

Stock code: 000045, 200045 Stock Abbreviation: Shen Textile A, Shen Textile B Announcement No. : 2007-12

Shenzhen Textile (Holdings) Co., Ltd.
Quarterly Report for the First Quarter of 2007 (B)

§ 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 Quarterly Report for the first Quarter.

1.3

Name of director not present	Reason for not attending the meeting	Name of proxy
Huang Hui	Going on business trip	Liu Xiangqing
Yang Jichao	Going on business trip	Liu Xiangqing
Wang Peng	Going on business trip	Wang Bin

1.4. The financial report of the Company in this quarterly Report period has not been audited.

1.5 Wang Bin, the person in charge of the Company, Zhu Jun, the financial controller and Liu Yi, the person in charge of accounting organ (accounting officer) represent and warrant the financial and accounting report in the quarterly Report is true and complete.

§ 2 Basic Information

2.1 Highlights of accounting data and financial indicators

Unit: RMB'000

	End of the report period	End of the previous year	Increase/decrease (%)
Total assets	656,202	677,685	-3.17
Shareholders' equity	363,560	361,255	0.64
Net assets per share	1.48	1.47	0.68
	Year beginning to end of report period		Increase/decrease over the same period of the previous year (%)
Net cash inflows from operating activities			-2,621 75.40
Net cash flow per share from operating activities			-0.01 7.11
	Report period	Year beginning to end of report period	Increase/decrease over the same period of the previous year (%)
Net profit	2,305	2,305	7.11

Earnings per share	0.009	0.009	0
Return on net assets (%)	0.63	0.63	-0.28

Note : 1. The influence of the adjustment made according to international financial report standards on the net profit and net assets of the Company:

	March 2007(RMB'000)	March 2006(RMB'000)
Pursuant to the financial report audited by Chinese C.P.A.	1,522	1,368
Adjustment made for complying with international accounting standards:		
Writeback of over-provision for the depreciation of real estate of investment nature	587	587
Amortization of intangible assets	196	197
Restated pursuant to international financial report standard	2,305	2,152

2.The influence of the adjustment made according to international financial report standards on the Net Value of Assets of the Company:

	March 2007(RMB'000)	December 2006(RMB'000)
Pursuant to the financial report audited by Chinese C.P.A.	345,967	344,444
Adjustment made for complying with international accounting standards:		
Writeback of over-provision for the depreciation of real estate of investment nature	25,769	25,182
Amortization of intangible assets	-1,136	-1,331
The price difference of equity investment in affiliated companies need not amortization	1,378	1,378
The shares distributed in A-share holding structure reform were stated as expenditure	-2,364	-2,364
Deferred income tax assets need not to be calculated on the year before last year	-6,054	-6,054
Restated pursuant to international financial report standard	363,560	361,255

2.2 The total number of shareholders at the end of the report period and top 10 holders of unconditional shares

unit : shares

Total of shareholders		19,056
Top 10 holders of unconditional shares		
Name of the shareholder	Unconditional shares	Type of shares
Donghai Securities Co., Ltd.	962,700	RMB Common shares
Lai Yuping	750,000	RMB Common shares
Zheng Chuangjian	721,850	Foreign shares placed in domestic exchange
Liu Hong	538,200	Foreign shares placed in domestic

		exchange
VICTOR ONWARD PRINTING&DYEING (HK) CO. LTD	455,000	Foreign shares placed in domestic exchange
WU,KIN YEUK	398,700	Foreign shares placed in domestic exchange
Liu Peiqun	394,866	RMB Common shares
Yu Jufen	358,000	RMB Common shares
Xian Economy & Technology Investment guaranty Co., Ltd.	316,000	RMB Common shares
Yan Suling	313,847	Foreign shares placed in domestic exchange

§ 3 Important Events

3.1 The changes of main accounting entry and figures and its reason.

Applicable Not applicable

3.2 The progress and effect of big issues and the analysis and explanation on the resolving proposal.

Applicable Not applicable

3.3 The fulfillment of the commitment made by the company, shareholders and the actual controller.

Applicable Not applicable

1.The shares of the Company held by Shenzhen Investment Holding Co., Ltd. will not be listed or traded within at least 24 months from the date of obtaining the right of listing and negotiation. Within 12 months after the expiration of the said commitment period, the proportion of the number of the original non-negotiable shares sold by it through Shenzhen Stock Exchange to the total number of shares of Shenzhen Textile shall not exceed 5%.

2.Shenzhen Investment Holding Co., Ltd. will bear the expenses related to this share holding structure reform including financial consultation fee, sponsoring fee, lawyer's fee, communication and recommendation fee and media publicity expenses. At present, the above commitments are under fulfillment.

3.4 Warning and explanation as for the loss possibility of anticipated accumulated net profit from year beginning to the next report period, or the big change compared with the same period of last year.

Applicable Not applicable

3.5 The explanation on the discrepancy between the shareholders' equity of the year-beginning of 2007 in this quarter report's balance statement and the shareholders' equity of the year-beginning of 2007 in the reconciliation statement of shareholder's equity of old and new accounting rules.

Applicable Not applicable

§ 4 Addenda

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated income statement for the year ended March 31, 2007

	March 31, 2007 RMB'000	March 31, 2006 RMB'000
Turnover	101,520	107,845
Cost of sales	(78,098)	(86,204)
Gross profit	23,422	21,641
Other revenue	271	268
Other net income	194	144
	490	
Distribution costs	(5,822)	(4,930)
Administrative expenses	(13,828)	(12,427)
Other operating expenses	-	1
Operating profit	4,727	4,697
Share of profit from associates	347	634
Finance costs	(1,842)	(1,510)
Profit before taxation	3,232	3,821
Income tax	(580)	(496)
Profit for the year	2,652	3,325
Attributable to:		
Equity holders of the parent	2,305	2,152
Share of profit for minority interests	347	1,173
Profit attributable to shareholders	2,652	3,325
Profit per share to equity holders of the parent - basic (13)	RMB0.009	RMB0.009

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated balance sheet as at March 31, 2007

	March 31,2007	December 31,2005
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	254,723	258,624
Investment properties	101,372	101,372
Land use rights - non-current portion	6,604	6,604
Construction-in-progress	4,423	2,580
Intangible assets	27	27
Goodwill	2,291	
Interests in associates	41,083	41,535
Other investments	38,021	41,800
	<u>448,544</u>	<u>452,542</u>
Current assets		
Land use rights - current portion	637	637
Inventories	71,393	64,610
Accounts receivable	47,793	43,349
Bills receivable	1,220	1,110
Prepayments, deposits and others receivable	35,172	36,574
Investments in securities	-	-
Cash and bank balances	51,443	78,863
	<u>207,658</u>	<u>225,143</u>
Total assets	<u>656,202</u>	<u>677,685</u>

Shenzhen Textile (Holdings) Co., Ltd.

Consolidated cash flow statement for the year ended March 31, 2007

	March 31, 2007
	RMB'000
Cash flow from operating activities	
Operating profit before taxation	3,232
Adjustment items :	
Depreciation and amortization	5,125
Share of profit from associates	(837)
Provision for doubtful debts	120
Interest income	(270)
Interest expense	1,280
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Net operating cash inflow before movements in working capital	8,650
Increase in inventories	(6,783)
Increase in accounts receivable	(4,444)
Increase in bills receivable	(110)
(Increase)/decrease in prepayments, deposits and others receivable	1,402
Increase in accounts payable	-
Decrease in others payable and accrued expenses	(4,335)
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Cash inflow from operating activities before interest and tax payments	2,961
Income tax paid	(598)
Interest paid	(3,815)
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Net cash inflow from operating activities c/f	<u>(7,374)</u>

	March 31, 2007 RMB'000
Net cash inflow from operating activities b/f	(7,374)
Investing activities	
Interest received	270
Purchases of property, plant and equipment	(681)
Increase in construction-in-progress	(1,843)
Proceeds from disposal of property, plant and equipment	91
Returns from associates received	1,290
(Increase)/decrease in amounts due from associates	405
Increase in other investments	(22,717)
Proceeds from disposal of other investments and investments in securities	3,779
Net cash outflow from investing activities	(19,406)
Net cash inflow/(outflow) before financing activities	(26,780)
Financing activities	
Decrease in bank and other loans	(50)
Decrease in minority interests	(590)
Net cash outflow from financing activities	(640)
Decrease in cash and cash equivalents	(27,420)
Cash and cash equivalents as at beginning of the year	78,863
Cash and cash equivalents as at end of the year	<u>51,443</u>
Cash and cash equivalents as at end of the year are represented by :	
Cash and bank balances	<u>51,443</u>

The Board of Directors of Shenzhen Textile (Holdings) Co., Ltd.
April 21, 2007