GUANGONG SUNRISE HOLDINGS CO., LTD.
2004 ANNUAL REPORT SUMMARY

§1. Important Notes

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 2004 annual report summary is abstracted from the full text of annual report; the investors are suggested to read the full text of annual report to understand more details.

1.2 10 directors voting at the board meeting stated that they couldn't ensure the correctness, accuracy and completeness of the contents of the Annual Report or have objection for this report.

1.3 The list of directors absented the meeting:

Name of directors absented the meeting	The reason of absenting the meeting	Name of the consignee
Chen Zhitao	business trip	Nobody
Bang Wu	business trip	Ma Hong

1.4 Shenzhen Dahua Tiancheng Certified Public Accountants issued qualified Auditors' Report of clean audit opinion with emphatic events and the Board of Directors and the Supervisory Committee of the Company also presented special explanation on relevant events. The Supervisory Committee of the Company issued explicit opinions. The investors are suggested to read it.

1.5 Chairman of the Board of the Company Mr. Yang Fenbo, Person in charge of Accounting Affairs and concurrently General Manager Mr. Pan Shiming, Person in charge of Accounting Organization Yun Chunhua hereby confirm that the Financial Report of the 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
Registered address and office address	Registered address: Tairan Industrial Zone, Chegongmiao, Shenzhen, Guangdong, P. R. China Office address: 4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen
Post code	Post code of registered address: 518040 Post code of office address: 518040
Internet website	http://www.cninfo.com.cn/default.htm
E-mail	lionda@mailcenter.com.cn

2.2 Contact person and method

	Secretary of the Board of Directors	Representative in charge of securities affairs
Name	Ao Yingchun	Chen Liantan
Contract address	4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen	4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen
Tel.	(0755)83877511	(0755)83875531
Fax	(0755)83875212	(0755)83875212
E-mail	lionda@mailcenter.com.cn	lionda@mailcenter.com.cn

§3. Summary of Accounting Data and Financial Indexes

3.1 Major accounting data

Unit: RMB

	2004	**2003**	**Increase/decrease from the previous year（%）**	**2002**
Income from main operations	142,606,802.22	77,267,774.95	84.56%	6,711,824.10
Total profit	-47,598,307.34	11,952,274.35	-498.24%	-566,485,585.72
Net profit	-47,938,995.60	11,391,186.93	-520.84%	-566,485,166.06
Net profit after deducting non-recurring gains and losses	-58,441,733.94	-44,254,649.78	-32.06%	-272,054,382.58
Net cash inflow arising from operating activities	13,695,335.45	-10,742,755.13	227.48%	-1,944,121.53
	At the end of 2004	**At the end of 2003**	**Increase/decrease from the end of previous year（%）**	**At the end of 2002**
Total assets	298,458,668.64	378,293,188.86	-21.10%	203,258,077.52
Shareholder's equity (excluding minority interests)	-1,591,989,994.93	-1,544,474,179.38	-3.08%	-1,556,403,680.29

3.2 Major financial indexes

Unit: RMB

	2004	2003	Increase/decrease from the previous year（%）	2002
Earning per share	-0.17	0.04	-525.00%	-1.96
Earning per share (Note)	-0.17	-	-	-
Return on equity	-	-	-	-
Return on equity as calculated based on net profit after deducting non-recurring gains and losses	-	-	-	-
Net cash flows per share arising from operating activities	0.05	-0.04	225.00%	-0.01
	At the end of 2004	At the end of 2003	Increase/decrease from the end of previous year（%）	At the end of 2002
Net assets per share	-5.52	-5.35	-3.18%	-5.40
Net assets per share after adjustment	-5.78	-5.62	-2.85%	-5.40

Note: Earnings per share was calculated based on new share capital if share capital was changed from the end of the report period to disclosure date of the report.

Items of non-recurring gains and losses

√Applicable ☐Inapplicable

Unit: RMB

Item of non-recurring gains and losses	Amount
Disposing Equity income of the investee	2,582,945.29
Net amount of non-operating income-expenses	7,919,793.05
Total	10,502,738.34

3.3 Difference of Chinese Accounting Standard (CAS) and International Accounting Standard (IAS)

√Applicable ☐Inapplicable

Unit: RMB

	CAS	IAS
Net profit	-47,938,995.60	-47,923,000.00
Explanation on the difference	The net profit accounted under IAS was RMB-47923 thousand, and the earnings per share was RMB-0.1661 the diversity was described by the table bellow:	

Items	Loss due to shareholders (RMB'000)
Financial Report audited by domestic CPA	-47,939
Adjusted: write back of amortizable expenses	16
Under International Accounting Standard	-47,923

§4. Changes in Share Capital and Particulars about Shareholders

4.1 Statement of change in shares

Unit: share

	Before the change	Increase / decrease in this time (+, -)	After the change
		Subtotal	
I. Unlisted shares	191,400,000	0	191,400,000
1. Sponsors' shares	191,400,000	0	191,400,000
Including: State-owned shares	0	0	0
Domestic legal person's share	0	0	0
Foreign legal person's share	0	0	0
Others	17,160,000	0	17,160,000
2. Raised legal person's shares	0	0	0
3. Inner employees' shares	0	0	0
4. Preference shares or others	208,560,000	0	208,560,000
Total unlisted shares			
II. Listed shares	40,260,000	0	40,260,000
1. RMB ordinary shares	39,600,000	0	39,600,000
2. Domestically listed foreign shares	0	0	0
3. Overseas listed foreign shares	0	0	0
4. Others	79,860,000	0	79,860,000
Total listed shares	288,420,000	0	288,420,000
III. Total shares			

The amount of shares offered by funds, inner employees' shares traded in the counter, shares offered by strategic investor and shares offered ordinary juridical person should be disclosed respectively

☐Applicable √Inapplicable

4.2 Statement of shares held by the top ten shareholders and the top ten shareholders of circulating share

Total number of shareholders at the end of report period						17,078
Particulars about shares held by the top ten shareholders						
Name of Shareholder (Full name)	**Increase/ decrease in the report year (share)**	**Holding shares at the year-end (share)**	**Proportion in total shares (%)**	**Type of shares (Circulating/Non-circulating)**	**Number of share pledged or frozen (share)**	**Nature of shareholders (State-owned shareholder or Foreign shareholder)**
Shenzhen Lionda Group Co., Ltd.	0	19,140,000	66.36%	Non-circulating	0	Others
Shenzhen Colored Metal Financial Co. Ltd.	0	5,280,000	1.83%	Non-circulating	0	Others
Shenzhen International Trust & Investment Co.	0	5,280,000	1.83%	Non-circulating	0	Others

Shenzhen Huachengda Investment Holding Co., Ltd.	0	3,960,000	1.37%	Non-circulating	0	Others
CHINA EVERBRIGHT HOLDINGS CO., LTD	-754,971	3,098,555	1.07%	Circulating	0	B-share
Shenzhen Guoyin Investment Development Co., Ltd.	0	2,640,000	0.92%	Non-circulating	2,640,000	Others
WU CHING	193,061	584,922	0.20%	Circulating	0	B-share
Liuzhou Jiali Real-estate Development Co., Ltd.	0	445,000	0.15%	Circulating	0	A-share
Shao Weiji	0	380,100	0.13%	Circulating	0	B-share
Cai Zujian	0	310,000	0.11%	Circulating	0	B-share

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

Shareholders' name (full name)	**Holding circulating shares at the year-end (share)**	**Type of shares (A-share, B-share, H-share and other)**
CHINA EVERBRIGHT HOLDINGS CO.LTD	3,098,555	B shares
WU CHING	584,922	B shares
Liuzhou Jiali Real-estate Development Co., Ltd.	445,000	A shares
Shao Weiji	445,000	B shares
Cai Zujian	310,000	B shares
Ma Yinghua	275,100	A shares
Deng Shaoping	258,100	B shares
Lin Hongbo	246,400	B shares
CHINA PINGAN INSURANCE（HK）CO.LTD	221,020	B shares
Peng Jinglan	220,506	B shares
Explanation on associated relationship among the top ten shareholders or consistent action	Shenzhen Lionda Group Co., Ltd. is the controlling shareholder of the Company, and the shares held were sponsor's shares, which were not listed and circulated. There exists no associated relationship between top ten shareholders, and there isn't any " action in concert" as setout by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company. The Company is unknown whether there exists associated relationship among other shareholders with circulating shares, or whether they are applicable under " action in concert" by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.	

4.3 Particulars about holding shareholders and actual controller of the Company

4.3.1 Particulars about change in holding shareholders and actual controller of the Company

√Applicable ☐Inapplicable

Name of new controlling shareholder	Shenzhen Lionda Group Co., Ltd.
Name of new actual controller	The Workers' Union of Shenzhen Lionda Group Co., Ltd.

Date of change	Date of change of new controlling shareholder: Jan. 5, 2004 Date of change of new controller: Mar. 4, 2004
Publication date and newspaper of the change of controlling shareholder	Securities Times and Ta Kung Pao dated Jan. 7, 2004
Publication date and newspaper of the change of new actual controller	Securities Times and Ta Kung Pao dated Dec. 20, 2004

4.3.2 Introduction of especial situation for holding shareholder and other actual controller

Shenzhen Lionda Group Co., Ltd., the controlling shareholder of the Company, was incorporated in June 1997 with registered capital of RMB586.49 million. Mr. Li Chengyou is the legal representative. The company is involved in investing and starting of business (subject to report individually), domestic commerce, goods supplying (special and monopolized goods not included), international trading (as set by the qualification certification), and developing of land No. T306-0013.

For Shenzhen Lionda Group Co., Ltd., the controlling shareholder, was restructured on March 4th 2004. Shenzhen Investment Administration Co., Ltd., the shareholder of the group were replaced by the union of Shenzhen Lionda Group Co., Ltd.(account for 90%) and the union of Shenzhen Yili Industrial Co., Ltd. (account for 10%), therefore the practical controller is the union of Shenzhen Lionda Group Co., Ltd.

4.3.3 Property right and controlling relationship between the actual controller of the Company and the Company is as follows:

The Workers' Union of Shenzhen Lionda Group Co., Ltd.

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Shenzhen Lionda Group Co., Ltd.

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Guangdong Sunrise Holdings Co., Ltd.

§5. Particulars About Director, Supervisor, Senior Executive

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

Name	Title	Gender	Age	Office term	Shares held at period-beginning	Shares Held at period -end	Reason of change
Yang Fenbo	Chairman of the Board	Male	47	May 21, 2002-May 20, 2005	0	0	
Pan Shiming	Director, General Manager	Male	34	May 21, 2002-May 20, 2005	0	0	
Ao Yingchun	Director, Secretary of the Board	Male	36	Mar. 3, 2003-May 20, 2005	0	0	
Chen Zhitao	Director	Male	37	Aug. 6, 2003-May 20, 2005	0	0	
Yang Yi	Director	Male	33	Apr. 8, 2004-May 20, 2005	0	0	
Fang Song	Director, Deputy General Manager	Male	41	Dec. 10, 2003-May 20, 2005	0	0	
Liu Boyang	Director	Male	47	Apr. 8, 2004-May 20, 2005	0	0	
Guo Shiping	Independent director	Male	47	Apr. 16, 2003-May 20, 2005	0	0	
Wu Zhaolin	Independent director	Male	62	Apr. 16, 2003-May 20, 2005	0	0	
Ma Hong	Independent director	Male	37	Apr. 16, 2003-May 20, 2005	0	0	
Ban Wu	Independent director	Male	59	Dec. 10, 2003-May 20, 2005	0	0	
Li Xin	Chairman of the Supervisory Committee	Male	44	May 21, 2002-May 20, 2005	0	0	
Chen Laiyun	Supervisor	Male	36	Dec. 10, 2003-May 20, 2005	0	0	
Yu Zuquan	Supervisor	Male	42	Apr. 8, 2004-May 20, 2005	0	0	

5.2 Particulars about directors, supervisors holding the post in Shareholding Company

√Applicable □Inapplicable

Name	Name of shareholding Company	Title in shareholding Company	Office term	Drawing the payment or allowance (Yes / No)
Yang Yi	Shenzhen Loinda Group Co., Ltd.	Deputy manager of financial department	Apr. 10, 201-now	Yes
Li Xin	Shenzhen Loinda Group Co., Ltd.	General manager of property management	Jul. 15, 2003-Dec. 31, 2004	Yes
Yu Zuquan	Shenzhen Loinda Group Co.,	Manager of Inspection and	Mar. 15, 2003-	No

	Ltd.	Supervision	Dec. 31, 2004	

5.3 Particulars about the annual payment of directors, supervisors and senior executives

Unit: RMB'0000

Total annual payment	67.40
Total annual payment of the top three directors drawing the highest payment	43.80
Total annual payment of the top three senior executives drawing the highest payment	43.80
Allowance of independent director	30,000 per person/ year
Other treatment of Independent Directors	No
Name of directors and supervisors received no payment or allowance from the Company	Directors, Chen Zhitao and Yang Yi, and Supervisors Li Xin and Yu Zuquan
Payment	Number of persons
Over RMB 150,000	1
RMB 150,000 ～ RMB 120,000	3
RMB 100,000 ～ RMB 120,000	1

§6. Report of the Board of Directors

6.1 Discussion and analysis to the whole operation in the report period

In the report term, the major business of the Company was package material printing and property management and operation. The Company kept concentrating on the works regarding clearing of debts, and recovering of capital operation. Internal management was enhanced and the financial budget was restricted. The Company was basically in normal operation. As of year 2004, the Company has realized the major turnover of RMB142,606,802.22 and business profit of RMB16,392,673.09. Comparing with the previous year, the major turnover and business profit has increased by 84.56% and 24.75% respectively. It was mainly because of the entering of Shenzhen Jianian Industrial Holdings Co., Ltd. into the consolidation range since July 1st 2003. The major business of Jianian Co., is package material printing, and it was in a steady business operation.

Tough Jianian Co. contributed a lot to the major business turnover and major business profit, the short-term borrowings was still as much as RMB576 million. Which makes the financial expenses reached up to RMB32,545,506.39. The consolidation also brought increasing of management expenses (RMB40,727,277.91 in the report term). All of these caused the loss in year 2004, the net profit was RMB-47,938,995.60. In the meantime, the Company did great effort in trying to perform restructuring. But the creditors and debt amount were dispersed and caused great difficulties to reach a mutual opinion. This effort remains unfruitful.

6.2 Statement of main operations classified according to industries or products

Unit: RMB'0000

Main operations classified according to industries

Classified according to industries or products	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the last year (%)	Increase/decrease in cost of main operations over the last year (%)	Increase/decrease in gross profit ratio over the last year (%)
Printing	14,260.00	12,605.00	11.61%	100.33%	101.06%	2.01%
Other industries	958.00	191.00	80.06%	57.66%	70.53%	-1.98%
Including: related transactions	0.00	0.00	0.00%			
Main operations classified according to products						
Presswork	14,260.00	12,605.00	11.61%	100.33%	101.06%	2.01%
Others	958.00	191.00	80.06%	57.66%	70.56%	-1.98%
Including: related transactions	0.00	0.00	0.00%			
Pricing rules of related transactions	Share equity in custody					
Necessity and durative of related transactions	For Shenzhen Jianian Industrial Holdings Co., Ltd. was consolidated since July 1st 2003, the share equity entrusting agreement (related transaction) has setout the income (proxy commission) is 80% of the dividend practically distributed upon this part of equity. But this income has not been distributed as adopted by the board meeting and shareholders' meeting of Jiannian Company. Therefore the income in year 2004 was zero.					

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

6.3 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 last year (%)
Northeast area	1,153.00	80.48%
Guangdong area	11,415.00	181.99%
Others	1,688.00	-44.69%
Total	14,260.00	84.56%

6.4 Particulars about the customers of purchase and sales

Unit: RMB'0000

Total amount of purchase of the top five suppliers	3,496.00	Proportion in the total amount of purchase	36.98%
Total amount of sales of the top five sales customers	7,700.00	Proportion in the total amount of sales	54.01%

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

√Applicable ☐Inapplicable

Unit: RMB'0000

Name of share-holding company		Shenzhen Jianian Industrial Co., Ltd.		
Investment earnings contributed in the period		117.73	Proportion in net profit of the listed company	0.00%
Share-holding company	Business scope	Printing, packing and property operation and management		
	Net profit	443.60		
Name of share-holding company		Shenzhen Lionda Industry and Trade Co., Ltd.		
Investment earnings contributed in the period		-112.08	Proportion in net profit of the listed company	0.00%
Share-holding company	Business scope	Property operation and management		
	Net profit	-350.24		

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

□Applicable √Inapplicable

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

□Applicable √Inapplicable

6.8 Analysis to reasons of material changes in operating results and profit structure compared with the previous year

√Applicable □Inapplicable

In 2004, the Company basically had no disposal of assets. Financial expenses and administrative expenses of the Company were a relative big sum of amount, which resulted in losses of the whole year. Whereas in the first half of 2003, the court soldl out equity of Shenri Printing Ink, Kingway Beer, Yingzhu Plastics, which produced certain long-term investment income and realized profit in the whold year for the Company.

Analysis to reasons of material changes in the whole financial position than that in the last year

√Applicable □Inapplicable

In 2004, the Company basically had no disposal of assets. Financial expenses and administrative expenses of the Company were a relative big sum of amount, which resulted in losses of the whole year. Whereas in the first half of 2003, the court soldl out equity of Shenri Printing Ink, Kingway Beer, Yingzhu Plastics, which produced certain long-term investment income and realized profit in the whold year for the Company.

6.9 Explanation on the past, current and future important effects of the material changes in production and operation environment, macro-policies and regulations on the Company's financial position and operating results

□Applicable √Inapplicable

6.10 Completion of the profit estimation

□Applicable √Inapplicable

6.11 Completion of the business plan

☐Applicable √Inapplicable

6.12 Application of the raised proceeds

☐Applicable √Inapplicable

Particulars about the changed projects

☐Applicable √Inapplicable

6.13 Application of the proceeds not raised through shares offering

☐Applicable √Inapplicable

6.14 Explanation of the Board of Directors on the "Qualified Opinion" made by the Certified Public Accountants

√Applicable ☐Inapplicable

In viewing of the great pressure of short-term debts over the Company, as well as the significant amount of lawsuit events on the Company, it will influence the consistence of the Company's business if they are not eliminated in a short period of time. Therefore Shenzhen Dahua Tiancheng CPA issued qualified Auditors' Report of clean audit opinion with emphatic events. Whereas the Board of Directors considers that, although the Company is facing a great pressure from the short-term debts, the short-term borrowings has been decreased from RMB629 million of 2003 down to RMB576 million in 2004. Progress has been made in clearing of debts and operating of capital. The Company can still get necessary fund to keep normal business operation. On the other hand, the Company will push forward the debt reconstruction in term of widely accepted commercial principle. Especially the debt reconstruction regarding Shen Zhonghua is still implementing under the Agreement of Framework for Debt Reconstruction of Shen Zhonghua. That will soon relieve the Company's obligation of guarantee for the debt of Shen Zhonghua amounted to RMB917 million due to Huarong Co. When that happens, the contingent liabilities of the Company will be decreased significantly.Besides, the Company is holding 26.54% of the capital share of Shenzhen Jianian Industry Holdings Co., Ltd. as the fist shareholder of the company. Since July 1st 2003, the 2nd shareholder of Jiannian Company entrusted the Company to manage the 19.03% of shares it is holding in Jiannian Company. As the matter of fact, the Company became the practical controller of Jianian Company. Jianian Company is involving in printing of packaging materials and management of properties. It has certain profitability. With considering of the above, the Company has the ability to carry forward its business operation.

6.15 Business plan as of the next year of the Board of Directors (If it has)

☐Applicable √Inapplicable

Profit estimation of the next year (If it has)

☐Applicable √Inapplicable

6.16 The preplan on the profit distribution and capitalization of capital public reserve of the Board of Directors

As audited by Shenzhen Dahua Tiancheng Certified Public Accountants, the Company realized net profit amounting to RMB –47,938,995.60 in 2004, retained profit was RMB –2,385,580,676.55. The Company didn't distribute profit and convert capital reserve into share capital.

The Company did not appropriate share distribution preplan though the Company achieved the profit in the report period
☐Applicable √Inapplicable

§7. Significant Events

7.1 Purchase of assets
☐ Applicable √ Inapplicable
7.2 Sales of assets
☐ Applicable √ Inapplicable
7.3 Significant guarantee
√Applicable ☐Inapplicable

Unit: RMB'0000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)						
Name of the Company guaranteed	Date of happening (date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete Implementation or not	Guarantee for related party (yes or not)
Shenzhen Lionda Bonded Trade Co., Ltd.	May 30, 2000	850.00	Joint responsibility guarantee	One year	No	Yes
Shenzhen Sun Pipeline Co., Ltd.	Dec. 30, 1993	4,335.00	Joint Responsibility Guarantee	Five years	No	Yes
Shenzhen Gaokeda Electron Co., Ltd.	Mar. 10, 1994	50.00	Joint Responsibility Guarantee	One Year	No	Yes
Shenzhen Yuda Import & Export Co., Ltd.	Jul. 8, 1998	480.00	Joint Responsibility Guarantee	One year and an half	No	Yes
Shenzhen China Bicycle Company (Holdings) Limited	Dec. 19, 1995	31,758.22	Joint Responsibility Guarantee	Three years	No	Yes
Yueshen Light Industrial &	Dec. 30, 1993	900.00	Joint Responsibility	Two years and an half	No	Yes

Trade Company			Guarantee			
Guozhou Xufeng Enterprise Group Co., Ltd.	May 2, 1995	1,500.00	Joint Responsibility Guarantee	One year	No	No
Shenzhen Jinbeisheng Investment Co., Ltd.	Jun. 22, 1995	7,760.00	Joint Responsibility Guarantee	One year	No	No
Shenzhen Guoyin Investment Group Co., Ltd.	Dec. 13, 1995	4,030.00	Joint Responsibility Guarantee	Five Years	No	Yes
Shenzhen Paina Garniture Co., Ltd.	Apr. 30, 1998	130.00	Joint Responsibility Guarantee	Nine months	No	No
Shenzhen Gintian Industrial Group Co., Ltd.	Jun. 30, 1997	2,675.00	Joint Responsibility Guarantee	Two years and an half	No	No
Shenzhen Zhongwu Material Import & Export Co., Ltd.	Apr. 30, 1997	1,679.00	Joint Responsibility Guarantee	Two years	No	No
Shenzhen Guangyingda Industrial Development Company	Sep. 25, 1995	8,623.01	Joint Responsibility Guarantee	Three years and an half	No	Yes
Shenzhen Ligang Industrial Company	Aug. 15, 1996	723.38	Joint Responsibility Guarantee	One year	No	No
Shenzhen Maoyuan Investment	Jan. 30, 1995	856.00	Joint Responsibility Guarantee	One year	No	No

Development Co., Ltd.						
Shenzhen Xingda Industry & Trading Co., Ltd.	May 1, 1996	40.00	Joint Responsibility Guarantee	Two years	No	No
Shenzhen Chemical & Plastic Co., Ltd.	Mar. 5, 1997	1,500.00	Joint Responsibility Guarantee	One year	No	No
Shenzhen Jinhai Electron Co., Ltd.	Apr. 7, 1996	350.00	Joint Responsibility Guarantee	One year	No	No
Shenzhen Guanghualin Investment Co., Ltd.	May 23, 1996	1,220.00	Joint Responsibility Guarantee	One year	No	No
Shenzhen Tiantai Chemical Co., Ltd.	Jun. 20, 1995	166.00	Joint Responsibility Guarantee	One year	No	No
Shenzhen Structure Material Group	Mar. 1, 1998	80.00	Joint Responsibility Guarantee	One year	No	No
Shenzhen Jinyuan Industry & Trading Company	Apr. 30, 1997	80.00	Joint Responsibility Guarantee	One year	No	No
Hainan Wanda Industry & Trading Co., Ltd.	Aug. 16, 1996	3,093.86	Joint Responsibility Guarantee	One year	No	No
Shenzhen Xuena Co., Ltd.	Jun. 10, 1995	112.91	Joint Responsibility Guarantee	One year and an half	No	No
Shenzhen Light Industry Import & Export Company	Jul. 31, 1997	273.00	Joint Responsibility Guarantee	Two years and an half	No	Yes

Jilin Lionda Company	Jun. 30, 1996	350.00	Joint Responsibility Guarantee	One year and an half	No	Yes
Shenzhen Big World Department Store	Mar. 1, 1996	1,402.70	Joint Responsibility Guarantee	One year	No	No
Shenzhen Lionda Development Co., Ltd.	Apr. 25, 1996	781.50	Joint Responsibility Guarantee	Three years	No	Yes
Shenzhen Lionda Electrical Appliance Co., Ltd.	Nov. 3, 1996	985.00	Joint Responsibility Guarantee	Three years	No	Yes
Shenzhen Paper Making Company	Mar. 15, 1997	1,790.00	Joint Responsibility Guarantee	Three years	No	Yes
Shenzhen Lionda Foods Co., Ltd.	Sep. 1, 1996	2,940.00	Joint Responsibility Guarantee	Three years and an half	No	Yes
Shenzhen Lionda Material Import & Export Co., Ltd.	Aug. 13, 1995	6,566.04	Joint Responsibility Guarantee	Five years	No	Yes
Hunan Lionda Company	Oct. 25, 1997	325.00	Joint Responsibility Guarantee	One year	No	Yes
Total amount of guarantee in the report period				0.00		
Total balance of guarantee at the end of the report period				88,555.44		
Guarantee of the Company for the controlling subsidiaries						
Total amount of guarantee for controlling subsidiaries in the report period				0.00		
Total balance of guarantee for controlling subsidiaries at the end of the report period				13,237.54		
Particulars about the external guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee				181,455.44		
The proportion of the total amount of guarantee in the net assets of the Company				—		
Particulars about the guarantees out of line						
Total amount of guarantee for other related parties, which the Company or controlling shareholders held less than 50%				64,484.93		

The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%	64,484.93
Proportion of total amount of guarantee in net assets of the Company exceeded 50% (Yes of No)	Yes
Total amount of guarantee breaking regulations	64,484.93

7.4 Significant related transactions

7.4.1 Current related purchase and sale

√Applicable ☐Inapplicable

7.4.2 Current related credits and liabilities

√Applicable ☐Inapplicable

Unit: RMB'0000

Related party	Funds provided to related parties		Funds provided by related parties to listed company	
	Amount occurred	Balance	Amount occurred	Balance
Shenzhen Paper Making Company	-8.39	0.00	0.00	0.00
Shenzhen Lionda Foods Industry Co., Ltd.	-46.47	499.87	0.00	0.00
Shenzhen Lionda Development Co., Ltd.	15.38	5,917.13	0.00	0.00
Shenzhen Lionda Material Import & Export Co., Ltd.	0.00	2,793.53	0.00	0.00
Shenzhen China Bicycle Company (Holdings) Limited	-70.17	24,578.97	0.00	0.00
Shenzhen Create New Material Co., Ltd.	0.00	21.40	0.00	0.00
Shenzhen Sun Pipeline Co., Ltd.	0.00	2,568.67	0.00	0.00
Shenzhen Jiadeng Trading Co., Ltd.	0.00	100.85	0.00	0.00
Shenzhen Inter Enterprise Co., Ltd.	0.00	47.75	0.00	0.00
Beijing Lionda Investment	-50.00	1,798.85	0.00	0.00
Shenzhen Kenda Science and Technology Co., Ltd.	0.00	1.32	0.00	0.00
Shenzhen Guangyingda Industrial Co., Ltd.	0.00	1,418.00	0.00	0.00
Shenzhen Orient Enterprise Co., Ltd.	-60.00	2,768.31	0.00	0.00
Total	-219.65	42,514.65	0.00	0.00

Including: in the report period, the capital amount the listed company provided to controlling shareholder and its subsidiaries was RMB 0.00 and the balance was RMB 425146500.

7.5 Entrusted financing

☐ Applicable √ Inapplicable

7.6 Implementation of projects committed

☐ Applicable √ Inapplicable

7.7 Significant lawsuit and arbitration

√ Applicable ☐ Inapplicable

1. China Orient Asset Management Company Shenzhen Office, the prosecutor, (Bank of China Shenzhen Branch has transferred the creditors' rights to the prosecutor on May 11th 2000) has provided the principal of USD3.15 million as loan to Shenzhen Sun Piping Co., Ltd. on May 10th 1993. The Company undertook the joint liability for guarantee of the loan. For Shenzhen Sun Piping Co., Ltd. and the Company has not fulfilled the responsibility of returning the principal on time, Shenzhen Sun Piping Co., Ltd., Bank of China Shenzhen Branch and China International Finance Company entered a supplementary contract on December 12th 1996 to extend the expiring date of the loan to May 10th 1999.Shenzhen Sun Piping Co., Ltd. failed to return the loan on time again. The Company didn't paid the loan either. Therefore China Orient Asset Management Company Shenzhen Office sued to Shenzhen Intermediate Court against Shenzhen Sun Piping Co., Ltd. and the Company for:1) Shenzhen Sun Piping Co., Ltd. shall return the principal of USD3.15 million and the interest of USD1,558,579.81; 2) The Company shall take joint liabilities over the above debts; 3) Shenzhen Sun Piping Co., Ltd. and the Company shall take all of the suing expenses. The trial was scheduled on February 9th 2004. Predicted liabilities has been drawn upon this event, therefore the gain/loss account is away from influence.(For details about this please go to Announcement 2004-002 published on January 7th 2004 issues of Securities Times and Ta Kung Pao.)

2. (1) With regarding the lawsuit raised by Shenzhen Development Bank Futian Branch to Shenzhen Futian Court against Shenzhen Guoyin Investment (Group) Co., Ltd. and the Company (as the guarantor). This case is under inquisition. As the result of intercession by the court, both of the parties accept the conditions as: (a). Shenzhen Guoyin Investment (Group) Co., Ltd. shall repay the principal of RMB4 million and relative interest before June 30th 2004. (b). The Company shall take related liabilities over the commitment. Predicted liabilities has been drawn upon the above responsibilities, and will not influence the current gain/loss account.

(2) Bank of China Shenzhen Branch (the prosecutor) has provided a loan of USD380 thousand to the Company on June 27th 1996. Shenzhen Lionda Development Co., Ltd. provided guarantee with related liabilities for this loan. For the Company has failed to payback the principal and interest upon expiration, whereas Shenzhen Lionda Development Co., Ltd. was failed to undertake the related liability, Bank of China sued to Shenzhen Luohu People's Court against the Company and Shenzhen Lionda Development Co., Ltd. The trial was scheduled on February 26th 2004. The sentences were reached: (a). The defendant is responsible to return the principal of USD380 thousand and corresponding interests. (b). Shenzhen Lionda Development Co., Ltd. shall take the related liability for the guarantee of the debt. When Shenzhen Lionda Development Co., Ltd. repaid the debt on behalf of the Company, it is empowered to collect the debt from the Company. Financial expenses has been drawn upon this loan and no other influence will happen to the current gain/loss account.

(3) With regarding the lawsuit raised by China Orient Asset Management Company Shenzhen Office against Shenzhen Sun Piping Co., Ltd. and the Company, Shenzhen

Intermediate Court opened the trial on February 9th 2004 and the followings are the civil sentences: (a). The defendant Sun Piping Company is responsible to return the principal of USD3.15 million and corresponding interests to China Orient Asset Management Co., Ltd. Shenzhen Office within 10 days upon the effective of the sentence. (b). The Company shall take the related liability for the guarantee of the debt. When the Company repaid the debt on behalf of Sun Piping Company, it is empowered to collect the debt from Sun Piping Company. Predicted liabilities have been drawn upon this event and no other influence will happen to the current gain/loss account.

(4) As of the lawsuit raised by Shenzhen Investment Management Co. to Shenzhen Intermediate Court against the Company about the loan contract. Under the coordinating of the court, amicable settlement was accepted by both of the parties and the settlement agreement was signed as the followings: (a). The Company recognizes the debt of RMB16579232 due to Shenzhen Investment Management Co., Ltd.;
(b). If the Company failed to return the fund on time, Shenzhen Investment Management Co., Ltd. is empowered to dispose the share equity the Company holds in Shenzhen Jianian Printing & Packaging Holdings Co., Ltd. through justice procedure. (c). If the income from disposing of the said equity exceeded RMB16579232, the balance will be returned to the Company. If it is not enough, the Company shall recognize the balance and return as soon as possible. (d). The suing expenses is shared equally by both of the parties. The privies request the Court to recognize the above agreement in term of intercession document. The intercession document was issued on February 11th 2004. This event was just changed the creditor of the Company, but make any influence on the Company's financial situation. The said agreement has not yet been put into practical action, therefore no influence will be made on the accounting temporarily. Relative accounting treatment will be performed when it has practically happened.
(5) As for the lawsuit raised by Bank of China Shenzhen Branch to Shenzhen Intermediate Court against the Company and the guarantor – Shenzhen Petrochemical Industry Group Co., Ltd. The trial was held on February 16th 2004 and the following sentences were drawn: (a) The defendant is responsible to return the principal of HKD24 million and relevant interest to Bank of China Shenzhen Branch within 10 days since the sentences were effective. (b) Shenzhen Petrochemical Industry Group Co., Ltd shall take the related liability for the guarantee of the debt. When the Company repaid the debt on behalf of the Company, it is empowered to collect the debt from the Company. Financial expenses have been drawn upon this event and no further influence will happen to the current gain/loss account.

(6) As of the lawsuit raised by China Agriculture Bank Shenzhen Branch to Shenzhen Intermediate Court against Shenzhen Changping Imp. & Exp. Co., Ltd. and the Company (as the guarantor) about the accepted draft amounted to RMB19582170.53 and RMB9855700.67 (as two objects of two petitions), and also the lawsuit raised by China Agriculture Bank Shenzhen Branch against the Company and Shenzhen Petrochemical Industry Group Co., Ltd. of import deposit loan amounted to

HKD12109722 and USD989262.70 (as the objects of one petition). The court merged the three petitions into one trial. And drawn civil sentences as the followings: (a). Shenzhen Changping Imp. & Exp. Co., Ltd. is responsible to return the principal of RMB19582170.53 and RMB9855700.67, as well as relevant interests within 15 days upon the effective of the sentences. (b). The Company shall take the related liability for the repaying of debt. The sentences of the 2nd petition (a). The Company is responsible to return the principal of HKD12109722 and USD989262.70, as well as relevant interests to China Agriculture Bank Shenzhen Branch within 15 days upon the effective of the sentences. (b). Shenzhen Petrochemical Industry Group Co., Ltd. shall take the related liability over the repaying of debt by the Company. The Company has already drawn predicted liabilities over the above two events, therefore no influence will occur to the current gain/loss account.The Company has already drawn financial expenses upon the above three lawsuit events, no further influence will occur on the current gain/loss account.

(7) Because the plaintiff China Merchants Bank Shenzhen Chinese Overseas Town Sub-branch offered loan RMB 2.4 million to Shenzhen Lionda Electric Apparatus Co., Ltd. on January 14, 2000, the Company, the defendant, bears joint suretyship responsibility for the above loan. After it was due, the plaintiff sent dunning notifications to the two defendants, but no resolution. So the plaintiff has litigated to Shenzhen Nanshan District Court. The claims are as follows: (a)The defendant Shenzhen Lionda Electric Apparatus Co., Ltd. repays the principal sum of RMB 2.4 million and correspondent interests; (b). The defendant our Company bears joint responsibility for the repayment; (c). The defendant bears all expense in litigation of this case. This case is scheduled to be heard on April 26, 2004. The suited items have been regarded as predicted indebtedness, and it will not influence current profit and loss.

(8) As for the lawsuit about loan contract dissension between China Everbright Bank Shenzhen Branch and Shenzhen Guanghualin Investment Co., Ltd. and the Company, No. 282 civil award by Shenzhen Intermediate Court has taken legal effect. According to the regulation, Shenzhen Guanghualin Investment Co., Ltd. and the Company should repay the loan principal of RMB 12796807.80 and interest to China Everbright Bank Shenzhen Branch. During the operation of the case, Shenzhen Intermediate Court froze the Company’s holding right of 5 million shares of Beijing Wantong Industrial Holdings, Co., Ltd. Because Shenzhen Guanghualin Investment Co., Ltd. and the Company didn’t fulfill the law writ, Shenzhen Intermediate Court made the following adjudication on March 15, 2004: auctioning the Company’s holding right of 5 million shares of Beijing Wantong Industrial Holdings, Co., Ltd. The Company’s investment income decreased because of the lawsuit. Up to now, the auction procedure has not been finished yet. So, it is unable to estimate temporarily the influence of the financial affairs. The financial affairs will be dealt with according to the knock-down price after auctioning finishes.

(9) On September 9, 1999, Industrial and Commercial Bank of China Shenzhen Branch Dongmen Sub-branch offered loan of RMB 4 million to Shenzhen Cangping

Import & Export Co., Ltd. and the Company was warrantor of the loan. The loan was not repaid when it was due and the Bank had dunned several times, but failed. So the Bank suited to Shenzhen Luohu District Court. The case was heard on June 2, 2004, and the Court made the following adjudication: (a). The defendant Shenzhen Cangping Import & Export Co., Ltd. repays the principal sum of RMB 4 million and correspondent interests with 10 days after the award take legal effect. (b). The defendant the Company bears joint responsibility of repayment. After subrogation, the Company has the right to ask Shenzhen Cangping Import & Export Co., Ltd. for repayment. The lawsuit item has been regarded as accrued liabilities, and it will not influence current profit and loss.

(10) As for the lawsuit of bank acceptance bill case of Hainan Wanda Trade Group Co., Ltd. and the Company by China Construction Bank Haikou Branch Longhua Sub-branch, Hainan Supreme Court sent execution notification to Hainan Wanda Trade Group Co., Ltd. and the Company. During execution, Hainan Supreme Court auctioned the Company's 7 million domestic corporate shares of "ST Zhonghua" initiator registered in China Security Registration and Balance Co., Ltd. Shenzhen Branch and 432,000 "ST Shanchanglin" directional domestic corporate shares. The above-mentioned shares were bargained on respectively to Shanghai Buxin Trade Co., Ltd., Shanghai Gaorong Investment Consulting Co., Ltd., Huabao Trust Investment Co., Ltd. and Guangzhou Hengyong Ruanfeng Development Co., Ltd. Hainan Supreme Court made the following adjudication on March 4, 2004: release close-down and freezing of the Company's 7 million domestic corporate shares of "ST Zhonghua" initiator registered in China Security Registration and Balance Co., Ltd. Shenzhen Branch and 432,000 "ST Shanchanglin" directional domestic corporate shares. The above-mentioned shares were sold respectively at the price of RMB 0.2916 per share and RMB 0.32 per share. After deduction of the expense of evaluation, auction and owner transfer borne by the Company, the rest sum of RMB 2061441.92 had been transferred to application executants. Since the executed company didn't have assets to execute, Hainan Supreme Court made the following civil adjudication on April 1, 2004: terminate execution of No. 1 [1999]JJCZi civil adjudication of Hainan Supreme Court; with 10 years after termination of the execution, the application executants can apply for execution again if he finds any executable assets of the executed company. The surety has been predicted indebtedness. The auction price is higher than its accounting price, so it brings investment income of RMB 2061441.92.

(11) On June 30, 2001, ICBC Shenzhen Branch offered loan of RMB 17.9 million yuan to Shenzhen Lionda Paper Co., Ltd., and the Company and Shenzhen Guoyin Investment (Group) Co., Ltd. offered surety to the loan. The loan was not repaid when it was due and ICBC Shenzhen Branch had dunned for several times, but failed. Therefore, the Bank suited to intermediate court for the following requests: (a). The defendant Shenzhen Lionda Paper Co., Ltd. repays the principal sum of RMB 16.41 million and correspondent interests; (b). The defendants, our Company and Shenzhen Guoyin Investment (Group) Co., Ltd., bear joint responsibility; (c). The 3 defendants

bear the legal cost of the case. The case was scheduled to be heard on July 26, 2004. The suited items have been regarded as predicted indebtedness, and it will not influence current profit and loss.

(12) On acceptance of appointment of [2003]YGFZZZi No. 148 appointed executive determinant letter of Guangdong Intermediate Court, according to adjudication writ which had taken legal effect, Guangzhou Railway Transportation Center Intermediate Court docketed a case on December 11, 2003 and executed 18 cases among application executants, namely, Office of ICBC Shenzhen Branch, China Merchants Bank Shenzhen Luohu Branch, Fuji Bank Shenzhen Branch, Bank of Communications Shenzhen Branch, Bank of China Shenzhen Branch, Societe Generale Shenzhen Branch, Agricultural Bank of China Shenzhen Branch Buji Sub-branch Tianbei Office, Agricultural Bank of China Shenzhen Branch Tianbei Sub-branch, Bank of China Shenzhen Branch Longhua Sub-Branch, Shenzhen Nonferrous Metals Finance Co., Ltd., Beijing Craftwork Import & Export Co., Ltd. and merchants Bureau Shekou Holding Co., Ltd., and the executed company, the Company. Because the Company didn't implement the obligation in the legal writ, Guangzhou Railway Transportation Center Intermediate Court made the following civil adjudication: freeze, close down and detain the Company's assets valued totally RMB 600 million. The court also sent notification to the Company on January 4, 2004, saying that Guangzhou Railway Transportation Center Intermediate Court had closed down and frozen the following assets of the Company: (a).11968590 domestic corporate shares of "ST Zhonghua" initiator, bonus shares and Allotments held by the Company; (b).95% of shares in Shenzhen Lionda Development Co., Ltd., 70% of Shenzhen Lionda Timing Industrial Co., Ltd., 95% of Shenzhen Lionda Food Industrial Co., Ltd., 95% of Shenzhen Cangping Import & Export Co., Ltd., 80% of Shenzhen Yinkun Light Textile and Chemistry Co., Ltd., 95% of Shenzhen Lionda Electric Apparatus Co., Ltd. and 30% of Shenzhen Guangyingda Industrial Development Co., Ltd. Currently the share right is not in actual dealing process, so it is not influencing the Company's finance temporarily. When it actually happens, the Company will do correspondent financial treatment.

(13) On acceptance of appointment of Guangdong Supreme Court, Guangzhou Railway Transportation Center Intermediate Court docketed a case and executed L/C contract dissension cases among China Huarong Assets Management Co., Ltd. Shenzhen Office and Shenzhen Zhonghua Bicycle (Group) Co., Ltd., and the Company. During the execution process, the application executants requested to terminate the execution for reasons that they had received USD 7.6 million during the execution of Shenzhen Intermediate Court, which is totally RMB 152425737.95 yuan, and the principal sum of money listed in the application had been reclaimed. Therefore, Guangzhou Railway Transportation Center Intermediate Court made the following civil adjudication: the execution of [1998]SZFJYCZi No. 163, 164, 155, 156, 157, 158, 159, 160, 161, 162 and 163 civil adjudications terminated. All the items above have been done financial treatment in correspondent year and it will not

influence the profit and loss of this year.

(14) On acceptance of appointment of [2003]YGFZZZi No. 148 appointed executive determinant letter of Guangdong Intermediate Court, according to adjudication writ which had taken legal effect, Guangzhou Railway Transportation Center Intermediate Court docketed a case on December 11, 2003 and executed the cases among application executants, namely, China Huarong Assets Management Co., Ltd. Shenzhen Office, China Merchants Bank Shenzhen Luohu Branch, Fuji Bank Shenzhen Branch, Bank of Communications Shenzhen Branch, China Orient Assets Management Co., Ltd. Shenzhen Office, Angles Bank, Societe Generale Shenzhen Branch, Eat Asia Bank Co., Ltd. Shenzhen Branch, China Great Wall Assets Management Co., Ltd., Bank of China Shenzhen Branch Longhua Sub-Branch, Shenzhen Huali Packing Trade Co., Ltd., Shenzhen Nonferrous Metals Finance Co., Ltd., Shenzhen Guimeng Chains Co., Ltd., Shenzhen Hongguang VP Components Co., Ltd., Shenzhen Xinlong VP Components Co., Ltd., Shenzhen Jiantai Latex Co., Ltd., Guangzhou Yizheng VP Components Co., Ltd. and Dongguan Longyi Bicycle Fittings Co., Ltd., and the executed company, namely, Shenzhen Zhonghua Bicycle (Group) Holding Co., Ltd. During the execution, Guangzhou Railway Transportation Center Intermediate Court closed down and froze the executed companies' house property and shares. According to notification of Guangdong Supreme Court and law and regulations concerned, Guangzhou Railway Transportation Center Intermediate Court made the adjudication of reprieval execution: [2004]GTZFZZi No. 13, 15-17, 19-22, 24, 25 and 30-43 cases would be reprieved for 6 months, which was from April 14, 2004 to October 13, 2004. Currently the share right is not in actual dealing process, so it is not influencing the Company's finance temporarily. When it actually happens, the Company will do correspondent financial treatment. Please read details of the above-mentioned cases in Security Times of August 27, 2004 and No. 2004-021 announcement in Hong Kong Ta Kung Pao.

3. (1) As for the case of ICBC Shenzhen Branch suiting to Shenzhen Intermediate Court about the loan contract dissension with Shenzhen Lionda Paper Co., Ltd. and the surety companies, Shenzhen Guoyin Investment (Group) Co., Ltd. and the Company, Shenzhen Intermediate Court made the following civil award: (a). The defendant Shenzhen Lionda Paper Co., Ltd. repays the principal sum of 16.41 million and the interest of RMB 1829613.44 to ICBC Shenzhen Branch (b). The defendants, our Company and Shenzhen Guoyin Investment (Group) Co., Ltd., bear compulsory joint responsibility of repayment. The suited items have been regarded as predicted indebtedness, and it will not influence current profit and loss. (2) On acceptance of appointment of Guangdong Supreme Court, Guangzhou Railway Transportation Center Intermediate Court docketed a case and executed the loan contract case among Societe Generale Shenzhen Branch and the executed companies, Shenzhen Zhonghua Bicycle (Group) Holding Co., Ltd. and the Company. During execution, after investigation and verification, the executants, Societe Generale Shenzhen Branch had been canceled at a registry of administrative department for industry and commerce on April 1, 2002, and Bank of China had authorized it to close on November 15, 2002.

Being unable to confirm who the grantee of the rights and obligations was, Guangzhou Railway Transportation Center Intermediate Court made the following civil award: (1999) SZFJECZi No. 36 civil adjudication writs terminated. The suited items have been regarded as predicted indebtedness, and it will not influence current profit and loss. (2) In November 1999, Shenzhen Zhongwu Resources Import & Export Co., Ltd. (hereinafter short as "Zhongwu Resources") applied to Agricultural Bank of China Shenzhen Futian Branch for the highest credit loan of RMB 21 million and the Company signed Credit Agreement of Highest Sum Guarantee for this loan. Till May 20, 2000, Zhongwu Resources owed Agricultural Bank of China Shenzhen Futian Branch the principal sum of RMB 16792914.75. After dunned for several times, Zhongwu Resources didn't fulfill the obligation of repayment and the Company didn't fulfill the responsibility of guarantee, either. The creditor's rights were transferred from Agricultural Bank of China Shenzhen Futian Branch to China Great Wall Assets Management Co., Ltd. Shenzhen Branch. On October 16, 2002, Zhongwu Resources was declared bankruptcy by Shenzhen Intermediate Court according to law. Through liquidation, the compensation which China Great Wall Assets Management Co., Ltd. Shenzhen Branch got is 0. Therefore, China Great Wall Assets Management Co., Ltd. Shenzhen Branch brought the civil action to the Company to Shenzhen Intermediate Court, and the case was schedule to be heard on November 3, 2004. The suited items have been regarded as predicted indebtedness, and it will not influence current profit and loss. Please read details of 3 cases mentioned above in Security Times of December 29, 2004 and No. 2004-028 announcement in Hong Kong Ta Kung Pao.

7.8 Particulars about the performance of obligations of Independent Directors

Particulars about the independent directors attending the Board

Name of Independent Directors	This year times of attending the Board meeting	Presence in person	Entrusted presence (times)	Absence (Times)	Notes
Ma Hong	5	5	0	0	Including communication voting
Guo Shiping	5	3	1	1	Including communication voting
Wu Zhaolin	5	4	0	1	Including communication voting
Ban Wu	5	5	0	0	Including communication voting

Particulars about the independent directors proposed different opinions about the relevant matters of the Company

□Applicable √Inapplicable

§8.Report of the Supervisory Committee

√ Applicable □ Inapplicable

I.Supervisory Committee's independent opinion on the relative issues of year 2004

1. Operation According to the Law

In the report term, basing on the relevant national laws and legislations, the Supervisory Committee, carried out superintendence on the holding procedures of shareholders' general meeting and board meetings, resolution events, implementation of resolutions of shareholders' general meetings by the Board of Directors, performance of duties of senior executives as well as the Company's administration system etc.. It believed that in 2004, the Board of Directors strictly complied with the Company Law, Securities Law, Rules for Stock Listing, Article of Association and other relevant systems, operated in a standardized manner, worked conscientiously, conducted business and made decisions in a scientific and reasonable way, and further improved internal administrative and controlling system; The directors and managers haven't violated any of the law, legislation, the Articles of Association nor harmed the interests of the Company as well as the shareholders when performing duties.

2. Financial Inspection

The Supervisory Committee carried out serious and careful inspection on the Company's financial status, and believed that the Financial Report 2004 frankly reflected its financial status and business performance. The auditors' opinion issued by Shenzhen Dahua Tiancheng CPA and Hong Kong K.C.Oh & Company CPA and their assessment on relevant events are objective and fair.

3. In the report term, the Company didn't involved in any of acquisition or selling of assets, no inside trading or behaviors harming the interests of the shareholders or causing losing of assets occurred.

4. There was no material related transactions or utilizing of raised capital in the report term.

5. Execution of the resolutions of shareholders' general meeting by the Board

The supervisors observed the board meetings and the shareholders' general meetings. The Supervisory Committee monitored the execution of the resolutions of the shareholders' meeting, and acknowledges that the Board has executed the resolutions adopted by the Shareholders' General Meeting properly.

II.Statement of the supervisors on qualified Auditors' Report of clean audit opinion with emphatic events

In viewing of the great pressure of short-term debts over the Company, as well as the significant amount of lawsuit events on the Company, it will influence the consistence of the Company's business if they are not eliminated in a short period of time. Therefore Shenzhen Dahua Tiancheng CPA issued qualified Auditors' Report of clean audit opinion with emphatic events

The Board of Directors has made their statement on the consistency of the Company's business operation.

The Supervisory Committee acknowledges that the statement of the Board of Directors on qualified Auditors' Report of clean audit opinion with emphatic events.

§9. Financial Report

9.1Auditingopinions:qualifiedAuditors' Report of clean audit opinion with emphatic e vents

According to requests, qualified Auditors' Report has been furnished, and Auditors' Report, Accounting Statement and statement of the matters qualified opinions have mentioned are as follows:

(1) The complete Auditors' Report is as follows:

Auditors' Report

SHENHUA (2005) GSZI No. 37

All shareholders of Guangdong Sunrise Holdings Co., Ltd.,

We have audited the Consolidation and Balance Sheet of Dec. 31, 2004, as well as the 2004 Consolidation and Profit and Profit Appropriation Statement and the 2004 Consolidation and Statement of Cash Flow of Guangdong Sunrise Holdings Co., Ltd. (herein after referred to as the Company). While the compilation of these accounting statements were the responsibility of the administrative team of the Company, our responsibility is to give opinions on these accounting statements based upon the performance of our auditing work.

We have arranged and performed the auditing work according to the independent auditing rules of the Chinese CPAs, to reasonably ensure whether or not there is no significant misstatement in these accounting statements. The auditing work includes the examination of the evidences supporting the sums in the accounting statements and disclosure based upon random inspection, the comment about the accounting policies taken by the administrative team during the accounting statement compiling work and the important accounting estimation they have made, as well as the comment on the overall reflection of these accounting statements. We believe that our auditing work has provided reasonable base for us to express opinions.

We considered that the aforesaid accounting statements of the Company were in compliance with the regulations of Accounting Standards for Business Enterprise and Accounting System for Business Enterprise promulgated by the State, which reflected the financial position of the Company as at December 31, 2004 and the results of its operations and its cash flows for the year then ended fairly in all material respects.

Moreover, we reminded persons using the accounting statement to pay an attention: as listed in note 5, 13 and 7 to the financial statements, the Company has significant financial burdens on short-term repayment obligations and there are a large amounts of liabilities from court action in relation to the guarantees given by the Company; if these events could not be cleared in short-term, which directly impacted on the going concern of the Company. The Company has disclosed the improvement measures adopted in note 10 to the financial statement, but the sustaining operations capability of the Company still existed the significant indetermination. The content of this paragraph could not impact the Auditors' opinion issued.

Shenzhen Dahua Tiancheng Certified Public Accountants

Apr. 19, 2005

(2) As to the accounting statements, please refer to Item 9.2.

(3) Statements of the matters mentioned in the qualified opinions are as follows:

Annotation 5. Note. 13. Short-term loans

1. Loan type	2. Amount at the end of the year			3. Amount at the beginning of the year		
	Original currency	**Exchange rate**	**Translated into RMB**	**Original currency**	**Exchange rate**	**Translate into RMB**
Bank loan						
Including: pledge*						
RMB	4,000,000.00	---	4,000,000.00	10,000,000.00	---	10,000,000.00
HKD	15,000,000.00	1.06	15,900,000.00	14,500,000.00	1.062	15,398,500.00
Guarantee						
RMB	184,883,500.00	---	184,883,500.00	221,013,500.00	---	221,013,500.00
HKD	75,960,002.00	1.07	81,277,202.14	75,960,002.00	1.07	81,277,202.14
USD	17,573,262.70	8.30	145,858,080.41	17,573,262.70	8.30	145,858,080.41
Credit						
USD				---	---	---
Subtotal			431,918,782.55			473,547,282.55

4. Loan type	5. Amount at the end of the year			**Amount at the beginning of the year**		
	Original currency	**Exchange rate**	**Translated into RMB**	**Original currency**	**Exchange rate**	**Translated into RMB**
Loans from other units						
RMB	137,550,000.00		137,550,000.00	112,550,000.00	---	112,550,000.00
HKD			---	35,000,000.00	1.07	37,450,000.00
USD	740,000.00	8.30	6,142,000.00	740,000.00	8.30	6,142,000.00
Subtotal			143,692,000.00			156,142,000.00
Total			575,610,782.55			629,689,282.55

*Shenzhen Jianian Industrial Co., Ltd., a subsidiary of the Company, has borrowed RMB 4 million and HKD 15 million from the bank with its buildings as pledge.

Particulars about the overdue loans are as follows:

6. Loan unit	7. Loan amount		8. Translated into RMB	**Loan interest**	**Use of the loan funds**	**Reason for being overdue**
Shenshen Branch of Bank of China	HKD	32,000,000.00	34,240,000.00	Floating interest rate	Circulating fund turnover	Financial difficulties

Shenshen Branch of Bank of China	HKD	24,000,000.00	25,680,000.00	Floating interest rate	Circulating fund turnover	Financial difficulties
Shenshen Branch of Bank of China	USD	380,000.00	3,154,000.00	8.775%	Circulating fund turnover	Financial difficulties
Longhua Sub-branch of Bank of China	RMB	12,850,000.00	12,850,000.00	---	Circulating fund turnover	Financial difficulties
Great Wall Sub-branch of China Construction Bank	RMB	2,500,000.00	2,500,000.00	9.828%	Circulating fund turnover	Financial difficulties
Chengdong Sub-branch of China Construction Bank	RMB	17,975,500.00	17,975,500.00	8.712%	Circulating fund turnover	Financial difficulties
Shangbu Sub-branch of China Construction Bank	RMB	3,000,000.00	3,000,000.00	9.828%	Circulating fund turnover	Financial difficulties
Real Estate Sub-branch of China Construction Bank	RMB	18,000,000.00	18,000,000.00	9.504%	Circulating fund turnover	Financial difficulties
Branch Office of China Construction Bank	HKD	3,850,280.00	4,119,799.60	Letter of credit	Circulating fund turnover	Financial difficulties
Branch Office of China Construction Bank	USD	2,059,600.00	17,094,680.00	Letter of credit	Circulating fund turnover	Financial difficulties
International Office of China Construction Bank	USD	2,444,400.00	20,288,520.00	Letter of credit	Circulating fund turnover	Financial difficulties
Shatoujiao Sub-branch of Agricultural Bank of China	RMB	2,600,000.00	2,600,000.00	9.504%	Circulating fund turnover	Financial difficulties
Renmin North Road Sub-branch of Agricultural Bank of China	RMB	2,678,000.00	2,678,000.00	7.599%	Circulating fund turnover	Financial difficulties
Shenzhen Branch Office of Agricultural Bank of China	HKD	12,109,722.00	12,957,402.54	---	Circulating fund turnover	Financial difficulties
Shenzhen Branch Office of	USD	989,262.70	8,210,880.41	---	Circulating fund	Financial difficulties

Agricultural Bank of China					turnover	
Futian Sub-branch of Industrial and Commercial Bank of China	RMB	5,430,000.00	5,430,000.00	6.732%	Circulating fund turnover	Financial difficulties
Futian Sub-branch of Industrial and Commercial Bank of China	RMB	8,000,000.00	8,000,000.00	6.732%	Circulating fund turnover	Financial difficulties
Futian Sub-branch of Industrial and Commercial Bank of China	RMB	3,600,000.00	3,600,000.00	6.732%	Circulating fund turnover	Financial difficulties
Futian Sub-branch of Industrial and Commercial Bank of China	RMB	8,000,000.00	8,000,000.00	6.732%	Circulating fund turnover	Financial difficulties
Futian Sub-branch of Industrial and Commercial Bank of China	RMB	6,000,000.00	6,000,000.00	6.732%	Circulating fund turnover	Financial difficulties
Shen East Sub-branch of Industrial and Commercial Bank of China	RMB	19,000,000.00	19,000,000.00	5.58%	Circulating fund turnover	Financial difficulties
Futian Sub-branch of Industrial and Commercial Bank of China	USD	2,000,000.00	16,600,000.00	7.25%	Circulating fund turnover	Financial difficulties
Shatoujiao Sub-branch of Shenzhen Development Bank Co., Ltd.	RMB	8,000,000.00	8,000,000.00	7.587%	Circulating fund turnover	Financial difficulties
Nantou Sub-branch of Shenzhen Development Bank Co., Ltd.	HKD	4,000,000.00	4,280,000.00	9.90%	Circulating fund turnover	Financial difficulties
Renmin Bridge Sub-branch of Shenzhen Development Bank	USD	1,000,000.00	8,300,000.00	Seasonal floating	Circulating fund turnover	Financial difficulties

Co., Ltd.						
Futian Sub-branch of Shenzhen Development Bank Co., Ltd.	USD	1,700,000.00	14,110,000.00	8.775%	Circulating fund turnover	Financial difficulties
Shenzhen Branch of China Everbright Bank	RMB	5,600,000.00	5,600,000.00	5.8575%	Circulating fund turnover	Financial difficulties
Luohu Sub-branch of CITIC Industrial Bank	RMB	15,000,000.00	15,000,000.00	7.029%	Circulating fund turnover	Financial difficulties
Luohu Sub-branch of CITIC Industrial Bank	RMB	13,000,000.00	13,000,000.00	7.029%	Circulating fund turnover	Financial difficulties
9. Loan unit	10.	Loan amount	11. Translated into RMB	**Loan interest**	**Use of the loan funds**	**Reason for being overdue**
Shangbu Sub-branch of China Merchants' Bank	RMB	4,000,000.00	4,000,000.00	7.23%	Circulating fund turnover	Financial difficulties
Shangbu Sub-branch of China Merchants' Bank	USD	7,000,000.00	58,100,000.00	8.625%	Circulating fund turnover	Financial difficulties
Shekou Sub-branch of the cooperative bank	RMB	4,500,000.00	4,500,000.00	---	Circulating fund turnover	Financial difficulties
Nanyuan Road Office of Guangdong Development Bank	RMB	8,580,000.00	8,580,000.00	5.841%	Circulating fund turnover	Financial difficulties
China Non-Ferrous Metal (Shenzhen) Finance Co., Ltd.	RMB	28,000,000.00	28,000,000.00	21.6%	Circulating fund turnover	Financial difficulties
China Non-Ferrous Metal (Shenzhen) Finance Co., Ltd.	USD	740,000.00	6,142,000.00	16.19%	Circulating fund turnover	Financial difficulties
Shenzhen Office of China Orient Asset Management Corporation	RMB	38,500,000.00	38,500,000.00	7.029%	Circulating fund turnover	Financial difficulties
Shenzhen Office of China Orient Asset Management Corporation	RMB	40,000,000.00	40,000,000.00	7.029%	Circulating fund turnover	Financial difficulties
China Cinda Asset	RMB	25,000,000.00	25,000,000.00	7.587%	Circulating	Financial

Management Corporation						fund turnover	difficulties
Accounting Department of Shenzhen Trade and Development Council	RMB	6,050,000.00		6,050,000.00	---	Circulating fund turnover	Financial difficulties
Total				539,140,782.55			

Amounts of short-term loans of the Company are as follows:

12. Loan type	13. Amount at the end of the year			14. Amount at the beginning of the year		
	Original currency	**Exchange rate**	**Translated into RMB**	**Original currency**	**Exchange rate**	**Translate into RMB**
Bank loan						
Including: pledge						
RMB	---	---	---	---	---	---
HKD	---	---	---	---	---	---
Guarantee						
RMB	168,313,500.00	---	168,313,500.00	193,313,500.00	---	193,313,500.00
HKD	75,960,002.00	1.07	81,277,202.14	75,960,002.00	1.07	81,277,202.14
USD	17,573,262.70	8.30	145,858,080.41	17,573,262.70	8.30	145,858,080.41
Credit						
USD						
Subtotal			395,448,782.55			420,448,782.55
Loans from other units						
RMB	137,550,000.00		137,550,000.00	112,550,000.00	---	112,550,000.00
HKD				35,000,000.00	1.07	37,450,000.00
USD	740,000.00	8.30	6,142,000.00	740,000.00	8.30	6,142,000.00
Subtotal			143,692,000.00			156,142,000.00
Total			539,140,782.55			576,590,782.55

Annotation 7. Contingences

(a) Item	Amount involved USD	HKD	RMB	(b) Note
External guarantee				Overdue
Shenzhen Lionda Bonded Trade Co., Ltd.	---	---	8,500,000.00	Overdue
Shenzhen Sun Pipeline Co., Ltd.	4,500,000.00	---	6,000,000.00	Overdue
Shenzhen Gaokeda Electronics Co., Ltd.	---	---	500,000.00	Overdue

Shenzhen Yuda Company	---	---	4,800,000.00	Excluding the guarantee for the loan Shen China obtained from Huarong Company
Shenzhen China Bicycle Company (Holdings) Limited	21,683,400.00	8,000,000.00	129,050,000.00	Overdue and prosecuted
Yueshen Light Industrial & Trade Company	---	---	9,000,000.00	Overdue and prosecuted
Guangzhou Xufeng Enterprise Group Co., Ltd.	---	---	15,000,000.00	Overdue and prosecuted
Shenzhen Jinbeisheng Investment Co., Ltd.	---	---	77,600,000.00	Overdue and prosecuted
Shenzhen Guoyin Investment Group Co., Ltd.	---	---	40,300,000.00	Overdue and prosecuted
Shenzhen Paina Garment Co., Ltd.	---	---	1,300,000.00	Overdue and prosecuted
Shenzhen Jintian Industrial Group Co., Ltd.	---	25,000,000.00	---	Overdue and prosecuted
Shenzhen Zhongwu Material Import & Export Co., Ltd.	2,022,900.00	---	---	Overdue and prosecuted
Shenzhen Guangyingda Industrial Development Company	9,210,860.00	---	9,780,000.00	Overdue and prosecuted
Shenzhen Ligang Industrial Company	660,700.00	---	1,750,000.00	Overdue and prosecuted
Shenzhen Maoyuan Investment Development Co., Ltd.	---	8,000,000.00	---	Overdue and prosecuted
Shenzhen Xingda Industry & Trading Co., Ltd.	---	---	400,000.00	Overdue and prosecuted
Shenzhen Chemical & Plastic Co., Ltd.	---	---	15,000,000.00	Overdue and prosecuted
Shenzhen Jinhai Electronics Co., Ltd.	---	---	3,500,000.00	Overdue and prosecuted
Shenzhen Guanghualin Investment Co., Ltd.	---	---	12,200,000.00	Overdue and prosecuted
Item	**I. Amount involved** II. **USD**	III. **HKD**	IV. **RMB**	**Note**
Shenzhen Tiantai	200,000.00	---	---	Overdue and prosecuted

Chemical and Industrial Co., Ltd.				
Shenzhen Construction Materials Group	---	---	800,000.00	Overdue and prosecuted
Shenzhen Jingyuan Industry & Trading Company	---	---	800,000.00	Overdue and prosecuted
Shenzhen Wanda Industry & Trading Co., Ltd.	---	---	30,938,600.00	Overdue and prosecuted
Shenzhen Xuena Co., Ltd.	---	1,055,200.00	---	Overdue and prosecuted
Shenzhen Light Industry Import & Export Company	100,000.00	---	1,900,000.00	Overdue and prosecuted
Jilin Lionda Company	---	---	3,500,000.00	Overdue and prosecuted
Shenzhen Big World Department Store	1,690,000.00	---	---	Overdue and prosecuted
Shenzhen Lionda Development Co., Ltd.	---	5,900,000.00	3,000,000.00	Overdue and prosecuted
Shenzhen Lionda Electrical Appliance Co., Ltd.	---	---	9,850,000.00	Overdue and prosecuted
Shenzhen Paper Making Company	---	---	17,900,000.00	Overdue and prosecuted
Shenzhen Lionda Foods Co., Ltd.	---	---	29,400,000.00	Overdue and prosecuted
Shenzhen Lionda Material Import & Export Co., Ltd.	---	11,850,000.00	52,980,959.49	Overdue and prosecuted
Hunan Lionda Company	---	---	3,250,000.00	Overdue and prosecuted
Total of external guarantees	40,067,860.00	59,805,200.00	488,999,559.49	Overdue and prosecuted
Lawsuits				
Shenzhen Light Industry Import & Export	100,000.00	---	1,900,000.00	Debt guarantee overdue and prosecuted
Shenzhen Paina Garment Co., Ltd.	---	---	1,300,000.00	Debt guarantee overdue and prosecuted
Hunan Lionda Company	---	---	3,250,000.00	Debt guarantee overdue and prosecuted
Shenzhen Jinhai Electronics Co., Ltd.	---	---	3,500,000.00	Debt guarantee overdue and prosecuted
Shenzhen Guanghualin Company	---	---	12,200,000.00	Debt guarantee overdue and prosecuted

Shenzhen Tiantai Chemical and Industrial Co., Ltd.	200,000.00	---	---	Debt guarantee overdue and prosecuted
Shenzhen Construction Materials Group	---	---	800,000.00	Debt guarantee overdue and prosecuted
Shenzhen Yueshen Light Industry Import & Export Co., Ltd.	---	---	9,000,000.00	Debt guarantee overdue and prosecuted
Guangzhou Xufeng Industrial Co., Ltd.	---	---	15,000,000.00	Debt guarantee overdue and prosecuted
Shenzhen Jingyuan Industrial & Trading Co., Ltd.	---	---	800,000.00	Debt guarantee overdue and prosecuted
Shenzhen Jinbeisheng Investment Company	---	---	77,600,000.00	Debt guarantee overdue and prosecuted
Shenzhen Xuena Company	---	1,055,200.00	---	Debt guarantee overdue and prosecuted
Shatoujiao Sub-branch of Shenzhen Development Bank Co., Ltd.	---	---	8,000,000.00	Loan overdue
Nantou Sub-branch of Shenzhen Development Bank Co., Ltd.	---	4,000,000.00	---	Loan overdue
Shenzhen Everbright Bank	---	---	5,600,000.00	Loan overdue
Shenzhen Non-Ferrous Metal Finance Company	740,000.00	---	28,000,000.00	Loan overdue
Shatoujiao Sub-branch of Agricultural Bank of China	---	---	2,600,000.00	Loan overdue
Renmin North Sub-branch of Agricultural Bank of China	---	---	2,678,000.00	Loan overdue
Shenzhen China Bicycle Company (Holdings) Limited	17,310,000.00	8,000,000.00	114,162,000.00	Debt guarantee overdue and prosecuted
Shenzhen Ligang Industrial Company	660,700.00	---	1,750,000.00	Debt guarantee overdue and prosecuted
Maoyuan Investment and Development Company	---	8,000,000.00	---	Debt guarantee overdue and prosecuted
Shenzhen Xingda Industry & Trading Co., Ltd.	---	---	400,000.00	Debt guarantee overdue and prosecuted

Hainan Wanda Co., Ltd.	---	---	30,938,600.00	Debt guarantee overdue and prosecuted
Shenzhen Guoyin Investment Group Co., Ltd.	---	---	40,300,000.00	Debt guarantee overdue and prosecuted
Shenzhen Jintian Industrial Co., Ltd.	---	25,000,000.00	---	Debt guarantee overdue and prosecuted
Shenzhen Zhongwu Material Import and Export Company	2,022,900.00	---	---	Debt guarantee overdue and prosecuted
Shenzhen Guangyingda Industrial Development Company	8,886,100.00	---	5,280,000.00	Debt guarantee overdue and prosecuted
Shenzhen Xinhuayu Company	---	---	3,000,000.00	Debt guarantee overdue and prosecuted
Shenzhen Chemical and Plastic Co., Ltd.	---	---	15,000,000.00	Debt guarantee overdue and prosecuted
Shenzhen Branch of Agricultural Bank of China	989,262.70	12,109,722.00	---	Loan overdue
15. Item		**Amount involved**		(c) Note
	16. USD	**HKD**	**RMB**	
Futian Sub-branch of Shenzhen Industrial and Commercial Bank of China	2,000,000.00	---	31,030,000.00	Loan overdue
Shendong Sub-branch of Shenzhen Industrial and Commercial Bank of China	---	---	19,000,000.00	Loan overdue
Shenzhen Lionda Material Import & Export Co., Ltd.	---	---	12,000,000.00	Debt guarantee overdue and prosecuted
Shenzhen Lionda Foods Co., Ltd.	---	---	3,000,000.00	Debt guarantee overdue and prosecuted
Shenzhen Lionda Development Co., Ltd.	---	1,400,000.00	1,000,000.00	Debt guarantee overdue and prosecuted
Total	32,908,962.70	59,564,922.00	449,088,600.00	

Note 10. Explanation of going concern basis

The Company has significant financial burdens on short-term repayment obligations and there are large amounts of liabilities from court action in relation to the guarantees given by the Company; if these events could not be cleared in short-term, which directly impacted on the going concern of the Company. Furthermore, the

significant indetermination existed in the sustaining operations possibly caused the Company unable realize assets and discharge liabilities in course of normal operations.
Therefore, the Company will adopt the following measures in order to keep its sustaining operations capability:
1. The Company will enhance the liquidation work of arrearage;
2. The Company will actively advance the work of debts reorganization and strive for implementation of debts reorganization based on commercial principle;
3. The Company holds 26.54% equity of Shenzhen Jianian Industrial Co., Ltd. and is the first largest shareholder of Shenzhen Jianian Industrial Co., Ltd.; the second largest shareholder entrusted the Company to manage its 19.03% equity of Shenzhen Jianian Industrial Co., Ltd., thus, the Company holds the actual control right to of Shenzhen Jianian Industrial Co., Ltd.. This company has the certain profitability.

Through the above measures adopted, the Company considered that the Company still has the sustaining operations capability in 2005.

9.2 Financial statement

Guangdong Sunrise Holdings Company Limited

Consolidated income statement for the year ended December 31, 2004

	Note	2004 RMB'000	2003 RMB'000
Turnover	5	142,607	77,268
Cost of sales		(126,214)	(64,127)
Gross profit		16,393	13,141
Other incomes		7,879	3,206
Distribution costs		(6,487)	(3,677)
Administrative costs		(40,710)	(26,802)
Operating loss		(22,925)	(14,132)
Finance costs		(32,545)	(32,192)
Exceptional items	6	7,829	57,616
Share of results from associates		59	1,265
Profit/(loss) before taxation	7	(47,582)	12,557
Taxation	8	536	(59)
Profit/(loss) after taxation		(47,046)	12,498
Minority interests		(877)	(554)
Profit/(loss) for the year		(47,923)	11,944
Earnings/(loss) per share		RMB(0.166)	RMB0.041

The calculation of the basic earnings/(loss) per share is based on the current year's loss of RMB47,923,000 (2003 - profit of RMB11,944,000) attributable to the shareholders and on the existing number of 288,420,000 shares in issue during the year.

Guangdong Sunrise Holdings Company Limited

Consolidated balance sheet as at December 31, 2004

	Note	2004 RMB'000	2003 RMB'000
Non-current assets			
Property, plant and equipment	9	120,077	130,737
Construction in progress	10	1,702	1,811
Interests in unconsolidated subsidiaries	11	(1,019)	(5,169)
Interests in associates	12	7,108	9,466
Long-term investments	13	11,112	11,112
		138,980	147,957
Current assets			
Inventories	14	29,205	31,168
Account receivables	15	49,007	37,291
Other receivables and prepayments	16	62,821	128,264
Tax recoverable		275	458
Note receivables		189	630
Short-term investments		44	44
Cash and bank balances		17,227	27,414
		158,768	225,269
Total assets		297,748	373,226
Capital and reserves			
Share capital	17	288,420	288,420
Reserves		(1,880,376)	(1,832,876)
		(1,591,956)	(1,544,456)
Minority interests		77,851	77,698
Current liabilities			
Bank and other loans	18	575,611	629,689
Account payables		27,209	29,865
Other payables and accrued charges	19	1,209,033	1,177,550
Note payables		-	2,880
		1,811,853	1,839,984
Total equity and liabilities		297,748	373,226

Guangdong Sunrise Holdings Company Limited

Consolidated cash flow statement for the year ended December 31, 2004

	Note	2004 RMB'000	2003 RMB'000
Cash flow from operating activities			
Profit/(loss) before taxation		(47,582)	12,557
Adjustment items :			
Interest income		(78)	(65)
Dividend income		(2)	(2,932)
Interest expense		32,357	32,266
Depreciation		12,445	7,824
Impairment loss provision/(reversal) on property, plant and equipment		961	(1,130)
Profit on disposal of property, plant and equipment		(2,636)	(10,923)
Impairment loss provision on unconsolidated subsidiaries		-	1,595
Profit on disposal of an unconsolidated subsidiary		-	(20,000)
Impairment loss provision on interests in associates		2,690	-
Loss on disposal of associates		-	3,082
Share of results from associates		(59)	(1,265)
Profit on disposal of long-term investments		(2,061)	(18,637)
Reversal for inventory obsolescence		(3,469)	-
Provision/(reversal) for doubtful debts on account receivables		(3,755)	3,645
Provision for doubtful debts on other receivables		22,365	-
Bad debts written off for other receivables		8,695	-
Reversal for loss on guarantees		(6,781)	(8,671)
Net operating cash inflow/(outflow) before movements in working capital		13,090	(2,654)
Increase/(decrease) in amounts due to unconsolidated subsidiaries		(4,150)	1,263
Increase/(decrease) in amounts due to associates		(373)	373
(Increase)/decrease in inventories		5,432	(13,387)
(Increase)/decrease in account receivables		(7,961)	2,651
(Increase)/decrease in other receivables and prepayments		34,806	(104,481)
(Increase)/decrease in note receivables		441	(630)
Increase/(decrease) in account payables		(2,656)	9,798
Increase in other payables and accrued charges		6,731	70,474
Decrease in note payables		(2,880)	(120)
Cash inflow/(outflow) from operating activities before interest and tax payments		42,480	(36,713)

(to be cont'd)

Guangdong Sunrise Holdings Company Limited

Consolidated cash flow statement for the year ended December 31, 2004

(cont'd)

	Note	2004 RMB'000	2003 RMB'000
Cash inflow/(outflow) from operating activities before interest and tax payments		42,480	(36,713)
Interest paid		(724)	(751)
Corporate and profits tax refunded/(paid)		719	(467)
Net cash inflow/(outflow) from operating activities		42,475	(37,931)
Investing activities			
Interest received		78	65
Dividend received		2	2,932
Purchases of property, plant and equipment		(5,860)	(2,614)
Proceeds from disposal of property, plant and equipment		10,971	27,581
Increase in construction in progress		(5,112)	(4,607)
Net cash inflow from consolidating nominated companies	20	-	24,669
Proceeds from disposal of an unconsolidated subsidiary		-	20,000
Net cash outflow from subsidiaries not consolidated	21	-	(1,269)
Proceeds from disposal of investments in associates		-	5,507
Proceeds from disposal of long-term investments		2,061	54,639
Net cash inflow from investing activities		2,140	126,903
Financing activities			
Dividend paid to minority shareholders	22	(724)	(902)
Bank and other loans repaid	22	(54,078)	(62,514)
Net cash outflow from financing activities		(54,802)	(63,416)
Increase/(decrease) in cash and cash equivalents		(10,187)	25,556
Cash and cash equivalents as at beginning of the year		27,414	1,858
Cash and cash equivalents as at end of the year		17,227	27,414

9.3 Explanation on changes of accounting policy, accounting estimation and settlement compared with the latest annual report

□Applicable √Inapplicable

9.4 Contents, correct amount, reason and its influence of significant accounting errors

□Applicable √Inapplicable

9.5 Explanation on change of consolidated scope compared with the latest annual report

☐Applicable √Inapplicable

Guangdong Sunrise Holdings Co., Ltd.
Chairman of the Board: Yang Fenbo
Apr. 19, 2005