

HUBEI SANONDA CO., LTD.

SUMMARY OF SEMI-ANNUAL REPORT 2005

§1. Important Notice

1.1 Board of Directors of Hubei Sanonda 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 Internet website <http://www.cninfo.com.cn> promulgated by CSRC in the mean time. 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 have objection for this report.

1.3 All directors attended the board of directors.

1.4 The report of the Company has not been audited in the report period.

1.5 Chairman of the Board Mr. Zhang Maoli, General Manager Mr. Zheng Xianhai and Person in Charge of financing hereby ensure 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	SANONDA-A, SANONDA-B	
Stock code	000553, 200553	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Securities Affairs Representative
Name	Li Zhongxi	Hu Haosong and Cao Jin
Contact address	No. 93, Beijing Road (E), Jingzhou, Hubei	No. 93, Beijing Road (E), Jingzhou, Hubei
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2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

Items	At the end of this report period	At the end of the last year	Increase/decrease at the end of this report period compared with the
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			period-end last year (%)
Current assets	955,496,983.53	867,974,651.56	10.08%
Current liabilities	677,677,587.04	548,560,583.31	23.54%
Total assets	1,685,979,223.92	1,553,848,827.18	8.50%
Shareholders' equity (excluding minority interests)	883,523,953.89	879,072,281.39	0.51%
Net assets per share	2.98	2.96	0.68%
Net assets per share after adjustment	2.86	2.85	0.35%
Items	In the report period (Jan. to Jun. 2005)	At the same period of last year	Increase/decrease in this report period compared with the same period of last year (%)
Net profit	8,147,983.74	5,096,709.57	59.87%
Net profit after deducting non-recurring gains and losses	19,060,646.91	9,385,819.74	103.08%
Earnings per share	0.03	0.02	50.00%
Earnings per share (note)		-	-
Return on equity	0.92%	0.58%	0.34%
Net cash flow arising from operating activities	-44,949,960.87	-38,706,366.41	-16.13%

2.2.2 Items of non-recurring gains and losses
Applicable Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount
Short-term investment losses	-6,548,230.67
Non-operating income and expenses (after deducting reserve for devaluation of assets)	-4,364,432.50
Total	-10,912,663.17

2.2.3 Difference between CAS and IAS respectively:
Applicable Inapplicable

Unit: RMB

Items	CAS	IAS
Net profit	8,147,983.74	8,147,983.74
Explain on difference		

§3. Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

Applicable Inapplicable

3.2 Particulars about shares held by the top ten shareholders and shareholders of

circulation share

Total shareholders at the end of report period	39,839
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Particulars about shares held by the top ten shareholders

Name of shareholders (full name)	Increase / decrease in the report period	Holding shares at the period-end (share)	Proportion (%)	Type of shares (Circulating or non-circulating)	Number of share pledged or frozen	Nature of shareholders (state-owned shareholder or foreign shareholder)
SANONDA GROUP CORPORATION	0	81,726,625	27.52%	Non-circulating	81,726,625	State-owned shareholder
QICHUN COUNTY STATE ASSETS MANAGEMENT BUREAU	0	3,002,709	1.01%	Non-circulating	0.00	State-owned shareholder
WU QUN JUAN	-40,000	1,585,450	0.53%	Circulating	0.00	Foreign shareholder
QU WEI	0	1,228,015	0.41%	Circulating	0.00	Foreign shareholder
ZHANG SHENG	84,100	1,196,120	0.40%	Circulating	0.00	Foreign shareholder
SHEN YING		1,020,800	0.34%	Circulating	0.00	Foreign shareholder
TAIJI INVESTMENT CO., LTD.		1,000,000	0.33%	Circulating	0.00	Foreign shareholder
GUANGQI INVESTMENT CO., LTD.		1,000,000	0.33%	Circulating	0.00	Foreign shareholder
FINANCIAL CO., LTD.		864,550	0.29%	Circulating	0.00	Foreign shareholder
WANG ZI HUA	776,000	776,000	0.26%	Circulating	0.00	Foreign shareholder

Particulars about shares held by the top ten shareholders of circulation share

Name of shareholders (full name)	Circulation shares held at the period-end	Type of share (A-share, B-share, H-share and other)
WU QUN JUAN	1,585,450	B-share
QU WEI	1,228,015	B-share
ZHANG SHENG	1,196,120	B-share
SHEN YING	1,020,800	B-share
TAIJI INVESTMENT CO., LTD.	1,000,000	B-share
GUANGQI INVESTMENT CO., LTD.	1,000,000	B-share
FINANCIAL CO., LTD	864,550	B-share
WANG ZI HUA	776,000	B-share
TAN DONG SHAN	680,060	B-share
ZHANG BING WU	653,100	B-share

Explanation of associated relationship or consistent action of the top ten shareholders	Among the top ten shareholders and the top ten shareholders of circulation share, the Company is unknown whether there exists associated relationship, or whether they belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies or not.
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Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares

Shareholders' name	Appointed period of holding share
Naught	Naught

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

Applicable Inapplicable

§4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes of 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

Statement of main operations classified according to industries						
Items	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Manufacture of chemical pesticides	42,579.15	34,832.58	18.19%	10.12%	9.74%	0.28%
Manufacture of basic chemical materials	19,765.86	16,528.91	16.38%	74.98%	67.48%	3.75%
Industries of real estate's development and management	45.51	40.52	10.96%	-98.48%	-98.30%	9.69%
Including: related transactions						
Statement of main operations classified according to products						
Pesticides	42,579.15	34,832.58	18.19%	10.12%	9.74%	0.28%
Chemicals	19,765.86	16,528.91	16.38%	74.98%	67.48%	3.75%
Real estate	45.51	40.52	10.96%	-98.48%	-98.30%	9.69%
Including: related transactions						
Pricing rules for related transactions	Among the transactions occurred in the Company, sales of related transaction and related purchase belongs to normal operation activities, carrying out in accordance with sustainable and mutual benefit principal, price of related transaction fixed based on market price, moving along legal, transparency and fair , related liabilities and credit kept normal and reasonable limits.					

Including: in the report period, amount of related transactions which the listed company sold products and offered labor service to controlling shareholders and its subsidiaries was 36.17 million.

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 over the same period of last year (%)
Domestic	40,766.39	1.33%
Overseas	21,624.13	69.82%

5.3 Other operations affecting material influence on net profit

Applicable Inapplicable

5.4 Operation of share-holding companies

Applicable Inapplicable

Unit: RMB'0000

Name of share-holding company		Sanonda Tianmen Agro-chemical Company Limited	
Investment earnings contributed in the period	210.00	Proportion in net profit of the listed company	25.77%
Share-holding company	Business scope	Pesticide products	
	Net profit	248.00	

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

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

5.8 Application of the raised proceeds

5.8.1 Use of the raised proceeds

Applicable Inapplicable

5.8.2 Particulars about the changed projects

Applicable Inapplicable

5.9 Plan of the Board on amending the business plan in the second half of the year

Applicable Inapplicable

5.10 Estimation on accumulative net profit from the beginning of the year to the end

of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable Inapplicable

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 Acquisition and sales of assets and assets restructure

6.1.1 Assets acquired

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 guarantee of the Company (excluding guarantees for controlling subsidiaries)						
Name of objects guaranteed	Date of happening (date of agreement signing)	Amount of guarantee	Type of guarantee	Term of guarantee	Finish implementation 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 guarantee for controlling subsidiary						
Total amount of occurred guarantee for controlling subsidiary in the report period				3,700.00		
Total balance of occurred guarantee for controlling subsidiary in the report period				3,700.00		
Particulars about total amount of guarantees of the Company (including guarantee for controlling subsidiary)						
Total amount				5,271.00		
The ratio of total amount to net assets of the Company				5.97%		

Particulars about guarantees out of line	
Guarantee amount provided to shareholders and other related parties of which the Company controls less than 50% equity	0.00
Amount of liability guarantee directly or indirectly provided to the investees with a over 70% asset-liability ratio	0.00
The part of the total guarantee amount exceeding 50% of the net assets	0.00
Total amount of irregular guarantees	0.00

6.3 Current related credits and liabilities

Applicable

Inapplicable

Unit: RMB'0000

Name of related parties	Relationships	Capital provided to related parties		Capital provided by related parties to the listed company	
		Debit	Balance	Credit	Balance
HUBEI DATION CHEMICAL CO., LTD.	Subsidiary of group company	0.00	1,333.00	0.00	0.00
JINGZHOU TIANYANG HUIBAO MICRO CHEMICAL CO., LTD	Share-holding company	223.00	281.00	0.00	0.00
SANONDA WEIXUN CO.	Share-holding company	0.00	46.00	0.00	0.00
JINGZHOU FUDE GENERAL FOOD FACTORY	Subsidiary of group company	0.00	456.00	0.00	0.00
SANONDA MEIHUA INDUSTRY CO.	Subsidiary of group company	313.00	420.00	0.00	0.00
Total		536.00	2,536.00	0.00	0.00

Including: in the report period, the occurred amount and balance of the listed company supplying capital to controlling shareholders and its subsidiaries were respectively RMB 10 million and RMB 107 million.

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 report

7.2.2 Income Statement and Statement of Profit Distribution

Unit: RMB

Domestic Statement

Items	Jan.-Jun. 2005		Jan.-Jun. 2004	
	Consolidated	Parent Company	Consolidated	Parent Company
. Income from main operations	623,905,190.42	382,496,481.10	529,642,746.87	326,664,886.27
Less: Cost of main operations	514,020,075.14	315,660,493.07	439,919,088.50	274,152,861.16
Business and related taxes	224,764.02	140,718.40	1,857,902.73	263,466.83
. Profit from main operations	109,660,351.26	66,695,269.63	87,865,755.64	52,248,558.28
Add: Other operating profit	4,599,914.31	1,856,761.12	2,513,128.91	484,251.80
Less: Selling expenses	34,680,483.86	20,134,183.26	26,752,548.21	15,085,446.15
Administrative expenses	45,399,527.82	27,797,200.45	41,985,889.47	23,077,027.05
Financial expenses	13,899,963.67	8,199,218.58	9,777,147.65	3,410,137.41
. Operating profit	20,280,290.22	12,421,428.46	11,863,299.22	11,160,199.47
Add: Investment income	-6,548,230.67	-4,264,718.35	-7,371,606.36	-6,009,163.45
Subsidy income	0.00	0.00		
Non-operating income	391,731.21	342,980.11	101,601.21	78,486.30
Less: Non-operating expenses	4,756,163.71	351,706.48	546,118.93	132,812.75
. Total profit	9,367,627.05	8,147,983.74	4,047,175.14	5,096,709.57
Less: Income tax	1,392,220.44		2,721,458.96	
Less: Minority interests	-227,700.68		-2,106,596.88	
Add: Unconfirmed investment losses in the period	-55,123.55		1,664,396.51	
. Net profit	8,147,983.74	8,147,983.74	5,096,709.57	5,096,709.57
Add: Retained earnings at the year-beginning	-38,583,618.19	-38,583,618.19	-52,446,961.20	-52,446,961.20
Other transfer-ins				
. Profit available for distribution	-30,435,634.45	-30,435,634.45	-47,350,251.63	-47,350,251.63
Less: Statutory surplus reserve				
Statutory public welfare reserve				
Employee bonus and welfare funds				
Reserve funds				
Enterprise development funds				
Returned investment from profit				
. Profit available for distribution to investors	-30,435,634.45	-30,435,634.45	-47,350,251.63	-47,350,251.63
Less: dividend for preferred shares payable				
Discretionary reserves				
Dividends for ordinary shares				
Dividends for ordinary shares				

converted to capital (or share capital)				
. Retained earnings	-30,435,634.45	-30,435,634.45	-47,350,251.63	-47,350,251.63
Supplemental information:				
1. Profit from selling or disposing branch or investee				
2. Losses from natural disaster				
3. Increase (or decrease) in total profit due to the changes of accounting policies				
4. Increase (or decrease) in total profit due to the changes of accounting estimation				
5. Loss on debts restructure				
6. Others				

7.3 Notes to financial report

7.3.1 If there have been any changes to the accounting policy and accounting estimates, or modification of accounting errors, give the relevant contents, reasons and the influenced numbers.

Applicable Inapplicable

7.3.2 If there have been any changes to the consolidation scope of the financial statement, give the reasons and the influenced numbers.

Applicable Inapplicable

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

Applicable Inapplicable

Chairman of the Board: Zhang Maoli
Hubei Sanonda Co., Ltd.

Aug. 8, 2005