

Shenzhen Victor Onward Textile Industrial Co., Ltd.

Summary of Semi-annual Report 2005

§ 1. Important Notice

1.1 The Board of Directors of Shenzhen Victor Onward Textile Industrial Co., Ltd. (hereinafter referred to as the Company) and its directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading.

The summary of semi-annual report 2005 is abstracted from the semi-annual report; and full text of the semi-annual report is published on the website designated by CSRC for publishing the semi-annual report: <http://www.cninfo.com.cn> in the meantime. The investors are suggested to read the full text of semi-annual report to understand more details.

1.2 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or has objection for this report.

1.3 All directors attended the Meeting.

1.4 The semi-annual financial report of the Company has not been audited.

1.5 Chairman of the Board Mr. Hu Yongfeng, Director as well as General Manager Mr. Sun Zhiping and Deputy General Manager as well as person in charge of financial and accounting organization Mr. Zhang Jinliang hereby confirm that the financial report enclosed in this semi-annual report 2005 is true and complete.

§ 2. Company Profile

2.1 Basic information

Short form of the stock	Shen Victor Onward A, Shen Victor Onward B	
Stock code	000018, 200018	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Securities Affairs Representative
Name	Chen Xing	Jiang Xujuan
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2.2 Major financial data and index

2.2.1 Major accounting data and financial indexes

Unit: RMB

	At the end of this report period	At the end of last year	Increase/decrease at the end of this report period compared with the period-end of last year (%)
Current assets	230,658,010.63	227,349,567.00	1.46%
Current liabilities	171,908,182.78	171,957,349.00	-0.03%
Total assets	522,781,282.76	529,067,471.00	-1.19%
Shareholders' equity (excluding minority interests)	306,607,209.61	312,442,877.00	-1.87%
Net assets per share	1.81	1.85	-2.16%
Net assets per share after adjustment	1.78	1.83	-2.73%
	In this report period (Jan. - Jun. 2005)	The same period of last year	Increase/decrease year-on-year (%)
Net profit	-5,826,904.57	1,062,052.44	-648.65%
Net profit after deducting non-recurring gains and losses	-5,803,475.07	2,002,845.25	-389.76%
Earnings per share	-0.03	0.01	-400.00%
Earnings per share (note)	-	-	-
Returns on equity	-1.90%	0.34%	- 2.24%
Net cash flow arising from operating activities	11,309,340.78	18,761,404.14	-39.72%

2.2.2 Item of non-recurring gains and losses

Applicable Inapplicable

Unit: RMB

Item of non-recurring gains and losses	Amount
Non-operating income – other	256.01
Non-operating expenditure – net losses of disposal of fixed assets	17,555.39
Non-operating expenditure – donation expenditure	8,200.00
Non-operating expenditure - other	533.40
Influence number from income tax	2,603.28
Total	23,429.50

2.2.3 Differences between CAS and IAS:

Applicable Inapplicable

Unit: RMB

	CAS	OAS (IAS)
Net profit	-5,826,904.57	-5,525,676.81
Explanation on difference	1. Switch back added-value from property evaluation of Hong Kong under IAS so as to increased profit amounting to RMB 243055.00; 2. Difference on disposal of amortization of goodwill under IAS so as to increased profit	

Huang Weili	226,562.00	B-share
Zhong Yonglai	223,700.00	B-share
DBS VICKERS (HONG KONG) LTD A/C CLIENTS	217,486.00	B-share
Zhu Ruihong	192,608.00	B-share
Zhu Mingguo	191,220.00	B-share
Li Jiying	184,000.00	B-share
Explanation on associated relationship among the top ten shareholders or consistent action	The aforesaid "Union Holdings Co., Ltd." belongs to the 1 st largest shareholder, and its controlling shareholder is "Union Developing Group Co., Ltd"	
Explanation on the time limit of holding shares of the strategic investors or general legal persons participating in the allotment of new shares		
Shareholders' name	Time limit of share holding	
Naught	Naught	

3.3 Particulars about the change of controlling shareholder and the actual controller of the Company

Applicable Inapplicable

§4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes in shares held by directors, supervisors and senior executives

Applicable Inapplicable

§5. Discussion and Analysis of the Management

5.1 Statement of main operations classified according to industries and products

Unit: RMB'0000

Main operations classified according to industries						
	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations year-on-year (%)	Increase/decrease in cost of main operations year-on-year (%)	Increase/decrease in gross profit ratio year-on-year (%)
Other textile industries	12,415.42	11,808.47	4.89%	-16.79%	-9.42%	- 7.74%
Including: related transactions	0.00	0.00	0.00%	0.00%	0.00%	0.00%
Main operations classified according to products						
Fabrics bleaching, printing and dyeing	12,272.70	11,720.44	4.50%	-17.75%	-10.10%	- 8.13%
Buying and selling of clothes	142.72	88.04	38.31%			
Including:	0.00	0.00		0.00%	0.00%	

related transactions						
Pricing rules	Setting price by normal market price					

Including: total amount of related transactions that the listed company sold products and supplied service labor to the controlling shareholder and its subsidiaries was RMB 1,321,200 in the report period.

5.2 Particulars about main operations classified according to areas

Unit: RMB'0000

Areas	Income from main operations	Increase/decrease in income from main operations year-on-year (%)
China Hong Kong and overseas	11,446.29	-17.39%
Domestic	969.12	-8.96%

5.3 Other operations exerting material influence on net profit

Applicable Inapplicable

Unit: RMB'0000

Other operation	Gains and losses occurred	Proportion in net profit
Income from property lease	126.30	21.67%

5.4 Operation of share-holding companies

Applicable Inapplicable

Unit: RMB'0000

Name of shareholding company		Shenzhen Lianchang Printing and Dyeing Co., Ltd.	
Investment earnings contributed in the period		- 191.70	The percentage taking up the net profit of the listed company 32.90%
Shareholding company	Business scope	Production and sale of corduroy, dyed cloth and printed calico	
	Net profit	- 508.08	
Name of shareholding company		Zhejiang Union Hangzhou Bay Venture Co., Ltd.	
Investment earnings contributed in the period		190.00	The percentage taking up the net profit of the listed company 0.00%
Shareholding company	Business scope	It mainly engages in real estate developing, founding industry, management & service for capital construction projects and management of real estate	
	Net profit	- 189.44	

5.5 Explanation on reasons of material changes in main operations and their structure

Applicable Inapplicable

5.6 Explanation on reasons of material changes in profitability of main operations (gross profit ratio) than that of the last year

Applicable Inapplicable

1. Influenced by limit for Chinese textile from EU & US, orders for goods reduced in a large margin, unit fixed cost increased so as to decrease gross ratio;
2. Influenced by rising prices of raw material and energy, unit production cost further improved so as to reduce gross ratio.

5.7 Analysis on reasons of material changes in profit structure compared with the previous year

Applicable Inapplicable

Items	Amount		Proportion in total profit	
	In the report period	Last year	In the report period	last year
Total profit_	-6,225,808.50	1,046,186	100%	100%
Profit from main business	6,069,448.32	42,130,271	-97%	4027%
Profit from other business	1,262,967.53	762,395	-20%	73%
Period expenses	13,722,031.44	42,316,672	-220%	4045%
Investment income	189,839.87	615,965	-3%	59%
Net amount of non-operating Income and cost	-26,032.78	-145,773	0%	-14%

1. Influenced by limit for Chinese textile from EU & US, orders for goods reduced in a large margin, unit fixed cost increased so as to decrease gross ratio;

2. Influenced by rising prices of raw material and energy, unit production cost further improved so as to reduce gross ratio.

Due to the abovementioned, resulting in deficits occurred on operations in this period.

5.11 Explanation of the Management on “Qualified Opinion” from the Certified Public Accountants in the report period

Applicable Inapplicable

5.12 Explanation of the Management on changes and disposal of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year

Applicable Inapplicable

§6. Significant Events

6.1 Purchases and sales of assets and assets restructure

6.1.1 Assets purchased

Applicable Inapplicable

6.1.2 Assets sold

Applicable Inapplicable

6.1.3 Progress of these events and its influence on the operating results and financial status in the report period after the report on assets restructure or public notice on acquisition and sales of assets being published

Applicable Inapplicable

6.2 Guarantees

Applicable Inapplicable

Unit: RMB'0000

Particulars about external guarantees (excluding guarantees for controlling subsidiary company)						
Name of warrantee	Date of happening (date of agreement signing)	Amount of guarantee	Type of guarantee	Term of guarantee	Accomplished or not	Guarantee for related parties or not (yes or no)
Total amount of guarantees in the report period					0.00	
Total balance of guarantees in the report period					0.00	
Particulars about the Company's guarantee for controlling subsidiary company						
Total amount of guarantees in the report period					0.00	
Total balance of guarantees in the report period					800.00	
Particulars about total amount of guarantees (including guarantee for controlling subsidiary company)						
Total amount of guarantees					800.00	
The percentage that the total amount of guarantee takes up the net assets of the Company					2.61%	
Particulars about irregular guarantees						
Total amount of guarantees for other related parties which are controlled less than 50% by the Company or the controlling shareholder					0.00	
The liability guarantee amount provided directly or indirectly for warrantees with a assets-liability ratio exceeding 70%					0.00	
The part of the amount of the total guarantee exceeding the 50% line of the net assets					0.00	
Total amount of irregular guarantees					0.00	

6.3 Related financial claims and liabilities

Applicable Inapplicable

Unit: RMB'0000

Related parties	Relationships with the listed company	Capital provided to related parties by the listed company		Capital provided by related parties to the listed company	
		Amount	Balance	Amount	Balance
Shenzhen Union	Minority shareholder of subsidiary of the Company	-39.28	141.13	0.00	0.00
Union Developing Group Co., Ltd	Controlling shareholder of the Company	0.00	2.82	0.00	1,629.13
Shenzhen Union Trade Co., Ltd	Subsidiary of Union Developing Group	0.00	6.24	0.00	0.00
Shenzhen Lianchang Printing & Dyeing Co., Ltd	Affiliated enterprise of the Company	0.00	31.09	0.00	0.00
Union Developing Investment Co., Ltd	Subsidiary of Union Developing Group	0.00	10.22	0.00	0.00
Shenzhen Huaye	Subsidiary of Union	0.00	99.66	0.00	0.00

Textile and dyeing Co., Ltd	Developing Group				
Union Holdings Co., Ltd	Controlling shareholder of the Company	0.00	0.00	2,100.00	2,100.00
Total		-39.28	291.16	2,100.00	3,729.13

Including: The amount of capital provided by the listed company to the controlling shareholder and its subsidiaries was RMB 0.00 with the balance amounting to RMB 1,189,400 in the report period.

6.4 Material lawsuits and arbitrations

Applicable Inapplicable

6.5 Other significant events and explanation on analysis to their influences and solutions

Applicable Inapplicable

§7. Financial Report

7.1 Auditing opinion

Financial Report	Unaudited	Audited
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7.2 Financial Statement

7.2.2 Profit and profit distribution statement

Unit: RMB

Domestic Statement

Items	Jan. – Jun., 2005		Jan. – Jun. , 2004	
	Consolidated	Parent company	Consolidated	Parent company
. Income from main operations	124,154,165.26	75,018,744.58	149,204,180.08	81,154,532.83
Less: Cost of main operations	118,084,716.94	76,180,025.90	130,365,373.31	77,908,467.16
Taxes and other charges of main operations				
. Profit from main operations (Loss is listed with “-”)	6,069,448.32	-1,161,281.32	18,838,806.77	3,246,065.67
Add: Other operating profit (Loss is listed with “-”)	1,262,967.53	470,831.13	1,222,052.01	500,334.27
Less: Operating expenses	6,061,078.47	923,783.02	8,865,658.09	583,662.36
Management expenses	3,955,470.11	2,642,732.02	4,632,712.40	2,409,846.69
Financial expenses	3,705,482.86	1,613,024.95	3,479,437.13	1,739,648.07
. Operating profit (Loss is listed with “-”)	-6,389,615.59	-5,869,990.18	3,083,051.16	-986,757.18
Add: Investment yield (Loss is listed with “-”)	189,839.87	51,279.61	-441,031.33	3,290,530.58
Subsidy income				0.00
Non-operating income	256.01	256.00	120,348.03	120,348.03
Less: Non-operating expenses	26,288.79	8,450.00	1,165,673.38	1,156,016.27
Add: adjustment on gains and losses in			-9,612.89	

previous year				
. Total profit (Loss is listed with “-”)	-6,225,808.50	-5,826,904.57	1,587,081.59	1,268,105.16
Less: Income tax			213,167.63	206,052.72
Minority interests	-398,903.93	0.00	311,861.52	
Add: unconfirmed investment losses occurred this period				
. Net profit (Loss is listed with “-”)	-5,826,904.57	-5,826,904.57	1,062,052.44	1,062,052.44
Add: Retained profit at the year-begin	7,078,629.00	7,078,629.00	6,324,709.00	6,324,709.00
Other transfer-ins			-115,328.23	-115,328.23
. Profit available for distribution	1,251,724.43	1,251,724.43	7,271,433.21	7,271,433.21
Less: Statutory surplus public reserve				
Statutory public welfare reserve				
Employee bonus and welfare funds				
Reserve funds				
Enterprise development funds				
Profit put into investment				
. Profit available for distribution to investors	1,251,724.43	1,251,724.43	7,271,433.21	7,271,433.21
Less: dividend for preference shares payable				
Discretionary surplus reserves				
Dividends for ordinary shares payable				
Dividends for ordinary shares converted to capital (or share capital)				
. Retained profit	1,251,724.43	1,251,724.43	7,271,433.21	7,271,433.21
Profit statement (Supplemental information):				
1. Income from selling or disposing branch or invested units	0.00	0.00	0.00	0.00
2. Losses due to natural disaster	0.00	0.00	0.00	0.00
3. Increase (or decrease) in total profit due to the changes of accounting policies	0.00	0.00	0.00	0.00
4. Increase (or decrease) in total profit due to the changes of accounting estimation	0.00	0.00	0.00	0.00
5. Loss on debts restructure	0.00	0.00	0.00	0.00
6. Others	0.00	0.00	0.00	0.00

7.3 Notes to financial report

7.3.1 If there has been any change in the accounting policies, or accounting estimation, or adjustment of accounting errors, give the contents, reasons and the influenced numbers

Applicable Inapplicable

7.3.2 Reasons and influenced number explanation on material changes in consolidated scope in the report period

Applicable Inapplicable

7.3.3 List notes related to the involved issues if the Company is issued a qualified opinion