Guangdong Sunrise Holdings Co., Ltd.
The Third Quarterly Report for 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 All directors attended the Board meeting by means of communication, in which the quarterly report was discussed.

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	366,684,514.93	203,258,077.52	80.40%
Shareholders' equity (excluding minority interests)	-1,534,934,776.26	-1,525,165,390.27	-0.64%
Net assets per share	-5.322	-5.288	-0.64%
Net assets per share after adjustment	-5.585	-5.289	-5.60%

	The report period (RMB) (Jul.-Sep.)	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	-8,369,331.41	-10,280,504.12	-
Earnings per share	-0.023	-0.019	
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	-805,092.79
Total	-805,092.79

2.2.2 Statement of profit

Unit: RMB

Items	Jan. – Sep. 2002		Jan. – Sep. 2003	
	The Company	Consolidation	The Company	Consolidation
I. Income from core business	-	7,926,645.17	-	35,581,649.11
Less: Cost of core business	-	5,531,474.83	-	25,035,275.95
Taxes and extras of core business	-	266,268.75	-	229,632.35
II. Profit from core business	-	2,128,901.59	-	10,316,740.81
Add: profit from other business lines	3,664,543.06	3,541,735.04	-	621,787.92
Less: Operating expenses	-	3,627,862.39	-	1,866,775.86
Administrative expenses	58,703,189.46	61,175,478.80	5,472,253.19	12,081,645.50
Financial expenses	28,734,047.42	28,971,275.37	22,958,773.30	23,723,010.53
III. Operating profit	-83,772,693.82	-88,103,979.93	-28,431,026.49	-26,732,903.16
Add: Investment income	37,538,791.37	42,731,797.52	23,175,440.98	22,294,515.62
Subsidy income	-	-	-	-
Income from on-operating	-	48,407.41	20,139.00	1,827,363.06
Less: Expenditure of non-operating	215,456,862.48	216,348,173.98	243,748.24	2,632,455.85
IV. Total profit	-261,690,764.93	-261,671,948.98	-5,479,194.75	-5,243,480.33
Less: Income taxes	-	18,815.95	-	121,601.90

Minorities shareholders' gains and losses	-	-	-	114,112.52
Add: Unconfirmed investment losses	-	-	-	-
V. Net profit	-261,690,764.93	-261,690,764.93	-5,479,194.75	-5,479,194.75
Add: Retained profit at the year-begin	-1,751,309,411.80	-1,751,309,411.80	-2,317,794,577.86	-2,317,794,577.86
Surplus public reserve transferred in	-	-	-	-
Other transferred in	-	-	-	-174,968.08
VI. Profit available for distribution	-2,013,000,176.73	-2,013,000,176.73	-2,323,273,772.61	-2,323,448,740.69
Less: Withdrawal of statutory surplus public reserve	-	-	-	220,992.23
Less: Withdrawal of statutory welfare fund	-	-	-	220,992.23
VII. Profit available for distributable to shareholder	-2,013,000,176.73	-2,013,000,176.735	-2,323,273,772.61	-2,323,890,725.15
Less: Dividend of preference share payable	-	-	-	-
Withdrawal of arbitrary surplus public reserve	-	-	-	441,984.45
Dividend of ordinary share payable	-	-	-	-
Normal share dividend transferred to share capital	-	-	-	-
Submitted profit	-	-	-	-
VIII. Retained profit	-2,013,000,176.73	-2,013,000,176.73	-2,323,273,772.61	-2,324,332,709.60

2.3 Total number of shareholders at the end of the report period is 12117.

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. and Shenzhen Jianian Industrial Co., Ltd. were listed into the consolidated scope of the Company. In the report period, the Company realized RMB 35,581,649.11 income from main business, RMB 10,316,740.81 profit from main business, were increased by a big margin respectively compared with the same period of last year and the main reason is that Shenzhen Jianian Industrial Co., Ltd. was listed into the consolidated scope of the Company since July 1, 2003 and the main businesses of the Company further extruded. But because the short-term loan of the Company is still RMB 0.604 billion, the financial expenditure of the Company in the report period is still RMB 23,723,010, adding RMB 12,081,645 management expense and RMB 1,866,775 operation expense, the Company continued loss in the third quarter of 2003 and the net profit is RMB -5,479,194.75.

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 or industry	Income from core business (RMB)	Cost of core business (RMB)	Gross profit ratio (%)
Printing business or printing products	29,384,980.43	23,099,722.45	21.39%
Property's operation and management as well as printing	6,196,668.68	1,935,553.50	68.77%

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	Jul.-Sep.2003		Jan.-Jun.2003		Increase/decrease
	Amount (RMB)	Proportion in total profit	Amount (RMB)	Proportion in total profit	(+/-)
Profit of core business	7,516,428.43	-	2,800,312.38	-	-
Profit of other business	621,787.92	-	-	-	-
Period expenses	14,889,899.19	-	22,781,532.70	-	-
Investment income	866,323.47	-	21,428,192.15	-	-
Subsidy income	-	-	-	-	-
Net income/expenditure of non-operating	-474,515.14	-	-330,577.65	-	-
Total profit	-6,359,874.51	-	-566,485,585.72	-	-

Notes: the main reason of significant change:

(1) The great increase of profit of core business in the report period compared with the former two quarters and the increase of profit of other business are caused by of Shenzhen Jianian Industrial Co., Ltd.'s listing into the consolidation scope of the Company since July 1, 2003.

(2) The increase of period expenses in the report period compared with the average of the former two quarters is caused by Shenzhen Jianian Industrial Co., Ltd.'s listing into the consolidation scope of the Company and the increase of management

expenses and operation expenses.

(3) The decrease of investment income in the report period compared with the last report period is caused by some investment income from the sale of three equities including Jinwei, Yinzhu and Shenri Youmo by court in the second quarter of 2003.

(4) The loss of total profit in the report period compared with the last report period is caused by the large period expense 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 unchanged compared with the last report period but the income from core business and profit of core business increased in a large scope. The main reason is that Shenzhen Jianian Industrial Co., Ltd. was listed into the consolidation scope of the Company since July 1, 2003 (please refer to public notice of the Board of Directors with No. 2003-022 published on Securities Times and Ta Kung Pao dated July 30, 2003) and its main business of the Company 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

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

√Applicable ☐Inapplicable

The Company held the meeting of the Board of Directors by communication on July 29, 2003 and all directors examined, voted and agreed that because the Company held 26.54% equity of Shenzhen Jianian Industrial Co., Ltd. (hereinafter referred to as Jianian Company) and is the biggest shareholder, Shenzhen Lionda Industry Trade Co., Ltd. entrusted the Company to manage 19.03% equity of Jianian Company by means of equity trusteeship. In the period of trusteeship, the Company executed operation right and voting right of the aforesaid 19.03% equity and implemented the corresponding liabilities. Thus the equity held and kept as trusteeship by the Company reached 45.57% and the Company accredited five directors as the directors of Jianian Company, taking five ninth of the total number of the Board of directors. The Company held actual share-controlling right of Jianian Company. According to relevant regulations on consolidated accounting statements in enterprise accounting system, since July 1, 2003, Jianian Company was listed into the consolidated statements of the Company. The event caused income from core business and profit of core business in the report period increased in a large scope compared with the same period of last year and the main business of the Company further extruded.

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 Jianian Industrial Co., Ltd. was listed into the consolidation scope of the Company since July 1, 2003 (please refer to public notice of the Board of Directors with No. 2003-022 published on Securities Times and Ta Kung Pao dated July 30, 2003).

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, Shenzhen Dahua Tiancheng 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, Shenzhen Dahua Tiancheng Certified Public Accountants produced Auditors' Report with reserved 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 third quarter of the year of 2003, the Company fundamentally maintained the normal operation of the Company through liquidizing 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

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
Oct. 25, 2003