GUANGDONG SUNRISE HOLDINGS CO., LTD.

INTERIM REPORT 2009

26 august,2009

Important Notice

The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior management staff of Guangdong Sunrise Holdings Co., Ltd. (hereinafter referred to as “the Company”) hereby ensure that this report carries no false information, misleading statements or major omissions and will take individual and joint responsibilities for the factuality, accuracy and completeness of the contents of this report. The Summary of Interim report 2009 is abstracted from the full text of the Interim Report 2009, 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 2009 to understand more details.

None of the directors, supervisors and senior management staff stated that he/she could not ensure the factuality, accuracy and completeness of the contents of Interim Report 2009 nor had any objection against this report.

All Directors of the Company attended the Board Meeting for examination and approval of semi-annual report except the following directors.

Absent director	Reason for absence	Consigner
Pan Chendong	On Business	Ban Wu

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 the accounting organ, hereby confirm that the Financial Report of this Interim Report is factual and complete.

The Financial Report in the Interim Report 2009 has not been audited by a CPA firm.

The report is prepared both in Chinese and English, and in case of different interpretation between them, the Chinese version shall prevail.

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SECTION I COMPANY PROFILE

I. Basic information of the Company

1. Legal name of the Company in Chinese: 广东盛润集团股份有限公司

Legal name of the Company in English: Guangdong Sunrise Holdings Co., Ltd. (Abbreviation: SUNRISE)

2. Legal Representative: Wang Jianyu

3. Secretary of the Board of Directors: Yu Deshan

Contact Tel: 0755-83877511

Securities Affairs Representative: Chen Liantan

Contact Tel: 0755-83875531

Contact Address: Secretariat Office of the Board of Directors, Rm. D5 in Jingsong Building, Tairan Rd., Futian District, Shenzhen, Guangdong

Fax: 0755-83875212

E-mail: lionda@mailcenter.com.cn

4. Registered Address: Tairan Industrial Zone, Chegongmiao, Shenzhen, Guangdong Province, P.R.C.

Office Address: Rm. D5 in Jingsong Building, Tairan Rd., Futian District, Shenzhen, Guangdong

Post Code: 518040

5. Newspapers for Information Disclosure of the Company: Securities Times and Hong Kong Ta Kung Pao

Internet Website Designated by CSRC for Disclosing the Interim Report: http://www.cninfo.com.cn

Location Where the Interim Report Is Available: Secretariat Office of the Board of the Company

6. Stock Exchange Listed with: Shenzhen Stock Exchange

Short Form of Stock: *ST Sunrise A, *ST Sunrise B

Stock Code: 000030, 200030

7. Other information

Date of the Company's Initial Registration: Sept. 1993

Initially Registered Address: Jiahua Bldg., Huaqiang North Road, Shenzhen

Registration Number of the Company's Business License: 4400001001658

Tax Registration Number of the Company: SNR Zi 440301190325278

SLT Zi 440304190325278

Name of CPA Firm Engaged by the Company: Shenzhen Dahua Tiancheng Certified Public Accountants Co., Ltd.

Office Address of CPA Firm Engaged by the Company: 11/F, Tower B, United Plaza, Binhe Road, Shenzhen

Ⅱ. 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 last year (%)
Total assets	16,990,312.10	17,961,177.93	-5.41%
Owners' equity attributable to shareholders of the Company	-1,737,011,768.87	-1,723,542,317.56	

Share capital	288,420,000.00	288,420,000.00	0.00%
Net assets per share attributable to shareholders of the Company (Yuan/share)	-6.02	-5.98	
	The report period (Jan. -Jun.)	The same period of last year	Increase/decrease during the report period compared with the same period of last year (%)
Total operation income	926,985.48	772,487.90	20.00%
Operation profit	-13,469,451.31	-18,929,678.65	
Total profit	-13,469,451.31	-12,450,326.65	
Net profit attributable to shareholders of the Company	-13,469,451.31	-12,450,326.65	
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses	-13,469,451.31	-18,929,678.65	
Basic earnings per share (Yuan/share)	-0.0467	-0.0432	
Diluted earnings per share (Yuan/share)	-0.0467	-0.0432	
Return on net assets (%)			
Net cash flows of operating activities	-19,341.90	27,209.90	-171.08%
Net cash flows per share of operating activities (Yuan/share)	-0.00007	0.0001	-170.00%

In the report period, the Company did not have non-recurring gains and losses.

In the report period, there existed no difference between the net profit of the Company calculated according to IFRS and that calculated according to PRC GAAP.

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

I. Particulars about changes in shares

Statement of changes in shares of the Company:

Unit: share

	Before the change		Increase/decrease （+，-）					After the change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserves	Others	Sub-total	Amount	Proportion
Ⅰ. Shares subject to moratorium	188,436,750	65.33%				-1,388	-1,388	188,435,362	65.33%
1. Shares held by the state									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	188,430,000	65.33%						188,430,000	65.33%
Including: shares held by domestic non-state-owned legal persons	188,430,000	65.33%						188,430,000	65.33%
Shares held by domestic natural persons									
4. Shares held by foreign investors									
Including: shares held by foreign legal persons									
Shares held by foreign natural persons									
5. Shares held by senior management staff of the Company	6,750					-1,388	-1,388	5,362	
Ⅱ. Shares not subject to moratorium	99,983,250	34.67%				1,388	1,388	99,984,638	34.67%
1. RMB ordinary shares	60,383,250	20.94%				1,388	1,388	60,384,638	20.94%
2. Domestically listed foreign shares	39,600,000	13.73%						39,600,000	13.73%

3. Overseas listed foreign shares									
4. Others									
III. Total shares	288,420,000	100.00%						288,420,000	100.00%

In the report period, the total shares of the Company remained unchanged. And the change of the share structure as in the statement above was due to that the Company's senior management staff sold some shares which had been freed from the trading moratorium.

II. At the end of the report period, the total number of the Company's shareholders reached 14,643 with 5 shareholders holding shares subject to moratorium, 10,585 shareholders holding A-shares not subject to moratorium and 4,053 shareholders holding B-shares not subject to moratorium.

III. Shareholding of the Company's top ten shareholders and top ten shareholders holding shares not subject to moratorium (as at 30 Jun. 2009)

Unit: share

Total shareholders				14,643	
Particulars about shares held by top ten shareholders					
Name of shareholder	Nature of shareholder	Shareholding proportion (%)	Total shares held	Non-tradable shares held	Shares pledged or frozen
SHENZHEN LIONDA GROUP CO., LTD.	Domestic non-state-owned legal person	59.82%	172,544,050	172,544,050	172,544,050
SHENZHEN COLORED METAL FINANCIAL CO., LTD.	Domestic non-state-owned legal person	1.65%	4,770,380	4,770,380	0
CHINA RESOURCES SZITIC TRUST CO., LTD.	Domestic non-state-owned legal person	1.65%	4,770,380	4,770,380	0
SHENZHEN HUACHENGDA INVESTMENT HOLDING CO., LTD.	Domestic non-state-owned legal person	1.37%	3,960,000	3,960,000	3,960,000
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.	Domestic non-state-owned legal person	0.97%	2,800,000	0	0
HAINAN HUIHEXING INVESTMENT MANAGEMENT CO., LTD.	Domestic non-state-owned legal person	0.83%	2,385,190	2,385,190	0
CHINA EVERBRIGHT HOLDINGS CO LTD	Foreign legal person	0.48%	1,386,263	0	0
WANG ZHI	Domestic natural person	0.47%	1,357,951	0	0
CITRINE CAPITAL LIMITED	Foreign legal person	0.30%	868,783	0	0
NI MIN	Foreign natural person	0.22%	626,400	0	0
Particulars about shares held by top ten shareholders holding shares not subject to moratorium					
Name of shareholder			Number of tradable shares held	Type of shares	
LIUZHOU JIALI REAL ESTATE DEVELOPMENT CO., LTD.			2,800,000	RMB ordinary shares	
CHINA EVERBRIGHT HOLDINGS CO LTD			1,386,263	Domestically listed foreign shares	
WANG ZHI			1,357,951	RMB ordinary shares	
CITRINE CAPITAL LIMITED			868,783	Domestically listed foreign shares	
NI MIN			626,400	Domestically listed foreign shares	
Cai Hanchuan			607,900	Domestically listed foreign shares	
Guan Yin			581,300	RMB ordinary shares	
Lu Huazhong			555,500	Domestically listed foreign shares	
Liu Zhen			511,600	RMB ordinary shares	
Chen Qianfen			490,000	Domestically listed foreign	

		shares
Explanation on associated relationship among top ten shareholders or concerted action	It was unknown to the Company whether there existed associated relationship among the top ten shareholders holding tradable shares and between them and the shareholders holding non-tradable shares, or whether there existed persons acting in concert as described in the Administrative Rules for Information Disclosure Concerning Changes in Shares Held by Shareholders of Listed Companies.	

IV. Particulars about changes of controlling shareholder and actual controller

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

SECTION Ⅲ PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT STAFF

I. Changes in the Company's shares held by directors, supervisors and senior management staff in report period

In the report period, Supervisor Ms. Niu Suyan held 5,362 A-shares of the Company (locked-up shares of senior management staff) after she sold 1,388 A-shares which had been released from moratorium. Except for that, no other directors, supervisors or senior management staff were in possession of the Company's shares.

II. Engagement and disengagement of directors, supervisors and senior management staff in report period

In the report period, no directors, supervisors or senior management staff of the Company were engaged or disengaged.

SECTION Ⅳ REPORT OF THE BAORD OF DIRECTORS

1. Review of operation activities in report period

In the report period, the Company did not have main operation income or profit. And the short-term borrowings of the Company mounted to as much as RMB 453 million, which led to a high financial cost of RMB 12,252,818.13 in the fist half of 2009. Meanwhile, the administrative expenses of the Company stood at RMB 2,143,618.66 in the report period. As a result, the deficit of the Company continued in the report period, with the net profit standing at RMB -13,469,451.31.

During the report period, joining hands with its controlling shareholder, actual controller and the intermediary company—Beijing Integrity Management Consulting Co., Ltd., the Company continued its efforts with debts restructuring and assets reorganization and tried to make a breakthrough on the Company's restructuring, so as to improve the Company's capacity of sustained operation. Nevertheless, no substantial progress had been made in the Company's debt reorganization. Although the Company, its controlling shareholder, its actual controller and the intermediary company contacted a few parties which were interested in reorganizing the Company, no oral or written agreement was reached. Meanwhile, according to information from the principal shareholder, the Company's creditor—Shenzhen Xingyajv Decoration Engineering Co., Ltd.—applied to Shenzhen Intermediate People's Court for restructuring the Company according to the Law of PRC on Enterprise Bankruptcy, with the reason of the Company's insolvency and inability to repay the due debts. And the Shenzhen Intermediate People's Court is currently in process of examining the case so as to decide whether to accept and hear the case or not.

Up until now, the Company had not received any legal documents from the Court. Consequently, it is uncertain whether the Court will accept and hear the case or whether the Company will be restructured. For more details of the events mentioned above, please refer to the Suggestive Public Notice on Significant Events of the Board of Directors disclosed by the Company on Securities Times, Hong Kong Ta Kung Pao and http://www.cninfo.com.cn dated 6 Jul. 2009.

II. Investments of the Company

In the report period, the Company did not raise proceeds. And there existed no such proceeds carried down from previous periods to the report period. Also, the Company did not launch any investment project with non-raised funds.

III. Warning of and explanation on estimated deficit or significant year-on-year change of the accumulative net profit from year-begin to the end of next report period

Earnings estimate	Deficit			
	From year-begin to the end of next report period	Same period of last year	Increase/decrease（%）	
Estimated accumulative net profit (RMB'0000)	-2,000.00	-2,132.85		
Basic earnings per share (Yuan/share)	-0.069	-0.074		
Explanation on earnings estimate	Due to the great amount of short-term borrowings and a high financial cost, it is estimated that the deficit of the Company will continue into the third quarter of this year.			

Ⅳ. Explanation of the Company's management on changes and handling particulars about the matters involved in the "Non-standard Audit Opinion" issued by the CPA firm last year

In the 2008 Annual Auditor's Report, Guangdong Dahua Delu Certified Public Accountants Co., Ltd. was of the opinion that as indicated in Item 7 of Note Ⅵ and Note Ⅺ to the financial statements, the Company was under a great pressure to repay long-term and short-term borrowings; and it was suited in terms of many debt guarantees it had provided, which would directly affect the Company's continuing operation if the relevant cases could not be settled in the short run. The reorganization of the Company's debts, assets and equity was underway. And the management team of the Company believed that upon the success of the reorganization, the Company would be able to remain in operation. Therefore, the financial statements of the Company were still prepared based on the going-concern assumption. Because the Company failed to provide any important evidence related to the substantial progress of its debt, asset and equity reorganization, Guangdong Dahua Delu Certified Public Accountants Co., Ltd. was unable to determine whether the Company's reorganization would be successful, or whether it would remain in operation. Therefore, it was also unable to determine whether it was proper for the Company to prepare its 2008 Annual Financial Statements based on the going-concern assumption. Meanwhile, due to various objective conditions, the CPA firm could not conduct proper auditing procedures on the Company's liabilities and contingent liabilities. And it thus could not determine whether the recorded liabilities (including estimated liabilities) of the Company were complete and reasonable. Due to the substantial and extensive influence which the aforesaid matters might cause,

Guangdong Dahua Delu Certified Public Accountants was unable to express audit opinion on the Company's financial statements.

Concerning this, the Board of Directors of the Company holds the opinion that despite a great pressure to repay short-term loans, as well as a great number of guarantee lawsuits, the Company has still made some progress in activating funds to repay debts and it is still able to get enough capital for its normal operation. After much effort, the Company successfully implemented the share merger reform at the end of 2008, which laid a foundation for the Company's reorganization. Meanwhile, together with its controlling shareholder, its actual controller and the financial advising company—Beijing Integrity Management Consulting Co., Ltd., the Company continued its efforts with debts restructuring and assets reorganization. We have contacted several parties which are interested in the Company's reorganization. Although no oral or written agreement has been reached, the Company and relevant parties have been devoting themselves to making a breakthrough in the reorganization, with the purpose of improving the Company's ability of continuous operation.

Section V Significant Events

I. Corporate governance

The Company built perfect corporate governance structure, continually optimized governance structure and standardized operation of the Company. In the report period, the Company adhered to comply with requirements of relevant laws and statutes stipulated in the Company Law, Securities Law and Code of Corporate Governance of Listed Companies, continually perfect corporate governance structure and strengthened norm of company's action. Actuality of corporate governance was in accordance with requirement in laws and statutes referring to corporate governance of listed companies issued by CSRC and Stock Exchange.

II. Implementation on 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 20087, the Company did not distribute profits or convert capital public reserve into share capital.

III. In the interim of 2009, 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

There was no material lawsuit and arbitration in the report period.

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

In the report period, the Company had no acquisition, sales or 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 Yuan

Related party	Providing capital to the related parties		The related parties provided capital to listed company	
	Amount occurred	Balance	Amount occurred	Balance
Shenzhen Lionda Food Industry Co., Ltd.	0.00	499.87	0.00	0.00
Shenzhen Lionda Development Co., Ltd.	-25.74	5,469.81	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.	-31.93	23.97	0.00	0.00
Shenzhen Lionda Industry &Trade Co., Ltd Golden Printing Factory	0.00	25.19	0.00	0.00
Shenzhen Lionda Group Corporation	0.00	0.00	23.53	91.69
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	-57.67	11,551.04	23.53	645.91

Note: (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. Significant contract and implementation

1. There was no trust, contract or 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 Yuan

Particulars about external guarantee of the Company (Excluding the guarantee for the controlling subsidiaries)						
Name of the Company guaranteed	Date of occurrence (date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete implement ation or not	Guarantee for related party (yes or not)
Shenzhen Lionda Free Trade	30 May 2000	850.00	Joint responsibility	30 May 2000-30	No	Yes

Co., Ltd.			guarantee	May 2001		
Shenzhen Taiyang PCCP Co., Ltd.	30 Dec. 1993	4,335.00	Joint responsibility guarantee	30 Dec. 1993-30 Dec. 1998	No	Yes
Shenzhen Gaokeda Electronics Co., Ltd.	10 Mar. 1994	50.00	Joint responsibility guarantee	10 Mar. 1994-10 Mar. 1995	No	No
Shenzhen Yuda Import & Export Co., Ltd.	8 Jul. 1998	480.00	Joint responsibility guarantee	8 Jul. 1998 -25 Jan. 2000	No	Yes
Shenzhen China Bicycle Company (Holdings) Co., Ltd.	19 Dec. 1995	32,456.00	Joint responsibility guarantee	19 Dec. 1995-25 Nov. 1998	No	Yes
Yueshen Light Industry and Trading Co., Ltd.	30 Dec. 1993	818.78	Joint responsibility guarantee	30 Dec. 1993-22 Jun. 1996	No	Yes
Guangzhou Xufeng Enterprise Group Co., Ltd.	2 May 1995	1,500.00	Joint responsibility guarantee	2 May 1995-2 May 1996	No	No
Shenzhen Jinbeishen Investment Co., Ltd.	22 Jun. 1995	7,760.00	Joint responsibility guarantee	22 Jun. 1995-22 Jun. 1996	No	No
Shenzhen Guoyin Investment Group Co., Ltd.	13 Dec. 1995	3,752.00	Joint responsibility guarantee	13 Dec. 1995-28 Jan. 2001	No	Yes
Shenzhen Paina Garment Co., Ltd.	30 Apr. 1998	130.00	Joint responsibility guarantee	30 Apr. 1998-30 Jan. 1999	No	No
Shenzhen Gintian Industrial Holdings Co., Ltd.	30 Jun. 1997	2,675.00	Joint responsibility guarantee	30 Jun. 1997-31 Dec. 1999	No	No
Shenzhen Zhongwu Resources Import & Export Co., Ltd.	30 Apr. 1997	1,679.00	Joint responsibility guarantee	30 Apr. 1997-30 Apr. 1999	No	No
Shenzhen Guangyingda Industrial Development Co.	25 Sep. 1995	7,897.01	Joint responsibility guarantee	25 Sep. 1995-31 Jan. 1999	No	Yes
Shenzhen Ligang Industrial Co.	15 Aug. 1996	723.38	Joint responsibility guarantee	15 Aug. 1996-15 Aug. 1997	No	No
Shenzhen Maoyuan Investment Development Co., Ltd.	30 Jan. 1995	856.00	Joint responsibility guarantee	30 Jan. 1995-30 Jan. 1996	No	No
Shenzhen Xingda Industry & Trading Co., Ltd.	1 May 1996	40.00	Joint responsibility guarantee	1 May 1996-1 May 1998	No	No
Shenzhen Chemical Plastic Co., Ltd.	15 Mar. 1997	1,371.00	Joint responsibility guarantee	15 Mar. 1997-15 Mar. 1998	No	No
Shenzhen Jinhai Electronics Co., Ltd.	7 Apr. 1996	350.00	Joint responsibility guarantee	7 Apr. 1996-7 Apr. 1997	No	No
Shenzhen Guanghualin Investment Co. Ltd.	23 May 1996	791.60	Joint responsibility guarantee	23 May 1996-23 May 1997	No	No
Shenzhen Tiantai Chemistry Co., Ltd.	20 Jun. 1995	166.00	Joint responsibility guarantee	20 Jun. 1995-20 Jun. 1996	No	No
Shenzhen Construction Material Group	1 Mar. 1998	80.00	Joint responsibility guarantee	1 Mar. 1998-1 Mar. 1999	No	No
Shenzhen Jingyuan Industry & Trading Ltd.	30 Apr. 1997	80.00	Joint responsibility guarantee	30 Apr. 1997-30 Apr. 1998	No	No
Hainan Wand Industry & Trading Ltd.	16 Aug. 1996	3,093.86	Joint responsibility guarantee	16 Aug. 1996-16 Aug. 1997	No	No
Shenzhen Xuena Co. Ltd.	10 Jun. 1995	112.91	Joint responsibility guarantee	10 Jun. 1995-10 Dec. 1996	No	No
Shenzhen Light Industry Import Export Co., Ltd.	31 Jul. 1997	273.00	Joint responsibility guarantee	31 Jul. 1997-31 Dec. 1999	No	Yes
Jilin Lionda Co.	30 Jun. 1996	350.00	Joint responsibility guarantee	130 Jun. 1996-30 Dec. 1997	No	Yes
Shenzhen Big World Shopping Center	1 Mar. 1996	1,402.70	Joint responsibility guarantee	1 Mar. 1996-1 Mar. 1997	No	No
Shenzhen Lionda Electric Appliance Co., Ltd	25 Apr. 1996	781.50	Joint responsibility guarantee	25 Apr. 1996-25 Apr. 1999	No	Yes
Hunan Lionda Co.	25 Oct. 1997	325.00	Joint responsibility guarantee	3 Nov. 1996-3 Nov. 1999	No	Yes
Shenzhen Lionda Timing Company	1 May 1998	307.00	Joint responsibility guarantee	15 Mar. 1997- 15 Mar. 2000	No	Yes
Shenzhen Yutian Industrial Co., Ltd	1 Aug. 1995	2,244.70	Joint responsibility guarantee	1 Sep. 1996- 1 Mar. 2000	No	No
Hunan Xiang Finance Experimental Bank	23 Sep. 1995	874.00	Joint responsibility guarantee	13 Aug. 1995-13 Aug. 2000	No	No
Total guarantee amount in the report period						0.00
Total guarantee balance at the end of the report period						77,823.94
Guarantee for the subsidiaries from the Company						
Total guarantee amount for the subsidiaries in the report period						0.00
Total guarantee balance for the subsidiaries at the end of the report period						14,522.54
Total guarantee amount from the Company (including the guarantee for the subsidiaries)						
Total guarantee amount						92,346.48
The proportion of the total guarantee amount in the net asset of the Company						-53.16%
Including:						
Guarantee amount offered to shareholders, actual controllers and related parties						7,897.01
Guarantee amount for debt offered to the guarantee						21,118.54

party whose asset-liability ratio was over 70% directly or indirectly	
Part of the amount of the total guarantee over 50%	16,835.22
Total guarantee of the above three guarantees	45,850.77
Explanation on possible joint responsibilities of discharge beard for undue guarantees	In the report period, no new guarantee for controlling shareholders, or its affiliated parties, as well as non-legal person entities or individuals provided by the Company occurred. There were such situations that the Company provided guarantee for its controlling shareholders as well as their subsidiaries, all of which were problems left over by the past and had expired. Since most of the guaranteed parties had no abilities to pay the debts, the Company had counted most of these debts into anticipation liabilities in the previous years.

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. There was 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 [2005] 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. Commitments and corresponding performance by the Company or shareholders holding more than 5% shares in the report period or continuing in the report period

Commitments made by the Company or shareholder holding more than 5% shares in the report period or lasting out the report period

Commitment	Content	Performance
Commitment about share merger reform	The controlling shareholder of the Company, Shenzhen Lionda Group Co., Ltd made special commitments as follows: (1) As the S*ST Sunrise shares held by non-tradable shareholder, Shenzhen Huashengda Investment Holdings Co., Ltd were frozen, the consideration it should pay in accordance with share merger reform would be paid by Shenzhen Lionda Group Co., Ltd. After the payment, if the shares were listed, it should return the consideration to, or get the permission of Shenzhen Lionda Group Co., Ltd. After the shareholder structure reform, if Shenzhen Huashengda Investment Holdings Co., Ltd listed the non-tradable shares, it should get the permission of Lionda and Guangdong Sunrise Group Co., Ltd should apply for listing and trading of the shares to the Stock Exchange. (2) The related expenses of shareholder structure reform would be paid by the controlling shareholder, Shenzhen Lionda Group Co., Ltd	It is not yet the time for unlocking shares subject to trading moratorium.

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. Statement on reception of investigation, communication and interview of the Company in the report period

Reception time	Reception place	Reception way	Reception object	Main content of discussed and materials provided
17 Feb. 2009	Secretariat of the Board	Communication by telephone	A share investor	Acquired auction of equity held by controlling shareholder of the Company, and they were informed that we had not received auction notice from the court yet
23 Mar. 2009	Secretariat of the Board	Communication by telephone	A share investor	Consulting reorganization of the Company, and they were informed current status of the Company and there was no material progress for the reorganization.
7 May 2009	Secretariat of the Board	Communication by telephone	A share investor	Consulting reorganization of the Company, and they were informed current status of the Company and there was no material progress for the reorganization.

XII. Other significant events

1. In the report period, the Company reengaged BDO. Guangdong Dahua Delu CPA, LLP as domestic and overseas financial auditing unit with auditing expense of RMB 450,000 for one year. In accordance with Regulation on Periodic Rotation of the Signature of Certified Public Accountants in Audits of Securities and Futures Businesses with document No. ZJKJZ [2003] 13, CPAs signed for audit of the Company has changed and service period was never overdue.

The interim financial report has not been audited.

2. In the report period, the Company, directors, supervisors, senior executives, 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. The Company was aware from principal shareholder that Shenzhen Xingyaju Decoration Project Co., Ltd, creditor of the Company, appealed to Shenzhen Intermediate People's Court and demanded that the Company carried out reorganization in accordance with Law of the People's Republic of China on Enterprise Bankruptcy due to serious insolvency and failing to repay mature loans, and Shenzhen Intermediate People's Court was examining whether accepted the case or not. At present, the Company had not received any legal document from Shenzhen Intermediate People's Court. It was uncertain whether the case would be accepted and heard by the court or whether the Company would get into progress of reorganization. For details of the above event, please refer to Suggestive Public Notice on Significant Events of the Board of Directors, which was published in Securities Times, Hong Kong Ta Kung Pao and www.cninfo.com.cn on 6 Jul. 2009.

Section VI Financial Report

(The financial report has not been audited)

I. Accounting statement

Balance Sheet

Prepared by Guangdong Sunrise Holdings Co., Ltd 30 Jun. 2009 Unit: RMB Yuan

Items	Balance at the period-end		Balance at the year-begin	
	Consolidation	Parent company	Consolidation	Parent company
Current Assets:				
Monetary funds	10,722.23	10,722.23	30,064.13	30,064.13
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				
Dividend receivable	80,000.00	80,000.00	160,000.00	160,000.00
Other account receivable	961,515.37	961,515.37	1,564,200.69	1,564,200.69
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	3,052,237.60	3,052,237.60	3,754,264.82	3,754,264.82
Non-current assets:				
Loans and advance				
Available for sale financial assets				
Held to maturity investments				
Long-term account receivable				
Long-term equity investment	7,583,110.08	7,583,110.08	7,583,110.08	7,583,110.08
Investing property				
Fixed asset	6,354,964.42	6,354,964.42	6,623,803.03	6,623,803.03
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	13,938,074.50	13,938,074.50	14,206,913.11	14,206,913.11
Total assets	16,990,312.10	16,990,312.10	17,961,177.93	17,961,177.93
Current liabilities:				
Short-term borrowings	452,993,834.91	452,993,834.91	461,573,834.92	461,573,834.92
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	535,452.58	535,452.58	530,777.88	530,777.88
Tax payable	11,360.47	11,360.47		
Interest payable	402,150,466.36	402,150,466.36	389,895,681.04	389,895,681.04
Dividend payable				
Other account payable	163,815,601.23	163,815,601.23	155,007,836.23	155,007,836.23
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	1,019,506,715.55	1,019,506,715.55	1,007,008,130.07	1,007,008,130.07
Non-current liabilities:				
Long-term borrowings				
Debentures payable				
Long-term payables				
Specific purpose account payables				
Provisions for contingent liabilities	734,495,365.42	734,495,365.42	734,495,365.42	734,495,365.42

Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities	734,495,365.42	734,495,365.42	734,495,365.42	734,495,365.42
Total liabilities	1,754,002,080.97	1,754,002,080.97	1,741,503,495.49	1,741,503,495.49
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	-2,544,795,674.54	-2,544,795,674.54	-2,531,326,223.23	-2,531,326,223.23
Foreign exchange difference				
Total owners' equity attributable to holding company	-1,737,011,768.87	-1,737,011,768.87	-1,723,542,317.56	-1,723,542,317.56
Minority interest				
Total owner’s equity	-1,737,011,768.87	-1,737,011,768.87	-1,723,542,317.56	-1,723,542,317.56
Total liabilities and owner’s equity	16,990,312.10	16,990,312.10	17,961,177.93	17,961,177.93

Legal Representative: Wang Jianyu

CFO: Wang Jianyu

Person in Charge of Accounting Firm: Yu Deshan

Profit Distribution Statement

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

Jan.-Jun. 2009

Items	Amount of current period		Amount of the last period	
	Consolidation	Parent company	Consolidation	Parent company
I. Total sales	926,985.48	926,985.48	772,487.90	772,487.90
Including: Sales	926,985.48	926,985.48	772,487.90	772,487.90
Interests income				
Premium income				
Handling charges and commission income				
II. Total cost of sales	14,396,436.79	14,396,436.79	19,702,166.55	19,702,166.55
Including: Cost of sales	0.00		0.00	
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	2,143,618.66	2,143,618.66	1,866,139.45	1,866,139.45
Financial expense	12,252,818.13	12,252,818.13	17,836,027.10	17,836,027.10
Impairment loss				
Add: gain/(loss) from change in fair value (“-” means loss)				
Gain/(loss) from investment (“-” means loss)				
Including: income form investment on affiliated enterprise and jointly enterprise				
Foreign exchange difference (“-” means loss)				
III. Business profit (“-” means loss)	-13,469,451.31	-13,469,451.31	-18,929,678.65	-18,929,678.65
Add: non-business income			6,479,352.00	6,479,352.00
Less: non-business expense				
Including: loss from non-current asset disposal				
IV. Total profit (“-” means loss)	-13,469,451.31	-13,469,451.31	-12,450,326.65	-12,450,326.65
Less: Tax expense				
V. Net profit (“-” means loss)	-13,469,451.31	-13,469,451.31	-12,450,326.65	-12,450,326.65
Net profit attributable to parent company	-13,469,451.31	-13,469,451.31	-12,450,326.65	-12,450,326.65
Minority interest				
VI. Earnings per share				
(I) Basic earnings per share	-0.0467	-0.0467	-0.0432	-0.0432
(II) Diluted earnings per share	-0.0467	-0.0467	-0.0432	-0.0432

Legal Representative: Wang Jianyu

CFO: Wang Jianyu

Person in Charge of Accounting Firm: Yu Deshan

Cash Flow Statement

Prepared by Guangdong Sunrise Holdings Co., Ltd Jan.-Jun. 2009 Unit: RMB Yuan

Items	Amount of current period		Amount of the last period	
	Consolidation	Parent company	Consolidation	Parent company
I. 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	1,724,890.99	1,724,890.99	1,076,525.78	1,076,525.78
Sub-total of cash inflows	1,724,890.99	1,724,890.99	1,076,525.78	1,076,525.78
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	581,165.00	581,165.00	640,189.99	640,189.99
Tax and fare paid				
Other cash paid relating to operating activities	1,163,067.89	1,163,067.89	409,125.89	409,125.89
Sub-total of cash outflows	1,744,232.89	1,744,232.89	1,049,315.88	1,049,315.88
Net cash flow from operating activities	-19,341.90	-19,341.90	27,209.90	27,209.90
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				
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				
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 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				
IV. Effect of foreign exchange rate changes				
V. Increase in cash and cash equivalents	-19,341.90	-19,341.90	27,209.90	27,209.90
Add : Cash and cash equivalents at year-begin	30,064.13	30,064.13	2,188.68	2,188.68
VI. Balance of cash and cash equivalents at the year-end	10,722.23	10,722.23	29,398.58	29,398.58

Legal Representative: Wang Jianyu

CFO: Wang Jianyu

Person in Charge of Accounting Firm: Yu Deshan

II. Notes to the Financial Statements

For Six Months as at 30 June 2009

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

1. Basic situation of the Company

GUANGDONG SUNRISE HOLDINGS COMPANY LIMITED (hereinafter referred to as “the Company”) is established in the People’s Republic of China as a joint stock limited company. On 7 June 1993, upon approval by the General Office of People's Government of Shenzhen in the document “Shen Fu Ban Fu [1993]720”, the Company restructure from the original Shenzhen Lionda Group”. On 29 September 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 13 June 2002, the name of the Company has been changed from “Shenzhen Lionda Holdings Company Limited” to “Guangdong Sunrise Holdings Company Limited”.

The approved 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 company currently has no main operation business activities.

The registered address of the Company is at 4 Floor, Block 203, Tairan Industry Zone, Chegongmiao, Futian District, Shenzhen China. The actual office address has moved on to 5D, Jin Song Building, Tai Ran Road, Fu Tian District, Shenzhen from December 26, 2008.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements prepared by the Company 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 might affect the disclosure of the assets, the liabilities and the contingent liabilities on the balance sheet date and the income and expenses during the reporting period.

Refer to Note 6(7) and Note 11, the Company has significant financial burdens on long-term and short-term repayment obligations and there are large amounts of liabilities from court action in relation to the guarantees given by the Company, which will affect the going concern basis if they cannot vanish shortly. The debt reconstruction、asset reconstruction and shareholding reconstruction are in process, the management believes that if those reconstruction are successfully completed, the Company will meet its operation requirements. Accordingly the financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

(1) Accounting policies

The financial statements have been prepared in accordance with Chinese Accounting Standards for Business Enterprises promulgated by the People's Republic of China.

(2) Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

(3) Reporting currency

The reporting currency of the Company is Renminbi (CNY).

(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 converted 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 conversion differences raised from above translations should be recorded into the profits and losses at the current period. The net exchange losses arising form loans used for purchase fixed assets should be recorded in accordance with the capitalization 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 accounts

The Company makes general and specific provision for bad debts based on an assessment of the recoverability of receivables. A general provision for the remaining receivables that have not been specifically provided for is then set against the remaining balance using 3%. Specific provisions are made for those receivables are possibly uncollectible.

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, sub-processing materials, work in progress, finished goods, consignment 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 recorded as loss when used.

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 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. Net realizable value 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 equity investment:

a. Pricing method

As regards the business merger under the same control, it shall, on the date of merger, treat the share of the carrying amount of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the carrying amount of the debts borne by the merging party shall offset against the share premium of capital reserve. If the capital reserve is insufficient, the retained earnings shall be adjusted. The relevant expenses directly arising from business merger shall be included in the current profits and losses.

As regards the long-term equity investment formed by the business merger under different control, the merging cost shall be the fair value of paid assets, incurred or borne liabilities and issued equity securities to obtain the right of control over acquiree. The relevant expenses directly arising from business merger shall be included in the current profits and losses.

(b) Measurement method

The Company is able to implement the controlled long-term equity investment in invested units, and the long-term equity investment that has no common control or significant influence on invested entity, and has no offer in the active market, and its fair value cannot be reliably measured shall be calculated on the cost basis.

The long-term equity investment that the Company has common or significant influence on invested entity shall be calculated with equity method. The Company shall confirm the net losses of the invested enterprise until the carrying amount of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero, unless the Company is obligated to bear extra losses.

If the initial investment cost of long-term equity investment is more than the share of the fair value of the invested entity's identifiable net assets for the investment the Company is entitled to, the initial cost of the long-term equity investment may not be adjusted; otherwise, the difference shall be included in the current profits and losses, and the cost of long-term equity investment shall be adjusted in the meantime.

The Company shall, on the ground of the fair value of all identifiable assets of the invested entity

when it obtains the investment, recognize the share of the net profits and losses of the invested entity the Company is entitled to after it adjusts the net profits of the invested entity.

(c) Measurement method of provision for impairment of long-term equity investment

At the end of period, the long-term investments are checked item by item. If the invested entity's recoverable amount is lower than the carrying amount of investment arising from continuous market price drop or deteriorated operation status of the invested entity and other reasons, the depreciation preparation can be individual withdrawn based on the difference between recoverable amount and carrying amount. The recoverable amount shall be determined in light of the net amount of the fair value of the assets minus the disposal expenses and the current value of the expected future cash flow of the assets, whichever is greater. Once recognized, the assets impairment loss must not be carried out during the accounting period.

（10）Held-to-maturity investment:

The held-to-maturity investment shall be initially measured based on the fair value at the time of acquisition, and the transaction expenses concerned shall be included in the initially recognized amount. The subsequent measurement shall be performed with the effective interest method at amortized cost.

At end of period, the current value of current value shall be discounted and calculated based on the effective interest rate of financial assets. If the current value of current value is less than the carrying amount of financial assets shall be deducted to the current value of current value (excluding the expected credit loss that hasn't occurred yet), the deducted amount shall be recognized as assets impairment loss and included in the current profits and losses. When the held-to-maturity investment value has been recovered as shown by objective evidences, and the held-to-maturity investment is objectively associated with the events after such loss is recognized, the previously recognized impairment loss will be carried back and included in current profits and losses.

(11) Available-for-sale financial assets:

The Company shall initially measure the financial assets on offer at its fair value at the time of acquisition, and the transaction expenses concerned shall be included in the amount initially recognized.

As regards the available-for-sale financial assets that have offer in active market and whose fair value can be measured continuously and reliably, subsequent measurement can be made with fair value; as regards the equity instrument investment that have no offer in active market and whose fair value cannot be reliably measured, and the derivative financial assets that are associated with the said equity instrument and must be settled by delivery of the said equity instrument, the subsequent measurement can be made on cost basis.

The gains or losses formed by adjustment in fair value of available-for-sale financial assets, other than the exchange difference between impairment loss and monetary financial assets in foreign currency, shall be directly included in the owner's equity, and be transferred out and included in the current profits and losses when the recognition for financial assets is terminated.

Where an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or a derivative financial asset which is connected with the equity instrument and which must be settled by delivering the equity instrument, suffers from any impairment, the difference between the carrying amount of the equity instrument investment or the

derivative financial asset and the current value of the future cash flow of similar financial assets capitalized according to the returns ratio of the market at the same time shall be recognized as impairment-related losses and be included in the profits and losses of the current period. Once being recognized, the impairment losses will not be transferred out during the accounting period.

Where available-for-sale financial assets are impaired, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and included in the profits and losses of the current period. As regards the available-for-sale debt instruments whose impairment-related losses have been recognized, if, within the accounting period thereafter, the fair value has risen and are objectively related to the subsequent events that occur after the originally impairment-related losses were recognized, the originally recognized impairment-related losses shall be carried back and be included in the profits and losses of the current period. The impairment-related losses incurred to available-for-sale equity instrument investment shall not be carried back through profits and losses.

(12) Fixed assets and accumulated depreciation:

a. 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 a accounting year.

b. 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.

c. 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	Useful lives	Annual depreciation rate
House and building	20-35 years	2.57%-4.50%
Machinery equipment	10-15 years	9.00%-6.00%
Motor vehicles	5 years	18.00%
Electronic & equipment	5years	18.00%

d 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.

（13）Construction work in progress:

The engineering cost of construction work in progress shall be calculated and reflected based on the direct building and installing cost, interest expenditure of borrowings and exchange profit and loss incurred for construction work. The interest borne by the relevant construction works have been capitalized in the current year. When the fixed assets purchased and built reach the expected working

condition, the construction work in progress can be transformed into the fixed assets.

At the end of period, construction work in progress shall be inspected in a comprehensive way. Depreciation reserves shall be withdrawn and included in the current profits and losses based on the difference between the recoverable amount of the said construction work and the carrying amount thereof. Once recognized, the assets depreciation shall not be carried back in the subsequent accounting periods.

（14) Investment real estates

Investment real estates refers to the real estates held for generating rent and/or capital appreciation. The investment real estate shall be measured and sold respectively.Including (1) The right to use any land which has already been rented; (2) The right to use any land which is held and prepared for transfer after appreciation; and (3) The right to use any building which has already been rented.

The initial measurement of the investment real estate shall be made at its cost. For the follow-up expenses pertinent to an investment real estate, if they meet: (1) The economic benefits pertinent to this investment real estate are likely to flow into the Company; and (2) The cost of the investment real estate can be reliably measured., they shall be included in the cost of the investment real estate.

The Company shall make a follow-up measurement to the investment real estate through the cost pattern, a building measured through the cost pattern shall be measured its depreciation by straight-line method, and the depreciation rate shall be recognized in the light of the useful life, expected net salvage value rate.

The land use right measured through the cost pattern shall be amortized by employing straight-line method and useful life of the land use right.

At the end of each reporting period, the Company values the investment property measured using cost model at the lower of its cost and its recoverable amount at the end of the period. Where the cost exceeds the recoverable amount, the difference shall be recognized as impairment loss. Once a provision for impairment loss is made, it cannot be reversed.

Where an Company which has well-established evidence to indicate that the purpose of the real estate has changed, it shall convert the investment real estate to other assets or vise versa, when it meets any of the following conditions:

a. The investment real estate begins to be used for its own;

b. The investment real estate for inventory is changed for rent;

c. The lands with the right to self-use are changed for generating rents or capital appreciation; or

d. The buildings with the right to self-use are changed for rent.

Under the cost pattern, the book value of the real estate prior to the conversion shall be entry value after conversion.

If an investment real estate is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the recognition of it as an investment real estate shall be terminated.

（15）Borrowings and borrowing costs

The borrowings shall enter into the account on the cost basis as the time of initial acquisition, and shall be measured on the basis of amortized cost with the effective interest rate after acquisition. The borrowing costs shall be allowed to be capitalized when satisfying the conditions that assets disbursement has incurred, borrowing costs has incurred, and acquisition and construction as

necessary to enable the assets to reach the expected serviceable condition has started. Apart from this, the borrowings costs shall be recognized as the costs of the current period.

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowings by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing. Till the end of period, product of the weighted average of accumulative disbursement of acquisition and construction of assets eligible for capitalization and capitalization rate shall not exceed the actual interest incurred.

（16）Long-term deferred expenses

The long-term deferred expenses shall be amortized using the straight-line method

（17）Revenue recognition

Income from commodities sales: The significant risks and rewards of ownership of the commodities have been transferred to the buyer by the enterprise; the enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold commodities; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow into the enterprise; and The relevant costs incurred or to be incurred can be measured in a reliable way.

Revenue from providing labor services: The amount of revenue can be measured in a reliable way; the relevant economic benefits are likely to flow into the enterprise; the schedule of completion under the transaction can be confirmed in a reliable way; and the costs incurred or to be incurred in the transaction can be measured in a reliable way.

Revenue any other entity uses the assets of the Company shall be recognized in the light of chargeable time and method stipulated in the Contract.

（18）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.

（19）Income tax:

The Company shall recognize income tax by employing balance sheet approach.

（20）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 acquired 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 acquired subsidiary and their book values are combined into the consolidated balance sheet of the Company and the operation results of the acquired 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.

①consolidation financial statement scope

The consolidation scope is not including the following subsidiaries, for the Company can not control them.

②The company cannot control the following subsidiaries, as they ceased the business and the Company had no contact with them. Details are shown as follows:

Name	Reason	Accounting treatment
Shenzhen Lionda Paper Manufacturing Co. Limited	It is in loss for many years and terminated its business.	Full provision for impairment of investment was withdrawn, and full provision for bad debt of current payament was made.
Shenzhen Lionda Food Industrial Co. Limited	It is in loss for many years and terminated its business.	Impairment for long-term investment is zero, and full provision for bad debt of current payament was made.
Shenzhen Lionda Import & Export Trading Co., Limited *3	It is in loss for many years and terminated its business.	Impairment for long-term investment is zero, and full provision for bad debt of current payament was made.
Shenzhen Lionda Leke Suitcase Co., Ltd	It is in loss for many years and terminated its business.	Impairment for long-term investment is zero
Shenzhen Lionda Electrical Equipment Co. Limited *3	It is in loss for many years and terminated its business.	Impairment for long-term investment is zero and current payment was written-off.
Shenzhen Lionda Hunan Branch	It is terminated its business for many year, no assets can be liquidated	Full provision for impairment of investment was withdrawn, and current payment was written-off.
Shenzhen Lionda Light Textile Chemical Industrial Co. Limited *3	It is terminated its business.	Full provision for impairment of investment was withdrawn
Shenzhen Lionda Development Co. Ltd *1*3	It is terminated its business.	Impairment for long-term investment is zero, and full provision for bad debt of current payament was made.
Shenzhen Lionda Property Management Co. Limited	It is terminated its business.	Full provision for impairment of investment was withdrawn
Shanghai Lionda Industrial Co. Ltd.	It is terminated its business.	Full provision for impairment of investment was withdrawn
Shenzhen Lionda Industrial Trading Co. Ltd.*2	It is terminated its business.	Impairment for long-term investment is zero, and full provision for bad debt of

current payament was made.

*1 Shenzhen Lionda Development Co. Limited is passed the annual check by Industrial and commercial office in year 2007 but it is ceased its operation actually. The Company provided loan guarantee, which includes principal of RMB3.2 million and HKD5.9 million, contingent liabilities was made for it amounting to 9.313 million without the consideration of loan interest. 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 in year 2007 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 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.

4. 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.
Their 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	20%

5. CONTROLLED SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANY

(1) Controlled subsidiaries

Name of holding subsidiaries	Place of registration	Registered capital (0'000)	Business nature	Investment amount	Proportion of shares held
Shenzhen Paper Manufacturing Factory	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 Import & Export Trading 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 Paper Manufacturing Factory	Shenzhen	RMB 10000000	Trading, import and export	RMB 10000000	100%
Shenzhen Lionda Food Industrial Co., Ltd.	Shenzhen	RMB 30000000	Property development and management	RMB 30000000	100%
Shenzhen Lionda Import & Export Trading Co., Ltd.	Changsha	RMB2878000	Import and export trading	RMB 2878000	100%

Shenzhen Lionda Leke Suitcase Co., Ltd.	Shenzhen	RMB 1600000	Property management, trading of foods and motor car spare parts	RMB 1600000	100%
Shenzhen Lionda Electrical Equipment Co., Ltd.	Shanghai	RMB 3000000	Trading in light industrial products	RMB 3000000	100%
Shenzhen Paper Manufacturing Factory	Shenzhen	RMB 20000000	Import and export trading and property management	RMB 6400000	32%

* Refer to Note 3 (20), the above companies were not consolidated as they have ceased the business and the company lost the control over them.

(2) Associated company

Name of company	Place of registration	Registered capital	Business nature	Investment amount	Proportion of shares held
Shenzhen Lionda Free Trading Co., Ltd.	Shenzhen	RMB 6000000	Trading	RMB 1800000	30%
Shenzhen Golden Bell Batteries Co., Ltd.	Shenzhen	RMB 2000000	Production of dry batteries and electronic products	RMB 800000	40%
Shenzhen Anmiz Watch & Clock Co., Ltd	Shenzhen	RMB 1500000	Production of watches, clock parts, counters and meters	RMB 450000	30%
Shenzhen Gaokeda Electronic Co. Ltd.	Shenzhen	RMB 3000000	Production of HDSL transmission lines	RMB 900000	30%
Shenzhen Taiyang Tccp Co., Ltd.	Shenzhen	USD 9000000	Production, transportation and installation of steel, concrete tube	USD 3060000	34%
Shenzhen Dong Xiang Electronic Industrial Co. Ltd.	Shenzhen	HKD 100000000	Trading of electronic equipment and parts	HKD 1110000	11%
Guangdong Guomin investment Co., Ltd.	Guangzhou	RMB 87000000	Investment trusts	RMB 942.380000	9.9%
Baltic Sea Commercial Centre	Latvia	USD 1300000	Hotel operation and commercial service	USD 66.30000	51%
Shanghai Qingpu Yinda Property Development Co.	Qingpu county	RMB 1500000	Property development	RMB 45 0000	30%
Shenzhen Zhenhua Group Co., Ltd.	Shenzhen	RMB 32280000	Import and export trade of light industrial products and food	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%
Wuxian Taihu Huaqiaocheng Developme and Construction Co., Ltd.	Wuxi	RMB 10000000	Development and construction of Huaqiaocheng	RMB 1000000	10%
Shenzhen Yinzhizuo Club	Shenzhen	RMB 8000000	Provision of law consultant service and restaurant	RMB 4000000	50%
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 has no actual control on this company and presented as other equity investment calculated with the cost method.

*2 The company translated its compensation to the Company 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.

6. Notes to significant matters of financial statements

Refer to Note 3(20), as none of subsidiaries were consolidated, the following data presented below is the consolidated data and also for the Company.

(1) Cash at bank and in hand

Item	Currency	Closing balance			Opening balance		
		Original amount	Exchange rate	RMB	Original amount	Exchange rate	RMB
Cash	RMB	10,722.23	1.0000	10,722.23	30,064.13	1.0000	30,064.13

(2) Dividend receivable

The closing balance of dividends receivable is RMB 80,000.00，which should be received from the associated company Shenzhen Golden Bell Batteries Co., Ltd.

(3) Other receivables

a) Closing balance of other receivables analyzed based on risk combination are presented as below:

Item	Closing balance			Opening balance		
	Amount	Rate in total	Bed debt provision	Amount	Rate in total	Bed debt provision
1. Single accounts with large account	389,119,283.53	99.13%	389,119,283.53	389,119,283.53	98.98%	389,119,283.53
2. Single accounts without large amount but with major risk after integrated into credit risk combination	2,849,989.08	0.73%	2,438,499.51	3,368,058.40	0.86%	2,438,499.51
3. Others not large amount	569,653.90	0.14%	19,628.10	654,269.90	0.16%	19,628.10
Total	392,538,926.51	100%	391,577,411.14	393,141,611.83	100%	391,577,411.14
Total for top 5 companies	366,255,588.02	93.30%	366,255,588.02	366,255,588.02	93.16%	366,255,588.02
Total for related parties	115,510,528.12	29.43%	115,293,053.55	115,835,306.73	29.46%	115,293,053.55

(i) After assessing each individual accounts with large amount, 100% specific provisions are applied to the following companies, details are shown as follows. Other companies adopt bad debts provision based on the ageing of other receivables.

Name of company	Amount	Bed debt provision	Note
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 Sun Pipeline 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.	54,955,518.24	54,955,518.24	Liquidation of the company
Shenzhen Keruite New Materials Co., Ltd.	214,000.00	214,000.00	The company dismissed，unrecoverable
Shenzhen Lida Co., Ltd.	146,286.00	146,286.00	Serious insolvency, unrecoverable
Shenzhen Jiadeng Trade Co., Ltd	1,008,500.00	1,008,500.00	Serious insolvency, unrecoverable
Shenzhen Yingte Industrial Co., Ltd.	477,539.63	477,539.63	Serious insolvency, unrecoverable
Shenzhen China Bicycle Company (Holdings) Limited	232,801,657.06	232,801,657.06	Serious insolvency, unrecoverable
Shenzhen Lionda Import & Export Trading Co., Ltd.	27,935,288.45	27,935,288.45	Serious insolvency, unrecoverable
Shenzhen Haima Electric Appliance Co., Ltd.	285,838.32	285,838.32	Serious insolvency, unrecoverable
Shenzhen Xingda Industry & Trade Co., Ltd.	4,958,800.00	4,958,800.00	The company closed，unrecoverable
Stock market department	460,000.00	460,000.00	Long aging，unrecoverable
Bank	382,871.86	382,871.86	Long aging，unrecoverable
Deposit for cell phone	8,000.00	8,000.00	Long aging，unrecoverable
Others	432,214.46	432,214.46	Long aging，unrecoverable
Total	391,529,033.80	391,529,033.80	

(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 outstanding balance belonging to shareholders who hold 5% or more voting rights. Details of amount received from related parties see Note 9.

b) Closing balance of other receivables analyzed based on aging are presented as below:

Aging	Closing balance			Opening balance		
	Amount	Rate in total	Bed debt provision	Amount	Rate in total	Bed debt provision
Within 1 year	66,281.16	0.02%	17,831.70	594,389.90	0.15%	17,831.70
1 to 2 years	59,880.00	0.02%	1,796.40	59,880.00	0.02%	1,796.40
2 to 3 years	---	---	---	---	---	---
Over 3 years	392,412,765.35	99.96%	391,557,783.04	392,487,341.93	99.83%	391,557,783.04
Total	392,538,926.51	100%	391,577,411.14	393,141,611.83	100%	391,577,411.14

(4) Inventories and provision for devaluing of inventories

Item	Closing balance		Opening balance	
	Book Balance	Book value	Book Balance	Book value
develop cost	22,912,610.00	2,000,000.00	22,912,610.00	2,000,000.00

Provision for devaluing of inventories	Opening balance	Increase	Decrease	Closing balance	Note
develop cost	20,912,610.00	---	---	20,912,610.00	单项比较法

* Provision for devaluing of inventories: the inventories consist of the Tu Men River Soil, the Shang Dong Ru Shan soil and the Tamshui soil. The Tu Men River Soil and the Shang Dong Ru Shan soil have already transferred in the prior year. As the land property right is still not clear, the company made full amount of provision for them. The people’s government of Huiyang district, Huizhou city made an announcement that the company should restructure the unused land as the Tamshui soil has not developed for several years. However both sides have not reach an agreement on the land price. The company made the inventory provision based on the difference of estimated recoverable amount and the original investment cost.

(5) Long-term equity investment

Details are presented as below:

Item	Closing balance			Opening balance		
	Book Balance	Devaluing provision	Book value	Book Balance	Devaluing provision	Book value
Investment in stocks	5,000,000.00	---	5,000,000.00	5,000,000.00	---	5,000,000.00
Investment in subsidiaries	148,282,938.60	148,282,938.60	---	148,282,938.60	148,282,938.60	---
Investment in associated companies	6,434,354.49	4,963,089.41	1,471,265.08	6,434,354.49	4,963,089.41	1,471,265.08
Other equity investment	28,611,930.27	27,500,085.27	1,111,845.00	28,611,930.27	27,500,085.27	1,111,845.00
Total	188,329,223.36	180,746,113.28	7,583,110.08	188,329,223.36	180,746,113.28	7,583,110.08

a) Investment in stocks

The invested entity	Item	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 share	2,500,000.00	1.73%	5,000,000.00	5,000,000.00	---	---	5,000,000.00
Subtotal				5,000,000.00	5,000,000.00	---	---	5,000,000.00

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

b) Investment in subsidiaries calculated with the cost method

The invested entity	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 Paper Manufacturing & Processing Factory	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 with the equity method

The invested entity	Invested duration	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 Lionda Free Trading Co., Ltd.	10 years	30%	1,800,000.00	---	---	---	(1,800,000.00)	---
Shenzhen Golden Bell Batteries Co., Ltd.	30 years	40%	1,434,060.25	1,471,265.07	---	---	37,204.82	1,471,265.07
Shenzhen Anmiz Calculagraph 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 Sun Pipeline 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., Ltd	---	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	16,188,750.61	6,434,354.48	---	---	(9,754,396.13)	6,434,354.48

d) Other equity investment under the cost method

The invested entity	Invested duration	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 *	---	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.	20years	3.44%	1,111,835.00	---	---	1,111,835.00
Shenzhen Guoyin Investment Group Coo., Ltd.	---	5%	650,000.00	---	---	650,000.00
Shenzhen Moscow(Holdings)Co.,Ltd.	---	10%	607,998.68	---	---	607,998.68
Chaozhou Port Develop 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.	15years	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	---	---	28,611,930.27

* Yueyang Shengang Hotel Co., Ltd. translated to the Company as compensation when Shenzhen Plastics Chemical Industrial Co., Ltd. bankruptcy liquid. The transfer registration of Yueyang Shengang Hotel Co., Ltd. is uncertainty, which lead to a lack of financial information of the company.

e)Devaluing provision

The invested entity	Opening balance	Increase	Decrease			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 Paper Manufacturing & Factory	35,059,679.80	---	---	---	---	35,059,679.80
Shenzhen Lionda Food Industrial Co., Ltd.	15,400,000.00	---	---	---	---	15,400,000.00
Shenzhen Lionda Import & Export Trading Co., Ltd.	7,155,864.39	---	---	---	---	7,155,864.39
Shenzhen Lionda Leke Suitcase Co., Ltd.	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

Ltd.						
Shanghai Qingpu Yinda Property Development Co.	639,886.25	---	---	---	---	639,886.25
Shenzhen Yinzhizuo Club	640,000.00	---	---	---	---	640,000.00
Yueshen Light Industrial 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 Develop Co., Ltd.	2,225,000.00	---	---	---	---	2,225,000.00
Wuxian Taihu Huaqiaocheng Development and Construction Co., Ltd.	2,000,000.00	---	---	---	---	2,000,000.00
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	---	---	---	---	180,746,113.28

The above invested company has winding up for several years, we cannot find any way to contact them, therefore the company provides full amount of devaluing provisions.

(6) Fixed assets and accumulated depreciation

Cost of fixed asset	Opening balance	Increase	Decrease	Closing balance
Buildings and plant	13,118,650.06	---	---	13,118,650.06
Motor vehicle	705,000.00	---	---	705,000.00
Electronic equipment and others	137,755.00	---	---	137,755.00
Total	13,961,405.06	---	---	13,961,405.06
Accumulated depreciation				
Buildings and plant	6,542,857.11	267,912.33	---	6,810,769.44
Motor vehicle	669,750.00	---	---	669,750.00
Electronic equipment and others	124,994.92	926.28	---	125,921.12
Total	7,337,602.03	268,838.61	---	7,606,440.64
Net Book Value	6,623,803.03			6,354,964.42

* The book value of RMB 13,061,860.35 of buildings and plant is a lack of property certificate of buildings and plant. Due to arrearage dispute of non-ferrous metals in Shenzhen, the book value of RMB 6,759,920.35 of buildings and plant is sequestered by the Shenzhen Intermediate People's Court in 31 March 2006.

*** The Company indicated that there was no fix assets meet the provision conditions, so there is no devaluing provision being 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
Loans from bank						
Guarantee						
RMB	55,378,000.00	1.000	55,378,000.00	55,378,000.00	1.000	55,378,000.00
HKD	12,109,722.00	0.8819	10,679,563.83	12,109,722.00	0.8819	10,679,563.83
USD	10,689,262.70	6.8346	73,056,834.85	10,689,262.70	6.8346	73,056,834.85
Subtotal			139,114,398.68			139,114,398.68
Loans from other company						
RMB	242,635,500.00		242,635,500.00	242,635,500.00		242,635,500.00
HKD	31,428,672.00	0.8819	27,716,945.84	31,428,672.00	0.8819	27,716,945.84
USD	7,624,000.00	6.8346	52,106,990.40	7,624,000.00	6.8346	52,106,990.40
Subtotal			322,459,436.24			322,459,436.24
Total			461,573,834.92			461,573,834.92

* The type of all of loans presented above are guarantee loan. The original loan purpose is to face the cash flow problems. The date of repayment of loan has expired and the company has no plan to repay the overdue debts recently.

Overdue loans details show as follow：

Loan Bank	Loan amount			Loan rate
	RMB	HKD	USD	
Shenzhen Development Bank Futian Loan&Trust Department	---	---	1,700,000.00	8.775%
Shenzhen Development Bank Luohu Branch (Shatoujiao Sub branch)	8,000,000.00	---	---	7.587%
Shenzhen Development Bank Sales department RenMin Bridge Sub branch	---	---	1,000,000.00	Seasonal flotation
China Everbright Bank Shenzhen Branch	5,600,000.00	---	---	5.858%
China Merchants Bank Shangbu	4,000,000.00	---	7,000,000.00	RMB11.088% /USD8.625%
China CITIC Bank	15,000,000.00	---	---	7.029%
China CITIC Bank	13,000,000.00	---	---	7.029%
Agricultural Bank of China Renmingbei Branch	2,678,000.00	---	---	7.599%
Agricultural Bank of China Sha Tou Jiao	2,600,000.00	---	---	9.504%
Agricultural Bank of China Shen Zhen Branch	---	12,109,722.00	989,262.70	---
Association Unit She Kou	4,500,000.00	---	---	---
Shen Zhen trade development council	4,150,000.00	---	---	---
Hongkong Addvalue holdings Limited *	25,000,000.00	---	---	---
Economic Development Bureau	1,500,000.00	---	---	---
Technology Bureau	400,000.00	---	---	---
Colored Metal Co., Ltd.	28,000,000.00	---	---	21.600%
Colored Metal Co., Ltd.	---	---	740,000.00	16.190%
Glenmore Investment Limited	---	3,578,392.00	---	
Yue Cai Holding Co., Ltd **	8,580,000.00	---	---	5.841%

South Security Corporation Limited ***	5,000,000.00	---	---	---
Orient asset management corporation ****	170,005,500.00	27,850,280.00	6,884,000.00	---
Total	298,013,500.00	43,538,394.00	18,313,262.70	---

*The creditor's right of the loan with amount of RMB 25,000,000 was transferred to Shenzhen department China Xinda Asset Management Corporation by Bank of Communications Shenzhen Hongli Branch on June 7, 2004. The China Xinda Asset Management Corporation transferred the creditor's right to Crosstown China investments 3, LLC. on October 30, 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 on October 31, 2006..

*** According to ShenZhen Intermediate People's Court Civil Judgment on July 30, 2008([2007]Shen Zhong Fa Min Er Chu Zi No. 250), the Company owed the loan amounting to RMB 5,000,000.00 from South Security Co., Ltd, details see Note 10(2).

**** All loans from Orient Asset Management Corporation are the obligatory right transferred from other banks. The original loan details show as follow:

Loan Bank	Loan amount			Loan interest
	RMB	HKD	USD	
Industrial and Commercial Bank of China Futian Branch	31,030,000.00	---		6.732%
Industrial and Commercial Bank of China Futian Branch	---	---	2,000,000.00	7.250%
Industrial and Commercial Bank of China Guomao Shendong Branch	19,000,000.00	---	---	5.580%
China Construction Bank Changcheng Department	2,500,000.00	---	---	9.828%
China Construction Bank Chengdong	17,975,500.00	---	---	9.504%
China Construction Bank International department	---	---	2,444,400.00	
China Construction Bank Shangbu	3,000,000.00	---		9.828%
China Construction Bank Sales Department	---	3,850,280.00	2,059,600.00	
China Construction Bank Housing Credit Department-1	18,000,000.00			8.712%
Bank of China	78,500,000.00			5.8575%
Bank of China Shenzhen Branch	---	24,000,000.00	380,000.00	HKD floating interest/USD8.775%
Total	170,005,500.00	27,850,280.00	6,884,000.00	

(8) Accrued Payroll

Item	Opening balance	Current period accrual	Current period payment	Closing balance
1.Salaries,bonuses,allowances and subsidies	28,750.00	581,165.00	581,165.00	28,750.00
2.Welfare fund for staff workers	---	7,500.00	7,500.00	---
3. Social securities	---	---	---	---

4. Subsidies for trade union and education of staff	502,027.88	4,674.70	---	506,702.58
5 Dismiss compensation	---	---	---	---
Total	530,777.88	593,339.70	588,665.00	535,452.58

(9) Taxes payable

Taxes	Closing balance	Opening balance
Personal income tax	11,360.47	---

(10) Interest payable

The closing balance of interest payable is RMB 402,150,466.36, 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 12,254,785.32 in current year。The company was unable to repay the loan and interest at maturity. The calculated interest excludes the overdue unpaid interest.

(11) Other payables

	Closing balance		Opening balance	
Aging	Amount	Rate in total	Amount	Rate in total
Within 1 year	11,016,201.92	6.72%	2,208,436.92	1.42%
1 to 2 years	38,731,706.59	23.64%	38,731,706.59	24.99%
2 to 3 years	392,222.32	0.24%	392,222.32	0.25%
Over 3 years	113,675,470.40	69.4%	113,675,470.40	73.34%
Total	163,815,601.23	100%	155,007,836.23	100%

* In closing balance of accounts payable, the amount subjects to shareholders who hold 5% or more than 5% voting rights is RMB 916,863.97. See Note 9 Related Parties Transactions.

** Reason for not paid: the company is unable to repay the debt.

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

Name of company	Amount	Nature
Shenzhen Shenbao Industrial Co.	52,283,906.42	Repaid short-term loans for the Company
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 liability

Item	Closing balance	Opening balance	Note
Contingent liability	734,495,365.42	734,495,365.42	Overdue of external guarantee loans

(13) Stock capital

Item	Opening balance	Current period Variance						Closing balance
		Allotment	Bonus share	Share from public reserve	New issue	Other	Subtotal	
I Restricted circulating shares								
Included： Domestic legal person shares	208,560,000.00	---	---	---	---	（20,130,000.0）	（20,130,000.0）	188,430,000.00
Total restricted circulating shares	208,560,000.00	---	---	---	---	（20,130,000.0）	（20,130,000.0）	188,430,000.00
II Non-restricted circulating shares	---	---	---	---	---	---	---	---
1. Domestic listed ordinary shares denominated in RMB	40,260,000.00	---	---	---	---	20,130,000.00	20,130,000.00	60,390,000.00
2. Domestic listed foreign shares	39,600,000.00	---	---	---	---	---	---	39,600,000.00
Total Non-restricted circulating shares	79,860,000.00	---	---	---	---	20,130,000.00	20,130,000.00	99,990,000.00
III Total number of 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.

The Company’s equity division reform has completed in current year. Non-tradable shareholders have reached a agreement that they paid 20,130,000 shares to shareholders holding A share at registration date of December 26, 2008 , for the purpose of obtaining the trading right of all non-tradable shares. When registration date of share change, all shareholders of A share would obtain 5 non-circulating shares offered by the non-tradable shareholders for each 10 tradable shares (“consideration schemes”).

(14) Capital surplus

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
Legal public welfare fund	97,683,685.99	---	---	97,683,685.99
Free surplus reserve	40,621,120.90	---	---	40,621,120.90
Subtotal	138,304,806.89	---	---	138,304,806.89

(16) Profits undistributed

Item	Current period
Net profit	(13,469,451.32)
Add: Undistributed profits at beginning of the year	(2,531,326,223.23)
Closing balance at the year end	(2,544,795,674.54)

(17) Operating income

Other operations	Current period			Previous period		
	Revenue	Cost	Profit	Revenue	Cost	Profit
Property rent Property rent	926,985.48	---	926,985.48	772,487.90	---	772,487.90

* The company appointed Shen Zhen Zhuo Chuang Property Management Co., Ltd to manage the property. The Property management company is not only responsible for all aspect of legally premises leasing but also responsible for the overall tax issues. The rental allocated to the company which is after tax revenue, according to the agreement. Revenue for the Property Management Co., Ltd included due taxes to the governmental authorities.

(18) Financial expenses

Item	Current period	Same period of last year
Interest expense *	12,254,785.32	17,839,934.98
Less: interest income	1,967.19	4,037.88
Exchange loss	---	---
Others	---	130.00
Total	12,252,818.13	17,836,027.10

*Interest expense indicates the calculated interest payable based on one-year RMB loan interest rate which is RMB 40,402,911.81 in current year.

(19) Non-operating income & expense

1. Non-operating income

Item	Current period	Same period of last year
Gains from decreasing contingency liabilities	---	6,479,352.00
Others	---	50,000.00
Total	---	6,529,352.00

(20) Other cash from operating activities

Item	Current period
Other cash received relating to operating activities	
Current amount	795,938.32
Rental income	926,985.48
Interest income	1,967.19
Subtotal	1,724,890.99
Other cash paid relating to operating activities	
Vehicle expense	65,774.00
Publication expenditure	---
Training cost	6,256.60
Rental expense	73,415.63

Office expense	91,768.70
Travelling cost	595.00
Business charge	11,228.70
Water and electricity expense	6,493.56
Listing fee	160,000.00
Court fee	---
Telephone cost	10,745.40
Auditing cost	200,000.00
Board of directors' cost	119,000.00
Lawyer fee	200,000.00
Reconstruction consultant fee	200,000.00
Reconstruction expense	---
Other	17,790.30
Total	1,163,067.89

Note 21. Cash and cash equivalents

Items	Current period	上期数
1, cash	10,722.23	30,064.13
Including：Treasury cash	10,722.23	30,064.13
2, cash equivalents		
Include：Bond investment within three month		
3, closing balance of cash and cash equivalents	10,722.23	30,064.13
Including：restricted use of cash and cash equivalent	---	---

7. Supplemental Information for Cash Flow Statement

Supplemental information	Current period	Same period of last year
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	(13,469,451.32)	(12,450,326.65)
Add：Provisions	---	---
Depreciation of fixed assets, fuel and gas assets, produced biological assets	268,838.61	288,614.19
Amortization of intangible assets	---	---
Amortization of long-term prepayment	---	---
Loss on disposal of fixed assets, intangible assets and others long-term assets	---	---
Loss on retirement of fixed assets	---	---
Loss on variance of fair value	---	---
Finance cost	12,254,785.32	17,839,934.98
Loss on investment	---	---
Decrease of deferred tax assets	---	---
Increase of deferred tax liabilities	---	---
Decrease of inventories	---	---
Decrease in operating receivables	602,685.32	756,501.42
Increase in operating payables	323,800.17	71,837.96
Other	---	(6,479,352.00)
Net increase in cash and cash equivalents:	(19,341.90)	27,209.90

Supplemental information	Current period	Same period of last year
2. Investing and financing activities not involved in cash		

Debt converted to capital	---	---
Convertible bond maturity within one year	---	---
Leasehold improvements	---	---
3. Net increase in cash and cash equivalents		
Cash at the end of the year	10,722.23	29,398.58
Less: cash at the beginning of the year	30,064.13	2,188.68
Add：cash equivalents at the end of the year	---	---
Less：cash equivalents at the beginning of the year	---	---
Net increase in cash and cash equivalents	(19,341.90)	27,209.53

8. Extraordinary gains and losses

Description	Current period	Same period of last year
1.Profits/losses from disposal of non-current assets		
(1) Profits from disposal of long-term assets		
Including: Profits from equities transfer	---	---
Sub-total	---	---
(2)Expenses on disposal of long-term assets		
Including: Net losses on disposal of fixed assets	---	---
Losses on equities transfer	---	---
Sub-total	---	---
Net profits/losses on disposal of non-current assets	---	---
2. Reversal of bad debt provision prepared individually for account receivables	---	6,479,352.00
3. Profits/losses of non-operating contingent events	---	---
4. Net losses/profits from other non-operating items	---	---
(1) Non-operating incomes	---	---
(2)Less：Non-operating expense	---	---
Net of non-operating incomes and expenses	---	---
Total of non-operating losses/profits before deduction of income tax	---	6,479,352.00
Less：Amount of income tax	---	---
Total of non-operating losses/profit after deduction of income tax	---	6,479,352.00
Less：Amount of minority interests	---	---
Total of non-operating loss/profit after deduction of minority interest	---	6,479,352.00

9 Related Party Relationship and Transactions

(1) The related parties that don’t control or not controlled by the Company

Name of related parties	Relationship with the Company
Shenzhen Investment Holding Corporation	The previous controlled shareholder
Shenzhen Lionda Free Trade Co., Ltd.	Joint venture
Shenzhen Sun Pipeline Co., Ltd.	Joint venture
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.	Joint venture
Yue-Shen Light Industry Import&Export Trading Company Co., Ltd	Joint venture
Beijing Sun Pipeline Co., Ltd	The subsidiary of controlled shareholder
Shenzhen Keruite New Materials Co., Ltd.	Joint venture
Shenxin Industrial Co., Ltd.	Joint venture
Shenzhen Jiadeng Trade Co., Ltd	Subsidiary of joint venture
Shenzhen Fuguanghao Industrial Co., Ltd.	Subsidiary of joint venture
Shenzhen Yingte Industrial Co., Ltd.	Joint venture
Shenzhen Yuda Import & Export Trading 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 that control or controlled by the Company

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	586,490k yuan	Invested in manufacture, domestic trading business	59.82%	The controlled shareholder of the Company

The parent company and ultimate controlled company of the Company don't provide the financial statements to public, the parent company of the Company doesn't exist the parent company to provide the financial statements.

The non-consolidated subsidiaries are listed as follows:

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 Paper Manufacturing Co., Ltd	Subsidiary
Shenzhen Lionda Leke Suitcase Co. Ltd	Subsidiary
Shenzhen Lionda Food Industrial Co., Ltd.	Subsidiary
Shenzhen Lionda Calculagraph Industrial Co., Ltd	Subsidiary
Shenzhen Lionda Development Co., Ltd.	Subsidiary
Shenzhen Lionda Import & Export Trading Co., Ltd.	Subsidiary
Shenzhen Lionda Property Management Co., Ltd.	Subsidiary
Shanghai Lionda Industrial Co.,Ltd.	Subsidiary
Shenzhen Lionda Industrial Trading Co. Ltd.	Subsidiary
Shenzhen Lionda Industry & Trading Co., Ltd., Jinxing Printing Plant	Branch of subsidiary

(3) The guaranteed particular list provided by the Company for related parties' bank loan is presented as follows:

Name of related parties	Hypothecated amount			Equivalent RMB	Remarks
	USD	HKD	RMB		
Shenzhen Lionda Free Trade Co., Ltd.	---	---	8,500,000.00	8,500,000.00	Overdue and was indicted
Shenzhen Sun Pipeline 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
Shenzhen Yue-Shen Light Industrial Trading Co., Ltd	---	---	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 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 Manufacturing Company	---	---	17,900,000.00	17,900,000.00	Overdue and was indicted
Shenzhen Guangyingda Industrial Co., Ltd.	8,352,183.63	---	9,780,000.00	79,103,124.13	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 Calculagraph Industry Co., Ltd.	---	1,000,000.00	2,000,000.00	3,070,000.00	Overdue and was indicted
Shenzhen Lionda Leke Suitcase Co., Ltd	---	---	12,850,000.00	12,850,000.00	Overdue and was indicted
Total	12,952,183.63	18,750,000.00	172,198,796.49	299,764,420.62	

* The company made full amount of contingency liability for the above related parties guarantee loans.

(4) Amounts due from/to related parties

Current items	Name of related parties	Closing balance	Beginning balance
Other receivables	Shenzhen Lionda Import & Export Trading 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.	54,698,107.15	54,955,518.24
	Shenzhen Keruite New Materials Co., Ltd.	214,000.00	214,000.00
	Shenzhen Sun Pipeline 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 Industrial Co., Ltd.	477,539.63	477,539.63
	Shenzhen Lionda Industry & Trading Co., Ltd., Jinxing Printing Plant	251,906.13	251,906.13
	Shenzhen Fuguanghao Industrial Co., Ltd.	239,749.67	559,023.90
	Total	115,510,527.54	116,929,486.39
Other payables	Shenzhen Lionda Group Co., Ltd.	916,863.97	681,598.97
	Shenzhen Lionda Leke Suitcase Co., Ltd.	1,019,569.00	1,019,569.00
	Shenzhen Light Industrial Import & Export Co., Ltd.	4,150,000.00	4,150,000.00
	Shenxin Industrial Co., Ltd.	372,569.98	372,569.98
	Total	6,459,002.95	6,223,737.95

10. Litigation Events

No new lawsuit during the reporting period.

11. Contingent Events

(1) Guarantee Matters from the Company

Items	The amount of money involved (principal)			Notes
	USD	HKD	RMB	
External guarantee：				
Shenzhen Lionda Bao Shui Trading Co., Ltd.	---	---	8,500,000.00	Overdue and was indicted
Shenzhen Sun Pipeline Co., Ltd.	4,500,000.00	---	6,000,000.00	Overdue and was indicted
Shenzhen Gaokeda Electronic Co. Ltd.	---	---	500,000.00	Overdue and was indicted
Shenzhen Yuda Import & Export Co., Ltd.	---	---	4,800,000.00	Overdue and was indicted
Shenzhen China Bicycle Company (Holdings) Limited *2	22,524,039.11	8,000,000.00	129,050,000.00	Overdue and was indicted (excluding guarangee for loan of Huarong)
Yue-Shen Light Industry & Trading Company *3	---	---	8,187,837.00	Overdue and was indicted
Guangzhou Xufeng Enterprise Group Co., Ltd.	---	---	15,000,000.00	Overdue and was indicted
Shenzhen Jinbeisheng Investment Co., Ltd.	---	---	77,600,000.00	Overdue and was indicted
Shenzhen Guoyin Investment Group Co., Ltd. *4	---	---	37,520,648.00	Overdue and was indicted
Shenzhen Paina Garment Co., Ltd.	---	---	1,300,000.00	Overdue and was indicted
Shenzhen Gintian Industry(Group) Co., Ltd.	---	25,000,000.00	---	Overdue and was indicted
Shenzhen Zhongwu Resources Import & Export Co., Ltd.	2,022,900.00	---	---	Overdue and was indicted
Shenzhen Guangyingda Industrial Co., Ltd. *5	8,352,183.63	---	9,780,000.00	Overdue and was indicted
Shenzhen Ligang Industrial Company	660,700.00	---	1,750,000.00	Overdue and was indicted
Shenzhen Maoyuan Investment Development Co., Ltd.	---	8,000,000.00	---	Overdue and was indicted
Shenzhen Xingda Industrial Trading Co., Ltd.	---	---	400,000.00	Overdue and was indicted
Shenzhen Plastic Co., Ltd. *6	---	---	13,710,000.00	Overdue and was indicted
Shenzhen Jinhai Electronics Co., Ltd.	---	---	3,500,000.00	Overdue and was indicted
Shenzhen Guanghualin Investment Co., Ltd. *7	---	---	7,916,000.00	Overdue and was indicted
Shenzhen Tiantai Petrochemical Co., Ltd.	200,000.00	---	---	Overdue and was indicted
Shenzhen Architecture Materials Group	---	---	800,000.00	Overdue and was indicted
Shenzhen Jingyuan Industrial And Trading Co., Ltd.	---	---	800,000.00	Overdue and was indicted
Hainan Wanda Industrial Trading Co., Ltd.	---	---	30,938,600.00	Overdue and was indicted
Shenzhen Xuena Co., Ltd.	---	1,055,200.00	---	Overdue and was indicted
Shenzhen Light Industry Import & Export Co., Ltd.	100,000.00	---	1,900,000.00	Overdue and was indicted
Jilin Lionda Company	---	---	3,500,000.00	Overdue and was indicted

Items	The amount of money involved (principal)			Notes
	USD	HKD	RMB	
Shenzhen Big World Shopping Center	1,690,000.00	---	---	Overdue and was indicted
Shenzhen Lionda Development Co., Ltd.	---	5,900,000.00	3,000,000.00	Overdue and was indicted
Shenzhen Lionda Electrical Equipment Co., Ltd.	---	---	9,850,000.00	Overdue and was indicted
Shenzhen Paper Manufacturing Company	---	---	17,900,000.00	Overdue and was indicted
Shenzhen Lionda Food Industrial Co., Ltd.	---	---	29,400,000.00	Overdue and was indicted
Shenzhen Lionda Import & Export Trading Co., Ltd.	---	11,850,000.00	52,980,959.49	Overdue and was indicted
Hunan Lionda Company	---	---	3,250,000.00	Overdue and was indicted

Shenzhen Lionda Leke Suitcase Co.Limited	---	---	12,850,000.00	Overdue and was indicted
Shenzhen Haima Electric Appliance Co., Ltd.	---	---	1,750,000.00	Overdue and was indicted
Shenzhen Lionda Calculagraph Industrial Co., Ltd.	---	1,000,000.00	2,000,000.00	Overdue and was indicted
Shenzhenz Yutian Industrial Co., Ltd.	---	---	24,447,000.00	Overdue and was indicted
Shenzhen Securities office of Hunan Xiangcai experimental Bank	---	---	8,740,000.00	Overdue and was indicted
Total	40,049,822.74	60,805,200.00	529,621,044.49	

*1 The amount of guarantee shown above is the amount of loan principal net of the repayment by the vouchee. The Company has prepared the provision for estimated liabilities with total amount of RMB 739,495,365.42. of which, the provision of estimated liabilities from the loan guarantee for Shenzhen China Bicycle Company (Holdings) Limited is RMB 133,240,000.00, and the provision for estimated liabilities from the loan guarantee for other companies are at 100% of the principals.

*2 The provisions for estimated liabilities, which is due to the loan guarantee provided for Shenzhen China Bicycle Company (Holdings) Limited by the Company, is as following: there is no provisions of estimated liabilities for the loan which is guaranteed by the Company made by Shenzhen China Bicycle Company (Holdings) Limited from China Huarong Asset Management Corp. please refer to Note 13. As for the rest of guarantee, the estimated liabilities was recorded at the amount of RMB 32.456 million which is RMB 133.24 million, is prepared at 40% of the principal.

*3 The creditor of the loan, which was made by Yue-Shen Light Industry & Trading Company from louhu branch of Bank of China with amount of RMB 1,500,000.00, had changed to Orient Asset Management Corporation. The amount of RMB 812,163 was repaid by assets and the outstanding balance of the principal was RMB 687,837.00.

*4 Shenzhen Guoyin Investment Group Co., Ltd., who made a loan from Shenzhen nanshan sub-branch of Bank of Communications with amount of RMB 11,000,000, repaid the amount of RMB 6,479, 352 .00 to the Bank in current fiscal year and the amount of RMB 4,520,648.00 was outstanding balance of the loan.

*5 Shenzhen Guangyingda Industrial Co., Ltd. made a loan from Beijing Technology Import and Export company with amount of USD 6,100,000.00. The amount of RMB 7,260,000.00 (In USD 874,700.00) was settled to the creditor by the way of auction and the outstanding balance was USD 5, 225,300.00. Shenzhen Xinhuayu Company, which is the subsidiary of Shenzhen Guangyingda Industrial Co., Ltd., made a loan from Shenzhen department of Agricultural Bank of China with amount of USD379, 324.00. As for this loan, the amount of RMB 320,000.00 was settled in 2004 and the outstanding balance was USD 340,800.00.

*6 The Company was indicted by Shenzhen branch of China Everbright Bank due to the provision of loan guarantee for Shenzhen Plastic Co., Ltd. which had made a loan of RMB 15 million from Shenzhen branch of China Everbright Bank. According to the sentence of the Shenzhen Intermediate People's Court, the Company cancelled out the loan with the amount of RMB 1,290,000.00 by using its own stock shares of Shenzhen Jianda Machinery Co., Ltd., which are amount to 20% of all stock shares of Shenzhen Jianda Machinery Co., Ltd.

*7 The 5,500,000 stock shares of Wantong Beijing Real Estate Co., Ltd. (the former name is Beijing Vantone Industrial Co., Ltd.) owned by the Company was auctioned off in current year, the RMB 4,284,000.00 which was collected from the auction was totally repaid the debt.

(2) The lawsuits regarding bank loans

Items	The amount of money involved (principal)			Notes
	USD	HKD	RMB	
Shataukok Branch of Shenzhen Development Bank	---	---	8,000,000.00	Overdue loans
Nantou Branch of Shenzhen Development Bank *1	---	4,000,000.00	---	Overdue loans
Shenzhen Branch of China Everbright Bank	---	---	5,600,000.00	Overdue loans
Shenzhen Colored Metal Financial Co., Ltd.	740,000.00	---	28,000,000.00	Overdue loans
Shataukok Branch of The Agricultural Bank of China	---	---	2,600,000.00	Overdue loans
Renmingbei Branch of The Agricultural Bank of The People	---	---	2,678,000.00	Overdue loans
Southern Securities Co., Ltd. *2	---	---	5,000,000.00	Overdue loans
Bank of China Shenzhen Branch *4	---	2,400,000.00	---	Overdue loans
Glenmore Investment Limited *3	---	32,000,000.00	---	Overdue loans
Shenzhen Branch of Agricultural Bank of China	989,262.70	12,109,722.00	---	Overdue loans
Shenzhen Futian Branch Industrial And Commercial Bank of China *4	2,000,000.00	---	31,030,000.00	Overdue loans
Shenzhen Shendong Branch, Industrial And Commercial Bank of China, *4	---	---	19,000,000.00	Overdue loans
Total	3,729,262.70	50,509,722.00	101,908,000.00	

*1 Shenzhen Shenbao Industrial Co., Ltd. provided loan guarantee for the borrowing and repaid the borrowing on behalf of the Company with total amount of HKD 4 million in 2007.

*2 As for the loan contract dispute case between the Southern securities Co., Ltd. and the Company, the sentence of the Shenzhen Intermediate People's Court, was given on July 30, 2008 with the civic written judgment of [2007]Shen Zhong Fa Ming Er Chu Zi, No.250, required that the Company (The Defendant) must repay the loan, which was including the principal of RMB 5 million and the relative interest accrued during the borrowing period, to the Southern securities Co., Ltd.(The Plaintiff).

*3 Shenzhen Shenbao Industrial Co., Ltd provided loan guarantee for the borrowing and repaid the borrowing on behalf the Company with total amount of RMB 29 million in 2007.

*4 The creditor of the loan has been changed to Orient Asset Management Corporation.

12. Commitment Matters

The Company has no material commitments during the financial reporting period.

13. Debt Restructuring Events

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 Laiyinda and Shen Zhonghua restructuring event ” and “supplemental agreement” with Shen Zhonghua, pursuant 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 interests. 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, 2008, the Company paid cash of RMB110 million to China Huarong Asset Management Corp. and transfer A share of totaled 65,098,412 shares and B share of totaled 17,899,664 shares, and B share of 5,001,944 shares was transferred whereas the transfer procedure is in progress.

14. Other Material Events

The Company’s equity division reform has completed on December 26 2008. The detailed situations are as follows:

As at January 15, 2007, the Company’s equity division reform proposal was approved by shareholders’ meeting.

The main points of Company’s equity division reform proposal include: (1) five shareholders of non-tradable shares, which are Shenzhen Lionda Group Co., Ltd., Shenzhen Colored Metal Financial Co., Ltd., Shenzhen International Trust & Investment Co., Ltd., Shenzhen Walstar Investment (Holding) Co., Ltd., and Hainan Huihexing Investments Management Ltd. have reached a agreement that they paid 20,130,000 shares to shareholders of A share on registration date of share alteration, for exchange of the tradable right for all non-tradable shares; (2) pursuant to the Company’s equity division reform plan, on registration date of share alteration, all shareholders of A share would obtain 5 non-tradable shares offered by the non-tradable shareholders with 10 tradable shares. After the completion of the equity division reform plan, the Company’s net assets per share, earnings per share and total volume of shares will remain same; (3) when the Company’s equity division reform plan has approved by shareholders’ meeting of A share and the consideration schemes finished, the shares which held by non-tradable shareholders will obtain the right of trading in A share market.

The consideration target, scope and date refers to all tradable shareholders of A share recorded in Shenzhen Branch, China Securities Depository and Clearing Corporation Ltd as at the afternoon of December 26, 2008, after the Shenzhen Stock Exchange closed. The shareholders of tradable shares will obtain the consideration dated on December 29, 2008.

Shenzhen Lionda Group Co., Ltd., one of the Company’s non-tradable shareholders, has made particular promise: (1) Due to the S*ST Sunrise shares hold by Shenzhen Walstar Investment (Holding) Co., Ltd. have been sealed up by judicature, Shenzhen Lionda Group Co., Ltd. would help to pay the non-tradable shares according to consideration schemes. If these non-tradable shares are able to trade in the market, Shenzhen Walstar Investment (Holding) Co., Ltd. should pay the equivalent money back to Shenzhen Lionda Group Co., Ltd. or get the permission of Shenzhen Lionda Group Co., Ltd.

When the consideration schemes finished, and with the approval of Shenzhen Lionda Group Co., Ltd., Shenzhen Walstar Investment (Holding) Co., Ltd. are able to trade its non-tradable shares in the market if Shenzhen Lionda Group Co., Ltd. applies to Stock Exchange for the circulation right of the non-tradable shares. (2) All expenses related to consideration schemes would be borne by the first majority shareholder, Shenzhen Lionda Group Co., Ltd.

Number of restricted tradable shares hold by tradable shareholders and its restricted conditions:

The commitment of five Company's non-tradable shareholders, Shenzhen Lionda Group Co., Ltd., Shenzhen Colored Metal Financial Co., Ltd., Shenzhen International Trust & Investment Co., Ltd., Shenzhen Walstar Investment (Holding) Co., Ltd., and Hainan Huihexing Investments Management Ltd. are (1) the non-tradable shares they hold will not be traded in the market in 12 months after the date of consideration schemes execution; (2) After the aforementioned date, the number of non-tradable shares they offered to sale in Shenzhen Stock Exchange will not in excess of 5% of total shares in 12 months, also will not in excess of 10% of total shares in 24 months.

II. Bankruptcy and Reorganization:

At the beginning of July 2009, The Company was aware from principal shareholder that Shenzhen Xingyaju Decoration Project Co., Ltd, creditor of the Company, appealed to Shenzhen Intermediate People's Court and demanded that the Company carried out reorganization in accordance with Law of the People's Republic of China on Enterprise Bankruptcy due to serious insolvency and failing to repay mature loans, and Shenzhen Intermediate People's Court was examining whether accepted the case or not. At present, the Company had not received any legal document from Shenzhen Intermediate People's Court. It was uncertain whether the case would be accepted and heard by the court or whether the Company would get into progress of reorganization. For details of the above event, please refer to Suggestive Public Noticeon Significant Events of the Board of Directors (serial number 2009-014), which was published in Securities Times, Hong Kong Ta Kung Pao and http://www.cninfo.com.cn on 6 July 2009.

15. Going concern

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

As presented in annotation 7 of Note 6 and Note 11, the Company is in great repayment pressure for short-term debt and substantive guaranteed 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 financial consulting agreement with Beijing. Zhonghe Yingtai Management Consulting Co., Ltd in Jan. 2007, Zhonghe Yingtai Management Consulting Co., Ltd will provide the Company's restructuring plan, the Company would negotiate with creditor for debt and assets restructuring, and would try to make progress for debt restructuring matter; simultaneously, the Company's controlled shareholder of Shenzhen Lionda Group Co., Ltd. and financial adviser have sought the cooperator with economical power, be reliable and operating ability to improve the Company's going concern ability.

The success of equity division reform provided the favorable situation for the re-organization of Company. The Company's management believed that the Company would gain the effective improvement, and will become a beneficial listed company after the restructuring with going concerning ability, therefore the preparation of financial statements is still based on the going concern principle.

(2) Due to the material uncertainty of the Company's going concern, this could possibly cause the Company was not able to achieve the realization of assets repayment of the debt in ordinary course of business.

16. Return on net asset

Profit during the reporting period	Return on net assets			
	Fully diluted		Weighted average	
	Current	Last period	Current	Last period
Net profit belonging to the shareholders of common shares	---	---	---	---
Net profit belonging to shareholders of common shares after deduction of non-operating losses/profit	---	---	---	---

* In view of the Company's negative net asset and the operating result for the current period and last period being net loss, return on equity calculated under this circumstant fails to real reference value.

17. Earnings per share

Profit during the reporting period	Earnings per share			
	Basic earnings per share		Diluted earnings per share	
	Current	Last period	Current	Last period
Net profit belonging to the shareholders of common shares	(0.0467)	(0.0432)	(0.0467)	(0.0432)
Net profit belonging to shareholders of common shares after deduction of non-operating losses/profit	(0.0467)	(0.0656)	(0.0467)	(0.0656)

Items	Current	Last period
Calculation for basic and diluted earning per share		
(1) numerator:		
Net profit after tax	(13,469,451.31)	(12,450,326.65)
Adjustment: influences of dividend on preferred stock and other instruments	---	---
Profits and losses ascribed to ordinary shareholders of the parent company in the calculation of earnings per share	(13,469,451.31)	(12,450,326.65)
Adjustment: Dividend and interest related to potential diluted ordinary shares	---	---
Change in earnings or expenses due to translation of potential diluted ordinary shares	---	---
Profits and losses ascribed to ordinary shareholders of the parent company in the calculation of earnings per share	(13,469,451.31)	(12,450,326.65)
(II) Denominators		
Weighted average of ordinary shares issued in the current period in the calculation of basic earnings per share	288,420,000.00	288,420,000.00
Add: Weighted average at the time of all potential diluted ordinary shares translated into ordinary shares	---	---
Weighted average of ordinary shares issued in the current period	288,420,000.00	288,420,000.00

in the calculation of earnings per share		
(3) Earnings per share		
Basic earnings per share		
Net profit for Company's common stock shareholders	(0.0467)	(0.0432)
Net profit for Company's common stock shareholders after deduction of non-operating items	(0.0467)	(0.0656)
Diluted earnings per share		
Net profit for Company's common stock shareholders	(0.0467)	(0.0432)
Net profit for Company's common stock shareholders after deduction of non-operating items	(0.0467)	(0.0656)

18. The approval of the financial statements

The financial statements of the Company were approved by the Board of Directors on August 24, 2009.

Section VII Documents Available for Reference

All documents were placed in the secretariat of the Board to be available for reference by CSRC, Shenzhen Stock Exchange and shareholders of the Company, including:

1. Text of financial report carried with personal signatures and seals of legal representative, CFO and person in charge of accounting firms;
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 2009 carried with personal signature of Chairman of the Board.

Chairman of the Board: Wang Jianyu

Guangdong Sunrise Holdings Co., Ltd.

26 Aug. 2009

Attachment:

Statement of Provision for Impairment of Assets

Prepared by Guangdong Sunrise Holdings Co., Ltd 30 Jun. 2009 Unit: RMB Yua

Items	Book balance at the year-begin	Withdrawal amount in this period	Decreased amount		Book balance at the period-end
			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. Others					
Total	593,236,134.42				593,236,134.42

Statement of Change in Owners' Equity

Prepared by Guangdong Sunrise Holdings Co., Ltd. For the six months as at 30 Jun. 2009 Unit: RMB Yuan

Items	Amount in current period									Amount in the last year								
	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		-2,531,326,223.23			-1,723,542,317.56	288,420,000.00	381,059,098.78		138,304,806.89		-2,446,177,404.19			-1,638,393,498.52
Add: change of accounting policy																		
Correction of errors in previous period																		
Others																		
II. Balance at the beginning of this year	288,420,000.00	381,059,098.78		138,304,806.89		-2,531,326,223.23			-1,723,542,317.56	288,420,000.00	381,059,098.78		138,304,806.89		-2,446,177,404.19			-1,638,393,498.52
III. Increase/ decrease of amount in this year ("-" means decrease)						-13,469,451.31			-13,469,451.31						-12,450,326.65			-12,450,326.65
(I) Net profit						-13,469,451.31			-13,469,451.31						-12,450,326.65			-12,450,326.65
(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)						-13,469,451.31			-13,469,451.31						-12,450,326.65			-12,450,326.65
(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		-2,544,795,674.54			-1,737,011,768.87	288,420,000.00	381,059,098.78		138,304,806.89		-2,458,627,730.84			-1,650,843,825.17