



**中昊科技集團有限公司**

Sunrise (China) Technology Group Limited

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8226)

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)  
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK  
EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Sunrise (China) Technology Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of directors (the “Board”) of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2014, together with the comparative figures as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*For the year ended 31 December 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	5	<b>49,022</b>	61,576
Cost of sales		<b>(47,418)</b>	(50,684)
Gross profit		<b>1,604</b>	10,892
Other income and gains	5	<b>50,852</b>	3,063
Gain/(loss) on change in fair value of derivative financial instruments			
– Embedded derivatives of convertible loan notes		–	2,910
– Unlisted warrants		<b>7,012</b>	(3,925)
Loss on redemption of convertible loan notes		–	(14,766)
Selling and distribution expenses		<b>(55)</b>	(2,301)
Administrative expenses		<b>(24,640)</b>	(36,543)
Other operating expenses	6	<b>(81,133)</b>	(28,447)
Finance costs	7	<b>(8,146)</b>	(15,191)
Loss before tax	8	<b>(54,506)</b>	(84,308)
Income tax	9	<b>(4,965)</b>	4,497
Loss for the year from continuing operations		<b>(59,471)</b>	(79,811)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	10	–	131
<b>Loss for the year</b>		<b>(59,471)</b>	(79,680)
Other comprehensive expense			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations			
Exchange differences arising during the year		<b>(645)</b>	1,863
Reclassification adjustments relating to foreign operations disposed of during the year		–	(22,743)
Other comprehensive expense for the year		<b>(645)</b>	(20,880)

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>Total comprehensive expense for the year</b>		<b>(60,116)</b>	(100,560)
Loss for the year from continuing operations attributable to:			
Owners of the Company		<b>(16,695)</b>	(67,182)
Non-controlling interests		<b>(42,776)</b>	(12,629)
		<b>(59,471)</b>	(79,811)
Loss for the year from continuing and discontinued operations attributable to:			
Owners of the Company		<b>(16,695)</b>	(52,169)
Non-controlling interests		<b>(42,776)</b>	(27,511)
		<b>(59,471)</b>	(79,680)
Total comprehensive expense for the year attributable to:			
Owners of the Company		<b>(17,177)</b>	(77,618)
Non-controlling interests		<b>(42,939)</b>	(22,942)
		<b>(60,116)</b>	(100,560)
<b>Loss per share</b>	11		
From continuing and discontinued operations			
Basic		<b>HK(3.9) cents</b>	HK(12.08) cents
Diluted		N/A	N/A
From continuing operations			
Basic		<b>HK(3.9) cents</b>	HK(15.56) cents
Diluted		N/A	N/A

## Consolidated Statement of Financial Position

As at 31 December 2014

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>46,601</b>	81,681
Prepaid land lease payments		<b>6,048</b>	6,210
Goodwill		–	–
		<hr/> <b>52,649</b>	<hr/> 87,891
<b>Current assets</b>			
Inventories		<b>27,694</b>	28,623
Trade receivables	13	<b>51,395</b>	58,650
Prepayments, deposits and other receivables		<b>14,890</b>	28,524
Bank balances and cash		<b>966</b>	543
		<hr/> <b>94,945</b>	<hr/> 116,340
Assets classified as held for sale	14	–	87,570
		<hr/> <b>94,945</b>	<hr/> 203,910
<b>Current liabilities</b>			
Trade payables	15	<b>27,392</b>	16,729
Other payables and accruals		<b>9,103</b>	19,910
Corporate bonds payable	16	<b>11,347</b>	–
Other borrowings	17	<b>15,000</b>	–
Amount due to noteholder	18	<b>24,138</b>	45,970
Amount due to a director		<b>189</b>	–
Tax payable		<b>5,059</b>	98
		<hr/> <b>92,228</b>	<hr/> 82,707
Liabilities directly associated with assets classified as held for sale	14	–	108,189
		<hr/> <b>92,228</b>	<hr/> 190,896
<b>Net current assets</b>		<hr/> <b>2,717</b>	<hr/> 13,014
<b>Total assets less current liabilities</b>		<hr/> <b>55,366</b>	<hr/> 100,905

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Corporate bonds payable	16	<b>12,667</b>	–
Other borrowings	17	<b>9,112</b>	–
Unlisted warrants		<b>2,064</b>	9,076
Deferred tax liabilities		<b>924</b>	950
		<hr/> <b>24,767</b> <hr/>	<hr/> 10,026 <hr/>
<b>Net assets</b>		<b>30,599</b> <hr/> <hr/>	90,879 <hr/> <hr/>
<b>Capital and reserves</b>			
Share capital		<b>4,318</b>	4,318
Reserves		<b>41,018</b>	58,195
		<hr/> <b>45,336</b> <hr/>	<hr/> 62,513 <hr/>
Equity attributable to owners of the Company		<b>45,336</b>	62,513
Non-controlling interests		<b>(14,737)</b>	28,366
		<hr/> <b>(14,737)</b> <hr/>	<hr/> 28,366 <hr/>
<b>Total equity</b>		<b>30,599</b> <hr/> <hr/>	90,879 <hr/> <hr/>

Notes:

## 1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands, and the issued shares of which are listed on GEM of the Stock Exchange. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the same as the functional currency of the Company.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group incurred a loss of HK\$59,471,000 for the year ended 31 December 2014. In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the next year from the date of approval of these consolidated financial statements taking into consideration the measures, which include, but are not limited, to the following:

- (a) On 29 January 2015, the Company issued 86,352,000 new shares for a total cash proceeds of HK\$30,223,200 (before expenses).
- (b) On 26 March 2015, the Company entered into a loan agreement with an independent third party under which a loan facility of HK\$60,000,000 was granted to the Company. The loan, which is unsecured, carries interest at 20% per annum and repayable on the business day falling on eighteen months from the date of the first drawdown of any amount of the loan. Up to the date of approval of these consolidated financial statements, this loan facility was not utilised by the Company.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

## 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD (“HKFRS”)

### New and revised HKFRSs applied in current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”):

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current year had no material impact on the consolidated financial statements.

### **New and revised HKFRSs in issue but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle <sup>1</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle <sup>4</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>5</sup>
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations <sup>4</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>4</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exemptions. Earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>3</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into the following reportable operating segments based on their products and services:

##### **Continuing operations:**

- Manufacture and sales of straw briquettes
- Provision of technological desulphurisation services
- Trading of commodities

##### **Discontinued operations:**

- Manufacture and sales of loudspeaker systems

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, gain on disposal of subsidiaries, gain/loss on change in fair value of embedded derivatives of convertible loan notes and unlisted warrants, loss on redemption of convertible loan notes, finance costs, as well as other head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



**Year ended 31 December 2014**

	Continuing operations			Discontinued operations		Total HK\$'000
	Manufacture and sales of straw briquettes HK\$'000	Provision of technological desulphurisation services HK\$'000	Trading of commodities HK\$'000	Sub-total HK\$'000	Manufacture and sales of loudspeaker systems HK\$'000	
<b>Segment revenue:</b>						
Sales to external customers	18,793	-	30,229	49,022	-	49,022
<b>Segment results</b>	(86,996)	-	(950)	(87,946)	-	(87,946)
Interest income						2
Gain on disposal of subsidiaries						50,750
Gain on change in fair value of unlisted warrants						7,012
Corporate and other unallocated expenses						(16,178)
Finance costs						(8,146)
<b>Loss before tax</b>						<b>(54,506)</b>
<b>Segment assets</b>	83,587	-	57,490	141,077	-	141,077
Corporate and other unallocated assets						6,517
Total assets						<b>147,594</b>
<b>Segment liabilities</b>	41,206	-	-	41,206	-	41,206
Corporate and other unallocated liabilities						75,789
Total liabilities						<b>116,995</b>

**Year ended 31 December 2013**

	Continuing operations			Discontinued operations		Total HK\$'000
	Manufacture and sales of straw briquettes HK\$'000	Provision of technological desulphurisation services HK\$'000	Trading of commodities HK\$'000	Sub-total HK\$'000	Manufacture and sales of loudspeaker systems HK\$'000	
<b>Segment revenue:</b>						
Sales to external customers	28,501	33,075	–	61,576	449,101	510,677
<b>Segment results</b>	(22,816)	(6,270)	(12,508)	(41,594)	(11,489)	(53,083)
Interest income						697
Gain on disposal of subsidiaries	–	–	–	–	–	18,460
Gain/(loss) on change in fair value of:						
– embedded derivatives of convertible loan notes						2,910
– unlisted warrants						(3,925)
Loss on redemption of convertible loan notes						(14,766)
Corporate and other unallocated expenses						(12,114)
Finance costs						(17,789)
<b>Loss before tax</b>						<u>(79,610)</u>
<b>Segment assets</b>	165,396	–	23,279	188,675	–	188,675
Corporate and other unallocated assets						15,556
Assets classified as held for sale						87,570
<b>Total assets</b>						<u>291,801</u>
<b>Segment liabilities</b>	35,033	–	–	35,033	–	35,033
Corporate and other unallocated liabilities						57,700
Liabilities directly associated with assets classified as held for sale						108,189
<b>Total liabilities</b>						<u>200,922</u>

## Other segment information

	Continuing operations				Discontinued operations		Total HK\$'000
	Manufacture and sales of straw briquettes HK\$'000	Provision of technological desulphurisation services HK\$'000	Trading of commodities HK\$'000	Sub-total HK\$'000	Manufacture and sales of loudspeaker systems HK\$'000	Unallocated HK\$'000	
<b>Year ended 31 December 2014</b>							
Write-down of inventories	-	-	-	-	-	-	-
Impairment loss on inventories	18,748	-	1,166	19,914	-	-	19,914
Impairment loss on trade receivables	28,481	-	-	28,481	-	-	28,481
Impairment loss on other receivables	1,594	-	-	1,594	-	3,553	5,147
Impairment loss on property, plant and equipment	27,591	-	-	27,591	-	-	27,591
Depreciation and amortisation	10,812	-	-	10,812	-	54	10,866
Capital expenditure <sup>#</sup>	3,621	-	-	3,621	-	-	3,621
<b>Year ended 31 December 2013</b>							
Write-down of inventories	399	-	-	399	5,469	-	5,868
Impairment loss on inventories	-	-	12,508	12,508	-	-	12,508
Impairment loss on trade receivables	15,939	-	-	15,939	968	-	16,907
Impairment loss on other receivables	-	-	-	-	33,193	-	33,193
Impairment loss on property, plant and equipment	-	-	-	-	-	-	-
Depreciation and amortisation	8,877	6,810	-	15,687	11,472	277	27,436
Capital expenditure <sup>#</sup>	1,465	189	-	1,654	41,007	-	42,661

<sup>#</sup> Capital expenditure consists additions to property, plant and equipment and excluding assets from the acquisition of subsidiaries.

## Geographical information

### (a) Revenue from external customers

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Mainland China	<b>18,793</b>	237,011
United States of America	–	86,512
Germany	–	111,425
Thailand	–	763
Singapore	<b>30,229</b>	–
Other countries	–	74,966
	<hr/> <b>49,022</b> <hr/>	<hr/> 510,677 <hr/>

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	<b>44</b>	–
Mainland China	<b>52,605</b>	87,891
	<hr/> <b>52,649</b> <hr/>	<hr/> 87,891 <hr/>

The non-current assets information is based on the locations of the assets and excludes goodwill and intangible assets.

### (c) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group as follow:

	<b>Revenue generated from</b>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	Manufacture and sales of straw briquette	<b>6,870</b>	–
Customer B	Trading of commodities	<b>30,229</b>	–
Customer C	Manufacture and sales of loudspeaker system	–	55,546
		<hr/> <b>37,099</b> <hr/>	<hr/> 55,546 <hr/>

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover recognised for the year, represents the net invoiced value of goods sold, after allowances for returns, trade discounts and sales related taxes; income from construction contracts; and income from of maintenance services rendered.

	2014			2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>						
Sales of goods	49,022	-	49,022	28,501	423,783	452,284
Income from construction contracts	-	-	-	33,075	-	33,075
Maintenance services income	-	-	-	-	25,318	25,318
	<u>49,022</u>	<u>-</u>	<u>49,022</u>	<u>61,576</u>	<u>449,101</u>	<u>510,677</u>
<b>Total revenue</b>	<b>49,022</b>	<b>-</b>	<b>49,022</b>	<b>61,576</b>	<b>449,101</b>	<b>510,677</b>
<b>Other income</b>						
Bank interest income	2	-	2	372	325	697
Mould income	-	-	-	-	157	157
Gross rental income on investment properties	-	-	-	-	2,538	2,538
Sales of scrap materials	-	-	-	-	348	348
Service income	-	-	-	200	525	725
Others	13	-	13	129	2,782	2,911
	<u>15</u>	<u>-</u>	<u>15</u>	<u>701</u>	<u>6,675</u>	<u>7,376</u>
<b>Other income</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>701</b>	<b>6,675</b>	<b>7,376</b>
<b>Gains</b>						
Exchange gains, net	87	-	87	-	-	-
Gain on disposal of subsidiaries (Note 19a)	50,750	-	50,750	-	-	-
Reversal of impairment loss on trade receivables	-	-	-	2,362	-	2,362
	<u>50,837</u>	<u>-</u>	<u>50,837</u>	<u>2,362</u>	<u>-</u>	<u>2,362</u>
<b>Total other income and gains</b>	<b>50,852</b>	<b>-</b>	<b>50,852</b>	<b>3,063</b>	<b>6,675</b>	<b>9,738</b>

## 6. OTHER OPERATING EXPENSES

Impairment loss recognised in respect of:	2014			2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	27,591	-	27,591	-	-	-
Inventories	19,914	-	19,914	12,508	-	12,508
Trade receivables	28,481	-	28,481	15,939	968	16,907
Other receivables	5,147	-	5,147	-	33,193	33,193
	<u>81,133</u>	<u>-</u>	<u>81,133</u>	<u>28,447</u>	<u>34,161</u>	<u>62,608</u>

## 7. FINANCE COSTS

Interest on:	2014			2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
- Bank borrowings wholly repayable within five years	-	-	-	-	2,231	2,231
- Amount due to noteholder	5,987	-	5,987	1,841	-	1,841
- Corporate bonds payable	564	-	564	-	-	-
- Convertible loan notes	-	-	-	6,826	-	6,826
- Other borrowings	1,595	-	1,595	6,457	-	6,457
- Discounted bills	-	-	-	-	367	367
Overdue interest on convertible loan notes	-	-	-	67	-	67
	<u>8,146</u>	<u>-</u>	<u>8,146</u>	<u>15,191</u>	<u>2,598</u>	<u>17,789</u>

## 8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2014			2013		
	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000
Cost of inventories sold	47,418	-	47,418	25,366	341,582	366,948
Write-down of inventories	-	-	-	399	5,469	5,868
Construction costs recognised	-	-	-	24,919	-	24,919
Depreciation of property, plant and equipment	10,731	-	10,731	9,776	11,158	20,934
Amortisation of:						
– Intangible assets ( <i>Note a</i> )	-	-	-	6,053	21	6,074
– Prepaid land lease payments ( <i>Note a</i> )	135	-	135	135	293	428
Auditor's remuneration	823	-	823	620	173	793
Exchange losses, net	-	-	-	942	9,551	10,493
Rental charges on land and buildings under operating leases	1,820	-	1,820	1,444	217	1,661
Loss on disposal of property, plant and equipment	-	-	-	-	908	908
Rental income from investment properties less direct operating expenses	-	-	-	-	(2,538)	(2,538)
Research and development costs:						
Current year expenditure	-	-	-	4,262	12,622	16,884
Less: Government grants ( <i>Note b</i> )	-	-	-	-	(174)	(174)
	-	-	-	4,262	12,448	16,710
Directors' remuneration	2,113	-	2,113	1,929	-	1,929
Other staff costs (excluding directors' remuneration):						
Wages, salaries and allowances	4,627	-	4,627	11,791	96,846	108,637
Pension scheme contribution	90	-	90	115	608	723
Total staff costs	6,830	-	6,830	13,835	97,454	111,289

*Notes:*

- (a) The amortisation of intangible assets and the amortisation of prepaid land lease payments for the year are included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.
- (b) Government grants have been received for research activities in Mainland China. The government grants released have been deducted from the research and development costs to which they relate. There are no unfulfilled conditions or contingencies relating to these grants.

## 9. INCOME TAX

	2014			2013		
	Continuing operations <i>HK\$'000</i>	Discontinued operations <i>HK\$'000</i>	Total <i>HK\$'000</i>	Continuing operations <i>HK\$'000</i>	Discontinued operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Current tax						
– PRC Enterprise Income Tax	5,058	–	5,058	213	1,265	1,478
– Other jurisdictions	–	–	–	–	473	473
	<u>5,058</u>	<u>–</u>	<u>5,058</u>	<u>213</u>	<u>1,738</u>	<u>1,951</u>
Over provision in prior years						
– PRC Enterprise Income Tax	(71)	–	(71)	(2,526)	(685)	(3,211)
– Other jurisdictions	–	–	–	–	(38)	(38)
	<u>(71)</u>	<u>–</u>	<u>(71)</u>	<u>(2,526)</u>	<u>(723)</u>	<u>(3,249)</u>
Deferred tax (credit)/charge	<u>(22)</u>	<u>–</u>	<u>(22)</u>	<u>(2,184)</u>	<u>3,552</u>	<u>1,368</u>
Total tax charge/(credit) for the year	<u><b>4,965</b></u>	<u><b>–</b></u>	<u><b>4,965</b></u>	<u><b>(4,497)</b></u>	<u><b>4,567</b></u>	<u><b>70</b></u>

No provision for Hong Kong profits tax has been made for both of the years presented as the Group did not generate any assessable profits arising in Hong Kong during those years.

The subsidiaries established in the PRC are subject to PRC Enterprise Income Tax at 25% for both of the years presented. A PRC subsidiary was registered as a Hi-New Technology Enterprise by the relevant government authority in the PRC and is subjected to the PRC corporate tax at the rate of 15%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.



## 10. DISCONTINUED OPERATIONS

In 2013, following the disposal of the Company's subsidiary, Taraki Inc., as detailed in Note 19b, the Group discontinued its business of manufacture and sales of loudspeaker systems on 18 July 2013. An analysis of the results attributable to the discontinued operations is as follows:

	1.1.2013 to 18.7.2013 <i>HK\$'000</i>
Loss of the discontinued operations	(18,329)
Gain on disposal of subsidiaries ( <i>Note 19b</i> )	18,460
	<hr/>
Profit for the year from discontinued operations	131
	<hr/> <hr/>
Profit/(loss) for the year from discontinued operations attributable to:	
Owners of the Company	15,013
Non-controlling interests	(14,882)
	<hr/>
	131
	<hr/> <hr/>

The loss from discontinued operations are analysed as follows:

	<i>Notes</i>	1.1.2013 to 18.7.2013 <i>HK\$'000</i>
Revenue	5	449,101
Cost of sales		(347,051)
		<hr/>
Gross profit		102,050
Other income and gains	5	6,675
Selling and distribution expenses		(12,604)
Administrative expenses		(73,124)
Other operating expenses	6	(34,161)
Finance costs	7	(2,598)
		<hr/>
Loss before tax	8	(13,762)
Income tax expense	9	(4,567)
		<hr/>
Loss for the year from discontinued operations		(18,329)
		<hr/> <hr/>

## 11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follows:

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss</b>		
<i>(i) From continuing and discontinued operations</i>		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	<b>(16,695)</b>	(52,169)
Effect of dilutive potential ordinary shares:		
(Gain)/loss on change in fair value of:		
– Embedded derivatives of convertible loan notes	–	(2,910)
– Unlisted warrants	<b>(7,012)</b>	3,925
Interest on convertible loan notes	–	6,893
	<hr/>	<hr/>
Loss for the purpose of diluted loss per share	<b>N/A</b>	N/A
	<hr/> <hr/>	<hr/> <hr/>
<i>(ii) From continuing operations</i>		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	<b>(16,695)</b>	(67,182)
Effect of dilutive potential ordinary shares:		
(Gain)/loss on change in fair value of:		
– Embedded derivatives of convertible loan notes	–	(2,910)
– Unlisted warrants	<b>(7,012)</b>	3,925
Interest on convertible loan notes	–	6,893
	<hr/>	<hr/>
Loss for the purpose of diluted loss per share	<b>N/A</b>	N/A
	<hr/> <hr/>	<hr/> <hr/>

*Number of shares*

	<b>Number of shares '000</b>	Number of shares '000
<i>From continuing and discontinued operations and from continuing operations</i>		
Number of ordinary shares for the purpose of basic loss per share	<b>431,765</b>	431,765
Effect of dilutive potential ordinary shares:		
Convertible loan notes	–	79,497
Unlisted warrants	<b>66,667</b>	66,667
	<hr/>	<hr/>
Number of ordinary shares for the purpose of diluted loss per share	<b>498,432</b>	577,929
	<hr/> <hr/>	<hr/> <hr/>

Diluted loss per share for the year ended 31 December 2014 and 31 December 2013 is not presented because the Group sustained a loss for each of these years and the impact of conversion of convertible notes and exercise of share options, if any, is regarded as anti-dilutive.

**12. DIVIDENDS**

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting date (2013: Nil).

### 13. TRADE RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	95,982	104,893
Less: Impairment loss recognised	<u>(44,587)</u>	<u>(23,209)</u>
	51,395	81,684
Less: Reclassified to assets classified as held for sale ( <i>Note 14</i> )	<u>–</u>	<u>(23,034)</u>
	<u><u>51,395</u></u>	<u><u>58,650</u></u>

The aging analysis of trade receivables, net of impairment loss, based on delivery date is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 90 days	38,260	29,956
91 – 180 days	152	–
181 – 365 days	3,977	12,412
More than 365 days	<u>9,006</u>	<u>39,316</u>
	<u><u>51,395</u></u>	<u><u>81,684</u></u>

Included in trade receivables as at 31 December 2013 is retention monies receivable from customers amounted to HK\$5,614,000, of which HK\$3,533,000 was expected to be recovered after one year. The retention monies receivable at 31 December 2013 was included in assets classified as held for sale.

No retention monies receivable from customers was included in trade receivables as at 31 December 2014.

The majority of the Group's sales are on open account in accordance with terms specified in the contracts governing relevant transactions. An average credit period of 180 days (2013: 180 days) is granted to customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. An aging analysis of the Group's trade receivables, that are past due but not impaired, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Past due:		
181 – 365 days	3,977	12,412
More than 365 days	<u>9,006</u>	<u>39,316</u>
	<u><u>12,983</u></u>	<u><u>51,728</u></u>

The Group reviews customer credit limit regularly based on historical repayment record. Trade receivables that were neither past due nor impaired related to a number of customers. Having considered the credit quality of the customers and the past experience of debts settlement, management of the Group is of the view that these trade receivables are fully recoverable and impairment loss on the receivables is not required to be made.

**14. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

As referred to Note 19a, the Company entered into an agreement on 23 December 2013 for the disposal of 51% equity interest in Confident Echo, which was completed on 30 January 2014.

The consolidated assets and liabilities of Confident Echo and its subsidiaries at 31 December 2013 are analysed as follows:

	31.12.2013 HK\$'000
<b>Assets</b>	
Property, plant and equipment	2,371
Intangible assets	2,144
Amounts due from customers for contract work	30,163
Trade receivables ( <i>Note 13</i> )	23,034
Prepayments, deposits and other receivables	12,714
Restricted bank deposits	13,960
Bank balances and cash	3,184
	<hr/>
Assets of Confident Echo and its subsidiaries classified as held for sale	87,570
	<hr/> <hr/>
<b>Liabilities</b>	
Trade payables ( <i>Note 15</i> )	(13,806)
Other payables and accruals	(72,847)
Deferred tax liabilities	(536)
	<hr/>
Liabilities of Confident Echo and its subsidiaries	(87,189)
Deposit received on disposal of Confident Echo	(21,000)
	<hr/>
Liabilities directly associated with assets classified as held for sale	(108,189)
	<hr/> <hr/>
Net assets of Confident Echo and its subsidiaries	381
	<hr/> <hr/>

**15. TRADE PAYABLES**

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	<b>27,392</b>	30,535
Less: reclassified to liabilities directly associated with assets classified as held for sale ( <i>Note 14</i> )	–	(13,806)
	<u><b>27,392</b></u>	<u>16,729</u>

In general, the credit terms granted by suppliers ranged from 30 to 180 days. An aging analysis of the Group's trade payables is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	–	516
31 – 90 days	<b>1,271</b>	10,799
91 – 180 days	–	138
181 – 365 days	<b>2,680</b>	14,983
More than 365 days	<b>23,441</b>	4,099
	<u><b>27,392</b></u>	<u>30,535</u>

**16. CORPORATE BONDS PAYABLE**

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Corporate bonds payable		
– within one year	<b>11,347</b>	–
– more than five years	<b>12,667</b>	–
	<u><b>24,014</b></u>	<u>–</u>

Movements in the corporate bonds payable during the year are as follows:

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2014	–	–
Issue of corporate bonds, at cash	<b>24,500</b>	–
Transaction costs incurred for issue of bonds	<b>(1,050)</b>	–
Imputed interest on bonds for the year	<b>564</b>	–
	<hr/>	<hr/>
At 31 December 2014	<b>24,014</b>	–
	<hr/> <hr/>	<hr/> <hr/>

During the year, the Company issued unsecured corporate bonds with the aggregate principal amounts of HK\$31,000,000, giving rise to a total gross proceed of HK\$31,000,000 (before expenses). Total proceeds received by the Company amounted to HK\$24,500,000 which have been arrived at after deducting interests on the bonds prepaid amounted to HK\$6,500,000. At 31 December 2014, the corporate bonds with the principal amount of HK\$31,000,000 (2013: Nil) remained outstanding.

Other details of the corporate bonds are as follows:

	<b>Corporate bonds due on</b>		
	7 September 2015	29 September 2021	9 March 2022
(i) Date of issue	8 September 2014	30 September 2014	10 September 2014
(ii) Principal amount	HK\$11,000,000	HK\$10,000,000	HK\$10,000,000
(iii) Interest rates	10% per annum	5% per annum	4% per annum
(iv) Maturity period	1 year	7 years	7.5 years
			31 December 2014
			HK\$'000
Carrying amount of corporate bonds due on			
– 7 September 2015			11,347
– 29 September 2021			5,612
– 9 March 2022			7,055
			<hr/>
			24,014
			<hr/> <hr/>

## 17. OTHER BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loans from third parties		
– secured	15,000	–
– unsecured	9,112	–
	<u>24,112</u>	<u>–</u>
	<b><u>24,112</u></b>	<b><u>–</u></b>
Carrying amount repayable		
Within one year	15,000	–
More than two years, but not more than five years	9,112	–
	<u>24,112</u>	<u>–</u>
Less: Amounts shown under current liabilities	<u>(15,000)</u>	<u>–</u>
Amount shown under non-current liabilities	<b><u>9,112</u></b>	<b><u>–</u></b>

The secured loan amounted to HK\$15,000,000, which was granted to the Company, carries interest at 25% per annum and is repayable within one year from the end of the reporting period. Such loan is secured by the pledge of the Group's inventories with the carrying amount of HK\$27,261,000 at 31 December 2014 (2013: Nil).

The unsecured loan from another third party represents the loan capital issued by a subsidiary, Heilongjiang Province Shengyan New Energy Development Limited (“Shengyan”), amounted to RMB7,210,000 (equivalent to HK\$9,112,000), which carries interest at 5% per annum and is repayable on 16 July 2017. The directors of the Company are of the view that Shangyan is able to comply with the requirements such that repayment of the loan capital will not be demanded by the third party before 16 July 2017. Accordingly, such loan is classified as non-current liabilities.



## 18. AMOUNT DUE TO NOTEHOLDER

	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured amount due to noteholder	<b>24,138</b>	45,970

The Convertible Loan Notes were redeemed by the Company on 9 October 2013 for a consideration of RMB35,956,376 (equivalent to approximately HK\$45,460,000). Such consideration payable to the noteholder had not been repaid at 31 December 2013 and interest on such payable was charged at 18% per annum.

During the year, the Company entered into certain agreements with the noteholder, under which the repayment of the consideration payable was further extended to 30 December 2014 and interests on the notes were calculated at the interest rates revised from 18% per annum to 30% and 45% per annum with effect from 1 April 2014 and 1 November 2014 respectively, which are inclusive of the consent fees calculated at 12% and 27% per annum respectively of the outstanding balances as specified in the related agreements.

At the end of the reporting period, the amount due to noteholder, representing consideration payable and accrued interest thereon, amounted to RMB19,099,841 (2013: RMB36,222,355).

## 19. DISPOSAL OF SUBSIDIARIES

### (a) Disposal took place during the year ended 31 December 2014

On 23 December 2013, the Company entered into an agreement with the third party for the disposal of the Group's 51% equity interest in a subsidiary, Confident Echo Holdings Limited ("Confident Echo"), for a cash consideration of HK\$50,980,962, of which a cash deposit of HK\$21,000,000 was received by the company up to 31 December 2013. Confident Echo, through its subsidiaries established in the PRC, is principally engaged in provision of technical desulphurisation services. The disposal of Confident Echo was completed on 30 January 2014.

	<i>HK\$'000</i>
<b>Consideration received:</b>	
Consideration received in cash	<u>50,981</u>
<b>Analysis of assets and liabilities at the date of disposal over which control was lost:</b>	
	<i>HK\$'000</i>
Assets classified as held for sale ( <i>Note 14</i> )	
Property, plant and equipment	2,371
Intangible assets	2,144
Amounts due from customers for contract work	30,163
Trade receivables	23,034
Prepayments, deposits and other receivables	12,714
Restricted bank deposits	13,960
Bank balances and cash	3,184
Liabilities classified as directly associated with assets classified as held for sale ( <i>Note 14</i> )	
Trade payables	(13,806)
Other payables and accruals	(72,833)
Deferred tax liabilities	(536)
Net assets disposed of	<u>395</u>
	<i>HK\$'000</i>
<b>Gain on disposal of subsidiaries</b>	
Consideration received	50,981
Net assets disposed of	(395)
Non-controlling interests	164
Gain on disposal ( <i>Note 5</i> )	<u>50,750</u>
	<i>HK\$'000</i>
<b>Net cash inflow on disposal of subsidiaries</b>	
Consideration received in cash	50,981
Less: Deposits received in the previous year	(21,000)
Bank balances and cash disposed of	(3,184)
	<u>26,797</u>

(b) **Disposal took place during the year ended 31 December 2013**

On 18 July 2013, the Company disposed of 100% equity interest in a subsidiary, Taraki Inc. (“Taraki”), to a third party and the amount due by the Company to Taraki for an aggregate consideration of HK\$122,000,000. Taraki, through its subsidiaries, is engaged in the manufacture and sales of loudspeaker systems.

HK\$'000

**Consideration received:**

Consideration received in cash	122,000
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**Analysis of assets and liabilities at the date of disposal over which control was lost:**

HK\$'000

Property, plant and equipment	312,373
Prepaid land lease payments	19,447
Investment properties	35,347
Intangible assets	917
Deferred tax assets	1,683
Inventories	72,293
Trade receivables	237,281
Prepayments, deposits and other receivables	37,828
Restricted bank deposits	81,073
Bank balances and cash	68,004
Trade payables	(247,244)
Other payables and accruals	(143,623)
Amounts due to directors	(2,110)
Amounts due to non-controlling interests of subsidiaries	(141,578)
Bank borrowings	(52,465)
Tax payable	(786)
Deferred tax liabilities	(10,839)
Net assets disposed of	267,601

HK\$'000

**Gain on disposal of subsidiaries**

Consideration received	122,000
Net assets disposed of	(267,601)
Non-controlling interests	133,187
Cumulative exchange gains in respect of the net assets of the subsidiaries	30,874
Gain on disposal	18,460

The gain on disposal is included in loss of the year from discontinued operations (*Note 10*)

HK\$'000

**Net cash inflow on disposal of subsidiaries**

Consideration received in cash	122,000
Less: Bank balances and cash disposed of	(68,004)
	53,996

## **EXTRACT FROM INDEPENDENT AUDITOR'S REPORT**

### **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **EMPHASIS OF MATTERS**

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements regarding the adoption of going concern basis on which the consolidated financial statements have been prepared. The Group incurred a loss of HK\$59,471,000 for the year ended 31 December 2014.

The conditions set out in Note 2 to the consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. The consolidated financial statements do not include any adjustments that would result from a failure to obtain the funding as referred to in Note 2 for financing the working capital and financial commitments of the Group and the Company for the foreseeable future.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### ***BUSINESS REVIEW***

#### **Manufacture and Sales of Straw Briquettes**

Shengyan was incorporated in the PRC in July 2010 with a registered capital of RMB30 million and is principally engaged in the production and sales of straw fuel briquettes, which is a type of biofuels and a substitute for coal in the northeast region of the PRC. The Group completed the acquisition of its 51% interest in Shengyan in December 2012. The business model of Shengyan is briefly summarised as follows:

- Straw collection – purchase, collect and strap raw straw from farmers and transport to the warehouses for storage;
- Straw chopping – the collected straw is then crushed into fine powder through crushing equipments;
- Straw briquetting – the powdered straw is then put into the briquetting press machines from where it is compressed and processed before straw fuel briquettes are made; and
- Sales of finished products – upon receiving sales orders, the straw fuel briquettes are then sold to customers.

The customers of Shengyan are mainly consisted of companies located at Heilongjiang Province in the PRC, which are engaged in agricultural and manufacturing industries and use the straw fuel briquettes for different usage such as heat generation. Revenue of Heilongjiang Shengyan is mainly derived from the sales of straw fuel briquettes by sales orders from customers and Shengyan purchases raw straw directly from many different local farmers located at the Baiquan County of Heilongjiang Province.

### **Provision of Technological Desulphurisation Services**

Jiangsu Shengyi Environmental Technology Company Limited (“Shengyi”) was principally engaged in the provision of technological desulphurisation service, which could effectively reduce sulfur dioxide and hydrogen sulfide emissions generated from burning of fossil fuels such as coal, natural gas and oil products. Since there was a slowdown in overall economic growth during the past years and many traditional chemical manufacturers were suffering from cash flow shortages, existing contracts of Shengyi were experiencing slow progress.

Reference is made to the announcement of the Company dated 23 December 2013 and the circular of the Company dated 30 January 2014 in relation to the disposal of a subsidiary, the Company and a purchaser entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to dispose Confident Echo Holdings Limited and its subsidiaries including Shengyi at an aggregate consideration of HK\$50,980,962. The disposal was completed on 30 January 2014.

### **Trading of Natural Resources and Commodities**

The Group’s natural resources and commodities business segment has commenced operation in the fourth quarter. During the year, a total of 5,750 metric tonnes (“MT”) of crude palm oil was traded, contributing aggregate revenue of approximately HK\$30 million to the Group. The Group’s trading in crude palm oil was carried out in the form of trade-by-trade basis.

The Board considered that the Group was new to the commodities trading business, the profit margin as expected was thin. However, the underlining importance is to widen the Group’s business network in the field of commodities trading. The Group will negotiate with suppliers and customers in order to achieve better trading terms in the upcoming trades.

### ***FINANCIAL REVIEW***

For the year ended 31 December 2014, the turnover of the Group was decrease to approximately HK\$49.0 million (2013: 510.7 million), representing a decrease by approximately 90.4% when compared with the corresponding year of 2013. The decrease in turnover was mainly attributed to the disposal of Loudspeaker Business, of which, revenue generated was approximately HK\$449.1 million on 2013.

The Group disposed Shengyi’s segment during the first quarter of the year, the aggregate consideration was HK\$51.0 million. After deducting the net asset value, the Group generated a gain of approximately HK\$50.8 million from the disposal.

The Group has commenced its environmental related businesses since 2012. Following to the disposal of Shengyi, Shengyan is the remaining business. Revenue generated from Shengyan was decreased by 34.0% to 18.8 million (2013: 28.5 million) for the year ended 31 December 2014. During the year, the Shengyan's segment recorded a substantial loss of approximately HK\$76.4 million due to the additional provision for impairment on plant and equipment, inventories, trade and other receivables.

During the fourth quarter of the year, the Group has commenced trading of natural resources and commodities business. Revenue generated from trading of crude palm oil was HK\$30.2 million for the year ended 31 December 2014. Although the profit margin from this business was thin, there was positive contribution of HK\$0.2 million being recorded from the trade.

### ***LOOKING AHEAD***

In recent years, there have been different levels of environmental issues exposed in various regions of the PRC, continuously boosting public awareness of environmental protection throughout the country and making the Chinese government to strive for integrated management enhancement of pollution prevention, energy conservation and emission reduction at the enterprise level. Benefited from the enormous support given by the government towards environmental related industry, the environmental sector is filled with promising development opportunities and clear direct guidelines, further fortified the Group's objective to develop the environmental related industry.

In 2015, the Group will continue to strengthen the existing business of Shengyan, proactively explore new business scope and continuously seek other suitable investment opportunities.

Besides, the Group will continue to strictly control risks, strengthen internal management, integrate dominant resources and develop a cautious investment strategy in order to create a better return for its shareholders.

### ***LEGAL PROCEEDINGS***

Reference is made to the Company's announcement dated 25 July 2014 in relation to the writ of summons received by the Company. It was alleged in the Writ that a total sum of HK\$10,000,000 was advanced by Total Shares Limited (the "Plaintiff") to Mr. Shan Xiaochang, the former Board Chairman and Chief Executive Officer, pursuant to a loan agreement (the "Loan Agreement") dated 9 August 2013 made between the Plaintiff as the lender and Mr. Shan as the borrower, the repayment of which was guaranteed by the Company as a guarantor by a guarantee (the "Guarantee") signed by the Company in favour of the Plaintiff dated 9 August 2013. The amount of the claim specified in the Writ was HK\$10,000,000 plus the accrued unpaid interest under the Loan Agreement and other interest.

As no meeting at the Board or shareholders of the Company was held to approve the Guarantee or authorise any Director to sign the Guarantee for and on behalf of the Company, the Board is of the view that the Guarantee is not binding on or enforceable against the Company and the Claim has no merit against the Company. The Company will vigorously dispute the allegations under the Writ and is in the process of seeking independent legal advice.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and senior management are committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders. The Board believes that high standards of corporate governance provide a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of accountability and transparency and meeting the expectations of all of the Group's various stakeholders.

The Company has complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2014, except for the following deviations:

### **Code Provision A.2.1**

The code provision stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Shan Xiaochang, an executive Director resigned on 25 March 2015, had served both roles as the chairman and the chief executive officer of the Company since September 2010. In view of the scale and operations of the Company and the fact that daily operations of the Group's business was delegated to the senior executives, the Board was of the view that this had not compromised accountability and independent decision-making. In addition, the audit committee of the Company composed exclusively of independent non-executive Directors and the independent non-executive Directors had free and direct access to the Company's external auditors and independent professional advisors when considered necessary.

### **Code Provision E.1.2**

The code provision stipulated that the chairman of the Board should attend the annual general meeting of the Company.

Due to urgent business engagement, Mr. Shan Xiaochang, the former chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 July 2014 (the “Meeting”). Mr. Ma Arthur On-hing, an executive Director, presided as the chairman at the Meeting in accordance with the articles of association of the Company.

### **AUDIT COMMITTEE**

The Company has an audit committee which was established in accordance with the requirements of the CG Code as defined in the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The audit committee comprises Ms. Chan Sze Man, Mr. Ho Chun Kit Gregory and Mr. Ng Chi Ho Dennis who are the independent non-executive Directors. The audit committee of the Company has reviewed and discussed the financial reporting matters including the annual results for the year ended 31 December 2014 with the management and the external auditors.

### **SCOPE OF WORK OF CCTH CPA LIMITED**

The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group’s auditor, CCTH CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on this preliminary announcement.

By Order of the Board  
**Sunrise (China) Technology Group Limited**  
**Ma Arthur On-hing**  
*Executive Director*

Hong Kong, 27 March 2015

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. Ma Arthur On-hing, Mr. Shan Biao and Mr. Mui Wai Sum, being the executive Directors, Mr. Chen Wai Chung Edmund, being the non-executive Director and Ms. Chan Sze Man, Mr. Ho Chun Kit Gregory, Mr. Ng Chi Ho Dennis and Mr. Ho Wai Shing, being the independent non-executive Directors.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at “www.hkgem.com” for at least seven days from its date of posting and on the Company’s website at “www.sunrisechina-tech.com”.*