GUANGDONG SUNRISE HOLDINGS CO., LTD.

SUMMARY OF SEMI-ANNUAL REPORT 2005

§1. Important Notice

1.1 Board of Directors of Guangdong Sunrise Holdings Co., Ltd. (hereinafter referred to as the Company) individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading.

The summary of semi-annual report 2005 is abstracted from the full text of semi-annual report, at the same time, the full text of this report was published on the Internet http://www.cninfo.com.cn/. The investors are suggested to read the full text of semi-annual report 2005 to understand more details. This report has been prepared in Chinese version and English version respectively. In the event of difference in interpretation between the two versions, the Chinese report shall prevail.

1.2 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or had objection for this report.

1.3 All directors attended the Board meeting.

1.4 The 2005 semi-annual financial report of the Company has not been audited.

1.5 Chairman of the Board of the Company Mr. Yang Fenbo, Person in charge of Accounting Work and concurrently General Manager Mr. Wang Jianyu, Person in charge of Accounting Organ Yun Chunhua hereby confirm that the Financial Report of this Semi-annual Report is true and complete.

§2. Company Profile

2.1 Basic information

Short form of the stock	ST Sunrise-A, ST Sunrise-B	
Stock code	000030、200030	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board of Directors	**Authorized representative in charge of securities affairs**
Name	Ao Yingchun	Chen Liantan
Contact address	4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen	4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen
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2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

	At the end of this report period	At the end of last year	Increase/decrease at the end of this report period compared with the end of last year (%)
Current assets	115,732,489.60	157,544,913.10	-26.54%
Current liabilities	1,791,401,523.78	1,815,348,017.24	-1.32%
Total assets	254,214,316.22	298,458,668.64	-14.82%

Shareholders' equity (excluding minority interest)	-1,608,836,100.43	-1,591,989,994.93	-
Net assets per share	-5.58	-5.52	-
Net assets per share after adjustment	-5.82	-5.78	-
	In this report (Jan.-Jun. 2005)	**At the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	-16,846,105.50	-16,048,611.62	-
Net profit after deducting non-recurring gains and losses	-16,848,805.50	-16,687,676.97	-
Earnings per share	-0.0584	-0.0556	-
Earnings per share (Note)		-	-
Return on equity (%)	-	-	-
Net cash flow arising from operating activities	17,545,743.52	-2,166,310.32	-

2.2.2 Item of non-recurring gains and losses

√Applicable ☐Inapplicable

Unit: RMB

Item of non-recurring gains and losses	Amount
Net non-operating income/expenses	2,700.00
Total	2,700.00

2.2.3 Differences between CAS and IAS:

√Applicable ☐Inapplicable

Unit: RMB

	CAS	IAS
Net profit	-16,846,105.50	-17,090,000.00

Explanation on difference

Items	Net assets (RMB'000)	Net profit (RMB'000)
I. As per IAS	(1,609,239)	(17,090)
1. Switching back of amortizable expenses	403	-244
2. Adjustment of sales of minority interests of affiliated companies	---	---
3. Adjustment of declared cash dividend	---	---
4. Spread of unrealized trade	---	---
5. Correcting former error of equity of associated companies	---	---
6. Housing reserve fund	---	---
II. As per Accounting System of Enterprise Business	(1,560,836)	(16,846)

§3. Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

☐Applicable √Inapplicable

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

Total shareholders at the end of report period						16,316
Particulars about shares held by the top ten shareholders						
Full name of shareholders	**Increase / decrease in this report period**	**Shares held at the end of the report period**	**Proportion (%)**	**Type of shares (circulating or non-circulating)**	**Number of share pledged or frozen**	**Nature of shareholders (state-owned shareholder**

						or foreign shareholder)
SHENZHEN LIONDA GROUP CO., LTD.	0.00	191,400,000.00	66.36%	Non-circulating	0.00	Other
SHENZHEN COLORED METAL FINANCIAL CO., LTD.	0.00	5,280,000.00	1.83%	Non-circulating	0.00	Other
SHENZHEN INTERNATIONAL TRUST & INVESTMENT CO., Ltd.	0.00	5,280,000.00	1.83%	Non-circulating	0.00	Other
SHENZHEN HUACHENGDA INVESTMENT HOLDING CO., LTD.	0.00	3,960,000.00	1.37%	Non-circulating	0.00	Other
CHINA EVERBRIGHT HOLDINGS CO.LTD	0.00	3,020,408.00	1.05%	Circulating	0.00	B-share
SHENZHEN GUOYIN INVESTMENT DEVELOPMENT CO., LTD.	0.00	2,640,000.00	0.92%	Non-circulating	2,640,000.00	Other
WANG XIAO LONG	952,800.00	952,800.00	0.33%	Circulating		B-share
WU CHING	12,000.00	596,922.00	0.21%	Circulating		B-share
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	-35,100.00	409,900.00	0.14%	Circulating		A-share
LIN XIAO JUN	345,418.00	345,418.00	0.12%	Circulating		B-share

Particulars about shares held by the top ten shareholders of circulation share		
Name of shareholders	Circulation shares held at the end of the report period (share)	Type of shares (A-share, B-share, H-share or other)
CHINA EVERBRIGHT HOLDINGS CO.LTD	3,020,408.00	B-share
WANG XIAO LONG	952,800.00	B-share
WU CHING	596,922.00	B-share
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	409,900.00	A-share
LIN XIAO JUN	345,418.00	B-share
CAI ZU JIAN	310,000.00	B-share
ZHAN YI JUN	303,641.00	B-share
SHAO ZHEN	282,700.00	A-share
LI CHUN SHENG	263,977.00	A-share
DENG SHAO PING	258,100.00	B-share
Explanation on associated relationship among the aforesaid shareholders or consistent action	Shenzhen Lionda Group Co., Ltd. is the controlling shareholder of the Company, which holds the sponsor legal person's shares without listing. There exists no associated relationship among the top ten shareholders and they do not belong to the consistent actionist regulated 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 of circulation shares, or whether they belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.	

Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares	
Shareholders' name	Appointed period of holding share
Naught	Naught

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

□Applicable √Inapplicable

§4. Particulars about Directors, Supervisors and Senior Executives

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

□Applicable √Inapplicable

§5. Discussions and Analysis of the Management

5.1 Statement of main operations classified according to industries or products

Unit: RMB'0000

Main operations classified according to industries						
	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of the last year (%)	Increase/decrease in cost of main operations over the same period of the last year (%)	Increase/decrease in gross profit ratio over the same period of the last year (%)
Other	6,033.39	5,241.37	13.13%	-10.79%	-13.39%	24.83%
Including: related transactions	0.00	0.00	0.00%			
Main operations classified according to products						
Presswork	6,033.39	5,241.37	13.13%	-10.79%	-13.39%	24.83%
Including: related transactions	0.00	0.00	0.00%			
Pricing rules for related transactions	Agreement price according to the Custody Agreement					

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.

5.2 Particulars about core business classified according to areas

Unit: RMB'0000

Areas	Income from main operations (RMB)	Increase/decrease of income from main operations over the same period of the last year (%)
Export	1,227.07	-9.38%
Guangdong	3,065.13	-22.89%
Other	1,741.19	21.49%

5.3 Other operating businesses impacting significantly on net profit

□Applicable √Inapplicable

5.4 Operation of share-holding companies

□Applicable √Inapplicable

5.5 Explanation of reasons of material change of main operations and its structure compared with the last year

√Applicable □Inapplicable

In the report period, there were changes in scope and structures of main operations. Shenzhen Lionda Industry and Trade Co., Ltd. no longer was brought into scope of the consolidated statement of the Company since Jan. 1, 2005 due to the expiration of custody and it went into liquidation, thus the Company's main operation was printing and packing in the first half year of 2005 and no longer included property operation and management.

5.6 Explanation on reasons of material changes in profitability capability of main operations (gross profit ratio) compared with the same period of the previous year

√Applicable ☐Inapplicable

In the report period, the profitability capability of main operations (gross profit ratio) has increase by 24.83% compared with the same period of the previous year, which was mainly because Shenzhen Jianian Industrial Co., Ltd. enhanced the cost control resulting in a drop of cost of main operations by a certain degree.

5.7 Analysis of reasons of material change of profit structure compared with the last year

√Applicable ☐Inapplicable

In the report period, there were changes in scope and structures of main operations. Shenzhen Lionda Industry and Trade Co., Ltd. no longer was brought into scope of the consolidated statement of the Company since Jan. 1, 2005 due to the expiration of custody and it went into liquidation, thus the Company's main operation was printing and packing in the first half year of 2005 and no longer included property operation and management.

5.8 Application of the raised proceeds

5.8.1 Use of the raised proceeds

☐Applicable √Inapplicable

5.8.2 Particulars about the changed projects

☐Applicable √Inapplicable

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

☐Applicable √Inapplicable

5.10 Warning and the reason explanation on the prediction that accumulative net profit from year-begin to the end of next report period would be loss or have material change compared with that of the corresponding period of the previous year.

√Applicable ☐Inapplicable

Achievement predication	√ Loss ☐ Increase by a big margin on same direction ☐ decline by a big margin on same direction ☐ turning over from losses
Explanation on the predication (reason, incertitude and its influence)	Since the Company's short-term loan was still relatively high and its financial expense was relatively great, it was expected that the Company would be in losses continuously in the 3rd quarter of the year 2005.

5.11 Explanation of management team on "Qualified Opinion" from the Certified Public Accountants in the report period.

☐Applicable √Inapplicable

5.12 Explanation of management team on changes and dealing situation of items involved with "Qualified Opinion" from the Certified Public Accountants in the previous year.

√Applicable ☐Inapplicable

Since Shenzhen Dahua Tiancheng Certified Public Accountants believed that the Company had the great repaying pressure on short-term debts and had a large number of prosecuted guarantee debts that would effect the persistent operation of the Company directly, thus, CPAs issued an unqualified Auditors' Report with emphatic events in the previous year. As to this, the Board of Directors of the Company believe that though the Company is facing a great repaying pressure from short-term debts, but short-term loans has been decreased to RMB 576 million of the year 2004 from RMB 629 million of the year 2003, and the arrearages clearing and assets liquidization has made a certain progress, thus the Company still could raise operating capital for need of normal production and operation. Meanwhile, the Company would continually push the debts restructuring and strived for implementing debts restructuring according to commercial principles. Especially, the debts restructuring regarding Shen Zhonghua is still implementing under the Agreement of Framework for Debts Restructuring of Shen Zhonghua, on the occasion, the Company's guarantee responsibility for the debts principal and the relevant interests of Shen Zhonghua amounting to RMB 917 million due to Huarong Company will be relieved directly, when that happens, the Company's contingent liabilities will be decreased by a large margin. Except for these, the Company held 26.54% equity of Shenzhen Jianian Industrial Co., Ltd. (hereinafter referred to as Jianian Company), as the first largest shareholder of Jianian Company, whose the second largest shareholder entrusted its 19.03% equity to the Company for management since Jul. 1, 2003. Thus, the Company has actual control right to Jianian Company. Jianian Company was engaged in printing, packing and properties operating and management, and had a certain profitability capability. In short, the Company had capability in sustainable operation.

§6. Significant Events

6.1 Purchase and sale of assets and assets restructuring

6.1.1 Purchase or transfer-in of assets

□Applicable √Inapplicable

6.1.2 Sale or transfer-out of assets

□Applicable √Inapplicable

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

□Applicable √Inapplicable

6.2 Guarantees

√Applicable □Inapplicable

Unit: RMB'0000

Particulars about the external guarantee of the Company (Excluding 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 Free Trade Co., Ltd.	May 30, 2000	850.00	Joint	1 year	No	Yes

			Responsibility Guarantee			
Shenzhen Taiyang PCCP Co., Ltd.	Dec. 30, 1993	4,335.00	Joint Responsibility Guarantee	5 years	No	Yes
Shenzhen Gaokeda Electronics Co., Ltd.	Mar. 10, 1994	50.00	Joint Responsibility Guarantee	1 year	No	Yes
Shenzhen Yuda Import & Export Co., Ltd.	Jul. 8, 1998	480.00	Joint Responsibility Guarantee	1.5 years	No	Yes
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	Dec. 19, 1995	31,758.22	Joint Responsibility Guarantee	3 years	No	Yes
Yueshen Light Industry and Trading Co., Ltd.	Dec. 30, 1993	900.00	Joint Responsibility Guarantee	2.5 years	No	Yes
Guangzhou Xufeng Enterprise Group Co., Ltd.	May 2, 1995	1,500.00	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Jinbeishen Investment Co., Ltd.	Jun. 22, 1995	7,760.00	Joint Responsibility Guarantee	1 year	No	否
Shenzhen Guoyin Investment Group Co., Ltd.	Dec. 13, 1995	4,030.00	Joint Responsibility Guarantee	5 years	No	Yes
Shenzhen Paina Garment Co., Ltd.	Apr. 30, 1998	130.00	Joint Responsibility Guarantee	Nine months	No	No
Shenzhen Gintian Industrial Holdings Co., Ltd.	Jun. 30, 1997	2,675.00	Joint Responsibility Guarantee	2.5 years	No	No
Shenzhen Zhongwu Resources Import & Export Co., Ltd.	Apr. 30, 1997	1,679.00	Joint Responsibility Guarantee	2 years	No	No
Shenzhen Guangyingda Industrial Development Co.	Sep. 25, 1995	8,623.01	Joint Responsibility Guarantee	3.5 years	No	Yes
Shenzhen Ligang Industrial Co.	Aug. 15, 1996	723.38	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Maoyuan Investment Development Co., Ltd.	Jan. 30, 1995	856.00	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Xingda Industry & Trading Co., Ltd.	May 1, 1995	40.00	Joint Responsibility Guarantee	2 years	No	No
Shenzhen Chemical Plastic Co., Ltd.	Mar. 5, 1997	1,500.00	Joint Responsibility	1 year	No	No

			Guarantee			
Shenzhen Jinhai Electronics Co., Ltd.	Apr. 7, 1996	350.00	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Guanghualin Investment Co., Ltd.	May 23, 1996	1,220.00	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Tiantai Chemistry Co., Ltd.	Jun. 20, 1995	166.00	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Construction Material Group	Mar. 1, 1998	80.00	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Jingyuan Industry & Trading Ltd.	Apr. 30, 1997	80.00	Joint Responsibility Guarantee	1 year	No	No
Hainan Wanda Industry & Trading Ltd.	Aug. 16, 1996	3,093.86	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Xuena Co., Ltd.	Jun. 10, 1995	112.91	Joint Responsibility Guarantee	1.5 years	No	No
Shenzhen Light Industry Import & Export Co., Ltd.	Jul. 31, 1997	273.00	Joint Responsibility Guarantee	2.5 years	No	Yes
Jilin Lionda Co.	Jun. 30, 1996	350.00	Joint Responsibility Guarantee	1.5 years	No	Yes
Shenzhen Great World Shopping Mall	Mar. 1, 1996	1,402.70	Joint Responsibility Guarantee	1 year	No	No
Shenzhen Lionda Development Co., Ltd.	Apr. 25, 1996	781.50	Joint Responsibility Guarantee	3 years	No	Yes
Shenzhen Lionda Electrical Equipment Co., Ltd.	Nov. 3, 1996	985.00	Joint Responsibility Guarantee	3 years	No	Yes
Shenzhen Paper Making Co.	Mar. 15, 1997	1,790.00	Joint Responsibility Guarantee	3 years	No	Yes
Shenzhen Lionda Food Co., Ltd.	Sep. 1, 1996	2,940.00	Joint Responsibility Guarantee	3.5 years	No	Yes
Shenzhen Lionda Materials Import & Export Co., Ltd.	Aug. 13, 1995	6,566.04	Joint Responsibility Guarantee	5 years	No	Yes
Hunan Lionda Co.	Oct. 25, 1997	325.00	Joint Responsibility Guarantee	1 year	No	Yes

Total occurring 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 occurring 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	13,387.54
Particulars about total amount of guarantee of the Company (Including the guarantee for the controlling subsidiaries)	
Total amount of guarantee	88,555.44
The proportion of the total amount of guarantee in the net assets of the Company	-
Particulars about the guarantees breaking regulations	
Total amount of guarantee for other related parties, which the Company or controlling shareholders held less than 50%	47,749.23
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%	65,227.08
Proportion of total amount of guarantee in net assets of the Company exceeded 50%	-
Total amount of guarantee breaking regulations	65,227.08

6.3 Current related credits and liabilities

√Applicable ☐Inapplicable

Unit: RMB’0000

Name of related parties	Relationship with listed company	Providing capital for the related parties		The related parties provided capital for listed company	
		Amount occurred	Balance	Amount occurred	Balance
Shenzhen Lionda Food Industrial Co., Ltd.	Subsidiary of listed company	0.00	499.87	0.00	0.00
Shenzhen Lionda Development Co., Ltd.	Subsidiary of listed company	-178.73	5,738.40	0.00	0.00
Shenzhen Lionda Materials Import & Export Co., Ltd.	Subsidiary of listed company	0.00	2,793.53	0.00	0.00
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	Affiliated company	0.00	24,578.97	0.00	0.00
Shenzhen Keruite New Materials Co., Ltd.	Affiliated company	0.00	21.40	0.00	0.00
Shenzhen Taiyang PCCP Co., Ltd.	Affiliated company	0.00	2,568.67	0.00	0.00
Shenzhen Jiadeng Trading Co., Ltd.	Subsidiary of affiliated company	0.00	100.85	0.00	0.00
Shenzhen Yingte Enterprise Co., Ltd.	Affiliated company	0.00	47.75	0.00	0.00
Beijing Lionda Investment Co., Ltd.	Subsidiary of the controlling shareholder	0.00	1,798.85	0.00	0.00
Shenzhen Ke’engda Technology Co., Ltd.	Subsidiary of the controlling shareholder	0.00	1.32	0.00	0.00
Shenzhen Guangyingda Industrial Co., Ltd.	Subsidiary of the controlling shareholder	0.00	1,418.00	0.00	0.00
Shenzhen Oriental Enterprise Co., Ltd.	Subsidiary of the controlling shareholder	0.00	2,768.31	0.00	0.00
Total		-178.73	42,335.92	0.00	0.00

Including: In the report period, the occurring amount of capital provided the listed company to the controlling shareholders and its subsidiaries was RMB 0.00, and the balance was RMB 423,359,200.

6.4 Material lawsuits and arbitrations

√Applicable ☐Inapplicable

In the report period, the Company received two civil judgements from Shenzhen Intermediate People’s Court, one civil judegement from Shenzhen Futian Court and one summons and one civil judgement from Shenzhen Luohu. The relevant contents are as follows:

(I) China Great Wall Assets Management Corporation Shenzhen Office prosecuted the Company to Shenzhen Intermediate People's Court on the case of guarantee dispute, Shenzhen Intermediate People's Court gave the civil judgement according to the laws: as an defendant, the Company should repay the principal of loan amounting to RMB 16,792,914.75 and the relevant interests to China Great Wall Assets Management Corporation Shenzhen Office within 10 days since the day the said judgement became effective. The litigation fee amounting to RMB 63,871.94 was borne by the Company. The Company has appropriated estimated liabilities by full amount to this lawsuit without influence on gains and losses in the current period.

(II) The case of dispute on loan contract among China Merchants Bank Shenzhen Shangbu Subbranch, the Company and Guarantee Company Gintian Industrial (Group) Co., Ltd., the civil judgement with (2002) SFFJCZ No. 1773 issued by Shenzhen Futian Court has been legally effective, and decided that the Company should refund the principal of loan amounting to RMB 4 million and the relevant interests to China Merchants Bank Shenzhen Shangbu Subbranch, and Shenzhen Gintian Industrial (Group) Co., Ltd. was charged with the joint discharge liability for the aforesaid debts. In course of enforcement, Shenzhen Futian Court has enforced RMB 332,644.28 according to the laws to China Merchants Bank Shenzhen Shangbu Subbranch, but the said payment was short to discharge all debts of the said case. After investigation, the Company and Shenzhen Gintian Industrial (Group) Co., Ltd. have no other enforceable properties, Shenzhen Futian Court made the civil judgement on this situation: the civil judgement with (2002) SFFJCZ No. 1773 issued by Shenzhen Futian Court was in abeyance, when the Company and Shenzhen Gintian Industrial (Group) Co., Ltd. have enforceable properties, China Merchants Bank Shenzhen Shangbu Subbranch could apply for enforcement anew. The Company has appropriated financial expenses on schedule to the said loan without influence on gains and losses in the current period.

(III) The case of applying for enforcement on China Merchants Bank Shenzhen Futian Subbranch according to efficient payment order with (1999) SFFDZ No. 68, Shenzhen Futian Court issued the civil order with (2000) SFFZZ No. 138 on Nov. 29, 1999, and ruled to seal the plots of 618-4, A618-5 and A618-3 and the buildings on the ground held by Shenzhen Taiyang PCCP Co., Ltd.. During the course of delivery of the said sealing, Shenzhen Taiyang PCCP Co., Ltd. did not transact the official Property Certificate of the said lands and buildings. However, after delivery of the said sealing, Shenzhen Taiyang PCCP Co., Ltd. transacted the official Property Certificate and did not declare to the Court, but privately mortgaged the said sealed property right to the its largest shareholder, namely the Company, by means of mortgage and registration. Since the properties existed disputation, Shenzhen Futian Court made the civil order with (2001) SFFZZ No. 1661 on Sep. 6, 2002, and the payment order with (1999) SFFDZ No. 68 issued by Shenzhen Futian Court was in abeyance. Then China Merchants Shenzhen Futian Subbranch sued to Shenzhen Intermediate People's Court, Shenzhen Intermediate People's Court heard the said case and made the following judgements: the Court decided that the properties mortgage established under "Mortgage Contract" signed between Shenzhen Taiyang PCCP Co., Ltd. and the Company on Oct. 8, 2001 and mortgage procedure transacted were invalidation without legal sanction. The litigation fee amounting to RMB 246,110 was borne by Shenzhen Taiyang PCCP Co., Ltd.. The Company has appropriated reserve for bad debts by full amount on the said current funds without influence on gains and losses in the current period.

(IV) The Company borrowed the loan of USD 1 million from Shenzhen Development Bank Shenzhen Renminqiao Subbranch with Shenzhen China Bicycle Company (Holdings) Co., Ltd. as guarantee on Sep. 30, 1997. Ended Jan. 10, 2005, the Company has refunded the principal of loan amounting to USD 1 million, but still defaulted the interests of loan amounting to USD 41997.6 and compound interests amounting to USD 35614.12; thought several dun, both the Company and the guarantor, Shenzhen China Bicycle Company (Holdings) Co., Ltd., did no repay, then Shenzhen Development Bank Shenzhen Renminqiao Subbranch sued to Shenzhen Luohu People's Court, Shenzhen Luohu Court heard the said case on Mar. 25, 2005, and made the following civil judgement according to the laws: the Company should pay the interests of loan amounting to USD 41997.6 and compound interests to Shenzhen Development Bank Shenzhen Renminqiao Subbranch within 10 days since the day the said judgement became effective. Shenzhen China Bicycle Company (Holdings) Co., Ltd. was charged with the joint discharge liability for the aforesaid debts. The litigation fee amounting to RMB 11,607 was borne by the Company. The Company has appropriated financial expenses on schedule to the said ban without influence on gains and losses in the current period.

For details of the said lawsuits, please refer to public notice on lawsuits with No. 2005-007 published on Securities Times and Hong Kong Ta Kung Pao dated Apr. 9, 2005.

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

□Applicable √Inapplicable

§7. Financial Report

7.1 Auditor's opinion

Financial Report	√Unaudited	□Audited

7.2 Financial statements

7.2.2 Income statement and statement of profit distribution

Unit: RMB

Domestic Statement

Items	In this report period		The same period of last year	
	Consolidated	Parent Company	Consolidated	Parent Company
I. Income from main operations	60,333,903.54		67,629,196.38	
Less: Cost of main operations	52,413,678.01		60,518,713.31	
Taxes and extras of main operations	23,337.72		137,960.40	
II. Profit from main operations (Loss is listed with "-")	7,896,887.81		6,972,522.67	
Add: Other operating profit (Loss is listed with "-")	5,664,912.37	883,089.16	3,396,311.99	481,299.96
Less: Operating expenses	2,412,953.35		3,142,841.23	
Administrative expenses	6,964,441.95	2,761,752.08	6,315,523.71	2,172,761.24
Financial expenses	15,719,673.51	15,032,441.20	16,689,352.29	15,303,097.77

III. Operating profit (Loss is listed with "-")	-11,535,268.63	-16,911,104.12	-15,778,882.57	-16,994,559.05
Add: Investment income (Loss is listed with "-")	-1,130,420.02	64,798.62	302,775.17	641,788.75
Subsidy income				
Non-operating income	2,700.00	200.00	358,980.18	304,508.68
Less: Non-operating expenses			22,690.00	350.00
IV.Total profit (Total loss is listed with "-")	-12,662,988.65	-16,846,105.50	-15,139,817.22	-16,048,611.62
Less: Income tax	874,874.17		95,781.66	
Less: Minority interests	3,308,242.68		813,012.74	
Add: Occurring amount of unconfirmed investment losses in this period				
V. Net profit (Net loss is listed with "-")	-16,846,105.50	-16,846,105.50	-16,048,611.62	-16,048,611.62
Add: Retained earnings at the year-beginning	-2,385,580,676.55	-2,385,580,676.55	-2,337,641,680.95	-2,337,641,680.95
Other transfer-ins				
VI. Profit available for distribution	-2,402,426,782.05	-2,402,426,782.05	-2,353,690,292.57	-2,353,690,292.57
Less: appropriating statutory surplus reserve				
Appropriating statutory public welfare reserve				
Appropriating employee bonus and welfare funds				
Appropriating reserve funds				
Appropriating enterprise development funds				
Returned investment from profit				
VII. Profit available for distribution to investors	-2,402,426,782.05	-2,402,426,782.05	-2,353,690,292.57	-2,353,690,292.57
Less: Dividend for preferred shares payable				
Appropriating discretionary reserve				
Dividend for ordinary shares				
Dividend for ordinary shares converted to capital (or share capital)				
VIII. Retained earnings	-2,402,426,782.05	-2,402,426,782.05	-2,353,690,292.57	-2,353,690,292.57
Income statement (supplemental information)				
1. Profit from selling or disposing branch or investee				
2. Losses from natural disaster				
3. Increase (or decrease) in total profit due to the changes of accounting policies				
4. Increase (or decrease) in total profit due to the changes of accounting estimation				
5. Loss on debts restructure				
6. Others				

7.3 Notes to financial statement

7.3.1 Changing of accounting policies, accounting estimations or correcting of accounting errors

□Applicable √Inapplicable

7.3.2 Material change in consolidation scope of financial statement

√Applicable □Inapplicable

Shanghai Lionda Industrial Co., Ltd. was brought into the consolidated statement in the previous year, however, this company has went into liquidation many years ago in fact, and no assets could be liquidated. In the report period, the Company did not consolidated it into the accounting statement according to the resolutions of the Board, and appropriated the reserve for devaluation of long-term investment by full amount to the said long-term investment.

Shenzhen Lionda Industry and Trade Co., Ltd. was brought into the consolidated statement in the previous year, but in the report period, it no longer was brought into consolidated statement of the Company due to the expiration of custody and it went into liquidation.

7.3.3 If the Certified Public Accountants issued a qualified Auditors' Report of clean audit opinion, list the relevant notes to the issues involved in the report.

The semi- annual financial report of the Company has not been audited.

Guangdong Sunrise Holdings Co., Ltd.
Chairman of the Board: Yang Fenbo
Aug. 11, 2005