



中星科技集團有限公司

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 2015**

**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 2015, together with the comparative figures as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Revenue	5	87,011	49,022
Cost of sales		(87,178)	(47,418)
		<hr/>	<hr/>
Gross (loss)/profit		(167)	1,604
Other income and gains	5	28,896	50,852
(Loss)/gain on change in fair value of unlisted warrants		(11,417)	7,012
Loss on issue of convertible bonds	17	(161,734)	–
Selling and distribution expenses		(62)	(55)
Administrative expenses		(42,456)	(24,640)
Other operating expenses	6	(62,598)	(81,133)
Finance costs	7	(14,999)	(8,146)
Share of loss of associates		(76)	–
		<hr/>	<hr/>
Loss before tax	8	(264,613)	(54,506)
Income tax expense	9	(799)	(4,965)
		<hr/>	<hr/>
Loss for the year		(265,412)	(59,471)
		<hr/>	<hr/>
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
Exchange difference arising during the year		(457)	(645)
Reclassification adjustments relating to foreign operations disposed of during the year		(23)	–
		<hr/>	<hr/>
Other comprehensive expense for the year		(480)	(645)
		<hr/>	<hr/>
Total comprehensive expense for the year		(265,892)	(60,116)
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(234,190)	(16,695)
Non-controlling interests		(31,222)	(42,776)
		<u>(265,412)</u>	<u>(59,471)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(235,158)	(17,177)
Non-controlling interests		(30,734)	(42,939)
		<u>(265,892)</u>	<u>(60,116)</u>
Loss per share	10		
Basic		<u>HK(32.1) cents</u>	<u>HK(3.9) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment		10,956	46,601
Prepaid land lease payments		–	6,048
Goodwill		–	–
Investments in associates		4,924	–
Loans receivable		8,851	–
		<u>24,731</u>	<u>52,649</u>
Current assets			
Inventories		23,567	27,694
Trade receivables	12	33,682	51,395
Prepayments, deposits and other receivables		41,601	14,890
Financial assets at fair value through profit or loss		63,258	–
Bank balances and cash		6,402	966
		<u>168,510</u>	<u>94,945</u>
Current liabilities			
Trade payables	13	40,102	27,392
Other payables and accruals		14,047	9,103
Corporate bonds payable	14	11,416	11,347
Other borrowings	15	13,781	15,000
Amount due to noteholder	16	–	24,138
Amount due to a former director		–	189
Unlisted warrants		13,481	–
Tax payable		5,004	5,059
		<u>97,831</u>	<u>92,228</u>
Net current assets		<u>70,679</u>	<u>2,717</u>
Total assets less current liabilities		<u>95,410</u>	<u>55,366</u>

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Non-current liabilities			
Corporate bonds payable	14	13,466	12,667
Other borrowings	15	–	9,112
Convertible bonds payable	17	20,752	–
Unlisted warrants		–	2,064
Deferred tax liabilities		1,683	924
		<u>35,901</u>	<u>24,767</u>
Net assets		<u>59,509</u>	<u>30,599</u>
Capital and reserves			
Share capital		11,375	4,318
Reserves		93,600	41,018
Equity attributable to owners of the Company		104,975	45,336
Non-controlling interests		<u>(45,466)</u>	<u>(14,737)</u>
Total equity		<u>59,509</u>	<u>30,599</u>

Notes:

1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands, and the issued shares of the Company are listed on GEM of the Stock Exchange.

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 approximately HK\$265,412,000 for the year ended 31 December 2015. In the opinion of the directors of the Company, the Group should be able to continue as a going concern within a period of not less than 12 months from the date of approval of these consolidated financial statements taking into consideration the measures, which include, but are not limited to, the followings:

- (a) On 26 March 2015, the Company entered into a loan agreement with a 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 is 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.
- (b) On 15 December 2014, a subsidiary of the Company entered into a loan agreement with a third party under which a loan facility of HK\$100,000,000 was granted to the subsidiary. The loan, which is unsecured, carries interest at 12% per annum and is repayable on a date falling on one month to six months from the date of the drawdown of any amount of the loan, subject to the lender’s approval. Up to the date of approval of these consolidated financial statements, this loan facility was not utilised by the subsidiary.

Based on the aforesaid factors, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as and when 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 STANDARDS (“HKFRSs”)

New and revised HKFRSs applied in current year

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the these amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and financial position for the current and prior years and/or on the disclosures set out in 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:

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

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

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined.

4. OPERATING SEGMENT INFORMATION

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

- Securities investment
- Manufacture and sales of straw briquettes
- Trading of commodities
- Trading of garment accessories
- Manufacture and sales of LED digital display products

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 unlisted warrants, loss on issue of convertible bonds, 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 2015

	Securities investment <i>HK\$'000</i>	Manufacture and sales of straw briquettes <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Trading of garment accessories <i>HK\$'000</i>	Manufacture and sales of LED digital display products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:						
Sales to external customers	-	-	73,227	12,618	1,166	87,011
Segment profit/(loss)	25,879	(61,128)	(9,689)	(1,320)	(2,096)	(48,354)
Interest income						887
Gain on disposal of subsidiaries						1,083
Loss on change in fair value of unlisted warrants						(11,417)
Loss on issue of convertible bonds						(161,734)
Corporate and other unallocated expenses						(30,003)
Finance costs						(14,999)
Share of loss of associates						(76)
Loss before tax						(264,613)
Segment assets	63,258	-	76,990	14,915	7,131	162,294
Corporate and other unallocated assets						30,947
Total assets						193,241
Segment liabilities	-	17,018	24,288	10,257	885	52,448
Corporate and other unallocated liabilities						81,284
Total liabilities						133,732

Year ended 31 December 2014

	Securities investment <i>HK\$'000</i>	Manufacture and sales of straw briquettes <i>HK\$'000</i>	Trading of commodities <i>HK\$'000</i>	Trading of garment accessories <i>HK\$'000</i>	Manufacture and sales of LED digital display products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:						
Sales to external customers	–	18,793	30,229	–	–	49,022
Segment loss	–	(86,996)	(950)	–	–	(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)
Loss before tax						<u>(54,506)</u>
Segment assets	–	83,587	57,490	–	–	141,077
Corporate and other unallocated assets						6,517
Total assets						<u>147,594</u>
Segment liabilities	–	41,206	–	–	–	41,206
Corporate and other unallocated liabilities						75,789
Total liabilities						<u>116,995</u>

Other segment information

	Securities investment HK\$'000	Manufacture and sales of straw briquettes HK\$'000	Trading of commodities HK\$'000	Trading of garment accessories HK\$'000	Manufacture and sales of LED digital display products HK\$'000	Sub-total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 December 2015								
Impairment loss on inventories	-	430	4,977	-	-	5,407	-	5,407
Impairment loss on trade receivables	-	3,616	-	-	-	3,616	-	3,616
Impairment loss on other receivables	-	3,355	4,889	10	-	8,254	94	8,348
Impairment loss on property, plant and equipment	-	38,905	-	-	-	38,905	-	38,905
Impairment loss on prepaid land lease payments	-	5,813	-	-	-	5,813	-	5,813
Depreciation and amortisation	-	7,250	-	635	251	8,136	194	8,330
Capital expenditure [#]	-	-	-	4,305	5,938	10,243	1,984	12,227
Year ended 31 December 2014								
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 [#]	-	3,621	-	-	-	3,621	-	3,621

[#] Capital expenditure consists of additions to property, plant and equipment and excluding assets from the acquisition of subsidiaries.

Geographical information

(a) Revenue from external customers

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Mainland China	3,234	18,793
Hong Kong	10,550	–
Singapore	73,227	30,229
	<u>87,011</u>	<u>49,022</u>

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

(b) Non-current assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	19,277	44
Mainland China	5,454	52,605
	<u>24,731</u>	<u>52,649</u>

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

Information about major customers

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

		2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A	Trading of commodities	26,378	–
Customer B	Trading of commodities	23,502	30,229
Customer C	Trading of commodities	23,347	–
Customer D	Manufacture and sales of straw briquette	–	6,870
		<u>73,227</u>	<u>37,099</u>

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.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Sales of goods	<u>87,011</u>	<u>49,022</u>
Total revenue	<u>87,011</u>	<u>49,022</u>
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other income and gains		
Gain on change in fair value of financial assets at fair value through profit or loss		
Net unrealized gain on listed securities held for trading	10,094	–
Net realized gain on sale of listed securities held for trading	<u>15,785</u>	<u>–</u>
	25,879	–
Gain on disposal of subsidiaries	1,083	50,750
Interest income from		
– loans receivable	851	–
– bank deposits	36	2
Exchange gains, net	–	87
Rental income	75	–
Others	<u>972</u>	<u>13</u>
Total other income and gains	<u>28,896</u>	<u>50,852</u>

6. OTHER OPERATING EXPENSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Impairment losses recognised in respect of:		
– Property, plant and equipment	38,905	27,591
– Prepaid land lease payments	5,813	–
– Inventories	5,407	19,914
– Trade receivables (<i>Note 12</i>)	3,616	28,481
– Other receivables	8,348	5,147
– Goodwill	509	–
	<u>62,598</u>	<u>81,133</u>

7. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on:		
– Corporate bonds payable (<i>Note 14</i>)	1,968	564
– Other borrowings (<i>Note 15</i>)	5,833	1,595
– Amount due to noteholder (<i>Note 16</i>)	4,417	5,987
– Convertible bonds payable (<i>Note 17</i>)	2,781	–
	<u>14,999</u>	<u>8,146</u>

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Directors' remuneration	3,060	2,113
Other staff costs (excluding directors' remuneration):		
Wages, salaries and allowances	7,446	4,627
Contribution to retirement schemes	117	90
	<hr/>	<hr/>
Total staff costs	10,623	6,830
Depreciation of property, plant and equipment	8,202	10,731
Amortisation of prepaid land lease payments (<i>Note</i>)	128	135
Auditor's remuneration	800	823
Exchange losses, net	147	–
Rental charges on land and buildings under operating leases	1,529	1,820
Loss on disposal of property, plant and equipment	2	–
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Note: The amortisation of prepaid land lease payments for the year is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	4	–
PRC Enterprise Income Tax	–	5,058
	<hr/>	<hr/>
	4	5,058
Over provision of PRC Enterprise Income Tax in prior years	–	(71)
	<hr/>	<hr/>
	4	4,987
Deferred tax charge/(credit)	795	(22)
	<hr/>	<hr/>
Tax charge for the year	799	4,965
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

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

10. LOSS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	(234,190)	(16,695)
Effect of dilutive potential ordinary shares:		
Loss/(gain) on change in fair value of unlisted warrants	11,417	(7,012)
Interest on convertible bonds	2,781	–
	<u> </u>	<u> </u>
Loss for the purpose of diluted loss per share	N/A	N/A
	<u> </u>	<u> </u>
Number of shares		
	Number of shares <i>'000</i>	Number of shares <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	728,828	431,765
Effect of dilutive potential ordinary shares:		
Unlisted warrants	33,067	66,667
Convertible bonds	214,304	–
	<u> </u>	<u> </u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	976,199	498,432
	<u> </u>	<u> </u>

Diluted loss per share for the years ended 31 December 2015 and 31 December 2014 is not presented because the Group sustained a loss for each of these years and the impact of conversion of convertible bonds and exercise of share options and unlisted warrants is regarded as anti-dilutive.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting date (2014: Nil).

12. TRADE RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	80,155	95,982
Less: Impairment loss recognised	<u>(46,473)</u>	<u>(44,587)</u>
	<u>33,682</u>	<u>51,395</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 90 days	27,623	38,260
91 – 180 days	2,633	152
181 – 365 days	3,426	3,977
More than 365 days	<u>–</u>	<u>9,006</u>
	<u>33,682</u>	<u>51,395</u>

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 (2014: 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Past due:		
181 – 365 days	3,426	3,977
More than 365 days	<u>–</u>	<u>9,006</u>
	<u>3,426</u>	<u>12,983</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.

The table below reconciled the impairment of trade receivables for the year:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Balance at beginning of the year	44,587	23,209
Impairment loss recognised (<i>Note 6</i>)	3,616	28,481
Eliminated on disposal of subsidiaries	–	(7,068)
Exchange realignment	(1,730)	(35)
	<u>46,473</u>	<u>44,587</u>

13. TRADE PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	<u>40,102</u>	<u>27,392</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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	1,448	–
31 – 90 days	26,137	1,271
91 – 180 days	2,009	–
181 – 365 days	3,440	2,680
More than 365 days	7,068	23,441
	<u>40,102</u>	<u>27,392</u>

14. CORPORATE BONDS PAYABLE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Corporate bonds payable		
– within one year	11,416	11,347
– more than five years	13,466	12,667
	<u>24,882</u>	<u>24,014</u>
Less: Amounts shown under current liabilities	(11,416)	(11,347)
	<u>13,466</u>	<u>12,667</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	24,014	–
Issue of corporate bonds, at cash	–	24,500
Transaction costs incurred for issue of bonds	–	(1,050)
Interest on bonds for the year (<i>Note 7</i>)	1,968	564
Interest paid	(1,100)	–
	<hr/>	<hr/>
At 31 December	24,882	24,014
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31 December 2014, 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.

One of the unsecured corporate bonds with the aggregate principal amounts of HK\$11,000,000 matured on 7 September 2015. The Company entered into an agreement with the bondholder, under which the repayment of the outstanding principal was further extended to 7 September 2016 and interests on such bond are calculated at 12% per annum with effect from 8 September 2015. At 31 December 2015, the corporate bonds with the principal amount of HK\$31,000,000 (2014: HK\$31,000,000) remained outstanding.

Other details of the corporate bonds outstanding at 31 December 2015 are as follows:

	7 September 2016	Corporate bonds due on 29 September 2021	9 March 2022
(i) Date of issue	8 September 2015	30 September 2014	10 September 2014
(ii) Principal amount	HK\$11,000,000	HK\$10,000,000	HK\$10,000,000
(iii) Interest rate	12% per annum	5% per annum	4% per annum
(iv) Maturity period	1 year	7 years	7.5 years

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Carrying amount of corporate bonds due on		
– 7 September 2015	–	11,347
– 7 September 2016	11,416	–
– 29 September 2021	6,066	5,612
– 9 March 2022	7,400	7,055
	<hr/>	<hr/>
	24,882	24,014
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15. OTHER BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loans from third parties		
– secured	–	15,000
– unsecured	13,781	9,112
	13,781	24,112
Carrying amount repayable		
– within one year	13,781	15,000
– more than one year but not more than five years	–	9,112
	13,781	24,112
Less: Amounts shown under current liabilities	(13,781)	(15,000)
Amount shown under non-current liabilities	–	9,112

The secured loan amounted to HK\$15,000,000 at 31 December 2014, which was granted by a third party to the Company, carried interest at 25% per annum and was secured by the pledge of the Group's inventories with the carrying amount of HK\$27,261,000 at that date. This secured loan was fully repaid during the year ended 31 December 2015. In addition, during the current year, a unsecured loan amounted to HK\$5,000,000 was granted by this third party to the Company. This unsecured loan carries interest at 30% per annum and is repayable within one year from the end of the reporting period.

Included in unsecured loans from third parties is the loan capital issued by a subsidiary, Heilongjiang Province Shengyan New Energy Development Limited ("Shengyan"), amounted to RMB7,210,000 (equivalent to HK\$8,781,000 (2014: HK\$9,112,000)), which carries interest at 5% per annum and is repayable on 16 July 2017. Shengyan has ceased its business operations during the current year, the directors of the Company are of the view that repayment of the loan capital may be demanded by the third party at any time, such loan has accordingly been reclassified as current liabilities.

16. AMOUNT DUE TO NOTEHOLDER

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unsecured amount due to noteholder	–	24,138

On 9 August 2011, the Company issued 12% convertible redeemable notes (the “Convertible Loan Notes”) due on 8 August 2016 at a principal amount of RMB33,000,000 (equivalent to approximately HK\$40,000,000) to an independent subscriber. 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 had not been repaid at 31 December 2013 and interest on such payable was charged at 18% per annum.

During the year ended 31 December 2014, the Company entered into certain agreements with the noteholder, under which the repayment of the outstanding consideration payable was further extended to 30 December 2014 and interests on the note were calculated at the 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. At 31 December 2014, the amount due to noteholder, representing consideration payable and accrued interest thereon, amounted to RMB19,099,841.

During the current year, the amount due to the noteholder was fully repaid by the Company.

17. CONVERTIBLE BONDS PAYABLE

On 16 July 2015, the Company issued 3% convertible bonds due on 15 July 2018 at a principal amount of HK\$80,000,000 to a third party for a cash consideration of HK\$80,000,000. The convertible bonds can be converted into ordinary shares at an initial conversion price of HK\$0.095 per share from the day immediately following the date of the issue of convertible bonds to the maturity date which is 15 July 2018. If the convertible bonds have not been converted, they will be redeemed at par on 15 July 2018.

The fair value of the convertible bonds at the date of issue was estimated to be HK\$241,734,000 as valued by Chung Hin Appraisal Limited, an independent firm of business and financial services valuers. The convertible bonds contain two components: liability and equity elements. The fair value of the liability component at the date of issue was calculated using the discount rate of 22.11% per annum, being the estimated market rate for a similar non-convertible bonds at that date. The fair value of the equity component at the date of issue was valued using the Binomial Model. The inputs into the model were as follows:

Risk-free rate	0.718%
Expected volatility	58.49%
Expected life	3 years
Dividend yield	Nil

The risk-free rate was determined with reference to the yield rate of Hong Kong Exchange Fund Notes with duration similar to the contractual tenor of the convertible bonds.

The expected volatility was determined based on the historical volatility of the share prices of the Company.

The movements of the liability component and equity component of the convertible bonds for the year are set out below:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
Fair value of convertible bonds on grant date	48,830	192,904	241,734
Transaction costs incurred for issue of convertible bonds	(303)	(1,198)	(1,501)
Carrying amount at date of issue	48,527	191,706	240,233
Interest expense accrued	2,781	–	2,781
Converted during the year	(30,556)	(117,420)	(147,976)
Carrying amount at 31 December 2015	<u>20,752</u>	<u>74,286</u>	<u>95,038</u>
Carrying amount at 31 December 2014	<u>–</u>	<u>–</u>	<u>–</u>

The loss on issue of convertible bonds amounted to HK\$161,734,000 (2014: Nil), which represents the difference between the fair value of the convertible bonds on the grant date of HK\$241,734,000 and the cash consideration of HK\$80,000,000 received, is recognised in profit or loss in respect of the current year.

During the year ended 31 December 2015, the convertible bonds with an aggregate principal amount of HK\$49,000,000 were converted into approximately 515,789,000 new shares of the Company at the initial conversion price. At 31 December 2015, the convertible bonds with an aggregate principal amount of HK\$31,000,000 (2014: Nil) remained outstanding.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

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\$265,412,000 for the year ended 31 December 2015.

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 grinding – the straw collected is then crushed and ground into fine powder through crushing equipments;
- Straw briquetting – the straw powder is then put into the briquetting press machines from where it is compressed and processed into 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 mainly consist of companies located at Heilongjiang Province in the PRC, who engage in agriculture and manufacturing, and purchase the straw fuel briquettes for different usage such as heat generation. Revenue of Shengyan is mainly derived from the sales of straw fuel briquettes through sales orders from customers, Shengyan purchases raw straw directly from various local farmers in the Baiquan County of Heilongjiang Province.

During the period, Shengyan faced severe challenges in the market demand of its straw fuel briquettes due to the increase in coal consumption as coal price dropped sharply during the year 2014 and 2015. Revenue generated from Shengyan decreased to a minimal level for the year ended 31 December 2015. The production plants are currently shut down due to a shortage of operating fund. In view of Shengyan's adverse business condition, an impairment loss of approximately HK\$52.1 million in land and buildings, plant and equipment, inventories, trade and other receivables was recorded. Management shall continue to monitor Shengyan's business closely, while changing the Group's focus by developing other businesses and segments.

Trading of Commodities

The Group's commodities business segment commenced operation in the fourth quarter of 2014. For the year ended 31 December 2015, a total of 15,367 metric tonnes (2014: 5,750 metric tonnes) of crude palm oil was traded, contributing an aggregate revenue of approximately HK\$73.2 million (2014: HK\$30.2 million) to the Group. The Group's trading in crude palm oil is carried out on a trade-by-trade basis.

Given that the Group is new to the commodities trading business, the Board thus expects a relatively thin profit margin. However, the underlying importance is to widen the Group's business network in the area of commodities trading. The Group will negotiate with suppliers and customers in order to achieve better trading terms in future trade transactions.

Trading of Garment Accessories

This new operation, commenced in the first quarter of this year, has been developing moderately. It contributed approximately HK\$12.6 million to the Group's revenue for the year ended 31 December 2015. As the Group is actively looking for new customers, the Group expects that it will achieve better growth in the coming year.

Manufacture and Sales of LED Digital Display Products

To strengthen and diversify the Group's revenue base, the Group established Dongguan Guss Optoelectronics Co., Ltd. to engage in manufacture and sales of LED digital display products in the third quarter of the year. LED digital display products are widely applied in TV advertising screen and display screens of control system of a variety of electric appliances such as mobile phones, televisions, notebooks, tablets and automobile interfaces.

This new operation contributed approximately HK\$1.2 million to the Group's revenue. The Board expects that it will bring a stable income to the Group starting from the first quarter of next year.

Investment in Securities

This new business activity commenced in the third quarter of this year. The investment scope includes short-term investments in listed securities in Hong Kong and other recognised overseas securities markets as well as other related investment products offered by banks and financial institutions.

As at 31 December 2015, the Group holds approximately HK\$63.3 million of equity investments which are classified as held for trading. As the overall market condition of the Hong Kong stock market improved in 2015, the Group recorded an unrealized gain and a realised gain of approximately HK\$10.1 million and HK\$15.8 million respectively. The Board expects that this business activity can generate additional investment returns on available funds of the Company from time to time.

Interests in Associates – Limousine Service

During the period, the Group acquired 30% equity interest of Summus Limousine Services Limited, a company incorporated in Hong Kong which is engaged in the limousine service business. The equity interest is classified as investment in associate.

FINANCIAL REVIEW

For the year ended 31 December 2015, the turnover of the Group increased to approximately HK\$87.0 million (2014: HK\$49.0 million), representing an increase of approximately 77.6% when compared with that of 2014. The increase in turnover was mainly driven by the trading of commodities business and garment accessories business.

The Group disposed of Jiangsu Shengyi Environmental Technology Co., Ltd. during the first quarter of 2014, the aggregate consideration was HK\$51.0 million. After deducting the net asset value, the Group recorded a gain of approximately HK\$50.8 million from the disposal recognised in the year ended 31 December 2014.

Revenue generated from Shengyan decreased to a minimal level for the year ended 31 December 2015. During the year, the Shengyan's segment recorded a substantial loss of approximately HK\$61.1 million mainly due to the additional impairment on land and buildings, plant and equipment, inventories, trade and other receivables.

During the third quarter of the year, the Group has commenced securities investment activities. The Group recorded a net gain of approximately HK\$25.9 million from such activities.

The Group recorded a net loss of approximately HK\$265.4 million for the current year, compared with a net loss of approximately HK\$59.5 million for the same period of last year. Such loss was mainly attributable to Shengyan's loss of approximately HK\$61.1 million, the loss on issue of convertible bonds of approximately HK\$161.7 million and the fair value loss of the unlisted warrants of approximately HK\$11.4 million.

LOOKING AHEAD

In 2016, the Board will continue to develop current businesses and at the same time proactively explore new business areas and seek 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 PROCEEDING

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 ("Mr. Shan"), 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 has been advised by the Counsel that the Company shall have a good defence to the case and shall not be liable to the Plaintiff's claim.

SUBSEQUENT EVENTS

In January 2016, 90% equity interest in a subsidiary, Shengyan, inclusive of the 51% equity interest owned by the Group, was pledged to a party not related to the Group as security for a loan facility not exceeding RMB1,000,000 granted by such party.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the announcements of the Company dated 14 January 2015, 30 January 2015, 22 July 2015 and 7 August 2015, 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 2015.

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 is comprised of Mr. Ho Chun Kit Gregory, Mr. Ho Wai Shing and Mr. Hung Cho Sing 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 2015 with the management of the Company and the independent auditor.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2015 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, 18 March 2016

As at the date of this announcement, the Board comprises seven Directors namely Mr. Ma Arthur On-hing, Mr. Shan Biao, Mr. Mui Wai Sum and Ms. Kwan Kar Ching, being the executive Directors and Mr. Ho Chun Kit Gregory, Mr. Ho Wai Shing and Mr. Hung Cho Sing, 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".