Shenzhen China Bicycle Company (Holdings) Limited

Semi-annual Report 2004

Aug. 21, 2004

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Section I. Important Notice

The Board of Directors of Shenzhen China Bicycle Company (Holdings) Limited (hereinafter referred to as the Company) and its directors hereby confirm that there are no important omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, individually and/or jointly, for the reality, accuracy and completeness of the whole contents. This report was prepared in both Chinese and English. Should be there any difference in interpretation between the two versions, the Chinese version shall prevail. The 2004 semi-annual financial report of the Company has not been audited; the investors are suggested to read the text of semi-annual report.

Due to work reason, Director Mr. XXX was absent from the Board meeting, in which the Semi-annual Report for 2004 was examined.

Chairman of the Board of the Company Mr. Zhang Xiaofeng, Person in Charger of Financial Affairs Ms. Hu Eryi and Manager of Financial Dept. Mr. Li Shiyong hereby confirm that the financial report enclosed in the semi-annual report is true and complete.

Section II. Company Profile

I. 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
II. Legal Representative: Mr. Zhang Xiaofeng
III. Secretary of the Board: Mr. Li Hai
Contact Address: No. 3008, Buxin Road, Shenzhen, Guangdong Provice, China
Tel: (86) 755 – 25516998
Fax: (86) 755 – 25516620
E-mail: dmc@szcbc.com
IV. Registered Address/Office Address:

No. 3008, Buxin Road, Shenzhen, Guangdong Provice, China
Post Code: 518019
The Company's Internet Website: www.cbc.com.cn
E-mail: cbc@szcbc.com

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

VI. 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, 200017

VII. Major financial data and indexes in the report period

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

Items	**At the end of the report period**	**At the end of last year**	**Increase/decrease at the end of this report period compared with the year-begin （%）**
Current assets	133,430,076.16	143,670,834.23	-7.13%
Current liabilities	1,080,170,501.84	1,098,944,171.77	-1.71%
Total assets	426,332,943.22	444,849,741.24	-4.16%
Shareholders' equity (excluding minority interests)	-1,684,464,007.23	-1,684,749,826.09	-
Net assets per share	-3.5135	-3.5140	-
Net assets per share after adjustment	-3.5135	-4.1334	-
Items	**In the report period (Jan.-Jun. 2004)**	**At the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	285,818.86	1,324,879.19	-78.43%
Net profit after deducting non-recurring gains and losses	-431,085.67	-18,392,175.30	-
Earnings per share	0.0006	0.0028	-78.57%
Return on equity	-	-	-
Net cash flow arising from operating activities	-4,254,734.94	-6,715,516.32	-

Note: Items of non-recurring gains and losses:

(1) Penalty expenditure	-17,797.20
(2) Other profit and loss	734,701.73
(3) Losses from disposal of fixed assets	0.00
Total	716,904.53

Indexes calculated in accordance with Regulations on the Information Disclosure of Companies Publicly Issuing Shares (No. 9) are as follows:

Profit as of the report period	**Return on equity (%)**		**Earnings per share (RMB)**	
	Fully diluted	**Weighted average**	**Fully diluted**	**Weighted average**
Profit from main operations	-	-	0.0145	0.0145
Operating profit	-	-	-0.001	-0.001
Net profit	-	-	0.0006	0.0006
Net profit after deducting non-recurring gains and losses	-	-	-0.0009	-0.0009

2. Adjustment statement on difference in net assets calculated in accordance with CAS and IAS respectively in the report period (Unit: RMB)

	Net assets as at Jan.-Jun. 2004	**Net profit as at Jan.-Jun. 2003**
As reported under IAS	-1,681,856,366.39	-1,984,505,782.20
Switching back losses of minority interest	2,893,459.70	2,815,941.36
Amortization of expense to be apportioned	-	-
Amortization of long-term expense to be apportioned	-	-
Adjustment of unoffsetting losses of subsidiary companies	-	-
Adjustment of income from debts reorganization	-	-
As reported under Accounting System of Enterprise Business	-1,684,749,826.09	-1,981,689,840.84

Section III. Changes in Share Capital and Particulars about Shares Held by Main Shareholders

I. Particulars about changes in share capital

Shares of the Company remained unchanged in the report period:

Statement of Change in Shares

Unit: share

Items	Before the change	Increase/decrease of this time (+, -)						After the change
		Rationed share	Bonus shares	Capitalization of public reserve	Additional issuance	Others	Subtotal	
I. Unlisted Shares								
1. Promoters' shares	204,747,836							204,747,836
Including: State-owned share								
Domestic legal person's shares	111,607,002							111,607,002
Foreign legal person's shares	93,005,834							93,005,834
Others								
2. Raised legal person's shares								
3. Inner employees' shares	135,000							135,000
4. Preference shares or others								
Total unlisted shares	204,747,836							204,747,836
II. Listed Shares								
1. RMB ordinary shares	76,617,000							76,617,000
2. Domestically listed foreign shares	198,068,167							198,068,167
3. Overseas listed foreign shares								
4. Others								
Total listed shares	274,685,167							274,685,167
III. Total shares	479,433,003							479,433,003

II. Particulars about shareholders at the end of report period

(I) Ended June 30, 2004, the Company had totally 45,404 shareholders holding the Company's share.

(II) Particulars about shares held by the top ten shareholders of the Company (Unit: share)

Full name of Shareholders	**Increase / decrease in the report period**	**Holding shares at the period-end**	**Proportion (%)**	**Type of shares (Circulating /Non-circulating)**	**Nature of shareholders**	**Number of share pledged/ frozen**
China Huarong Assets Management Company	0	65,098,412	13.58	Non-circulating	Legal person shareholder	0
Hong Kong Zhuorun Technology Co., Ltd.	0	62,003,890	12.93	Non-circulating	Foreign shareholder	57,899,644
Hong Kong (Link) Bicycles Limited	0	26,000,000	5.42	Non-circulating	Foreign shareholder	26,000,000
Guangdong Sunrise Group Co., Ltd.	-7,000,000	11,968,590	2.50	Non-circulating	Legal person shareholder	11,968,590
Shanghai Xinliyi Investment Management Co., Ltd.	0	11,200,000	2.34	Non-circulating	Legal person shareholder	0
Airline Trust and Investment Co., Ltd.	0	10,340,000	2.16	Non-circulating	State-owned shareholder	0

STEPHEN &PARTNERS LIMITED	-1,681,872	9,596,000	2.35	Circulating	Foreign shareholder	0
Shenzhen International Trust & Investment Co., Ltd.	0	6,000,000	1.25	Non-circulating	State-owned shareholder	0
Jingchao Investment Co., Ltd.	0	5,001,944	1.04	Non-circulating	Foreign shareholder	5,001,944
Huabao Trust & Investment Co., Ltd.	+3,500,000	3,500,000	0.73	Non-circulating	Legal person shareholder	0

Note: Among the top ten shareholder, Guangdong Sunrise Group Co., Ltd. And Shenzhen International Trust & Investment Co., Ltd. is the controlling subsidiaries of Shenzhen Investment Holding Corp.. Hong Kong Zhuorun Technology Co., Ltd. is a subsidiary company indirectly controlled by Shenzhen Investment Holding Corp.. Except for this, there exists no associated relationship among the top ten shareholders.

(III) Particulars about the top ten shareholders of circulation share

Name of shareholders	Circulation share held in the period-end (share)	Types of circulating shares (A-share, B-share, H-share or others)
XAMMAX INTERNATIONAL LIMITED	1,645,563	B-share
HUANG CAI XIANG	1,354,494	B-share
JIANG LAN	1,200,000	B-share
CHEN XIONG	1,074,868	B-share
LIAO XIAO YAN	786,228	B-share
NGAI KWOK PAN	747,600	B-share
ZHANG HUI LING	724,328	B-share
DENG GE	685,999	B-share
WANG LI SI	670,850	B-share
SHANGHAI (HONG KONG) WANGUO SECURITES	667,000	B-share

Among the top ten shareholders of circulation share, the Company was unaware of whether there existed associated relationship or whether there existed consistent actionist regulated in the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.

(IV) In the report period, the Company's controlling shareholder and actual controller remained unchanged.

Section IV. Particulars about Directors, Supervisors and Senior Executives

I. In the report period, the Company's shares held by directors, supervisors and senior executives of the Company remained unchanged.

II. In the report period, particulars about engagement or dismission of the Company's directors, supervisors and senior executives

In the report period, the Company conducted the reelection of the 5th Board of Directors in the 13th shareholders' general meeting held on June 30, 2004. Mr. Zhang Xiaofeng, Mr. Ye Qing, Mr. Yi Xiaoming, Mr. Wang Nianqing, Mr. Pan Shiming, Mr. Liu Linfeng and Mr. Shi Zhanxiong were elected as Director of the 6th Board of Directors; Mr. Yang Lixun, Mr. Wang Fuqing, Mr. Ma Hong and Mr. Zhuang Yumin were elected as Independent Director of the 6th Board of Directors.

Section V. Discussion and Analysis of the Management

I. Comparison of the financial indexes in the report period compared with that of the same period of the last year:

1. Operating results:

Financial indexes	Amount (RMB)		Proportion of increase and decrease
	Jan.-June 2004	Jan.-June 2003	
Income from core business	70,121,306.94	40,065,561.69	75.02
Profit of core business	6,988,903.40	2,652,923.53	163.44
Net profit	285,946.97	1,324,879.19	-78.42
Net increase in cash and cash equivalents	209,451.02	-562,450.52	-

Note 1. Income from core business increased by 75.02% compared with that of the same period of last year, which was mainly because that the Company enlarged the market development in the report period and the sale of electric vehicles increased by a big margin.

Note 2. Profit of core business increased by 163.44% compared with that of the same period of last year with the main reasons as the above and meanwhile since the Company effectively controlled the cost.

Note 3. Net profit decreased by 78.42% compared with that of the same period of last year, which was mainly and comprehensively influenced by the non-recurring gains and losses from the settlement of properties of "Zhonghua 2nd Stage" of the Company in the same period of last year and the interests stopped calculating at the end of the last year according to notice of Bank Regulatory Commission.

2. Financial position:

Items	Amount (RMB)		Proportion of increase and decrease
	Jan.-June 30, 2004	Jan.-June 30, 2003	
Current assets	133,430,076.16	143,478,152.18	-10.13
Total assets	426,332,943.22	474,370,296.58	-7.00
Current liabilities	1,080,170,501.84	1,199,891,677.19	-9.98
Shareholders' equity	-1,684,464,007.22	-1,981,689,840.84	-15.00

Explanation: In the report period the Company's assets structure and proportion experienced no material change.

II. Analysis to the operating situation in the report period:

In the first half year of 2004, the Company gained material progress in the aspect of liabilities restructure: all financial creditors institutes of the Company stopped calculating the interests of the Company's loans for three years since Jan. 1, 2002 and exempted the Company's all interests payable to creditors before Dec. 31, 2001 (including penalty interests and repeating interests), which reduced the Company's financial burden greatly. In the aspect of core business, the Company firmly carried out adjustment and optimization of industrial structure with "Brand" as the lead; sped up the R&D of products and expanded the market with "Electric bicycles" as the core. The sales volume of electric bicycles has reached 90% of that in the whole year of the last year and has taken on a good layout of accelerated development. During January to June 2004, the Company realized income from main operations amounting to RMB 70.1213 million, an increase of 75.02% over the same period of last year; realized profit from main operations amounting to RMB 6.9889 million; realized net profit amounting to RMB 255,800.

1. Scope of core business and operating status (Unit: RMB'0000):

	Income from core business	Cost of core business	Gross profit ratio (%)	Increase/decrease of income from core business than that of the same period of last year (%)	Increase/decrease of cost of core business than that of the same period of last year (%)	Increase/decrease of gross profit ratio than that of the same period of last year (%)
Manufacture industry	6,850.54	6,165.09	10.01	78.03	70.18	71.04
Service industry	161.59	136.58	15.48	1.95	24.23	-49.49

2. Explanation on material change of profit structure, core business and its structure and profitability of core business in the report period:

	Income from core business	Cost of core business	Gross profit ratio (%)	Increase/decrease of income from core business than that of the same period of last year (%)	Increase/decrease of cost of core business than that of the same period of last year (%)	Increase/decrease of gross profit ratio than that of the same period of last year (%)
Electric bicycles	4,450.60	4,105.33	7.76	172.12	170.03	10.20
Bicycles	2,399.94	2,059.76	14.17	8.47	-2.03	184.63
Service industry	161.59	136.58	15.48	1.95	24.23	-49.49

In the first half year of 2004, the profitability of core business of the Company experienced material changes than that of same period of last year, which was mainly due to the large increase of income from core business.

3. Other operating activities impacting significant influence on the profits in the report

period

Other operating business	Gains and losses accrued (RMB'0000)	Increase than that of the same period of last year
Lease of properties	856.01	-

4. Problems and difficulties in the operation:
(1) The operating ability of the Company's assets reached the limit.
(2) The intense competition in the market.
(3) The lawsuit cases resulted from the historically leaving problems led to the still very intense external environment, which strictly impacted on the normal development of the operation.
Facing the said problems, on one hand, the Company would try hard to expand the product sales, especially the production and sales of electric bicycles with relatively high value-added; on the other hand, the Company would actively push the whole progress of restructure including the liabilities restructure.

III. Investment in the report period:
The Company had no investment activities in the report period or happening in the previous years but going down to the report period. There was no raised proceeds in the report period or the application of proceeds raised through previous years going down to the report period.

IV. Progress of completing the estimations and plans:
In the report period, the Company fundamentally accomplished the business plan target as of the beginning of the period.

Section VI. Significant Events

I. Administration of the Company:
In the report period, the Company standardized the operation strictly according to the requirements of laws and regulations such as Company Law, Security Law, Administrative Rules on listed companies and Listing Rules etc.. At the same time, combining its own development need, the Company gradually improved the administrative structure of legal person. The Company reached the requirements of Administrative Rules on listed companies basically in the respects of Normative Operation of Shareholders' General Meeting, Board of Directors and the Supervisory Committee, Independent Director System and Internal Control System etc. In the future, we shall establish and improve the achievements assessment and encouragement and binding mechanism to directors, supervisors and senior executives according to the requirements of Administration Rules on listed companies.
II. The Company did not distribute profit and had no plan of converting the public reserve capital into share capital in the report period.
III. The material lawsuits and arbitrations of the Company happening in the report period:
1. Ended Jun. 30, 2004, the Company was prosecuted by 15 financial institutions for

the Company didn’t pay back loan at the maturity. The lawsuits involved loans and interest totaled to RMB 406.3741 million, USD 99.1601 million and HKD 8.2616 million. The most above lawsuits verdict the Company lost or have been mediated. In 2000, Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China has transferred whole or partial creditor’ rights to relevant assets management corporation and the objects of lawsuits correspondingly changed.

2. Ended Jun. 30, 2004, the Company has been prosecuted by 30 suppliers. The amount involved in the case was totaled to RMB 30.5073 million, HKD 17.8498 million and USD 1.6685 million. Most of lawsuits has verdict the Company lost.

3. Ended Jun. 30, 2004, the Company had 13 labor dispute cases. 159 staff prosecuted the Company default salaries and endowment insurance amounting to RMB 1.7 million. The dispute case was enforced.

IV. The Company had no material purchase, sale or disposal of assets in the report period.

V. Material related transactions of the Company in the report period:

Related Parties	Relationship	Provided capital to the related parties		The related parties provided capital to listed companies	
		Amount	Balance	Amount	Balance
Hong Kong (Link) Bicycles Limited	Shareholder	0.00	62,905.44	0.00	0.00
Diamond Back (HongKong) Co., Ltd.	Director of the Company is the General Manager of the company	0.00	24,155.70	0.00	0.00
Zhigao Resources International Co., Ltd.	Director of the Company is the General Manager of the company	0.00	13,939.64	0.00	0.00
China Composite Materials Products (Shenzhen) Co., Ltd.	Director of the Company is Chairman of the company	24.23	6,286.10	0.00	0.00
Shenzhen Huajiaming Industry &Commerce Development Co., Ltd.	Subsidary	4.41	3,562.43	0.00	0.00
Hong Kong Huajiaming Industry &Commerce	Director of the Company is Chairman of the company	0.00	0.00	0.00	1,075.89

Industrial Co., Ltd.					
Shenzhen Canghai Industrial Co., Ltd.	Affiliated company	0.00	0.00	0.00	18.94
Shenzhen Danxia Bicycle Parts Co., Ltd.	Affiliated company	0.00	0.00	0.00	45.66
Shenzhen Economic Special Zone China Eagle Industrial Co., Ltd.	Affiliated company	0.00	0.00	0.00	496.53
China Huarong Assets Management Corporation	Shareholder	0.00	0.00	0.00	689.74
Guangdong Sunrise Holdings Co., Ltd.	Shareholder	0.00	0.00	299.29	72,164.90
Shenzhen Jinghuan Printing Plate Co., Ltd.	Affiliated company	0.00	0.00	190.71	23,431.45
Zhigao international Machinery Co., Ltd.	Director of the Company is the General Manager of the company	0.00	0.00	0.00	60.00
Daming International Co., Ltd.	Director of the Company is the General Manager of the company	0.00	0.00	0.00	2,491.75
Shenzhen Good Year Industry Co., Ltd.	Brother company of shareholder	0.00	0.00	0.00	1,083.44
Total		0.00	0.00	0.00	1,289.69
		28.64	110,849.31	490.00	102,847.99

Including: in the report period, the amount of the listed company providing to the controlling shareholder and its subsidiaries was RMB 0.00 and the balance was RMB 0.00.

VI. The Company had no material contract in the report period.

VII. Ended the report period, there existed no capital of the Company occupied by controlling shareholders and its subsidiaries.

VIII. Special explanation and independent opinions on the external guarantee and guarantee out of line of the Company accumulated and in the current period given by Independent Directors

According to the regulation of China ZJF[2003] No. 56 Document Notification on

Standardizing the Capital current between the Listed Company and the Related Parties and Several Problems on External Guarantee of Listed Company, as the independent directors of China Bicycle Company(Holdings) Limited, we inspected the external guarantee and guarantee out of line of the Company accumulated and in the current period. Now the relevant explanation of the relevant situation was as follows:

In the report period, there existed no guarantee provided to controlling shareholder and controlling shareholder's subsidiaries and guarantee out of line of the Company regulated in Notification on Standardizing the Capital current between the Listed Company and the Related Parties and Several Problems on External Guarantee of Listed Company of CSRC. Ended Jun. 30, 2004, the total accumulated amount of external guarantee of the company was RMB 94,100,000 and USD 11, 740,000. There existed guarantee provided to controlling shareholder and controlling shareholder's subsidiaries and guarantee out of line of the Company previously, which belonged to historical residuals. Because most of warrantees couldn't pay back debts, the Company accounted most guarantees as estimated liabilities.

IX. Other significant events:

In the report period, occurred significant events published in Securities Times and Ta Kung Pao respectively on Feb. 5, 2004, Jun. 10, 2004 and Aug. 4, 2004 were as follows:

1. On Feb. 3, 2004, the Company received YJBT [2004] No. 6 Document General Office of China Banking Regulatory Commission Notification on Handling Interests of Loans of Debts Restructure of Shenzhen China Bicycle promulgated by General Office of CSRC on Jan. 7, 2004. Bank of China, China Construction Bank, China Import & Export Bank, China Huarong Assets Management Corporation, China Orient Assets Management Corporation, China Great Wall Assets Management Corporation, Bank of Communications, China Everbright Bank, China Merchants Bank, Shenzhen Development Bank and Huashang Bank stopped recording interests of loans for three years since Jan.1, 2002, and exempted all interests payable the Company owed to the creditors (including penalty interest and compound interest) before Dec. 31, 2001. The exemption and stop recording of interest would decrease financial expenses of the Company by a great margin.

2. In recently days, the Company received one of (2004) GTZFZZ No. 3-17, 19, 20, 24, 30-35, 37, 38, 45 and 46 Notifications of Guangzhou Railway Transportation Intermediate Court: About the loan contract dispute case of Guangdong Sunrise holdings Co., Ltd. and Shenzhen Colored Metal Financial Co., Ltd., the court has frozen 11,968,590 domestic legal person's shares, bonus shares and allotted shares of the sponsor of the Company held by Guangdong Sunrise holdings Co., Ltd.

3. At present, the assets and debts restructure has entered the material phase. The Board of the Company has engaged Beijing Integrity Management Advisor Co., Ltd. as financial advisor of the Company, fully in charge of coordination restructure work of the Company.

4. On Nov. 17, 2003, PRC Shenzhen Customs formed 5313 SGSWZ(2003) B No. 005 Administrative Punishment Conclusion about the Company. According to the

regulations of No. 11 (III) of Implementation Detail Rules of Administrative Punishment in PRC Customs Law, Shenzhen Customs decided to punish RMB 6.3 million and at the same time informed the Company to supplementing taxes amounting to RMB 20, 043,896. The Company has handled the accounts about the above customs taxes and penalty as debts in Nov. 2003. Because the Company was unable to pay back the customs taxes and penalty, Shenzhen Customs applied compulsive execution to Shenzhen Intermediate People's Court on Jul. 2, 2004. Shenzhen Intermediate People's Court held the court and heard the case on Aug. 6, 2004. Ended the report day, the verdict wasn't made down.

Section VII. Financial Report (un-audited)

I. Accounting statements (attached)
II. Notes to accounting statements (attached)

Section VIII. Documents Available for Reference

I. Text of semi-annual report carried with the signature of Chairman of the Board;
II. Text of accounting statements carried with the signatures and seals of principal of the Company, principal in charge of the accounting affairs and principal in charge of the accounting institute;
III. Texts of all documents disclosed in public on the newspapers designated by China Securities Regulatory Commission in the report period;
IV. Text of Articles of Association of the Company;
V. Text of semi-annual report disclosed in other securities markets;
VI. Other relevant information.

Board of Directors
Shenzhen China Bicycle Company (Holdings) Limited
Aug. 21, 2004

Balance Sheet (Domestic Statement)

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

Unit: RMB

Assets	The report period		The same period of last year	
	Consolidation	**Parent company**	**Consolidation**	**Parent company**
Current assets:				
Monetary funds	5,794,358.73	2,407,416.23	5,584,907.67	1,869,172.74
Short-term investment				
Notes receivable	60,308.00	60,308.00	275,000.00	275,000.00
Dividends receivable				
Interests receivable				
Accounts receivable	4,020,808.78	170,502,780.43	8,886,493.76	175,368,466.01
Other receivables	48,226,962.91	41,514,493.55	56,823,261.47	56,721,747.61
Payments in advance	50,504.20	51,704.20	2,588,347.32	2,524,688.32
Subsidy receivable				
Inventories	74,403,475.90	74,403,475.90	68,882,175.95	68,882,175.95
Prepaid expenses	873,657.64	834,849.64	630,648.06	591,840.06
Long-term debt investment due within one year				
Other current assets				
Total of current assets	133,430,076.16	289,775,027.95	143,670,834.23	306,233,090.69
Long-term investments:				
Long-term equity investments	39,070,637.74	39,921,437.57	39,070,637.74	39,769,688.25
Long-term debt investments				
Total of long-term investments	39,070,637.74	39,921,437.57	39,070,637.74	39,769,688.25
Including: consolidated balance				
Fixed assets:				
Original value of fixed assets	736,906,798.62	736,035,604.12	736,470,984.62	735,599,790.12
Minus: accumulated depreciation	406,508,385.20	405,971,538.11	397,796,531.25	397,313,587.46
Net value of fixed assets	330,398,413.42	330,064,066.01	338,674,453.37	338,286,202.66
Minus: impairment losses of fixed assets	76,566,184.10	76,566,184.10	76,566,184.10	76,566,184.10
Net amount of fixed assets	253,832,229.32	253,497,881.91	262,108,269.27	261,720,018.56
Engineering materials				
Constructions in progress				
Disposal of fixed assets				
Total fixed assets	253,832,229.32	253,497,881.91	262,108,269.27	261,720,018.56
Intangible and other assets:				
Intangible assets:				
Long-term prepaid expenses				

Other long-term assets				
Total intangible and other assets				
Deferred taxes:				
Deferred tax-assets				
Total assets	426,332,943.22	583,194,347.43	444,849,741.24	607,722,797.50
Current liabilities:				
Short-term loans	444,519,176.72	370,341,707.49	444,519,176.72	370,341,707.49
Notes payable	5,119,240.00	5,119,240.00	716,425.90	716,425.90
Accounts payable	153,568,099.81	356,507,916.07	142,119,129.21	350,980,392.28
Accounts received in advance	1,384,244.66	1,384,244.66	6,640,558.20	6,600,148.20
Salaries payable	5,057,523.05	4,872,270.39	5,373,290.84	5,149,909.02
Welfare payable	577,689.73	536,776.75	4,542,437.63	4,509,238.08
Dividends payable				
Tax payable	90,145,105.23	90,086,331.02	88,728,816.33	88,644,983.67
Other payments				
Other payables	178,576,532.44	139,143,476.60	205,792,724.75	166,525,958.33
Accrued expenses	34,951,890.20	34,932,090.20	34,240,612.19	34,240,612.19
Estimated liabilities	166,271,000.00	166,271,000.00	166,271,000.00	166,271,000.00
Long-term liabilities due within one year				
Other current liabilities				
Total current liabilities	1,080,170,501.84	1,169,195,053.18	1,098,944,171.77	1,193,980,375.16
Long-term liabilities:				
Long-term loans	88,456,386.30	88,456,386.30	88,456,386.30	88,456,386.30
Bonds payable				
Long-term payable				
Special payables				
Other long-term liabilities	945,063,522.01	945,063,522.01	945,063,522.01	945,063,522.01
Total long-term liabilities	1,033,519,908.31	1,033,519,908.31	1,033,519,908.31	1,033,519,908.31
Deferred tax:				
Deferred tax liabilities				
Total liabilities	2,113,690,410.15	2,202,714,961.49	2,132,464,080.08	2,227,500,283.47
Minority interests	-2,893,459.70	-2,893,459.70	-2,864,512.75	-2,864,512.75
Owner’s equity (shareholder’s equity)				
Paid-in capital (or share capital)	479,433,003.00	479,433,003.00	479,433,003.00	479,433,003.00
Minus: returned investment				
Paid-in capital (or share capital)-net amount	479,433,003.00	479,433,003.00	479,433,003.00	479,433,003.00
Capital reserve	358,019,011.67	358,019,011.67	358,019,011.67	358,019,011.67
Surplus reserve	32,673,227.01	32,673,227.01	32,673,227.01	32,673,227.01
Including: statutory public welfare	32,673,227.01	32,673,227.01	32,673,227.01	32,673,227.01

Retained earnings	-2,486,752,396.04	-2,486,752,396.04	-2,487,038,214.90	-2,487,038,214.90
Including: cash dividends				
Foreign currency translation reserve				
Losses of subsidiaries not offset accumulated	-67,836,852.87		-67,836,852.87	
Total Owner's equity (shareholder's equity)	-1,684,464,007.23	-1,616,627,154.36	-1,684,749,826.09	-1,616,912,973.22
Total liabilities and owner's equity	426,332,943.22	583,194,347.43	444,849,741.24	607,722,797.50

Income Statement and profit distribution Statement

(Domestic Statement)

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

Unit: RMB

Items	The report period		The same period of last year	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Income from major operations	70,121,306.94	68,505,411.79	40,065,561.69	38,480,576.28
Minus: cost of major operations	63,016,680.44	61,650,870.50	37,327,103.87	36,227,709.51
Taxation of core business and affixation	115,723.10	31,696.51	85,534.29	2,980.49
II. Profit of major operations (Loss is listed with "-")	6,988,903.40	6,822,844.78	2,652,923.53	2,249,886.28
Plus: other operating profit (Loss is listed with "-")	6,244,153.39	6,244,153.39	4,519,248.41	4,519,248.41
Minus: operating expenses	4,881,998.11	4,881,998.11	3,026,599.86	3,026,599.86
Administrative expenses	7,817,413.11	7,800,567.12	11,856,539.56	11,433,621.19
Financial expenses	992,923.40	995,460.09	10,813,226.34	10,825,625.63
III. Operating profit (Loss is listed with "-")	-459,277.83	-611,027.15	-18,524,193.82	-18,516,711.99
Plus: investment income (Loss is listed with "-")		151,749.32	4,373.17	119,293.56
Subsidy income				
Non-operating income	734,941.73	734,941.73	19,895,985.75	19,895,985.75
Minus: non-operating expenses	18,037.20	18,037.20	178,931.26	178,931.26
IV. Total profits (Total loss is listed with "-")	257,626.70	257,626.70	1,197,233.84	1,319,636.06
Minus: income tax	754.81	754.81	678.91	678.91
Minus: minority interest	-28,946.97	-28,946.97	-5,922.04	-5,922.04
Minus: losses of subsidiaries not offset			-122,402.22	
V. Net profit (Net loss is listed with "-")	285,818.86	285,818.86	1,324,879.19	1,324,879.19
Plus: retained earnings at the year-begin	-2,487,038,214.90	-2,487,038,214.90	-2,428,356,963.55	-2,428,356,963.55
Other transfer-in	0.00	0.00		

VI. Profit available for distribution	-2,486,752,396.04	-2,486,752,396.04	-2,427,032,084.36	-2,427,032,084.36
Minus: statutory surplus reserve				
Statutory public welfare reserve				
Employee bonus and welfare funds				
Reserve funds				
Enterprise development funds				
Returned investment from profit				
VII. Profits available for distribution to investors	-2,486,752,396.04	-2,486,752,396.04	-2,427,032,084.36	-2,427,032,084.36
Minus: dividends for preferred shares				
Discretionary reserve				
Dividends for ordinary shares				
Dividends for ordinary shares converted into capital (share capital)				
VIII. Retained earnings	-2,486,752,396.04	-2,486,752,396.04	-2,427,032,084.36	-2,427,032,084.36
Supplemental information:				
1. Profit from selling or disposeting branch or investee				
2. Losses from natural disaster				
3.Increase/decrease in total profits due to the changes of accounting policies				
4. Increase/decrease in total profits from the changes of accounting estimation				
5. Losses on debts restructure				
6. Others				

Cash Flow Statement (Domestic Statement)

Prepared by Shenzhen China Bicycle Company (Holdings) Limited

Unit: RMB

Items	The report period	
	Consolidation	**Parent company**
I. Cash flows arising from operating activities:		
Cash received from selling products and providing services	89,894,630.21	88,278,735.06
Tax refund received		
Other cash received relating to operating activities	3,419,711.12	2,407,254.06
Subtotal of cash inflows	93,314,341.33	90,685,989.12
Cash paid for purchase of products and services	69,903,237.02	68,537,427.09
Cash paid to / for employees	9,392,888.92	8,502,765.47
Added-value tax paid	1,165,272.02	1,165,272.02
Income tax paid	754.81	754.81
Other tax excluding VAT and income tax	342,116.50	258,089.91
Other cash paid relating to operating activities	16,746,807.00	16,147,622.33
Subtotal of cash outflows	97,569,076.27	94,611,931.63
Net cash flows arising from operating activities	-4,254,734.94	-3,925,942.51
II. Cash flows arising from investing activities:		
Cash received from withdrawal of investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Other cash received relating to investment activities		
Subtotal of cash inflows		
Net cash paid for the purchase of fixed assets, intangible assets and other long-term assets	435,814.00	435,814.00
Cash paid for investments		
Other cash paid relating to investment activities		
Subtotal of cash outflows	435,814.00	435,814.00
Net cash flows arising from investing activities	-435,814.00	-435,814.00
III. Cash flows arising from financing activities:		
Cash received from obtaining investment		
Cash received from loan	4,900,000.00	4,900,000.00
Other cash received relating to financing activities		
Subtotal of cash inflows	4,900,000.00	4,900,000.00
Cash paid for debts repayment		
Cash paid for dividends, profit distribution or of interest payment		
Other cash paid relating to financing activities		

Subtotal of cash outflows		
Net cash flows arising from financing activities	4,900,000.00	4,900,000.00
IV. Influence on cash from fluctuation in exchange rate		
V. Net increase in cash and cash equivalents	209,451.06	538,243.49
Supplemental information:		
I. Adjusting net profit to cash flows from operating activities		
Net profit	285,818.86	285,818.86
Add: Impairment charge		
Depreciation of fixed assets	8,711,854.57	8,657,950.65
Amortization of intangible assets		
Amortization of long-term prepaid expenses		
Decrease in prepaid expenses (less: increase)	-243,009.58	-243,009.58
Increase in accrued expenses (less: decrease)	-232,547.96	-232,547.96
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: income)	0.00	0.00
Loss on disposal of fixed assets		
Financial expenses	992,923.40	995,460.09
Investment loss (Less: income)		
Deferred tax liabilities (less: assets)		
Decrease of inventories (Less: increase)	-5,521,299.95	-5,521,299.95
Decrease in operating receivables (Less: increase)	4,865,684.98	-4,865,684.98
Increase in operating payables (Less: decrease)	-13,085,212.29	-12,705,052.63
Others		
Income of minority shareholders in this period	-28,946.97	-28,946.97
Un-offset loss of subsidiaries	0.00	
Net cash flows arising from operating activities	-4,254,734.94	-3,925,942.51
II. Investment and financing activities without cash movement		
Capital converted from debts		
Convertible bonds due within one year		
Financing leased fixed assets		
III. Net increase in cash and cash equivalents		
Ending balance of cash	5,794,358.73	2,407,416.23
Less: Beginning balance of cash	5,584,907.67	1,869,172.74
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	209,451.06	538,243.49