Guangdong Sunrise Holdings Co., Ltd.

The Third Quarterly Report 2008

§1. Important Notice

1.1 The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior management of Guangdong Sunrise Holdings Co., Ltd (hereinafter referred to as "the Company") warrant that this report does not contain any false or misleading statements or omit any material facts and all information set forth herein are true, accurate and complete.

1.2 None of the directors, supervisors, senior management demonstrated uncertainty or disagreement about the truthfulness, accuracy, and completeness of this quarterly report.

1.3 All directors attended the Board meeting.

1.4 The Financial Report of the Third Quarterly Report has not been audited.

1.5 Mr. Wang Jianyu, Chairman of the Board Directors, Person in charge of the Company, General Manager as well as Person in charge of Accounting Work and Mr. Yu Deshan, Person in charge of Accounting Organ, hereby confirmed that the Financial Report enclosed in the Quarterly Report is true and complete.

§2. Company Profile

2.1 Main accounting data and financial indexes

Unit: RMB Yuan

	At the end of the report period	At the end of the last year	Increase/decrease at the end of the report period compared with that at the end of the last year (%)
Total assets	24,379,610.62	27,154,777.79	-10.22%
Owners' equity (or shareholders' equity)	-1,659,721,964.29	-1,638,393,498.52	-
Net assets per share	-5.75	-5.68	-
	From the beginning of the year to the end of the report period		Increase/decrease compared with the same period of the last year (%)
Net cash flow from operating activities	8,851.90		-37.62%
Net cash flow from operating activities per share	0.00		-37.62%
	In the report period	From the beginning of the year to the end of the report period	Increase/decrease in the report period compared with the same period of the last year (%)
Net profit	-8,878,139.13	-21,328,465.78	-
Basic earnings per share	-0.03	-0.07	-
Basic earnings per share deducted non-recurring gain/loss	-	-0.05	-
Diluted earnings per share	-0.03	-0.07	-

Net return on equity	-	-	-
Net return on equity deducted non-recurring gain/loss	-	-	-

Items of non-recurring gains and losses

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount from the beginning of the year to the end of report period
Net non-operating income and expenditure	6,529,352.00
Total	6,529,352.00

2.2 Total number of shareholders at the end of the report period and statement on shares held by the top ten shareholders holding shares not subject to trading moratorium

Unit: Share

Total number of shareholders		13,086
Shares held by the top ten tradable shareholders		
Name of shareholders	Number of tradable shares held	Type of share
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD	1,810,000	Renminbi ordinary share
CHINA EVERBRIGHT HOLDINGS CO., LTD	1,406,750	Domestically listed foreign share
SU MING	1,110,000	Renminbi ordinary share
CITRINE CAPITAL LIMITED	868,783	Domestically listed foreign share
NI MING	541,700	Domestically listed foreign share
WU SHU PING	480,000	Renminbi ordinary share
BOCI SECURITIES LIMITED	480,000	Domestically listed foreign share
GAO SHAO HUA	458,100	Domestically listed foreign share
XU YONG SHAN	425,900	Renminbi ordinary share
PAN YU JIAO	397,800	Domestically listed foreign share

§3. Significant events

3.1 Particular about large-margin change in main item of accounting statement and financial index and reason for change

☐Applicable √Inapplicable

3.2 Progress and influence of significant events as well as explanation and analysis of resolving proposal

√Applicable ☐Inapplicable

I. For details of significant event that 191,400,000 shares held by Shenzhen Lionda Group Co., Ltd, the controlling shareholder of the Company drafted to sell at auction judicially, please referred to Public Notice on Significant Matter that Controlling shareholders' equity of the Company would be Sold at Auction Judicially with announcement serial No.2008-045 on Securities Times, HK Ta Kung Pao and www.cninfo.com.cn on 21 Jul. 2008. the Company received the [2008] SZFZ Zi No.222 and 298-2 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 judicially. Shenzhen Union Auction Co., Ltd and Shenzhen Hehe Auction Co., Ltd decided to publicly auction the aforesaid shares in

Room 2307, Haitian Building, Caitian Road South, Shenzhen City on 10 Oct. 2008 at reference price RMB 1.1 per share.

At present, the Company was in progress of share merger reform, the controlling shareholder Shenzhen Lionda Group Co., Ltd of the Company was one of nontradable shareholders. Nontradable shareholder of the Company Shenzhen Lionda Group Co., Ltd should pay 18,473,734 shares as consideration shares to tradable shareholder according to consideration arrangement of share merger reform. Therefore, events that 191,400,000 shares held by Shenzhen Lionda Group Co., Ltd, the controlling shareholder of the Company drafted to sell at auction judicially would put off the implementation of share merger reform. The above said 191,400,000 shares drafted to sell at auction included 18,473,734 shares paid for share merger reform consideration, therefore, the buyer (or new controlling shareholder) would implement the 18,473,734 consideration shares, meanwhile, the buyer (or new controlling shareholder) would undertook commitment on share merger reform made by Shenzhen Lionda Group Co., Ltd. Shenzhen Union Auction Co., Ltd and Shenzhen Hehe Auction Co., Ltd published Public Notice on Auction on China Securities Journal and Shenzhen Special Zone Daily on 23 Sep. 2008, which definitely noted that the buyer must undertook obligation in accordance with percentage bought, that is fully undertook promise on payment on consideration of share merger reform, relevant special promise and supplement promise.

II. Special explanation on audit report with disclaimer of opinion expressed by Shenzhen Dahua Tiancheng Certified Public Accountants by the Board of Directors:

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.

3.3 Implementation on commitments made by the Company, shareholders and the actual controller

√ Applicable ☐Inapplicable

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. Shenzhen Union Auction Co., Ltd and Shenzhen Hehe Auction Co., Ltd published Public Notice on Auction on China Securities Journal and Shenzhen Special Zone Daily on 23 Sep. 2008, which definitely noted that the buyer must undertook obligation in accordance with percentage bought, that is fully undertook promise on payment on consideration of share merger reform, relevant special promise and supplement promise.

3.4 Warnings of possible loss or great change of the accumulated net profit made during the period from the beginning of the year to the end of the next report period compared with the same period of the last year according to prediction, as well as explanations on the reasons

√ Applicable ☐Inapplicable

Owing to lasting higher short-term loan of the Company and larger financial expenses

of the Company, it is predicted that outstanding achievement of the Company in 2008 will make a loss.

3.5 Other significant events need to be explained

I. The Company received Notice on Failure of Auction which was send to Shenzhen Intermediate People's Court by Shenzhen Hehe Auction Co., Ltd on 13 Oct. 2008. The notice claimed that entrusted by Shenzhen Intermediate People's Court, Shenzhen Hehe Auction Co., Ltd auctioned 191,400,000 social legal person shares of the Company (stock code: 000030) listed in Shenzhen held by Shenzhen Lionda Group Corporation with reference price RMB 1.1 per share. Nobody pay deposit up to 8 Oct. 2008, so the auction was failed. The failure of auction would put off share merger reform (Details please referred to Public Notice on Failure of Judicial Auction of Equity of Controlling Shareholder published on Securities Times, Hong Kong Ta Kung Pao dated 14 Oct. 2008 as well as www.cninfo.com.cn with announcement No. 2008-069.

II. There were no capital occupation by controlling shareholder or related party neither external guarantee violating regulation in the third quarterly. The Company once offered guarantee for controlling shareholder and affiliated enterprises, but which was historical remained events.

3.5.1 Securities investment

☐Applicable √Inapplicable

3.5.2 Equity of other listed companies held by the Company

☐Applicable √Inapplicable

3.5.3 Investigation, communication and interview of the Company in the report period

Reception time	Reception place	Reception way	Reception object	Discussion content and materials provided
21 Aug. 2008	Secretariat of the Company	Telephone communication	Investor of A share	Asked auction of equity held by controlling shareholder of the Company and they were told that we had not received auction notice from the court yet
16 Sep. 2008	Secretariat of the Company	Telephone communication	Investor of A share	Asked auction of equity held by controlling shareholder of the Company and they were told that we had not received auction notice from the court yet

§4. Attachment

4.1 Balance sheet

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

30 Sep. 2008

Items	Amount at period-end		Amount at period-begin	
	Consolidation	Parent company	Consolidation	Parent company
Current Assets:				
Monetary funds	11,040.58	11,040.58	2,188.68	2,188.68
Settlement reserve				
Dismantle fund				
Transaction financial asset				
Notes receivable				
Account receivable				

Account paid in advance				
Premiums receivable				
Reinsurance premiums receivable				
Receivable reinsurance contract reserves				
Interest receivable	80,000.00	80,000.00	1,931,203.38	1,931,203.38
Other account receivable	1,885,694.93	1,885,694.93	2,391,108.22	2,391,108.22
Buying back the sale of financial assets				
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 liabilities	3,976,735.51	3,976,735.51	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	12,543,375.03	12,543,375.03	12,543,375.02	12,543,375.02
Investing property				
Fixed assets	7,859,500.08	7,859,500.08	8,286,902.49	8,286,902.49
Construction in progress				
Engineering material				
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets				
Development expense				
Goodwill				
Long-term deferred expenses				
Deferred tax assets				
Other non-current assets				
Total of non-current assets	20,402,875.11	20,402,875.11	20,830,277.51	20,830,277.51
Total assets	24,379,610.62	24,379,610.62	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 sue to banks and other financial institutions				
Call loan received				
Transaction financial liabilities				
Notes payable				
Account payable				
Account received in advance				
Financial assets sold for repurchase				

Handling charges and commissions payable				
Employee’s compensation payable	468,866.93	468,866.93	488,108.73	488,108.73
Tax payable	1,093.82	1,093.82	-1,752.22	-1,752.22
Interest payable	376,252,671.70	376,252,671.70	349,492,769.23	349,492,769.23
Other account payable	154,362,476.03	154,362,476.03	156,073,332.14	156,073,332.14
Reinsurance premiums payable				
Insurance contract reserves				
Money received for acting trading of securities				
Money paid for acting underwriting of securities				
Non-current liabilities due within 1 year				
Other current liabilities				
Total current liabilities	998,639,019.34	998,639,019.34	973,606,368.74	973,606,368.74
Non-current liabilities:				
Long-term borrowings				
Bonds payable				
Long-term payables				
Specific payables				
Accrued 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	1,684,101,574.91	1,684,101,574.91	1,665,548,276.31	1,665,548,276.31
Owner’s equity (or shareholder’s equity)				
Paid-up capital (or share capital)	288,420,000.00	288,420,000.00	288,420,000.00	288,420,000.00
Capital reserves	381,059,098.78	381,059,098.78	381,059,098.78	381,059,098.78
Less: Treasury Stock				
Surplus reserves	138,304,806.89	138,304,806.89	138,304,806.89	138,304,806.89
Provisions for general risks				
Retained profits	-2,467,505,869.96	-2,467,505,869.96	-2,446,177,404.19	-2,446,177,404.19
Foreign exchange difference				
Total owners' equity attributable to parent company	-1,659,721,964.29	-1,659,721,964.29	-1,638,393,498.52	-1,638,393,498.52
Minority interest				
Total owner’s equity	-1,659,721,964.29	-1,659,721,964.29	-1,638,393,498.52	-1,638,393,498.52
Total liabilities and owner’s equity	24,379,610.62	24,379,610.62	27,154,777.79	27,154,777.79

4.2 Income statement in this report period

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

July- September 2008

Items	In current period		The same period of last year	
	Consolidation	Parent company	Consolidation	Parent company
I. Total sales	463,492.74	463,492.74	617,990.32	617,990.32
Including: Sales income	463,492.74	463,492.74	617,990.32	617,990.32
Interest income				

Premium income				
Handling charges and commission income				
II. Total cost of sales	9,391,631.87	9,391,631.87	9,596,830.03	9,596,830.03
Including: Cost of sales				
Interests expenses				
Handling charges and commission expenses				
Cash surrender value				
Net amount of claims				
Net amount of withdrawn from the insurance contract reserve				
Expenditure on policy dividends				
Reinsurance premium				
Taxes and associate charges				
Selling expenses				
Administrative expenses	473,293.73	473,293.73	877,912.26	877,912.26
Financial expenses	8,918,338.14	8,918,338.14	8,718,917.77	8,718,917.77
Impairment loss				
Add: gain from change in fair value (“-” means loss)				
Gain from investment (“-” means loss)				
Including: income form investment on affiliated enterprise and jointly enterprise				
Foreign exchange difference (“-” means loss)				
III. Business profit (“-” means loss)	-8,928,139.13	-8,928,139.13	-8,978,839.71	-8,978,839.71
Add: non-operation income	50,000.00	50,000.00	50,000.00	50,000.00
Less: non-business expense				
Including: loss from non-current asset disposal				
IV. Total profit (“-” means loss)	-8,878,139.13	-8,878,139.13	-8,928,839.71	-8,928,839.71
Less: Tax expense				
V. Net profit (“-” means loss)	-8,878,139.13	-8,878,139.13	-8,928,839.71	-8,928,839.71
Attributable to owners of parent company	-8,878,139.13	-8,878,139.13	-8,928,839.71	-8,928,839.71
Minority interest				
VI. Earnings per share				
(I) Basic earnings per share	-0.03	-0.03	-0.03	-0.03
(II) Diluted earnings per share	-0.03	-0.03	-0.03	-0.03

4.3 Income statement from the year-beginning to the end of report period

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

January- September 2008

Items	In current period		The same period of last year	
	Consolidation	Parent company	Consolidation	Parent company
I. Total sales	1,235,980.64	1,235,980.64	1,493,718.94	1,493,718.94
Including: Sales income	1,235,980.64	1,235,980.64	1,493,718.94	1,493,718.94
Interest income				

Premium income				
Handling charges and commission income				
II. Total cost of sales	29,093,798.42	29,093,798.42	26,612,627.28	26,612,627.28
Including: Cost of sales				
Interests expenses				
Handling charges and commission expenses				
Cash surrender value				
Net amount of claims				
Net amount of withdrawn from the insurance contract reserve				
Expenditure on policy dividends				
Reinsurance premium				
Taxes and associate charges				
Selling expenses				
Administrative expenses	2,339,433.18	2,339,433.18	3,184,059.30	3,184,059.30
Financial expenses	26,754,365.24	26,754,365.24	23,428,567.98	23,428,567.98
Impairment loss				
Add: gain from change in fair value (“-” means loss)				
Gain 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)	-27,857,817.78	-27,857,817.78	-26,561,959.43	-26,561,959.43
Add: non-operation income	6,529,352.00	6,529,352.00	1,340,040.00	1,340,040.00
Less: non-business expense				
Including: loss from non-current asset disposal				
IV. Total profit (“-” means loss)	-21,328,465.78	-21,328,465.780	-25,221,919.43	-25,221,919.43
Less: Tax expense				
V. Net profit (“-” means loss)	-21,328,465.78	-21,328,465.78	-25,221,919.43	-25,221,919.43
Attributable to owners of parent company	-21,328,465.78	-21,328,465.78	-25,221,919.43	-25,221,919.43
Minority interest				
VI. Earnings per share				
(I) Basic earnings per share	-0.07	-0.07	-0.08	-0.08
(II) Diluted earnings per share	-0.07	-0.07	-0.08	-0.08

4.4 Cash flow statement from the year-beginning to the end of report period

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

July- September 2008

Items	In current period		The same period of last year	
	Consolidation	Parent company	Consolidation	Parent company
I. Cash flows from operating activities:				
Cash received from sale of commodities and rendering of service				

Net increase of deposits from customers and dues from banks				
Net increase of loans from the central bank				
Net increase of funds borrowed from other financial institutions				
Cash received from premium of original insurance contracts				
Net cash received from reinsurance business				
Net increase of savings of policy holders and investment fund				
Net increase of disposal of tradable financial assets				
Cash received from interest, handling charges and commissions				
Net increase of borrowed inter-bank funds				
Net increase of buy-back funds				
Tax refunds received				
Other cash received relating to operating activities	1,285,980.64	1,285,980.64	1,437,828.94	1,437,828.94
Subtotal of cash inflows from operating activities	1,285,980.64	1,285,980.64	1,437,828.94	1,437,828.94
Cash paid for purchase of commodities and reception of service				
Net increase of customer lending and advance				
Net increase of funds deposited in the central bank and amount due from banks				
Cash for paying claims of the original insurance contract				
Cash for paying interest, handling charges and commissions				
Cash for paying policy dividends				
Cash paid to and for employees	726,439.99	726,439.99	736,037.92	736,037.92
Various taxes paid				
Payment of cash relating to operating activities	550,688.75	550,688.75	687,601.72	687,601.72
Subtotal of cash outflows from operating activities	1,277,128.74	1,277,128.74	1,423,639.64	1,423,639.64
Net cash flows from operating activities	8,851.90	8,851.90	14,189.30	14,189.30
II. 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				
Net cash received from disposal of subsidiary or other operating business units				
Other cash received relating to investment activities				
Subtotal of cash inflows from investment				

activities				
Cash paid to acquire fixed assets, intangible assets and other long-term assets				
Cash paid to investment				
Net increase of pledged loans				
Net cash paid by subsidiaries and other operating business units				
Payment of cash relating to other investment activities				
Subtotal of cash outflows from investment activities				
Net cash flows from investment activities				
III. 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 issuance of bonds				
Other cash received relating to financing activities				
Subtotal of cash inflows from financing activities				
Cash repayments of amounts borrowed				
Cash paid interest expenses and distribution of dividends or profit				
Including: dividends or profit paid to minority interest				
Other cash payments relating to financing activities				
Sub-total of cash outflows from financing activities				
Net cash flow from financing activities				
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
V. Increase in cash and cash equivalents	8,851.90	8,851.90	14,189.30	14,189.30
Add : Cash and cash equivalents at year-begin	2,188.68	2,188.68	76,550.21	76,550.21
VI. Cash and cash equivalents at the end of the year	11,040.58	11,040.58	90,739.51	90,739.51

4.5 Audit report

Audit opinion: un-audited

Guangdong Sunrise Holdings Co., Ltd

Chairman of the Board of Directors: Wang Jianyu

22 Oct. 2008