	18483
Income tax payable	4541	2001
	280454	213143
Total equity and liabilities	**715306**	**650163**

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Cash Flow Statement
As of September 30,2004

Cash flow from operating activities	
Operating profit before taxation	30739
Adjustment items	
Depreciation and amortization	17400
Loss on disposal of property, plant and equipment	5749
Losses of unconsolidated subsidiaries	59
Share of profit / (loss) from associates	(1811)
Devalue reserves of securities investment	(189)
Return of Bad debt provision	(1105)

Income from negative goodwill amortization	(425)
Interest income	(1677)
Interest expense	4519
Net cash inflow from operating activities before working capital	**53259**
Decrease of inventories	4812
Increase of accounts receivable	(7948)
Increase of prepayments, deposits and other receivables	33509
decrease of accounts payable	(3117)
decrease of other payables and accrued expenses	(34573)
Interest payment and Net cash inflow from operating activities of before tax	45942
Income tax payment	(5640)
Interest payment	(4709)
Net cash inflow from operating activities	**35593**
Investing activities	
Interests received	1677
Increase of Property, plant and equipment	(9499)
Increase of Construction in progress	(4135)
profits from affiliated companies	2377
Increase of Property, plant and equipment	1317
Increase of accounts receivable to affiliated company	(138)
Decrease of accounts payable to affiliated company	(1443)
Long-term investing (Increase)/decrease	(2580)
Net **cash inflow / (outflow) from investing activities**	**(12424)**
Financing activities	
Increase / Decrease of bank and other loans	(25900)
Increase of minority interests	7150
Cash dividend of division	(31385)
Net cash outflow from financing activities	**(50135)**
Increase / (decrease) of cash and cash equivalents	**(26966)**
Cash and cash equivalents at beginning of period	**128166**
Cash and cash equivalents at end of period	**101200**
Analysis of cash and cash equivalents:：	
Cash and bank balances	10120