SHENZHEN CHINA BICYCLE COMPANY (HOLDINGS) LIMITED

SEMI-ANNUAL REPORT 2002

Aug. 27, 2002

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I. IMPORTANT NOTE

Board of Directors of the Shenzhen China Bicycle Company, (Holdings) Limited (hereinafter referred to as the Company) 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. This report has been prepared in Chinese version and English version respectively. In the event of difference in interpretation between the two versions, the Chinese version shall prevail. The semi-annual financial report of the Company has not been audited. Investors are suggested to carefully read the full text of the report.

Director Xie Ruxian, Director Shi Zhanxiong and Independent Director Li Zhenping were absent from the Board Meeting, in which the Semi-annual Report 2002 was examined, due to other work engagement.

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

II. COMPANY PROFILE

1. Legal Name of the Company
   In Chinese: 深圳中华自行车（集团）股份有限公司
   In English: SHENZHEN CHINA BICYCLE COMPANY (HOLDINGS) LIMITED
   Short form of English Name: CBC
2. Legal Representative: Mr. Huang Junmin
3. Secretary of the Board of Directors: Mr. Li Hai
   Liaison Address: No. 3008, Buxin Road, Shenzhen, Guangdong, and PRC
   Tel: (86) 755 – 25516998
   Fax: (86) 755 – 25516620
   E-mail: dmc@china-cbc.com; leocbc@163.net
4. Registered Address and Office Address:
   No. 3008, Buxin Road, Shenzhen, Guangdong, and PRC
   Post Code: 518019
   The Company’s Internet Website: www.china-cbc.com

E-mail: cbc@china-cbc.com

5. Newspapers Chosen for Disclosing the Information of the Company:
Securities Times and Ta Kung Pao
Internet Website Designated for Publishing the Semi-annual Report:
www.cninfo.com.cn
Place Where the Semi-annual Report is Prepared and Placed:
Secretariat of the Board of Directors, No. 3008 Buxin Road, Shenzhen

6. Stock Exchange Listed with, Short Form of the Stock and Stock Code:
Stock Exchange Listed with: Shenzhen Stock Exchange
Short Form of the Stock: ST ZHONGHUA – A, ST ZHONGHUA – B
Stock Code: 000017 (A-share), 200017 (B-share)

7. Major Financial Data and Indexes in the Report Period:

(1) Major financial data and indexes in the report period (Unit: RMB)

List 1:

Indexes	Jan.-Jun. 2002	Jan.-Jun. 2001
Net profit	-29,649,602.79	-58,277,117.95
Net profit after deducting non-recurring gains and losses	-29,743,082.28	-57,707,954.95
Earnings per share	-0.062	-0.122
Earnings per share after changing of share from the period-end to date of disclosing	-0.062	-0.122
Return on equity (%)	---	---

List 2:

	June. 30, 2002	Dec. 31, 2001
Total assets	560,515,660.40	565,575,098.44
Equity-debt ratio (%)	460%	452%
Shareholders' equity (excluding minority interests) (RMB)	-2,018,440,415.95	-1,988,677,836.38
Net assets per share (RMB/share)	-4.21	-4.148
Net assets per share after changing of share from the period-end to date of disclosing (RMB/share)	-4.21	-4.148
Net assets per share after adjustment	-4.35	-4.155

Note: Items of net profit after deducting non-recurring gains and losses and related amounts: (negative number express loss, positive number express income)

(1) Losses on disposal of fixed assets	-13,800.00
(2) Expenditure of public welfare donation	-598.00
(3) Penalty expenditure	-1,995.66
(4) Other gains and losses	109,873.15

(2) Adjustment statement of difference in net assets and net profit as audited by domestic and overseas certified public accountants under CAS and IAS respectively (Unit: RMB):

	Net assets	Net profit
As reported under IAS	-2,023,523,815.12	-28,678,327.08
Written back of provision for devaluation of minority interests	2,973,463.75	136,673.06
Amortization of expenses to be apportioned	---	-952,227.07
Amortization of long-term expenses to be apportioned	2,109,935.42	-268,698.48
Adjustment on offsetting loss incurred in subsidiaries	---	138,323.21
Adjustment on income from liabilities reorganization	---	-25,346.43
As reported under Accounting System of Enterprise	-2,018,440,415.95	-29,649,602.79

III. CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHARES HELD BY MAIN SHAREHOLDERS

(I) Particulars about change in share capital

1. In the report period, the Company's shares remained unchanged.

Statement of change in shares

(Unit: share)

Items	Amount at the period-begin	Increase/decrease of this time (+, -)						Amount at the period-end
		Share allotment	Bonus shares	Capitalization of public reserve	Additional issuance	Others	Sub-total	
Ⅰ. Unlisted Shares	224,195,354							224,195,354
1. Promoters' shares								
Including:								
State-owned share								
Domestic juristic person's shares	111,607,002							111,607,002
Foreign juristic person's shares	112,453,352							112,453,352
Others								
2. Raised juristic person's shares								
3. Employees' shares	135，000							135，000
4. Preference shares or others								
Total Unlisted shares	224,195,354							224,195,354
II. Listed Shares	255,237,649							255,237,649
1. RMB ordinary shares	76,617,000							76,617,000
2.Domestically listed foreign shares	178,620,649							178,620,649
3. Overseas listed foreign shares								
4. Others								
Total Listed shares	255,237,649							255,237,649
Ⅲ. Total shares	479,433,003							479,433,003

(II) Particulars about shareholders at end of the report period

1. By the end of the report period, the Company has 29,376 shareholders of A-share and 18,688 shareholders of B-share.

2. Particulars about shares held by the top ten shareholders of the Company:

(Unit: share)

No.	Shareholder's name	Shares held at the period-begin	Increase / decrease	Shares held at the period-end	Proportion in total shares	Type
1	Shenzhen Lionda Holdings Co., Ltd.	95,267,002	-11,200,000	84,067,002	17.54%	Domestic promoters' juristic person's shares
2	Hong Kong Zhuorun Technology Co., Ltd.	62,003,890	0	62,003,890	12.94 %	Foreign promoters' juristic person's shares
3	Hong Kong (Link) Bicycles Limited	31,001,944	-5,001,944	26,000,000	5.43%	Foreign promoters' juristic person's shares
4	STEPHEN & PARTNERS LTD.	19,447,518	0	19,447,518	4.06%	Foreign promoters' juristic person's shares
5	Shanghai Xinliyi Investment & Management Co., Ltd.	0	+11,200,000	11,200,000	2.34%	Domestic promoters' juristic person's shares
6	Airline Trust and Investment Co., Ltd.	10,340,000	0	10,340,000	2.16%	Domestic promoters' juristic person's shares
7	Shenzhen International Trust and Investment	6,000,000	0	6,000,000	1.26%	Domestic promoters'

	Company					juristic person's shares
8	Jingchao Investment Co., Ltd.	0	+5,001,944	5,001,944	1.05%	Foreign promoters' juristic person's shares
9	Renjun Development Co., Ltd.	4,037,920	-37,920	4,000,000	0.84%	Foreign social public shares
10	ZHANG LI PING	0	0	2,187,940	0.46%	Foreign social public shares

Note: The aforesaid Shenzhen Lionda Holdings Co., Ltd. is the holding subsidiary company of Shenzhen Investment & Management Company; Hong Kong Zhuorun Technology Co., Ltd. is the indirect holding subsidiary company of Shenzhen Investment & Management Company. Except for that, there existed no associated relationship among the other shareholders.

3. Particulars about pledging of share held by shareholder holding over 5% (including 5%) of the total shares

84,067,002 shares of the Company held by Shenzhen Lionda Holdings Co., Ltd. were frozen, including 31,968,590 shares were pledged; 26,000,000 shares of the Company held by Hong Kong (Link) Bicycle Limited were pledged and frozen.

IV. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES

(I) Particulars about shares held by directors, supervisors and senior executives:

Name	Gender	Title	Shares held at the period-end (share)
Huang Junmin	Male	Chairman of the Board	0
Xie Ruxian	Male	Vice Chairman of the Board	0
Shi Zhanxiong	Male	Director	75,000
Liu Linfeng	Male	Director, General Manager	0
Ye Qing	Male	Director, Standing Deputy General Manager	0
Hu Eryi	Female	Director, Deputy General Manager, Chief Accountant	0
Pan Shiming	Male	Director	0
Yi Xiaoming	Male	Director	0
Zhang Xiaofeng	Male	Director	0
Li Zhenping	Male	Independent Director	0
Yang Lixun	Male	Independent Director	0
He Xiongsen	Male	Convener of the Supervisory Committee	
Lan Qihua	Male	Supervisor	
Peng Tiesheng	Male	Supervisor	

(II) Particulars about engagement and dismissal of directors, supervisors and senior executives in the report period:

1. In the 5th meeting of the 5th Board of Directors held on March 13, 2002, as nominated by General Manager of the Company Mr. Liu Linfeng, the Board of Directors agreed unanimously that Mr. Ye Qing was engaged as Standing Deputy General Manager of the Company.

2. In the 1st Extraordinary Shareholders' General Meeting of 2002 held on April 16, 2002, directors of the Company were reelected, Mr. Huang Junmin, Mr. Ye Qing, Mr. Yi Xiaoming and Mr. Zhang Xiaofeng were additionally elected as directors of the Company; independent director Mr. Chang Jingzhou no longer took the position of independent director due to work transfer.

3. In the 7th meeting of the 5th Board of Director held on April 16, 2002, Mr. Huang junmin and Mr. Xie Ruxian were elected as Chairman of the Board and Vice Chairman of the Board respectively. Mr. Shi Zhanxiong no longer took the position of

Vice Chairman of the Board of the Company.

4. The office term of 3rd Supervisory Committee was expiration. The 4th Supervisory Committee was reelected in 11th Shareholders' General Meeting held on June 28, 2002, the following proposal was examined and approved in this meeting: Mr. He Xiongsen, Mr. Lan Qihua and Mr. Peng Tiesheng were elected as supervisors of the 4th Supervisory Committee. In the 1st meeting of the 4th Supervisory Committee held on June 28, Mr. He Xiongsen was elected as convener of Supervisory Committee.

V. EXECUTIVE STATEMENTS

(I) Financial highlights and comparison with the same period last year

1. Operational results:

Unit: RMB

Financial index	Amount		Increase/decrease
	Jan.-Jun.2002	Jan.-Jun.2001	
Income from main business lines	23,021,643.61	22,998,260.77	0.10%
Profit from main business lines	-4,183,110.85	-3,660,568.50	14.27%
Net profit	-29,649,602.79	-58,277,117.95	-49.12%
Net increase of cash and cash equivalents	2,655,948.31	-26,846,885.23	-109.89%

Notes (1) Net profit decreased by 49.12%, mainly due to the reason that provision for depreciation decreased over the same period last year and part of the creditors exempted the interests for the borrowings of the Company.

Note (2) Net increase of cash and cash equivalents increased by 109.89% over the same period last year, mainly due to the reason that the Company settled part of debts according to the debts reorganization agreement.

2. In financial status:

Unit: RMB

Items	Amount		Increase/decrease
	Jun. 30,2002	Dec. 31, 2001	
Current assets	145,712,925.05	141,080,204.03	3.28%
Total assets	560,515,660.40	565,575,098.44	-0.89%
Current liabilities	2,443,093,745.72	2,418,422,385.24	1.02%
Shareholders' equity	-2,018,440,415.95	-1,988,677,836.38	1.50%

Note: There were no significant changes in the assets structure and proportion in the report period.

(II) Business review

1. Main business scope and the operation

The Company is mainly engaged in the businesses of production and sales of bicycles and components. The Company has been enjoying a leading position in the sector: possessing the world biggest bicycle export production base with annual production capacity of 2.5 million bicycles, superior production conditions and reliable quality system, has good brand effect both at home and abroad and advanced technology; has excellent infrastructures and mature products and motor bicycles as the upgraded products.

The Company is mainly engaged in the businesses of production and sales of bicycles and components. In the report period, the Company made significant progress in debts reorganization. The biggest creditor of the Company, China Huarong Assets Management ("Huarong Company") has became the No. 1 shareholder of the Company through equity auction and has began to carry out the assets reorganization in the identification. In operation, the Board of Directors and executives will always take the opportunity of reorganization to maintain the daily operation by all means. Under the circumstance of great short age of funds, the Company will strive to increase income and save expenditure, concentrate limited resources on electromotive products and achieved good profit while stabilizing the brand and market. However, due to the reason that the bad operation environment was not improved yet, the whole business of the Company was not so pleasant. From January to June this year, the Company realized an sales income from main business lines of RMB 23.0216 million, up 0.10% over the same period last year and suffered deficits of RMB 29.6496 million, down 49.12% over the same period last year.

2. There were no changes in the main business lines and the structure in the report period.

3. There were no other businesses bearing significant impacts on net profit of the Company in the report period.

(III) Investments:

There were neither investments in the report period nor previous investments prolonging to the report period. And the Company neither raised proceeds nor had previously raised funds prolonging to the report period.

(IV) Comparison of actual operational results in the report period with the plan in the beginning of the period

The Company fulfilled the business plan in the beginning of the period.

(V) Business plan for the second half of 2002

In 2002, under the great pressure from both inside and outside, the Company steadily implemented the strategic guideline that Motivated by renovation, take the opportunity of reorganization, internally gather the whole staff together through transformation of mechanism and outwardly set up good image by striving for policy. The Company is going ahead towards the general target of rectifying industry, renovating China Bicycle and making up deficits.

After the rectification and coordination in the first half of 2002, the principal shareholder Huarong Company presided the Company, and adjusted the Board of Directors. The new Board is make great efforts to accelerate the domestic debts reorganization to the direction of substantiality. The executives after adjustment were committed to deepening renovation and improving the core competitiveness of the enterprise, and turned the bad situation of production in the beginning of the year. The newly developed electromotive bicycle sold very well and realized the second strategic production layout, the operation of brand mode was pleasant.

Therefore, the Company will make great efforts to fulfill the 2002 business plan to make up deficits. For the purpose, the Company will reinforce the transformation of operation mechanism and speed up the renovation of internal mechanism. Detailed measures are as follows:

1. To speed up the domestic reorganization.
2. To further study the new mode of capital operation, make full use of brand and core techniques and improve the competitiveness of product through output and creation of domino offect of brand.
3. To complete strategic sales system arrangement, expand the network and strive for new breakthrough of sales volume.
4. To carry out the adjustment of the internal structure of the enterprise, improve efficiency and reaction ability and lower costs.
5. To reinforce the development of new products, perfect the quality supervisory methods for electromotive bicycle and strive to reduce the production and purchase costs.
6. To reinforce the liquidation of inventory assets and strive to solve the problem of owing salary and insurance.
7. To make all methods to recover export.

(VI) The audit opinion to 2002 Financial Statements and transaction of the involved issues

In the first half of 2002, the Company suffered considerable amount of deficits and insolvency, therefore, both national and international audit report made the explanation for doubting the sustainability of the Company. The reason for that was that in 2001 the Company allotted a great sum of provision for bad debts and depreciation. Aiming at the situation, after half year of rectification and reorganization, the principal shareholder Huangrong Company presided the Company, adjusted the Board and executives. The new Board was making every effort to accelerating the reorganization of domestic debts to the direction of substantiality, at present, many banks and financial institutions have stopped accounting or exempted the interests of the loans to the Company. The executives of the Company were committed to deepening renovation and improving the core competitiveness of the enterprise, turned the bad situation of production in the beginning of the year. The newly developed electromotive bicycle sold very well and realized the second strategic production layout, and the operation of brand mode was pleasant.

Therefore, we are sure that the sustainability of Company is hopeful to recover after more efforts in the second half of 2002.

VI. SIGNIFICANT EVENTS

(I) Administration

In the report period the Company perfected the legal person administrative structure of the Company step by step in strict compliance with requirements of Company Law, Securities Law, Administrative Rules of Listed Companies and Listing Rules etc. and based on the actual demand for development of the Company. In the aspects including the standard operation of the Three Meetings, Independent Directors System and Internal Control System, the Company all satisfied the requirements of Administrative Rules of Listed Companies. In future, we will establish and perfect the performance evaluation and inspiring & restriction mechanism for directors, supervisors and senior executives as soon as possible.

(II) In the report period the Company conducted neither profit distribution nor preplan of capital public reserve transferring into share capital.

(III) Material lawsuits and arbitration the Company involved

1. Ended June 30, the Company was proceeded against by 14 financial institutions for being unable to repay the due loans, involved with principal and interests amounting to RMB 403.1442 million, US$ 105.5722 million and HKD 8.2616 million. In most of the above-mentioned issues, the Company was judged to lose the lawsuit or the lawsuit was mediated. In 2000, China Bank, Agricultural Bank and industrial & commercial Bank transferred all or part of the creditors' rights respectively to relevant assets administrative companies, so the principal parties involved in the lawsuits also changed accordingly.

2. Ended June 30, 2002, the Company was proceeded against by 26 suppliers, involved with totally RMB 24.5772 million, HKD 17.6508 million and US$ 16.685 million. In most of the lawsuits, the Company was judged to lose the case.

3. Ended June 30, 2002, the Company was involved in totally 13 labor and capital entanglement cases, mainly concerning the 143 employees proceeding against the Company for defaulting salary and pension amounting to RMB 1.14 million. The case was in execution.

(IV) There were no material purchase, sale or disposal of assets in the report period.

(V) Material correlative transactions

1. Associated companies under the control of the Company

Names	Enterprise type	Legal representative	Registered capital	Business scope	Holding shares or equity	Relation with the Company
China Huarong Assets Management	State-operated	Yang Kaisheng	RMB 10 billion	Disposal of bad assets etc. Self-support and acting as an agent of commodities	---	Chairman of the Board of the Company is a senior executive of the company
Shenzhen Lionda (Group) Co., Ltd.	Stock company	Yang Fenbo	RMB 288.42 million	Domestic and overseas sales	17.54%	Holding shareholders

Shenzhen Intermediate People's Court executed auction of 65,098,412 legal shares of A-share held by the top principal shareholder Shenzhen Lionda (Group) Co., Ltd.on March 12, 2002. And the buyer was China Huarong Assets Management ("Huarong Company").

The auction judgment for 65,098,412 legal shares of A-share of the Company held by Shenzhen Lionda (Group) Co., Ltd. was issued by Shenzhen Intermediate People's Court on August 13. The procedure of the equity Shenzhen Lionda (Group) Co., Ltd. and the buyer China Huarong Assets Management was in progress.

2. Transactions of associated company

Company name	Items	Amount in the report period		Same period last period	
		Amount	Proportion in the project	Amount	Proportion in the project
Shenzhen Amiya Industry Co., Ltd.	Charge for use of the brand	106,463.59	100%	-	-

(VI) The Company was not involved in any significant contract in the report period.

(VII) Other significant events

1. The Company received the notice of China Huarong Assets Management to exempt the relevant interests of the loans of the Company owing to Huarong Company over

the period from Jan 1. to Dec. 31, 2002. Besides,

(1) On June 20, 2002, the Company received Letter on Stopping Accounting and Exempting the Interests for the Loans of the Company over 2002 from Huangshang Bank. In details, Huangshang Bank agreed to stop accounting the interests of Shenzhen China over the period from June 21 to December 31, 2002 and to exempt the accounted interests (including late fee) for the loans of the Company.

(2) On June 25, 2002, the Company received the Letter on Agreeing to Stop Accounting Interests from Shenzhen Representative Office of China Great Wall Assets Administration Company, which agreed to stop accounting all the interests for the loans of the Company over Jan. 1 to Dec. 31, 2002.

(3) On July 11, 2002, the Company received the Letter on Stopping Accounting and Exempting the Interests for the Loans of Shenzhen China from Shenzhen Representative Office of China Orient Assets Administration Company, which agreed to stop accounting all the interests for the loans of the Company over Jan. 1 to Dec. 31, 2002.

2. Significant issues published on Securities Times and Ta Kung Pao dated Jan. 4 and March 13, 2002 respectively in the report period are as follows:

(1) Since the workshop of the Company located in Buxin Road in Luohu District has been mortgaged to International Financial Company, Shenzhen Intermediate People's Court entrusted Shenzhen Real Estate Property Exchange Center to auction the mortgaged workshop on Dec. 29, 2001. The workshop was evaluated as RMB 33,711,703, and was bargained on RMB 21,908,735 in the auction. The buyer was China Huarong Assets Management.

(2) Shenzhen Intermediate People's Court executive auction of the 65,098,412 legal person shares of A-share of the Company held by the No. 1 shareholder of the Company, Shenzhen Lionda Group Co., Ltd. in the afternoon of March 12, 2002. The auction was bargained on RMB 0.36 per share and the total bargain amount was RMB 23,435,428.32. The buyer was China Huarong Assets Management. The auction was executed by Guangdong Xutongda Auction Co., Ltd.

VII. FINANCIAL STATEMENTS (UN-AUDITED)

(I) Accounting statements (attached)

(II) Notes to the accounting statements

There is no change in accounting policies or estimations, or correction of accounting error in the report period.

VIII. DOCUMENTS FOR INSPECTION

1. 2002 Semi-annual Report carried with the signature of chairman of the Board of Directors;
2. Financial statements with the signature and seal of person in charge of the Company, person in charge of accounting affairs and person in charge of the accounting institute.
3. All the documents published on the newspapers CSRC designated.
4. Articles of Association.
5. Semi-annual report disclosed in other securities market.
6. Other relevant materials.

Board of Directors of
Shenzhen China Bicycle Company (Holdings) Limited

Huang Junmin, Chairman of the

August 27, 2002

Shenzhen China Bicycle Company (Holdings) Limited
Consolidated Balance Sheet

Unit: RMB

Assets	Note	Jun. 30, 2002 Consolidation	Jun. 30, 2002 The Company	Dec. 31, 2001 Consolidation	Dec. 31, 2001 The Company
Current assets					
Monetary funds	(1)	5,949,737.39	2,785,690.98	3,293,789.08	1,872,437.11
Short-term investment		-	-	-	-
Notes receivable		-	-	50,000.00	50,000.00
Dividends receivable		-	-	-	-
Interest receivable		-	-	-	-
Accounts receivable	(2)	17,900,899.35	184,382,871.00	11,690,271.45	178,172,243.70
Other receivables	(3)	56,955,739.94	56,847,767.23	61,529,873.02	59,886,377.62
Accounts in advance	(4)	335,897.50	335,897.50	405,235.00	405,235.00
Subsidies receivable		-	-	-	-
Inventories	(5)	63,855,528.38	63,844,741.03	63,158,808.41	63,152,723.06
Expenses to be apportioned	(6)	715,122.49	665,952.99	952,227.07	872,696.07
Long-term credit investment due within 1 year		-	-	-	-
Other current assets		-	-	-	-
Total current assets		145,712,925.05	308,862,920.73	141,080,204.03	304,411,712.56
Long-term investment	(7)				
Long-term equity investment		42,666,395.34	43,263,775.66	43,908,297.16	44,399,647.90
Other long-term accounts receivable		-	-	-	-
Fixed assets	(8)				
Fixed assets – original value		793,087,140.13	786,678,749.34	792,997,048.29	786,672,383.50
Less: Accumulated depreciation		383,342,877.18	379,824,274.99	375,053,144.98	371,676,532.99
Fixed assets – net value		409,744,262.95	406,854,474.35	417,943,903.31	414,995,850.51
Less: provisions for devaluation of fixed assets		76,568,744.10	76,568,744.10	76,568,744.10	76,568,744.10
Net fixed assets		333,175,518.85	330,285,730.25	341,375,159.21	338,427,106.41
Engineering materials		-	-	-	-
Construction in progress	(9)	36,850,885.74	36,850,885.74	36,832,804.14	36,832,804.14
Disposal of fixed assets		-	-	-	-

Total fixed assets		370,026,404.59	367,136,615.99	378,207,963.35	375,259,910.55
Intangible and other assets					
Organization expenses		-	-	-	-
Long-term expenses to be apportioned	(10)	2,109,935.42	2,109,935.42	2,378,633.90	2,378,633.90
Total intangible and other assets		2,109,935.42	2,109,935.42	2,378,633.90	2,378,633.90
Deferred taxes:					
Deferred taxes – debit item		-	-	-	-
Total assets		560,515,660.40	721,373,247.80	565,575,098.44	726,449,904.91

Shenzhen China Bicycle Company (Holdings) Limited

Consolidated Balance Sheet (Con.)

Unit: RMB

Liabilities and Shareholders' Equity	Note	Jun. 30, 2002		Dec. 31, 2001.12.31	
		Consolidation	The Company	Consolidation	The Company
Current liabilities					
Short-term loans	(11)	464,143,049.41	390,470,707.49	478,718,618.59	405,046,276.67
Notes payable		-	-	-	-
Accounts payable	(12)	149,577,806.39	358,498,499.53	133,177,652.59	342,098,345.74
Accounts received in advance	(13)	4,715,653.08	4,715,653.08	4,916,987.43	4,916,987.43
Wages payable	(15)	6,956,060.51	6,872,551.71	7,052,367.77	6,910,665.80
Welfare funds payable		6,580,902.73	6,485,076.26	6,424,181.64	6,320,940.19
Dividends payable		-	-	-	-
Taxes payable	(16)	87,319,741.57	87,276,198.82	86,968,625.61	86,930,169.26
Other duties payable		-	-	-	-
Other accounts payable	(14)	1,173,899,529.94	1,133,871,770.52	1,163,951,646.89	1,124,009,751.49
Accrued expenses	(17)	383,630,002.09	383,499,802.09	370,941,304.72	370,941,304.72
Contingent liabilities	(18)	166,271,000.00	166,271,000.00	166,271,000.00	166,271,000.00
Long-term liabilities due within 1 year		-	-	-	-
Other current liabilities		-	-	-	-
Total current liabilities		2,443,093,745.72	2,537,961,259.50	2,418,422,385.24	2,513,445,441.30
Long-term liabilities:					
Long-term loans	(19)	88,456,386.30	88,456,386.30	88,456,386.30	88,456,386.30
Bonds payable		-	-	-	-
Long-term accounts payable	(20)	50,379,408.08	50,379,408.08	50,210,953.97	50,210,953.97
Special accounts payable		-	-	-	-
Other long-term liabilities		-	-	-	-
Total long-term liabilities		138,835,794.38	138,835,794.38	138,667,340.27	138,667,340.27
Deferred taxes:					
Deferred taxes-credit item		-	-	-	-

Total liabilities		2,581,929,540.10	2,676,797,053.88	2,557,089,725.51	2,652,112,781.57
Minority interests		-2,973,463.75	-2,973,463.75	-2,836,790.69	-2,836,790.69
Shareholders' equity		-	-	-	-
Share Capital	(21)	479,433,003.00	479,433,003.00	479,433,003.00	479,433,003.00
Less: returned investment		-	-	-	-
Net, share capital		479,433,003.00	479,433,003.00	479,433,003.00	479,433,003.00
Capital public reserve	(22)	25,346.43	25,346.43	1,240,430,078.17	1,240,430,078.17
Surplus public reserve	(23)	32,673,227.01	32,673,227.01	241,968,036.60	241,968,036.60
Including: Statutory public welfare funds		32,673,227.01	32,673,227.01	32,673,227.01	32,673,227.01
Retained profit	(24)	-2,464,581,918.77	-2,464,581,918.77	-3,884,657,203.74	-3,884,657,203.74
Balance difference in conversion of foreign currency		-	-	-	-
Accumulative deficits of subsidiaries un-offset	(25)	-65,990,073.62	-	-65,851,750.41	-
Total shareholders' equity		-2,018,440,415.95	-1,952,450,342.33	-1,988,677,836.38	-1,922,826,085.97
Total liabilities and owner's (shareholders') equity		560,515,660.40	721,373,247.80	565,575,098.44	726,449,904.91

(The accompanying notes are an integral part of these consolidated financial statements)

Balance Sheet (Attachment 1): June 2002 Unit: RMB

Items	Balance at the period-beginning	Increase in the report period	Switching back in the report period	Balance at the period-end
I. Total provision for bad debts	2,087,730,212.25	-	1,334,509.25	2,086,395,703.00
Including: Accounts receivable	1,607,215,625.69	-	133,090.80	1,607,082,534.89
Other receivables	480,514,586.56	-	1,201,418.45	479,313,168.11
II. Total provision for price falling of short-term investment	-	-	-	-
Including: Stock investment	-	-	-	-
Bonds investment	-	-	-	-
III. Total provision for price falling of inventory	274,758,282.89	21,484.40	330,173.02	274,449,594.27
Including: Commodity in storage	39,601,678.49	21,484.40	330,173.02	39,292,989.87
Raw materials	233,444,204.76	-	-	233,444,204.76
Low cost and short lived articles	1,712,399.64	-	-	1,712,399.64
IV. Total provision for devaluation of long-term investment	36,866,504.96	-	-	36,866,504.96
Including: Long-term equity investment	36,866,504.96	-	-	36,866,504.96
Long-term credit investment	-	-	-	-
V. Total provision for devaluation of fixed assets	76,568,744.10	-	-	76,568,744.10
Including: House and building	2,084,874.23	-	-	2,084,874.23

Machinery equipment	74,483,869.87	-	-	74,483,869.87
VI. Provision for devaluation of intangible assets	-	-	-	-
Including: patent right	-	-	-	-
Trademark right	-	-	-	-
VII. Provision for devaluation of construction in progress	2,320,000.00	-	-	2,320,000.00
VIII. Provision for devaluation of entrust loan	-	-	-	-

Shenzhen China Bicycle Company (Holdings) Limited
Consolidated Statement of Profit and Profit Distribution

Unit: RMB

Items	Note	Jan. – Jun. 2002		Jan. – Jun. 2001		Jan. – Dec. 2001	
		Consolidation	The Company	Consolidation	The Company	Consolidation	The Company
I. Income from main business lines	(26)	23,021,643.61	21,508,950.06	22,998,260.77	21,606,965.37	51,875,289.37	48,998,660.06
Less: Cost of main business lines	(26)	27,124,895.39	26,106,844.95	26,577,898.16	25,520,761.96	63,355,715.06	61,266,670.10
Taxes and extras of main business lines	(27)	79,859.07	1,910.31	80,931.11	8,583.71	160,734.27	11,146.93
II. Profit from main business lines		-4,183,110.85	-4,599,805.20	-3,660,568.50	-3,922,380.30	-11,641,159.96	-12,279,156.97
Add: Profit from other business lines	(28)	3,989,571.60	3,989,571.60	3,306,103.07	3,306,103.07	6,881,353.90	6,881,353.90
Less: Operating expenses		3,215,855.41	3,215,855.41	5,435,291.31	5,435,291.31	16,876,722.98	16,393,535.81
Administrative expenses		12,659,944.77	12,206,333.43	35,214,307.59	34,766,851.12	1,875,462,244.20	1,861,262,471.99
Financial expenses	(29)	12,586,837.30	12,591,460.66	17,903,545.94	10,648,578.30	73,053,496.40	73,023,923.40
III. Operating profit		-28,656,176.73	-28,623,883.10	-58,907,610.27	-51,466,997.96	-1,970,152,269.64	-1,956,077,734.27
Add: Investment income		-1,241,901.82	-1,135,872.24			-58,154,330.95	-57,998,230.19
Subsidy income		-	-	-	-	-	-
Non-operating income	(30)	212,640.87	212,640.87	1,300,854.41	1,300,854.41	1,645,045.46	1,645,045.46
Less: Non-operating expenditure	(30)	119,161.38	119,161.38	729,097.40	729,097.40	245,263,587.58	245,263,587.58
IV. Total profit		-29,804,599.06	-29,666,275.85	-58,335,853.26	-50,895,240.95	-2,271,925,142.71	-2,257,694,506.58
Less: Income tax		-	-	-	-		-
Minority shareholders' gains and losses		-16,673.06	-16,673.06	-58,735.31	-58,735.31	-450,256.85	-450,256.85

Non-offsetting losses of subsidiaries	(31)	-138,323.21	-	-	-	-14,230,636.13	-
V. Net profit		-29,649,602.79	-29,649,602.79	-58,277,117.95	-50,836,505.64	-2,257,244,249.73	-2,257,244,249.73
Add: Retained profit at beginning of the year		-2,434,932,315.98	-2,434,932,315.98	-1,645,487,966.77	-1,645,487,966.77	-1,627,412,954.01	-1,627,412,954.01
Transferring into other				-	-	-	-
VI. Profit available for distribution		-2,464,581,918.77	-2,464,581,918.77	-1,703,765,084.72	-1,696,324,472.41	-3,884,657,203.74	-3,884,657,203.74
Less: Allotted statutory surplus public reserve		-	-	-	-	-	-
Allotted statutory public welfare funds		-	-	-	-	-	-
Allotted employees' bonus and welfare funds		-	-	-	-	-	-
Allotted reserve fund		-	-	-	-	-	-
Allotted development fund of enterprise		-	-	-	-	-	-
Profit receivable due to recovery of investment		-	-	-	-	-	-
VII. Profit available for distribution to shareholders		-2,464,581,918.77	-2,464,581,918.77#	-1,703,765,084.72	-1,696,324,472.41	-3,884,657,203.74	-3,884,657,203.74
Less: Dividend of preference share payable		-	-	-	-	-	-
Allotted arbitrary surplus public reserve		-	-	-	-	-	-
Dividend of ordinary share payable		-	-	-	-	-	-
Dividend of ordinary share transferred as share capital		-	-	-	-	-	-
VIII. Retained profit		-2,464,581,918.77	-2,464,581,918.77	-1,703,765,084.72	-1,696,324,472.41	-3,884,657,203.74	-3,884,657,203.74

Legal representative: Person in charge of financing: Deputy Chief Accountant:

Supplement information:

Items	Accumulated amount in this period	Actual amount as of previous year
1. Income from selling or disposal branch and investee enterprise		
2. Losses due from natural disaster		
3. Increase (or decrease) of total profit due to the changing of accounting policies		
4. Increase (or decrease) of total profit due to the changing of accounting estimation		
5. Losses on debts reorganization	-25,346.43	-15,989,998.67
6. Others		

Shenzhen China Bicycle Company (Holdings) Limited

Consolidated Statement of Cash Flow

Jan. – Jun. 2002

Unit: RMB

Items	Actually amount in this period	
	Consolidation	The Company
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	30,934,669.71	29,682,606.88
Rebated tax received	3,981,821.55	3,190,811.37
Other cash received concerning operating activities	4,318,602.34	3,318,048.10
	------------------------	------------------------
Subtotal of cash inflows	39,235,093.60	36,191,466.35
Cash paid for purchasing commodities and receiving labor service	22,093,624.56	21,883,631.43
Cash paid due operating rent	73,665.00	231,571.89
Cash paid to / for staff and workers	8,724,452.22	7,851,279.20
VAT paid	815,710.61	753,811.96
Income tax paid	---	---
Taxes paid other than value added taxes and income taxes	502,784.79	179,226.25

Other cash paid concerning operating activities	7,074,269.71	7,109,481.78
Subtotal of cash outflows	39,284,506.89	38,009,002.51
Net cash flows arising from operating activities	(49,413.29)	(1,817,536.16)
II. Cash flows arising from investing activities:		
Cash received from recovering investment	121,669.20	121,669.20
Cash received from acquirement of investment income	---	---
Cash received from acquirement of interest income	4,497.57	---
Net cash received from disposal of fixed, intangible and other long-term assets	---	---
Other cash received concerning investing activities	3,319,985.97	3,319,985.97
Subtotal of cash inflows	3,446,152.74	3,441,655.17
Cash paid for purchasing fixed, intangible and other long-term assets	234,952.81	205,026.81
Cash paid for investment	---	---
Other cash paid concerning investing activities	---	---
Subtotal of cash outflows	234,952.81	205,026.81
Net cash flows arising from investing activities	3,211,199.93	3,236,628.36
III. Cash flows arising from financing activities		
Cash received by absorbing investment	---	---
Cash received from loans	---	---
Other cash received concerning financing activities	---	---
Subtotal of cash inflows	---	---
Cash paid for settling debts	361,671.97	361,671.97
Cash paid for dividend and profit distribution and inerter payables		
Other cash paid concerning financing activities	144,152.64	144,152.64
Subtotal of cash outflows	505,824.61	505,824.61
Net cash flows arising from financing activities	(505,824.61)	(505,824.61)

IV. Influence of fluctuation in exchange rate on cash	(13.72)	(13.72)
	===========	===========
V. Net increase of cash and cash equivalents	2,655,948.31	913,253.87
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Shenzhen China Bicycle Company (Holdings) Limited

Consolidated Statement of Cash Flow (Con.)

Jan. – Jun. 2002

Unit: RMB

Supplement information	Actually amount in this period	
	Consolidation	The Company
1. Adjusting net profit to cash flows for operating activities:		
Net profit	(29,649,602.79)	(29,649,602.79)
Add: Minority shareholders' gains and losses	(16,673.06)	(16,673.06)
Allotted provision for devaluation of assets	21,484.40	21,484.40
Depreciation of fixed assets	8,289,732.20	8,147,742.00
Amortization of intangible assets	---	---
Amortization of long-term expenses to be apportioned	268,698.48	268,698.48
Decrease of expenses to be apportioned (Less: increase)	237,104.58	206,743.08
Increase of accrued expenses (Less: decrease)	101,860.07	---
Losses on disposal of fixed, intangible and other long-term assets (Less: income)	---	---
Losses on rejection of fixed assets	---	---
Financial expenses	12,586,837.30	12,591,460.66
Losses on investment (Less: income)	1,241,901.82	1,135,872.24
Decrease of inventories (Less: increase)	(696,719.97)	(692,017.97)
Decrease of receivables in operating (Less: increase)	(2,213,832.29)	(3,744,697.38)
Increase of payables in operating (Less: decrease)	9,784,233.59	9,917,891.80
Other	(4,437.62)	(4,437.62)

Net cash flows arising from operating activities	(49,413.29)	(1,817,536.16)
2. Investing and financing activities involving no cash incomings / outgoings:		
Debts transferred into capital	---	---
Convertible bonds of the Company due within 1 year	---	---
Renting fixed assets for financing purpose	---	---
3. Net increase of cash and cash equivalents:		
Balance of monetary fund at end of the period	5,949,737.39	2,785,690.98
Less: Balance of monetary fund at beginning of the period	3,293,789.08	1,872,437.11
Add: Balance of cash equivalents at end of the period	---	---
Less: Balance of cash equivalents at beginning of the period	---	---
Net increase of cash and cash equivalents	2,655,948.31	913,253.87

Legal representative: person in charger of financing: Deputy chief accountant：