Shenzhen Textile (Holdings) Co., Ltd.
Quarterly Report for the Third Quarter of 2005

§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.

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

1.3 All directors attended the board meeting.

1.4 The quarterly financial report of the Company is unaudited

1.5 The board chairman of the Company Mr. Guan Tongke, general manager Mr. Wang Bin and Deputy chief accountant Mr. Liu Yi represent and warrant the financial report in this 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
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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	657,228	680,697	-3.45
Shareholders' equity	355,122	352,983	-0.61
Net assets per share	1.45	1.44	Increase 0.69%
	Report period	Year beginning to end of report period	Increase/decrease over the same period of the previous year (%)
Net cash flow from operating activities	8,552	15,323	-31.04
Earnings per share	0.023	0.069	130.00

Return on net assets (%)	1.53	4.74	Decrease 0.77%

Note：The influence of the adjustment of the financial reports audited by Chinese certified public accountants according to international standards for financial report on the net profit of the Company.

1. The influence of the adjustment of the financial reports audited by Chinese certified public accountants according to international standards for financial report on the net profit of the Company.

	Report period RMB'000	Same period of the previous year RMB'000
Pursuant to the financial report audited by Chinese C.P.A.	14,660	20,593
Adjustment made for complying with international accounting standards:		
Writeback of over-provision for the depreciation of real estate of investment nature.	1,760	1,760
Amortization of negative goodwill	425	425
Restated pursuant to international standards for financial report	16,846	22,778

2.The influence of the adjustment of the financial reports audited by Chinese certified public accountants according to international standards for financial report on the Net Value of Assets of the Company.

	September 30, 2005 RMB'000	December 31, 2004 RMB'000
Pursuant to the financial report audited by Chinese C.P.A.	336,847	336,894
Adjustment made for complying with international accounting standards:		
Writeback of over-provision for the depreciation of real estate of investment nature.	22,250	20,490
Writeback of impairment of unconsolidated subsidiaries	31	31
Disposal of unconsolidated subsidiaries	(1,531)	(1,531)
Amortization of intangible assets	(2,475)	(2,901)
Restated pursuant to international standards for financial report.	355,122	352,983

2.2.2 Financial statement

2.2.2.1 Consolidated income statement

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated income statement

As of September 30,2005

	September 2005 RMB'000	September 2004 RMB'000
Turnover	301,292	304,767
Cost of sales	(235,276)	(234,885)
Gross profit	66,016	69,882
Other revenue	1,177	1,410
	67,193	71,292
Selling and administrative expenses	(42,496)	(43,094)
Operating profit	24,697	28,198
Investment income	1,633	3,897
Financial expenses	(2,991)	(3,592)
Negative goodwill amortization	425	425
Share of profit form associates	1,956	1,811
Profit before tax	25,720	30,739
Taxes	(2,351)	(3,100)
After-tax profit	23,369	27,639
Minority interest	(6,523)	(4,861)
Net profit for the year	16,846	22,778
Earnings per share	RMB0.069	RMB0.093

2.2.2.2 Consolidated Balance Sheet

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated Balance Sheet

September 30, 2005

	September 2005 RMB'000	December 2004 RMB'000
Non-current assets		
Property, plant and equipment	210,575	215,599
Investment in property	101,372	101,372
Construction-in-process	39,050	18,470

Intangible assets	31	34
Interests in associates	43,133	43,697
Other investment	45,193	45,193
	439,354	424,365
Current assets		
Inventory	61,487	55,161
Accounts receivable	49,558	36,931
Prepayments, deposits and other receivables	41,652	40,236
Securities investment	2,522	2,744
Cash and bank balances	62,655	121,260
	217,874	256,332
Total assets	657,228	680,697
Shareholders' Equity		
Shares capital	245,124	245,124
Reserve	109,998	107,859
	355,122	352,983
Minority interest	91,702	89,590
Non-current liabilities		
Long-term loans	4,200	4,200
Current liabilities		
Long-term loans - short-term part	63,700	101,323
Accounts payable	23,601	22,642
Other payables and accrued expenses	91,584	88,510
Dividends payable	26,625	18,483
Income tax payable	694	2,966
	206,204	233,924
Total shareholders' equity and liabilities	657,228	680,697

2.2.2.3 Consolidated Cash Flow Statement

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Cash Flow Statement
As of September 30,2005

	September 2005 RMB'000
Cash flow from operating activities	
Operating profit before taxation	25,720
Adjustment items	
Depreciation and amortization	15,162

Loss on disposal of property, plant and equipment	(3)
Share of profit from associates	(3,589)
Bad debt provision	128
Provision for impairment loss/ (write back)	
Securities investment	217
Income from negative goodwill amortization	(425)
Interest income	(1,339)
Interest expense	3,781
Net cash inflow from operating activities before working capital	39,652
Increase of inventories	(6,326)
Increase of accounts receivable	(12,627)
(Increase)/Decrease of prepayments, deposits and other receivables	(1,416)
(Increase)/Decrease of prepayments, deposits and other receivables	959
Increase/ (decrease)of other payables and accrued expenses	3,074
Interest payment and Net cash inflow from operating	23,316
Income tax payment	(4,623)
Interest payment	(3,370)
Net cash inflow from operating activities	15,323

Shenzhen Textile (Holdings) Co., Ltd.
Consolidated Cash Flow Statement
As of September 30,2005

(Cont'd))

	September2005 RMB'000
Net cash inflow from operating activities	15,323
Investing activities	
Interest receive	1,339
Property, plant and equipment of purchase	(12,063)
Increase Construction in progress	(20,580)
Returns from associates received	(3,953)
Other	49
Proceeds from disposal of property, plant and equipment	41
Share of profit from associates	4,467
Net **cash inflow /outflow from investing activities**	(30,700)
Net **cash outflow) from before non-financing**	(15,377)
Financing activities	
Dividend payment	(13,107)
Decrease of bank and other loans	(37,623)
Increase /(decrease) of minority interests	7,502

Net cash outflow from financing activities	(43,228)
Decrease of cash and cash equivalents	(58,605)
Cash and cash equivalents at beginning of period	121,260
Cash and cash equivalents at end of period	62,655
Analysis of cash and cash equivalents:	
Cash and bank deposit	62,655

2.3 The total number of shareholders at the end of the report period and the statement of shareholding of the top ten shareholders holding negotiable shares

Total number of shareholders at the end of the report period	18336	
Particulars about the shareholding of the top ten shareholders holding negotiable shares		
Name of shareholder (full name)	Quantity of shares held at the end of the report period	Type （A、B、H and other）
Zhuang Wenxia	647746	A
VICTOR ONWARD PRINTING & DYEING （HK） CO.LTD	555000	B
Liu Yunai	475578	A
Wang Jun	412400	A
Xu Meijun	400000	A
Liu Jinqun	400000	B
DBS VICKERS （HONGKONG） LTD A/C CLIENTS	389985	B
Liu Qianying	343552	A
Li Guoyue	318500	A
WU, KIN YEUK	316055	B

§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 line of business in which the Company is engaged and its business scope remained unchanged. In the report period, the Company kept steady and orderly production and business operation. Its income from main operation was RMB 107.98 million, a year-on-year increase of 1.7%. Its net profit was RMB 4.754 million, a year-on-year decrease of 35.5% mainly due to the rise in price of fuel and raw materials, change of exchange rate and the lowering of gross profit rate of trade business.

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

√ Applicable □Not applicable

Unit：RMB'0000

Key business in terms of line of business			
	Income from key business (RMB)	Cost of key business (RMB)	Gross profit rate (%)
Garments manufacturing	13,246.89	10,771.93	18.68%
Other wholesale and Retail Trade	13,109.88	12,521.47	4.49%
Property management	3,772.42	0.00	100.00
Of which : Related transactions	0.00	0.00	0.00%
Key business in terms of Product of business			
LCD Polarizer sheet	4, 532.10	33,782.15	25.46%
Of which : Related transactions	0.00	0.00	0.00%

3.1.2 Seasonal or periodical characteristics of the Company's operation

□ Applicable√ 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√ 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√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

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

√Applicable □Not applicable

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

□ Applicable√ Not applicable

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

October 28, 2005