GUANGDONG SUNRISE HOLDINGS CO., LTD.

INTERIM REPORT 2008

August 21, 2008

Important Notice

The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior management of the 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 false information, misleading statement or material omissions. The summary of interim report 2008 is abstracted from full text of the interim report, which is published on the Internet website (www.cninfo.com.cn) in the mean time. The investors are suggested to read the full text of interim report to understand more details.

None of directors, supervisors and senior management stated that he/she couldn't ensure the correctness, accuracy and completeness of the contents of the Interim Report or had any objection for this report.

All directors of the Company (7 directors in total) attended the 3rd Meeting of the Sixth Board of Directors of the Company.

Mr. Wang Jianyu, Chairman of the Board of the Company, Mr. Wang Jianyu, Person in charge of accounting work and concurrently General Manager, and Mr.Yu Deshan, person in charge of accounting organ, hereby confirm that the Financial Report of this Interim Report is true and complete.

The interim financial report 2008 of the Company has not been audited.

The report is prepared both in Chinese and English. If there is any difference in understanding between them, the Chinese version shall prevail.

CONTENTS

SECTION I COMPANY PROFILE----------4
SECTION II MAJOR FINANCIAL DATA AND INDEXES ----------5
SECTION III CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHARES HELD BY MAIN SHAREHOLDERS----------6
SECTION IV PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT----------8
SECTION V REPORT OF THE BAORD OF DIRECTORS----------9
SECTION VI SIGNIFICANT EVENTS----------11
SECTION VII FINANCIAL REPORT----------21
SECTION VIII DOCUMENTS AVAILABLE FOR REFERENCE----------54

Attachment: Statement of Impairment of Assets, Statement of Change on Owner's Equity ----------55

SECTION I COMPANY PROFILE

I. 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)

II. Legal Representative: Wang Jianyu

III. Secretary of the Board of Directors: Yu Deshan (on behalf of)

Contact Tel: 0755-83877511

Securities Affairs Representative: Chen Liantan

Contact Tel: 0755-83875531

Contact Address: Secretariat on the 4th Floor East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen

Fax: 0755-83875212

E-mail: lionda@mailcenter.com.cn

IV. Registered Address: Tairan Industrial Zone, Chegongmiao, Shenzhen, Guangdong and P.R.C.

Office Address: 4/F East, Block 203, Tairan Industrial Zone, Chegongmiao, Shenzhen

Post Code: 518040

V. 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 Interim Report:

http://www.cninfo.com.cn/default.htm

The Place Where the Interim Report is Prepared and Placed: Secretariat of the Company

VI. Stock Exchange Listed with: Shenzhen Stock Exchange

Short Form of the Stock: S*ST Sunrise, *ST Sunrise-B

Stock Code: 000030, 200030

VII. 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: SNR Zi 440301190325278

SLT Zi 440304190325278

Name and address of Certified Public Accountants engaged by the Company:

Shenzhen Dahua Tiancheng Certified Public Accountants

Office Address: 11/F, Tower B, United Plaza, Binhe Road, Shenzhen

SECTION II MAJOR FINANCIAL DATA AND INDEXES

I. Major financial data and indexes (Unit: RMB Yuan)

	As at the end of this report period	As at the end of last year	Increase/decrease of the end of report period compared with the end of the last year (%)
Total assets	24,290,168.70	27,154,777.79	-10.55%
Owner's equity (or Shareholder's equity)	-1,650,843,825.17	-1,638,393,498.52	
Net assets per share	-5.72	-5.68	
	The report period (Jan. -Jun.)	The same period of last year	Increase/decrease during the report period compared with that of the last year (%)
Operating profit	-18,929,678.65	-17,583,119.72	
Total profit	-12,450,326.65	-16,293,079.72	
Net profit	-12,450,326.65	-16,293,079.72	
Net profit after deducting non-recurring gains and losses	-18,929,678.65	-16,140,068.63	
Earnings per share-basis	-0.0432	-0.06	
Earnings per share-diluted	-0.0432	-0.06	
Return on equity (%)			
Net cash flow arising from operating activities	27,209.90	15,512.50	75.41%
Net cash flow per share arising from operating activities	0.0001	0.0001	0.00%

Items of non-recurring gains and losses and the relevant amount (Unit: RMB Yuan)

Items of non-recurring gains and losses	Amount
Net income/expense from non-operation	6,479,352.00
Total	6,479,352.00

II. There existed no difference in Company's net profit as audited by PRC GAAP and IFAS respectively. (Unit: RMB Yuan)

	PRC GAAP	IFAS
Net profit	-12,450,326.65	-12,450,326.65
Net asset	-1,650,843,825.17	-1,650,843,825.17
Explanation on difference	There is no difference due to almost same between PRC GAAP and IFAS	

SECTION III CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHARES HELD BY MAIN SHAREHOLDERS

I. Particulars about changes in shares

In the report period, the Company's total shares and its structure remained unchanged.

II. At the end of report period, the Company had totally 13,114 shareholders, including 8,870 shareholders of A-share and 4,244 shareholders of B-share.

III. As at the end of the report period, shares of the Company held by the top ten shareholders and the top ten shareholders of tradable share are as follows:

Total shareholders	13,114				
Particulars about shares held by the top ten shareholders					
Name of shareholders	Nature of shareholders	Proportion (%)	Total share holding	Number of non-tradable shares held	Shares pledged and frozen
SHENZHEN LIONDA GROUP CO., LTD.	Non state-owned legal person in domestic	66. 36%	191, 400, 000	191, 400, 000	191, 400, 000
SHENZHEN COLORED METAL FINANCIAL CO., LTD.	Non state-owned legal person in domestic	1. 83%	5, 280, 000	5, 280, 000	0
SHENZHEN INTERNATIONAL TRUST & INVESTMENT CO., Ltd.	Non state-owned legal person in domestic	1. 83%	5, 280, 000	5, 280, 000	0
SHENZHEN HUACHENGDA INVESTMENT HOLDING CO., LTD.	Non state-owned legal person in domestic	1. 37%	3, 960, 000	3, 960, 000	3, 960, 000
HAINAN HUIHEXING INVESTMENT MANAGEMENT CO., LTD.	Non state-owned legal person in domestic	0. 92%	2, 640, 000	2, 640, 000	0
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	Non state-owned legal person in domestic	0. 63%	1, 810, 000	0	
CHINA EVERBRIGHT HOLDINGS CO., LTD.	Foreign legal person	0. 49%	1, 409, 311	0	
SU MING	Domestic natural person	0. 38%	1, 110, 000	0	
CITRINE CAPITAL LIMITED	Foreign legal person	0. 30%	868, 783	0	
NI MING	Domestic natural person	0. 19%	541, 700	0	

Particulars about shares held by the top ten shareholders of tradable share		
Name of shareholders	Number of tradable share holding	Type of shares
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	1,810,000	RMB ordinary share
CHINA EVERBRIGHT HOLDINGS CO.LTD	1,409,311	Foreign shares listed in domestic
SU MING	1,110,000	RMB ordinary share

CITRINE CAPITAL LIMITED	868,783	Foreign shares listed in domestic
NI MIN	541,700	Foreign shares listed in domestic
WU SHU PING	480,000	RMB ordinary share
BOCI SECURITIES LIMITED	480,000	Foreign shares listed in domestic
GAO SHAO HUA	458,100	Foreign shares listed in domestic
XU YONG SHAN	425,900	RMB ordinary share
PAN YU JIAO	397,800	Foreign shares listed in domestic
Explanation on associated relationship among the top ten shareholders or consistent action	The Company was unknown whether there is any associated relationship among the top ten shareholders of tradable share; or whether there is any action-in-concert among top ten shareholders of tradable share and legal person as described by the Administrative Rules on Information Disclosure about Changing of Shareholding Status.	

Note: (1) Shenzhen Lionda Group Co., Ltd. is the controlling shareholders of the Company, which holds other domestic legal person shares and what its holding are not listed for trade. The application of Shenzhen Lionda Group Co., Ltd. on changing the character of sponsor shares from state-owned legal person to social legal person was approved by State-owned Assets Supervision and Administration Commission of the State Council in Dec. 2007, the Company transacted the relevant procedure of changes and registration in Depository and Clearing Corporation Limited with above said approval in early of Jan. 2008, Depository and Clearing Corporation Limited Shenzhen Branch formally changed the state-owned legal person shares to other domestic legal person shares on Jan. 17, 2008. For detailed information of above mentioned matters, please refer to Suggestive Notice on Progress of Share Merger Reform published on Securities Times and www.cninfo.com.cn on Jan. 7, 2008 and Jan. 21, 2008 with serial No. 2008-001 and 2008-005.

(2) According to the A Share List of Top Ten Share Holding of Legal Person Shares in Listed Company provided by China Securities Depository and Clearing Corporation Limited Shenzhen Branch on Jul.1, 2008, all shares of the Company held by Shenzhen Lionda Group Co., Ltd.(191.4 million legal person shares) and Shenzhen Huachengda Investment Holding Co., Ltd.(3.96 million legal person shares) and were frozen. For detailed information of freezing the 191.4 million legal person shares, please refer to Supplementary Notice on freezing the Controlling Shareholder' shares (Shenzhen Lionda Group Co., Ltd.) with serial No. 2008-003 published on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn and on Jan. 14, 2008

(3) The fifth targeted largest shareholders of legal person shares-Shenzhen Guoyin Investment Development Co., Ltd changed its name to Hainan Huihexing Investment Management Co., Ltd. For detailed information, please refer to Public Notice on the contentious matters and the changes on the fifth shareholders of targeted legal person shares with serial No. 2008-031 published on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn on May 21, 2008.

IV. Particulars about changes in the controlling shareholder and actual controller

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

SECTION IV PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. In the report period, the changes on Company's shares held by directors, supervisors and senior management

In the report period, the Company held the 18th Meeting of the Fifth Board of Directors and the 8th Meeting of the Fifth Supervisory Committee on Apr. 11, 2008, at which approved the proposal on regular election of the Board and regular election of the supervisory committee, and also were approved by shareholders' general meeting 2007 held on May 27, 2008, there were no change on shares of the Company held by new directors, supervisors and senior management.

In the report period, other Directors, Supervisors and Senior Management held no shares of the Company, except Supervisor, Niu Suyan, holding with 6000 A shares of the Company.

II. Particulars about employment and dissmission of directors, supervisors and senior management.

1. The Company held the 18th Meeting of the Fifth Board of Directors on Apr. 11, 2008, at which approved the proposal on regular election of the Board: because of the expiration of the fifth Board of Directors, according to the domination from this Board, Mr. Wang Jianyu, Mr. Yu Deshan, Mr. Xie Heng and Mr. Qiu Xiaotong were elected as directors candidates of the sixth Board, Mr. Ban Wu, Mr. Pao Chengdong and Mr. Shao Liangzhi as independent directors candidates of the sixth Board; Mr. Ao Yingchun would not hold the post of director of the Company, Mr. Guo Shiping and Mr. Ma Hong would not take the post of independent directors of the Company, all proposals on regular election of the Board were submitted to shareholders' general meeting 2007 held on May 27, 2008 for approval.

2. The Company held the 8th Meeting of the Fifth Supervisory Committee on Apr. 11, 2008, at which approved the proposal on regular election of the supervisory committee: because of the expiration of the fifth supervisory committee, Ms. Xu Zhaojun and Ms. Chen Hong were elected as supervisors candidates of the sixth supervisory committee, Ms. Gong Yiheng would not serve as Chairman of the supervisory committee; the first meeting of the third staff representative general meeting elected Ms. Niu Suyan as supervisor of staff representatives; all proposals on regular election of the supervisory committee were submitted to shareholders' general meeting 2007 held on May 27, 2008 for approval.

SECTION V REPORT OF THE BAORD OF DIRECTORS

I. General status of operating activities

1. Scope and business of main operations

During the report period, the Company had no main operations and had no income from main operations and profit from main operations, however, the short-term loans of the Company still reached as high as RMB 468 million, the financial expense of the Company totaled RMB 17,836,027.10, which led to the losses during the first half year of 2008 and the net profit of RMB -12,450,326.65.

During the report period, the Company, the controlling shareholders, actual controller together with agency company--Integrity Management Consulting continued to make efforts to boost the progress of debts reorganization and assets organization and endeavored to make some breakthroughs so as to improve the Company's capacity of continuous operation.

2. Problems and difficulty arising out of operation

Although the Company made great efforts on debt restructuring and assets restructuring, the Company, the controlling shareholder, actual controller as well as agency company contacted several companies who were interested to take part in the reorganization, but still didn't reach any oral or written agreements, there was no material development on debts and assets reorganization in the report period.

In the report period, the Company, controlling shareholders, actual controller exerted themselves to step up the work of share merger reform of the Company, however, 191,400,000 shares of the Company held by controlling shareholder of the Company ---Shenzhen Lionda Group Co., Ltd. were frozen judicially (For detailed information, please refer to Supplementary Notice on Freezing the Controlling Shareholder' Shares with serial No. 2008-003 published on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn and on Jan. 14, 2008.) so the Company couldn't apply the transaction of the implementation plan on share merger reform to Depository and Clearing Corporation Limited. In addition, the Company received the [2008] SZFZ Zi No.222 and 298 Notices from Shenzhen Intermediate People's Court, from which knew that above said 191,400,000 shares of the controlling shareholder of the Company drafted to sell at auction included 18,473,734 shares paid for share merger reform consideration, this auction matter would put off the implementation of share merger reform (For detailed information, please refer to Public Notice on Significant Matter that Controlling shareholders' equity of the Company would be Sold at Auction Judicially with serial No.2008-045 on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn on Jul. 21, 2008)

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 continued to the report period. In the report period, the Company had no investment project by non-raised proceeds.

III. Forecast that accumulative new profit from the beginning of the year to the end of the next report period was loss and the warning on substantial changes compared with the same period of last year and explanation for it

Since the Company's short-term loan was still relatively high and its financial expense was the higher, it was expected that the Company would be in losses continuously in the 3rd quarter of the year 2007.

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

In the Auditors' Report 2007, in the opinion of Shenzhen Dahua Tiancheng Certified Public Accountants, as note 7 of annotation 7 and annotation 12 in Financial Statement, the repayment pressure of short-term liabilities of the Company is huge. And there are lots of guarantee liabilities being sued, which would directly influence the operation continuity of the Company if they could not be eliminated in the short run. The Company's debt restructuring and asset restructuring are under the way, and the management of the Company believed that debt & asset restructuring would deal with the future business; therefore, financial statement 2007 is compiled based on continuous operation. Continuous operation improving measures adopted by the Company are in the initial stages, Shenzhen Dahua Tiancheng Certified Public Accountants got no satisfying and proper auditing gist to ensure whether it can improve continuous operation competence of the Company. Therefore, it is hard to judge whether it is proper to compile financial statement 2007 according to continuous operation hypothesis. Based on foreside events probable create a great and wide effect, Dahua Tiancheng Certified Public Accountants could not express any opinions on financial statement of the Company. As to these issues, the Board of the Company believed that, even though the Company confronted with great short-term repayment pressure and lots of guarantee lawsuits, the Company had made some progress in debt paying and assets tapping, and that it could get the operation capital needed to maintain the normal production and operation. The Company, controlling shareholder and actual controller and agency company-Integrity Management Consulting tried hard to step up the work of liabilities and assets reorganization, endeavored to make any breakthroughs in aspect of reorganization in order to improve the Company's capacity of continuous operation.

SECTION VI SIGNIFICANT EVENTS

I. Corporate governance

In the first half year of 2008, the Company continued to carry out the special campaign of corporate governance step by step, enhance the rectification against with problems found in corporate governance and perfect the structure of corporate governance according to the relevant requirement of CSRC and Shenzhen Stock Exchange.

In the report period, the Company can accord the requirement of Shenzhen Securities Bureau to make the rectification on the Company's independence, problems of not opening the necessary information, problem on standardization of "three meetings", problem of part rules on internal control needed to be perfected, problem on actual controller's disclosure etc. In May 2008, the Company held the shareholders' general meeting at which examined and approved the Articles of Association, Rules of Procedure of Shareholders' General Meeting, Rules of Procedure of the Board of Directors, Rules of Procedure of the Supervisory Committee, Rules for Independent Directors, Rules on Information Disclosure etc. rules on internal control, and established Rules on Annual Report for Independent Directors and so on. Furthermore, the Company also set down rectification plan for problems on the actual controller's disclosure, the situation of corporate governance of the Company basically accorded the requirement of normative documents, law and rules on corporate governance of listed companies from 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 2007, the Company did not distribute profits or convert capital public reserve into share capital.

III. In the interim of 2008, the Company neither distribute profit, convert capital reserve into share capital nor capital reserve transferring into share capital.

IV. Material lawsuits and arbitrations in the report period

In the report period, the Company received the two pieces of executory orders and civil written verdict respectively from Shenzhen Intermediate People's Court respectively, one piece of civil written verdict from Guangdong Puning People's Court and 2 pieces of civil written verdict from Guangdong Heyuan Intermediate People's Court, and their contents were as follows:

1. The dissension case on loan contract between the Company and Bank of China Shenzhen Branch (China Cinda Asset Management Corporation Shenzhen Office). The principal fund of this contract was HKD 32 million, and Shenzhen Shenbao Industrial Co., Ltd. shouldered joint liabilities for this loan. In December 2005, China Cinda Asset Management Corporation Shenzhen Office transferred the aforesaid creditor's right to Glenmore Investment Limited, then the Company received two pieces of executory orders and civil written verdict from Shenzhen Intermediate People's Court on above said matters, Shenzhen Intermediate People's Court submitted the civil written verdict [(2008) SZFZ Zi No.353 Document] on Mar. 26, 2008 as follows: closed down and frozen the assets of the executed person (with limit that HKD 3,566,248 and the corresponding interest, interests on arrears., debt interest during the period of delaying the implementation, the case processing fee, property preservation fees, fees for implementation and the actual costs incurred from implementation). Shenzhen Intermediate People's Court submitted the civil written verdict [(2008) SZFA Zi No. 127 Document] on Jan. 7, 2008 as follows: the executed person, the Company must fill the property declaration form seriously according to the requirement of Several Provisions on Problems such as Enforcing the Executed Person to Declare Their Property then

submitted it to our Court within 7 days since the date that this written verdict is delivered and reached. This lawsuit involved the changes of creditors and brought no effect on current profit/loss.

2. The dissension case on loan contract among China Great Wall Asset Management Corp. Shenzhen Office, Shenzhen Xinhuayu Ocean Environment and Technology Co., Ltd. and the Company with the principal fund of RMB 3 million, the Company provided the guarantee for this loan. The Company received the civil written verdict from Guangdong Puning People's Court on Mar. 12, 2008 because Guangdong Puning People's Court accepted the Order of (2007) YGFZZ Zi No. 93 Document from Guangdong Supreme People's Court then put it on record and began to implement it. During the period of implementing this case, China Great Wall Asset Management Corp. Shenzhen Office transferred above said creditor's right to Shenzhen Union Baoli Investment Guarantee Co., Ltd. on Nov. 22, 2006; On Nov. 28, 2007, Shenzhen Union Baoli Investment Guarantee Co., Ltd applied to change it as application executor of this case to our court. Guangdong Puning People's Court believed that Guangdong Puning People's Court's application was in line with the requirement of law and rules then made the civil written verdict [(2007) PFWZ Zi No. 169-1] legally on Jan. 16, 2008 as follows: to change Shenzhen Union Baoli Investment Guarantee Co., Ltd. as application executor, Shenzhen Union Baoli Investment Guarantee Co., Ltd. undertook the rights and obligation from former application executor--China Great Wall Asset Management Corp. Shenzhen Office, the Company withdrawn fully liabilities involving changes of creditor's right in this case and it brought no effect on current profit/loss.

3. Three dissension cases on loan contract between Shenzhen Guoyin Investment Group Co., Ltd. and Bank of Communication Shenzhen Branch, Nanshan Sub-branch with principal fund of RMB 2 million, RMB 3 million and RMB 6 million respectively and RMB 11 million in total. The Company provided the loan guarantee for above mention loans. Subsequently, the application executor--Bank of Communication Shenzhen Branch, Nanshan Sub-branch transferred the relevant creditors' right to Addvalue Holdings Limited. On Mar. 10, 2008, Hainan Huihexing Investment Management Co., Ltd. submitted the application to Guangdong Heyuan Intermediate People's Court and asked for the Court to change the application executor of this case. Through the examination, Addvalue Holdings Limited signed the Equity Transfer Agreement with Hainan Huihexing Investment Management Co., Ltd. on Feb. 4, 2008 in which the creditor's right of this case (except the processing fee cases, litigation costs of protection paid by Bank of Communication, Shenzhen Branch, Nanshan Sub-branch in advance) was transferred to Hainan Huihexing Investment Management Co., Ltd. On Mar. 8, 2008 Addvalue Holdings Limited and Hainan Huihexing Investment Management Co., Ltd. published the Public Notice on Creditors' right Transfer on Shenzhen Economic Daily. Therefore, Guangdong Heyuan Intermediate People's Court made the civil written verdict [(2007)HZFZ Zi No. 100-2, 101-1 and 102-2 Documents] on Mar. 24, 2008 as follows: to change Hainan Huihexing Investment Management Co., Ltd. as application executor of this case and took the creditors' rights confirmed by (2000) SZFJTC Zi No. 213, 214 and 215 Documents civil written judgment (excluding the processing fee cases of RMB

91,190 and litigation costs of protection of RMB 34,470 paid by Bank of Communication, Shenzhen Branch, Nanshan Sub-branch in advance). During the process of implementing this case, Guangdong Heyuan Intermediate People's Court entrusted Shenzhen Gongping Auction Co., Ltd. to sell S*ST Sunrise 2,640,000 share (Stock Code: 000030, the nature is targeted domestic legal person shares) held by Shenzhen Guoyin Investment Group Co., Ltd. at auction, but no one bided them through three auctions. The application executor applied to this court and requested to use the reserve price of the third auction of RMB 6,479,352 to pay the debts. Guangdong Heyuan Intermediate People's Court believed that the applicant's requirement is in line with the requirement of laws and made the civil written judgment [(2007)HZFZ Zi No. 100-3,101-3 and 102-3] on Mar. 25, 2008 according to the law: (1) S*ST Sunrise 2,640,000 shares (Stock Code: 000030, the nature is targeted domestic legal person shares) held by Shenzhen Guoyin Investment Group Co., Ltd. with evaluated value of RMB 6,479,352 were transferred to application executor Hainan Huihexing Investment Management Co., Ltd.; (2) to release the above said seizure of equity; (3) The application executor Hainan Huihexing Investment Management Co., Ltd. transacted the procedure of property transfer depending on this judgment. By the way, Depository and Clearing Corporation Limited Shenzhen Branch inquired Details on Sponsor's Shares and Shareholders of the Targeted Legal Person on May 15, 2008 and knew that Shenzhen Guoyin Investment Group Co., Ltd. changed its name to Hainan Huihexing Investment Management Co., Ltd. which held the S*ST Sunrise 2,640,000 shares of the Company. Because the Company withdrawn fully estimated liabilities of RMB 11 million, therefore, this lawsuit would make the Company obtain gains of RMB 6,479,352.

For detailed information on above said lawsuits, please refer to Public Notice on the contentious matters and the changes on the fifth shareholders of targeted legal person shares with serial No. 2008-031 published on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn on May 21, 2008.

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

In the report period, the Company had no acquisition, sales and reorganization of significant assets or those happened in the previous periods but continued to the report period.

VI. Significant related transactions

(I) No merchandise purchasing or sale, nor relevant labor source offer or acceptation happened in report period.

(II) No related transactions arising from changes of assets or share transfer occurred in report period.

(III) No investment business from related parties together with the Company in report period.

(IV) There existed the matters such as creditors' right, liabilities current and guarantee between the Company and the related parties (including the subsidiaries which didn't measure into the consolidation scope)

1. Credit and debt between the Company and related parties:

(Unit: RMB'0000)

Name of related parties	Providing capital to the related parties		The related parties provided capital to listed company	
	Amount occurred	Balance Amount	Amount occurred	Balance Amount
Shenzhen Lionda Food Industry Co., Ltd.	0.00	499.87	0.00	0.00
Shenzhen Lionda Development Co., Ltd.	-20.61	5,515.61	0.00	0.00
Shenzhen Lionda Materials Import & Export Co., Ltd.	0.00	2,793.53	0.00	0.00
Shenzhen Keruite New Materials Co., Ltd.	0.00	21.40	0.00	0.00
Shenzhen Tiayang PCCP Co., Ltd.	0.00	2,568.67	0.00	0.00
Shenzhen Jiadeng Trading Co., Ltd.	0.00	100.85	0.00	0.00
Shenzhen Yingte Enterprise Co., Ltd.	0.00	47.75	0.00	0.00
Shenzhen Fuguanghao Industry Co., Ltd.	-53.05	46.42	0.00	0.00
Shenzhen China Bicycle Company (Holdings) Limited	0.00	23,280.17	0.00	0.00
Shenzhen Lionda Group Corporation	0.00	0.00	-184.89	210.66
Shenzhen Lionda Leke Bag Co., Ltd.	0.00	0.00	0.00	101.96
Shenzhen Light Industry Import & Export Co., Ltd.	0.00	0.00	0.00	415.00
Shenxing Enterprise Co., Ltd.	0.00	0.00	0.00	37.26
Total	-73.66	34,874.27	-184.89	764.88

Notes: (1) The debt and credit flows showed above between related parties and the Company was historical issues. The main reasons for the contact between the Company and the related parties on creditors' right and liabilities were loans, guarantees or payment down by others.

(2) Listed companies offered a total sum of RMB 0.00 to controlling shareholders and the subsidiaries. The balance is RMB 0.00 in report period.

2. No new guarantees occurred between the Company and the related parties in the report period.

(V) No other significant related transactions happened in this report period.

VII. Material contracts and their implementations

1. There were no trust, contract and lease assets happened between other companies or the listed Company in the report period or in the previous periods but continued to the report period.

2. There was no new guarantee issues occurred in the report period. The followings are the historical problems regarding guarantee carried down from previous years.

(Unit: RMB'0000)

Particulars about the external guarantee of the Company (Excluding the guarantee for the controlling subsidiaries)

Name of the Company guaranteed	Date of happening (date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete impleme-ntation or not	Guarantee for related party (yes or not)
Shenzhen Lionda Free Trade Co., Ltd.	May 30, 2000	850.00	Joint responsibility guarantee	May 30, 2000 – May 30, 2001	No	Yes
Shenzhen Taiyang PCCP Co., Ltd.	Dec. 30, 1993	4,335.00	Joint responsibility guarantee	Dec.30, 1993 –Dec.30, 1998	No	Yes
Shenzhen Gaokeda Electronics Co., Ltd.	Mar. 10, 1994	50.00	Joint responsibility guarantee	Mar.10, 1994 – Mar. 10, 1995	No	Yes
Shenzhen Yuda Import & Export Co., Ltd.	Jul. 8, 1998	480.00	Joint responsibility guarantee	July 8,1998– Jan. 25, 2000	No	Yes
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	Dec. 19, 1995	29,116.00	Joint responsibility guarantee	Dec. 19, 1995 –Nov. 25, 1998	No	No
Yueshen Light Industry and Trading Co., Ltd.	Dec. 30, 1993	818.78	Joint responsibility guarantee	Dec. 30, 1993 –June 22, 1996	No	Yes
Guangzhou Xufeng Enterprise Group Co., Ltd.	May 2, 1995	1,500.00	Joint responsibility guarantee	May 2, 1995 – May 2, 1996	No	No
Shenzhen Jinbeishen Investment Co., Ltd.	Jun. 22, 1995	7,760.00	Joint responsibility guarantee	Jun. 22, 1995 –Jun. 22, 1996	No	No
Shenzhen Guoyin Investment Group Co., Ltd.	Dec. 13, 1995	3,382.00	Joint responsibility guarantee	Dec. 13, 1995 – Jan. 28, 2001	No	Yes
Shenzhen Paina Garment Co., Ltd.	Apr. 30, 1998	130.00	Joint responsibility guarantee	Apr. 30, 1998 –Jan. 30, 1999	No	No
Shenzhen Gintian Industrial Holdings Co., Ltd.	Jun. 30, 1997	2,675.00	Joint responsibility guarantee	Jun. 30, 1997 – Dec. 31, 1999	No	No
Shenzhen Zhongwu Resources Import & Export Co., Ltd.	Apr. 30, 1997	1,679.00	Joint responsibility guarantee	Apr. 30, 1997 – Apr. 30, 1999	No	No
Shenzhen Guangyingda Industrial Development Co.	Sep. 25, 1995	7,897.01	Joint responsibility guarantee	Sep. 25, 1995 – Jan. 31, 1999	No	Yes

Shenzhen Ligang Industrial Co.	Aug. 15, 1996	723.38	Joint responsibility guarantee	Aug. 15, 1996– Aug. 15, 1997	No	No
Shenzhen Maoyuan Investment Development Co., Ltd.	Jan. 30, 1995	856.00	Joint responsibility guarantee	Jan. 30, 1995 – Jan. 30, 1996	No	No
Shenzhen Xingda Industry & Trading Co., Ltd.	May 1, 1996	40.00	Joint responsibility guarantee	May 1, 1996 –May 1, 1998	No	No
Shenzhen Chemical Plastic Co., Ltd.	Mar. 5, 1997	1,371.00	Joint responsibility guarantee	Mar. 5, 199 – Mar. 5, 1998	No	No
Shenzhen Jinhai Electronics Co., Ltd.	Apr. 7, 1996	350.00	Joint responsibility guarantee	Apr. 7, 1996– Apr. 7, 1997	No	No
Shenzhen Guanghualin Investment Co. Ltd.	May 23, 1996	1,220.00	Joint responsibility guarantee	May 23, 1996 –May 23, 1997	No	No
Shenzhen Tiantai Chemistry Co., Ltd.	Jun. 20, 1995	166.00	Joint responsibility guarantee	June 20, 1995 –June 20, 1996	No	No
Shenzhen Construction Material Group	Mar. 1, 1998	80.00	Joint responsibility guarantee	Mar. 1, 1998 – Mar. 1, 1999	No	No
Shenzhen Jingyuan Industry & Trading Ltd.	Apr. 30, 1997	80.00	Joint responsibility guarantee	Apr. 30, 1997 –Apr. 30, 1998	No	No
Hainan Wanda Industry & Trading Ltd.	Aug. 16, 1996	3,093.86	Joint responsibility guarantee	Aug. 16, 1996 – Aug. 16, 1997	No	No
Shenzhen Xuena Co., Ltd.	Jun. 10, 1995	112.91	Joint responsibility guarantee	June 10, 1995 –Dec. 10, 1996	No	No
Shenzhen Light Industry Import & Export Co., Ltd.	Jul. 31, 1997	273.00	Joint responsibility guarantee	July 31, 1997 – Dec. 31, 1999	No	Yes
Jilin Lionda Co.	Jun. 30, 1996	350.00	Joint responsibility guarantee	June 30, 1996 – Dec. 30, 1997	No	Yes
Shenzhen Great World Shopping Mall	Mar. 1, 1996	1,402.70	Joint responsibility guarantee	Mar. 1, 1996 – Mar. 1, 1997	No	No

Shenzhen Lionda Development Co., Ltd.	Apr. 25, 1996	781.50	Joint responsibility guarantee	Apr. 25, 1996 –Apr. 25, 1999	No	Yes
Shenzhen Lionda Electrical Equipment Co., Ltd.	Nov. 3, 1996	985.00	Joint responsibility guarantee	Nov. 3, 1996 – Nov. 3, 1999	No	Yes
Shenzhen Paper Making Co.	Mar. 15, 1997	1,790.00	Joint responsibility guarantee	Mar. 15, 1997 – Mar. 15, 2000	No	Yes
Shenzhen Lionda Food Co., Ltd.	Sep. 1, 1996	2,940.00	Joint responsibility guarantee	Sep. 1, 1996 – Mar. 1, 2000	No	Yes
Shenzhen Lionda Materials Import & Export Co., Ltd.	Aug. 13, 1995	6,566.04	Joint responsibility guarantee	Aug. 13, 1995 –Aug. 13, 2000	No	Yes
Hunan Lionda Co.	Oct. 25, 1997	325.00	Joint responsibility guarantee	Oct. 25, 1997 –Oct. 25, 1998	No	Yes
Shenzhen Lionda Lucky C&B Industrial Co. Limited	Jul.4, 1996	12,850.00	Joint responsibility guarantee	Jul. 4, 1996 – Jul. 4, 1998	No	Yes
Shenzhen Haima Electrical Equipment Co., Ltd	Apr. 1, 1995	1,750.00	Joint responsibility guarantee	Apr. 1, 1995 – Apr. 1 2000	No	Yes
Total of guarantee occurred in the report term						0.00
Total of balance in the report term (A)						71,091.45
Guarantee of the Company for the controlling subsidiaries						
Total of guarantee provided to the controlled subsidiaries in the report term						0.00
Total of balance of guarantee provided to the controlled subsidiaries in the report term (B)						14,697.54
Particulars about total amount of guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee（A+B）						85,788.99
The proportion of the total amount of guarantee in the net assets of the Company						-51.97%
Among which:						
Amount of guarantee provided for the shareholder, actual controller and other related parties（C）						47,835.23
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%（D）						21,118.54
Proportion of total amount of guarantee in net assets of the Company exceeded 50%（E）						16,835.22

Total amount of the above three guarantees*（C+D+E）	85,788.99

* Note: As filling in “total amount of the above three guarantees”, if one guarantee event appear in the aforesaid three states at the same time, well then, the said guarantee was only calculated once as calculated total amount.

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

4. No other important contract during the report period.

5. Special explanation and independent opinions of related parties’ funds occupation and external guarantee represented by independent directors

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), Notice on Regulate External Guarantee of Listed Companies (ZJF [2003] No. 120 Document), 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:

The Company regulated the Company’s operation seriously according to the relevant regulations and requirements from Circular. In the first year of 2008, there was no situation happened that the controlling shareholder of the Company or the related parties occupied the funds of listed company, the Company didn’t provide the guarantee for controlling shareholder, the related parties, any non legal person units or individuals.

In the report period, the occurred amount provided to the controlling shareholder or its subsidiaries by the listed company was RMB 0.00 and balance was RMB 0.00. The reason for the contact between the Company and the related parties on creditors’ right and liabilities was loan, guarantee and payment done by others. 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.

VIII. There was no commitment of the restricted shares added by the shareholder holding above 5% of shares of the Company in the year of 2008.

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The Company or shareholder holding above 5% of shares of the Company’s commitment events and performance in share merger reform process

The Company’s controlling shareholder --- Shenzhen Lionda Group Cooperation.

Name of shareholders	Commitment events	Performance	Notes
Shenzhen Lionda Group	1. Shenzhen Lionda Group Corporation promised to perform the obligation of paying the consideration which was fixed in share merger reform plan, it would compensate the other shareholders’	Unperformed share merger reform plan	Because the 191,400,000 shares of the Company held by controlling

Corporation	loss generating from not implementation or incomplete implementation. 2. In view of share of S*ST Sunrise held by non-tradable shareholder --- Shenzhen Huachengda Investment Holding Co., Ltd. was frozen judicially, Shenzhen Lionda Group Corporation paid consideration, which should paid by Shenzhen Guoyin Investment Development Co., Ltd. In accordance with share merger reform plan. After that, Shenzhen Huachengda Investment Holding Co., Ltd. should pay back the consideration for Shenzhen Lionda Group Corporation providing this share listed and traded, or this share listing and trading should get the agreement of Shenzhen Lionda Group Corporation. After finishing of this share merger reform, Shenzhen Huachengda Investment Holding Co., Ltd. listed and traded non-tradable shares, providing getting agreement of Shenzhen Lionda, besides Guandong Sunrise Holdings Co., Ltd. submitting listing & trading application to Stock Exchange. 3. Relevant expense of this share merger reform shoulder by the principal shareholder of the Company --- Shenzhen Lionda Group Corporation.		shareholder-Shenzhen Lionda Group Corporation were sold at auction judicially, above said matter put off the implementation of share merger reform, therefore the transferred party or new controlling shareholder must carry out the commitment promised by Shenzhen Lionda Group Corporation.

IX. Securities Investment

In the report period, there were no securities investment occurred in the Company.

X. In the report period, the Company held no equity of other listed company and non-listed financial enterprise, which planned to list.

XI. In the report period, investigation, communication and interview of the Company were listed as follows

Reception time	Reception place	Reception way	Reception object	Main content of discussion and materials
Feb. 26, 2008	Secretariat of the Board	Communication by telephone	A share investor	Resumption of A shares, informed the substantial shareholder could transact the share merger reform implementation after the release.
Apr. 24, 2008	Secretariat of the Board	Communication by telephone	A share investor	Resumption of A shares, informed the substantial shareholder could transact the share merger reform implementation after the release.
May 7, 2008	Secretariat of the Board	Written inquiry	A share investor	The time for resumption of A share, the situation of Company's reorganization and the Company's situation at present, represented the reason for not resuming A shares and no material progress for the reorganization.

XII. Other significant events

1. During the report period, the Company renewed the employment of Shenzhen Dahua

Tiancheng Certified Public Accountants as domestic and overseas auditor with one-year period of employment, and the audit expense of RMB 450,000. This interim financial report has not been audited.

2. In the report period, the Company, directors, supervisors, senior management, shareholders of the Company and actual controller had not been inspected, experienced administrative punishment or criticized by circulating a notices of criticism by China Securities Regulatory Commission and condemned publicly by Shenzhen Stock Exchange.

3. Share merger reform plan of the Company was voted and approved in relevant shareholders' meeting on Jan. 15, 2007. Share merger reform plan was as follows: non-tradable shareholders paid 20,130,000 shares to A tradable shareholders registered on the date of record of this share merger reform with their non-tradable shares as consideration arrangement. So it can get tradable rights of all non-tradable shares in A share market. Tradable A shareholders, who registered in the date of record of plan performing, will get 5 shares consideration by non-tradable shares per 10 A tradable shares. The191,400,000 shares of the Company held by controller shareholders---Shenzhen Lionda Group Corporation were frozen judicially (For detailed information, please refer to Complementary Notice on Equity of the Controlling Shareholder were Frozen Judicially with serial No. 2008-003 published on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn on Jan. 14, 2008.), therefore the Company couldn't apply the transaction of the share merger reform implementation plan to Depository and Clearing Corporation Limited all the time. Subsequently, the Company received the Circular [2008] SZFZ Zi No. 222 and 298 documents from Shenzhen Intermediate People's Court on Jul. 18, 2008, from which the Company knew that the 191,400,000 shares of the Company held by the controlling shareholder of the Company-Shenzhen Lionda Group Corporation were planed to sell at auction judicially. (For detailed information, please refer to Public Notice on Significant Matter that Equity of Controlling Shareholders of the Company were Planed to Sell at Auction with serial No. 2008-045 which were published on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn on Jul. 21, 2008.), this matter put off the progress of implementation of share merger reform. Because the above said 191,400,000 shares included the share merger reform's consideration of 18,473,734 shares which were needed to pay by Shenzhen Lionda Group Corporation, the transferred party or new controlling shareholder must fulfill and pay the share merger reform's consideration of 18,473,734 shares and carry out the commitment promised by Shenzhen Lionda Group Corporation at the same time.

Section VII Financial Report

(The financial report has not been audited)

I. Accounting statement

Balance Sheet

Prepared by Guangdong Sunrise Holdings Co., Ltd. 30 June 2008 Unit: RMB Yuan

Items	Amount as at 30 June 2008		Amount as at 1 January 2008	
	Consolidation	Parent company	Consolidation	Parent company
Current Assets:				
Monetary funds	29,398.58	29,398.58	2,188.68	2,188.68
Settlement fund reserve				
Dismantle fund				
Transaction financial asset				
Notes receivable				
Account receivable				
Account paid in advance				
Premium receivables				
Receivables from reinsurers				
Reinsurance contract reserve receivables				
Interest receivable	80,000.00	80,000.00	1,931,203.38	1,931,203.38
Other account receivable	1,634,606.80	1,634,606.80	2,391,108.22	2,391,108.22
Financial assets purchased under agreements to resell				
Inventories	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
Non-current assets due within 1 year				
Other current assets				
Total current assets	3,744,005.38	3,744,005.38	6,324,500.28	6,324,500.28
Non-current assets:				
Loans and advance				
Available for sale financial assets				
Held to maturity investments				
Long-term account receivable				
Long-term equity investment	12,543,375.02	12,543,375.02	12,543,375.02	12,543,375.02
Investing property				
Fixed asset	8,002,788.30	8,002,788.30	8,286,902.49	8,286,902.49
Project in construction				
Engineering material				
Fixed asset disposal				
Bearer biological asset				
Oil assets				
Intangible assets				
Development expense				
Goodwill				

Long-term expense to be apportioned				
Deferred tax assets				
Other non-current assets				
Total of non-current assets	20,546,163.32	20,546,163.32	20,830,277.51	20,830,277.51
Total assets	24,290,168.70	24,290,168.70	27,154,777.79	27,154,777.79
Current liabilities:				
Short-term borrowings	467,553,910.86	467,553,910.86	467,553,910.86	467,553,910.86
Borrowing from Central Bank				
Deposits and due to banks and other financial institutions				
Placements from banks and other financial institutions				
Transaction financial liabilities				
Notes payable				
Account payable				
Account received in advance				
Financial assets sold under agreements to repurchase				
Handling charges and commission payable				
Employee’s compensation payable	486,790.38	486,790.38	488,108.73	488,108.73
Tax payable	73,682.01	73,682.01	-1,752.22	-1,752.22
Interest payable	367,332,704.21	367,332,704.21	349,492,769.23	349,492,769.23
Other account payable	154,224,350.84	154,224,350.84	156,073,332.14	156,073,332.14
Due to reinsurers				
Insurance contract reserve				
Customer deposits				
Amount payables under security underwriting				
Non-current liabilities due within 1 year				
Other current liabilities				
Total current liabilities	989,671,438.30	989,671,438.30	973,606,368.74	973,606,368.74
Non-current liabilities:				
Long-term borrowings				
Debentures payable				
Long-term payables				
Specific purpose account payables				
Provisions for contingent liabilities	685,462,555.57	685,462,555.57	691,941,907.57	691,941,907.57
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities	685,462,555.57	685,462,555.57	691,941,907.57	691,941,907.57
Total liabilities	1,675,133,993.87	1,675,133,993.87	1,665,548,276.31	1,665,548,276.31
Owner’s equity				

Share capital	288,420,000.00	288,420,000.00	288,420,000.00	288,420,000.00
Capital surplus	381,059,098.78	381,059,098.78	381,059,098.78	381,059,098.78
Less: Treasury Stock				
Reserved fund	138,304,806.89	138,304,806.89	138,304,806.89	138,304,806.89
General risk provision				
Retained earnings	-2,458,627,730.84	-2,458,627,730.84	-2,446,177,404.19	-2,446,177,404.19
Foreign exchange difference				
Total owners' equity attributable to holding company	-1,650,843,825.17	-1,650,843,825.17	-1,638,393,498.52	-1,638,393,498.52
Minority interest				
Total owner’s equity	-1,650,843,825.17	-1,650,843,825.17	-1,638,393,498.52	-1,638,393,498.52
Total liabilities and owner’s equity	24,290,168.70	24,290,168.70	27,154,777.79	27,154,777.79

Legal Representative: Wang Jianyu CFO: Wang Jianyu

Person in Charge of Accounting Office: Yu Deshan

Income Statement

Prepared by Guangdong Sunrise Holdings Co., Ltd. January-June 2008 Unit: RMB Yuan

Items	January-June 2008		January-June 2007	
	Consolidation	Parent company	Consolidation	Parent company
I. Total sales	772,487.90	772,487.90	875,728.62	875,728.62
Including: Sales	772,487.90	772,487.90	875,728.62	875,728.62
Interests income				
Premium income				
Handling charges and commission income				
II. Total cost of sales	19,702,166.55	19,702,166.55	17,015,797.25	17,015,797.25
Including: Cost of sales				
Interests expenses				
Handling charges and commission expenses				
Claim expenses-net				
Provision for insurance liability reserve				
Expenses for reinsurance accepted				
Payments on surrenders				
Policyholder dividends				
Taxes and associate charges				
Selling and distribution expenses				
Administrative expenses	1,866,139.45	1,866,139.45	2,306,147.04	2,306,147.04
Financial expense	17,836,027.10	17,836,027.10	14,709,650.21	14,709,650.21
Impairment loss				
Add: gain/(loss) from change in fair value (“-” means loss)				
Gain/(loss) from investment (“-” means loss)			-1,443,051.09	-1,443,051.09
Including: income form investment on affiliated enterprise and jointly enterprise				
Foreign exchange difference (“-” means loss)				

III. Business profit (“-” means loss)	-18,929,678.65	-18,929,678.65	-17,583,119.72	-17,583,119.72
Add: non-business income	6,479,352.00	6,479,352.00	1,290,040.00	1,290,040.00
Less: non-business expense				
Including: loss from non-current asset disposal				
IV. Total profit (“-” means loss)	-12,450,326.65	-12,450,326.65	-16,293,079.72	-16,293,079.72
Less: Tax expense				
V. Net profit (“-” means loss)	-12,450,326.65	-12,450,326.65	-16,293,079.72	-16,293,079.72
Attributable to: Parent company	-12,450,326.65	-12,450,326.65	-16,293,079.72	-16,293,079.72
Minority interest				
VI. Earnings per share				
(I) basic earnings per share	-0.0432	-0.0432	-0.06	-0.06
(II) diluted earnings per share	-0.0432	-0.0432	-0.06	-0.06

Legal Representative: Wang Jianyu CFO: Wang Jianyu

Person in Charge of Accounting Office: Yu Deshan

Cash Flow Statement

Prepared by Guangdong Sunrise Holdings Co., Ltd. January-June 2008 Unit: RMB Yuan

Items	January-June 2008		January-June 2007	
	Consolidation	Parent company	Consolidation	Parent company
1. Cash flows for operating activities:				
Cash received from sales of goods or rending of services				
Cash received on deposits and from banks and other financial institutions				
Net increased cash received on borrowings from central bank				
Cash received on placements from other financial institutions				
Premium received				
Cash received from reinsurance				
Net increased amount received on policyholder deposit and investment				
Cash received from disposal of held for trading financial assets				
Interests, handling charges and commission received				
Cash received on placements from bank, net				
Cash received under repurchasing, net				
Refund of tax and fare received				
Other cash received relating to operating activities	1,076,525.78	1,076,525.78	927,728.62	927,728.62
Sub-total of cash inflows	1,076,525.78	1,076,525.78	927,728.62	927,728.62
Cash paid for goods and services				
Loans and advances drawn				
Cash paid to central bank, banks and other financial institutions, net				

Claims paid				
Interests, handling charges and commission paid				
Dividends paid to policyholders				
Cash paid to and on behalf of employees	640,189.99	640,189.99	518,637.92	518,637.92
Tax and fare paid				
Other cash paid relating to operating activities	409,125.89	409,125.89	393,578.20	393,578.20
Sub-total of cash outflows	1,049,315.88	1,049,315.88	912,216.12	912,216.12
Net cash flow from operating activities	27,209.90	27,209.90	15,512.50	15,512.50
2. Cash Flows from Investment Activities:				
Cash received from return of investments				
Cash received from investment income				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets				
Proceeds from sale of subsidiaries and other operating units				
Other cash received relating to investment activities				
Sub-total of cash inflows				
Cash paid for acquiring fixed assets, intangible assets and other long-term assets				
Cash paid for acquiring investments				
Net cash used in loans				
Net cash used in acquiring subsidiaries and other operating units				
Other cash paid relating to investment activities				
Sub-total of cash outflows				
Net cash flow from investing activities				
3. Cash Flows from Financing Activities:				
Cash received from absorbing investment				
Including: Cash received from increase in minority interest				
Cash received from borrowings				
Cash received from issuing debentures				
Other proceeds relating to financing activities				
Sub-total of cash inflows				
Cash paid for settling debt				
Cash paid for distribution of dividends or profit or reimbursing interest				
Including: dividends or profit paid to minority interest				
Other cash payments relating to financing activities				
Sub-total of cash outflows				
Net cash flow from financing activities				
4. Effect of foreign exchange rate changes				
5. Increase in cash and cash equivalents	27,209.90	27,209.90	15,512.50	15,512.50

Add : Cash and cash equivalents at year-begin	2,188.68	2,188.68	76,550.21	76,550.21
6. Cash and cash equivalents at the end of the year	29,398.58	29,398.58	92,062.71	92,062.71

Legal Representative: Wang Jianyu CFO: Wang Jianyu

Person in Charge of Accounting Office: Yu Deshan

II. Notes to financial statement

For the six months ended 30 June 2008

(All amounts in RMB Yuan unless otherwise stated)

[English version for reference only]

Note 1. Company Profile

GUANGDONG SUNRISE HOLDINGS COMPANY LIMITED (hereinafter referred to as "the Company") is established in the People's Republic of China as a jointly stock company as approved by Government of Shenzhen City (Shen Fu Ban Fu (1993) No. 720) dated on June 7, 1993, the Company restructured from the original "Shenzhen Lionda Group" by raising capital measure. On September 29 1993, upon approval by the China Securities Regulatory Commission, the Company issued common shares in RMB (A share) and foreign capital shares (B share) listed in Shenzhen Stock Exchange. The number of business license of the Company is 4400001001658 and the present registered capital is RMB 288,420,000. On June 13 2002, the Company renamed from "Shenzhen Lionda Holdings Company Limited" to "Guangdong Sunrise Holdings Company Limited".

The major business scope of the Company includes to sale and agent second and third class merchandise in Guangdong Province (goods list is complies with the document YUE JING MAO (1990) 320); export goods transfer to domestic sales or import goods; to sale woodwork (excluding woods), industrial product materials (excluding gold, silver, card and dangerous chemistry products), textile, computers and fittings, rubber products; provide consult service and investment.

The registered address of the Company is at 4 Floor, Block 203, Tairan Industry Zone, Chegongmiao, Futian District, and Shenzhen China.

Note 2. Basis of Preparation of the Financial Statements

The financial statements prepared by the Company are in accordance with the requirements of China Accounting Standards for Business Enterprises (2006) issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as "the Ministry of Finance"). According to China Accounting Standards for Business Enterprise, estimation and assumptions are the requirement when preparing financial statements, which will affect the disclosure of assets, liabilities and the contingent liabilities as of balance sheet date and the profits/losses accounts for the year then ended.

As formulated by "Public offering Enterprise data disclosure question and answer No. 7—comparable financial information preparation and presentation in former and new accounting standards transitional period (Zheng Jianhui Kuai Ji Zi (2007) 10), in preparation of comparable financial statements, on the basis of implementation of new accounting standards from Jan. 1, 2007, the Company recognizes the beginning balance of 2007 for balance sheet, based on this and in accordance with the retrospective adjustment principle, the Company recognizes the adjusted comparable balance sheet and income statements as its financial statements .

As presented in Note 7 (7) and Note 12, the Company is under significant financial burdens on short-term repayment obligations and large amounts of liabilities caused by guarantee are indicted,

which will affect the going concern basis if the management is not able to vanish shortly. The debts and assets restructuring are still in process, the management believes that after the reconstruction the Company will have ability to operate in the future. As such, the financial statements have been prepared on a going concern basis.

Note 3. Main accounting policies adopted by the Company and methods of preparing the Company's consolidated financial statement

(1) The accounting policies adopted by the Company are in accordance with the China Accounting Standards for Business Enterprises (2006) issued by the Ministry of Finance.

(2) Accounting period

The accounting year of the Company is from January 1 to December 31.

(3) Recording currency

The recording currency of the Company is the RMB (Yuan), the statutory currency of the People's Republic of China.

(4) Basis of accounting and measurement

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs.

(5) Accounting method for foreign currency transactions

All transactions denominated in non-recording currency are translated into RMB at the fixed exchange rate. At the year end, the Company adjusted monetary assets denominated in non-recording currency converted into RMB at the market foreign exchange rates of the balance sheet date. The translation differences raised from above transactions should be recorded into the profits and losses accounts for current period. The net exchange losses arising form loans used for purchase fixed assets should be capitalized in accordance with capitalization principle of loan costs.

(6) Cash and cash equivalents

The cash of the Company refers to cash on hand and deposits that are available for payment at any time. The cash equivalents refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(7) Provisions for bad debts

The Company recognizes general and specific provision for bad debts based on an assessment of the recoverability of receivables. Specific provisions are made for those receivables on the basis of analysis for each individual accounts which are not possibly collectible. A general provision for the remaining receivables, which is net of accounts for specific provision, is recorded 3% of the receivables.

The bad debt is recognized when the bad debt is determined as such when the debtor is bankrupt or dead, and the proceeds from the bankrupt's estates or the decreased property are unable to cover the debt; or the debtor fails to repay the overdue debt for long period with plain evidences to indicate his inability to do so.

(8) Inventories

Inventories include raw materials, consignment materials, work in progress, finished goods, periodic collecting delivered finished goods, developed goods and developed cost.

Inventories are accounted for initial cost when purchased, and using moving weighted average accounting method when issued. Perpetual inventory system is applied to inventories. Low cost consumables are expensed when using.

On the basis of stocktaking at the end of each year, for any inventory is physical damage, part or entire

obsolescence or its sales price fall below its cost, which results the cost of the inventory is lower than its net realizable value (the "NRV"), a provision for impairment of inventory should be made. The provision for impairment equals to the difference between cost and NRV for individual item. NRV is the estimated selling price in the ordinary course of business, less the estimated costs to completion and the estimated costs necessary to conclude the sale.

(9) Long-term investment

(a) Investments in subsidiaries

In the individual financial statements of the Company, long-term equity investment in subsidiaries is calculated with cost method, and the cost minus evaluation provision is calculated into the balance sheet at the end of the period. While initial confirmation, the investment costs of long-term equity investment in subsidiaries are measured according to the following principles:

− For long-term equity investment in subsidiaries arising from merger of enterprises under the same control, the Company takes the share of book value of owners' equity of the mergered party acquired on the merger date as the initial investment costs of long-term equity investment. For the difference between the initial investment costs of long-term equity investment and the book value of the paid consideration, premium price of capital stock (or premium price of capital) in capital reserves is modified; if the premium price of capital stock (or premium price of capital) in capital reserves is insufficient to write off, the earning retained is modified.

− For long-term equity investment not under the same control, the Company takes the merger costs confirmed on purchase date as the initial investment costs of long-term equity investment.

− For long-term equity investment in subsidiaries arising from non-corporate merger, while initial confirmation, for long-term equity investment acquired from cash payment, the Company takes the actually paid purchase price as the initial investment costs. For long-term equity investment obtained from issuing equity securities, the Company takes the fair value of stock equity as initial investment costs. For long-term equity investment invested by investors, the Company takes the value regulated in investments contract or agreements as initial investment costs.

(b) Investment on joint enterprises and jointly-run enterprises

Investment on joint enterprises and jointly-run enterprises Joint enterprise refers to the enterprise to which the Company and other investors perform joint control according to arrangement of agreements. Joint control refers to mutual control to economic activities according to contracts, and only exists when investors that need to share control power to important financial and operation decision relating to economic activities agree unanimously. Jointly-run enterprise refers to the enterprise to which the Company can perform material influence. Material influence refers to, with power of participating in decision to finance and operation policy of the invested entity, but cannot control or jointly control establishment of these policies with other parties.

Long-term equity investment to joint enterprises and jointly-run enterprises is calculated with equity method, except the investment is in accordance with the conditions of holding for sale (namely, the Company has made decision for disposal of this investment, has signed irrevocable transfer agreement with the assignee, and this transfer will be completed within one year). The Company measures the held-for-sale investment to joint enterprises and jointly-run enterprises according to book value and estimated realizable net value which is smaller, and the difference that the book value is higher than the estimated realizable net value is confirmed as devaluation losses of assets. When the investment to joint enterprises and jointly-run enterprises is initially confirmed, for long-term equity investment obtained with cash payment, the Company takes the actually paid purchase price as the initial investment costs. For long-term equity investment obtained from issuing equity securities, the

Company takes the fair value of stock equity as initial investment costs. For long-term equity investment invested by investors, the Company takes the value regulated in investments contract or agreements as initial investment costs. The detailed accounting treatments of the Company while calculating with equity method include:

− In case the initial investment costs of long-term equity investment is larger than the share of fair value of recognizable net assets of the invested entity as enjoyable while investment, the former is used as costs of long-term equity investment; In case the initial investment costs of long-term equity investment is less than the share of fair value of recognizable net assets of the invested entity as enjoyable while investment, the latter is used as costs of long-term equity investment, and the difference between the costs long-term equity investment and initial investment costs is calculated into the current profits and losses.

− After obtaining the investment to joint enterprises and jointly-run enterprises, the Company deducts the amount of debit balance of investment on stock equity confirmed according to the previous accounting criteria and systems, amortized on linear amortization method according to the previous ten years of amortization period from the investment to joint enterprises and jointly-run enterprises as held by the Company before firstly executing China Accounting Standards for Business Enterprises (2006), from the enjoyable or sharable share of net profits and losses realized by the invested entity, and then confirms investment profits and losses and modifies the book value of long-term equity investment; the book value of long-term equity investment is correspondingly reduced according to the distributable part calculated according to profits or cash dividend declared for distribution by the invested entity.

While calculating the enjoyable or sharable share of net profits and losses realized by the invested entity, the Company is based on the fair value of recognizable assets of the invested entity when the investment is acquired, if the accounting policies or accounting period of the invested entity are different with the Company, necessary modification has been made to the financial statements of the invested entity according to the accounting policies or accounting period of the Company while calculation with equity method. The part of the internal transaction occurring between the Company and joint enterprises and jointly-run enterprises, belonging to the Company calculated according to share holding proportion, is set off while calculation with equity method. The unrealized losses occurring in internal transactions are fully confirmed if any evidence shows the losses are devaluation losses of relevant assets.

The net losses occurred by the Company to joint enterprises and jointly-run enterprises are limited to when the book value of long-term equity investment and the long-term equity of other net investments essentially to joint enterprises and jointly-run enterprises are reduced to zero, except the Company bears the obligation of additional losses. If joint enterprises and jointly-run enterprises realize net profits subsequently, the Company recovers confirming income share amount after the income share amount offsets the loss share amount not confirmed.

(c) Other long-term equity investments

Other long-term equity investments refer to long-term equity investments without control, joint control or material influence to the invested entity and without quotation in the active market and which fair value cannot be reliably measured. The Company confirms the initial investment costs of this kind of investment according to the above principles for confirmation and measurement of initial costs of investments to joint enterprises and jointly-run enterprises, and performs subsequent measurement with cost method.

(d) Provision for long-term investment

At each period end, for long-term investment that the market value of investee is continually decreased or the operation condition is worse, which value is considered to be less than the recoverable amount, a provision for impairment should be made. The provision for impairment equals to the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses can not be reversed in subsequent periods.

(10) Fixed assets and accumulated depreciation

Fixed assets refer to the tangible assets that the Company holds for producing goods, providing services, lease or management and which service life is more than an accounting year.

The initial costs of the fixed assets externally purchased include purchase price, relevant taxes and fees and the expenses belonging to the assets as occurred for making the assets to reach the scheduled usable conditions. The initial costs of the fixed assets independently built include materials for the project, direct labor, loan expenses in accordance with capitalized conditions and necessary expenditures occurred before making the assets to reach the scheduled usable conditions.

Fixed assets are depreciated using the straight-line method to write off the cost of the assets to their estimated residual values over their estimated useful lives. The estimated residual value of all fixed assets is 10% of their original costs. The annual depreciation rate of fixed assets and estimated useful lives are as follows:

Category	Estimated useful lives	Annual depreciation rate
Buildings and plants	20-35 years	2.57%-4.50%
Machinery equipment	10-15 years	9.00%-6.00%
Motor vehicles	5 years	18.00%
Electronic & other equipments	5 years	18.00%

Impairment of fixed assets

All fixed assets are reviewed at each period end. If at any time the recoverable amount has declined below the carrying amount due to continuous decline of market price, negative change in technology, physical damage and obsolescence, then impairment has occurred. The provision for impairment of individual fixed assets equals to the differences between the recoverable amount and the carrying amount of that fixed assets. Impairment losses can not be reversed in subsequent periods.

(11) Borrowing expenses

The borrowing expenses, which are occurred by the Company and can be directly listed into purchase, construction or production of the assets in accordance with capitalized conditions, are capitalized and calculated into the costs of relevant assets. Except the above borrowing expenses, other borrowing expenses are confirmed as financial expenses at the current period of their occurrence. In the period of capitalization, the Company confirms the amount of interest capitalization in each accounting period according to the following method (including amortization of discounting price or premium price):

− For special loans borrowed for purchase, construction or production of the assets in accordance with capitalized conditions, the Company confirms them with the amount of the interest expenses of special loans calculated according to actual interest rate of the current period, minus the interest incomes from the not used loan capital that is deposited into bank, or minus the investment earnings acquired from temporary investment.

− For the common borrowing occupied for purchasing, constructing or producing the assets in accordance with capitalized conditions, the Company calculates and confirms the interest amount of common borrowings that shall be capitalized, according to the weighted average of capital

expenditures of the part that the accumulative asset expenditures exceed the special borrowings, multiplied capitalization rate of the occupied common borrowings. Capitalization rate is confirmed according to the weighted average actual interest rate of common borrowings.

When the Company is confirming the actual interest rate of borrowings, the Company discounts the future cash flow of borrowings in the anticipated existence term or any applicable shorter term, as the interest rate used for the current book value of the borrowing.

Capitalization term refers to the term from capitalization of borrowing expenses to closing of capitalization, exclusive of the term that the borrowing expenses suspend capitalization. When capital expenditures and borrowing expenses have occurred, and the purchase, construction or production activities necessary for making assets reach the scheduled usable or available-for-sale status have commenced, capitalization of the borrowing expenses starts. When assets purchased, constructed or produced in accordance with capitalized conditions reach the scheduled usable or available-for-sale status, capitalization of borrowing expenses stops. If the assets in accordance with capitalized conditions generate non-normal interruption in the course of purchase, construction or production, and the interruption time exceeds three months, the Company temporarily stops capitalization of borrowing expenses.

(12) Revenue recognition

Revenue is recognized when it is probable that the benefits will flow to the Group and when the revenue can be measured reliably.

Sales of goods

Sales of goods are recognized when the goods are delivered and the title has passed.

Sales of properties under development are recognized when the properties developed for sale are sold in advance of completion and the outcome of projects can be ascertained with reasonable certainty by reference to the construction progress. Profit is recognized over the course of the development after taking into account of allowance for contingencies.

Sales of properties are recognized when all the conditions of sale have been met and the risks and rewards of ownership have been transferred to the buyer.

Interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognized when the shareholders' right to receive payment has been established.

(13) Contingent liability

The existence of the potential obligations formed by the past transactions or matters shall be validated by occurrence or non occurrence of uncertain matters in the future; the performance of the current obligations formed by the past transactions or matters may not likely cause economic benefits to flow out the Group or the amount of the obligation cannot be reliably measured, the Group will disclose the potential obligation or current obligation as contingent liability.

(14) Income tax

Confirmation of income tax is involved with judgment to future taxation treatment of some transactions. The Group cautiously evaluates taxation influence of various transactions and calculates corresponding Income taxes. The Group re-evaluates the taxation influence of these transactions on schedule according to the updated taxation regulations and rules. Deferred income tax assets are confirmed according to deductible taxation losses and deductible temporary difference. Deferred income tax assets are only confirmed when the taxable incomes may be likely used for setting off relevant deferred income tax assets, so the management should judge possibility of obtaining future

taxable incomes. The Group continually checks the judgment to deferred income taxes, if it is estimated that it may likely obtain realizable future taxable incomes in the future, the corresponding deferred income tax assets will be confirmed.

(15) Basis of financial statements Consolidation

The consolidated scope of the consolidated financial statements includes the Company and the subsidiaries under control of the Company. Control refers to which is entitled to decide the financial and management policies of a company and by which interest can be obtained from the operation activities of the company. The operation results and financial status of the subsidiaries under control are contained in the consolidated financial statements from control starting date to control closing date.

For any subsidiary acquired by the Company through corporate merger under the same control, when the consolidated financial statements for the current period are being prepared, it is deemed that the mergered subsidiaries are entered into the merger scope of the Company when the final control party of the Company starts to perform control to it, and the number at the beginning of the period in the consolidated financial statements and previous comparison statement are made corresponding modification. While the Company is preparing the consolidated financial statements, the assets and liabilities of the mergered subsidiary and their book values are combined into the consolidated balance sheet of the Company and the operation results of the mergered subsidiary are combined into the consolidated profit statement of the Company since the final control party of the Company starts to perform control.

For any subsidiary acquired by the Company through corporate merger not under the same control, when the consolidated financial statements for the current period are being prepared, the financial statements of the subsidiary are modified on the basis of recognizable assets, fair values of liabilities as confirmed on the purchase date, and the assets, liabilities and operation results of the purchased subsidiary are combined into the financial statements of the Company as of the purchase date.

The consolidation scope is not including the following subsidiaries, for the Company can not control them. Details are shown below:

Name	Reason	Accounting treatment
Shenzhen Lionda Paper Manufacturing Co. Limited	It is in loss for years and terminated its business.	Full provision was made for long-term investment and receivables
Shenzhen Lionda Food Industrial Co. Limited	It is in loss for years and terminated its business.	Full provision was made for long-term investment and receivables
Shenzhen Lionda Materials Import & Export Co., Limited *3	It is in loss for years and terminated its business.	It is terminated business.
Shenzhen Lionda Leke Suitcase Co. Limited	It is in loss for years and net asset is negative.	Book value of long-term investment is zero.
Shenzhen Lionda Electrical Equipment Co. Limited *3	It is in loss for years and net asset is negative.	Book value of long-term investment is zero and balances are written-off.
Shenzhen Lionda Hunan Branch	It is in loss for years and net asset is negative.	Full provision was made for long-term investment and balances are written-off.
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited *3	It is terminated its business.	Full provision was made for long-term investment.
Shenzhen Lionda Development Co. Limited *1*3	It is terminated its business.	Book value of long-term investment is zero
Shenzhen Lionda Property Management Co. Limited	It is terminated its business.	Full provision was made for long-term investment.

Shanghai Lionda Industrial Co. Ltd.	It is terminated its business.	Full provision was made for long-term investment.
Shenzhen Lionda Industrial Trading Co. Ltd.*2	It is terminated its business.	Full provision was made for long-term investment.

*1 Shenzhen Lionda Development Co. Limited is passed the annual check by Industrial and commercial office but it is ceased its operation actually. The Company provided loan guarantee, which includes principal of RMB320 million and HKD590, contingent liabilities was made for it amounting to 9.313 million. In addition, the Company just burdens the responsibilities and liabilities as a shareholder under PRC law, no other liabilities or risk.

*2 Shenzhen Lionda Industrial Trading Co. Ltd. is passed the annual check by Industrial and commercial office but it is ceased its operation actually and cannot be contacted. The Company holds 32% equity interest and trusteeship 20% equity interest for Shenzhen Lionda Industrial Trading Co., Ltd Labor Union. It was be consolidated in the Company by 2003 director's resolution. According to the director's resolution in 2005, it is not included in the consolidation scope from 1 January 2005, for it is ceased its business.

*3 Above referred other companies are terminated business for years and cannot be contacted. The Company was in lawsuit for guarantee for Zhongwu Materials Import and Export Company. The Company holds 80% equity interest of Shenzhen Lionda Light Textile Chemical Industrial Co. Limited, 95% of Shenzhen Lionda Electrical Equipment Co. Limited, 95% of Shenzhen Lionda Development Co. Limited and 95% of Shenzhen Lionda Materials Import & Export Co., Limited respectively. The referred equity interests have been frozen by Haifeng People Court of Guangdong Province. Details refer to Note 11.

(16) Changes in accounting policies and estimations

The Company adopted China Accounting Standards for Business Enterprises (CAS) (2006) as of January 1, 2007. At the date of first-time adoption, the Company made retrospective adjustments to other items in accordance with the requirements of "CAS 38 –First-time Adoption of CAS" (CAS 38). Effects for shareholder's equity please refer to Note 17. changes are shown as below:

(a) According to CAS 2- Long-term investment, in the Company's separate financial statements, investments in subsidiaries were accounted for using the equity method before January 1 2007. Such investments are now accounted for using the cost method.

(b) According to CAS 8- Assets impairment, impairment for receivables, inventories, long-term investment and fixed assets is recorded as asset impairment loss, not administrative.

(c) According to CAS 9- Staff cost, the Company reclassified accrued payroll, accrued staff benefits and other payables as staff cost payable.

(d) According to CAS 18- Income tax, before January 1, 2007, income tax was previously accounted for using tax payable method. As of January 1, 2007, it is accounted for using the liability method. On January 1, 2007, influence on income tax arising from temporary differences between the carrying amounts and the tax bases of assets and liabilities were retrospectively adjusted. The relevant 2006 comparative items have been adjusted accordingly.

(e) According to CAS 30- Financial statement presentation, the Company presents other revenue and cost as operating revenue and cost.

(f) According to CAS 33- Consolidation financial statement, the Company should use equity method to calculate long-term investment to consolidated subsidiaries before consolidation.

Note 4. Change in Accounting Policies and Related Effects

Changes in accounting principles	Effects
Adoption CAS from January 1 2007	---

Note 5. Taxation

The types of taxes applicable to the Company include value added tax (VAT), business tax, city maintenance and construction tax and education surcharge and income tax.

Tax rates are as follow:

VAT rate	17%
Business tax rate	5%
City maintenance and construction tax rate	1% of turnover tax
Education surcharge rate	3% of turnover tax
Income tax rate	15%。

Note 6. Shareholding Subsidiaries and Associated Companies

1. Shareholding subsidiaries

Name of holding subsidiaries	Place of registration	Registered capital	Business nature	Investment amount	Proportion of shares held
Shenzhen Lionda Paper Making Co., Ltd.	Shenzhen	RMB 10400000	Manufacturing paper products and printing machinery	RMB 10400000	100%
Shenzhen Lionda Food Industrial Co., Ltd.	Shenzhen	RMB 6640000	Production of fruit jelly, jelly sweets and high strength agar	RMB 6640000	100%
Shenzhen Lionda Materials Import & Export Co., Ltd.	Shenzhen	RMB 7000000	Import and export of printing material and machinery	RMB 7000000	100%
Shenzhen Lionda Leke Suitcase Co., Ltd.	Shenzhen	USD 1400000	Production and sale of ABS suitcase and artificial leather	USD 1400000	100%
Shenzhen Lionda Electrical Equipment Co., Ltd.	Shenzhen	RMB 6000000	Production of vacuum flasks and home electrical fans	RMB 6000000	100%
Shenzhen Lionda Light Textile Chemical Industrial Co., Ltd.	Shenzhen	RMB 10000000	Trading, import and export	RMB 10000000	100%
Shenzhen Lionda Development Co., Ltd.	Shenzhen	RMB 30000000	Property development and management	RMB 30000000	100%
Shenzhen Lionda Hunan Branch	Changsha	RMB 2878000	Import and export trading	RMB2878000	100%
Shenzhen Lionda Property Management Co., Ltd.	Shenzhen	RMB 1600000	Property management, trading of foods and motor car spare parts	RMB 1600000	100%
Shanghai Lionda Industrial Co., Ltd.	Shanghai	RMB 3000000	Trading in light industrial products	RMB 3000000	100%
Shenzhen Lionda Industrial Trading Co. Ltd.	Shenzhen	RMB 20000000	Import and export trading and property management	RMB 6400000	32%

* The Company's consolidation scope is not including the above subsidiaries; details refer to Note 3 (15).

2. Associated companies

Name	Place of	Registered capital	Core business	Investment amount	Proportion
Shenzhen Lionda Free Tax Trading Co., Ltd.	Shenzhen	RMB 6000000	Trading	RMB 1800000	30%

Shenzhen Golden Bell Batteries Co., Ltd.	Shenzhen	RMB	2000000	Production of dry batteries and	RMB	800000	40%
Shenzhen Anmiz Watch & Clock Co., Ltd	Shenzhen	RMB	1500000	Production of watches, clock parts,	RMB	450000	30%
Shenzhen Gaokeda Electronic Co. Ltd.	Shenzhen	RMB	3000000	Production of HDSL transmission lines	RMB	900000	30%
Shenzhen Taiyang Pipe Co., Ltd.	Shenzhen	USD	9000000	Production, transportation and	USD	3060000	34%
Shenzhen Dong Xiang Electronic Enterprise	Shenzhen	HKD	9720000	Trading of electronic equipment and parts	HKD	1110000	11%
Guangdong Guomin investment Co., Ltd.	Guangzhou	RMB	87000000	Investment trusts	RMB	9423800	9.9%
Baltic Sea Commercial Centre	Latvia	USD	1300000	Hotel operation and commercial service	USD	663000	51%
Shanghai Qingpu Yinda Property	Qingpu	RMB	1500000	Property development	RMB	450000	30%
Shenzhen Zhenhua Group Co., Ltd.	Shenzhen	RMB	32280000	Import and export trade of light	RMB	1111800	3.44%
Shenzhen Guoyin Investment Group Co., Ltd.	Shenzhen	RMB	15000000	Industry	RMB	750000	5%
Shenzhen Moscow (Holdings)Co., Ltd.	Shenzhen	USD	1400000	Import and export trade	USD	140000	10%
Chaozhou Port Develop Co., Ltd.	Shantou	RMB	300000000	Development of port	RMB	2225000	12%
China International Yacht Club	Dalian	RMB	30000000	Property development	RMB	12892000	10%
Wuxian Taihu Huaqiaocheng Development ar	Wuxi	RMB	10000000	Development and construction of	RMB	100000	10%
Shenzhen Yinzhizuo Club	Shenzhen	RMB	8000000	Provision of law consultant service	RMB	400000	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 nearby retails	RMB	3420000	75%
Hunan Shenli Special Alloy Co.,Ltd.	Yiyang	RMB	5000000	Production of hard alloy ware	RMB	2250000	45%
Others					RMB	425000	

*1 The Company lost actual control rights on this company and presented as other equity investment calculated with the cost method.

*2 This entity translated to the Company as compensation when Shenzhen Plastics Chemical Industrial Co., Ltd. bankruptcy liquated. The transfer registration of Yueyang Shengang Hotel Co., Ltd. is uncertainty, which lead to a lack of financial information of the company. Provision for long-term investment is made by the Company.

Note 7. Notes to Principal Financial Statement Accounts

As presented in Note 3 (16), the Company didn't prepare the consolidated financial statements, therefore following data is both consolidated and the Company's financial data.

(1) Cash and cash equivalents

Items	Currency	Amount as at 30 June 2008			Amount as at 1 January 2008		
		Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Cash	RMB	29,398.58	1.0000	29,398.58	2,188.68	1.0000	2,188.68
Total				29,398.58			2,188.68

(2) Dividends receivable

The closing balance of dividends receivable is RMB 80,000.

(3) Other receivables

a. Other receivables analyzed based on risk combination are presented as below:

Item	Amount as at 30 June 2008			Amount as at 1 January 2008		
	Amount	Rate in total	Bed debt provision	Amount	Rate in total	Bed debt provision
1. Individual accounts	389,319,848.53	99.01%	389,319,848.53	389,525,923.53	98.87%	389,525,923.53

with large amount						
2. Individual accounts without large amount but with major risk after integrated into credit risk combination	3,248,223.04	0.83%	2,015,656.43	3,248,223.04	0.83%	2,015,656.43
3. Others with small amount	663,946.37	0.16%	35,831.18	1,194,372.79	0.30%	35,831.18
Total	393,232,017.94	100%	391,577,411.14	393,968,519.36	100%	391,577,411.14
Total for top 5 companies	366,456,153.02	93.19%	366,456,153.02	366,662,228.02	93.07%	366,662,228.02
Total for related parties	115,941,078.84	29.48%	115,712,762.55	116,677,580.26	29.62%	115,712,762.55

(i) After assessing of the recoverability of other receivables, specific provisions are applied to the below companies based on the ageing of receivables.

Item	Name of company	Book vale	Bed debt provision	Reason for withdrawal
Other receivables	Shenzhen Jijian investment Co., Ltd.	5,724,962.00	5,724,962.00	Over 3 years, unrecoverable
	Shenzhen Post Office	3,000.00	3,000.00	Deposit before 1990
	Zhonghua Chuangye Group	4,035,732.00	4,035,732.00	Long aging，the company switching
	Shenzhen Taiyang Pipe Co., Ltd.	25,686,735.00	25,686,735.00	The company under balance，unrecoverable
	Shenzhen Xiancheng Co., Ltd.	24,876,389.27	24,876,389.27	The company dismissed, unrecoverable
	Shanghai Hengda Real Estate Development Co., Ltd.	2,137,000.00	2,137,000.00	The company dismissed, unrecoverable
	Shenzhen Lionda Food Industrial Co., Ltd.	4,998,701.51	4,998,701.51	The company closed
	Shenzhen Lionda Development Co., Ltd.	55,156,083.24	55,156,083.24	Liquidation of the company
	Shenzhen Keruite New Materials Co., Ltd.	214,000.00	214,000.00	The company dismissed，unrecoverable
	Shenzhen Jiadeng Trade Co., Ltd	1,008,500.00	1,008,500.00	The company under balance, unrecoverable
	Shenzhen Yingte Enterprise Co., Ltd.	477,539.63	477,539.63	The company under balance, unrecoverable
	Shenzhen Lida Co., Ltd.	146,286.00	146,286.00	The company under balance, unrecoverable
	Shenzhen China Bicycle Company (Holdings) Limited	232,801,657.06	232,801,657.06	The company under balance, unrecoverable
	Shenzhen Lionda Materials Import & Export Co., Ltd.	27,935,288.45	27,935,288.45	The company under balance, unrecoverable
	Shenzhen Haima Electric Appliance Co., Ltd.	285,838.32	285,838.32	The company under balance, unrecoverable
	Shenzhen Xingda Industry & Trade Co., Ltd.	4,958,800.00	4,958,800.00	The company closed, unrecoverable
	Others	850,871.86	850,871.86	Long aging, unrecoverable
	Total	391,297,384.34	391,297,384.34	

(ii) The category of single accounts without large amount but with major risk after integrated into credit risk combination is defined base on the characteristics of the Company, the aging of debts over

three years are with high risk to recoverable. According to that, the accounts with single amount lower than RMB 1,000,000 and aging over three years are classified into the category.

(iii) There is no such amount belongs to shareholders who hold 5% or more than 5% voting rights.

b. Other receivables analyzed based on aging are presented as below:

Aging	Amount as at 30 June 2008			Amount as at 1 January 2008		
	Amount	Rate in total	Bed debt provision	Amount	Rate in total	Bed debt provision
Within 1 year	716,720.01	0.18%	204,845.12	1,247,146.43	0.31%	204,845.12
1 to 2 years	31,948.00	0.01%	31,948.00	31,948.00	0.01%	31,948.00
2 to 3 years	5,191,118.84	1.32%	4,965,769.57	5,191,118.84	1.32%	4,965,769.57
Over 3 years	387,292,223.09	98.49%	386,374,848.45	387,498,306.09	98.36%	386,374,848.45
Total	393,232,017.94	100%	391,577,411.14	393,968,519.36	100%	391,577,411.14

(4) Inventories and provision for falling price

Type	Amount as at 30 June 2008		Amount as at 1 January 2008	
	Book balance	Book value	Book balance	Book value
Development cost	22,912,610.00	2,000,000.00	22,912,610.00	2,000,000.00
Total	22,912,610.00	2,000,000.00	22,912,610.00	2,000,000.00

Provision for falling price of inventories	Opening balance	Increase	Decrease	Closing balance	Note
Development cost	20,912,610.00	---	---	20,912,610.00	Individual analysis method
Total	20,912,610.00	---	---	20,912,610.00	

(5) Long-term equity investment

Details are presented as below:

Item	Amount as at 30 June 2008			Amount as at 1 January 2008		
	Book balance	Reserve for impairment	Book value	Book balance	Reserve for impairment	Book value
Stock investment	10,000,000.00	---	10,000,000.00	10,000,000.00	---	10,000,000.00
Investment in subsidiaries	148,282,938.60	148,282,938.60	---	148,282,938.60	148,282,938.60	---
Investment in associated companies	6,394,619.43	4,963,089.41	1,431,530.02	9,162,505.43	4,963,089.41	4,199,416.02
Other equity investment	28,611,930.27	27,500,085.27	1,111,845.00	41,503,930.27	40,392,085.27	1,111,845.00
Total	193,289,488.30	180,746,113.28	12,543,375.02	208,949,374.30	193,638,113.28	15,311,261.02

a. Stock investment

Units invested	Type of share	quantity of shares	Rate in registered capital of invested unit	Initial investment cost	Opening balance	Increase	Decrease	Closing balance
Five Rings(Group) Shareholding Co., Ltd.	Legal person shares	2,500,000.00	1.73%	5,000,000.00	5,000,000.00	---	---	5,000,000.00
Beijing Vantone Industrial Co.,Ltd	Legal person shares	5,500,000.00	---	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

* All shares presented above were sequestered by the Middle Court in Shenzhen in September 2002.

** The amount of 5,500,000.00 legal representative shares of Beijing Vantone Industrial Co., Ltd held by the Company were sold by auction by Court, but the auction was not finished then. As the stocks investments were sequestered, the Company is not able to obtain any auction information.

b. Investment in subsidiaries calculated under the cost method

Unit invested	Invested term	Rate in registered capital of invested unit	Initial investment cost	Opening balance	Increase	Decrease	Closing balance
Shenzhen Lionda Property Management Co., Ltd.	---	100%	1,600,000.00	1,600,000.00	---	---	1,600,000.00
Shenzhen Lionda Paper Making Co., Ltd.	11 years	100%	35,059,679.80	35,059,679.80	---	---	35,059,679.80
Shenzhen Lionda Food Industrial Co., Ltd.	20 years	100%	15,400,000.00	15,400,000.00	---	---	15,400,000.00
Shenzhen Lionda Materials Import & Export Co., Ltd.	20 years	100%	7,155,864.39	7,155,864.39	---	---	7,155,864.39
Shenzhen Lionda Leke Suitcase Co. Limited	20 years	100%	5,685,355.45	5,685,355.45	---	---	5,685,355.45
Shenzhen Lionda Electrical Equipment Co., Ltd.	30 years	100%	6,000,000.00	6,000,000.00	---	---	6,000,000.00
Shenzhen Lionda Development Co., Ltd.	20 years	100%	54,806,675.03	54,806,675.03	---	---	54,806,675.03
Shenzhen Lionda Light Textile Chemical Industrial Co., Ltd.	20 years	100%	11,026,863.93	11,026,863.93	---	---	11,026,863.93
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	6,400,000.00	---	---	6,400,000.00
Shanghai Lionda Industrial Co.,Ltd.	---	100%	3,000,000.00	3,000,000.00	---	---	3,000,000.00
Subtotal			148,282,938.60	148,282,938.60	---	---	148,282,938.60

c. Investment in associated companies calculated under the equity method

Unit invested	Invested term	Rate in registered capital of invested unit	Initial investment cost	Opening balance	Addition or decrease of current period equities	Cash dividends	Accumulated increase or decrease	Closing balance
Shenzhen Jianda Machinery Co., Ltd. *	30 years	20%	1,570,965.81	---	---	---	(1,570,965.81)	---
Shenzhen Lionda Free Tax Trading Co., Ltd.	10 years	30%	1,800,000.00	---	---	---	(1,800,000.00)	---

Shenzhen Golden Bell Batteries Co., Ltd.	30 years	40%	1,434,060.25	1,431,530.02	---	---	(2,530.23)	1,431,530.02
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 Pipe Co., Ltd.	20 years	34%	7,825,944.20	---	---	---	(7,825,944.20)	---
Shanghai Qingpu Yinda 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
Subtotal			17,759,716.42	6,394,619.43	---	---	(11,365,096.99)	6,394,619.43

* The Company was pleaded by China Everbright Bank Shenzhen Branch due to loan guarantee for Shenzhen Plastics Chemical Industrial Co., Ltd. According to the decree of Shenzhen Intermediate People's Court, the Company commuted 20% of equity of Shenzhen Jianda Machinery Co., Ltd. as RMB 1,290,000 to China Everbright Bank Shenzhen Branch in current period.

d. Other equity investment calculated under the cost method

Unit invested	Invested term	Rate in registered capital of invested unit	Opening balance	Increase	Decrease	Closing balance
Colin Company	---	66.67%	201,010.00	---	---	201,010.00
Yueyang Shengang Hotel Co., Ltd. *1	---	75%	3,420,000.00	---	---	3,420,000.00
Hunan Lionda Property Company	---	100%	80,000.00	---	---	80,000.00
Guangdong Guomin investment Co., Ltd.	---	9.90%	9,423,870.00	---	---	9,423,870.00
Shenzhen Zhenhua Group Co., Ltd.	20 years	3.44%	1,111,835.00	---	---	1,111,835.00
Shenzhen Guoyin Investment Group Co., Ltd.	---	5%	650,000.00	---	---	650,000.00
Shenzhen Moscow(Holdings)Co., Ltd.	---	10%	607,998.68	---	---	607,998.68
Chaozhou Port Development Co.,Ltd.	---	12%	2,225,000.00	---	---	2,225,000.00
Wuxian Taihu Huaqiaocheng Development and Construction Co., Ltd.	---	10%	2,000,000.00	---	---	2,000,000.00
Shenzhen Dong Xiang Electronic Enterprise Co. Ltd.	15 years	11%	5,379,464.94	---	---	5,379,464.94
Baltic Sea Commercial Centre	---	51%	3,368,751.65	---	---	3,368,751.65
Baota Island	---	---	144,000.00	---	---	144,000.00
Subtotal			28,611,930.27	---	12,892,000.00	28,611,930.27

* Yueyang Shengang Hotel Co., Ltd. was transferred its interest to the Company as compensation when Shenzhen Plastics Chemical Industrial Co., Ltd. bankruptcy liquidated, the transfer registration of Yueyang Shengang Hotel Co., Ltd. is uncertainty, which lead to a lack of financial information of the company.

e. Change in reserve for impairment

Unit invested	Opening balance	Current addition	Current disposal			Closing balance
			Transferred back due to goods value rise	Transferred out due to other reason	Total	
Shenzhen Lionda Property Management Co., Ltd.	1,600,000.00	---	---	---	---	1,600,000.00

Shenzhen Lionda Paper Making Co., Ltd.	35,059,679.80	---	---	---	---	35,059,679.80
Shenzhen Lionda Food Industrial Co., Ltd.	15,400,000.00	---	---	---	---	15,400,000.00
Shenzhen Lionda Materials Import & Export Co., Ltd.	7,155,864.39	---	---	---	---	7,155,864.39
Shenzhen Lionda Leke Suitcase Co. Limited	5,685,355.45	---	---	---	---	5,685,355.45
Shenzhen Lionda Electrical Equipment Co., Ltd.	6,000,000.00	---	---	---	---	6,000,000.00
Shenzhen Lionda Development Co., Ltd.	54,806,675.03	---	---	---	---	54,806,675.03
Shenzhen Lionda Light Textile Chemical Industrial Co., Ltd.	11,026,863.93	---	---	---	---	11,026,863.93
Shenzhen Lionda Hunan Branch	2,148,500.00	---	---	---	---	2,148,500.00
Shenzhen Lionda Industrial Trading Co. Ltd.	6,400,000.00	---	---	---	---	6,400,000.00
Shanghai Lionda Industrial Co.,Ltd.	3,000,000.00	---	---	---	---	3,000,000.00
Shenzhen Anmiz Watch & Clock Co., Ltd	413,358.58	---	---	---	---	413,358.58
Shenzhen Gaokeda Electronic Co. Ltd.	831,720.00	---	---	---	---	831,720.00

Unit invested	Opening balance	Current addition	Current disposal			Closing balance
			Transferred back due to goods value rise	Transferred out due to other reason	Total	
Shanghai Qingpu Yinda Property Development Co.	639,886.25	---	---	---	---	639,886.25
Shenzhen Yinzhizuo Club	640,000.00	---	---	---	---	640,000.00
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
Colin Company	201,000.00	---	---	---	---	201,000.00
Yueyang Shengang Hotel Co., Ltd.	3,420,000.00	---	---	---	---	3,420,000.00
Hunan Lionda Property Company	80,000.00	---	---	---	---	80,000.00
Guangdong Guomin investment Co., Ltd.	9,423,870.00	---	---	---	---	9,423,870.00
Shenzhen Guoyin Investment Group Co., Ltd.	650,000.00	---	---	---	---	650,000.00
Shenzhen Moscow (Holdings) Co., Ltd.	607,998.68	---	---	---	---	607,998.68
Chaozhou Port Development Co., Ltd.	2,225,000.00	---	---	---	---	2,225,000.00
Wuxian Taihu Huaqiaocheng Development and Construction Co.,	2,000,000.00	---	---	---	---	2,000,000.00

Ltd.						
Shenzhen Dong Xiang Electronic Enterprise Co. Ltd.	5,379,464.94	---	---	---	---	5,379,464.94
Baltic Sea Commercial Centre	3,368,751.65	---	---	---	---	3,368,751.65
Baota Island	144,000.00	---	---	---	---	144,000.00
Total	180,746,113.28	---	---	12,892,000.00	12,892,000.00	180,746,113.28

(6) Fixed assets and accumulated depreciation

Cost of fixed asset	Opening balance	Increase	Decrease	Closing balance
House and building	14,594,116.36	---	---	14,594,116.36
Motor vehicle	8,167,086.55	---	---	8,167,086.55
Electronic equipment and others	4,026,910.50	---	---	4,026,910.50
Total	26,788,113.41	---	---	26,788,113.41
Accumulated depreciation				
House and building	7,045,267.88	285,488.86	---	7,330,756.74
Motor vehicle	7,760,957.43	---	---	7,760,957.43
Electronic equipment and others	3,694,985.61	3,125.33	---	3,698,110.94
Total	18,501,210.92	288,614.19	---	18,789,825.11
Net value	8,286,902.49			7,998,288.30

* The Company's book value of RMB 14,410,531.65 of buildings and plants didn't achieve property certificate of buildings and plant. Due to arrearage dispute with Shenzhen Non-ferrous Metals, the book value of RMB 6,759,920.35 of buildings and plant was frozen by Middle Court of Shenzhen on March 31, 2006.

** The Company determined that there is no fixed assets impairment loss existence, therefore there is no provision recorded at the year end.

(7) Short-term loans

Type of loan	Closing balance			Opening balance		
	Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Bank loan						
Guarantee						
RMB	55,378,000.00	1.0000	55,378,000.00	55,378,000.00	1.0000	55,378,000.00
HKD*	12,109,722.00	0.9364	11,339,543.68	12,109,722.00	0.9364	11,339,543.68
USD	10,689,262.70	7.3046	78,080,788.32	10,689,262.70	7.3046	78,080,788.32
Subtotal			144,798,332.00			144,798,332.00
Loans from other company						
RMB	237,635,500.00	1.0000	237,635,500.00	237,635,500.00	1.0000	237,635,500.00
HKD*	31,428,672.00	0.9364	29,429,808.46	31,428,672.00	0.9364	29,429,808.46
USD	7,624,000.00	7.3046	55,690,270.40	7,624,000.00	7.3046	55,690,270.40
Subtotal			322,755,578.86			322,755,578.86

Total	467,553,910.86	467,553,910.86

* All of loans presented above are overdue.

** The creditor's right of the loan with amount of HKD 32,000,000 was transferred to China Xinda Asset Management Corporation by Bank of China Shenzhen Branch on 31 December 2003. The China Xinda Asset Management Corporation transferred the creditor's right to Glenmore Investment Limited on 27 December 2005. On February 1 2007, Glenmore Investment Limited came to an agreement with Addvalue holdings Limited to transfer the creditor's right to Addvalue holdings Limited.

*** The creditor's right of the loan with amount of RMB 8,580,000 was transferred to Guangdong Finance Trust And Investment Co.,Ltd. by Guangdong Development Bank Nanyuan Road Office.

**** The reason why a decrease of loans in HKD in current period is Shenzhen Shenbao Industrial Co., Ltd. repaid loans for the Company due to joint liability of guarantee, in which paid Shenzhen Development Bank Nantou Branch for a principal of HKD 4,000,000 and Glenmore Investment Limited a principal of HKD 28,421,608.00.

(8) Payroll and remuneration payable to staff

Item	Opening balance	Current period accrual	Current period payment	Closing balance
1. Salaries, bonuses, allowances and subsidies	---	640,189.99	640,189.99	---
2. Welfare fund	---	---	9,200.00	-9,200.00
3. Social securities	---	18,190.30	18,190.30	---
4. Subsidies for trade union and education fund	488,108.73	7,881.65	---	495,990.38
Total	488,108.73	666,261.94	667,580.29	486,790.38

(9) Taxes payable

Taxes	Closing balance	Opening balance
Individual income tax	73,682.01	(1,752.22)
Total	73,682.01	(1,752.22)

(10) Interest payable

The closing balance of interest payable is RMB 367,332,704.21, which is the interest payable for short loans over the years. According to one-year RMB loan interest rate, the interest payable of the Company is RMB 17,836,027.10 in current year.

(11) Other payables

	Closing balance		Opening balance	
Aging	Amount	Rate in total	Amount	Rate in total
Within 1 year	35,861,126.32	23.25%	37,710,107.62	24.16%
1 to 2 years	4,300,635.25	2.79%	4,300,635.25	2.75%
2 to 3 years	5,301,853.46	3.44%	5,301,853.46	3.40%
Over 3 years	108,760,735.81	70.52%	108,760,735.81	69.69%
Total	154,224,350.84	100%	156,073,332.14	100%

* In closing balance of accounts payable, the amount subjects to shareholders who hold 5% or more voting rights is RMB 2,106,550.50.

** The main companies of accounts receivable are presented below:

Name of company	Amount	Note
Shenzhen Shenbao Industrial Co., Ltd.	43,703,906.42	Repaid short-term loans for
Xin Gang Ao Company	29,958,573.60	Current account
Shenzhen Textile(Holdings)Co. Ltd.	24,000,000.00	Current account
Singapore Ende	19,090,000.00	Current account
Total	116,752,480.02	

(12) Contingent liabilities

Item	Closing balance	Opening balance	Note
Contingent liability	685,462,555.57	691,941,907.57	Overdue of foreign guarantee loans and most of them are pleaded. Unrecoverable.

* The Company was indicted by Shenzhen Branch of Bank of Communication due to loan guarantee for Shenzhen Guoyin Investment (Group) Co., Ltd.. Thereafter, Bank of Communication, the execution applicant, transferred the creditor's rights of this guarantee to Jiayi Group Co., Ltd., and the later also transferred the said creditor's rights to Hainan Huihexing Investment Co., Ltd.. According to the decree of Heyuan Intermediate People's Court of Guangdong, Shenzhen Guoyin Investment (Group) Co., Ltd., person subject to enforcement, paid 2640000 shares of the Company worth RMB 6,479,352 to Hainan Huihexing Investment Co., Ltd.. As a result, the Company reduced the contingent liabilities by RMB 6,479,352.

(13) Share capital

		Current period addition(decrease)						
Items	Opening balance	Allotment	Bonus share	Share from public reserve	New issue	Others	Subtotal	Closing balance
I. Un-traded shares								
1. Founders' shares	---	---	---	---	---	---	---	---
Included: State owned shares	---	---	---	---	---	---	---	---
State owned legal representative held shares	---	---	---	---	---	---	---	---
Domestic legal representative held shares	17,160,000.00	---	---	---	---	---	---	17,160,000.00
Others	---	---	---	---	---	---	---	---
2. Non-founders' shares	---	---	---	---	---	---	---	---
Included: State held shares	---	---	---	---	---	---	---	---
State owned legal person held shares	---	---	---	---	---	---	---	---
Domestic legal representative held shares	191,400,000.00	---	---	---	---	---	---	191,400,000.00
Internal employee held shares	---	---	---	---	---	---	---	---
Domestic natural	---	---	---	---	---	---	---	---

representative held shares								
Initial share	---	---	---	---	---	---	---	---
Other	---	---	---	---	---	---	---	---
3. Preference share	---	---	---	---	---	---	---	---
Total of shares not traded	208,560,000.00	---	---	---	---	---	---	208,560,000.00
II. Shares traded								
1. RMB common shares domestic listed	40,260,000.00	---	---	---	---	---	---	40,260,000.00
2. Foreign currency shares domestic listed	39,600,000.00	---	---	---	---	---	---	39,600,000.00
3. Foreign currency shares overseas listed	---	---	---	---	---	---	---	---
4. Others	---	---	---	---	---	---	---	---
Total of shares traded	79,860,000.00	---	---	---	---	---	---	79,860,000.00
III. Total shares	288,420,000.00	---	---	---	---	---	---	288,420,000.00

Above listed capital paid in has been checked by Shenzhen Zhixin Certified Public Accountants and reported in the Capital Verification Report coded Shen Zhi Xin Yan Zi [1996] No. 007.

(14) Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Share premium	234,019,470.63	---	---	234,019,470.63
Other capital surplus	147,039,628.15	---	---	147,039,628.15
Total	381,059,098.78	---	---	381,059,098.78

(15) Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	97,683,685.99	---	---	97,683,685.99
Including: statutory capital reserve	97,683,685.99	---	---	97,683,685.99
Arbitration surplus reserve	40,621,120.90	---	---	40,621,120.90
Subtotal	138,304,806.89	---	---	138,304,806.89

(16) Retained profit

Items	Current period
Net profit	(12,450,326.65)
Add: Retained Earnings at beginning of the year	(2,446,177,404.19)
Closing balance at the year end	(2,458,627,730.84)

(17) Total operating revenue

Other operations	Amount for the current period			Amount for the same period of last year		
	Revenue from other business	Cost of other business	Profit	Revenue from other business	Cost of other business	Profit
Property rental	772,487.90	---	772,487.90	875,728.62	---	875,728.62

(18) Financial expense

Items	Amount for the current period	Amount for the same period of last year
Interest expense	17,839,934.98	16,754,134.29
Less: interest income	4,037.88	2,532.67
Exchange loss	---	---
Other	130.00	532.30
Total	17,836,027.10	16,752,133.92

(19) Investment income

Type	Amount for the current period	Amount for the same period of last year
Gains from affiliated companies and associated companies	---	---
Gains from equity investment transfer	---	(1,443,051.09)
Total	---	(1,443,051.09)

(20) Non-operating income

Items	Amount for the current period	Amount for the same period of last year
Income from disposing fixed assets	---	---
Other	6,479,352.00	1,290,040.00
Total	6,479,352.00	1,290,040.00

(21) Other cash received relating to operating activities

Items	Amount for the current period
Current accounts	300,000.00
Rental income	772,487.90
Interest income	4,037.88
Total	1,076,525.78

(22) Other cash paid relating to operating activities

Items	Amount for the current period
Motor vehicle expenses	73,170.00
Rental charge	80,761.20
Office expense	120,887.80
Traveling expenses	15,551.30
Business expenses	20,752.00
Water and electricity fees	6,403.15
Others	16,663.90
Telephone charges	9,454.57
Attorney fees	30,000.00
Current accounts	35,481.97
Total	409,125.89

(23) Cash and cash equivalent

Items	Amount for the current period
I. Cash	29,398.58
Including: Cash on hand	29,398.58
II. Cash equivalent	---
Including: Bond investment due within three months	---
III. Balance of cash and cash equivalent as at the period-end	29,398.58
Including: Restricted cash and cash equivalent used by parent company or subsidiaries in the Group	---

Note 8. Supplemental Information for Cash Flow Statement

Supplemental information	Amount
1. Adjusting net profit into cash flows of operating activities:	
Net profit	(12,450,326.65)
Provision for impairment of assets	---
Depreciation of fixed assets,	288,614.19
Amortization of intangible assets	---
Amortization of long-term expenses to be apportioned	---
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with “-”)	---
Loss from rejection of fixed assets	---
Loss from change in fair value	---
Financial expenses	17,839,934.98
Investment loss	---
Deferred income tax assets – credit item	---
Decrease of inventory	---
Decrease in operating receivables	756,501.42
Increase in operating payables	71,837.96
Other	(6,479,352.00)
Net cash flows arising from operating activities	27,209.90
2. significant investing and financing activities for non cash items:	
Offering shares to specific shareholders	---
Investment from assets transfer	---
Financing leased fixed assets	---
3.net increase (decrease) for cash and cash equivalents	
Ending balance for cash	29,398.58
Decrease: beginning balance for cash	2,188.68

Increase: ending balance for cash equivalents	---
Decrease: beginning balance for cash equivalents	---
Net increase (decrease) in cash and cash equivalents	27,209.53

Note 9. Non-operating gains and losses

Description	Amount for the current year	Amount for the previous year
1 Losses/gains on disposal of non-current assets		
(1) Net loss/profit on disposal of fixed-assets	---	---
(2) Net loss/profit on disposal of intangible assets	---	---
(3) Net loss/profit on disposal of long-term investment	---	1,556,948.91
Net loss/profit on disposal of non-current assets	---	1,556,948.91
2. Government grants recognized in current income	---	---
3. Current net loss/profit generated from beginning of year to acquisition date from subsidiaries under common control	---	---
4. Reserve for recognized provision	6,479,352.00	699,460.72
5. Net losses/profit from other non-operating items	---	---
(1) Non-operating income	---	50,040.00
(2) Decrease: non-operating expense	---	---
Net of non-operating income and expenses	---	50,040.00
Total of non-operating losses/profit before deduction of income tax	6,479,352.00	2,306,449.63
Decrease: amount of income tax	---	---
Total of non-operating losses/profit after deduction of income tax	6,479,352.00	2,306,449.63
Decrease: amount of minority interest	---	---
Total of non-operating loss/profit after deduction of minority interest	6,479,352.00	2,306,449.63

Note 10. Relationship of Related Parties and Transactions

(1) The related parties without control relationship

Name of related parties	Relationship with the Company
Shenzhen Investment Holding Corporation	The prior controlled shareholder
Shenzhen Lionda Free Tax Trading Co., Ltd.	Associated company
Shenzhen Taiyang Pipe Co., Ltd.	Associated company
Shenzhen Guangyingda Industrial Co., Ltd.	The subsidiary of controlled shareholder
Xinshiji Water Technology Co., Ltd.	The subsidiary of controlled shareholder
Shenzhen Oriental Enterprise Co., Ltd	The subsidiary of controlled shareholder
Shenzhen Gaokeda Electronic Co. Ltd.	Associated company
Yue-Shen Light Industry & Trading Company	Associated company
Beijing Sun Pipeline Co., Ltd	The subsidiary of controlled shareholder
Shenzhen Keruite New Materials Co., Ltd.	Associated company
Shenxin Enterprise Co., Ltd.	Associated company
Shenzhen Jiadeng Trade Co., Ltd	Subsidiary of associated company
Shenzhen Fuguanghao Industrial Co., Ltd.	Subsidiary of associated company
Shenzhen Yingte Enterprise Co., Ltd.	Associated company
Shenzhen Yuda Import & Export Co., Ltd.	The subsidiary of controlled shareholder

Shenzhen Paina Garment Co., Ltd.	The subsidiary of controlled shareholder
Shenzhen Xingji Industry Co., Ltd.	Shareholder of subsidiary
Shenzhen Ke'Enda Technology Co., Ltd.	The subsidiary of controlled shareholder

(2) The related parties with control relationship

Controlling shareholder

Name of related parties	Business type	Legal representative	Registered capital	Operating scope	Shares or interest held	Relationship with the Company
Shenzhen Lionda Group Co., Ltd.	Limited liability enterprise	Fenbo Yang	RMB 586490000	Invested in manufacture, commerce and import/export business	66.36%	The controlling shareholder of the Company

Subsidiaries that did not be brought into consolidation scope

Name of related parties	Relationship with the Company
Shenzhen Lionda Light Textile Chemical Industrial Co., Ltd.	Subsidiary
Shenzhen Lionda Hunan Branch	Subsidiary
Shenzhen Lionda Electrical Equipment Co., Ltd.	Subsidiary
Shenzhen Lionda Paper Making Co., Ltd.	Subsidiary
Shenzhen Lionda Leke Suitcase Co. Limited	Subsidiary
Shenzhen Lionda Food Industrial Co., Ltd.	Subsidiary
Shenzhen Goldstar Printing Factory	Subsidiary
Shenzhen Lionda Development Co., Ltd.	Subsidiary
Shenzhen Lionda Materials Import & Export Co., Ltd.	Subsidiary
Shenzhen Lionda Property Management Co., Ltd.	Subsidiary
Shanghai Lionda Industrial Co.,Ltd.	Subsidiary
Shenzhen Lionda Industrial Trading Co. Ltd.	Subsidiary

(3) Detailed loan guarantee provided by the Company providing to related companies:

Name of related parties	Amount of guarantee			Equivalent RMB	notes
	USD	HKD	RMB		
Shenzhen Lionda Free Ta Trading Co., Ltd.	---	---	8,500,000.00	8,500,000.00	Overdue and was indicted
Shenzhen Taiyang Pipe Co., Ltd.	4,500,000.00	---	6,000,000.00	43,350,000.00	Overdue and was indicted
Shenzhen Gaokeda Electronic Co. Ltd.	---	---	500,000.00	500,000.00	Overdue and was indicted
Shenzhen Yuda Import & Export Co., Ltd.	---	---	4,800,000.00	4,800,000.00	Overdue and was indicted
Shenzhen Paina Garment Co., Ltd.	---	---	1,300,000.00	1,300,000.00	Overdue and was indicted
Shenzhen Light Industry Import & Export Co., Ltd.	100,000.00	---	1,900,000.00	2,730,000.00	Overdue and was indicted
Yue-Shen Light Industry & Trading Company	---	---	8,187,837.00	8,187,837.00	Overdue and was indicted
Shenzhen Lionda Hunan Branch	---	---	3,250,000.00	3,250,000.00	Overdue and was indicted
Shenzhen Lionda Food Industrial Co., Ltd.	---	---	29,400,000.00	29,400,000.00	Overdue and was indicted
Shenzhen Lionda Materials Import & Export Co., Ltd.	---	11,850,000.00	52,980,959.49	65,660,459.49	Overdue and was indicted
Shenzhen Lionda Electrical Equipment Co., Ltd.	---	---	9,850,000.00	9,850,000.00	Overdue and was indicted
Shenzhen Paper Making Co., Ltd.	---	---	17,900,000.00	17,900,000.00	Overdue and was indicted
Shenzhen Guangyingda Industrial Co., Ltd.	8,336,160.00	---	9,780,000.00	78,970,100.00	Overdue and was indicted
Shenzhen Lionda Development Co., Ltd.	---	5,900,000.00	3,000,000.00	9,313,000.00	Overdue and was indicted
Shenzhen Lionda Leke Suitcase Co. Limited	---	---	12,850,000.00	12,850,000.00	Overdue and was indicted
Total	12,936,160.00	17,750,000.00	170,198,796.49	296,561,396.49	

(4) Amount due from/to related parties

Current	Name of related parties	Ending balance of the year	Beginning balance of the year
Other receivables	Shenzhen Lionda Materials Import & Export Co., Ltd.	27,935,288.45	27,935,288.45
	Shenzhen Lionda Food Industrial Co., Ltd.	4,998,701.51	4,998,701.51
	Shenzhen Lionda Development Co., Ltd.	55,156,083.24	55,362,158.24
	Shenzhen China Bicycle Company (Holdings) Limited	232,801,657.06	232,801,657.06
	Shenzhen Keruite New Materials Co., Ltd.	214,000.00	214,000.00
	Shenzhen Taiyang Pipe Co., Ltd.	25,686,735.00	25,686,735.00
	Shenzhen Jiadeng Trade Co., Ltd	1,008,500.00	1,008,500.00
	Shenzhen Yingte Enterprise Co., Ltd.	477,539.63	477,539.63
	Shenzhen Fuguanghao Industrial Co., Ltd.	464,231.01	994,657.43
Total		348,742,735.90	349,479,237.32
Other payables	Shenzhen Lionda Group Co., Ltd.	2,106,550.50	3,955,531.80
	Shenzhen Lionda Leke Suitcase 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
	Shenxin Enterprise Co., Ltd.	372,569.98	372,569.98

Total	7,648,689.48	9,497,670.78

* The interest of Shenzhen China Bicycle Company (Holdings) Limited held by the Company has been transferred out by end of year, therefore, Shenzhen China Bicycle Company (Holdings) Limited is no longer the related party of the Company.

Note 11. Lawsuits

For the reporting period, the Company received two executive orders and two civil judgments from Shenzhen Intermediate People's Court, one civil judgment from Puning People's Court of Guangdong, and two civil judgments from Heyuan Intermediate People's Court of Guangdong. The relevant contents are as follows:

1. A case of loan contract dispute between the Company and Bank of China Shenzhen Branch (China Cinda Asset Management Corporation Shenzhen Office), the principal of the Contract is HKD 32 million. Shenzhen Shenbao Industrial Co., Ltd. provided the guarantee for the loan. In December 2005, China Cinda Asset Management Corporation Shenzhen Office transferred the above-mentioned creditor's rights to Glenmore Investment Limited. With the above matter, the Company received two executive orders and two civil judgments from Shenzhen Intermediate People's Court on 28 April 2008. The civil judgment [(2008) Shen-Zhong-Fa-Zhi- Zi No. 353] made by Shenzhen Intermediate People's Court on 26 March 2008 includes the following contents: sealing up and freezing the properties of the Company (namely the person subject to enforcement), in the limit of HKD 3,566,248 and the relevant interests, defaut interests, interests on debt within the period of delay in fulfillment, fees for accepting a case, fees for preservation of properties, application fees and actual expenses in the execution. The civil judgment [(2008) Shen-Zhong-Fa-Zhi-Zi No. 127] made by Shenzhen Intermediate People's Court on 7 January 2008 includes the following contents: the Company (namely the person subject to enforcement), in accordance with the requirements stipulated in Shenzhen Intermediate People's Court on Provision of Several Issues Concerning Enforcing Person Subject to Execution to Report Its Properties (Trial), must to fill the Property Declaration in truly and correctly and submit to the Court within seven days after the said judgment is served by the Court. There is no other influence on gains and losses for the current period due to the change in creditor involved in the above-mentioned lawsuit.

2. A case of loan contract dispute between Shenzhen Representative Office of China Changcheng Property Management Company and Shenzhen Xinhuayu Marine Environment Technology Engineering Co., Ltd., as well as the Company, the principal of the loan is RMB 3,000,000, for which the Company provided the guarantee. The Company received a civil judgment from Puning People's Court of Guangdong on 12 March 2008. Puning People's Court of Guangdong, accepting the order with (2007) Yue-Gao-Fa-Zhi-Zhi-Zi No. 93 from Guangdong Superior People's Court on 16 May 2007, put on record and executed the said case. In course of execution of the case, Shenzhen Representative Office China Changcheng Property Management Company transferred its rights to Shenzhen Union Baoli Investment Guarantee Co., Ltd. according to the laws on 22 November 2006. The latter put forward an application to the Court for changing execution applicant on 28 November 2007. Puning People's Court of Guangdong considered the said application applied by Shenzhen Union Baoli Investment Guarantee Co., Ltd. is in compliance with the provisions of laws, and made a civil judgment [(2007) Pu-Fa-Wei-Zhi-Zi No. 169-1] on 16 January 2008 as follows: changing Shenzhen Union Baoli Investment Guarantee Co., Ltd. as the execution applicant in the case, the rights and obligations of Shenzhen Representative Office of China Changcheng Property Management Company, the original execution applicant, are undertaken by Shenzhen Union Baoli Investment Guarantee Co.,

Ltd. There is no other influence on gains and losses for the current period due to the change in creditor involved in the above-mentioned lawsuit. The Company has fully withdrawn accrued liabilities.

3. Loan contract dispute between the Company, Shenzhen Guoyin Investment Group Co., Ltd. and Nanshan Subbranch, Shenzhen Branch, Bank of Communication, the dispute involved three cases, the principal of the Contracts are respectively RMB 2 million, RMB 3 million and RMB 6 million, totaling RMB 11 million. The Company provided the guarantees for the aforesaid three loans. Thereafter, Bank of Communication Shenzhen Branch Nanshan Subbranch, the execution applicant, transferred the related rights to Jiayi Group Co., Ltd.. Hainan Huihexing Investment Management Co., Ltd. put forward an application to the Heyuan Intermediate People's Court for changing it as execution applicant on 10 March 2008. As reviewed, a Creditor's Right Transfer Agreement was signed between Jiayi Group Co., Ltd. and Hainan Huihexing Investment Management Co., Ltd. on 4 Feb. 2008, in which the creditor's right of this case (excluding fees for accepting a case, fees for preservation of lawsuit prepaid by Bank of Communication Shenzhen Branch Nanshan Subbranch) was transferred to Hainan Huihexing Investment Management Co., Ltd.. On 8 March 2008, Jiayi Group Co., Ltd. and Hainan Huihexing Investment Management Co., Ltd. respectively published a notice on transferring creditor's right on Shenzhen Commercial Daily. Therefore, Heyuan Intermediate People's Court made a civil judgment [(2007) He-Zhong-Fa-Zhi-Zi No. 100-2, 101-2 and 102-2] according to the laws on 24 March 2008 as follows: Changing Hainan Huihexing Investment Management Co., Ltd. as the execution applicant of such case, and the said company accepted the rights confirmed in the civil judgments with (2000) Shen-Zhong-Fa-Jing-Tiao-Chu-Zi No. 213, 214 and 215 (excluding fees for accepting the case of RMB 91,190, fees for preservation of lawsuit of RMB 34,470 prepaid by Bank of Communication Shenzhen Branch Nanshan Subbranch). In course of execution, Heyuan Intermediate People's Court, according to the laws, entrusted Shenzhen Gongping Auction Co., Ltd. to auction 2,640,000 shares of S*ST Sunrise (stock code: 000030, nature of shares: domestic legal person shares) held by Shenzhen Guoyin Investment Group Co., Ltd. (namely person subject to execution). Through auction three times, no one bided. The execution applicant put forward an application to the Court, which asked to cancel out debts with RMB 6,479,352 (reserve price for the third auction), Heyuan Intermediate People's Court considered the application applied by the execution applicant is in compliance with the provisions of laws, and made civil judgment [(2007) He-Zhong-Fa-Zhi-Zi No. 100-3, 101-3 and 102-3] according to the laws on 25 March 2008 as follows: paying 2,640,000 shares of S*ST Sunrise (stock code: 000030, nature of shares: domestic corporate shares) held by Shenzhen Guoyin Investment Group Co., Ltd. (namely person subject to execution) worth RMB 6,479,352 Hainan Huihexing Investment Management Co., Ltd. (namely the execution applicant); relieving the sealing of the aforesaid equity; handling transfer procedure of property right in relevant department by Hainan Huihexing Investment Management Co., Ltd. (namely the execution applicant) with the said judgment. Also, in accordance with the details on sponsor corporate shares and shares held by corporate shareholders inquired by the Company in China Securities Depository and Clearing Corporation Limited Shenzhen Branch on 15 May 2008, the Company is aware of that Shenzhen Guoyin Investment Group Co., Ltd. has been changed into Hainna Huihexing Investment Management Co., Ltd. with holding 2,640,000 shares of the Company (S*ST Sunrise). The Company has fully withdrawn accrued liabilities to the guarantee of RMB 11 million, as a result, the Company obtained income of RMB 6,479,352 from the said lawsuit.

Note 12. Contingent Events

The Company provided guarantee for other companies, and the amount for guarantee, overdue

guaranteed loan and indicted was USD 36,009,760, HK$ 59,805,200 and RMB 502,787,396 Yuan respectively.

The Company's overdue loan involved amounts were USD 3,729,263, HK$ 48,109,722 and RMB 96,908,000 Yuan respectively.

Note 13. Commitment

The Company has no significant commitments from balance sheet date to audit report date.

Note 14. Debt Restructuring

To relieve the guarantee responsibility to Shenzhen China Bicycle Company (Holdings) Limited (thereafter "Shen Zhonghua") loan from China Huarong Asset Management Corp., the Company entered into the agreement of "the framework agreement as to release guarantee responsibility of Laiyanda and Shen Zhonghua restructuring event " and "supplemental agreement", according to the agreement, the Company would pay RMB110 million and 88million corporate shares of Shen Zhonghua to China Huarong Asset Management Corp., and China Huarong Asset Management Corp. would release the Company's guarantee responsibility to Shen Zhonghua at amount of RMB917 million debt principal and related interest. China Huarong Asset Management Corp. will be the chief shareholder and take charge of the debt restructuring matter, the Company's all creditor's right to Shen Zhonghua will be treated equally with the remained creditor's right to China Huarong Asset Management Corp. when debt restructure. As at December 31, 2007, the Company paid cash of RMB110 million to China Huarong Asset Management Corp. and transfer A share of totaled 65,098,412 shares and A share of totaled 17,899,664 shares, and B share of 5,001,944 shares was transferred whereas the transfer procedure is in progress.

Note 15. Other Significant Events

The Company's share reform has not completed as the end of year, as at December, 2006, as approved by Stated-owned Assets Supervision Administrative Committee of Shenzhen Government(Shen Guo Zi Wei Han (2006) No. 385) to Shenzhen Stock Exchange, principally passed the Company's stock reform; as at Jan. of 2007, the Company's share reform proposal was approved by shareholders' meeting. The controlled shareholder of Shenzhen Lionda Group Co., Ltd. held the Company's 191400k shares and above shares was sealed up by middle court of Shenzhen dated on Apr. 10 of 2007, and this caused the Company was unable to apply for share reform processing plan to Security Registration Company.

Note 16. Going Concern

(1) The concern matters caused to the doubt to the Company's going concern ability and related improvement measures:

As presented in note 7 (7) and note 12, the Company is in significant repayment pressure for short-term debt and substantive guarantee debt was indicted, these will affect the Company's going concern if the Company is not able to release them.

As such, the Company entered into financing consultation agreement with Beijing. ZhongheYingtai Management Co., Ltd in Jan. 2007, ZhongheYingtai Management Co., Ltd will design the Company's restructuring plan, the Company would negotiation with creditor for debt and assets restructuring, and would try to make progress for debt restructuring matter; at the same time, the Company's controlled shareholder of Shenzhen Lionda Group Co., Ltd. has sought the cooperator to improve the Company's

going concern ability since Dec. 2006

The Company's management believed that the Company would continue operation after the restructuring, therefore the preparation of financial statements is still based on the going concern principle.

(2) Due to the uncertainty of the Company's going concern, this could possibly because the Company was not able to realize cash for assets repay the debt in ordinary course of business.

Note 17. Earnings per share

Profit in report period	Earnings per share			
	Basic earnings per share		Diluted earnings per share	
	Amount for the current year	Amount for the same period of previous year	Amount for the current year	Amount for the same period of previous year
Net profit attributable to common shareholders of the Company	(0.0432)	(0.0565)	(0.0432)	(0.0565)
Net profit attributable to common shareholders of the Company deducting non-recurring gains and losses	(0.0656)	(0.0610)	(0.0656)	(0.0610)

Items	Amount for the current year	Amount for the previous year
Calculation for basic and diluted earning per share		
(1) numerator:		
Net profit after income tax	(12,450,326.65)	(16,293,079.72)
Adjustment: preferred stock dividends and other instruments	---	---
Profit/loss for parent company's common stock shareholders in basic earnings per share calculation	(12,450,326.65)	(16,293,079.72)
Adjustment: diluted potential common stock dividends and related interest	---	---
The change of profit or expense generated from the transfer of diluted potential common stock	---	---
Profit/loss for common stock shareholders of parent company in diluted earnings per share calculation	(12,450,326.65)	(16,293,079.72)
(2) Denominator:		
Weighted average for offering common stock in current year in basic earnings per share calculation	288,420,000.00	288,420,000.00
Add: weighted average when all diluted potential common stocks transfer to common stock	---	---
Weighted average for currently offering common stock in diluted earnings per share calculation.	288,420,000.00	288,420,000.00
(3) earnings per share		
Basic earnings per share		

Net profit for Company's common stock shareholders	(0.0432)	(0.0565)
Net profit for Company's common stock shareholders after deduction of non-operating items	(0.0656)	(0.0610)
Diluted earnings per share	---	---
Net profit for Company's common stock shareholders	(0.0432)	(0.0565)
Net profit for Company's common stock shareholders after deduction of non-operating items	(0.0656)	(0.0610)

Note 18. The Approval of Financial Statement

The Company's financial statement has been approved by the Board of Directors' meeting on 7 August 2008.

Section VIII Documents 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, CFO and person in charge of accounting office;
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 the semi-annual Report 2008 carried with personnel signature of Chairman of the Board.

Guangdong Sunrise Holdings Co., Ltd.

Chairman of the Board: Wang Jianyu

11 August 2008

Attachment:

Statement of Provision for Impairment of Assets

Prepared by Guangdong Sunrise Holdings Co., Ltd. 30 June 2008 Unit: RMB Yuan

Items	Book balance at the beginning of the period	Withdrawing amount in this period	Decrease in this period		Book balance at the end of the period
			Switching back	Writing off	
I. Reserve for bad debts	391,577,411.14				391,577,411.14
II. Reserve for falling price of inventories	20,912,610.00				20,912,610.00
III. Provision for impairment of financial assets available for sale					
IV. Provision for impairment of held-to-maturity investment					
V. Provision for impairment of long-term equity investment	180,746,113.28				180,746,113.28
VI. Provision for impairment of investment real estate					
VII. Provision for impairment of fixed assets					
VIII. Provision for impairment of project materials					
IX. Provision for impairment of construction in progress					
X. Provision for impairment of productive biological assets					
Of which: Provision for impairment of mature productive biological assets					
XI. Provision for impairment of oil–gas assets					
XII. Provision for impairment of intangible assets					
XIII. Provision for impairment of goodwill					
XIV. Other					
Total	593,236,134.42				593,236,134.42

Statement of Change in Owners' Equity

Prepared by Guangdong Sunrise Holdings Co., Ltd. 30 June 2008 Unit: RMB Yuan

Items	Amount for the current period									Amount for the previous period								
	Owners' equity attributable to parent company							Minority interests	Total of owners' equity	Owners' equity attributable to parent company							Minority interests	Total of owners' equity
	Paid-up capital (or share capital)	Capital reserve	Lessen: treasury stock	Surplus public reserve	General risk reserve	Retained profits	Others			Paid-up capital (or share capital)	Capital reserve	Lessen: treasury stock	Surplus public reserve	General risk reserve	Retained profits	Others		
I. balance at the end of last year	288,420,000.00	381,059,098.78		138,304,806.89		-2,446,177,404.19			-1,638,393,498.52	288,420,000.00	381,059,098.78		138,304,806.89		-2,424,102,187.06			-1,616,318,281.39
Add: change of accounting policy																		
Correction of errors in previous period																		
II. balance at the beginning of this year	288,420,000.00	381,059,098.78		138,304,806.89		-2,446,177,404.19			-1,638,393,498.52	288,420,000.00	381,059,098.78		138,304,806.89		-2,424,102,187.06			-1,616,318,281.39
III. Increase/ decrease of amount in this year ("-" means decrease)						-12,450,326.65			-12,450,326.65						-16,293,079.72			-16,293,079.72
(I) Net profit						-12,450,326.65			-12,450,326.65						-16,293,079.72			-16,293,079.72
(II)Gain/loss listed to owners' equity directly																		
1. Net amount on changes in book value of financial assets available for sale																		
2.Effect on changes in other owners' equity of invested units under equity method																		
3. Effect on income tax related to items listed to owners' equity																		
4. Others																		
Subtotal of (I)and (II)						-12,450,326.65			-12,450,326.65						-16,293,079.72			-16,293,079.72

(III) Input an reduced capital of owners																		
1. Input capital of owners																		
2. Amount of Shares included in the owners' equity																		
3. Others																		
(IV) Profit distribution																		
1. Withdrawing surplus public reserve																		
2. Withdrawing general risk reserve																		
3. Distribution to owners (shareholders)																		
4. Other																		
(V)Internal carrying forward of owners' equity																		
1. New increase of capital (share capital) from capital reserves																		
2. Convert surplus reserves to capital(share capital)																		
3. Surplus reserves make up losses																		
4. Others																		
IV. Balance at the end of this period	288,420,000.00	381,059,098.78		138,304,806.89		-2,458,627,730.84			-1,650,843,825.17	288,420,000.00	381,059,098.78		138,304,806.89		-2,440,395,266.78			-1,632,611,361.11