Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B Announcement No.: 2006-14

Shenzhen Textile (Holding) Co., Ltd.

Summary of the Interim Report 2006 (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 interim report is extracted from the full text of interim report. The full text of the report was published on www.cninfo.com.cn simultaneously. Investors should read the full text of the interim 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 interim report.

1.3 All the directors attended the board meeting.

1.4 The financial report of this report period has not been audited.

1.5 Guan Tongke, the person in charge of the Company, Wang Bin, the financial controller and Liu Yi, the person in charge of accounting organ represent and warrant the financial and accounting report in the interim 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
Telephone:	0755-83776043
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2.2 Highlights of financial data and indicators

2.2.1 Highlights of accounting data and financial indicators

Unit:RMB'000

	Report period (Jan.-June)	Same period of the previous year	Increase/decrease (%)
Before-tax profit	11,171	16,408	-31.92
Profit for the year	8,090	11,363	-28.80
Profit per share	0.033	0.046	-28.26
Earnings per share	2.24%	3.12%	-0.88%
Return on net assets	-3,837	-33,348	.088.49
Item	End of the report period	End of the previous year	Increase/decrease (%)
Total assets	680,337	674,803	0.82
Shareholders' equity (not including minority equity)	359,665	363,831	-1.15
Net assets per share	1.47	1.48	-0.68

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	652.4	809.0
Notes to difference	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 intangible assets of RMB 0.393 million.	
Net Asset	33,819.0	35,966.5
Notes to difference	The reason for this difference is the writeback of depreciation of RMB 24.009 million over-provided for real estate of investment nature pursuant to international accounting standards, RMB 0.689 million for the price difference of equity investment in affiliated companies need not amortization, RMB -1.50 million for the depreciation reserve of unconsolidated subsidiaries and RMB - 1.723 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 The total number of shareholders and the statement of shareholding of the top ten shareholders holding negotiable shares Table of shareholding of the top ten shareholders

Unit：share

Total number of shareholders	20,675				
Particulars about the shareholding of the top ten shareholders					
Name of shareholder (full name)	Nature of shareholder	Proportion (%)	Quantity of shares held	Quantity of Non-negotible shares held	Quantity of pledged or frozen shares
Shenzhen Investment	State-owned	66.24%	162,360,000	162,360,000	7,000,000

Management Co., Ltd.	shareholder				
Zhuang Wenxia	A	0.32%	775,000	0	0
Zheng Chuangjian	B	0.22%	527,300	0	0
ABN AMRO BANK NV	B	0.20%	494,800	0	0
WU KIN YEUK	B	0.19%	474,755	0	0
VICTOR ONWARD PRINTING＆DYEING（HK）CO.LTD	B	0.19%	455,000	0	0
Xu Meijin	A	0.16%	400,000	0	0
Xiao Lizhu	B	0.10%	250,500	0	0
Jin Xiuqin	A	0.10%	249,142	0	0
Lu Qiuyun	A	0.10%	242,900	0	0

Particulars about the shareholding of the top ten shareholders holding negotiable shares		
Name of shareholder (full name)	Number of negotiable shares held at the end of year (shares)	Type
Zhuang Wenxia	775,000	A
Zheng Chuangjian	527,300	B
ABN AMRO BANK NV	494,800	B
WU KIN YEUK	474,755	B
VICTOR ONWARD PRINTING＆DYEING（HK）CO.LTD	455,000	B
Xu Meijin	400,000	A
Xiao Lizhu	250,500	B
Jin Xiuqin	249,142	A
Lu Qiuyun	242,900	A
Lin Rouqing	234,500	B
Notes to the related relationship between the shareholders or their concerted action	The relation between the top ten shareholders holding negotiable shares and the top ten shareholders was unknown.	

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

The Status of key business in terms of industry of business						
On industry or production	Income from key business	Cost of key business	Key business profit ratio（％）	Increase/decrease of key business turnover（％）	Increase/decrease of key business cost（％）	Change of key business profit over the same period of last year（％）
Industry	9,342.79	7,642.01	22.25%	18.44%	14.94%	4.65%
Other Wholesale and retail	14,514.07	14,353.13	1.12%	61.46%	41.16%	-4.94%

Real estate agency service	2,645.51	0.00	100.00%	7.84%	0.00%	0.00%
The status of key business in terms of product business						
Polarizer sheet	3,743.88	2,862.90	23.53%	33.63%	32.71%	2.26

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	8,491.80	-16.37%
Foreign business income	17,571.69	103.09%

5.3 Other business operations having material influence on net profit

☐ Applicable √ Not applicable

5.4 Operation of invested companies

☐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

5. 7Analysis 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 Material Guarantee

√ Applicable ☐ Not applicable

Unit：RMB'0000

Guarantees provided by the Company(Not including the guarantees provided to controlled subsidiaries)						
Name of object of guarantee	Date of guarantee creation(Date of agreement signing)	Amount of guarantee	Type of guarantee	Guarantee period	Whether terminated	Whether provided to related parties(Yes or no)
Total amount of guarantee in the report						0.00
Total balance of guarantee in the report（A）						0.00
Guarantees provided by the Company to its controlled subsidiaries						
Total amount of guarantees provided to controlled subsidiaries in the report period						1,000.00
Total balance of guarantees provided to controlled subsidiaries at the end of the report period（B）						1,000.00
Total amount of guarantees provided by the company (including the guarantees provided to controlled subsidiaries)						
Total amount of guarantee（A+B）						1,000.00
The proportion of total amount of guarantees to the net assets of the Company						2.80%
Of which ：						
Guarantees provided to the shareholders, substantial controllers and the related parties(C).						0.00
Guarantees provided to objects with over70%in liability/capital rate, directly or indirectly(D)						0.00
Amount of guarantee over50％ of the net asset（E）						0.00
Total of the above 3*（C+D+E）						0.00

6.3 Related creditor's rights and debts

☐ Applicable √ Not applicable

6.4 Material lawsuits and arbitration

☐ Applicable √ Not applicable

6.5 Other important events, their influence and analysis of solutions

None-business capital adoption and progress of restoring.

☐ Applicable √ Not applicable

6.6 Special commitments made by former holder of none-negotiable shares in the share equity relocation process and their fulfilling.

√ Applicable ☐ Not applicable

Shenzhen Investment Holding Co., Ltd., the shareholder holding non-negotiable shares of the Company, promised to start the share holding structure reform of the Company before July 30, 2006. This work is now in progress.

6.7 Share restructuring schedule for the companies not implemented yet

☐ Applicable √ Not applicable

Statement on the bleaching breaching of share equity relocation schedule.

☐ Applicable √ Not applicable

§ 7 Financial Report

7.1 Auditor's Opinion

Financial Report	√ Not audited	☐Audited

7.2 Financial Statements

7.2.2 Consolidated Profit and loss statement

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated income statement for the year ended June 30, 2006

	June,2006 RMB'000	**June,2005 RMB'000**
Turnover	260,635	193,311
Cost of sales	(217,264)	(150,857)
Gross profit	43,371	42,454
Other revenue	597	371
Other net income	1,128	1,234
Investment income	1,839	1,633
Distribution costs	(8,789)	(7,049)
Administrative expenses	(25,971)	(20,999)
Other operating expenses	(19)	(143)
Operating profit	12,156	17,501
Share of profit from associates	1,369	1,111
Finance costs	(2,354)	(2,204)

Profit before taxation	11,171	16,408
Income tax	(950)	(1,449)
Profit for the year	10,221	14,959
Attributable to:		
Equity holders of the parent	8,090	11,363
Share of profit for minority interests	2,131	3,596
Profit attributable to shareholders	10,221	14,959
Profit per share to equity holders of the parent - basic	RMB0.033	RMB0.046

7.3 Notes to financial statements

7.3.1 Notes to the change of accounting policies, change of accounting estimate and the correction of accounting errors.

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

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

August 15, 2006