Guangdong Sunrise Holdings Co., Ltd.

Balance Sheet

Jun. 30, 2004

Unit: RMB

Assets	Notes	Amount in the period beginning		Amount in the period end	
		Consolidation	The Company	Consolidation	The Company
Current assets:					
Monetary funds	1	27,413,697.26	448,841.07	22,430,778.37	420,930.70
Short-term investment		44,400.00	-	44,400.00	-
Notes receivable		629,517.58	-	1,354,248.00	-
Dividends receivable	2	-	-	-	-
Interests receivable		-	-	-	-
Accounts receivable	3	37,291,109.24	-	43,975,312.63	-
Other receivables	4	118,617,087.76	97,481,360.37	116,288,562.25	95,403,895.96
Accounts in advance	5	8,215,663.99	-	6,111,269.17	-
Subsidy receivable		-	-	-	-
Inventories	6	31,168,232.52	2,000,000.00	36,594,883.40	2,000,000.00
Expenses to be apportioned	7	175,787.67	-	65,393.95	-
Long-term bonds investment due within one year		-	-	-	-
Other current assets		-	-	-	-
Total current assets		223,555,496.02	99,930,201.44	226,864,847.77	97,824,826.66
Long-term investment					
Long-term equity investment	8	20,950,755.40	50,562,039.61	20,950,755.40	50,375,803.15
Long-term credit investment		-	-	-	-
Total long-term investment		20,950,755.40	50,562,039.61	20,950,755.40	50,375,803.15
Including: consolidation variance		-	-	-	-
Including: equity investment balance		-	-	-	-
Fixed assets:					
Fixed assets-original value	9	276,871,601.97	30,427,681.15	281,835,616.03	30,393,571.15
Less: accumulative depreciation	9	145,878,690.33	17,754,013.15	151,734,025.18	18,277,730.33
Fixed assets-net value	9	130,992,911.64	12,673,668.00	130,101,590.85	12,115,840.82
Less: provision for devaluation of fixed assets	9	9,757,792.39	-	9,757,792.39	-
Fixed assets-net amount	9	121,235,119.25	12,673,668.00	120,343,798.46	12,115,840.82
Engineering material		-	-	-	-
Construction in progress	10	1,811,415.00	-	2,534,260.50	-

Disposal of fixed assets		-	-	(1,744,615.13)	-
Total fixed assets		123,046,534.25	12,673,668.00	121,133,443.83	12,115,840.82
Intangible and other assets:					
Intangible assets	11	9,501,605.67	-	9,206,146.95	-
Long-term expenses to be apportioned	12	1,238,797.52	-	1,063,941.56	-
Other long-term assets		-	-	-	-
Total intangible and other assets		10,740,403.19	-	10,270,088.51	-
Deferred tax					
Deferred tax-debit		-	-	-	-
Total assets		378,293,188.86	163,165,909.05	379,219,135.51	160,316,470.63

Legal representative: Chief financial executive: Person in charge of accounting institutes:

Guangdong Sunrise Holdings Co., Ltd.

Balance Sheet

Jun. 30, 2004 (Con.)

Unit: RMB

Liabilities and shareholders' equity	Notes	Amount in the period beginning		Amount in the period end	
		Consolidation	The Company	Consolidation	The Company
Current liabilities:					
Short-term loans	13	629,689,282.55	576,590,782.55	630,496,782.55	576,590,782.55
Notes payable	14	2,880,000.00	-	3,000,000.00	-
Accounts payable	15	29,865,265.86	-	33,360,836.10	-
Prepaid accounts	16	705,200.00	-	2,341,200.00	-
Wage payable		-	-	-	-
Welfare funds payable		342,590.16	148,407.57	569,439.92	193,120.49
Dividend payable	17	2,020,742.78	-	4,076,597.23	-
Taxes payable	18	473,839.87	20,196.69	103,953.24	2,370.10
Other duties payable		-	-	-	-
Other accounts payable	19	241,676,140.01	199,694,719.83	236,230,286.60	197,566,172.29
Accrued expenses	20	231,537,277.07	229,841,432.30	247,560,486.51	245,149,917.58
Projected liabilities	21	707,899,612.49	701,344,549.49	706,653,403.30	701,024,549.49
Deferred income		-	-	-	-
Long-term liabilities due within one year		-	-	-	-

Other current liabilities		-	-	-	-
Total current liabilities		1,847,089,950.79	1,707,640,088.43	1,864,392,985.45	1,720,526,912.50
Long-term liabilities:					
Long-term loans		-	-	-	-
Bonds payable		-	-	-	-
Long-term payables		-	-	-	-
Special funds payables		-	-	-	-
Other long-term liabilities					
Total long-term liabilities		-	-	-	-
Deferred tax					
Deferred taxed-credit		-	-	-	-
Total liabilities		1,847,089,950.79	1,707,640,088.43	1,864,392,985.45	1,720,526,912.50
Minority interests					
Minority interests		75,677,417.45	-	75,036,591.93	-
Shareholders' equity					
Share capital	22	288,420,000.00	288,420,000.00	288,420,000.00	288,420,000.00
Capital public reserve	23	366,865,874.73	366,865,874.73	366,865,874.73	366,865,874.73
Surplus public reserve	24	137,881,626.84	137,881,626.84	138,193,975.97	138,193,975.97
Including: statutory welfare funds	24	18,366,726.17	18,366,726.17		
Retained profit	25	(2,337,641,680.95)	(2,337,641,680.95)	(2,353,690,292.57)	(2,353,690,292.57)
Foreign currency translation reserve		-	-	-	-
Cash dividend announced			-	-	-
Accumulation of unrealized making up losses of subsidiaries		-	-	-	-
Total shareholders' equity		(1,544,474,179.38)	(1,544,474,179.38)	(1,560,210,441.87)	(1,560,210,441.87)
Total liabilities and owner's equity		378,293,188.86	163,165,909.05	379,219,135.51	160,316,470.63

Legal representative: Chief financial executive: Person in charge of accounting institutes:

(Notes attached are the components of financial statements)

Guangdong Sunrise Holdings Co., Ltd.

Statement of Profit and Profit Distribution

Jan.-Jun.2004

Unit: RMB

Items	Notes	Jan.-Jun. 2003		Jan.-Jun. 2004	
		Consolidation	The Company	Consolidation	The Company
I. Income from core business	26	4,857,319.68	-	67,629,196.38	-

Less: Cost of core business	26	1,914,236.95	-	60,518,713.31	-
Taxes and extras of core business	27	142,770.35	-	137,960.40	-
II. Profit from core business		2,800,312.38	-	6,972,522.67	-
Add: Profit from other business lines	28	-	-	3,396,311.99	481,299.96
Operating expenses		218,095.06	-	3,142,841.23	-
Administrative expenses		6,985,579.80	4,642,656.24	6,315,523.71	2,172,761.24
Financial expenses	29	15,577,857.84	15,585,388.22	16,689,352.29	15,303,097.77
III. Operating profit		(19,981,220.32)	(20,228,044.46)	(15,778,882.57)	(16,994,559.05)
Add: Investment income	30	21,428,192.15	21,472,350.46	302,775.17	641,788.75
Subsidy income		-	-	-	-
Non-operating income	31	29,362.59	20,000.00	358,980.18	304,508.68
Less: non-operating expenditure	31	359,940.24	241,748.24	22,690.00	350.00
IV. Total Profit		1,116,394.18	1,022,557.76	(15,139,817.22)	(16,048,611.62)
Less: Income taxes		-	-	95,781.66	-
Minority interests		93,836.42	-	813,012.74	-
Unrealized making up losses of subsidiaries		-	-	-	-
V. Net profit		1,022,557.76	1,022,557.76	(16,048,611.62)	(16,048,611.62)
Add: Retained profit at the begin of the year		(2,317,794,577.86)	(2,317,794,577.86)	(2,337,641,680.95)	(2,337,641,680.95)
Transferred from surplus public reserve		-	-	-	-
VI. Profit available for distribution		(2,316,772,020.10)	(2,316,772,020.10)	(2,353,690,292.57)	(2,353,690,292.57)
Less: Allotted statutory surplus public reserve		-	-	-	-
Allotted statutory public welfare funds		-	-	-	-
Allotted employee's bonus and welfare funds		-	-	-	-
VII. Profit available for distribution to shareholders		(2,316,772,020.10)	(2,316,772,020.10)	(2,353,690,292.57)	(2,353,690,292.57)
Less: dividend of preference share payable		-	-	-	-
Allotted arbitrary surplus public reserve		-	-	-	-
Dividend of common share payable		-	-	-	-

Dividend of common share transferred as share capital		-	-	-	-
VIII. Retained profit		(2,316,772,020.10)	(2,316,772,020.10)	(2,353,690,292.57)	(2,353,690,292.57)
Supplement information:					
Item			Jan.-Jun.2004		Jan.-Jun. 2003
I. Profit from selling and disposing branch or investees			-		21,428,192.15
II. Loss from natural disaster			-		-
III. Increase (or decrease) in total profit due to changes of accounting policies			-		-
IV. Increase (Decrease) in total profit due to changes of accounting estimation			-		-
V. Loss on debts restructure			-		-
VI. Others			-		-

Legal representative: Chief financial executive: Person in charge of accounting institutes:

(Notes attached are the components of financial statements)

Guangdong Sunrise Holdings Co., Ltd.

Statement of Cash Flow

Unit: RMB

Item	Notes	Metaphase of 2003		Metaphase of 2004	
		Consolidation	The Company	Consolidation	The Company
I. Cash flows arising from operating activities:					
Cash received from selling commodities and providing labor services		2,597,268.80	-	61,802,343.98	-
Rent received		3,406,177.41	-	6,467,592.60	-
Other cash received concerning operating activities		11,240,567.13	1,252,095.03	3,223,324.85	528,279.33
Subtotal of cash inflows		17,244,013.34	1,252,095.03	71,493,261.43	528,279.33
Cash paid for purchasing commodities and receiving labor service		1,645,234.95	-	52,609,927.44	-
Cash paid to / for staff and workers		4,651,933.53	648,462.00	7,484,045.73	242,268.00
Various taxation paid		521,906.92	70,486.53	2,853,994.19	-

Other cash paid concerning operating activities	32	12,336,110.65	541,903.21	10,711,604.39	333,329.26
Subtotal of cash outflows		19,155,186.05	1,260,851.74	73,659,571.75	575,597.26
Net cash flows arising from operating activities		(1,911,172.71)	(8,756.71)	(2,166,310.32)	(47,317.93)
II. Cash flows arising from investment activities:					
Cash received from recovery of investment		-	-	2,775.17	2,775.17
Including: cash received from selling subsidiaries		-	-	-	-
Cash received from investment income		-	-	-	-
Cash received from disposal of fixed, intangible and other long-term assets		-	-	1,703,632.39	16,632.39
Other cash received concerning investment activities		2,819,846.11	-	1.00	-
Subtotal of cash inflows		2,819,846.11	-	1,706,408.56	19,407.56
Net cash paid for purchasing fixed, intangible and other long-term assets		1,300.00	1,300.00	3,182,711.50	-
Cash paid for investments		-	-	-	-
Including: cash paid for purchasing subsidiaries		-	-	-	-
Other cash paid concerning investment activities	33	1,269,124.63	-	-	-
Subtotal of cash outflows		1,270,424.63	1,300.00	3,182,711.50	-
Net cash flows arising from investment activities		1,549,421.48	(1,300.00)	(1,476,302.94)	19,407.56
III. Cash flows arising from financing activities:					
Cash received by absorbing investment		-	-	-	-
Including: cash absorbed from minority interests by subsidiaries		-	-	-	-
Cash received from loans		-	-	30,100,000.00	-
Other cash received concerning financing activities		-	-	-	-
Subtotal of cash inflows		-	-	30,100,000.00	-

Cash paid for settling debts		-	-	29,270,000.00	-
Cash paid for dividends or profit distributing, repayment of interest		-	-	2,170,305.63	-
Including: dividends to minority shareholders paid by subsidiaries		-	-	-	-
Cash paid to reduce registered capital		-	-	-	-
Including: Cash paid to minority shareholders by subsidiaries for reducing capital according to the law		-	-	-	-
Other cash paid concerning financing activities		-	-	-	-
Subtotal of cash outflows		-	-	31,440,305.63	-
Net cash flows arising from financing activities		-	-	(1,340,305.63)	-
IV. Influence on cash from fluctuation in exchange rate		-	-	-	-
V. Net increase of cash and cash equivalents		(361,751.23)	(10,056.71)	(4,982,918.89)	(27,910.37)

Legal representative: Chief financial executive: Person in charge of accounting institutes:

Guangdong Sunrise Holdings Co., Ltd.

Statement of Cash Flow (Con.)

Unit: RMB

Items	Metaphase of 2003		Metaphase of 2004	
	Consolidation	The Company	Consolidation	The Company
I. Investment and financing activities with no cash incomings/outgoings involved				
Capital transferred from debts	-	-	-	-
Convertible company bonds due within one year	-	-	-	-
Fixed assets leasing for financing	-	-	-	-
II. Adjusting net profit to cash flows for operating activities				
Net profit	1,022,557.76	1,022,557.76	(16,048,611.62)	(16,048,611.62)

Add: minority interests	93,836.42	-	813,012.74	-
Allotted provisions for devaluation of assets	(4,000.00)	(4,000.00)	(312,000.00)	(312,000.00)
Depreciation of fixed assets	1,409,052.22	974,040.40	5,784,767.06	542,285.86
Amortization of intangible assets	12,483.60	-	409,163.04	-
Amortization of long-term expenses to be apportioned	-	-	110,651.64	-
Decrease of expenses to be apportioned	(1,993,117.92)	-	110,393.72	-
Increase of accrued expenses	14,231,125.82	14,592,285.50	16,056,821.07	15,308,485.86
Losses on disposal of fixed assets, intangible assets and other long-term assets	618,486.17	1,748.24	(279,385.98)	(304,158.68)
Loss on reject of fixed assets	-	-		-
Financial expenses	15,583,703.26	15,585,388.22	16,696,249.12	15,303,097.77
Investment loss	(21,422,192.15)	(21,472,350.46)	(641,789.75)	(641,788.75)
Guarantee loss	-	-	-	-
Credit item of deferred taxes	-	-	-	-
Decrease of inventories	48,526.93	-	(5,426,650.88)	-
Decrease of receivables in operation	(29,581,512.52)	(24,259,258.54)	(8,444,800.07)	(4,192,025.49)
Increase of payables in operation	18,069,877.70	13,550,832.17	(10,994,130.41)	(9,702,602.88)
Others	-	-		-
Net cash flows arising from operating activities	(1,911,172.71)	(8,756.71)	(2,166,310.32)	(47,317.93)
III. Net increase of cash and cash equivalents				
Balance of cash at the end of the report period	96,088.71	46,901.96	22,372,353.50	420,930.70
Less: Balance of cash at the begin of the report period	244,661.52	59,928.99	27,355,272.39	448,841.07
Add: Balance of cash equivalents at the end of the report period	1,400,368.75	438,363.76	-	-
Less: Balance of cash equivalents at the begin of the report period	1,613,547.17	435,393.44	-	-
Net increase of cash and cash equivalents	(361,751.23)	(10,056.71)	(4,982,918.89)	(27,910.37)

Legal representative:	Chief financial executive:	Person in charge of accounting institutes:
(Notes attached are the components of financial statements)		

Statement of Provision for Devaluation of Assets

Metaphase of 2004

KQ 01 Attachment statement 01

Prepared by Guangdong Sunrise Holdings Co., Ltd. Unit: RMB

Item	Balance at the begin of the period	Increase in this year	Decrease in this year			Balance at the end of the period
			Switching back due to assets price recovery	Switching out due to other reason	Total	
I. Total of provision for bad debts	433,337,312.70	---	---	4,146,936.75	4,146,936.75	429,190,375.95
Including: Accounts receivable	7,507,833.74	---	---	3,834,936.75	3,834,936.75	3,672,896.99
Other receivable	425,829,478.96	---	---	312,000.00	312,000.00	425,517,478.96
II. Total of provision for falling price of short-term investment	---	---	---	---	---	---
Including: Stock investment	---	---	---	---	---	---
Bond investment	---	---	---	---	---	---
III. Provision for falling price of inventory	27,503,703.16	---	---	1,645,520.52	1,645,520.52	25,858,182.64
Including: Merchandise inventory	24,425,090.17	---	---	1,645,520.52	1,645,520.52	22,779,569.65
Raw material	3,078,612.99	---	---	---	---	3,078,612.99
IV. Total of provision for devaluation of long-term investment	76,059,158.63	---	---	---	---	76,059,158.63
Including: Long-term equity investment	76,059,158.63	---	---	---	---	76,059,158.63

Long-term credit investment	---	---	---	---	---	---
V. Total of provision for devaluation of fixed assets	9,757,792.39	---	---	---	---	9,757,792.39
Including: Building	654,920.50	---	---	---	---	654,920.50
Machinery and equipment	9,102,871.89	---	---	---	---	9,102,871.89
VI. Provision for devaluation of intangible assets	---	---	---	---	---	---
Including: Patent right	---	---	---	---	---	---
Trademark right	---	---	---	---	---	---
VII. Provision for devaluation of construction in progress	---	---	---	---	---	---
VIII. Provision for devaluation of commission loan	---	---	---	---	---	---