Guangdong Sunrise Holdings Co., Ltd.
First Quarterly Report 2004

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 The Quarterly report was examined and approved at 11th meeting of 4th Board (by communication). Director Zhuang Weidong entrusted Director Mr. Ao Yingchun to vote on his behalf. Director Liu Chuan and Independent director Guo Shiping，Wu Zhaolin didn't vote.

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
Contact address	3/F of Dongxing Bldg., No. 76, Lixin Road, Luohu District, Shenzhen		3/F of Dongxing Bldg., No. 76, Lixin Road, Luohu District, Shenzhen
Tel	(0755) 82179136		(0755) 82237967
Fax	(0755) 82222300		(0755) 82222300
E-mail	lionda@mailcenter.com.cn		lionda@mailcenter.com.cn

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 previous year (RMB)	Increase/decrease compared with the end of the last year (%)
Total assets	376,348,976.14	378,293,188.86	-0.01%
Shareholders' equity (excluding minority equity)	-1,552,740,803.91	-1,544,474,179.38	-0.53%

Net assets per share	-5.3836	-5.3549	-0.53%
Net assets per share after adjustment	-5.6366	-5.6173	-0.34%
	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	-3,946,344.98	-3,946,344.98	-354.11%
Earnings per share	-0.0296	-0.0296	20.86%
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	377,796.34
Total	377,796.34

2.2.2 Statement of profit

Unit: RMB

Items	Jan. – Mar. 2003		Jan. – Mar. 2004	
	Consolidation	The Company	Consolidation	The Company
I. Income from core business		---	29,480,868.49	---
Less: Cost of core business		---	27,841,092.84	---
Taxes and extras of core business		---	119,437.28	---
II. Profit from core business		---	1,520,338.37	---
Add: profit from other business lines		---	1,356,245.89	---
Less: Operating expenses		---	1,847,422.91	---
Administrative expenses	3,181,998.41	2,020,289.56	2,855,007.13	882,467.65
Financial expenses		8,783,538.81	8,344,092.76	7,684,262.31

III. Operating profit		-10,803,828.37		-8,566,729.96
Add: Investment income	---	10,093.98	---	-361,275.18
Subsidy income		---	---	---
Income from non-operating		20,000.00	384,726.34	384,725.34
Less: Expenditure of non-operating		1,748.24	6,930.00	350.00
IV. Total profit		-10,775,482.63	-9,792,142.20	-8,543,629.80
Less: Income taxes		---	---	---
Minorities shareholders' gains and losses		---	-1,248,512.40	---
V. Net profit		-10,775,482.63	-8,543,629.80	-8,543,629.80
Add: Retained profit at the year-begin		-2,317,794,577.86	-2,338,700,617.94	-2,337,641,680.95
Other transferred in	---	---	---	---
VI. Profit available for distribution	-2,328,548,610.78	-2,328,570,060.49	-2,347,244,247.74	-2,346,185,310.75
Less: Withdrawal of statutory surplus public reserve	---	---	65,656.26	---
Less: Withdrawal of statutory welfare fund	---	---	65,656.26	---
VII. Profit available for distributable to shareholder	-2,328,548,610.78	-2,328,570,060.49	-2,347,244,247.74	-2,346,185,310.75

Less: Withdrawal of arbitrary surplus public reserve	---	-	---	---
VIII. Retained profit	-2,328,548,610.78	-2,328,570,060.49	-2,347,244,247.74	-2,346,185,310.75

2.3 Total number of shareholders at the end of the report period is17297.

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 packaging. In the report period, the Company realized RMB 29,480,868.49 income from main business, RMB 1,520,338.37 profit from main business. Due to different consolidation scope compared with the same period of the previous year, in the report period, the income from main business and profit from main business rose by a big margin, increasing RMB28, 079,782.87 and RMB1, 319,960.06 respectively. Because the short-term loan of the Company is still RMB 639 mil, the financial expenditure of the Company in the report period is still RMB8.3441 mil, the Company continued loss in the first quarter of 2004 and the net profit is RMB-8, 543,629.80.

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 (RMB)	Cost of core business (RMB)	Gross profit ratio (%)
Printing and packaging	25,076,397.49	24,875,525.50	0.80%
Property operation and management	4,404,471.00	2,965,567.34	32.67%
Total	29,480,868.49	27,841,092.84	5.56%

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

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

√Applicable □Inapplicable

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 plaintiff, Shenzhen Branch of China Oriental Assets Management Company (Shenzhen branch of BOC transferred the creditor's rights to the plaintiff) provided Shenzhen Taiyang PCCP Co., Ltd. the principal loan amounting to USD3.15 mil, and the Company held joint guarantee responsibility for the loan. Because the loan was not paid past due, Shenzhen Branch of China Oriental Assets Management Company indicted the company and Shenzhen Taiying PCCP Co., Ltd. to Shenzhen Intermediate People's Court. On Feb.9, 2004, Shenzhen Intermediate People's Court held the court and heard the case. About the lawsuit, the Company withdrew the estimated debt, which didn't affect the income. (See the details, Please refer to the Public Notice 2004-002 on the Board of the Company published in Securities Times and Hong Kong Ta Kung Pao dated Jan. 7, 2004)

According to Information about Shares Held by Shareholders Statement provided by Shenzhen branch of China Secuirites Register and Clearing Co., Ltd. on Jan. 5, 2004, the First Principal Shareholder changed from Shenzhen Investment Holdings Co., Ltd into Shenzhen Lionda Group Corporation. Now, Shenzhen Lionda Group Corporation holds 191.4 mil state-owned shares of the Company, taking 66.36% of the total share equity. Up to now, the procedures of administration transferring state-owned share equity of the first principal shareholder were accomplished. (See the details, Please refer to the Public Notice 2004-001 on the Board of the Company published in Securities Times and Hong Kong Ta Kung Pao dated Jan. 7, 2004)

On Jan. 14, 2004, the Company held 2004 1st Provisional Shareholders' General Meeting at the 6/F meeting room of the Company. Chairman of the Board Mr. Yang Fenbo presided the meeting. The following proposals were examined and approved by the meeting in voting: (See the details, Please refer to the Public Notice 2004-003 on the Board of the Company published in Securities Times and Hong Kong Ta Kung Pao dated Jan. 15, 2004)

1.Amendment of the Articles of the Association;

2.Proposal on changing Directors: (1) Mr. Rao Jiangshan resigned the post of Director; (2) Mr. Tang Jinxi resigned the post of Director; (3) Mr. Fan Song was supplemented as Director of the Company;

3.Examined the Proposal on Supplementing the Independent Director: Mr. Banwu was supplemented as the Independent Director;

4. Examined Proposal on changing supervisors: (1) Mr. Wang Hangjun resigned the post of Director; (2) Ms. Ji Tielan resigned the post of Director; (3) Mr. Chen Yunlai was approved and nominated as Supervisor of the Company;

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

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

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 unqualified Auditors' Report with emphasized matters. For this matter, the Board of Directors of the Company thought that though facing relatively large refunding pressure of short-term liabilities, the Company strengthened to clear arrearage to liquidize the assets and could manage to raise the running funds necessary for the normal production and operation. Simultaneously, the Company propelled the debt reorganization and implemented debt reorganization in line with commercial principles. In addition, the Company held 26.54% of Shenzhen Goodyear Industry Co., Ltd. as the first Principal Shareholder and the Second Principal shareholder entrusted 19.03% of Shenzhen Goodyear Industry Co., Ltd. to the Company for management, thus the Company possessed actual control on Shenzhen Goodyear Industry Co., Ltd.; the Company held 32% of Shenzhen Lionda Industry&Trade Co., Ltd. as the first Principal Shareholder and another shareholder entrusted 20% of Shenzhen Lionda Industry&Trade Co., Ltd. to the Company for management, thus the Company possessed actual control on Shenzhen Lionda Industry&Trade Co., Ltd.. The above two companies possessed certain profitability. In conclusion, the Company possessed sustained operation ability.

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

Apr. 23, 2004