GUANGDONG SUNRISE HOLDINGS CO., LTD.

SUMMARY OF SEMI-ANNUAL REPORT 2004

§1. Important Notice

1.1 Board of Directors of Guangdong Sunrise Holdings Co., Ltd. (hereinafter referred to as the Company) 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.
The summary of semi-annual report 2004 is abstracted from the semi-annual report; and full text of the semi-annual report is published on the Internet website http://www.cninfo.com.cn in the mean time. The investors are suggested to read the full text of semi-annual report to understand more details.
1.2 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or has objection for this report.
1.3 10 directors of the Company attended the Board meeting, in which the Semi-annual Report 2004 was examined. Independent Director Mr. Guo Shiping entrusted Independent Director Mr. Ma Hong to attend on his behalf.
1.4 The semi-annual financial report of the Company has not been audited.
1.5 Chairman of the Board of the Company Mr. Yang Fenbo, Person in charge of Financial Affairs and concurrently General Manager Mr. Pan Shiming, Person in charge of Accounting Dept. Yun Chunhua hereby confirm that the Financial Report of the Semi-annual Report is true and complete.

§ 2. Company Profile

2.1 Basic information

Short form of the stock	ST Sunrise-A, ST Sunrise-B	
Stock code	000030, 200030	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Securities Affairs Representative
Name	Ao Yingchun	Chen Liantan
Contact address	Secretariat of the Board, on 3/F of Dongxing Bldg., No. 76, Lixin Road, Luohu District, Shenzhen	Secretariat of the Board, on 3/F of Dongxing Bldg., No. 76, Lixin Road, Luohu District, Shenzhen
Tel.	(86) 755 82179136	(86) 755 82237967
Fax	(86) 755 82222300	(86) 755 82222300
E-mail	lionda@mailcenter.com.cn	lionda@mailcenter.com.cn

2.2. Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

	At the end of	At the	Increase/decrease at the end of

	report period	period-end of last year	this report period compared with the year-begin (%)
Current assets	226,864,847.77	223,555,496.02	1.48%
Current liabilities	1,864,392,985.45	1,847,089,950.79	0.94%
Total assets	379,219,135.51	378,293,188.86	0.24%
Shareholders' equity (excluding minority interest)	-1,560,210,441.87	-1,544,474,179.38	-
Net assets per share	-5.41	-5.35	-
Net assets per share after adjustment	-5.67	-5.62	-
Items	**In this report period (Jan. to Jun. 2004)**	**The same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	-16,048,611.62	1,022,557.76	-1669.46%
Net profit after deducting non-recurring gains and losses	-16,687,676.97	-20,075,056.74	-
Earnings per share	-0.06	0.00	-1688.57%
Earnings per share (It will be calculated based on new share capital if share capital is changed)	-0.06	—	—
Return on equity (%)	-	-	-
Net cash flow arising from operating activities	-2,166,310.32	-1,911,172.71	-

2.2.2 Items of non-recurring gains and losses

√Applicable ☐Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount
Liquidation income	302,775.17
Net non-operating income/expenses	336,290.18
Total	639,065.35

2.2.3 Differences between CAS and IAS:

√Applicable ☐Inapplicable

Unit: RMB'0000

	CAS	IAS
Net profit	-1,604.86	-1,604.86

Explanation on difference	Items	Net assets (RMB'000)	Net profit (RMB'000)
	I. As per IAS	(1,560,192)	(16,049)
	1. Switching back of prepaid expenses	174	---
	2. Adjustment of sales of minority interests of affiliated companies	---	---
	3. Adjustment of declared cash dividend	---	---
	4. Price differential of unrealized trade	---	---
	5. Correcting former error of equity of associated companies	---	---
	6. Housing reserve fund	(192)	---
	II. As per Accounting System of Enterprise Business	(1,560,210)	(16,049)

§3. Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

☐Applicable √Inapplicable

3.2 Particulars about shares held by the top ten shareholders

Unit: share

Total shareholders at the end of report period	18,039					
Particulars about shares held by the top ten shareholders						
Full name of shareholders	**Increase / decrease in this report period**	**Shares held at the end of the report period**	**Proportion (%)**	**Type of shares (circulating or non-circulating)**	**Number of share pledged or frozen**	**Nature of shareholders (state-owned shareholder or foreign shareholder)**
SHENZHEN LIONDA GROUP CO., LTD.	0	191,400,000	66.36	Non-circulating	0	Sponsor legal person share
SHENZHEN COLORED METAL FINANCIAL CO. LTD.	0	5,280,000	1.83	Non-circulating	Unknown	Domestic directional legal person share
SHENZHEN INTERNATIONAL TRUST & INVESTMENT CO.	0	5,280,000	1.83	Non-circulating	Unknown	Domestic directional legal person share
SHENZHEN HUACHENGDA INVESTMENT HOLDING CO., LTD.	0	3,960,000	1.37	Non-circulating	Unknown	Domestic directional legal person share
CHINA EVERBRIGHT HOLDINGS CO.LTD	-614,491	3,239,035	1.12	Circulating	Unknown	B-share
SHENZHEN GUOYIN INVESTMENT DEVELOPMENT CO., LTD.	0	2,640,000	0.92	Non-circulating	2,640,000	Domestic directional legal person share
SHAO WEI JI	Unknown	663,100	0.23	Circulating	Unknown	B-share
WU CHING	143,061	534,922	0.19	Circulating	Unknown	B-share
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	Unknown	382,300	0.13	Circulating	Unknown	A-share
WEI JING HUI	Unknown	274,000	0.10	Circulating	Unknown	A-share

Particulars about shares held by the top ten shareholders of circulation share

Shareholder's name (full name)	**Circulation share held at the period-end**	**Type (A-share, B-share, H-share or others)**
CHINA EVERBRIGHT HOLDINGS CO.LTD	3,239,035	B-share
SHAO WEI JI	663,100	B-share
WU CHING	534,922	B-share
LIUZHOU JILI REAL ESTATE DEVELOPMENT CO., LTD.	382,300	A-share
WEI JING HUI	274,000	A-share
DENG SHAO PING	258,100	B-share
LIN HONG BO	246,400	B-share
CHINA PINGAN INSURANCE（HK）CO.LTD	221,020	B-share
CAI JIN SI	220,500	B-share
WANG DENG SANI	209,720	B-share

Explanation on associated relationship among the top ten shareholders	Among the aforesaid shareholders, the Company is unknown whether there exists associated relationship or they belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.	
Explanation on the appointed	Shareholders' name	Appointed period of holding share

period of holding shares which strategic investor or general legal person participates in the allotment of new shares	Naught	Naught
	Naught	Naught

3.3 Particulars about change in controlling shareholder and actual controller of the Company

√Applicable ☐Inapplicable

Name of new controlling shareholder	Shenzhen Lionda Group Co., Ltd.
Name of new actual controller	Shenzhen Lionda Group Co., Ltd.
Date of change	Jan. 5, 2004
Publication date and newspapers	Securities Times and Ta Kung Pao dated Jan. 7, 2004

§4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes in shares held by directors, supervisors and senior executives

☐Applicable √Inapplicable

§5. Discussion and Analysis of the Management

5.1 Statement of main operations classified according to industries

Unit: RMB'0000

Industries	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Print	6,180.23	5,843.16	5.45	2,534.66	3,184.52	-77.44
Other industries	582.68	208.71	64.18	132.01	1,443.71	-32.17
Including: related transactions	0.00	0.00	-			

Products	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Presswork	6,180.23	5,843.16	5.45	2,534.66	3,184.52	-77.44
Property operation and management	582.68	208.71	64.18	132.01	1,443.71	-32.17
Including:	0.00	0.00	-			

related transactions						
Pricing rules for related transactions	Naught					

Including: total amount of related transactions that the listed company sold products to its controlling shareholder and subsidiaries was RMB 0.00 in the report period.

5.2 Particulars about main operations classified according to areas

Unit: RMB’0000

Areas	Income from main operations	Increase/decrease in income from main operations over the same period of last year (%)
Export	1,353.89	-
Guangdong	3,975.66	718.51
Others	1,433.36	-

5.3 Other operations affecting material influence on net profit

☐Applicable √Inapplicable

5.4 Operation of share-holding companies (applicable to the situation where investment earnings takes over 10% of its net profit)

☐Applicable √Inapplicable

5.5 Explanation on reasons of material changes in main operations and its structure

☐Applicable √Inapplicable

5.6 Explanation on reasons of material changes in profitability capability of main operations (gross profit ratio) than that in the last year

√Applicable ☐Inapplicable

The competitive advantages of main enterprises in the consolidated statements were not obvious due to intensified competition in the market, thus gross profit ratio of main operations of the Company decreased.

5.7 Analysis to reasons of material changes in profit structure compared with the previous year

☐Applicable √Inapplicable

5.8 Application of the raised proceeds

5.8.1 Use of the raised proceeds

☐Applicable √Inapplicable

5.8.2 Particulars about the changed projects

☐Applicable √Inapplicable

5.9 Plan of the Board on amending the business plan in the second half of the year

□Applicable √Inapplicable

5.10 Estimation on 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 on reason

√Applicable □Inapplicable

Since the Company's short-form loans was still relatively high and its financial expense was relatively great, it was expected that the Company would be in losses continuously in the 3rd quarter of the year.

5.11 Explanation of the Management on "Qualified Opinion" from the Certified Public Accountants in the report period

□Applicable √Inapplicable

5.12 Explanation of the Management on changes and disposal of the issues involved in "Qualified Opinion" from the Certified Public Accountants in the last year

√Applicable □Inapplicable

Since Shenzhen Dahua Tiancheng Certified Public Accountants believed that the Company had big repaying oppression on short-term debts and had many prosecuted guarantee debts that would effect the persistent operation of the Company directly, it provided Auditors' Report with emphatic events for the Company. As to this, Board of Directors of the Company believe that though there be relative large repaying oppression on short-term debts, the Company still could raise operating capital for need of normal production and operation since the Company has enlarged the reinforcement on arrearages clearing and liquidization and has made a certain progress. Meanwhile, the Company would actively push the liability restructure and strived for implementing liabilities restructure according to commercial principles. Besides, the Company held 26.54% equity of Shenzhen Jianian Industrial Co., Ltd. (hereinafter referred to as Jianian Company), as the firstly largest shareholder of Jianian Company, whose second largest shareholder entrusted its 19.03% equity to the Company for management since July 1, 2003. Thus, the Company had factual control right to Jianian Company. The Company held 32% equity of Shenzhen Lionda Industrial and Commercial Co., Ltd., whose another shareholder entrusted its 20% equity to the Company for management since year 2003. Therefore, the Company had factual control right to Shenzhen Lionda Industrial and Commercial Co., Ltd.. The said two companies both had a certain profitability capability. In short, the Company had capability in sustainable operation.

§6. Significant Events

6.1 Acquisition and sales of assets and assets restructure

6.1.1 Assets acquired

□Applicable √Inapplicable

6.1.2 Assets sold

□Applicable √Inapplicable

6.1.3 Progress of these events and its influence on the operating results and financial status in the report period after the report on assets restructure or public notice on acquisition and sales of assets being published

□Applicable √Inapplicable

6.2 Guarantees

√Applicable □Inapplicable

Unit: RMB'0000

Name of objects guaranteed	Date of happening (date of agreement signing)	Amount of guarantee	Type of guarantee	Term of guarantee	Finish implementation or not	Guarantee for related parties or not (yes or no)
Shenzhen Lionda Free Trade Co., Ltd.	May 30, 2000	850.00	Joint liabilities guarantee	May 30. 2000-May 30, 2001	No	Yes
Shenzhen Tayang PCCP Co., Ltd.	Dec. 30, 1993	4,335.00	Joint liabilities guarantee	Dec. 30, 1993-Dec. 30, 1998	No	Yes
Shenzhen Gaokeda Electronic Co., Ltd.	Mar. 10, 1994	50.00	Joint liabilities guarantee	Mar. 10, 1994-Mar. 10, 1995	No	Yes
Shenzhen Yuda Import&Export Co., Ltd.	Jul. 8, 1998	480.00	Joint liabilities guarantee	Jul. 8, 1998-Jan. 25, 2000	No	Yes
Shenzhen China Bicycle Holdings Co., Ltd.	Dec. 19, 1995	31,678.00	Joint liabilities guarantee	Dec. 19, 1995-Nov. 25, 1998	No	Yes
Yue Shen Light Industry Trade Company	Dec. 30, 1993	900.00	Joint liabilities guarantee	Dec.30, 1993-Jun. 22, 1996	No	Yes
Guangzhou Xufeng Enterprise Group Co., Ltd.	May 2, 1995	1,500.00	Joint liabilities guarantee	May 2, 1996-May 2, 1996	No	No
Shenzhen Jingbeisheng Investment Co., Ltd.	Jun. 22, 1995	7,760.00	Joint liabilities guarantee	Jun. 22, 1995-Jun. 22, 1996	No	No
Shenzhen Guoying Investment Group Co., Ltd.	Dec. 13, 1995	4,030.00	Joint liabilities guarantee	Dec. 13, 1995-Jan. 28, 2001	No	Yes
Shenzhen Paina Costume Co., Ltd.	Apr. 30, 1998	130.00	Joint liabilities guarantee	Apr. 30, 1998-Jan. 30, 1999	No	No
Shenzhen Jintian Industrial Group Co., Ltd.	Jun. 30, 1997	2,675.00	Joint liabilities guarantee	Jun. 30, 1997-Dec. 31, 1999	No	No
Shenzhen Zhongwu Resources Import-Export Co., Ltd.	Apr. 30, 1997	1,679.00	Joint liabilities guarantee	Apr. 30, 1997-Apr. 30, 1999	No	No
Shenzhen Guangyingda Industrial Development Company	Sep. 25, 1995	8,641.47	Joint liabilities guarantee	Sep. 25, 1995-Jan. 31, 1999	No	Yes
Shenzhen Ligang Industrial Company	Aug. 15, 1996	723.38	Joint liabilities guarantee	Aug. 15, 1996-Aug. 15, 1997	No	No
Shenzhen Maoyuan Investment Development Co., Ltd.	Jan. 30, 1995	856.00	Joint liabilities guarantee	Jan. 30, 1995-Jan. 30, 1996	No	No
Shenzhen Xingda	May 1, 1996	190.00	Joint	May 1, 1996-May	No	No

Insutry&Trade Co., Ltd.			liabilities guarantee	1, 1998		
Shenzhen Huasu Co., Ltd.	Mar. 5, 1997	1, 500.00	Joint liabilities guarantee	Mar. 5, 1997-Mar. 5, 1998	No	No
Shenzhen Jinhai Electronic Co., Ltd.	Apr. 7, 1996	350.00	Joint liabilities guarantee	Apr. 7, 1996-Apr. 7, 1997	No	No
Shenzhen Guanghualin Investment Co., Ltd.	May 23, 1996	1,320.00	Joint liabilities guarantee	May 23, 1996-May 23, 1997	No	No
Shenzhen Tiantai Chemical Co., Ltd.	Jun. 20, 1995	166.00	Joint liabilities guarantee	Jun. 20, 1995-Jun. 20, 1996	No	No
Shenzhen Construction Materials Group	Mar. 1, 1998	80.00	Joint liabilities guarantee	Mar. 1, 1998-Mar. 1, 1999	No	No
Shenzhen Jingyuan Industry &trade Co., Ltd.	Apr. 30, 1997	80.00	Joint liabilities guarantee	Apr. 30, 1997-Apr. 30, 1998	No	No
Hianan Wanda Industry& Trade Co., Ltd.	Aug. 16, 1996	3,300.00	Joint liabilities guarantee	Aug. 16, 1996-Aug. 16, 1997	No	No
Shenzhen Xuena Co., Ltd.	Jun. 10, 1995	108.69	Joint liabilities guarantee	Jun. 10, 1995-Dec. 10, 1996	No	No
Shenzhen Light Industry Import-export Company	Jul. 31, 1997	273.00	Joint liabilities guarantee	Jul. 31, 1997-Dec. 31, 1999	No	Yes
Jilin Lionda Company	Jun. 30, 1996	350.00	Joint liabilities guarantee	Jun. 30, 1996-Dec. 30, 1997	No	Yes
Shenzhen Big World Shopping Mall	Mar. 1, 1996	1,402.70	Joint liabilities guarantee	Mar. 1, 1996-Mar. 1, 1997	No	No
Shenzhen Lionda Development co., Ltd.	Apr. 25, 1996	931.30	Joint liabilities guarantee	Apr. 25, 1996-Apr. 25, 1999	No	Yes
Shenzhen Lionda Appliance Co., Ltd.	Nov. 3, 1996	985.00	Joint liabilities guarantee	Nov. 3, 1996-Nov. 3, 1999	No	Yes
Shenzhen Papermaking Company	Mar. 15, 1997	1, 790.00	Joint liabilities guarantee	Mar. 15, 1997-Mar. 15, 2000	No	Yes
Shenzhen Lionda Food Co., Ltd.	Sep. 1, 1996	2, 940.00	Joint liabilities guarantee	Sep. 1, 1996-Mar. 1, 2000	No	Yes
Shenzhen Lionda Materials Import-Export Co., Ltd.	Aug. 13, 1995	6,566.04	Joint liabilities guarantee	Aug. 13, 1995-Aug. 13, 2000	No	Yes
Hunan Lionda Company	Oct. 25, 1997	325.00	Joint liabilities guarantee	Oct. 25, 1997-Oct. 25, 1998	No	Yes

Total amount of guarantees	181,875.51
Total balance of guarantees	88,975.51
Including: total balance of related guarantees	65,125.61
Total illegal guarantees	64,723.77
Proportion of total guarantees in net assets of the Company	0.00
Total guarantees provided by the listed company to its controlling subsidiaries	13,537.34

6.3 Current related credits and liabilities

√Applicable ☐Inapplicable

Unit: RMB'0000

Related parties	Relationships	Capital provided to related parties		Capital provided by related parties to the listed company	
		Debit	Balance	Credit	Balance
Shenzhen Papermaking Company	Subsidiary of the listed company	-8.39	0.00	0.00	0.00
Shenzhen Lionda Food Industry Co., Ltd.	Subsidiary of the listed company	0.00	546.34	0.00	0.00
Shenzhen Lionda Development Co., Ltd.	Subsidiary of the listed company	13.91	5,915.66	0.00	0.00
Shenzhen Lionda Materials Import-export Co., Ltd.	Subsidiary of the listed company	0.00	2,793.53	0.00	0.00
Shenzhen China Bicycle (Group) Holdings Co., Ltd.	Affiliated company	40.69	24,689.84	0.00	0.00
Shenzhen Keruite New Material Co., Ltd.	Affiliated company	0.00	21.40	0.00	0.00
Shenzhen Taiyang PCCP Co., Ltd.	Affiliated company	0.00	2,568.67	0.00	0.00
Shenzhen Jiadeng Trade Co., Ltd.	Subsidiary of the affiliated company	0.00	100.85	0.00	0.00
Shenzhen Yingte Enterprise Co., Ltd.	Affiliated company	0.00	47.75	0.00	0.00
Beijing Lionda Investment	Subsidiary of the controlling shareholder	0.00	1,848.85	0.00	0.00
Shenzhen Keenda Technology Co., Ltd.	Subsidiary of the controlling shareholder	0.00	1.32	0.00	0.00
Shenzhen Guangyingda Industrial Co., Ltd.	Subsidiary of the controlling shareholder	0.00	1,418.00	0.00	0.00
Shenzhen Oriental Enterprise Co., Ltd.	Subsidiary of the controlling shareholder	0.00	2,828.31	0.00	0.00
Total		46.21	42,780.52	0.00	0.00

Including: amount and balance of capital provided by the listed company to its controlling shareholder and subsidiaries was RMB 0.00 and RMB 60.6948 million respectively in the report period.

6.4 Material lawsuits and arbitrations

√Applicable ☐Inapplicable

Since the Accuser China Orient Asset Management Corporation Shenzhen Office (Bank of China Shenzhen Branch transferred the credit to the Accuser on May 11, 2000) provided loan principal amounting to USD 3.15 million to Shenzhen Taiyang PCCP Co., Ltd. on May 10, 1993, the Company assumed suretyship of joint and several liabilities for this loan. However, this loan was unable to be refunded on time. Shenzhen Taiyang PCCP Co., Ltd. signed a supplemental contract with Bank of China Shenzhen Branch and China International Finance Company on Dec. 12, 1996, where the final refund term of Shenzhen Taiyang PCCP Co., Ltd. was extended to May 10, 1999. Shenzhen Taiyang PCCP Co., Ltd. did not refund this loan on time yet and the Company also did not discharge the loan for it. Therefore, China Orient Asset Management Corporation Shenzhen Office prosecuted Shenzhen Taiyang PCCP Co., Ltd. and the Company to Shenzhen Intermediate People's Court, which was decided to be heard on Feb. 9, 2004. The Company has appropriated estimated liabilities by full amount to this lawsuit, without influence on gains and losses. (for details, please refer to public notice on lawsuits with no. 2004-002 published on Securities Times and Ta Kung Pao dated Jan. 7, 2004)

6.5 Other significant events and explanation on analysis to their influences and solutions

√Applicable □Inapplicable

1. Ended Mar. 31, 2004, Shenzhen Lionda Holdings Co., Ltd., the controlling shareholder of the Company, did not occupy the capital of the Company. Shenzhen Oriental Enterprise Co., Ltd., Beijing Taiyang PCCP Co., Ltd. (original Beijing Lionda Industrial Investment Co., Ltd.) and Shenzhen China Bicycle Company (Holdings) Limited, associated parties of the Company, occupied the Company's capital amounting to RMB 28,283,064.32 (including principal and interests), RMB 18,488,500 (including principal and interests) and RMB 232,394,686.19, all of which was left in the history. In the report period, the Company had no any newly increased capital occupied by its associated parties.

According to the spirit in the document called Urgent Circular on Relevant Issues in Meeting for Special Clearing the Capital of Listed Company Occupied by the Controlling Shareholder and Other Related Parties (SZJFZ [2004] No. 99) promulgated by CSRC Shenzhen Securities Regulatory Bureau and State-owned Assets Supervision and Administration Commission of the State Council, the Company conducted tracking recourse to the Company's capital occupied by the related parties and partial related parties established refund plan on discharging capital occupied.

Refund plan made by Shenzhen Oriental Enterprise Co., Ltd.: pay off from 2004 to end of 2010 with refund amount for every year amounting to RMB 600 thousand, RMB 1500 thousand, RMB 5 million, RMB 5 million, RMB 5 million, RMB 5 million and RMB 6.18306432 million respectively; refund plan made by Beijing Taiyang PCCP Co., Ltd.: pay off from 2004 to end of 2009 with refund amount for every year amounting to RMB 500 thousand, RMB 1 million, RMB 4 million, RMB 4 million, RMB 4 million and RMB 4.9885 million respectively. Since Shenzhen China Bicycle Company (Holdings) Limited is conducting liabilities restructure at present and the liabilities restructure has been into the factual phase of operation. According to Frame Agreement on Releasing Guarantee Liability of Lionda and Restructure of SHENZHONGHUA, during liabilities restructure of SHENZHONGHUA, the Company would equally consider all credits of SHENZHONGHUA and rest credits of Huarong Company. Therefore, refund plan that SHENZHONGHUA occupied the Company's capital would be jointly considered in the course of liabilities restructure of SHENZHONGHUA.

2. Change in the controlling shareholder

The principal controlling shareholder of the Company changed from Shenzhen Investment Holding Corporation to Shenzhen Lionda Group Co., Ltd. and the procedures of share equity transfer accomplished transaction in Shenzhen branch of China Securities Depository & Clearing Co., Ltd. on Jan. 5, 2004. Please refer to the public notice in Securities Times and Hong Kong Ta Kung Pao on Jan. 7, 2004 and the Internet Website http://www. cninfo.com.cn , which published the information of the Company.

3. 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 Guangdong Sunrise Group Co., Ltd., 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. 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.

§7. Financial Report

7.1 Auditing opinion

Financial Report	√Unaudited ☐Audited
Auditing opinion	☐Unqualified ☐Qualified √Unaudited
Full text of auditing opinion	

7.2 Income statement of comparative consolidation and parent company

Income Statement (domestic)

Prepared by Guangdong Sunrise Holdings Co., Ltd.

Unit: RMB

Items	Jan.-Jun. 2004		Jan.-Jun. 2003	
	Consolidated	Parent Company	Consolidated	Parent Company
Ⅰ. Income from main operations	67,629,196.38		4,857,319.68	
Less: Cost of main operations	60,518,713.31		1,914,236.95	
Business and related taxes	137,960.40		142,770.35	
Ⅱ. Profit from main operations (Loss is listed with "-")	6,972,522.67		2,800,312.38	
Add: Other operating profit (Loss is listed with "-")	3,396,311.99	481,299.96		
Less: Selling expenses	3,142,841.23		218,095.06	
Administrative expenses	6,315,523.71	2,172,761.24	6,985,579.80	4,642,656.24
Financial expenses	16,689,352.29	15,303,097.77	15,577,857.84	15,585,388.22
Ⅲ. Operating profit (Loss is listed with "-")	-15,778,882.57	-16,994,559.05	-19,981,220.32	-20,228,044.46
Add: Investment income (Loss is listed with "-")	302,775.17	641,788.75	21,428,192.15	21,472,350.46
Subsidy income				
Non-operating income	358,980.18	304,508.68	29,362.59	20,000.00
Less: Non-operating expenses	22,690.00	350.00	359,940.24	241,748.24
Ⅳ.Total profit (Total loss is listed with "-")	-15,139,817.22	-16,048,611.62	1,116,394.18	1,022,557.76

Less: Income tax	95,781.66			
Less: Minority interests	813,012.74		93,836.42	
Ⅴ. Net profit (Net loss is listed with "-")	-16,048,611.62	-16,048,611.62	1,022,557.76	1,022,557.76
Add: Retained earnings at the year-beginning	-2,337,641,680.95	-2,337,641,680.95	-2,317,794,577.86	-2,317,794,577.86
Other transfer-ins				
Ⅵ.Profit available for distribution	-2,353,690,292.57	-2,353,690,292.57	-2,316,772,020.10	-2,316,772,020.10
Less: Statutory surplus reserve				
Statutory public welfare reserve				
Employee bonus and welfare funds				
Reserve funds				
Enterprise development funds				
Returned investment from profit				
Ⅶ. Profit available for distribution to investors	-2,353,690,292.57	-2,353,690,292.57	-2,316,772,020.10	-2,316,772,020.10
Less: dividend for preferred shares payable				
Discretionary reserves				
Dividends for ordinary shares				
Dividends for ordinary shares converted to capital (or share capital)				
Ⅷ. Retained earnings	-2,353,690,292.57	-2,353,690,292.57	-2,316,772,020.10	-2,316,772,020.10
Supplemental information:				
1. Profit from selling or disposing branch or investee				
2. Losses from natural disaster				
3. Increase (or decrease) in total profit due to the changes of accounting policies				
4. Increase (or decrease) in total profit due to the changes of accounting estimation				
5. Loss on debts restructure				
6. Others				

7.3 Notes to financial report

7.3.1 Compared with the latest annual report period, there was no change in accounting policies and accounting estimates and correction in accounting errors in the report period.

7.3.2 Compared with the latest annual report, there was no material change in consolidated scope in the report period.

7.3.3 List notes related to the involved issues if the Company is issued a qualified opinion

□Applicable √Inapplicable

Chairman of the Board: Yang Fenbo

Guangdong Sunrise Holdings Co., Ltd.

Aug. 14, 2004