Guangdong Sunrise Holdings Co., Ltd.
First Quarterly Report 2003

1. Important notes

1.1 The Board of Directors of Guangdong Sunrise Holdings Co., Ltd. (hereinafter referred to as the Company) and its members 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.
1.2 Director Mr. Peng Jihu, Mr. Luo Guohua and Mr. Tang Jianxi did not attend the Board meeting that discussed the quarterly report.
1.3 Chairman of the Board of the Company, Mr. Yang Fenbo, chief financial supervisor and general manager, Mr. Pan Shiming and person in charge of accounting organization, Yun Chunhua hereby confirm that the Financial Report of the Quarterly Report is true and complete.
1.4 The Quarter Financial Statements have not been audited.

2. Company Profile

2.1 Basic information

Short form of stock	ST Sunrise A, ST Sunrise B	Short form before change (if have)	ST Lionda A, ST Lionda B
Stock code	000030,200030		
	Secretary of Board of Directors	Representative in Charge of Securities Affairs	
Name	Ao Yingchun	Chen Liantan	
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2.2 Financial information
2.2.1 Major accounting data and financial indexes

	At the end of the report period(RMB)	At the end of the year 2002(RMB)	Increase/decrease compared with the end of the last year (%)
Total assets	222,925,833.06	203,258,077.52	9.68%
Shareholders' equity (excluding minority equity)	-1,527,191,825.99	-1,525,165,390.27	-7.04%
Net assets per share	-5.295	-5.288	-1.32%
Net assets per share after adjustment	-5.3253	-5.2897	-6.73%

	The report period(RMB)	From the year-begin to the end of report period(RMB)	Increase/decrease of the report period than the corresponding period of last year (%)
Net cash flow arising from operating activities	1,552,981.77	1,552,981.77	443.92%
Earnings per share	-0.0374	-0.0374	18.16%
Return on equity (%)	-	-	-
Return on equity after deducting non-recurring gains and losses	-	-	-

Items of non-recurring gains and losses	Amount (RMB)
Net income/expenditure of non-operating	19,808.35
Total	19,808.35

2.2.2 Statement of profit

Unit: RMB

Items	Jan. – Mar. 2003		Jan. – Mar. 2002	
	Consolidation	The Company	Consolidation	The Company
I. Income from core business	-	1,764,065.94	-	1,401,085.62
Less: Cost of core business	-	269,838.00	-	1,196,082.90
Taxes and extras of core business	-	91,620.71	-	4,624.41
II. Profit from core business	-	1,402,607.23	-	200,378.31
Add: profit from other business lines	-	-	-	1,102,072.96
Less: Operating expenses	-	1,247,718.36	-	111,180.98
Administrative expenses	2,341,906.51	4,042,299.35	2,020,289.56	3,181,998.41
Financial expenses	32.93	9,179,794.20	8,783,538.81	8,783,113.15
III. Operating profit	-2,341,939.44	-13,067,204.68	-10,803,828.37	-10,773,841.27
Add: Investment income	-	786,351.10	10,093.98	-
Subsidy income	-	-	-	-

Income from non-operating	-	10,337.33	20,000.00	21,556.59
Less: Expenditure of non-operating	30,802.59	915,129.32	1,748.24	1,748.24
IV. Total profit	-2,372,742.03	-13,185,645.67	-10,775,482.63	-10,754,032.92
Less: Income taxes	-	3,808.78	-	-
Minorities shareholders' gains and losses	-	-	-	-
Add: Unconfirmed investment losses	-	-	-	-
V. Net profit	-2,372,742.03	-13,189,454.35	-10,775,482.63	-10,754,032.92
Add: Retained profit at the year-begin	-1,362,485,917.59	-1,751,309,411.80	-2,317,794,577.86	-2,317,794,577.86
Surplus public reserve transferred in	-	-	-	-
Other transferred in	-	-	-	-
VI. Profit available for distribution	-1,364,760,763.23	-1,764,498,866.15	-2,328,570,060.49	-2,328,548,610.78
Less: Withdrawal of statutory surplus public reserve	-	-	-	-
Less: Withdrawal of statutory welfare fund	-	-	-	-
VII. Profit available for distributable to shareholder	-1,364,760,763.23	-1,764,498,866.15	-2,328,570,060.49	-2,328,548,610.78
Less: Dividend of preference share payable	-	-	-	-
Withdrawal of arbitrary surplus public reserve	-	-	-	-
Dividend of ordinary share payable	-	-	-	-

Normal share dividend transferred to share capital	-	-	-	-
Submitted profit	-	-	-	-
VIII. Retained profit	-1,364,760,763.23	-1,764,498,866.15	-2,328,570,060.49	-2,328,548,610.78

2.3 Total number of shareholders at the end of the report period is 14712.

3. Discussion and analysis of the Management

3.1 Brief analysis of total status of operating activities in the report period

The main business of the Company is property's operation and management as well as printing and the main reason is that Shenzhen Lionda Industry Trade Co., Ltd. was listed into the consolidated scope of the Company since 2003. In the report period, the Company realized RMB 1,401,805.62 income from main business, RMB 200,378.31 profit from main business, respectively decreasing by 20.56% and 85.71%. Because the short-term loan of the Company is still 0.653 billion, the financial expenditure of the Company in the report period is still 8,783,100, the Company continued loss in the first quarter of 2003 and the net profit is RMB -10,754,032.92.

3.1.1 Particulars about main industries or products taking over 10% of the total amount of income from core business or profit of core business

√Applicable □Inapplicable

Product	Income from core business	Cost of core business	Gross profit ratio (%)
Property's operation and management as well as printing	1,401,085.62	1,196,082.90	14.63

3.1.2 Seasonal and periodicity characteristics of the operation

□Applicable √Inapplicable

3.1.3 Profit formation of the report period (Explanation of reason and material change of proportion of profit of core business, profit of other business, period expense, investment income, subsidy income and income/expenditure of non-operating in the total amount of profit compared with the previous year)

√Applicable □Inapplicable

Unit: RMB

Items	Jan.-Mar.2003		In 2002		Increase/decrease(+/-)
	Amount (RMB)	Proportion in total profit	Amount (RMB)	Proportion in total profit	
Profit of core business	200,378.31	-	5,254,475.21	-	-
Profit of other business	1,102,072.96	-	5,938,792.76	-	-
Period expenses	12,076,292.54	-	252,429,452.51	-	-

Investment income	-	-	-14,757,537.75	-	-
Subsidy income	-	-	-	-	-
Net income/expenditure of non-operating	19,808.35	-	-310,491,863.43	-	-
Total profit	-10,754,032.92	-	-566,485,585.72	-	-

Notes: the main reason of significant change:

(1) The great decrease of the period expense in the report period compared with the absolute value of the average in the previous quarter is caused by the great appropriation of bad debts reserve in period expense of the previous quarter.

(2) The great decrease of net income/expenditure of non-operating in the report period compared with the absolute value of the average in the previous quarter is caused by the great estimated loss in the report period.

3.1.4 Explanation on material change of core business and its structure and the reason compared with the previous report period

√Applicable ☐Inapplicable

The main business of the Company is property's operation and management as well as printing and the main reason is: Shenzhen Lionda Property Management Co., Ltd. stated to implement relaxing of control over small ones and was not listed into the consolidated statements since 2003; While Shenzhen Lionda Industry Trade Co., Ltd. was listed into the consolidated statements since 2003 (Please read 2003-007 public notice on Securities Times and Ta Kung Pao dated Mar.29, 2003 for detail), whose main operation scope is property's operation and management as well as printing.

3.1.5 Explanation of reason and material change of profitability capability of core business (gross profit ratio) compared with the previous year

√Applicable ☐Inapplicable

Profitability capability of core business (gross profit ratio) in the report period is 14.63% but profitability capability of core business (gross profit ratio) in 2002 was 70.54%. The main reason is: Shenzhen Lionda Property Management Co., Ltd. stated to implement relaxing of control over small ones and was not listed into the consolidated statements since 2003; While Shenzhen Lionda Industry Trade Co., Ltd. was listed into the consolidated statements since 2003, whose main operation scope is property's operation and management as well as printing. While the gross profit ratio in printing industry is lower.

3.2 Analysis and explanation of significant events and the influence and solutions

√Applicable ☐Inapplicable

On Jan.6, 2003, the Company received the civil judgement of Shenzhen Intermediate People's Court, which publicly heard the case that the accuser, Industrial and Commercial Bank of China Shenzhen Branch indicted Shenzhen Guoyin Investment (Group) Co., Ltd. (hereinafter referred to as Guoyin Company) and the Company. The civil judgement said: 1.The appellee, Guoyin Company should repay RMB 17.50 million principal and interest of the loan to the accuser Industrial and Commercial Bank of China Shenzhen Branch.2.The Company should undertake joint repayment liabilities for the aforesaid liabilities of the appellee, Guoyin Company. Later, the Company received the civil judgement of Beijing 1st Intermediate People's Court, which publicly heard the case that the accuser, China Ever Bright Bank indicted the Company and Shenzhen Textile (Group) Co., Ltd.. The civil judgement said: 1.The Company should repay RMB 14 million and interest of the loan to China Ever Bright Bank.2.The appellee, Shenzhen Textile (Group) Co., Ltd. should undertake joint repayment liabilities of the aforesaid debts of the Company.

Because of RMB 980,000 overdue loan of Shenzhen Lionda Development Co., Ltd. from Shenzhen Development Bank Luohu Sub-branch in Oct.2000 and the guarantee the Company provided for this loan, Shenzhen Development Bank Luohu Sub-branch indicted the Company and Shenzhen Lionda Development Co., Ltd. to Shenzhen Luohu Court in Jan.2003.

Because of RMB 3,600,000 overdue loan of the Company from Industrial and Commercial Bank of China Shenzhen Futian Sub-branch in Apr.1999 and the guarantee Shenzhen Jinbeisheng Investment Co., Ltd. provided for this loan, Industrial and Commercial Bank of China Shenzhen Futian Sub-branch indicted the Company and Shenzhen Jinbeisheng Investment Co., Ltd. to Shenzhen Futian Court in Jan.2003.

Because of RMB 5,430,000 overdue loan of the Company from Industrial and Commercial Bank of China Shenzhen Futian Sub-branch in Dec.1998 and the guarantee Shenzhen Jinbeisheng Investment Co., Ltd. provided for this loan, Industrial and Commercial Bank of China Shenzhen Futian Sub-branch indicted the Company and Shenzhen Jinbeisheng Investment Co., Ltd. to Shenzhen Intermediate People's Court in Jan.2003.

Because of RMB 22 million overdue loan of the Company from Industrial and Commercial Bank of China Shenzhen Futian Sub-branch in Dec.1998 (divided three loans: RMB 8 million, RMB 6 million and RMB 6 million) and the guarantee Shenzhen Petrochemical Group Co., Ltd. provided for the three loans, Industrial and Commercial Bank of China Shenzhen Futian Sub-branch indicted the Company and Shenzhen Petrochemical Group Co., Ltd. to Shenzhen Intermediate People's Court in Jan.2003.

Because of USD 2 million overdue loan of the Company from Industrial and Commercial Bank of China Shenzhen Futian Sub-branch in Dec.1998 and the guarantee Shenzhen Yinkun Light Textiles Chemical Co., Ltd. provided for this loan, Industrial and Commercial Bank of China Shenzhen Futian Sub-branch indicted the Company and Shenzhen Yinkun Light Textiles Chemical Co., Ltd. to Shenzhen Intermediate People's Court in Jan.2003.

Because of RMB 19 million overdue loan of the Company from Industrial and Commercial Bank of China Shendong Sub-branch in Aug.1999 and the guarantee Shenzhen Lionda Material Import and Export Co., Ltd. provided for this loan, Industrial and Commercial Bank of China Shendong Sub-branch indicted the Company and Shenzhen Lionda Material Import and Export Co., Ltd. to Shenzhen Intermediate People's Court in Jan.2003.

In Dec.1996, the Company loaned USD 1.7 million from Shenzhen Development

Bank Futian Sub-branch. In Nov.2001, the Company got new loan with the term of 6 months from Shenzhen Development Bank Futian Sub-branch to repay the old loan against the aforesaid loan and Shenzhen Petrochemical Group Co., Ltd. provided guarantee for this loan. The loan was overdue since May 13, 2002 to now. So, Shenzhen Development Bank Futian Sub-branch indicted the Company and Shenzhen Petrochemical Group Co., Ltd. to Shenzhen Intermediate People's Court in Feb.2003.

On March 7, 2003, the Company received the civil judgement of Shenzhen Luohu People's Court which publicly heard the case that the accuser, Shenzhen Development Bank Luohu Sub-branch indicted Shenzhen Lionda Development Co., Ltd. and the Company. The civil judgement said: 1. Shenzhen Lionda Development Co., Ltd. should repay RMB 0.98 million principal and interest of loan to Shenzhen Development Bank Luohu Sub-branch.2.The Company should undertake joint repayment liabilities for the aforesaid debts.

The Company held the meeting of the Board of Directors on March 3, 2003 and all directors examined and approved the following resolutions: engaging Mr. Pan Shiming as General Manager of the Company, Mr. Yang Fenbo did not take post of general manager: engaging Mr. Ao Yingchun as secretary of the Board of Directors, Mr. Pan Shiming did not take part-time post of secretary of the Board of Directors, relieving the position of vice general manager of Mr. Jiang Dingshan.

The Company held the meeting of the Board of Directors on March 26, 2003 through communication and all directors examined, voted and congruously agreed: because the Company held 32% equity of Shenzhen Lionda Industry Trade Co., Ltd. (hereinafter referred to as Industry Trade Company), Labor Union Committee of Shenzhen Lionda Industry Trade Co., Ltd. entrusted the Company to manage 20% equity of Shenzhen Lionda Industry Trade Co., Ltd. by the means of equity trusteeship. In the period of trusteeship, the Company executed operation right and voting right of the aforesaid 20% equity and implemented the corresponding liabilities. Thus the equity held and kept as trusteeship by the Company reached 52% and the Company accredited four directors as the directors of Industry Trade Company, taking four fifth of the total number of the Board of directors. The Company held actual share-controlling right of Industry Trade Company. According to relevant regulations on consolidated accounting statements in enterprise accounting system, since 2003, Industry Trade Company was listed into the consolidated statements. The event has some influence on the main business and structure as well as profitability ability of main business (gross-profit ratio) of the Company.

The probable influence of lawsuit events on the financial status of the Company: The lawsuits caused the assets and equity of the Company have been sealed up and frozen by the court and even the partial assets and equity of the Company have been forced to implement the sales to refund the debts, which made the financial indexes of net assets and total assets etc. of the Company decline.

3.3 Particulars about accounting policies, accounting estimation, change of consolidated scope and significant accounting errors and explanation of reasons

√Applicable ☐Inapplicable

In the report period, the consolidated scope of the accounting statements of the Company changed by a certain margin. Shenzhen Lionda Property Management Co., Ltd. started to implement "Relaxing Control" from the beginning of year 2003 and was not listed into the scope of consolidated statements while Shenzhen Lionda Industrial and Trade Co., Ltd. was listed into the scope of consolidated statements of the Company from the year of 2003 (for the reasons, please refer to the public notice of the Board of Directors 2003-007 published on Securities Times and Hong Kong Ta Kung Pao dated Mar.29, 2003 by the Company).

3.4 Relevant explanation of the Board of Directors and the Supervisory Committee under the situation of being audited and provided "Non-standardized opinion"
√Applicable □Inapplicable
During auditing the financial report of the Company in 2002, K.C. Oh & Company Certified Public Accountants considered that the refunding pressure of the Company's short-term liabilities was comparatively large and there were large quantities of guarantee liabilities being suited, which would directly impact on the sustainable operation of the Company if they could not be removed in a short time. Thus, K.C. Oh & Company Certified Public Accountants provided Auditors' Report with objection of expressing opinion. For this matter, the Board of Directors and the Supervisory Committee of the Company thought that though facing relatively large refunding pressure of short-term liabilities, the Company still could manage to raise the running funds necessary for the normal production and operation and still had the capability of sustainable operation. In the first quarter of the year of 2003, the Company fundamentally maintained the normal operation of the Company through ways of clearing the arrearage etc. to liquidize the assets.

3.5 Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason
√Applicable □Inapplicable
The financial status of the Company experienced no great change in the first and second quarter of the year of 2003, while the financial expense still was very large, thus it was estimated that the interim financial report of 2003 still would incur a loss.

3.6 Rolling adjustment of annual business plan or budget ever disclosed
□Applicable √Inapplicable

Board of Directors of
Guangdong Sunrise Holdings Co., Ltd.

Chairman of the Board: Yang Fenbo

Apr.30, 2003