GUANGDONG SUNRISE HOLDINGS CO., LTD.

SEMI-ANNUAL REPORT 2005

11th August 2005

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Section I. Important Notice

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.

Seven directors of the Company voting at the Board meeting stated that they have not objection for the correctness, accuracy and completeness of the contents of the Semi-annual Report. All directors attended the Board meeting.

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.

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

Section II. Company Profile

1. Legal name of the Company in Chinese: 广东盛润集团股份有限公司
Legal name of the Company in English: Guangdong Sunrise Holdings Co., Ltd.
(Abbreviation: SUNRISE)

2. Legal Representative: Yang Fenbo

3. Secretary of Board of Directors: Ao Yingchun
Contact Tel: (86) 755-83877511
Securities Affairs Representative: Chen Liantan
Contact Tel: (86) 755-83875531
Contact Address: Secretariat on the 4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen
Fax: (86)755-83875212
E-mail: lionda@mailcenter.com.cn
4. Registered Address: Tairan Industrial Zone, Chegongmiao, Shenzhen, Guangdong and P.R.C.
Office Address: 4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen
Post Code: 518040

5. Newspapers Chosen for Disclosing the Information of the Company:
Securities Times and Hong Kong Ta Kung Pao
Internet Website Designated by CSRC for Publishing the Semi-annual Report:
http://www.cninfo.com.cn/default.htm
The Place Where the Semi-annual Report is Prepared and Placed: Secretariat of the Company

6. Stock Exchange Listed with: Shenzhen Stock Exchange
Short Form of the Stock: ST Sunrise-A, ST Sunrise-B
Stock Code: 000030, 200030

7. Other Relevant Information of the Company
The initial registration of the Company:
Date: Sep. 1993
Place: Jiahua Bldg., Huaqiang North Road, Shenzhen
Registration code of legal person's business license: 4400001001658
Registration code of tax: Shen National Revenue 440301190325278
Shen Local Tax 440304190325278
Name and address of Certified Public Accountants engaged by the Company:
Shenzhen Dahua Tiancheng Certified Public Accountants
Office Address: 11th Floor, Tower B, United Plaza, Binhe Road, Shenzhen

8. Major accounting data and financial indexes
(1) Major financial data and indexes

Unit: RMB

Indexes/Items	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 year-begin (%)
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	-----
Return on equity（％）	-----	-----	-----
Net cash flow arising from operating activities	17,545,743.52	-2,166,310.32	-----

(2) Items of non-recurring gains and losses and the relevant amount

Unit: RMB

Net non-operating income/expenses	2700.00
Total non-recurring gains and losses	2700.00

(3) Supplementary statement of profit

Profit in the report period	Earnings per share (RMB)		Return on equity (%)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main operation	0.0274	0.0274	-0.0049	-0.0049
Operating profit	-0.0399	-0.0399	-----	-----
Net profit	-0.0584	-0.0584	-----	-----
Net profit after deducting non-recurring gains and losses	-0.0584	-0.0584	-----	-----

(4) There exists no difference in Company's net profit as audited by IAS and CAS respectively.

Unit: RMB'0000

	CAS	IAS
Net profit	-1,684.61	-1,709.00

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 Business Enterprise	(1,560,836)	（16,846）

Section III. Change in Share Capital and Particulars about Shares Held by Main Shareholders

I. Particulars about changes in shares

In the report period, there were no changes in total share of the Company and its structure caused by bonus share, transferring capital public reserve into share capital, additional issuance of new shares, convertible bond of the Company or others.

II. Issuance and listing of shares

1. By the end of the report period, the Company has no share issuance and derivative securities over the past three years.

2. During the report period, the Company's total shares and its structure remained unchanged, and the Company has no internal employee shares.

III. Particulars about the shareholder

1. By the end of the report period, the Company had totally 16316 shareholders, including 11178 shareholders of A-share and 5138 shareholders of B-share.

2. Particulars about the top ten shareholders of the Company (ended Jun. 30, 2005)

Name of shareholders	Shares held at the period-end (share)	Proportion (%)	Shares pledged and frozen	Type of shares
SHENZHEN LIONDA GROUP CO., LTD.	191400000	66.36%	0	Sponsor legal person's share
SHENZHEN COLORED METAL FINANCIAL CO., LTD.	5280000	1.83%	Unknown	Domestic directional legal person share
SHENZHEN INTERNATIONAL TRUST & INVESTMENT CO., Ltd.	5280000	1.83%	Unknown	Domestic directional legal person share
SHENZHEN HUACHENGDA INVESTMENT HOLDING CO., LTD.	3960000	1.37%	Unknown	Domestic directional legal person share
CHINA EVERBRIGHT HOLDINGS CO.LTD	3020408	1.05%	Unknown	B-share
SHENZHEN GUOYIN INVESTMENT DEVELOPMENT CO., LTD.	2640000	0.92%	2640000	Domestic directional legal person share
WANG XIAO LONG	952800	0.33％	Unknown	B-share

WU CHING	596922	0.21%	Unknown	B-share
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	409900	0.14%	Unknown	A-share
LIN XIAO JUN	345418	0.12%	Unknown	B-share

Note: (1) 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.

(2) Among the top ten shareholders, Shenzhen Lionda Group Co., Ltd. holds state-owned legal person's shares. Because Shenzhen Lionda Group Co., Ltd. performed restructuring process at the beginning of the year 2004, the procedures of changing the category of the shares it's holding into public shareholder is not able to be completed.

(3) Shenzhen Guoyin Investment Development Co., Ltd. has been involved in the dissension case of loan contract with China Communication Bank Shenzhen Branch Nanshan Subbranch, the Bank requested property protection procedure to the court. Shenzhen Intermediate Court froze 2.64 million legal person shares of the Company held by Shenzhen Guoyin Investment Development Co., Ltd. on Aug. 3, 2000. On Nov. 7, 2000, the court issued a civil judgement. In the judgement, the court stated that China Communication Bank Shenzhen Branch Nanshan Subbranch has the right to sell the 2.64 million legal person's shares of the Company frozen.

3. Particulars about change in the controlling shareholder and actual controller

During the report period, the Company's controlling shareholder and actual controller remained unchanged.

4. About the top ten shareholder of circulation share

No.	Name of shareholders	Shares held at the end of the report period (share)	Type of shares (A-share, B-share, H-share or other)	Explanation on associated relationship among shareholders
1	CHINA EVERBRIGHT HOLDINGS CO.LTD	3020408	B-share	The Company is unknown whether there exists associated relationship among shareholders of circulation shares.
2	WANG XIAO LONG	952800	B-share	
3	WU CHING	596922	B-share	
4	LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	409900	A-share	
5	LIN XIAO JUN	345418	B-share	
6	CAI ZU JIAN	310000	B-share	
7	ZHAN YI JUN	303641	B-share	
8	SHAO ZHEN	282700	A-share	
9	LI CHUN SHENG	263977	A-share	
10	DENG SHAO PING	258100	B-share	

Section IV. Particulars about Directors, Supervisors and Senior Executives

I. Particulars about the Company's shares held by directors, supervisors and senior executives

In the report period, the Company's directors, supervisors and senior executives did not hold shares of the Company.

II. Particulars about engagement and dismission of directors, supervisors and senior executives

1. The Company held the Board meeting on Jan. 13, 2005 by means of communication, in which examined and approved the proposal on engaging Mr. Wang Jianyu as Standing Deputy General Manager of the Company.

2. The Company held the Board meeting at the conference room on Apr. 19, 2005, in which examined and approved the proposal on reelection at expiration of office terms of the Company's management team: owing to the expiration of office terms of the Company's management team, the Company agreed to Mr. Pan Shiming's resignation from the post of General Manager of the Company and Mr. Fan Song's resignation from the post of Deputy General Manager of the Company; the Board of Directors of the Company engaged Mr. Wang Jianyu and Mr. Ao Yingchun as General Manger and Deputy General Manager of the Company respectively.

3. On May 24, 2005, the Company held the Shareholders' General Meeting 2004, in which examined and passed the proposal on reelection at expiration of office terms of the Board: owing to the expiration of office terms of the 4th Board of Directors, the Company elected members of the 5th Board of Directors, Mr. Yang Fenbo, Mr. Wang Jianyu, Mr. Ao Yingchun and Mr. Xie Heng were elected as Director of the Company, Mr. Guo Shiping, Mr. Ma Hong and Mr. Ban Wu were elected as Independent Director of the Company, while Mr. Pan Shiming, Mr. Fan Song, Mr. Liu Boyang, Mr. Yang Yi and Mr. Chen Zhitao no longer took Director of the Company, and Mr. Wu Zhaolin no longer took Independent Director of the Company. The Company else examined and passed the proposal on reelection at expiration of office terms of the Supervisory Committee: owing to the expiration of office terms of the 4th Supervisory Committee, the Company elected members of the 5th Supervisory Committee, Ms. Gong Yiheng and Ms. Chen Hong were elected as Supervisors of the Company, while Mr. Li Xin and Mr. Yu Zuquan no longer took Supervisor of the Company. The Employee Congress elected Ms. Niu Suyan as Employee Supervisor of the Company.

4. The Company held the 1st meeting of the 5th Board of Directors at the conference room on May 24, 2005, in which examined the proposal on electing Mr. Yang Fenbo as Chairman of the Board of the Company.

Section V. Discussion and Analysis of the Management

I. Whole status of operating activities

1. Scope and details of main operations

In the report period, the main operation of the Company was printing and packing. During the first half of year 2005, the Company kept concentrating on the works regarding arrearages clearing, expenditure reduction and assets liquidization and etc.; meanwhile, the Company strengthened the internal controlling system and kept the strict budget management. The Company's production and operation was normal.

During the report period, the Company realized income from main operations amounting to RMB 60,333,903.54, a decrease of 10.79% compared with the same period of the previous year, which was mainly because Shenzhen Lionda Industry and Trade Co., Ltd. no longer was brought into the consolidated statement in the report period due to the expiration of custody and it went into liquidation. In the report period, the Company accomplished the profit from main operations amounting to RMB 7,896,887.81, an increase of 13.26% compared with the same period of the previous year, which was mainly because Shenzhen Goodyear Industrial Co., Ltd. enhanced the cost control resulting in a drop of cost of main operations by a certain degree. However, the Company's short-term loans was still in high level, reaching RMB 553 million and its financial expense reached RMB 15,719,673.51, a high level, thus the Company incurred a loss in the first half year of 2005 with net profit amounting to RMB -16,846,105.05.

2. In the report period, particulars about industries or products taking over 10% (including 10%) of its income from main operations or profit from main operations:

Unit: RMB'0000

Classified according to industries or products	Income from main operations (RMB)	Cost of main operations (RMB)	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 (%)
Printing	6033.39	5241.37	13.13％	-10.79％	-13.39％	24.83％
Including: related transactions	0	0	0	-----	-----	-----

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

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 Goodyear Industrial Co., Ltd. enhanced the cost control resulting in a drop of cost of main operations by a certain degree.

4. 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. Statement of main operations 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%

6. Problems and difficulties in the operation

Though the Company obtained a certain achievement in the aspects of arrearages clearing and assets liquidization and did a lot of work in respect of debts restructuring, but the Company's debts restructuring has no material progress yet, the Company still had many problems hard to solve:

(1) The competitive advantages of main operations of the Company, namely printing and packing, were not obvious due to intensified competition in the market, thus, the company was still difficult to change the loss situation.

(2) Majority of creditors have prosecuted, and many lawsuit cases' executions were enlarged continuously; the Company's operating environment was still unable to be improved by a relatively great margin.

(3) The Company's risks in debts and guarantees were still very large and its short-term loans of the Company still reached RMB 553 million. Moreover, creditors and credit amounts were very dispersed; majority of creditors were state-owned banks; therefore, the Company was hard to get debts restructuring policies and gain relatively great breakthrough in its debts restructuring.

II. Investment of the Company

In the report period, the Company had no raised proceeds and there was no such situation that the application of proceeds raised through previous share offering continuing to the report period. In the report period, the Company had no investment project by non-raised proceeds.

III. In the report period, there was no other operation impacting material influence on the profit of the Company.

IV. In the report period, there was no share-holding company influencing on the net profit of the Company by over 10%.

V. 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.

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.

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

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 Goodyear Industrial Co., Ltd. (hereinafter referred to as Goodyear Company), as the first largest shareholder of Goodyear 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 Goodyear Company. Goodyear 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.

Section VI. Significant Events

I. Corporate governance

In the report period, according to the requirements of Company Law, Securities Law and other laws, regulations and standardization documents related with Administration of Listed Companies promulgated by CSRC, the Company continued to perfect the Company's administrative structure and standardized the Company's operation. The Company revised the Articles of Association according to the actual situation, and the actual situation of the Company's administration was basically consistent with the requirements laws, regulations and standardization documents related with Administration of Listed Companies promulgated by CSRC.

II. Implementation of Profit Distribution Plan and Plan of Converting Public Reserve into Share Capital in the report period

According to the resolutions of the Shareholders' General Meeting 2004, the Company did not distribute profits or convert capital public reserve into share capital.

III. In the first half year of 2005, the Company did not distribute profit or convert reserve into share capital.

IV. Material lawsuits and arbitrations in the report period

In the report period, the Company received two civil judgements from Shenzhen Intermediate People's Court, one civil judegment 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 loan 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.

V. Acquisition and sales of significant assets and assets restructuring in the report period

In the report period, the Company had no acquisition, sales and restructuring of significant assets or those happening in the previous periods but continuing to the report period.

VI. Significant related transactions

1. Related credits and liabilities current

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	0.00	1,798.85	0.00	0.00

	controlling shareholder				
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 of the listed company provided for the controlling shareholders and its subsidiaries was RMB 0.00, and the balance was RMB 423,359,200.

2. In the report period, there were no new significant related transactions occurred in the Company.

VII. Material contracts and their implementations

1. Except that the Company was entrusted to manage 19.03% equity of Shenzhen Goodyear Industrial Co., Ltd. in this year continuously, the Company did not trust, contract and lease assets of other companies in the report period or in the previous periods but continuing to the report period, or vice versa.

2. Guarantee

There was no new guarantee occurred in the Company during the report period. The following guarantees are occurred in the previous years as historical problems.

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 Responsibility Guarantee	1 year	No	Yes
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	Dec. 19, 1995	31,758.22	Joint Responsibili	3 years	No	Yes

(Holdings) Co., Ltd.			ty Guarantee			
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 Guarantee	1 year	No	No
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 Responsibili	1 year	No	No

			ty Guarantee			
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

VIII. Overall situation of capital occupied by the controlling shareholder and its subsidiaries

Ended Jun. 30, 2005, Shenzhen Lionda Holdings Co., Ltd., the controlling shareholder of the Company, did not occupy the capital of the Company. Shenzhen Oriental Enterprise Co., Ltd., Beijing Taiyang PCCP Co., Ltd. (original Beijing Lionda Industrial Investment Co., Ltd.) and Shenzhen China Bicycle Company (Holdings) Limited, related parties of the Company, occupied the Company's capital, all of which was left in the history. In the report period, the Company had no any newly increased capital occupied by its related parties.

The Company has appropriated reserve for bad debts by full amount for the capital occupied by those enterprises that had liquidized and stopped business or closed, for the occupiers were in operating, such as Beijing Taiyang PCCP Co., Ltd., the Company withdrew the partial reserve for bad debts, which them, Shenzhen Oriental Enterprise Co., Ltd., Beijing Taiyang PCCP Co., Ltd. (original Beijing Lionda Industrial Investment Co., Ltd.) had established the repaying plan on discharging capital of the Company occupied, the Company would unceasingly dun for capital occupied based on the relevant repaying plan. Since Shenzhen China Bicycle Company (Holdings) Limited is conducting debts restructuring at present and the debts restructuring has been into the factual phase for operation. According to Framework Agreement on Releasing Guarantee Liability of Lionda and Restructuring of SHENZHONGHUA signed between China Huarong Assets Management Company and the Company dated Aug. 30, 2001, during debts restructuring of SHENZHONGHUA, the Company would equally consider all credits of SHENZHONGHUA and rest credits of Huarong Company. Therefore, the capital of the Company occupied by SHENZHONGHUA would be resolved correspondingly in the course of debts restructuring of SHENZHONGHUA.

IX. Special explanation and independent opinions of Independent Directors on the Company's external guarantee accumulated and occurred in the current period:

According to the relevant regulations of the Circular on Standardizing Capital Current between Listed Company and Related Parties and Other Several Problems on External Guarantees of Listed Company (ZJF [2003] No. 56 Document, hereinafter referred to as the Circular) and the Articles of Association of the Company, as the independent directors of the Company, pursuant to the careful and responsible principle, we performed necessary inspection on the external guarantees provided by the Company. The followings are the opinions we issued independently:

In the report period, the Company didn't provide any guarantee to the controlling shareholder or its subsidiaries as set out by the Circular. There used to be some external guarantee provided to the controlling shareholder and its subsidiaries, which belonged to historical residuals. For most objects of the guarantees are not able to recover their debt, most of them have been treated as predicted liabilities in previous years.

X. Other significant events

1. The Company didn't significantly entrust others to manage cash assets and credit in the report period or happening in previous term but lasting to this report period.

2. In the report period, the Company or its shareholders holding over 5% (including 5%) had no material commitment may impact significant influence on the achievement and financial status of the Company.

3. In the report period, the Company reengaged Shenzhen Dahua Tianchen CPAs and Hong Kong KC Oh & Company CPAs as the auditors of the Company, but the semi-annual financial report of this year wasn't audited.

4. In the report period, the Company, the Board of Directors and its directors and senior executives had not been checked, given administrative punishment or given circular notices of criticism by China Securities Regulatory Commission and condemned publicly by Shenzhen Stock Exchange.

Section VII. Financial Report (unaudited)

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

I. Accounting Statement

(I) Balance Sheet

Guangdong Sunrise Holdings Co., Ltd.

Balance Sheet

Jun. 30, 2005

Unit: RMB

Assets	Note	Amount at the end of the report period		Amount at the beginning of the report period	
		Consolidation	Company	Consolidation	Company
Current assets:					
Monetary funds	1	11,620,252.87	53,880.32	17,227,156.73	29,939.62
Short-term investment	2	-	-	44,400.00	-
Notes receivable		-	-	188,497.94	-
Dividends receivable		-	1,851,203.38	-	1,851,203.38
Interests receivable		-	-	-	-
Accounts receivable	3	43,427,351.29	-	49,007,129.99	-
Other receivable	4	36,562,031.61	35,365,754.59	61,499,090.64	57,372,900.90
Accounts in advance	5	1,018,906.75	-	214,023.19	-
Subsidy receivable		-	-	-	-
Inventories	6	22,701,060.28	2,000,000.00	29,205,498.49	2,000,000.00
Expenses to be apportioned	7	402,886.80	-	159,116.12	-
Long-term credit investment					

due within 1 year		-	-	-	-
Other current assets		-	-	-	-
Total current assets		115,732,489.60	39,270,838.29	157,544,913.10	61,254,043.90
Long-term investment:					
Long-term equity investment	8	21,401,031.27	47,286,705.34	18,219,856.62	47,221,906.72
Long-term credit investment		-	-	-	-
Total long-term investment		21,401,031.27	47,286,705.34	18,219,856.62	47,221,906.72
Including: consolidated price difference		-	-	-	-
Including: balance of equity investment		-	-	-	-
Fixed assets:					
Original price of fixed assets	9	255,606,065.87	27,658,666.15	256,092,508.87	27,658,666.15
Less: Accumulated depreciation	9	138,523,908.84	17,392,649.22	134,209,808.55	17,008,575.30
Net value of fixed assets	9	117,082,157.03	10,266,016.93	121,882,700.32	10,650,090.85
Less: Provision for devaluation of fixed assets	9	9,757,792.39	-	9,757,792.39	-
Net amounts of fixed assets	9	107,324,364.64	10,266,016.93	112,124,907.93	10,650,090.85
Engineering material		-	-	-	-
Construction in progress	10	1,316,898.57	-	1,701,771.17	-
Disposal of fixed assets		-	-	-	-
Total fixed assets		108,641,263.21	10,266,016.93	113,826,679.10	10,650,090.85
Intangible and other assets:					
Intangible assets	11	7,668,876.06	-	7,951,851.18	-
Long-term expenses to be apportioned	12	770,656.08	-	915,368.64	-
Other long-term assets		-	-	-	-
Total intangible and other assets		8,439,532.14	-	8,867,219.82	-
Deferred tax:					
Deferred tax-borrowing item		-	-	-	-
Total assets		254,214,316.22	96,823,560.56	298,458,668.64	119,126,041.47
Liabilities and shareholders' equity					
Current liabilities:					
Short-term loans	13	553,140,782.55	539,140,782.55	575,610,782.55	539,140,782.55
Notes payable		2,676,970.40	-	-	-

Accounts payable	14	25,095,198.97	-	27,209,418.40	-
Accounts prepay	15	2,339,295.00	-	2,341,200.00	-
Wages payable		-	-	-	-
Welfare funds payable		744,230.69	281,939.81	713,873.67	237,998.29
Dividends payable	16	2,736,770.38	-	2,750,643.89	-
Taxes payable	17	1,360,002.89	369,274.79	287,713.97	4,191.06
Other duties payable		-	-	-	-
Other accounts payable	18	235,134,309.04	198,154,895.86	251,002,765.47	219,062,322.36
Accrued expenses	19	271,710,856.29	271,249,660.41	258,968,511.72	256,207,634.57
Projected liabilities	20	696,463,107.57	696,463,107.57	696,463,107.57	696,463,107.57
Deferred earnings		-	-	-	-
Long-term liabilities due within 1 year		-	-	-	-
Other current liabilities		-	-	-	-
Total current liabilities		1,791,401,523.78	1,705,659,660.99	1,815,348,017.24	1,711,116,036.40
Long-term liabilities:					
Long-term loans		-	-	-	-
Bonds payable		-	-	-	-
Long-term accounts payable		-	-	-	-
Special accounts payable		-	-	-	-
Other long-term liabilities		-	-	-	-
Total long-term liabilities		-	-	-	-
Deferred tax:					
Deferred tax-credit item		-	-	-	-
Total liabilities		1,791,401,523.78	1,705,659,660.99	1,815,348,017.24	1,711,116,036.40
Minority interests					
Minority interests		71,648,892.87	-	75,100,646.33	-
Shareholders' equity:					
Share capital	21	288,420,000.00	288,420,000.00	288,420,000.00	288,420,000.00
Capital reserve	22	366,865,874.73	366,865,874.73	366,865,874.73	366,865,874.73
Surplus reserve	23	138,304,806.89	138,304,806.89	138,304,806.89	138,304,806.89
Including: public welfare funds	23	18,789,906.22	18,789,906.22	18,789,906.22	18,789,906.22
Retained profit	24	(2,402,426,782.05)	(2,402,426,782.05)	(2,385,580,676.55)	(2,385,580,676.55)

Foreign currency exchange difference	-	-	-	-
Cash dividend declared	-	-	-	-
Cumulative unoffsetting losses of subsidiaries	-	-	-	-
Total shareholders' equity	(1,608,836,100.43)	(1,608,836,100.43)	(1,591,989,994.93)	(1,591,989,994.93)
Total liabilities and shareholders' equity	254,214,316.22	96,823,560.56	298,458,668.64	119,126,041.47

(II) Statement of Profit Distribution

Guangdong Sunrise Holdings Co., Ltd.
Income Statement and Statement of Profit Distribution
Interim of year 2005

Unit: RMB

Items	Note	Jan.-Jun. 2005		Jan.-Jun. 2004	
		Consolidation	Company	Consolidation	Company
I. Income from main operations	25	60,333,903.54	-	67,629,196.38	-
Less: Cost of main operations	25	52,413,678.01	-	60,518,713.31	-
Taxes and extras of main operations	26	23,337.72	-	137,960.40	-
Ⅱ. Profit from main operations		7,896,887.81	-	6,972,522.67	-
Add: Other operating profit	27	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	28	15,719,673.51	15,032,441.20	16,689,352.29	15,303,097.77
Ⅲ. Operating profit		(11,535,268.63)	(16,911,104.12)	(15,778,882.57)	(16,994,559.05)
Add: Investment income	29	(1,130,420.02)	64,798.62	302,775.17	641,788.75
Subsidy income		-	-	-	-
Non-operating income	30	2,700.00	200.00	358,980.18	304,508.68
Less: Non-operating expenses	30	-	-	22,690.00	350.00
Ⅳ.Total profit		(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	-
Unoffsetting losses of subsidiaries		-	-	-	-
V. Net profit		(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 bonus and welfare funds	-	-	-	-
VII. Profit available for distribution to shareholders	(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 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)

Supplemental information:

Items	Jan.-Jun. 2005	Jan. -Jun. 2004
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	-	-

(III) Cash Flow Statement

Guangdong Sunrise Holdings Co., Ltd.
Cash Flow Statement

Unit: RMB

Items	Note	Interim period of 2005		Interim period of 2004	
		Consolidation	Company	Consolidation	Company
Ⅰ. Cash flows arising from operating activities:					
Cash received from selling commodities and providing labor services		78,483,646.63		61,802,343.98	-
Write-back of tax received		-		6,467,592.60	-
Other cash received concerning operating activities	31	7,577,158.60	487,562.00	3,223,324.85	528,279.33

Subtotal of cash inflows:		86,060,805.23	487,562.00	71,493,261.43	528,279.33
Cash paid for purchasing commodities and receiving labor service		41,872,518.25		52,609,927.44	-
Cash paid to/for staff and workers		6,677,789.60	197,386.00	7,484,045.73	242,268.00
Taxes paid		3,258,648.57	-	2,853,994.19	-
Other cash paid concerning operating activities	32	16,706,105.29	266,235.30	10,711,604.39	333,329.26
Subtotal of cash outflows:		68,515,061.71	463,621.30	73,659,571.75	575,597.26
Net cash flows arising from operating activities		17,545,743.52	23,940.70	(2,166,310.32)	(47,317.93)
II. Cash flows arising from investing activities:					
Cash received from recovering investment		-	-	2,775.17	2,775.17
Including: cash received from selling subsidiaries		-	-	-	-
Cash received from investment income		-		-	-
Net cash received from disposal of fixed, intangible and other long-term assets		-		1,703,632.39	16,632.39
Other cash received concerning investing activities				1.00	-
Subtotal of cash inflows:		-	-	1,706,408.56	19,407.56
Cash paid for purchasing fixed, intangible and other long-term assets		6,800.00		3,182,711.50	-
Cash paid for investment		-	-	-	-
Including: cash paid for purchasing subsidiaries		-	-	-	-
Other cash paid concerning investing activities		131,416.56	-	-	-
Subtotal of cash outflows:		138,216.56	-	3,182,711.50	-
Net cash flows arising from investing activities		(138,216.56)	-	(1,476,302.94)	19,407.56
Ⅲ. Cash flows arising from financing activities					
Cash received from absorbing investment		-	-	-	-
Including: cash received from absorbing equity investment of minority shareholders		-	-	-	-
Cash received from loans		-	-	30,100,000.00	-
Other cash received concerning financing activities		-	-	-	-
Subtotal of cash inflows:		-	-	30,100,000.00	-
Cash paid for repaying debts		22,470,000.00	-	29,270,000.00	-
Cash paid for dividend and profit distributing or interest paying		544,430.82	-	2,170,305.63	-
Including: dividends to minority shareholders paid by subsidiaries		-	-	-	-

Cash paid due to reducing registered capital	-	-	-	-
Including: cash paid to minority shareholders by subsidiaries for reducing capital according to laws	-	-	-	-
Other cash paid concerning financing activities	-	-	-	-
Subtotal of cash outflows:	23,014,430.82	-	31,440,305.63	-
Net cash flows arising from financing activities	(23,014,430.82)	-	(1,340,305.63)	-
IV. Influence on cash due to fluctuation in exchange rate	-	-	-	-
V. Net increase of cash and cash equivalents	(5,606,903.86)	23,940.70	(4,982,918.89)	(27,910.37)

Cash Flow Statement (Con.)

Items	Interim period of 2005		Interim period of 2004	
	Consolidation	Company	Consolidation	Company
I. Investing and financing activities with no cash incomings/outgoings involved				
Capital transferred from debts	-	-	-	-
Convertible company bonds due within one year	-	-	-	-
Fixed assets leasing from financing	-	-	-	-
II. Adjusting net profit to cash flows for operating activities				
Net profit	(16,846,105.50)	(16,846,105.50)	(16,048,611.62)	(16,048,611.62)
Add: Minority interests	3,308,242.68	-	813,012.74	-
Appropriating provisions for devaluation assets	130,420.02	130,420.02	(312,000.00)	(312,000.00)
Depreciation of fixed assets	4,704,274.33	384,073.92	5,784,767.06	542,285.86
Amortization of intangible assets	282,975.12	-	409,163.04	-
Amortization of long-term expenses to be apportioned	223,492.56	-	110,651.64	-
Decrease of expenses to be apportioned	243,770.68	-	110,393.72	-
Increase of accrued expenses	13,342,344.57	15,042,025.84	16,056,821.07	15,308,485.86
Loss on disposal of fixed, intangible and other long-term assets	(200.00)	(200.00)	(279,385.98)	(304,158.68)
Loss on rejection of fixed assets	-	-	-	-
Financial expenses	15,678,762.62	15,032,441.20	16,696,249.12	15,303,097.77
Loss of investment	-	(1,195,218.64)	(641,789.75)	(641,788.75)
Guarantee loss	-	-		-

Deferred taxes-borrowing	-	-		-
Decrease of inventories	6,504,43 8.21	-	(5,426,650.88)	-
Decrease of receivables in operating	9,255,08 3.78	2,726,032 .94	(8,444,800.07)	(4,192,025. 49)
Increase of payables in operating	(19,281,755. 55)	(15,249,529.0 8)	(10,994,130.41)	(9,702,602. 88)
Other	-	-		-
Net cash flows arising from operating activities	17,545,74 3.52	23,94 0.70	(2,166,310.32)	(47,317 .93)
III. Net increase of cash and cash equivalents:				
Balance of cash at the end of the period	11,620 ,252.87	53,88 0.32	22,372,353. 50	420,9 30.70
Less: Balance of cash at the begin of the period	17,227,15 6.73	29,93 9.62	27,355,272. 39	448,8 41.07
Add: Balance of cash equivalents at the end of the period	-	-	-	-
Less: Balance of cash equivalents at the begin of the period	-	-	-	-
Net increase of cash and cash equivalents	(5,606,903. 86)	23,94 0.70	(4,982,918.89)	(27,910 .37)

(II) Notes to accounting statement

The financial data and amount in this report are expressed in RMB except for otherwise stated.

Note 1: Company Profiles

As approved by Shenzhen People’s Government with SFBF [1993] No. 720 document, Guangdong Sunrise Holdings Co., Ltd. (hereinafter referred to as the Company) is established as a joint stock limited company by means of raise on June 7, 1993 with Shenzhen Lionda Group as main body. Approved by China Securities Regulatory Commission, the Company’s A-shares and B-share were listed in Shenzhen Stock Exchange on Sep. 29, 1993. The Company drew enterprise legal person’s business license No. 19038195-8. Now the Company’s registered capital is RMB 288.42 million. The Company’s original name is “Shenzehn Lionda Holdings Company Limited”, on June 13, 2002, the Company changed its name into Guangdong Sunrise Holdings Co., Ltd..

The Company was engaged in the import and export business of the second and third commodities by means of self-operation and agency within Guangdong Province (the special commodity was performed according to YJMJZ [1990] No. 320), domestic sales of commodities originally produced for exports and domestic sales of import commodities, sales of timber and its goods (excluding hub), production material for the use of industry (excluding gold, silver, automobile and chemical dangerous goods), pin, textile, computer and fittings, rubber goods, consultation service and industrial investment.

Note 2. Major accounting policies, accounting estimate and the preparation of the consolidated financial statement

(1) The Company performs Accounting Standards for Business Enterprise and Accounting System for Business Enterprise.

(2) Fiscal year

The Company adopts the Gregorian calendar, namely from Jan.1 to Dec. 31 of every year.

(3) Reporting currency

The Company uses Rmb as the reporting currency.

(4) Basis of accounting and pricing principle

The Company adopts the accrual basis as basis of account. The pricing principle for assets is based on the historical cost.

(5) Accounting method of foreign currency business

The foreign currency operating business involved by the Company, its exchange rate of account and book exchanged rate adopt the fixed exchange rate, the monetary items are adjusted as per the market exchange rate at the transaction day in the period-end, and the accrued gains and losses of the exchange belonging to the course of constructing are listed into long-term expenses to be apportioned, while the accrued gains and losses of the exchange from the relevant loans related with purchasing fixed assets are disposed based on the principle of capitalization loan expenses, others are listed into gains and losses.

(6) Determination standard of cash and cash equivalents

The Company's cash refers to all cash in hand and call deposits; cash equivalents refers to short-term and high circulating investments held by the Company, which are easily convertible into known amount of cash and whose risks in charge of value are minimal.

(7) Short-term investment

Short-term investment is priced based on the payment paid in fact deducting cash dividends or interests paid declared, and offsets and reduces the investment cost based on cash dividends and interests received.

At the end of the year, short-term investment is accounted as per the lower amount between the investment cost and the market price, and the provision for falling price of short-term is appropriated as per the balance between the market price and the cost.

(8) Accounting method of bad debts

The Company appropriates the general provision for bad debts and special provision for bad debts, the general provision for bad debts are appropriated as per 3% of amount that the sum of balance of accounts receivable deducting the accounts receivable appropriated of special provision for bad debts at the end of the middle period or the year-end; the special provision for bad debts are appropriated based on an analysis of the recoverability accounts items existing the bigger indefiniteness in items of accounts receivable and other receivables an items by items at the end of the middle period or the year-end. The provision for bad debts appropriated is calculated into the management expense in the current period.

Determination standard of bad debts:

a. The accounts are still unable to be drawn back after the debtors discharge the aforesaid accounts with the bankruptcy properties if they are bell-up or with the legacies when they are dead.

b. The debtors implement no redemption obligation exceeding the time limit and it exists authentic evidence to indicate the accounts receivable are certainly unable to be drawn back.

(9) Inventories

The Company's inventories includes raw materials, commission processing materials, work-in-progress goods, finished goods, commodities send by instalment, commodities purchased from outside, development product and development cost and etc..

The purchase and store of each kind of inventory is priced as per the actual cost basis and the issue is priced as per the weighted average method. Inventories adopt perpetual inventory system. The drawing of the low-value consumption is amortized based on the single amortization method.

At the end of the year, the inventory is priced based on the lower amount between the individual inventory cost and net realizable value. The provision for falling price of inventory is appropriated based on the balance that the cost of inventory is more than its net realizable value due to the reasons of mutilation, out of season for all or partial and sales price lowering than the cost etc..

(10) Long-term investment

The long-term equity investment is recorded into the accounts as per the original investment cost upon receipt. For the shareholding subsidiaries that the Company holds its over 50% equity and non-shareholding associated companies or joint venture companies that the Company holds over 20% equity (including 20%), the Company counts the long-term equity investment based on the equity method. For the associated companies or joint venture companies that the Company holds below 20% equity, the Company counts the long-term equity investment based on cost method. The balance of equity investment is amortized as per ten years.

The long-term credit investment is recorded into the accounts as per the amount paid actually or the value determined upon purchasing, and is accounted based on principle of taking the lower amount between the cost and the market price at the end of period. The investment income is determined as per the cost method, and the premium or discount are amortized based on the straight-line method during the investment period.

At the end o the year, the Company examined the long-term investment item by item. If the continuous falling of market price of investees or exasperate operating status of investees result that the recoverable amounts are lower that the book values of investment, then the provision for impairment losses of long-term investments are appropriated as per the balance that the recoverable amounts are lower that book value.

(11) Fixed assts and accumulative depreciation

a. The Company puts buildings, constructions, machinery and equipments, transport vehicles and other equipment, appliances and tools related with operations, which using period is over one year, and main equipment, which do not belong to the articles of operations, but assets which unit value is over RMB 2,000 and the using period over two years.

b. The fixed assets is accounted as per the actual cost.

c. The depreciation of fixed assets is calculated based on the straight-line method, and the depreciation rate is confirmed on the basis of the original value of all kinds of fixed assets and the estimated service life after deducting the residual value (10% of the original value) with the classified depreciation rate as follows:

Type of assets	Service life	Annual depreciation rate
Houses & building	20-35 years	2.5%-4.5%
Machinery equipment	10-15 years	9.0%-6.0%
Transport equipment	5 years	18.0%
Electronic equipment or others	5years	18.0%

At the end of the year, if the reasons such as the continuous falling of market price, out-of-date technology, obsoleteness, dilapidate and leave unused for a long time etc. result that the recoverable amounts of fixed assets are lower than the book values, then the recoverable amounts are estimated as per the single and the provision for impairment losses of fixed assets are appropriated as per the balance that the recoverable amounts are lower that book value.

(12) Constructions in progress

Constructions in progress are recorded into the accounts as per the engineering cost reflected by direct construction, installation cost and the actual interests expenditure related with loan borrowed and exchange gains and losses in the periods of construction. Constructions in progress is transferred to the fixed assets commences when the fixed assets purchased and constructed are ready for their intended use.

At the end of the year, due to the following reasons that the project is suspended in construction for long time and it is estimated not to be constructed again in the future three years, whether the out-of-date capability and technology, the recoverable amounts are calculated as per the single, and the provision for impairment losses of constructions in progress are appropriated as per the balance that the recoverable amounts are lower that book value.

(13) Loan expenses

Loan expenses start the capitalization with meeting the following conditions at the same time, namely assets expenditure has already happened, loan expenses have already happened and the construction activities necessary for assets to reach the estimated usable status have already started. The capitalized amount is equal to the weighted average amount of accumulated expenditure from fixed assets constructed ended the end of the current period multiply the capitalization rate without exceeding the actual interests occurred.

(14) Intangible assts is recorded into the accounts as per the amount paid actually or the value determined, and is amortized based on straight-line method. The term limit of amortization is as follows:

a. Land use right is amortized as per 50 years from the next month of purchasing.

b. Other intangible assets is amortized as per no less than 10 years.

At the end of middle period or the year-end, for those intangible assets such as they have been taken place by other new technology and the capability of creating economic benefit for the Company is badly influenced or the market price dropped by a large margin and they are estimated they will not resume in the left amortization period, the Company estimated the recoverable amount as per the single and appropriated the impairment losses of intangible assets as per the balance that the recoverable amounts are lower that book value.

(15) Long-term expenses to be apportioned

Long-term expenses to be apportioned is amortized based on the straight-line method in line with the beneficiary period.

(16) Income confirming principle

Sale income of commodity: the Company and its subsidiaries confirm the realization of sale income of commodity based on the following conditions: the main risk and reward of the commodity’s property has been transferred to the purchaser; neither keep the right of continuous management in contact with property normally nor execute control and sold commodity; the economic benefit related with transactions can flow into enterprise; and the relevant income and cost can be measured reliably.

Sale of labour service: the incomes from sale of labour service are confirmed based on the precondition of the incomes from labour service and completed degree of labour service can be determined reliably, the payments related with transaction can flow into enterprise; and the relevant cost can be measured reliably.

Incomes received from others using the Company’s assets are calculated and confirmed according to the toll time and method regulated in the contract and agreement.

(17) Projected liabilities

The Company confirmed the obligation related with the contingency as the projected liabilities with meeting the following conditions at the same time: the obligations are the current duties with the calculation reliably undertaken by the Company, which the Company’s implementation shall probably decrease its economic benefits.

(18) Accounting transaction method of income tax

The Company’s income tax is 15%. The Company adopts method of tax payable to transact income tax.

(19) Preparation basis of the consolidated accounting statement

The Company takes the investment, internal current and internal transaction among the shareholding subsidiaries and affiliated companies having the actual control right to consolidate item by item based on offsetting non-realized gains and losses and calculate the minority shareholders’ equity. Minority shareholders’ equity refer to a rights and interests in the Company’s net value of assets held the third party except for the Company and its subsidiaries; minority shareholders’ gains and losses refer to a profit should be distributed to the aforesaid third party (or the loss burdened) from the Company or subsidiaries. For the joint venture companies under the Company, the Company adopts the proportion consolidation method.

a. The subsidiaries are brought into the consolidation scope of the Company includes Shenzhen Goodyear Industrial Co., Ltd.

According to the Agreement on Equity Custody singed by between the Company and Shenzhen Lionda Holdings Company Limited, the another shareholder of Shenzhen Goodyear Industrial Co., Ltd. (hereinafter referred to as “Goodyear Company”), Shenzhen Lionda Holdings Company Limited entrusted the Company to management its 19.03% equity of Goodyear Company with trusteeship period from Jul. 1, 2003 to Dec. 31, 2005. After custody, the Company held and trusted 45.57% equity of Goodyear Company in total. Because the proportion of directors appointed by the Company taking the members of the Board of Goodyear Company reached over 1/2 of total directors, the Company has had the actual control right to Goodyear Company, thus the Company brought Goodyear Company into the consolidated statement from Jan. 1, 2005 to Jun. 30, 2005.

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.

b. Subsidiaries without bring into the consolidation scope and reasons

Name of subsidiaries	Reasons without bringing into the consolidation scope	Particulars about accounting transaction
Shenzhen Paper Making Co.	Continual losses, closing down for many year	Appropriating impairment loss for investment by all amount, and appropriating reserve for bad debts of current payment by all amount
Paper Product Processing Factory of Shenzhen Paper Making Co.	Subsidiary of Shenzhen Paper Making Co.	It is not brought into the consolidation with the parent company
Shenzhen Lionda Foods Industrial Co., Ltd.	Continual losses, closing down and serious insolvent	Impairment loss for long-term investment is zero, and appropriating reserve for bad debts of current payment by all amount
Shenzhen Xinqi Beverage Co., Ltd.	Subsidiary of Shenzhen Lionda Foods Industrial Co., Ltd.	It is not brought into the consolidation with the parent company
Shenzhen Lionda Material Import& Export Co., Ltd.	Continual losses, closing down and serious insolvent	Impairment loss for long-term investment is zero, and appropriating reserve for bad debts of current payment by all amount
Shenzhen Lionda Lucky C&B Industrial Co. Limited	Continual losses and serious insolvent	Impairment loss for long-term investment is zero
Shenzhen Lionda Electrical Equipment Co. Limited	Continual losses, closing down and serious insolvent	Impairment loss for long-term investment is zero, cancels its current payment
Shenzhen Lionda Electrical Manufacturing Factory	Subsidiary of Lionda Electronic Co.	It is disposed jointly with the parent company
Shenzhen Lionda Hunan Branch	Closing down for many year, no assets could be liquidated	Appropriating impairment loss for investment by all amount, cancels its current payment
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited	Closing down	Appropriating impairment loss for investment by all amount
Shenzhen Lionda Development Co. Limited	Closing down	Impairment loss for long-term investment is zero
Shenzhen Lionda Property Management Co. Limited	Closing down	Appropriating impairment loss for investment by all amount
Shenzhen Lionda Junk Trading	Subsidiary of Shenzhen Lionda Property	It is not brought into the consolidation

Market Co. Limited	Management Co.	with the parent company
Shanghai Lionda Industrial Co., Limited	Closing down for many year, no assets could be liquidated	Appropriating impairment loss for investment by all amount

(20) Profit distribution

The Company's profits are distributed by the Shareholders' General Meeting based on the following proportion according to Company Law and the Articles of Association (after making up the losses over the past years):

Appropriating statutory surplus reserve	10%
Appropriating public welfare fund	5%

Note 3. Taxes

The main taxes applied by the Company are as follows: VAT, business tax, urban maintenance and construction tax, additional education fees enterprise income tax.

Tax rate of turnover taxes:	VAT	17%
	Business tax	5%
	Urban maintenance and construction tax	1%
	Additional education fees	3%
	Enterprise income tax	15%

Note 4. Shareholding subsidiaries and associated companies and joint venture companies

1. Shareholding subsidiaries

Name of shareholding subsidiaries	Registration place	Registered capital	Main operations	Amount of investment	Proportion of holding share
Shenzhen Paper Making Co.	Shenzhen	RMB 10400000	Manufacturing and operating paper products and printing machinery	RMB 10400000	100%
Shenzhen Lionda Foods Industrial Co., Ltd.	Shenzhen	RMB 6640000	Operating food additive and fruit jelly	RMB 6640000	100%
Shenzhen Xinqi Beverage Co., Ltd.	Shenzhen	RMB 1000000	Production and operation of fruit juice and products and pudding	RMB 750000	75%
Shenzhen Lionda Material Import& Export Co., Ltd.	Shenzhen	RMB 7000000	Import and export of light industrial materials such as printing, machinery	RMB 7000000	100%
Shenzhen Lionda Development Co. Limited	Shenzhen	RMB 30000000	Property development and management	RMB 30000000	100%
Shenzhen Lionda Lucky C&B Industrial Co. Limited	Shenzhen	USD 1400000	Production and sales of luggage cases with brand of "ABS" and other leatheroid products	USD 1400000	100%
Shenzhen Lionda Electrical Equipment Co. Limited	Shenzhen	RMB 6000000	Production of vacuum flasks and home electrical fans	RMB 6000000	100%
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited	Shenzhen	RMB 10000000	Domestic trading, import and export	RMB 10000000	100%

Paper Product Processing Factory of Shenzhen Paper Making Co.	Shenzhen	RMB 1000000	Paper processing deeply	RMB 1000000	100%
Shenzhen Lionda Electrical Manufacturing Factory	Shenzhen	RMB 600000	Production of vacuum, electric oven and metal products	RMB 600000	100%
Shenzhen Lionda Hunan Branch	Changsha	RMB2878000	Business of import and export	RMB 2878000	100%
Shenzhen Lionda Property Management Co. Limited	Shenzhen	RMB 1600000	Property management, trading of foods and motor vehicle spare parts	RMB 1600000	100%
Shenzhen Lionda Junk Trading Market Co. Limited	Shenzhen	RMB 588000	Trading of junk and wireless communication products	RMB 300000	51%
Shanghai Lionda Industrial Co., Limited	Shanghai	RMB 3000000	Light textile and chemical products and general merchandise and	RMB 3000000	100%
Shenzhen Goodyear Industrial Co., Ltd.	Shenzhen	RMB 72700000	Undertaking packing and upholster of paper, metal and plastic	RMB 19295400	26.54%

For details of the aforesaid companies brought into the scope of consolidated statement, please refer to Note 2 (19).

2. Associated companies

Name of shareholding subsidiaries	Registration place	Registered capital	Main operations	Amount of investment	Proportion of holding share
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	Shenzhen	RMB 479433000	Production and assemble of bicycle and parts	RMB 11970000	2.50%
Shenzhen Jianda Machinery Co. Ltd.	Shenzhen	RMB 6000000	Production of plastic injection machinery, etc.	RMB 1200000	20%
Shenzhen Lionda Free Trading Co., Ltd.	Shenzhen	RMB 6000000	Import free tax of paper packing materials	RMB 1800000	30%
Shenzhen Golden Bell Batteries Co. Ltd.	Shenzhen	RMB 2000000	Production of dry batteries and batieries materials	RMB 800000	40%
Shenzhen Anmiz Watch & Clock Co. Ltd.	Shenzhen	RMB 1500000	Production of watches, clock	RMB 450000	30%
Shenzhen Gaokeda Electronic Co. Ltd.	Shenzhen	RMB 3000000	Production of HDSL transmission lines	RMB 900000	30%
Shenzhen Taiyang PCCP Co. Ltd.	Shenzhen	USD 9000000	Production, transportation and installation of steel, concrete tube	USD 3060000	34%
Shenzhen Dong Xiang Electronic Enterprise Co. Ltd.	Shenzhen	HKD 9720000	Trading of electronic equipment and parts	HKD 1110000	11%
Guangdong Guomin Entrustment Investment Co., Ltd.	Guangzhou	RMB 87000000	Entrustment deposit and investment	RMB9423800	9.9%
Baltic Sea Commercial Center * 1	Latvia	USD 1300000	Hotel operation and commercial service	USD 663000	51%
Shanghai Qingpu Yingda Property Development Co.	Qingpu county	RMB 1500000	Development of real estate	RMB 450000	30%
Shenzhen Zhenhua Group Co., Ltd.	Shenzhen	RMB 30850000	Import & export of products of light industry, foods	RMB 11118000	3.6%
Shenzhen Guoyin Investment Development Co., Ltd.	Shenzhen	RMB 15000000	Setting up industry and industrial, operation of domestic trading	RMB 750000	5%
Shenzhen (Moscow) Co., Ltd.	Shenzhen	USD 1400000	Import & export trading	USD 140000	10%
Chaozhou Port Development Co.,	Shantou	RMB	Development of ports and docks	RMB 2225000	12%

Ltd.		300000000			
China International Barge Club	Dalian	RMB 30000000	Development of real estate	RMB 12892000	10%
Wuxi Taihu Overseas Chinese Town Development Construction Co., Ltd.	Wuxi	RMB 10000000	Integrated development and construction	RMB 1000000	10%
Shenzhen Yinzhizuo Club	Shenzhen	RMB 8000000	Provision of law consultant service and restaurant	RMB 4000000	40%
Yueshen Light Industry Trading Co.	Shenzhen	RMB 4920000	Import and export of food and textiles	RMB 2460000	50%
Yueyang Shengang Hotel Co., Ltd. *2	Yueyang	RMB 4000000	Operation of hotel and retail marketplace	RMB 3420000	75%
Hunan Shenli Special Alloy Co. Ltd.	Yiyang	RMB 5000000	Production of hard alloy ware	RMB 2250000	45%
Shenzhen Lionda Industrial Trading Co., Ltd.	Shenzhen	RMB 20000000	Import & export business, management of self-owned properties	RMB 6400000	32%
Others				RMB 425000	

* 1: The Company calculated the said company based on the cost method due to without actual control right.
* 2: The said company was transferred into the Company by Shenzhen Chemical Plastic Industrial Co. as the commutable payment when it went bankrupt.

Note 5: Notes to principal items of the accounting statement (the following data are the consolidated amount except otherwise explanation)

1. Monetary funds

		Amount at the beginning of period			Amount at the end of period		
Sort	Currency type	Amount of original currency	Conversion exchange rate	Converting into RMB	Amount of original currency	Conversion exchange rate	Converting into RMB
Cash	RMB	32,389.87	1.00	32,389.87	340,352.10	1.00	340,352.10
	HKD	266,292.63	1.06	283,255.34	162,064.56	1.0637	172,388.05
	USD	2,425.16	8.30	20,071.84	2,425.16	8.2765	20,071.84
Subtotal				335,717.05			532,811.99
Bank deposit	RMB	9,579,124.41	1.00	9,579,124.41	10,019,304.35	-	10,019,304.35
	HKD	6,863,391.84	1.06	7,311,662.30	993,738.37	1.0749	1,068,136.53
	USD	78.67	8.30	652.97			-
Subtotal				16,891,439.68			11,087,440.88
Total				17,227,156.73			11,620,252.87

2. Short-term investment

	Amount at the beginning of period		Amount at the end of period	
Items	Investment amount	Provisions for falling price	Investment amount	Provisions for falling price
Fund investment	44,400.00	---	---	---

3. Accounts receivable

Aging	Amount at the beginning of period			Amount at the end of period		
	Amount	Proportion in total amount	Reserve for bad debt	Amount	Proportion in total amount	Reserve for bad debt
Within 1 year	51,032,036.20	96.73%	2,606,648.96	41,256,109.41	87.44%	3,046,458.35
1-2 years	339,321.50	0.64%	33,932.15	5,090,594.24	10.79%	33,932.15
2-3 years	325,121.65	0.62%	48,768.25	733,572.33	1.55%	622,614.35
Over 3 years	1,063,735.65	2.01%	1,063,735.65	100,160.32	0.21%	50,080.16
Total	52,760,215.00	100%	3,753,085.01	47,180,436.30	100.00%	3,753,085.01

There is no arrearage of associated companies that holds over 5% shares.

4. Other receivables

Aging	Amount at the beginning of period			Amount at the end of period		
	Amount	Proportion in total amount	Reserve for bad debt	Amount	Proportion in total amount	Reserve for bad debt
Within 1 year	28,305,546.59	5.57%	1,751,260.11	3,368,487.56	0.69%	1,751,260.11
1-2 years	31,226,553.27	6.14%	30,776,296.31	31,226,553.27	6.47%	30,776,296.31
2-3 years	93,993,983.73	18.48%	61,246,879.26	93,993,983.73	19.48%	61,246,879.26
Over 3 years	355,081,063.65	69.81%	353,333,620.92	354,081,063.65	73.36%	352,333,620.92
Total	508,607,147.24	100%	447,108,056.60	482,670,088.21	100%	446,108,056.60

There is no arrearage of associated companies that holds over 5% shares.

The special reserve for bad debts of other receivables accumulated to RMB 436,166,420.27, the items are as follows:

Items	Name of clients	Book amount	Appropriating amount	Reasons
Other receivables	Shenzhen Jijian Investment Co., Ltd.	5,724,962.00	5,724,962.00	The arrearage exceeded over three years, drawing back difficultly
	Shenzhen Postal and Communication Service	3,000.00	3,000.00	Deposit before 90 years
	Zhonghua Chuangye Group Co., Ltd.	4,035,732.00	4,035,732.00	The aging for a long time, this company has changed
	Shenzhen Taiyang PCCP Co., Ltd.	25,686,735.00	25,686,735.00	Bad insolvency, drawing back difficultly
	Shenzhen Xiancheng Building Co., Ltd.	24,876,389.27	24,876,389.27	This company has withdrew, drawing back difficultly
	Shanghai Qingda Real Estate Co., Ltd.	2,137,000.00	2,137,000.00	This company has withdrew, drawing back difficultly
	Shenzhen Lionda Food Industrial Co., Ltd.	4,998,701.51	4,998,701.51	This company has closed down, the balances are allocation fees paid by the Company in instead
	Shenzhen Lionda Development Co., Ltd.	59,171,271.83	57,171,271.83	This company has closed down
	Shenzhen Keruite New Materials Co., Ltd.	214,000.00	214,000.00	This company has withdrew, drawing back difficultly
	Shenzhen Jiadeng Trading Co., Ltd.	1,008,500.00	1,008,500.00	Bad insolvency, drawing back difficultly
	Shenzhen Yingte Enterprises Co., Ltd.	477,539.63	477,539.63	Bad insolvency, drawing back difficultly
	Shenzhen Lida Co., Ltd.	146,286.00	146,286.00	Bad insolvency, drawing back

			difficultly
Shenzhen keda' eng Technology Co., Ltd.	13,224.05	13,224.05	Bad insolvency, drawing back difficultly
Shenzhen Guangyingda Industrial Co., Ltd.	14,180,000.00	14,180,000.00	Bad insolvency, drawing back difficultly
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	245,789,686.03	245,789,686.03	Bad insolvency, drawing back difficultly
Shenzhen Lionda Materials Import & Export Co., Ltd.	27,935,288.45	27,935,288.45	Bad insolvency, drawing back difficultly
Shenzhen Haima Co.	285,838.32	285,838.32	Bad insolvency, drawing back difficultly
Beijing Lionda Investment	17,988,500.00	5,396,550.00	Arrearage for a long time
Shenzhen Orient Enterprise Group Co., Ltd.	27,683,064.32	8,304,919.30	Arrearage for a long time
Yunfu Real Estate Co.	4,670,073.96	4,670,073.96	Arrearage for a long time, drawing back difficultly
Shenzhen Xuena Co.	1,482,792.41	1,482,792.41	Arrearage for a long time, drawing back difficultly
Other	1,627,930.51	1,627,930.51	Arrearage for a long time, drawing back difficultly
Total	470,136,515.29	436,166,420.27	

List of Company's amount of other receivables:

Aging	Amount at the beginning of period			Amount at the end of period		
	Amount	Proportion in total amount	Reserve for bad debt	Amount	Proportion in total amount	Reserve for bad debt
Within 1 year	25,615,451.91	5.39%	1,255,746.42	3,608,305.60	0.80%	1,255,746.42
1-2 years	27,292,273.74	5.75%	27,271,708.97	27,292,273.74	6.04%	27,271,708.97
2-3 years	77,744,451.72	16.37%	45,011,342.50	77,744,451.72	17.21%	45,011,342.50
Over 3 years	344,310,116.07	72.49%	344,050,594.65	343,310,116.07	75.95%	343,050,594.65
Total	474,962,293.44	100%	417,589,392.54	451,955,147.13	100%	416,589,392.54

There is no arrearage of associated companies that holds over 5% shares.

The special reserve for bad debts of other receivables accumulated to RMB 415,865,594.42, the items are as follows:

Items	Name of clients	Book amount	Appropriating amount	Reasons
Other receivables	Shenzhen Jijian Investment Co., Ltd.	5,724,962.00	5,724,962.00	The arrearage exceeded over three years, drawing back difficultly
	Shenzhen Postal and Communication Service	3,000.00	3,000.00	Deposit before 90 years
	Zhonghua Chuangye Group Co., Ltd.	4,035,732.00	4,035,732.00	The aging for a long time, this company has changed
	Shenzhen Taiyang PCCP Co., Ltd.	25,686,735.00	25,686,735.00	Bad insolvency, drawing back difficultly
	Shenzhen Xiancheng Building Co., Ltd.	24,876,389.27	24,876,389.27	This company has withdrew, drawing back difficultly
	Shanghai Qingda Real Estate Co., Ltd.	2,137,000.00	2,137,000.00	This company has withdrew, drawing back difficultly
	Shenzhen Lionda Food Industrial Co., Ltd.	4,998,701.51	4,998,701.51	This company has closed down, the balances are allocation fees paid by the Company in instead
	Shenzhen Lionda Development Co., Ltd.	59,171,271.83	57,171,271.83	This company has closed down

Shenzhen Keruite New Materials Co., Ltd.	214,000.00	214,000.00	This company has withdrew, drawing back difficultly
Shenzhen Jiadeng Trading Co., Ltd.	1,008,500.00	1,008,500.00	Bad insolvency, drawing back difficultly
Shenzhen Yingte Enterprises Co., Ltd.	477,539.63	477,539.63	Bad insolvency, drawing back difficultly
Shenzhen Lida Co., Ltd.	146,286.00	146,286.00	Bad insolvency, drawing back difficultly
Shenzhen keda' eng Technology Co., Ltd.	13,224.05	13,224.05	Bad insolvency, drawing back difficultly
Shenzhen Guangyingda Industrial Co., Ltd.	14,180,000.00	14,180,000.00	Bad insolvency, drawing back difficultly
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	232,801,657.06	232,801,657.06	Bad insolvency, drawing back difficultly
Shenzhen Lionda Materials Import & Export Co., Ltd.	27,935,288.45	27,935,288.45	Bad insolvency, drawing back difficultly
Shenzhen Haima Co.	285,838.32	285,838.32	Bad insolvency, drawing back difficultly
Beijing Lionda Investment	17,988,500.00	5,396,550.00	Arrearage for a long time, drawing back difficultly
Shenzhen Orient Enterprise Group Co., Ltd.	27,683,064.32	8,304,919.30	Arrearage for a long time, drawing back difficultly
Other	468,000.00	468,000.00	Arrearage for a long time, drawing back difficultly
Total	449,835,689.44	415,865,594.42	

5. Inventories and provisions for falling price of inventory

Items	Amount at the beginning of period: Book balance	Amount at the beginning of period: Book value	Amount at the end of period: Book balance	Amount at the end of period: Book value
Raw materials	13,523,325.58	13,137,638.97	11,301,667.37	10,915,980.76
Goods in stock	13,281,897.69	10,544,780.59	9,853,861.28	8,116,744.18
Work in process	3,523,078.93	3,523,078.93	1,668,335.34	1,668,335.34
Development cost	22,912,610.00	2,000,000.00	22,912,610.00	2,000,000.00
Total	53,240,912.20	29,205,498.49	45,736,473.99	22,701,060.28

Provision for falling price of inventory	Amount at the beginning of period	Increase in this period	Decrease in this period	Amount at the end of period	Notes
Raw materials	385,686.61	---	---	385,686.61	Monomial comparison method
Goods in stock	2,737,117.10	---	1,000,000.00	1,737,117.10	Monomial comparison method
Development cost	20,912,610.00	---	---	20,912,610.00	Monomial comparison method
Total	24,035,413.71	---	1,000,000.00	23,035,413.71	

6. Expenses to be apportioned

Sorts	Amount at the beginning of period	Amount at the end of period
Insurance	100,046.12	---
Road toll	59,070.00	---
Other	---	402,886.80
Total	159,116.12	402,886.80

7. Long-term investment

(1) List of items

Items	Amount at the beginning of period			Amount at the end of period		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Long-term equity investment	89,473,138.18	71,253,281.56	18,219,856.62	89,473,138.18	68,072,106.91	21,401,031.27
Including: stock investment	10,000,000.00	---	10,000,000.00	10,000,000.00	---	10,000,000.00
Investing in subsidiaries	28,587,839.35	28,587,839.35	---	25,406,664.70	25,406,664.70	---
Other equity investment	50,583,791.03	42,665,442.21	7,918,348.82	53,764,965.68	42,665,442.21	11,099,523.47
Balance of equity investment	301,507.80	---	301,507.80	301,507.80	---	301,507.80
Long-term credit investment	---	---	---	---	---	---
Total	89,473,138.18	71,253,281.56	18,219,856.62	89,473,138.18	68,072,106.91	21,401,031.27

(2) Long-term equity investment

a. Stock investment

Stock investment is calculated based on cost method

Name of investee	Type of share	Number of shares	Proportion of registered capital in investee	Original investment cost	Amount at the beginning of period	Increased in this period	decreased in this period	Amount at the end of period
Wuhuan (Holding) Co., Ltd.	Legal person's share	5,000,000.00	1.73%	5,000,000.00	5,000,000.00	---	---	5,000,000.00
Beijing Wantong Industrial Co., Ltd.	Legal person's share	5,000,000.00	---	5,000,000.00	5,000,000.00	---	---	5,000,000.00
Subtotal				10,000,000.00	10,000,000.00	---	---	10,000,000.00

The aforesaid stock investment has been sealed up by Shenzhen Intermediate People's Court in Sep. 2002.

b. Other equity investment

i. Other equity investment calculated in line with cost method

Name of investee	Term of investment	Proportion of registered capital in investee	Original investment cost	Amount at the beginning of period	Increased in this period	decreased in this period	Amount at the end of period
Shenzhen China Bicycle Company (Holdings) Co., Ltd. *	Perpetuity	2.50%	11,968,590.00	---	---	---	---
Guangdong Guomin Entrustment Investment Co., ltd.	---	9.9%	9,423,870.00	9,423,870.00	---	---	9,423,870.00
Hainan Weihao Co., Ltd.	---	8.33%	5,000,000.00	---	---	---	---
Shenzhen Zhenhua Group Co., Ltd.	20 years	3.6%	1,111,835.00	1,111,835.00	---	---	1,111,835.00
Shenzhen Guoyin Investment Co., Ltd.	---	5%	650,000.00	650,000.00	---	---	650,000.00
Shenzhen (Moscow) Co., Ltd.	---	10%	607,998.68	607,998.68	---	---	607,998.68
Chaozhou Port Development Co., Ltd.	---	12%	2,225,000.00	2,225,000.00	---	---	2,225,000.00
China International Barge Club	---	10%	12,892,000.00	12,892,000.00	---	---	12,892,000.00
Wu County Taihu Overseas Chinese Town Development Co.	---	10%	2,000,000.00	2,000,000.00	---	---	2,000,000.00
Shenzhen Dong Xiang Electronic Industrial Co. Ltd.	15 years	11%	2,633,167.26	5,379,464.94	---	---	5,379,464.94
Baltic Sea Commercial Center	---	51%	5,632,425.08	3,368,751.65	---	---	3,368,751.65
Pagoda Island	---	---	144,000.00	144,000.00	---	---	144,000.00
Subtotal			54,288,886.02	37,802,920.27	---	---	37,802,920.27

* The Company calculated the investment of Shenzhen China Bicycle Company (Holdings) Co., Ltd. based on the equity method originally, and the book value has decreased to RMB 0.00. Because the Company sold the partial equity of Shenzhonghua held by the Company in succession, thus the calculation method was changed into cost method from equity method.

ii. Other equity investment based on the equity method

Name of investee	Term of investment	Proportion of registered capital in investee	Original investment cost	Amount at the beginning of period	Increase/ Decrease of equity in this period	Cash bonus distributed	Accumulated increase/decrease amount	Amount at the end of period
Shenzhen Lionda Properties Management Co., Ltd.	---	100%	1,600,000.00	1,594,752.79	---	---	(5,247.21)	1,594,752.79
Shenzhen Paper Making Co., Ltd.	11 years	100%	35,059,679.80	11,435,601.34	---	---	(23,624,078.46)	11,435,601.34
Shenzhen Lionda Foods Industrial Co., Ltd.	20 years	100%	15,400,000.00	---	---	---	(15,400,000.00)	---
Shenzhen Lionda Material Import&	20 years	100%	7,155,864.39	---	---	---	(7,155,864.39)	---

Export Co., Ltd.								
Shenzhen Lionda Lucky C&B Industrial Co. Limited	20 years	100%	5,685,355.45	---	---	---	(5,685,355.45)	---
Shenzhen Lionda Electrical Equipment Co. Limited	30 years	100%	6,000,000.00	---	---	---	(6,000,000.00)	---
Shenzhen Lionda Development Co. Limited	20 years	100%	54,806,675.03	---	---	---	(54,806,675.03)	---
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited	20 years	100%	11,026,863.93	13,408,985.22	---	---	2,382,121.29	13,408,985.22
Shenzhen Lionda Hunan Branch	---	100%	2,148,500.00	2,148,500.00	---	---	---	2,148,500.00
Shenzhen Jianda Machinery Co., Ltd.	30 years	20%	1,200,000.00	2,767,967.01			1,567,967.01	2,767,967.01
Shenzhen Lionda Free Trading Co., Ltd.	10 years	30%	1,800,000.00	---	---	---	(1,800,000.00)	---
Shenzhen Golden Bell Batteries Co. Ltd.	30 years	40%	800,000.00	1,348,804.34			548,804.34	1,348,804.34
Shenzhen Anmiz Watch & Clock Co. Ltd.	30 years	30%	510,735.33	413,358.58	---	---	(97,376.75)	413,358.58
Shenzhen Gaokeda Electronic Co. Ltd.	10 years	30%	900,000.00	831,720.00	---	---	(68,280.00)	831,720.00
Shenzhen Taiyang PCCP Co. Ltd.	20 years	34%	7,825,944.20	---	---	---	(7,825,944.20)	---
Shanghai Qingpu Yingda Property Development Co.	---	30%	639,886.25	639,886.25	---	---	---	639,886.25
Shenzhen Yinzhizuo Club	---	50%	640,000.00	640,000.00	---	---	---	640,000.00
Yueshen Light Industry Trading Co.	---	50%	188,124.58	188,124.58	---	---	---	188,124.58
Hunan Shenli Special Alloy Co. Ltd.	---	45%	2,250,000.00	2,250,000.00	---	---	---	2,250,000.00
Kelin Co.	---	66.67%	201,010.00	201,010.00	---	---	---	201,010.00
Yueyang Shengang Hotel Co., Ltd. *2	---	75%	3,420,000.00	3,420,000.00	---	---	---	3,420,000.00
Hunan Lionda Real Estate Co.	---	100%	80,000.00	80,000.00	---	---	---	80,000.00
Kaisa King Club of Weihai Economic & Technology Development Zone	---	60%	2,495,609.54	---	---	---	---	---
Shenzhen Lionda Industrial Trading Co., Ltd.	---	32%	6,400,000.00	---	3,181,174.65	---	(3,218,825.35)	3,181,174.65
Subtotal			168,234,248.50	41,368,710.11	3,181,174.65	---	(123,684,363.74)	44,549,884.76

c. Change in provision for devaluation

Name of investee	Balance at the beginning of year	Increase of this year	Decrease of this year	Balance at the end of year

			Switching back due to assets price recovery	Switching out due to other reason	Total	
Shenzhen Lionda Property Management Co. Limited	1,594,752.79	---	---	---	---	1,594,752.79
Shenzhen Paper Making Co.	11,435,601.34	---	---	---	---	11,435,601.34
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited	13,408,985.22	---	---	---	---	13,408,985.22
Shenzhen Lionda Hunan Branch	2,148,500.00	---	---	---	---	2,148,500.00
Shenzhen Anmiz Watch & Clock Co. Ltd.	413,358.58	---	---	---	---	413,358.58
Shenzhen Gaokeda Electronic Co. Ltd.	831,720.00	---	---	---	---	831,720.00
Shenzhen Yinzhiguangsheng Club	640,000.00	---	---	---	---	640,000.00
Shanghai Qingpu Yingda Property Development Co.	639,886.25	---	---	---	---	639,886.25
Yueshen Light Industry Trading Co.	188,124.58	---	---	---	---	188,124.58
Hunan Shenli Special Alloy Co. Ltd.	2,250,000.00	---	---	---	---	2,250,000.00
Kelin Co.	201,000.00	---	---	---	---	201,000.00
Yueyang Shengang Hotel Co., Ltd.	3,420,000.00	---	---	---	---	3,420,000.00
Hunan Lionda Real Estate Co., Ltd.	80,000.00	---	---	---	---	80,000.00
Guangdong Guomin Entrustment Investment Co., Ltd.	9,423,870.00	---	---	---	---	9,423,870.00
Shenzhen Guoyin Investment Development Co., Ltd.	650,000.00	---	---	---	---	650,000.00
Shenzhen (Moscow) Co., Ltd.	607,998.68	---	---	---	---	607,998.68
Chaozhou Port Development Co., Ltd.	2,225,000.00	---	---	---	---	2,225,000.00
China International Barge Club	12,892,000.00	---	---	---	---	12,892,000.00
Wu County Taihu Overseas Chinese Town Development Construction Co., Ltd.	2,000,000.00	---	---	---	---	2,000,000.00
Shenzhen Dong Xiang Electronic industrial Co. Ltd.	2,689,732.47	---	---	---	---	2,689,732.47
Baltic Sea Commercial Center	3,368,751.65	---	---	---	---	3,368,751.65
Pagoda Island	144,000.00	---	---	---	---	144,000.00
Kaisa King Club of Weihai Economic & Technology Development Zone	---	---	---	---	---	---
Total	71,253,281.56	---	---	---	---	71,253,281.56

d. Balance of equity investment

Investees	Initial amount	Amortization term	Amount at the beginning	Amortization in this year	Other decrease	Retained value after amortization

			of year			
Shenzhen Golden Bell Batteries Co. Ltd.	634,060.25	10 years	253,624.08	63,406.03	---	190,218.05
Shenzhen Jianda Machinery Co., Ltd.	370,965.81	10 years	148,386.33	37,096.58	---	111,289.75
Subtotal	1,005,026.06		402,010.41	100,502.61	---	301,507.80

The Company’s amount of long-term investment

(1) List items

Items	Amount at the beginning of period			Amount at the end of period		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Long-term equity investment	118,475,188.28	71,253,281.56	47,221,906.72	119,001,864.96	71,253,281.56	47,286,705.34
Including: stock investment	10,000,000.00	---	10,000,000.00	10,000,000.00	---	10,000,000.00
Investing in subsidiaries	57,589,889.45	28,587,839.35	29,002,050.10	58,116,566.13	28,587,839.35	29,066,848.72
Other equity investment	50,583,791.03	42,665,442.21	7,918,348.82	50,583,791.03	42,665,442.21	7,918,348.82
Balance of equity investment	301,507.80	---	301,507.80	301,507.80	---	301,507.80
Long-term credit investment	---	---	---	---	---	---
Total	118,475,188.28	71,253,281.56	47,221,906.72	119,001,864.96	71,253,281.56	47,286,705.34

a. Stock investment (Stock investment is calculated based on cost method)

Name of investee	Type of share	Number of shares	Proportion of registered capital in investee	Original investment cost	Amount at the beginning of period	Increased in this period	Decreased in this period	Amount at the end of period
Wuhuan (Holding) Co., Ltd.	Legal person’s share	5,000,000.00	1.73%	5,000,000.00	5,000,000.00	---	---	5,000,000.00
Beijing Wantong Industrial Co., Ltd.	Legal person’s share	5,000,000.00	---	5,000,000.00	5,000,000.00	---	---	5,000,000.00
Subtotal				10,000,000.00	10,000,000.00	---	---	10,000,000.00

The aforesaid stock investment has been sealed up by Shenzhen Intermediate People’s Court in Sep. 2002.

b. Other equity investment

i. Other equity investment calculated in line with cost method

Name of investee	Term of investment	Proportion of registered	Original investment cost	Amount at the beginning of period	Increased in this period	Decreased in this period	Amount at the end of period

		capital in investee					
Shenzhen China Bicycle Company (Holdings) Co., Ltd. *	Perpetuity	2.50%	11,968,590.00	---	---	---	---
Guangdong Guomin Entrustment Investment Co., ltd.	---	9.9%	9,423,870.00	9,423,870.00	---	---	9,423,870.00
Hainan Weihao Co., Ltd.	---	8.33%	5,000,000.00	---	---	---	---
Shenzhen Zhenhua Group Co., Ltd.	20 years	3.6%	1,111,835.00	1,111,835.00	---	---	1,111,835.00
Shenzhen Guoyin Investment Co., Ltd.	---	5%	650,000.00	650,000.00	---	---	650,000.00
Shenzhen (Moscow) Co., Ltd.	---	10%	607,998.68	607,998.68	---	---	607,998.68
Chaozhou Port Development Co., Ltd.	---	12%	2,225,000.00	2,225,000.00	---	---	2,225,000.00
China International Barge Club	---	10%	12,892,000.00	12,892,000.00	---	---	12,892,000.00
Wu County Taihu Overseas Chinese Town Development Co.	---	10%	2,000,000.00	2,000,000.00	---	---	2,000,000.00
Shenzhen Dong Xiang Electronic Industrial Co. Ltd.	15 years	11%	2,633,167.26	5,379,464.94	---	---	5,379,464.94
Baltic Sea Commercial Center	---	51%	5,632,425.08	3,368,751.65	---	---	3,368,751.65
Pagoda Island	---	---	144,000.00	144,000.00	---	---	144,000.00
Subtotal			54,288,886.02	37,802,920.27	---	---	37,802,920.27

* The Company calculated the investment of Shenzhen China Bicycle Company (Holdings) Co., Ltd. based on the equity method originally, and the book value has decreased to RMB 0.00. Because the Company sold the partial equity of Shenzhonghua held by the Company in succession, thus the calculation method was changed into cost method from equity method.

ii. Other equity investment based on the equity method

Name of investee	Term of investment	Proportion of registered capital in investee	Original investment cost	Amount at the beginning of period	Increase/ Decrease of equity in this period	Cash bonus distributed	Accumulated increase/decrease amount	Amount at the end of period
Shenzhen Lionda Properties Management Co., Ltd.	---	100%	1,600,000.00	1,594,752.79	---	---	(5,247.21)	1,594,752.79
Shenzhen Paper Making Co., Ltd.	11 years	100%	35,059,679.80	11,435,601.34	---	---	(23,624,078.46)	11,435,601.34
Shenzhen Lionda Foods Industrial Co., Ltd.	20 years	100%	15,400,000.00	---	---	---	(15,400,000.00)	---
Shenzhen Lionda Material Import& Export Co., Ltd.	20 years	100%	7,155,864.39	---	---	---	(7,155,864.39)	---
Shenzhen Lionda Lucky C&B Industrial Co. Limited	20 years	100%	5,685,355.45	---	---	---	(5,685,355.45)	---
Shenzhen Lionda Electrical Equipment Co. Limited	30 years	100%	6,000,000.00	---	---	---	(6,000,000.00)	---
Shenzhen Lionda Development Co. Limited	20 years	100%	54,806,675.03	---	---	---	(54,806,675.03)	---
Shenzhen Lionda	20	100%	11,026,863.93	13,408,985.22	---	---	2,382,121.29	13,408,985.22

Light Textile Chemical Industrial Co. Limited	years							
Shenzhen Lionda Hunan Branch	---	100%	2,148,500.00	2,148,500.00	---	---	---	2,148,500.00
Shenzhen Lionda Industrial Trading Co., Ltd.	---	32%	6,400,000.00	3,181,174.65	---	---	(3,218,825.35)	3,181,174.65
Shenzhen Goodyear Industrial Co., Ltd.	---	26.54%	19,295,400	24,690,455.43	1,195,218.64	---	6,590,274.07	25,885,674.07
Shanghai Lionda Industrial Co., Ltd.	---	100%	3,000,000.00	1,130,420.02	---	---	(1,869,579.98)	1,130,420.02
Shenzhen Jianda Machinery Co., Ltd.	30 years	20%	1,200,000.00	2,767,967.01	---	---	1,567,967.01	2,767,967.01
Shenzhen Lionda Free Trading Co., Ltd.	10 years	30%	1,800,000.00	---	---	---	(1,800,000.00)	---
Shenzhen Golden Bell Batteries Co. Ltd.	30 years	40%	800,000.00	1,348,804.34	---	---	548,804.34	1,348,804.34
Shenzhen Anmiz Watch & Clock Co. Ltd.	30 years	30%	510,735.33	413,358.58	---	---	(97,376.75)	413,358.58
Shenzhen Gaokeda Electronic Co. Ltd.	10 years	30%	900,000.00	831,720.00	---	---	(68,280.00)	831,720.00
Shenzhen Taiyang PCCP Co. Ltd.	20 years	34%	7,825,944.20	---	---	---	(7,825,944.20)	---
Shanghai Qingpu Yingda Property Development Co.	---	30%	639,886.25	639,886.25	---	---	---	639,886.25
Shenzhen Yinzhizuo Club	---	50%	640,000.00	640,000.00	---	---	---	640,000.00
Yueshen Light Industry Trading Co.	---	50%	188,124.58	188,124.58	---	---	---	188,124.58
Hunan Shenli Special Alloy Co. Ltd.	---	45%	2,250,000.00	2,250,000.00	---	---	---	2,250,000.00
Kelin Co.	---	66.67%	201,010.00	201,010.00	---	---	---	201,010.00
Yueyang Shengang Hotel Co., Ltd. *2	---	75%	3,420,000.00	3,420,000.00	---	---	---	3,420,000.00
Hunan Lionda Real Estate Co.	---	100%	80,000.00	80,000.00	---	---	---	80,000.00
Subtotal			188,034,038.96	70,370,760.21	1,195,218.64	---	(111,073,004.68)	71,565,978.85

c. Change in provision for devaluation

Name of investee	Balance at the beginning of period	Increase of this period	Decrease of this period: Switching back due to assets price recovery	Decrease of this period: Switching out due to other reason	Decrease of this period: Total	Balance at the end of period
Shenzhen Lionda Property Management Co. Limited	1,594,752.79	---	---	---	---	1,594,752.79
Shenzhen Paper Making Co.	11,435,601.34	---	---	---	---	11,435,601.34
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited	13,408,985.22	---	---	---	---	13,408,985.22
Shenzhen Lionda Hunan Branch	2,148,500.00	---	---	---	---	2,148,500.00
Shenzhen Anmiz Watch & Clock Co. Ltd.	413,358.58	---	---	---	---	413,358.58

Shenzhen Gaokeda Electronic Co. Ltd.	831,720.00	---	---	---	---	831,720.00
Shenzhen Yinzhiguangsheng Club	640,000.00	---	---	---	---	640,000.00
Shanghai Qingpu Yingda Property Development Co.	639,886.25	---	---	---	---	639,886.25
Yueshen Light Industry Trading Co.	188,124.58	---	---	---	---	188,124.58
Hunan Shenli Special Alloy Co. Ltd.	2,250,000.00	---	---	---	---	2,250,000.00
Kelin Co.	201,000.00	---	---	---	---	201,000.00
Yueyang Shengang Hotel Co., Ltd.	3,420,000.00	---	---	---	---	3,420,000.00
Hunan Lionda Real Estate Co., Ltd.	80,000.00	---	---	---	---	80,000.00
Guangdong Guomin Entrustment Investment Co., Ltd.	9,423,870.00	---	---	---	---	9,423,870.00
Hainan Weihao Co., Ltd.	---	---	---	---	---	---
Shenzhen Guoyin Investment Development Co., Ltd.	650,000.00	---	---	---	---	650,000.00
Shenzhen (Moscow) Co., Ltd.	607,998.68	---	---	---	---	607,998.68
Chaozhou Port Development Co., Ltd.	2,225,000.00	---	---	---	---	2,225,000.00
China International Barge Club	12,892,000.00	---	---	---	---	12,892,000.00
Wu County Taihu Overseas Chinese Town Development Construction Co., Ltd.	2,000,000.00	---	---	---	---	2,000,000.00
Shenzhen Dong Xiang Electronic industrial Co. Ltd.	2,689,732.47	---	---	---	---	2,689,732.47
Baltic Sea Commercial Center	3,368,751.65	---	---	---	---	3,368,751.65
Pagoda Island	144,000.00	---	---	---	---	144,000.00
Shanghai Lionda Industrial Co., Ltd.	---	1,130,420.02	---	---	---	1,130,420.02
Total	71,253,281.56	1,130,420.02	---	---	---	72,383,701.58

d. Balance of equity investment

Investees	Initial amount	Amortization term	Amount at the beginning of year	Amortization in this year	Other decrease	Retained value after amortization
Shenzhen Golden Bell Batteries Co. Ltd.	634,060.25	10 years	190,218.05	---	---	190,218.05
Shenzhen Jianda Machinery Co., Ltd.	370,965.81	10 years	111,289.75	---	---	111,289.75
Subtotal	1,005,026.06		301,507.80	---	---	301,507.80

8. Fixed assets and accumulative depreciation

Original price of fixed assets	Amount at the beginning of period	Increase in this period	Decrease in this period	Amount at the end of period
Housing and buildings	91,431,828.68	---	---	91,431,828.68
Mechanical equipment	139,660,003.35	---	---	139,660,003.35
Motor vehicles	15,217,531.10	---	304,700.00	14,912,831.10
Electronic equipment or other	9,783,145.74	6,800.00	188,543.00	9,601,402.74
Total	256,092,508.87	6,800.00	493,243.00	255,606,065.87

Accumulative depreciation	Amount at the beginning of period	Increase in this period	Decrease in this period	Amount at the end of period
Housing and buildings	25,873,333.26	1,478,158.11	306,382.40	27,045,108.97
Mechanical equipment	87,834,096.44	3,121,094.05	---	90,955,190.49
Motor vehicles	12,232,511.22	174,332.58	244,920.55	12,161,923.25
Electronic equipment or other	8,269,867.63	155,120.88	63,302.38	8,361,686.13
Total	134,209,808.55	4,928,705.62	614,605.33	138,523,908.84

Provision for devaluation	Amount at the beginning of period	Increase of this period	Switching back of period			Amount at the end of period
			Switching back due to assets price recovery	Switching out due to other reason	Total	
Housing and buildings	654,920.50	---	---	---	---	654,920.50
Mechanical equipment	9,102,871.89	---	---	---	---	9,102,871.89
Motor vehicles	---	---	---	---	---	---
Electronic equipment or other	---	---	---	---	---	---
Total	9,757,792.39	---	---	---	---	9,757,792.39
Net value	112,124,907.93					107，324，364.64

9. Constructions in progress

Name of projects	Amount at the beginning of period	Increase in this period	Converting into fixed assets in this period	Other decrease in this period	Amount at the end of period	Source of capital
Goodyear Printing Equipment Installation Project	1,701,771.17	22,127.40	---	407,000.00	1,316,898.57	Self-raised

There is no the capitalization amount of loan expenses in the constructions in progress.

10. Intangible assets

Sort	Acquisition method	Original amount	Amount at the beginning of period	Increase in this period	Transferring out in this period	Amortization amount in this period	Accumulative amortization amount	Amount at the end of period	Remained amortization term
Land use right	---	12,567,035.48	8,912,768.83	---	---	282,975.12	3,937,241.77	8,629,793.71	15-20

Impairment losses of intangible assets

Impairment losses	Amount at the beginning of period	Increase in this period	Switching back of period			Amount at the end of period
			Switching back due to assets price recovery	Switching out due to other reason	Total	
Land use right	960,917.65	---	---	---	---	960,917.65

11. Long-term expenses to be apportioned

Sort	Original amount occurred	Balance at the beginning of period	Increase in this period	Amortization amount in this period	Accumulated amortization amount	Other decrease	Balance at the end of period	Remained amortization term

Decoration fees	1,614,349.00	528,035.18	78,780.00	127,159.20	1,213,473.02	---	479,655.98	2 years
Other	540,000.00	387,333.46	---	96,333.36	248,999.90	---	291,000.10	
Total	2,154,349.00	915,368.64	78,780.00		1,238,980.36	---	770,656.08	

12. Short-term loans

Type of loan	Amount at the beginning of period			Amount at the end of period		
	Original currency	Exchange rate	Converting into RMB	Original currency	Exchange rate	Converting into RMB
Bank loan						
Including: Mortgage*						
RMB	4,000,000.00	---	4,000,000.00	4,000,000.00	---	4,000,000.00
HKD	15,000,000.00	1.06	15,900,000.00	---	---	---
Guarantee						
RMB	184,883,500.00	---	184,883,500.00	178，313，500.00	---	178，313，500.00
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			431,918,782.55			409,448,782.55
Type of loan	Amount at the beginning of period			Amount at the end of period		
	Original currency	Exchange rate	Converting into RMB	Original currency	Exchange rate	Converting into RMB
Loan from others						
RMB	137,550,000.00	---	137,550,000.00	137,550,000.00	---	137,550,000.00
HKD	---	---	---	---	---	---
USD	740,000.00	8.30	6,142,000.00	740,000.00	8.30	6,142,000.00
Subtotal			143,692,000.00			143,692,000.00
Total			575,610,782.55			553,140,782.55

* Shenzhen Goodyear Industrial Co., Ltd., the subsidiary company of the Company, borrowed RMB 4 million from the bank with the housing and building as the guaranty.

Overdue loans:

Loan units		Amount	Converting into RMB	Interest rate of loan	Usage	Overdue reasons
Bank of China Shenzhen Branch	HKD	32,000,000.00	34,240,000.00	Floating interest rate	Current capital turnover	Financing difficulty
Bank of China Shenzhen Branch	HKD	24,000,000.00	25,680,000.00	Floating interest rate	Current capital turnover	Financing difficulty
Bank of China Shenzhen Branch	USD	380,000.00	3,154,000.00	8.775%	Current capital turnover	Financing difficulty
Bank of China Longhua Branch	RMB	12,850,000.00	12,850,000.00	---	Current capital turnover	Financing difficulty

China Construction Bank Changcheng Subbranch	RMB	2,500,000.00	2,500,000.00	9.828%	Current capital turnover	Financing difficulty
China Construction Bank Chengdong Subbranch	RMB	17,975,500.00	17,975,500.00	8.712%	Current capital turnover	Financing difficulty
China Construction Bank Shangbu Subbranch	RMB	3,000,000.00	3,000,000.00	9.828%	Current capital turnover	Financing difficulty
China Construction Bank Real Estate Subbranch	RMB	18,000,000.00	18,000,000.00	9.504%	Current capital turnover	Financing difficulty
China Construction Bank Branch Office	HKD	3,850,280.00	4,119,799.60	Letter of credit	Current capital turnover	Financing difficulty
China Construction Bank Branch Office	USD	2,059,600.00	17,094,680.00	Letter of credit	Current capital turnover	Financing difficulty
China Construction Bank International Office	USD	2,444,400.00	20,288,520.00	Letter of credit	Current capital turnover	Financing difficulty
Agricultural Bank of China Shatoujiao Subbranch	RMB	2,600,000.00	2,600,000.00	9.504%	Current capital turnover	Financing difficulty
Agricultural Bank of China Renminbei Subbranch	RMB	2,678,000.00	2,678,000.00	7.599%	Current capital turnover	Financing difficulty
Agricultural Bank of China Shenzhen Branch Office	HKD	12,109,722.00	12,957,402.54	---	Current capital turnover	Financing difficulty
Agricultural Bank of China Shenzhen Branch Office	USD	989,262.70	8,210,880.41	---	Current capital turnover	Financing difficulty
Industrial and Commercial Bank of China Futian Subbranch	RMB	5,430,000.00	5,430,000.00	6.732%	Current capital turnover	Financing difficulty
Industrial and Commercial Bank of China Futian Subbranch	RMB	8,000,000.00	8,000,000.00	6.732%	Current capital turnover	Financing difficulty
Industrial and Commercial Bank of China Futian Subbranch	RMB	3,600,000.00	3,600,000.00	6.732%	Current capital turnover	Financing difficulty
Industrial and Commercial Bank of China Futian Subbranch	RMB	8,000,000.00	8,000,000.00	6.732%	Current capital turnover	Financing difficulty
Industrial and Commercial Bank of China Futian Subbranch	RMB	6,000,000.00	6,000,000.00	6.732%	Current capital turnover	Financing difficulty
Industrial and Commercial Bank of China Shendong Subbranch	RMB	19,000,000.00	19,000,000.00	5.58%	Current capital turnover	Financing difficulty
Industrial and Commercial Bank of China Futian Subbranch	USD	2,000,000.00	16,600,000.00	7.25%	Current capital turnover	Financing difficulty
Shenzhen Development Bank Shatoujiao Subbranch	RMB	8,000,000.00	8,000,000.00	7.587%	Current capital turnover	Financing difficulty
Shenzhen Development Bank Nantou Subbranch	HKD	4,000,000.00	4,280,000.00	9.90%	Current capital turnover	Financing difficulty
Shenzhen Development Bank Renminqiao	USD	1,000,000.00	8,300,000.00	Floating as	Current capital	Financing difficulty

Subbranch				per the quarter	turnover	
Shenzhen Development Bank Futian Subbranch	USD	1,700,000.00	14,110,000.00	8.775%	Current capital turnover	Financing difficulty
China Everbright Bank Shenzhen Branch	RMB	5,600,000.00	5,600,000.00	5.8575%	Current capital turnover	Financing difficulty
CITIC Industrial Bank Luohu Subbranch	RMB	15,000,000.00	15,000,000.00	7.029%	Current capital turnover	Financing difficulty
CITIC Industrial Bank Luohu Subbranch	RMB	13,000,000.00	13,000,000.00	7.029%	Current capital turnover	Financing difficulty
China Merchants Bank Shangbu Subbranch	RMB	4,000,000.00	4,000,000.00	7.23%	Current capital turnover	Financing difficulty
China Merchants Bank Shangbu Subbranch	USD	7,000,000.00	58,100,000.00	8.625%	Current capital turnover	Financing difficulty
Cooperative Office Shekou Subbranch	RMB	4,500,000.00	4,500,000.00	---	Current capital turnover	Financing difficulty
Guangdong Development Bank Nanyuan Road Office	RMB	8,580,000.00	8,580,000.00	5.841%	Current capital turnover	Financing difficulty
China Colour Metal (Shenzhen) Financial Co., Ltd.	RMB	28,000,000.00	28,000,000.00	21.6%	Current capital turnover	Financing difficulty
China Colour Metal (Shenzhen) Financial Co., Ltd.	USD	740,000.00	6,142,000.00	16.19%	Current capital turnover	Financing difficulty
Orient Assets Management Corporation Shenzhen Office	RMB	38,500,000.00	38,500,000.00	7.029%	Current capital turnover	Financing difficulty
Orient Assets Management Corporation Shenzhen Office	RMB	40,000,000.00	40,000,000.00	7.029%	Current capital turnover	Financing difficulty
China CINDA Assets Management Corporation	RMB	25,000,000.00	25,000,000.00	7.587%	Current capital turnover	Financing difficulty
Planning and Financing Dept. of Shenzhen Trading Development Bureau	RMB	6,050,000.00	6,050,000.00	---	Current capital turnover	Financing difficulty
Total			539,140,782.55			

The Company's amount of short-term loans:

Type of loan	Amount at the beginning of period			Amount at the end of period		
	Original currency	Exchange rate	Converting into RMB	Original currency	Exchange rate	Converting into RMB
Bank loan						
Including: Guarantee						
RMB	168,313,500.00	---	168,313,500.00	168,313,500.00	---	168,313,500.00
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

Subtotal			395,448,782.55			395,448,782.55
Loan from others						
RMB	137,550,000.00		137,550,000.00	137,550,000.00		137,550,000.00
HKD						
USD	740,000.00	8.30	6,142,000.00	740,000.00	8.30	6,142,000.00
Subtotal			143,692,000.00			143,692,000.00
Total			539,140,782.55			539,140,782.55

13. Accounts payable

Main items of accounts payable

Name	Jun. 30, 2005	Economic contents
Shantou Qiangyu	2,605,962.40	Payment used in purchasing goods
Zhuhai Special Economic Zone Hongtan Renheng Paper Co., Ltd.	1,827,918.80	Payment used in purchasing goods
Shenzhen Zhenghe Industrial Co., Ltd.	1,533,000.00	Payment used in purchasing goods
Fanyu Lianhua Mountain Paper Plant	1,356,229.12	Payment used in purchasing goods
Shenzhen Jingyuan	1,287,036.10	Payment used in purchasing goods
Jiangyin Yongfengyu	1,018,886.52	Payment used in purchasing goods
Dongguan Huafa Paper	772,883.96	Payment used in purchasing goods
Hongkong Lianda	737,336.74	Payment used in purchasing goods
Zhongshan United Hongxing Paper Making Co., Ltd.	518,697.67	Payment used in purchasing goods
Shandong Bohui Paper Co., Ltd.	486,685.00	Payment used in purchasing goods

The balance of accounts payable was RMB 25,095,198.97 at the end of period, there was no payment owed to the shareholders holding over 5% (including 5%) voting rights of the Company.

14. Accounts in advanced

The balance of accounts in advanced was RMB 2,339,295.00 at the end of period, there was no payment owed to the shareholders holding over 5% (including 5%) voting rights of the Company.

15. Dividend payable

Name of investee	Amount	Reasons owing payment
Shenzhen Lionda Holdings Co., Ltd.	1,327,370.03	The Board of Directors of Shenzhen Goodyear Industrial Co., Ltd. has made the resolution on profit distribution in the year 2002 and 2003, but it did not pay the dividends.
Hongkong Weiyi Investment Co., Ltd.	335,504.46	
Cinda (Hongkong) Co., Ltd.	65,705.73	
Shenzhen Temeisi Economic and Trading Co., Ltd.	18,999.24	
China Packing Import & Export Guangdong Branch	403,338.20	

Hongkong Xinbiaozhi Co., Ltd.	328,132.84
Hong Kong Goodyear Packing Co., Ltd.	33,480.69
Employees holding the internal employee shares in Goodyear Company	224,239.19
Total	2,736,770.38

16. Taxes payable

Taxes	Amount at the beginning of period	Amount at the end of period
VAT	524,482.11	752,231.58
Business tax	55,809.80	106,237.30
Urban maintenance and construction tax	5,700.18	3,161.07
Enterprise income tax	(274,959.91)	155,382.17
Other tax	(23,318.21)	342,990.77
Total	287,713.97	1,360,002.89

17. Other payables

The balance of other payable was RMB 235,134,309.04 at the end of period, of which, the Company should pay the arrearage of RMB 11,408,702.19 to the shareholders holding over 5% (including 5%) voting rights of the Company and the current payment of RMB 73,530,435.42 to other associated company. For details, please refer to Note 6 (4).

Of which, the large quota of accounts payable:

Companies	Amount	Contents
Shenzhen Investment Management Corporation	67,988,296.44	Repaying arrearage by instead
New Gang'ao Co.	29,958,573.60	Opening letter of credit by instead
Shenzhen textile (Holdings) Co., Ltd.	24,000,000.00	Repaying arrearage by instead
Shenzhen Lionda Holdings Co., Ltd.	11,408,702.19	Current payment, Repaying arrearage by instead
Singapore Ende Co.	19,090,000.00	Loan
Total	152,445,572.23	

18. Accrued expenses

Items	Amount at the beginning of period	Amount at the end of period	Reason of reserves
Interests	256,433,753.64	271，249，660.41	Without being paid
Insurance	---	---	
Fees of water and power	300,000.00	---	
Business expenses	1,440,622.84	---	
Other	794,135.24	461，195.88	
Total	258,968,511.72	271，710，856.29	

19. Projected liabilities

Items	Amount at the beginning of period	Amount at the beginning of period	Reasons for appropriating
Projected contingent	696,463,107.57	696,463,107.57	The foreign guarantees were overdue, and a majority of guarantees were prosecuted, the opposing party could not pay.

20. Share capital

Items	Amount at the beginning of period	Increase or decrease in this period						Amount at the end of period
		Allotment of shares	Bonus shares	Shares transferred from public reserve	Additional issuance	Other	Subtotal	
I. Unlisted shares								
1. Sponsors' shares	---	---	---	---	---	---	---	---
Including: state-owned shares	---	---	---	---	---	---	---	---
Shares held by state-owned legal persons	---	---	---	---	---	---	---	---
Domestic legal person's share	17,160,000.00	---	---	---	---	---	---	17,160,000.00
Others	---	---	---	---	---	---	---	---
2. Non-sponsors' shares	---	---	---	---	---	---	---	---
Including: state-owned shares	---	---	---	---	---	---	---	---
Shares held by state-owned legal persons	---	---	---	---	---	---	---	---
Domestic legal person's share	191,400,000.00	---	---	---	---	---	---	191,400,000.00
Internal employee shares	---	---	---	---	---	---	---	---
Shares distributed to general legal persons	---	---	---	---	---	---	---	---
Unlisted individual shares	---	---	---	---	---	---	---	---
Others	---	---	---	---	---	---	---	---
3. Preference shares	---	---	---	---	---	---	---	---
Total unlisted shares	208,560,000.00	---	---	---	---	---	---	208,560,000.00
II. Listed shares								
1. Domestic listed RMB ordinary shares	40,260,000.00	---	---	---	---	---	---	40,260,000.00
2.Domestic listed foreign shares	39,600,000.00	---	---	---	---	---	---	39,600,000.00
3.Overseas listed foreign shares	---	---	---	---	---	---	---	---
4. Others	---	---	---	---	---	---	---	---
Total listed shares	79,860,000.00	---	---	---	---	---	---	79,860,000.00
III. Total shares	288,420,000.00	---	---	---	---	---	---	288,420,000.00

The Company's share capital has been validated by Shenzhen Zhixin Certified Public Accountants with SZXYZ [1996] No. 007 document.

21. Capital reserve

Items	Amount at the beginning of period	Increase in this period	Decrease in this period	Amount at the end of period
Share capital premium	234,019,470.63	---	---	234,019,470.63
Increment of assets evaluation	22,698,328.71	---	---	22,698,328.71
Provision for equity investment	42,026,558.79	---	---	42,026,558.79
Income from debts restructuring	54,575,786.69	---	---	54,575,786.69
Difference price of related transaction	485,204.44	---	---	485,204.44
Other capital reserve	13,060,525.47	---	---	13,060,525.47
Total	366,865,874.73	---	---	366,865,874.73

22. Surplus reserve

Items	Amount at the beginning of period	Increase in this period	Decrease in this peirod	Amount at the end of period
Statutory surplus reserve	97,683,685.99	---	---	97,683,685.99
Including: statutory capital reserve	78,893,779.77	---	---	78,893,779.77
Statutory welfare fund	18,789,906.22	---	---	18,789,906.22
Arbitrary surplus reserve	40,621,120.90	---	---	40,621,120.90
Total	138,304,806.89	---	---	138,304,806.89

23. Retained profit

Items	The first half of year 2005
Net profit	（16,846,105.50）
Add: retained profit at the beginning of year	(2,385,580,676.55)
Other transferring-in	---
Less: appropriating statutory surplus reserve	
Appropriating welfare funds	
Appropriating arbitrary surplus reserve	---
Dividend distribution	
Balance at the end of year	(2,402,426,782.05)

24. Income and cost of main operations

Items of main operation	Accumulative amount from Jan.-Jun. 2004		Accumulative amount from Jan.-Jun. 2005	
	Income from main operation	Cost of main operation	Income from main operation	Cost of main operation
Sales of products	65,269,653.38	59,085,075.85	60,333,903.54	52,413,678.01
Service business	2,359,543.00	1,433,637.46	---	---
Total	67,629,196.38	60,518,713.31	60,333,903.54	52,413,678.01

25. Other operating profit

Items of main operation	Accumulative amount from Jan.-Jun. 2004			Accumulative amount from Jan.-Jun. 2005		
	Income from other operating	Cost of other operating	Profit	Income from other operating	Cost of other operating	Profit
Lease of property	4,237,967.56	847,153.97	3,390,813.59	6，608，071.92	943,159.55	5,664,912.37
Other	5,800.00	301.60	5,498.40	---	---	---
Total	4,243,767.56	847,455.57	3,396,311.99	6，608，071.92	943,159.55	5,664,912.37

26. Financial expenses

Items	Accumulative amount from Jan.-Jun. 2004	Accumulative amount from Jan.-Jun. 2005
Interests expenditure	16,734,516.95	15,586,456.66
Less: interests income	(81,798.18)	(61,727.96)
Net loss of exchange	7,824.58	93,201.96
Handing charge of bank	24,169.73	21,816.75
Other	4,639.21	79,926.10
Total	16,689,352.29	15,719,673.51

27. Investment income

Sort	Accumulative amount from Jan.-Jun. 2004	Accumulative amount from Jan.-Jun. 2005
Income from stock investment	---	---
Bonus received based on cost method	---	---
Net increase or decrease of adjusting investees based on equity method at the end of period	---	---
Amortization of balance of equity investment	---	---
Income form transfer of equity investment	---	---
Appropriating provision for devaluation of investment	---	(1,130,420.02)
Income from liquidation of investees	302,775.17	---
Total	302,775.17	(1,130,420.02)

The Company's amount of investment income

Sort	Accumulative amount from Jan.-Jun. 2004	Accumulative amount from Jan.-Jun. 2005
Bonus received based on cost method	---	---
Net increase or decrease of adjusting investees based on equity method at the end of period	339,013.58	1,195,218.64
Amortization of balance of equity investment	---	---
Income form transfer of equity investment	---	---
Appropriating provision for devaluation of investment	---	(1,130,420.02)
Income from liquidation of investees	302,775.17	---
Total	641,788.75	64,798.62

28. Non-operating income / expenses

(1) Non-operating income

Sort	Accumulative amount from Jan.-Jun. 2004	Accumulative amount from Jan.-Jun. 2005
Income from disposal of fixed assets	358,980.18	2,000.00
Income from releasing from guarantees	---	---
Other	---	700.00
Total	358,980.18	2,700.00

2. Non-operating expenses

Items	Accumulative amount from Jan.-Jun. 2004	Accumulative amount from Jan.-Jun. 2005
Losses from disposal of fixed assets	---	---
Expenditure of penalty	---	---
Guarantee losses	---	---
Provision for devaluation of intangible assets	---	---
Other	22,690.00	---
Total	22,690.00	---

Note 6. Relationship of related parties and their transactions

(1) Related companies without control relationship

Name of related parties	Relationship with the Company
Shenzhen Investment Holdings Corporation	Original controlling shareholder
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	Affiliated company
Shenzhen Lionda Free Trading Co., Ltd.	Affiliated company
Shenzhen Taiyang PCCP Co., Ltd.	Affiliated company
Shenzhen Light Industry Import & Export Co., Ltd.	Subsidiary
Shenzhen Lionda Hunan Branch	Subsidiary
Shenzhen Lionda Electrical Equipment Co. Limited	Subsidiary
Shenzhen Guangyingda Industrial Co., Ltd.	Subsidiary of the controlling shareholder
New Century Watering Technology Co., Ltd.	Subsidiary of the controlling shareholder
Shenzhen Orient Enterprise Co., Ltd.	Subsidiary of the shareholder
Shenzhen Gaokeda Electronic Co. Ltd.	Affiliated company
Shenzhen Yueshen Light Industry Import & Export Co.	Affiliated company
Shenzhen Paper Making Co.	Subsidiary
Shenzhen Lionda Lucky C&B Industrial Co. Limited	Subsidiary
Beijing Lionda Investment	Subsidiary of the controlling shareholder
Shenzhen Lionda Foods Industrial Co., Ltd.	Subsidiary
Shenzhen Jinxing Printing Factory	Subsidiary
Shenzhen Lionda Real Estate Development Co., Ltd.	Subsidiary
Shenzhen Keruite New Materials Co., Ltd.	Affiliated company
Shenzhen Lionda Materials Import & Export Co., Ltd.	Affiliated company
Shenxing Enterprise Co., Ltd.	Affiliated company

Shenzhen Jiadeng Trading Co., Ltd.	Subsidiary of the Affiliated company
Shenzhen Yingte Enterprise Co., Ltd.	Affiliated company
Shenzhen Yuda Import & Export Co., Ltd.	Subsidiary of the controlling shareholder
Shenzhen Paina Garment Co., Ltd.	Subsidiary of the controlling shareholder
Shenzhen Ke'enda Technology Co., Ltd.	Subsidiary of the controlling shareholder

(2) Related companies existing the control relationship

Name	Type of enterprise	Legal representative	Registered capital	Business scope	Shares or equity held	Relationship with the Company
Shenzhen Lionda Holdings Co., Ltd.	Limited company				66.36%	Controlling shareholder of the Company

(3) Guarantees of loan provided by the Company to related companies

Name	Guarantee amount USD	HKD	RMB	Converting into RMB	Notes
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	117,243,400.00	8,000,000.00	144,750,000.00	1,126,430,220.00	Overdue and be prosecute
Shenzhen Lionda Free Tradin Co., Ltd.	---	---	8,500,000.00	8,500,000.00	Overdue and be prosecute
Shenzhen Taiyang PCCP Co. Ltd.	4,500,000.00	---	6,000,000.00	43,350,000.00	Overdue and be prosecute
Shenzhen Gaokeda Electronic Co. Ltd.	---	---	500,000.00	500,000.00	Overdue and be prosecute
Shenzhen Yuda Import & Export Co., Ltd.	---	---	4,800,000.00	4,800,000.00	Overdue and be prosecute
Shenzhen Paina Garment Co., Ltd.	---	---	1,300,000.00	1,300,000.00	Overdue and be prosecute
Shenzhen Light Industry Import & Export Co., Ltd.	100,000.00	---	1,900,000.00	2,730,000.00	Overdue and be prosecute
Shenzhen Yueshen Light Industry Import & Export Co., Ltd.	---	---	9,000,000.00	9,000,000.00	Overdue and be prosecute
Shenzhen Lionda Hunan Branch	---	---	3,250,000.00	3,250,000.00	Overdue and be prosecute
Shenzhen Lionda Foods Industrial Co., Ltd.	---	---	29,400,000.00	29,400,000.00	Overdue and be prosecute
Shenzhen Lionda Material Import & Export Co., Ltd.	---	11,850,000.00	52,980,959.49	65,660,459.49	Overdue and be prosecute
Shenzhen Lionda Electrical Equipment Co. Limited	---	---	9,850,000.00	9,850,000.00	Overdue and be prosecute
Shenzhen Paper Making Co.	---	---	17,900,000.00	17,900,000.00	Overdue and be prosecute
Shenzhen Guangyingda Industrial Co., Ltd.	9,210,860.00	---	9,780,000.00	86,230,138.00	Overdue and be prosecute
Shenzhen Lionda Real Estate Co., Ltd.	---	4,500,000.00	3,000,000.00	7,815,000.00	Overdue and be prosecute
Total	131,054,260.00	24,350,000.00	302,910,959.49	1,416,715,817.49	

(4) Current of related companies

Current items	Name of related companies	Amount at the beginning of period	Amount at the end of period
Other receivables	Shenzhen Lionda Materials Import & Export Co., Ltd.	27,935,288.45	27,935,288.45
	Shenzhen Paper Making Co.	---	---
	Beijing Lionda Investment	17,988,500.00	17,988,500.00
	Shenzhen Lionda Food Industrial Co., Ltd.	4,998,701.51	4,998,701.51
	Shenzhen Lionda Real Estate Development Co., Ltd.	59,171,271.83	57,384,016.48
	Shenzhen China Bicycle Company (Holdings) Co., Ltd.	245,789,686.03	245,789,686.03
	Shenzhen Keruite New Materials Co., Ltd.	214,000.00	214,000.00
	Shenzhen Taiyang PCCP Co., Ltd.	25,686,735.00	25,686,735.00
	Shenzhen Jiadeng Trading Co., Ltd.	1,008,500.00	1,008,500.00
	Shenzhen Orient Enterprise Co., Ltd.	27,683,064.32	27,683,064.32
	Shenzhen Yingte Enterprise Co., Ltd.	477,539.63	477,539.63
	Shenzhen Ke'enda Technology Co., Ltd.	13,224.05	13,224.05
	Shenzhen Guangyingda Industrial Co., Ltd.	14,180,000.00	14,180,000.00
Total		425,146,510.82	423,359,255.47

Current items	Name of related companies	Amount at the beginning of period	Amount at the end of period
Other payables	Shenzhen Lionda Holdings Co., Ltd.	16,575,705.68	11,408,702.19
	Shenzhen Lionda Lucky C&B Industrial Co. Limited	1,019,569.00	1,019,569.00
	Shenzhen Light Industry Import & Export Co., Ltd.	4,150,000.00	4,150,000.00
	Shenxing Enterprise Co., Ltd.	372,569.98	372,569.98
	Shenzhen Investment Holdings Corporation	67,988,296.44	67,988,296.44
	Shenzhen Xingji Industrial Co., Ltd.	1,516,428.62	---
Total		91,622,569.72	84,939,137.61

Note 7. Contingent events

Items	Amounts involved			Notes
	USD	HKD	RMB	
Foreign guarantees:				
Shenzhen Lionda Free Trading Co., Ltd.	---	---	8,500,000.00	Overdue
Shenzhen Taiyang PCCP Co., Ltd.	4,500,000.00	---	6,000,000.00	Overdue
Shenzhen Gaokeda Electronic Co. Ltd.	---	---	500,000.00	Overdue
Shenzhen Yuda Co.	---	---	4,800,000.00	Overdue
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	21,683,400.00	8,000,000.00	129,050,000.00	Excluding loan guarantee from Huarong Co.
Yueshen Light Industry Trading Co.	---	---	9,000,000.00	Overdue and be prosecute
Guangzhou Xufeng Enterprise Group Co., Ltd.	---	---	15,000,000.00	Overdue and be prosecute
Shenzhen Jinbeisheng Investment Co., Ltd.	---	---	77,600,000.00	Overdue and be prosecute
Shenzhen Guoyin Investment Holdings Co., Ltd.	---	---	40,300,000.00	Overdue and be prosecute
Shenzhen Paina Garment Co., Ltd.	---	---	1,300,000.00	Overdue and be

Items	USD	HKD	RMB	Notes
				prosecute
Shenzhen Gintian Industrial Group Co., Ltd.	---	25,000,000.00	---	Overdue and be prosecute
Shenzhen Zhongwu Material Import & Export Co., Ltd.	2,022,900.00	---	---	Overdue and be prosecute
Shenzhen Guangyingda Industrial Development Co.	9,210,860.00	---	9,780,000.00	Overdue and be prosecute
Shenzhen Ligang Industrial Co.	660,700.00	---	1,750,000.00	Overdue and be prosecute
Shenzhen Maoyuan Investment Development Co., Ltd.	---	8,000,000.00	---	Overdue and be prosecute
Shenzhen Xingda Industrial Trading Co., Ltd.	---	---	400,000.00	Overdue and be prosecute
Shenzhen Chemical Plastics Co., Ltd.	---	---	15,000,000.00	Overdue and be prosecute
Shenzhen Jinhai Electronic Co., Ltd.	---	---	3,500,000.00	Overdue and be prosecute
Shenzhen Guanghualin Investment Co., Ltd.	---	---	12,200,000.00	Overdue and be prosecute

Items	Amount involved			Notes
	USD	HKD	RMB	
Shenzhen Tiantai Chemical Industrial Co., Ltd.	200,000.00	---	---	Overdue and be prosecute
Shenzhen Construction Material Group	---	---	800,000.00	Overdue and be prosecute
Shenzhen Jingyuan Industrial Trading Co.	---	---	800,000.00	Overdue and be prosecute
Hainan Wanda Industrial Trading Co.	---	---	30,938,600.00	Overdue and be prosecute
Shenzhen Xuena Co., Ltd.	---	1,055,200.00	---	Overdue and be prosecute
Shenzhen Light Industry Import & Export Co., Ltd.	100,000.00	---	1,900,000.00	Overdue and be prosecute
Jilin Lionda Co.	---	---	3,500,000.00	Overdue and be prosecute
Shenzhen Dashijie Shopping Mall	1,690,000.00	---	---	Overdue and be prosecute
Shenzhen Lionda Development Co., Ltd.	---	5,900,000.00	3,000,000.00	Overdue and be prosecute
Shenzhen Lionda Electrical Equipment Co. Limited	---	---	9,850,000.00	Overdue and be prosecute
Shenzhen Paper Making Co.	---	---	17,900,000.00	Overdue and be prosecute
Shenzhen Lionda Foods Industrial Co., Ltd.	---	---	29,400,000.00	Overdue and be prosecute
Shenzhen Lionda Material Import& Export Co., Ltd.	---	11,850,000.00	52,980,959.49	Overdue and be prosecute
Hunan Lionda Co.	---	---	3,250,000.00	Overdue and be prosecute
Total of guarantee	40,067,860.00	59,805,200.00	488,999,559.49	

Lawsuit:

Shenzhen Light Industry Import & Export Co., Ltd.	100,000.00	---	1,900,000.00	Overdue and be prosecute
Shenzhen Paina Garment Co., Ltd.	---	---	1,300,000.00	Overdue and be prosecute
Hunan Lionda Co.	---	---	3,250,000.00	Overdue and be prosecute
Shenzhen Jinhai Electronic Co., Ltd.	---	---	3,500,000.00	Overdue and be prosecute
Shenzhen Guanghualin Investment Co., Ltd.	---	---	12,200,000.00	Overdue and be prosecute

Shenzhen Tiantai Chemical Industrial Co., Ltd.	200,000.00	---	---	Overdue and be prosecute
Shenzhen Construction Material Group	---	---	800,000.00	Overdue and be prosecute
Shenzhen Yueshen Light Industry Import & Export Co., Ltd.	---	---	9,000,000.00	Overdue and be prosecute
Guangzhou Xufeng Enterprise Group Co., Ltd.	---	---	15,000,000.00	Overdue and be prosecute
Shenzhen Jingyuan Industry Trading Co.	---	---	800,000.00	Overdue and be prosecute
Shenzhen Jinbeisheng Investment Co., Ltd.	---	---	77,600,000.00	Overdue and be prosecute
Shenzhen Xuena Co., Ltd.	--- ---	1,055,200.00	---	Overdue and be prosecute
Shenzhen Development Bank Shatoujiao Subbranch	---	---	8,000,000.00	Loan overdue
Shenzhen Development Bank Nantou Subbranch	---	4,000,000.00	---	Loan overdue
China Everbright Bank Shenzhen Branch	---	---	5,600,000.00	Loan overdue
Shenzhen Colour Metal Financial Co., Ltd.	740,000.00	---	28,000,000.00	Loan overdue
Agricultural Bank of China Shatoujiao Subbranch	---	---	2,600,000.00	Loan overdue
Agricultural Bank of China Renminbei Subbranch	---	---	2,678,000.00	Loan overdue
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	17,310,000.00	8,000,000.00	114,162,000.00	Overdue debts guarantee and be prosecute
Shenzhen Ligang Industrial Co., Ltd.	660,700.00	---	1,750,000.00	Overdue debts guarantee and be prosecute
Maoyuan Investment Development Co., Ltd.	---	8,000,000.00	---	Overdue debts guarantee and be prosecute
Shenzhen Xingda Industry Trading Co., Ltd.	---	---	400,000.00	Overdue debts guarantee and be prosecute
Hainan Wanda Co., Ltd.	---	---	30,938,600.00	Overdue debts guarantee and be prosecute
Shenzhen Guoyin Investment Group Co., Ltd.	---	---	40,300,000.00	Overdue debts guarantee and be prosecute
Shenzhen Gintian Industrial Group Co., Ltd.	---	25,000,000.00	---	Overdue debts guarantee and be prosecute
Shenzhen Zhongwu Materials Import & Export Co., Ltd.	2,022,900.00	---	---	Overdue debts guarantee and be prosecute
Shenzhen Guangyingda Industrial Development Co., Ltd.	8,886,100.00	---	5,280,000.00	Overdue debts guarantee and be prosecute
Shenzhen Xinyu Co.	---	---	3,000,000.00	Overdue debts guarantee and be prosecute
Shenzhen Chemical Plastics Co., Ltd.	---	---	15,000,000.00	Overdue debts guarantee and be prosecute
Agricultural Bank of China Shenzhen Branch	989,262.70	12,109,722.00	---	Loan overdue
ICBC Shenzhen Futian Subbranch	2,000,000.00	---	31,030,000.00	Loan overdue

ICBC Shenzhen Shendong Subbranch	---	---	19,000,000.00	Loan overdue
Shenzhen Lionda Materials Import & Export Co., Ltd.	---	---	12,000,000.00	Overdue debts guarantee and be prosecute
Shenzhen Lionda Foods Co., Ltd.	---	---	3,000,000.00	Overdue debts guarantee and be prosecute
Shenzhen Lionda Development Co., Ltd.	---	1,400,000.00	1,000,000.00	Overdue debts guarantee and be prosecute
Total	32,908,962.70	59,564,922.00	449,088,600.00	

Note 8. Commitment

The Company existed no the significant commitment events from the date of accounting statement to the reporting date of semi-annual report.

Note 9. Other Significant events

1. Debts restructuring

In order to release the guarantee liability of the Company providing for Shenzhen China Bicycle Company (Holdings) Co., Ltd. (hereinafter referred to as "”Shen Zhonghua") due to the loan from Huarong Assets Management Corporation (hereinafter referred to as "Huarong Corporation"), the Company and Huarong Corporation jointly signed the Framework Agreement Framework Agreement on Releasing Guarantee Liability of Lionda and Restructuring of SHENZHONGHUA (hereinafter referred to as the Agreement) and the Supplemental Agreement in 2001. According to the regulations of the Agreement, the Company paid cash of RMB 110 million and 88 million legal person's shares of Shen Zhonghua to Huarong Corporation, then Huarong Corporation agreed to release the guarantee liability of the Company providing for Shen Zhonghua, which Shen Zhonghua owed Huarong Corporation debts of RMB 917 million and the relevant interests. As the first largest shareholder of Shen Zhonghua, Huarong Corporation was responsible for the restructuring of ST Zhonghua. during debts restructuring of Shen Zhonghua, the Company would equally consider all credits of Shen Zhonghua and rest credits of Huarong Corporation. Ended Jun. 30, 2005, the Company has paid cash amounting to RMB 110 to Huarong Corporation and transferred 60,098,412 shares of Shen Zhonghua.

Note 10. Explanation on persistent operation

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. However, due to existing the significant indetermination in the persistent operation, the Company might unable to realize assets and discharge debts in course of the normal operation.

Therefor, the Company will maintain the persistent operation capability through the following measures:

1. The Company will enhance the arrearages clearing and assets liquidization work.

2. The Company will actively continue to push the debts restructuring and strived for implementing debts restructuring according to commercial principles.

3. The Company holds 26.54% equity of Shenzhen Goodyear Industrial Co., Ltd. (hereinafter referred to as Goodyear Company), as the first largest shareholder of Goodyear Company, whose the second largest shareholder entrusted its 19.03% equity to the Company for management. Thus, the Company has actual control right to Goodyear Company. Goodyear 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.

Through the aforesaid measures adopted, the Company believes the Company still has the persistent operation capability in 2005.

Note 11. Impact on results attributable to shareholders and net asset value as reported by the PRC Certified Public Accountants

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 Business Enterprise	(1,608,836)	(16,846)

Note 12. Return on equity and earnings per share

Items	Return on equity		Earnings per share	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit during report period	---	---		
Profit from main operations	---	---	0.0274	0.0274
Operating profit	---	---	-0.0400	-0.0400
Net profit	---	---	-0.0584	-0.0584
Net profit after deducting non-recurring gains and losses	---	---	-0.0584	-0.0584

Section VIII. Documents Available for Reference

All documents were placed in the secretariat of the Board, which will be provided for reference to CSRC, Shenzhen Stock Exchange or shareholders of the Company, including:

1. Accounting statements carried with personal signatures and seals of legal representative, person in charge of the financial affairs and person in charge of handling accounting affairs;
2. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in Securities Times and Hong Kong Ta Kung Pao in the report period;
3. Original of 2005 Semi-annual Report carried with personnel signature of Chairman of the Board.

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

Statement of Provision for Devaluation of Assets

Metaphase of 2005

KQ 01 Supplemental Statement 1

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

Items	Balance at the begin of the period	Increase in this period	Decrease in this period			Balance at the end of the period
			Switching back due to assets price recovery	Switching out due to other reason	Total	
Ⅰ. Total reserve for bad debts	450,861,141.61			1,000,000.00		449,861,141.61
Including: Accounts receivable	3,753,085.01					3,753,085.01
Other receivables	447,108,056.60			1,000,000.00		446,108,056.60
Ⅱ. Total provision for falling price of short-term investment						
Including: Stocks investment						
Bonds investment						
Ⅲ. Total provision for falling price of inventories	24,035,413.71			1,000,000.00		23,035,413.71
Including: Merchandise inventories	23,649,727.10			1,000,000.00		22,649,727.10
Raw material	385,686.61					385,686.61
Ⅳ. Total provision for devaluation of long-term investment	71,253,281.56			3,181,174.65		68,072,106.91
Including: Long-term equity investment	71,253,281.56			3,181,174.65		68,072,106.91
Long-term credit investment						
Ⅴ. Total provision for devaluation of fixed assets	9,757,792.39					9,757,792.39
Including: Building	654,920.50					654,920.50
Machinery and equipment	9,102,871.89					9,102,871.89
Ⅵ. Provision for devaluation of intangible assets	---	---	---	---	---	---
Including: Patent right	---	---	---	---	---	---
Trademark right	---	---	---	---	---	---
Ⅶ. Provision for devaluation of construction in progress	---	---	---	---	---	---
Ⅷ. Provision for devaluation of commission loan	---	---	---	---	---	---

Statement of Change in Owner's Equity (or Shareholder's Equity)

Metaphase of 2005

KQ 01Supplemental Statement 2

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

Items	Line	Amount in the last year	Amount in this period
I. Paid-up capital (or share capital)			
Balance at the begin of the year	1	288,420,000.00	288,420,000.00
Increase in this year	2	---	---
Including: transferred from capital reserve	3	---	---
Transferred from surplus public reserve	4	---	---
Transferred from profit distribution	5	---	---
New increase of capital (share capital)	6	---	---
Decrease in this year	10	---	---
Balance at the end of the year	15	288,420,000.00	288,420,000.00
II. Capital reserve:			
Balance at the begin of the year	16	366,865,874.73	366,865,874.73
Increase in this year	17	---	---
Including: premium on capital (share capital)	18	---	---
Donation received-provision for assets except for cash	19	---	---
Cash donation received	20	---	---
Provision of equity investment	21	---	---
Transferred from appropriate funds	22	---	---
Converting balance of foreign currency capital	23	---	---
Other capital public reserve	30	---	---
Decrease in this year	40	---	---
Including: transferring into capital (share capital)	41	---	---
Balance at the end of the year	45	366,865,874.73	366,865,874.73
III. Statutory and arbitrary surplus public reserve			

Balance at the begin of the year	46	119,514,900.67	119,514,900.67
Increase in this year	47	---	---
Including: appropriating amount from net profit	48	---	---
Including: statutory surplus public reserve	49	---	---
Arbitrary surplus public reserve	50	---	---
Reserve fund	51	---	---
Development fund of enterprise	52	---	---
Transferring from statutory welfare fund	53	---	---
Decrease in this year	54	---	---
Including: offsetting of loss	55	---	---
Transferred into capital (share capital)	56	---	---
Distribution of cash dividend or profit	57	---	---
Apportionment of share dividend	58	---	---
Balance at the end of the year	62	119,514,900.67	119,514,900.67
Including: statutory surplus public reserve	63	78,893,779.77	78,893,779.77
Reserve fund	64	---	---
Development fund of enterprise	65	---	---
IV. Statutory welfare public fund			
Balance at the begin of the year	66	18,366,726.17	18,789,906.22
Increase in this year	67	423,180.05	
Including: allotment amount from net profit	68	---	---
Decrease in this year	70	---	---
Including: expenditure of collective welfare	71	---	---
Balance at the end of the year	75	18,789,906.22	18,789,906.22
V. Retain profit			
Retain profit at the begin of the year	76	-2,337,641,680.95	-2,385,580,676.55
Net profit in this year (loss “-”)	77	-47,938,995.60	-16,846,105.50

Profit distribution of this year	78	---	---
Retain profit at the end of the year (loss”-”)	80	-2,385,580,676.55	-2,402,426,782.05