GUANGDONG SUNRISE HOLDINGS CO., LTD.
SEMI-ANNUAL REPORT 2002

I. IMPORTANT NOTICE AND CONTENTS

Important: the Board of Directors of Guangdong Sunrise Holdings Co., Ltd. (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, individual and/or joint, for the reality, accuracy and completion of the whole contents.

This report is prepared in both Chinese and English. In the event of any discrepancy in interpretation between the two versions, the Chinese version shall prevail.

The directors of Baicao Tang and Guohua Luo and Jianxi Tang and Jihu Peng didn't attend the meeting of Board of Directors for discussing the semi-annual report.

Contents

II. COMPANY PROFILE

(I) Company Information

1. Legal name of the Company in Chinese: 广东盛润集团股份有限公司
   Legal name of the Company in English: Guangdong Sunrise Holdings Co., Ltd.
   (Abbreviation: SUNRISE)
2. Registered Address: Huaqiang Rd. N., Shenzhen, Guangdong, PRC
   Office Address: 6/F, Jiahua Bldg., Huaqiang Rd. N., Shenzhen
3. Legal Representative: Yang Fenbo
4. Secretary of Board of Directors: Pan Shiming
   Tel: (86) 755 83361666
   Fax: (86) 755 83363806
   Authorized Representative in Charge of Securities Affairs: Ma Keru
   Tel: (86) 755 83361666-209
   Liaison Address: 6/F, Jiahua Bldg., Huaqiang Rd. N., Shenzhen
   E-mail: szlionda@public.szptt.net.cn
5. Newspapers Chosen for Disclosing the Information of the Company:
   Securities Times and Ta Kung Pao
   Internet Website Designated by CSRC for Publishing the Annual Report:
   http://www.cninfo.com.cn
   The Place Where the Semi-Annual Report is Prepared and Placed:
   Property Right and Development Department on 3/F of the Company
6. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of the Stock: ST Sunrise A, ST Sunrise B
   In the report period, the Company was renamed from "Shenzhen Lionda Holdings Co., Ltd." to "Guangdong Sunrise Holdings Co., Ltd." and short from of the stock was changed from "ST Lionda A, ST Lionda B" to "ST Sunrise A, ST Sunrise B"
   Stock Code: 000030, 200030
7. Other Relevant Information of the Company
   The initial registration of the Company: Date: Sep.1993
   Registration number of business license of enterprise juristic person:
   4400001001658

(II) Major Financial Data and Indexes in the report period

Items	Jan.- Jun. 2002	Jan.-Jun. 2001
Net profit (RMB'000)	-27,878	5,115
Net profit after deducting non-recurring gains and losses (RMB'000)	-27,056	-14,273
Fully diluted earnings per share (RMB)	-0.097	0.018
Fully diluted return on equity (%)	-	0.72
Net cash flows per share arising from operating activities	-0.008	0.134
Weighted average return on equity after deducting non-recurring gains and losses (%)	-	-19.65
	June 30, 2002	**Dec. 31, 2001**
Net assets per share (RMB)	-3.51	-3.41

Net assets per share after adjustment (RMB)	-3.52	-3.41
Shareholders' equity (excluding minority interests) (RMB'000)	-1,012,376	-984,818

Note: Items of non-recurring gains and losses and the relevant amounts:
Non-operating income RMB 135,000
Non-operating expenditure RMB 957,000

Supplementary statement of profit:

Profit in the report period	June 30, 2002				June 30, 2001			
	Return on equity (%)		Earnings per share (RMB)		Return on equity (%)		Earnings per share (RMB)	
	Fully diluted	Weighted average	Fully diluted	Weighted average	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main business lines	-	-	0.0022	0.0022	54.78	56.70	0.143	0.143
Operating profit	-	-	-0.12	-0.12	-5.42	-5.61	-0.014	-0.014
Net profit	-	-	-0.097	-0.097	0.72	0.73	0.018	0.018
Net profit after deducting non-recurring gains and losses	-	-	-0.094	-0.094	-18.97	-19.65	-0.050	-0.050

Note1: Net profit as of the report period and net assets at the end of report period of the Company audited according to IAS was RMB –27,878,000 and RMB -1,012,696,000 respectively. Comparing with financial report audited according to CAS, there was no difference in net profit, but net assets was decreased by RMB 13.04 million, the main causes are as following:

Unit: RMB

I. As reported under IAS	(1,012,697,000.12)
1. Amortization of balance of expenses to be apportioned	(32,205.00)
2. Adjusting equity of Shenzhen China Bicycle Co., Ltd.	(3,152,802.00)
3. Amortization of capitalized interests of project of Shanghai Hengda's real estate	(6,381,022.20)
4. Writing off minority interests receivable from Shanghai Hengda	(3,478,052.49)
5. Other adjustments	(5,567.72)
II. As reported under Accounting System of Enterprise	(999,647,350.11)

III. CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT MAJOR SHAREHOLDERS

(I) By the end of the report period, the Company had 12439 shareholders in total.

(II) Top Ten Shareholders

Ended June 30, 2002, top ten shareholders of the Company are as follows:

No.	Shareholders	Shares held at the year-end (Shares)	Proportion in Total Shares	Type of share
1	Shenzhen Investment Holding Corporation	191,400,000	66.36%	State-owned shares
2	CHINA EVERBRIGE HOLDINGS CO., LTD.	5,892,360	2.04%	Domestically listed foreign shares
3	Shenzhen Colored Metal Financial Co. Ltd.	5,280,000	1.83%	Directional domestic juristic person's shares
4	Shenzhen International Trust & Investment Co.	5,280,000	1.83%	Directional domestic juristic person's shares
5	Shenzhen South Securities Industrial Co., Ltd.	3,960,000	1.37%	Directional domestic juristic person's shares
6	Shenzhen Guoyin Investment Development Co., Ltd.	2,640,000	0.92%	Directional domestic juristic person's shares
7	WEN CAN RONG	630,197	0.22%	Domestically listed foreign shares

8	LI MEI FANG	517,550	0.18%	Domestically listed foreign shares
9	MSTER UNIVERSE FUND LTD.	452,318	0.16%	Domestically listed foreign shares
10	PEI JIAN WEN	394,200	0.14%	A shares for circulation

Note 1: Shenzhen Investment Holding Corporation holds the share of the Company on behalf of the state.
Note 2: In the report period, there was no change in shares held by shareholders holding over 5% of the total shares of the Company. 5 million shares held by Shenzhen Investment Holding Corporation were pledged.
Note 3: Among the top ten shareholders, except that Shenzhen Investment Holding Corporation is the holding shareholder of Shenzhen International Trust & Investment Co., there are no other related parties.

IV. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES

(I) In the report period, directors, supervisors and senior executives have not hold shares of the Company.
(II) Directors, supervisors and senior executives leaving the office or engaged in the report year
In the report period, the Adjustment Plan of Senior Executives of the Company was examined and approved in the meeting of the Board held on April 19, 2002. The plan is as follows: Xie Ruxian was no longer took the post of General Manager; Cai Siying, Cao Jianshe, Ge Weimin, Liu Chuan and Rao Jiangshan were no longer took the post of Deputy General Manager respectively. Yang Fenbo was engaged as General Manager; Pan Shiming, Zang Weidong and Jiang Dingshan were engaged as Deputy General Manager respectively.
In the report period, the office term of the 3rd Board of Directors and the 3rd Supervisory Committee has expired. The 2001 Shareholders' General Meeting examined and approved the proposals on reelection of the Board of Directors and the Supervisory Committee dated May 21, 2002. Yang Fenbo, Liu Chuan, Rao Jiangshan, Tang Baicao, Pan Shiming, Zang Weidong, Tang Jianxi, Luo Guohua, Peng Jihu, Gao Peiye and Liu Zhanjun were elected as directors of the 4th Board of Director; Li Xin, Wang Hangjun, Yue Luyu and Ji Tielan were elected as supervisors of the 4th Supervisory Committee by means of voting. Of them, Peng Jihu, Gao Peiye and Liu Zhanjun are independent directors. On May 21, 2002, in the 1st meeting of 4th Board of Directors, Yang Fenbo was elected as Chairman of the Board, and in the 1st meeting of 4th Supervisory Committee, Li Xin was elected as Chairman of the Supervisory Committee.

V. EXECUTIVE STATEMENTS

(I) Operation
Since the equity of the Company's main subsidiary company--Shenzhen New Century Drinking Water Technology Co., Ltd Water Technology Co., Ltd, who took 91% of the consolidated main business income of the Company in 2001, was sold off to repay the debts, the main business decreased greatly this first half year, so does the consolidated business income of the Company as well as its subsidiaries—Shenzhen Lionda Development Co., Ltd. and Shenzhen Lionda Property Management Company. As entrusted to manage the Shenzhen New Century Drinking Water Technology Co., Ltd., the Company focused on its operation this first half year cherishing the hope to enhance sales, maintain a higher market share and speed its innovation & development. As a result, the sales income of this first half year of the

Shenzhen New Century Drinking Water Technology Co., Ltd. appears to resume increase markedly compared with the same period of last year.

The Company is still in hot water because of the heavy liability, enormous guarantee risk, and uptight operation funds together with lawsuits performed one after another. In the first half year, the Company concentrated on works in three aspects and made some improvements:

First of all, the Company tried to accelerate the speed of repayment, strengthen the capability of clearance and assure financing enough current funds for sustainable operation.

Secondly, the Company negotiated with creditors so as to make a good preparation for reorganizing liability next time and ease the pressure from lawsuits performed partially.

Thirdly, the Company carried out frame agreement step by step with Huarong Asset Management Company on releasing the Company from the liability of guarantee of the principle 9,17 million and its interest granted to Shenzhen China Bicycle Company (Holding) Limited, which provided the reorganization of the Company's own asset with more mature condition.

(II) Main financial index in the report period compared with the same period of last year

Unit: RMB'000

Items	Jan-June, 2002	Jan-June, 2001	Increase/ Decrease (+/-)
Main business lines income	6,019	304,902	-98%
Main business lines profit	930	42173	-98%
Net profit	-27,878	5115	-645%
Net Decrease of cash and cash equivalents	-13,472	-5,287	-155%
Items	June 30, 2002	Dec. 31, 2001	Increase/ Decrease (+/-)
Total Assets	402643	441304	-8.8%
Shareholder's equity (excluding minority interests)	-1,012,376	-984,818	-2.8%

The auction of 33.5% equity of the Shenzhen New Century Drinking Water Technology Co., Ltd. is the main reason for the great decreases of income from main business lines, profit from main business lines, and net profit as well as net decrease of cash and cash equivalents compared with the same period of last year. Because of this, the financial report of Shenzhen New Century Drinking Water Technology Co., Ltd. is not contained in the consolidated financial report. While relative to the end of last year, the slight decreases of the total asset and shareholders' equity are mostly because of the deficits.

(III) The Main Business Structure

Due to the auction of equity of the Shenzhen New Century Drinking Water Technology Co., Ltd--the Company's main subsidiary company, its financial report is not included in the consolidated financial report for this first half year. As a result, the main business income amounted to 224.29 million is not reported in the consolidated report. In the financial statement, the main business income of the Company comprises those from Shenzhen Lionda Property Management Company and Shenzhen Lionda Development Co., Ltd. While in fact, the Company is entrusted to manage the Shenzhen New Century Drinking Water Technology Co., Ltd, so the Company's daily work still focused on the operation of the Shenzhen New Century Drinking Water Technology Co., Ltd. In the financial report, the Company's business according to the main business lines structure are listed as follows:

Industry	Jan-June, 2002		Jan-June, 2001	
	Income from main business lines	Cost of main business lines	Income from main business lines	Cost of main business lines
Property management	3,387,992.46	2,975,943.13	4,865,801.85	1,998,146.88
Real estate	2,631,400.86	2,113,202.70	8,379,427.00	3,408,800.68

There is neither significant seasonal income nor other operation executing significant influence on net profit.

(IV) Investment Events

In the report period, there was neither investment events nor unfinished investment events carried down to this period. Also, the Company has neither financing events nor proceeds raised before carried down to the report period.

(V) Achievement of Operation Preplan and Plan of the Second Half Year

In the report period, the Company concentrated on liability reorganization, and fulfilled the preplan disclosed in the first half-year work plan of 2001 Annual Report step by step. The main task was to firmly carry out the frame agreement with Huarong Asset Management Company on releasing the Company from the liability of guarantee granted to Shenzhen China Bicycle Company (Holding) Limited amounted to RMB 9,17 million. By doing this, the Company provided more mature condition to help reorganize its own liability. At present, the Company is actively negotiating with creditors to claim certain liability reduction, which has not formal been accepted by the creditors till now. Although there are a lot of difficulties with optimizing the company's structure and solving those remained problems, the Company made certain improvement with great effort.

The Company will continue to carry out work according to the ideas disclosed in 2001 Annual Report. The primary works are listed as follows:

1. To raise fund to pay off balance according to the frame agreement to Huarong Asset Management Company so as to completely settle the guarantee liability of the Shenzhen China Bicycle Company (Holding) Limited with principal of 9.17 million and its interest with Huarong Asset Management Company.
2. To strive for being exempted from certain liability from the creditors with more effort in negotiation.
3. To seek powerful strategic cooperator fellows who could help resolve remained problems and promote asset reorganization with major shareholders of the Company.

If there is no substantial improvement with the asset reorganize in the third season, the Company is going to suffer deficits continually.

(VI) Disposal of Issues involved in the Auditors' Report for 2001

For the great pressure from the short-run loan, which will directly influence the Company's sustainable operation if not being settled in short period, Shenzhen Dahua Tiancheng Certificated Public Accountants issued an Auditors' Report with explanation notes without reserved opinion for 2001. And in order to guarantee sustainable daily operation, the Company raised funds by accelerating repayment speed and improving repayment capability in the first half year of 2002.

VI SIGNIFICANT EVENTS

(I) Daily Operation

In 1998, before the reposted leaders began to work, under the control of predecessors like Fan Huiming and so on, there are a lot of problems such as investing blindly, granting guarantee at random and losing control of fund management, which led to heavy liability and continued lawsuits. Since the end of 1998, while dealing with those remained problems, the Company set up basic modern enterprising systems. However, due to the heavy liability and various remained problems, there is still a long way to go to reach the related standard designated by CSRC. In order to better the status, the Company carried out daily operation pertinently according to related requirements:

1. Information disclosure:

Since the scarce of timely and enough communication between different departments, some momentous lawsuits haven’t been disclosed in time. At the beginning of this year, the Company provided compensatory disclosure and express excuses to investors. From this year, in order to guarantee to disclose intact information timely, the Company set up internal notice systems of significant events, perfecting the information-transferring mechanism between different departments and between departments and the Secretary of the Board. By doing this, the information disclosure will be more timely, integrate and precise.

2. Transparent rights and duties between three parties:

For a log time, the chairman of the Shenzhen Lionda Holdings Co., Ltd., whose holding company is Shenzhen Investment Management Company, took the position of chairman of the Company, while the main leader also acted as the largest shareholder at the very beginning of 2002. To change this situation, in the first half year, the largest shareholder recommended full-time chairman of the Board of the Directors, appointed new leader circle, and reelected the Board of the Directors and the Supervisory Committee. By doing so, the Company successfully set up a more tidy and high-efficient structure of departments and staff. The Company, the largest shareholder and its associated companies become more independent.

3. Company’s Constitution & related Rules:

The Company’s Constitution was re-edited and was approved by the Shareholders General Meeting of 2001. Also, The Board of the Directors constituted and passed the Rules of Procedure for the Shareholders General Meeting, the Rules of Procedure for the Directors Meeting, the Rules of Information Disclosure and Rules of Independent Directors, all of which will be submit to next Shareholders General Meeting for discussion.

(II) There are no plans designed in previous period relating to interim profit distribution, transfer capital public reserve into share capital, and issue of new shares in the report period.

(III) Significant Lawsuits

The Company was accused and demanded to repay for the unpaid loan whose principal is RMB 4.5 million and interest RMB 912,591.12 by Shekou Sub branch of Shenzhen Commercial Bank. The District Court of Nanshan held a court on March 4, 2002, ruling the Company to repay the amount. The Shenzhen Guoyin Investment Development (Group) Company, Ltd. was asked to take the joint liability of the repayment.

The 65,098,412 Corporate A-shares of Shenzhen China Bicycle Company (Holding) Limited held by the Company was auctioned on March 12, 2002 and was acquired by the Huarong Asset Management Company at the price of 0.36 per share. The transfer of equity is now processing.

The Company was accused by Shenzhen branch of Construction Bank of China for the unpaid L/C money advanced whose principal is USD 6.25 million and HKD 5.69 million. By the cognizance of Shenzhen intermediate Court, the Company was required to repay the above amount. The Shenzhen Petrochemical Industry (Group) Co., Ltd was demanded to take the joint liability of clearance.

In response to Ningbo Provision Parent Company accusing the Company for failure to implement the contract of purchase and sale on time, the Ningbo Intermediate People's Court ruled the Company to take the joint liability for the loan of RMB 28.3 million and unpaid overdue interest. At the same time, the Court sealed up 90% equity of Shanghai Hengda Real Estate Co., Ltd. In accordance with (1999) YZZ No. 209 Civil Judgment Memo, the Ningbo Intermediate Court sold off 90% equity and paid the plaintiff with the entire amount of RMB 21.18 million acquired from auction. The Court will then arrange to resolve the loan balance. In that month, the equity was transferred under the control of Ningbo Intermediate Court. It was estimated this lawsuits performing would reduce total amount of RMB 5.98 million from the Company's profit this year.

The Company got the Notice of Reply from Shenzhen Intermediate People's Court on June 20, 2002. Hongli Sub branch of Communication Bank of China, Shenzhen accused the Company for the unpaid overdue loan RMB 25 million. Shenzhen Petrochemical Industry (Group) Co., Ltd. was asked to take the jiont liability of clearance. The Shenzhen Intermediate People's Court accepted and heard the case on July 22 with no further result at present.

(IV) In the report period, there was no material asset sales or purchase.

(V) Significant Information about Related Transaction

There was no significant related transaction in the report period. At the end of the report period, the pool subsidiary company- Shenzhen China Bicycle Company (Group) limited still owned the Company RMB 14,113, which was the operation loan borrowed before 1998. This loan was not repaid timely and was written provisions for bad account. The Company granted credit guarantee before 1998. To the end of this report period, the guarantee balance is RMB 32,867, for which the Company has recognized contingent liabilities; On the other hand, Shenzhen Oriental Enterprise Co., Ltd (a third subsidiary company held indirectly by the Company's largest shareholder) owned the Company RMB 2,150, while the Beijing Lionda Enterprise Co., Ltd owned the Company 16 million.

The Company borrowed RMB 55 million from Shenzhen Lionda (Group) Co., Ltd., a wholly-owned subsidiary of the Company's control shareholders, to support the Company's daily operation as current asset. The Company also borrowed RMB 34.14 million from Shenzhen Nonferrous Metal Financial Co., Ltd in 1993 and hadn't repaid the amount till the end of the report period.

(VI) Significant Contract and Implementation

For the Company granted guarantee to Shenzhen Aowo International Technology Co., Ltd. for the loan of RMB 19.04 million, Anhui High People's Court has closed up and sold off the equity of 9.20 million of Shenzhen New Century Drinking Water Technology Co., Ltd.—a subsidiary company of the Company. The acquirer is Shenzhen Shengzhuo Enterprising Co., Ltd (Shengzhuo). As the Company had the advantages in operation and management in the drinking water section, after transfer the equity; Shengzhuo signed an agreement with the Company entrusting the Company to manage the said 9.2 million equity. The period of entrusting is one year from the date the agreement. The commission will be charged at 80% of distributable profit according to the equity.

In addition, regarding the Annual Report of 2001, the Company has the total external guarantee amounted to 17.5 billion, all of which took place before 1998. The guarantee liability was carried down to this report period. In accordance with risk status, the Company has recognized contingent liabilities in 2001 in advance.

VII. FINANCIAL REPORT

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

Consolidated Balance Sheet

Unit: RMB'000

	June 30, 2002	Dec. 31, 2001
Non-current assets		
Property, plant and equipment	37365	38806
Real Estate held under/for development		
Interests in unconsolidated subsidiary companies	8356	8356
Share of Interests in associated companies	111344	104182
Long-term investment	54503	54503
	211568	205847
Current assets		
Inventories	36977	62872
Accounts receivable	38066	37563
Other receivable and advanced payment	109885	114863
Short-term investment based on cost price	0	0
Cash and bank deposit	6147	20159
	191075	235457
Current liabilities		
Bank and other loans	-669073	-709902
Accounts payable	-3565	-3594
Other payable and accrued expenses	-738440	-712233
Payable and deferred taxes	-3941	-73
	-1415019	-1425802
Current liabilities-net value	-1223944	-1190345
Minority interests	-320	-320
Total assets and liabilities	-1012696	-984818
Share capital and reserve		
Share capital	288420	288420
Reserve	-1301116	-1273238
Shareholders' equity	-1012696	-984818

Consolidated Income Statement

Unit: RMB'000

	Jan.-Jun. 2002	Jan.-Jun. 2001
	RMB'000	RMB'000
Turnover	6019	304902
Cost	-5089	-262729

Gross profit	930	42173
Other income		1178
Distribution costs	-2418	-7259
Administrative expenses	-13430	-26427
Other expenses	-308	-965
Operating profits/(losses)	-15226	8700
Financial expenses	-18818	-12768
Particular items	-823	19379
Share of results from associated companies	6993	295
Profit/(loss) before taxation	-27874	15606
Taxation	-4	-2782
Profit/(loss) after taxation	-27878	12824
Minority interests		-7709
Profit/(loss) for the year	-27878	5115
Earning/ (loss) per share	RMB -0.0967	RMB 0.0178

Consolidated Cash Flows (Jan.-Jun. 2002)

Unit: RMB'000

Items	Notes	Amounts in the report period	Amounts at the previous report period
I. Cash flows arising from operating activities			
Cash received from selling commodities and providing labor services		5799	336112
Restoration of tax received			51837
Other cash received concerning operating activities		6916	24196
Subtotal of cash inflows		12715	412145
Cash paid for purchasing commodities and receiving labor service		1805	289878
Cash paid to / for staff and workers		2782	7030
Taxes paid		2407	17684
Other cash paid concerning operating activities		8147	58866
Subtotal of cash outflows		15141	373458
Net cash flows arising from operating activities		-2426	38687
II. Cash flows arising from investment activities:			
Cash received from recovering investment			1100
Cash received from investment income			
Cash received from disposal of fixed, intangible and other long-term assets			652
Other cash received concerning investment activities			
Subtotal of cash inflows			1752
Cash paid for purchasing fixed, intangible and other long-term assets		68	62
Cash paid for investment			
Other cash paid concerning investment activities		11603	
Subtotal of cash outflows		11671	62
Net cash flows arising from investment activities		-11671	1690
III. Cash flows arising from financing activities			

Cash received from absorbing investment		
Cash received from loans		20203
Other cash received concerning financing activities	660	57
Subtotal of cash inflows	660	20260
Cash paid for repayment of debt	64	37992
Cash paid for occurred from financing activities		
Cash paid for dividends and profit distributing or interest paying	241	27921
Including: minority shareholders' dividends paid by subsidiary companies		27921
Other cash paid concerning financing activities		11
Subtotal of cash outflows	305	65925
Net cash flows arising from financing activities	355	-45664
IV. Influence of fluctuation in exchange rate on cash		
V. Net increase of cash and cash equivalents	-13472	-5287

Consolidated Cash Flows (Con.) (Jan.-Jun. 2002)

Unit: RMB'000

Items	Amounts as of the year	Amounts as of the previous year
I. Investment and financing activities with no cash incomings / outgoings involved:		
Debts converted into capital	---	---
Convertible bonds due within 1 year	---	---
Renting fixed assets by means of financing	---	---
II. Adjusting net profit to cash flows for operating activities:		
Net profit	-27878	5115
Add: minority interests		7709
Allotted Provisions for devaluation of assets	5981	236
Depreciation of fixed assets	1114	2563
Amortization of intangible assets		360
Amortization of long-term expenses to be apportioned		1421
Decrease of expenses to be apportioned	-14416	74
Increase of accrued expenses	18961	20707
Losses on disposal of fixed, intangible and other assets	24	70
Losses on injection of fixed assets	18	270
Financial expenses	18895	12771
Investment losses	-2690	-295
Deferred taxes-credit item		
Decrease of inventories	-3918	21274
Decrease of receivables in operating	-31654	2006
Increase of payables in operating	33191	-27402
Others	-54	-8192
Net cash flows arising from operating activities	-2426	38687
III. Net increase of cash and cash equivalents:		

Balance of monetary funds at end of the period	6417	144085
Less: balance of monetary funds at beginning of the period	20159	149372
Add: Balance of cash equivalents at end of the period		80
Less: Balance of cash equivalents at beginning of the period		80
Net increase of cash and cash equivalents	-13742	-5287

Notes to the financial statements for the year ended JUNE 30, 2002

1. Corporate information

Shenzhen Lionda Holdings Company Limited (the "Company") is established in the People's Republic of China (the "PRC") as a joint stock limited company. The principal activity of the Company is investment holding and the principal activities of the subsidiaries and associates (which together with the Company comprise the "Group") are set out in note 3.

2. Basis of account preparation

The consolidated financial statements have been prepared in accordance with the International Accounting Standards ("IAS") issued by the International Federation of Accountants. These accounting standards differ from those used in the preparation of the PRC statutory financial statements, which are prepared in accordance with the PRC Accounting Standards. To conform to IAS, adjustments have been made to the PRC statutory financial statements.

3. Basis of consolidation

(a) Subsidiaries

A subsidiary is a company in which the Company holds, directly or indirectly, more than 50% of the equity interest as a long-term investment and/or has the power to cast the majority of votes at meetings of the board of directors/management committee.

The details of the principal subsidiaries are as follows :

Name	Place of establishment/ operation	Attributable equity interest	Principal activity
Shenzhen Lionda Development Co. Limited	PRC	100%	Property development and management
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited	PRC	100%	Trading, import and export
Shanghai Lionda Industrial Co. Ltd.	PRC	100%	Trading in light industrial products
Shenzhen Lionda Property Management Co. Limited	PRC	100%	Property management, trading of foods and motor car spare parts
Shenzhen Lionda Junk Trading Market Co. Limited	PRC	51%	Trading of junk
Shenzhen Paper Making Co.	PRC	100% *	Manufacturing paper products and printing machinery
Shenzhen Lionda Food Industrial Co.	PRC	100% *	Production of fruit jelly, jelly sweets and high strength agar
Shenzhen Lionda Materials Import & Export Co.,	PRC	100% *	Import and export of printing material, machinery,

Limited			chemical products, clothing, silk and shoes
Shenzhen Lucky C. & B. Industrial Co. Limited	PRC	100% *	Design and production of luggage cases
Shenzhen Lionda Electrical Equipment Co. Limited	PRC	100% *	Production of vacuum flasks and home electrical fans
Shenzhen Paper Manufacturing & Processing Factory	PRC	100% *	Paper processing
Shenzhen Lionda Electrical Manufacturing Factory	PRC	100% *	Production of electric oven and metal products
Shenzhen Lionda Hunan Branch	PRC	100% *	Import and export trading
Shenzhen Xin Qi Beverage Co. Ltd.	PRC	75% *	Production of fruit juice products and pudding
Shenzhen Lionda Time Industrial Co. Limited	PRC	70% *	Production of watches, clocks and parts
Shanghai Lioyin Property Development Co. Ltd.	PRC	55% *	Property development and management and trading of construction materials

* *Not required to be consolidated as the subsidiary has ceased the business, is under liquidation or is unable to transfer funds to the parent because of its operations under long-term restrictions*

(b) Associates

An associate is a company, not being a subsidiary, in which the Company holds, directly or indirectly, not less than 20% or not more than 50% equity interest as a long-term investment and is able to exercise significant influence on this company. Investment in associates is accounted for by equity method. Share of results from associates represents the Group's share of post-acquisition profit/loss by the associates during the year.

The details of the principal associates are as follows :

Name	Place of establishment/ operation	Attributable equity interest	Principal activity
Dongguan Shen Lian Paper Manufacturing Co. Ltd.	PRC	50%	Production and trading of paper products
Shenzhen Jialu Hotel	PRC	50%	Hotel operations
Yueshen Light Industry Trading Co.	PRC	50%	Import and export of food and textiles
Shenzhen Yinzhizuo Club	PRC	50%	Provision of law consultant service and restaurant
Shenyang Lionda Timer Industrial Co. Ltd.	PRC	50%	Production of watch
Shenzhen Silverpearl Plastic Products Co. Ltd.	PRC	45%	Production of plastic foam products, etc.
Hunan Shenli Special Alloy Co. Ltd.	PRC	45%	Production of hard alloy ware
Shenzhen M.C. Packaging Co. Ltd.	PRC	40%	Production of packing containers
Shenzhen Golden Bell Batteries Co. Ltd.	PRC	40%	Production of dry batteries and electronic products
American Xinhua Foods Industrial Co. Ltd.	USA	40%	Production of fruit jelly
Shenzhen Taiyang TCCP Co. Ltd.	PRC	34%	Production, transportation and installation of steel, concrete tube
Shenzhen Lionda Industrial Trading Co. Ltd.	PRC	32%	Import and export trading and property management
Shenzhen Lionda Bao Shui Trading Co. Ltd.	PRC	30%	Trading

Shenzhen Anmiz Watch & Clock Co. Ltd.	PRC	30%	Production of watches, clock parts, counters and meters
Shenzhen Gaokeda Electronic Co. Ltd.	PRC	30%	Production of HDSL transmission lines
Shanghai Qingpu Yinda Property Development Co.	PRC	30%	Property development
Shenzhen Goodyear Enterprise Holdings Co. Ltd.	PRC	26.54%	Packaging
Shenzhen Dong Xiang Electronic Enterprise Co. Ltd.	PRC	25%	Trading of electronic parts
Shenzhen Guanghua Insulating Glass Engineering Co.	PRC	25%	Production and installation of insulating glass
Shenzhen Enamelware Enterprise Co. Ltd.	PRC	20.33%	Production of enamelware
Shenzhen Jianda Machinery Co. Ltd.	PRC	20%	Production of plastic injection machinery, etc.
Shenzhen China Bicycle Company (Holdings) Limited	PRC	19.87% *	Production and assembly of bicycles, and bicycle parts, accessories and fitness bicycles
Lionda Nangchang Foodstuffs Co.	PRC	51% **	Production and trading of foodstuffs and beverage
Baltic Sea Commercial Centre	Latvia	51% **	Hotel operation and commercial service

* *Able to exercise significant influence*

** *No controlling interest*

Note : Certain company names of the subsidiaries and associates are direct translation of their Chinese registered names

(c) Related companies

A related company is a company, not being a subsidiary or an associate, in which the major shareholders or directors of the Company or its group companies have a beneficial interest therein, or are in a position to exercise significant influence over that company.

4. Principal accounting policies

(a) Property, plant, equipment and depreciation

Such assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, are charged to the consolidated profit and loss account in the period in which they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditures are capitalised as an additional cost of the assets.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any profit or loss resulting from their disposal is included in the consolidated profit and loss account.

Depreciation is provided to write off the cost of depreciable assets, after taking into account of their estimated residual values, over their estimated useful lives on a straight line basis.

The estimated useful lives of property, plant and equipment are as follows :

Leasehold land under	
- Long-term lease	Nil
- Medium or short-term lease	Over the remaining lease term
Buildings	20 to 35 years
Plant and machinery	5 to 10 years
Office equipment	5 years
Motor vehicles	5 years

(b) Construction in progress

Construction in progress represents properties under construction and equipment purchased prior to installation and is stated at cost. Cost comprises direct costs, attributable overheads and where applicable finance expenses arising from borrowings used specifically to finance the construction of the properties and the acquisition of the equipment until the construction or installation is completed.

The cost of completed construction work is transferred to appropriate category of property, plant and equipment, and depreciation commences when the assets are ready for their intended use.

(c) Properties held under/for development

Properties held under/for development are stated at cost less foreseeable losses. Costs comprise land cost, construction cost, direct attributable overheads and interest cost capitalised during the period of development.

(d) Investments

Investments, whether they are held on a long-term or a short-term basis, are stated at cost less provision for any permanent diminution in value considered necessary by the directors.

Income from investments is accounted for to the extent of dividend and/or interest income received or receivable.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition, is calculated on weighted average basis. Net realisable value represents the estimated selling price less all estimated cost to completion and cost to be incurred in marketing, selling and distribution.

Properties held for sale are treated as inventories and are stated at the lower of cost and net realisable value. Cost comprises land cost, construction cost, direct attributable overheads and interest cost capitalised during the period of development. Net realisable value represents the estimated selling price less related expenses.

(f) Revenue recognition

Revenue is recognised when it is probable that the benefits will flow to the Group and when the revenue can be measured reliably.

Sales of goods

- Sales of goods are recognised when the goods are delivered and the title has passed.
- Sales of properties under development are recognised when the properties developed for sale are sold in advance of completion and the outcome of projects can be ascertained with reasonable certainty by reference to the construction progress. Profit is recognised over the course of the development after taking into account of allowance for contingencies.
- Sales of properties are recognised when all the conditions of sale have been met and the risks and rewards of ownership have been transferred to the buyer.

Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment is established.

(g) Capitalisation of borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Borrowing costs not eligible for capitalisation are recognised as an expense in the period in which they are incurred. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

(h) Foreign currency transactions

The PRC Group companies maintain their books and records in Renminbi. Foreign currency transactions are translated into Renminbi at the applicable rates of exchange prevailing at the first of January every year. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the applicable rates of exchange prevailing at the balance sheet date. Exchange differences arising from changes of exchange rates subsequent to the dates of transactions are included in the determination of the current year's results.

(i) Cash equivalents

Cash equivalents represent short-term highly liquid investments that have insignificant risk of changes in value.

5. Turnover

	1-6, 2002	1-6, 2001
	RMB'000	**RMB'000**
Sale of merchandises	----	285,075

Sale of finished products	----	6,582
Sale of properties held for sale	2,631	8,379
Takings from catering services	3,388	4,866
	6,019	304,902

6. Property, plant and equipment

RMB'000

Fixed assets	Dec.31,2001	increase	decrease	Jun.30,2002
Land and biudings	49344			49344
Plant and machinery	---			---
Motor vehicles	12854		725	12129
Office equipment	5898		549	5349
Total	68096		1274	66822
Accumulated depreciation				
Land and biudings	13428	836		14264
Plant and machinery	---			---
Motor vehicles	11198	288	555	10931
Office equipment	4664	103	505	4262
total	29290	1227	1060	29457
Net value	38806			37365

7. Inventories

RMB'000

Varies	Jun.30,2002		Dec.31,2001	
	Gross book value	book value	Gross book value	book value
Merchandise inventory	---	---	---	---
Finished goods	---	---	---	---
Raw materials			192	192
Work in progress			4382	4382
Work in progress(hire out)			1899	1899
Developed cost	58889	36977	139439	56399
Total	58889	36977	145912	62872

8. Account receivables

	1-6, 2002 RMB'000	1-6, 2001 RMB'000
Amount receivables	45,406	44,903
Provision for doubtful debts	(7,340)	(7,340)
	38,066	37,563

9. Bank and other loans

	1-6, 2002 RMB'000	1-6, 2001 RMB'000
Bank loans - unsecured	503,826	503,826
Bank loans - secured	33,000	33,000
Other loans	132,247	173,076
	669,073	709,902

10. Share capital

	1-6, 2002	1-6, 2001
RMB'000	**RMB'000**	
Registered, issued and fully paid,		
at par value of RMB1 each		
208,560,000 (2000 - 208,560,000) domestic shares	208,560	208,560
40,260,000 (2000 - 40,260,000) "A" shares	40,260	40,260
39,600,000 (2000 - 39,600,000) "B" shares	39,600	39,600
	288,420	288,42

11. Related party transactions

(a) In the ordinary course of business, the amounts due from/to related companies as at the balance sheet date are disclosed as follows :

	1-6, 2002 RMB'000	**dec.31, 2001 RMB'000**
Amounts due from		
- Holding companies	-	-
- Associates	228,681	13,621
- Other related companies	37,500	81,094
	266,181	94,715
Amounts due to		
- Holding companies	-	20,156
- Associates	1,802	6,103
- Other related companies	89,145	34,172
	90,947	60,431

(b) Guarantees

As at June 31, 2001, the Group had guarantees on banking facilities granted to associates amounting to RMB1,338,344,150.

12. Pledge of assets

As at December 31, 2001, the Group had pledged its buildings with a net book value of RMB17,000,000 and 40,308,590 "A" shares of Shenzhen China Bicycle Company (Holdings) Limited and 30,00,000 "A" shares of Shenzhen Lionda Holdings Company Limited to banks to secure general banking facilities.

13. Contingent liabilities

	1-6, 2002 RMB'000	**dec.31, 2001 RMB'000**
Related companies	1,338,344	727,498
Guarantees to irrelavent companies	412,255	1,652,879
	1,750,599	2,380,377

14. Financial instruments

Financial assets of the Group include cash and bank balances, account receivables, other receivables and prepayments. Financial liabilities include bank and other loans, account payables, other payables and accrued charges.

(a) Credit risk

Cash and bank balances : Substantial amounts of the Group's cash balances are deposited with the Bank of China, China Merchants Bank, Shenzhen Development Bank and Industrial and Commercial Bank of China.

Account receivables, other receivables and prepayments : The Group does not have a significant exposure to any individual customer or counterpart. The major concentrations of credit risk arise from exposures to a substantial number of account receivables that are mainly located in the PRC.

(b) Fair value

The fair value of the financial assets and financial liabilities is not materially different from their carrying amount.

The carrying value of short-term loans is estimated to approximate its fair value based on the borrowing terms and rates of similar loans.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties on matters of significant judgement, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

15. Language

The translated English version of financial statements is for reference only. Should any disagreement arise, the Chinese version shall prevail.