中昱科技集團有限公司
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 2016

**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.**



*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 2016, together with the comparative figures as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

*Year ended 31 December 2016*

| | *Notes* | **2016** *HK$'000* | 2015 *HK$'000* (restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | | **63,906** | 87,011 |
| Cost of sales and services | | **(57,691)** | (87,178) |
| Gross profit/(loss) | | **6,215** | (167) |
| Other income and gains | | **4,179** | 28,893 |
| Gain/(loss) on change in fair value of unlisted warrants | | **13,481** | (11,417) |
| Loss on issue of convertible bonds | | **—** | (161,734) |
| Selling and distribution expenses | | **(219)** | (62) |
| Administrative expenses | | **(31,030)** | (33,538) |
| Other operating expenses | *5* | **(42,315)** | (10,479) |
| Finance costs | *6* | **(7,100)** | (14,905) |
| Share of loss of associates | | **(91)** | (76) |
| Loss before taxation | *7* | **(56,880)** | (203,485) |
| Taxation credit/(charge) | *8* | **875** | (1,687) |
| Loss for the year from continuing operations | | **(56,005)** | (205,172) |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | *9* | **(22,354)** | (60,240) |
| **Loss for the year** | | **(78,359)** | (265,412) |
| 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 | | **(286)** | (457) |
| Reclassification adjustments relating to foreign operations disposed of during the year | | **(1,288)** | (23) |
| Other comprehensive expense for the year | | **(1,574)** | (480) |
| **Total comprehensive expense for the year** | | **(79,933)** | (265,892) |

| | Notes | **2016** | 2015 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| | | | (restated) |
| **Loss for the year from continuing operations attributable to:** | | | |
| Owners of the Company | | **(49,543)** | (203,512) |
| Non-controlling interests | | **(6,462)** | (1,660) |
| | | **(56,005)** | (205,172) |
| **Loss for the year from continuing and discontinued operations attributable to:** | | | |
| Owners of the Company | | **(71,897)** | (234,190) |
| Non-controlling interests | | **(6,462)** | (31,222) |
| | | **(78,359)** | (265,412) |
| **Total comprehensive expense for the year attributable to:** | | | |
| Owners of the Company | | **(73,331)** | (235,158) |
| Non-controlling interests | | **(6,602)** | (30,734) |
| | | **(79,933)** | (265,892) |
| **Loss per share** | *10* | | |
| From continuing operations | | | |
| Basic | | **HK(3.85) cents** | HK(27.86) cents |
| Diluted | | **N/A** | N/A |
| From continuing and discontinued operations | | | |
| Basic | | **HK(5.58) cents** | HK(32.06) cents |
| Diluted | | **N/A** | N/A |

**Consolidated Statement of Financial Position**

*At 31 December 2016*

| | Notes | 2016 HK$'000 | 2015 HK$'000 (restated) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **11,221** | 10,956 |
| Prepaid land lease payments | | **—** | — |
| Investment properties | | **16,352** | — |
| Goodwill | | **18,302** | — |
| Other intangible assets | | **20,000** | — |
| Investments in associates | | **—** | 4,924 |
| Loans receivable | | **—** | 8,851 |
| | | **65,875** | 24,731 |
| **Current assets** | | | |
| Inventories | | **693** | 23,567 |
| Accounts receivable | *12* | **54,847** | 33,682 |
| Loans receivable | | **10,292** | — |
| Prepayments, deposits and other receivables | | **6,681** | 41,601 |
| Financial assets at fair value through profit or loss | | **26,145** | 63,258 |
| Bank balances and cash — trust accounts | | **43,267** | — |
| Bank balances and cash — general accounts | | **22,986** | 6,402 |
| | | **164,911** | 168,510 |
| **Current liabilities** | | | |
| Accounts payable | *13* | **63,248** | 40,102 |
| Other payables and accruals | | **8,240** | 14,047 |
| Deposits received | | **135** | — |
| Corporate bonds payable | | **—** | 11,416 |
| Other borrowings | | **1,000** | 13,781 |
| Amount due to noteholder | | **—** | — |
| Amount due to non-controlling interests | | **840** | — |
| Unlisted warrants | | **—** | 13,481 |
| Income tax payable | | **8,592** | 5,004 |
| | | **82,055** | 97,831 |
| **Net current assets** | | **82,856** | 70,679 |
| **Total assets less current liabilities** | | **148,731** | 95,410 |

| | Notes | 2016<br>HK$'000 | 2015<br>HK$'000<br>(restated) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Corporate bonds payable | | **14,312** | 13,466 |
| Convertible bonds payable | | **24,369** | 20,752 |
| Deferred tax liabilities | | **3,765** | 1,683 |
| | | **42,446** | 35,901 |
| **Net assets** | | **106,285** | 59,509 |
| **Capital and reserves** | | | |
| Share capital | | **16,380** | 11,375 |
| Reserves | | **91,624** | 93,600 |
| Equity attributable to owners of the Company | | **108,004** | 104,975 |
| Non-controlling interests | | **(1,719)** | (45,466) |
| **Total equity** | | **106,285** | 59,509 |

*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.

The Group discontinued its business of manufacture and sales of straw briquettes on 31 March 2016. Results of the Group's operations attributable to this business are presented as discontinued operations in the consolidated statement of profit or loss and other comprehensive income and certain comparative figures have been restated to conform with the current year's presentation.

**2. 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 new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

| | |
|---|---|
| HKFRS 14 | Regulatory Deferral Accounts |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2012–2014 cycle |
| Amendments to HKAS 1 | Disclosure Initiative |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception |
| Amendments to HKFRS 11 | Accounting for Acquisition of Interests in Joint Operations |

The application of the these new and revised 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[2] |
| HKFRS 15 | Revenue from Contracts with Customers[2] |
| HKFRS 16 | Leases[3] |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions[2] |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[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 HKAS 7 | Disclosure Initiative[1] |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses[1] |

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

## 3. OPERATING SEGMENT INFORMATION

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

Continuing operations:

— Securities investment

— Trading of commodities

— Trading of garment accessories

— Manufacture and sales of LED digital display products

— Provision of securities placing and brokerage services

— Leasing of investment properties

Discontinued operations:

— Manufacture and sales of straw briquettes

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/loss on disposal of subsidiaries and associates, gain/loss on change in fair value of unlisted warrants, loss on issue of convertible bonds, impairment loss on investments in associates, 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.

**Segment revenue and results**

| | Segment revenue | | Segment profit/(loss) | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Continuing operations | | | | |
| Securities investments | **—** | — | **(3,706)** | 25,879 |
| Trading of commodities | **56,363** | 73,227 | **(17,363)** | (9,689) |
| Trading of garment accessories | **539** | 12,618 | **(9,472)** | (1,320) |
| Manufacture and sales of LED digital display products | **3,551** | 1,166 | **(4,088)** | (2,096) |
| Provision of securities placing and brokerage services | **3,363** | — | **1,365** | — |
| Leasing of investment properties | **90** | — | **63** | — |
| | **63,906** | 87,011 | **(33,201)** | 12,774 |
| Discontinued operations | | | | |
| Manufacture and sales of straw briquettes | **—** | — | **—** | (61,128) |
| | **63,906** | 87,011 | **(33,201)** | (48,354) |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: Nil).

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Segment loss reported above | **(33,201)** | (48,354) |
| Interest income | **1,529** | 887 |
| (Loss)/gain on disposal of subsidiaries | **(22,354)** | 1,083 |
| Loss on disposal of associates | **(203)** | — |
| Gain/(loss) on change in fair value of unlisted warrants | **13,481** | (11,417) |
| Loss on issue of convertible bonds | **—** | (161,734) |
| Impairment loss on investments in associates | **(2,500)** | — |
| Corporate and other unallocated expenses | **(28,795)** | (30,003) |
| Finance costs | **(7,100)** | (14,999) |
| Share of loss of associates | **(91)** | (76) |
| Loss before taxation | **(79,234)** | (264,613) |
| Taxation credit/(charge) | **875** | (799) |
| Loss for the year | **(78,359)** | (265,412) |

**Segment assets and liabilities**

| | 2016 *HK$'000* | 2015 *HK$'000* |
|---|---|---|
| **Segment assets** | | |
| Continuing operations | | |
| Securities investments | **26,145** | 63,258 |
| Trading of commodities | **35,354** | 76,990 |
| Trading of garment accessories | **989** | 14,915 |
| Manufacture and sales of LED digital display products | **6,161** | 7,131 |
| Provision of securities placing and brokerage services | **120,998** | — |
| Leasing of investment properties | **16,356** | — |
| | **206,003** | 162,294 |
| Discontinued operations | | |
| Manufacture and sales of straw briquettes | **—** | — |
| Total segment assets | **206,003** | 162,294 |
| Corporate and other unallocated assets | **24,783** | 30,947 |
| Total assets | **230,786** | 193,241 |

| | 2016 *HK$'000* | 2015 *HK$'000* |
|---|---|---|
| **Segment liabilities** | | |
| Continuing operations | | |
| Securities investments | **—** | — |
| Trading of commodities | **—** | 24,288 |
| Trading of garment accessories | **8,217** | 10,257 |
| Manufacture and sales of LED digital display products | **3,020** | 885 |
| Provision of securities placing and brokerage services | **57,855** | — |
| Leasing of investment properties | **135** | — |
| | **69,227** | 35,430 |
| Discontinued operations | | |
| Manufacture and sales of straw briquettes | **—** | 17,018 |
| Total segment liabilities | **69,227** | 52,448 |
| Corporate and other unallocated liabilities | **55,274** | 81,284 |
| Total liabilities | **124,501** | 133,732 |

**Geographical information**

**(a)** ***Revenue from external customers***

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Mainland China | **29,551** | 3,234 |
| Hong Kong | **34,355** | 10,550 |
| Singapore | **—** | 73,227 |
| | **63,906** | 87,011 |

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

**(b)** ***Non-current assets***

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **42,383** | 19,277 |
| Mainland China | **5,190** | 5,454 |
| | **47,573** | 24,731 |

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:

| | | **2016** | 2015 |
|---|---|---|---|
| | **Revenue generated from** | ***HK$'000*** | *HK$'000* |
| Customer A | Trading of commodities | **30,363** | — |
| Customer B | Trading of commodities | **26,000** | — |
| Customer C | Trading of commodities | **—** | 26,378 |
| Customer D | Trading of commodities | **—** | 23,502 |
| Customer E | Trading of commodities | **—** | 23,347 |
| | | **56,363** | 73,227 |

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover recognised for the year, represents the aggregate of net invoiced value of goods sold, after allowances for returns, trade discounts and sales related taxes, income from provision of securities placing and brokerage services and rental income from lease of investment properties.

| | **2016** | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** | Continuing operations | Discontinued operations | Total |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* |
| **Revenue** | | | | | | |
| Sales of goods | **60,453** | **—** | **60,453** | 87,011 | — | 87,011 |
| Provision of securities placing and brokerage services | **3,363** | **—** | **3,363** | — | — | — |
| Rental income from lease of investment properties | **90** | **—** | **90** | — | — | — |
| Total revenue | **63,906** | **—** | **63,906** | 87,011 | — | 87,011 |

| | **2016** | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** | Continuing operations | Discontinued operations | Total |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* |
| **Other income and gains** | | | | | | |
| Gain on change in fair value of financial assets at fair value through profit or loss | | | | | | |
| Net unrealised gain on listed securities held for trading | **1,631** | **—** | **1,631** | 10,094 | — | 10,094 |
| Net realised gain on sale of listed securities held for trading | **—** | **—** | **—** | 15,785 | — | 15,785 |
| | **1,631** | **—** | **1,631** | 25,879 | — | 25,879 |
| Gain on disposal of subsidiaries | **—** | **—** | **—** | 1,083 | — | 1,083 |
| Interest income from | | | | | | |
| — loans receivable | **1,441** | **—** | **1,441** | 851 | — | 851 |
| — bank deposits | **88** | **—** | **88** | 33 | 3 | 36 |
| Exchange gains, net | **211** | **—** | **211** | — | — | — |
| Rental income | **247** | **—** | **247** | 75 | — | 75 |
| Others | **561** | **—** | **561** | 972 | — | 972 |
| Total other income and gains | **4,179** | **—** | **4,179** | 28,893 | 3 | 28,896 |

## 5. OTHER OPERATING EXPENSES

| | **2016** Continuing operations | Discontinued operations | Total | 2015 Continuing operations | Discontinued operations | Total |
|---|---|---|---|---|---|---|
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* |
| Impairment losses recognised in respect of: | | | | | | |
| — Property, plant and equipment | **1,905** | **—** | **1,905** | — | 38,905 | 38,905 |
| — Prepaid land lease payments | **—** | **—** | **—** | — | 5,813 | 5,813 |
| — Inventories | **1,020** | **—** | **1,020** | 4,977 | 430 | 5,407 |
| — Trade receivables | **26,573** | **—** | **26,573** | — | 3,616 | 3,616 |
| — Proceeds receivable from disposal of subsidiaries | **4,777** | **—** | **4,777** | — | — | — |
| — Other receivables | **—** | **—** | **—** | 4,993 | 3,355 | 8,348 |
| — Goodwill | **—** | **—** | **—** | 509 | — | 509 |
| — Investments in associates | **2,500** | **—** | **2,500** | — | — | — |
| Loss on disposal of associates | **203** | **—** | **203** | — | — | — |
| Net realised loss on sale of listed securities held for trading | **5,337** | **—** | **5,337** | — | — | — |
| | **42,315** | **—** | **42,315** | 10,479 | 52,119 | 62,598 |

## 6. FINANCE COSTS

| | **2016** Continuing operations | Discontinued operations | Total | 2015 Continuing operations | Discontinued operations | Total |
|---|---|---|---|---|---|---|
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* |
| Interest on: | | | | | | |
| — Corporate bonds payable | **1,530** | **—** | **1,530** | 1,968 | — | 1,968 |
| — Other borrowings | **843** | **—** | **843** | 5,739 | 94 | 5,833 |
| — Amount due to noteholder | **—** | **—** | **—** | 4,417 | — | 4,417 |
| — Convertible bonds payable | **4,725** | **—** | **4,725** | 2,781 | — | 2,781 |
| — bank overdraft | **2** | **—** | **2** | | | |
| | **7,100** | **—** | **7,100** | 14,905 | 94 | 14,999 |

## 7. LOSS BEFORE TAXATION

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

| | **2016** | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Continuing operations** *HK$'000* | **Discontinued operations** *HK$'000* | **Total** *HK$'000* | Continuing operations *HK$'000* | Discontinued operations *HK$'000* | Total *HK$'000* |
| Director's remuneration | **3,392** | **—** | **3,392** | 3,060 | — | 3,060 |
| Other staff costs (excluding directors' remuneration): | | | | | | |
| Wages, salaries and allowances | **7,128** | **—** | **7,128** | 7,042 | 404 | 7,446 |
| Contribution to retirement schemes | **156** | **—** | **156** | 117 | — | 117 |
| Total staff costs | **10,676** | **—** | **10,676** | 10,219 | 404 | 10,623 |
| Cost of inventories sold | **57,240** | **—** | **57,240** | 87,178 | — | 87,178 |
| Depreciation of property, plant and equipment | **2,662** | **—** | **2,662** | 1,080 | 7,122 | 8,202 |
| Amortisation of prepaid land lease payment | **—** | **—** | **—** | — | 128 | 128 |
| Auditor's remuneration — audit services | **650** | **—** | **650** | 800 | — | 800 |
| Exchange losses, net | **—** | **—** | **—** | 147 | — | 147 |
| Rental charges on land and buildings under operating leases | **3,223** | **—** | **3,223** | 1,529 | — | 1,529 |
| Loss on disposal of property, plant and equipment | **164** | **—** | **164** | 2 | — | 2 |

## 8. TAXATION CREDIT/(CHARGE)

| | **2016** | | | 2015 | | |
|---|---|---|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** | Continuing operations | Discontinued operations | Total |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* |
| **Current tax** | | | | | | |
| Hong Kong Profit Tax | **(260)** | **—** | **(260)** | (4) | — | (4) |
| PRC Enterprise Income Tax | **—** | **—** | **—** | — | — | — |
| | **(260)** | **—** | **(260)** | (4) | — | (4) |
| Deferred tax credit/(charges) *(Note 36)* | **1,135** | **—** | **1,135** | (1,683) | 888 | (795) |
| Taxation credit/(charge) for the year | **875** | **—** | **875** | (1,687) | 888 | (799) |

Hong Kong Profits Tax is calculated at 16.5% (2015: 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.

## 9 DISCONTINUED OPERATIONS

During the year, following the disposal of the Company's subsidiary, Shengyan, the Group discontinued its business of manufacture and sales of straw briquette on 31 March 2016. An analysis of the results attributable to the discontinued operations is as follows:

| | **1.1.2016 to 31.3.2016** | 1.1.2015 to 31.12.2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss of the discontinued operations | **—** | (60,240) |
| Loss on disposal of subsidiaries | **(22,354)** | — |
| Loss for the year from discontinued operations | **(22,354)** | (60,240) |
| Loss for the year from discontinued operations attributable to: | | |
| Owners of the Company | **(22,354)** | (30,678) |
| Non-controlling interests | **—** | (29,562) |
| Loss for the year from discontinued operations | **(22,354)** | (60,240) |

The loss from discontinued operations are analysed as follows:

| | Notes | **1.1.2016 to 31.3.2016** *HK$'000* | 1.1.2015 to 31.12.2015 *HK$'000* |
|---|---|---|---|
| Revenue | | **—** | — |
| Other income and gains | | **—** | 3 |
| Administrative expenses | | **—** | (8,918) |
| Other operating expenses | *5* | **—** | (52,119) |
| Finance costs | *6* | **—** | (94) |
| Loss before taxation | *7* | **—** | (61,128) |
| Taxation credit | *8* | **—** | 888 |
| Loss of the discontinued operations | | **—** | (60,240) |
| **Cash flows from discontinued operations** | | | |
| Net cash outflows from operating activities | | **(8)** | (380) |
| Net cash inflows from investing activities | | **—** | 3 |
| Net cash outflows from financing activities | | **—** | (94) |
| | | **(8)** | (471) |

## 10. LOSS PER SHARE

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

| | **Continuing operations** | | **Continuing and discontinued operations** | |
|---|---|---|---|---|
| | **2016** *HK$'000* | 2015 *HK$'000* | **2016** *HK$'000* | 2015 *HK$'000* |
| **Loss** | | | | |
| Loss for the purpose of basic loss per share | | | | |
| Loss for the year attributable to owners of the Company | **(49,543)** | (203,512) | **(71,897)** | (234,190) |
| Effect of dilutive potential ordinary shares: | | | | |
| Gain on change in fair value of unlisted warrants | **—** | 11,417 | **—** | 11,417 |
| Interest on convertible bonds | **4,725** | 2,781 | **4,725** | 2,781 |
| Loss for the purpose of diluted loss per share | **N/A** | N/A | **N/A** | N/A |

**Number of shares**

| | 2016 | 2015 |
|---|---|---|
| | *'000* | *'000* |
| | | (restated) |
| Weighted average number of ordinary shares for the purpose of basic loss per share | **1,288,512** | 730,555 |
| Effect of dilutive potential ordinary shares: | | |
| Unlisted warrants | **—** | 33,145 |
| Convertible bonds | **327,089** | 214,812 |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | **1,615,601** | 978,512 |

Diluted loss per share for the years ended 31 December 2016 and 31 December 2015 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 2016, nor has any dividend been proposed since the end of the reporting date (2015: Nil).

## 12. ACCOUNTS RECEIVABLE

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **62,206** | 80,155 |
| Less: Impairment loss recognised | **(26,573)** | (46,473) |
| | **35,633** | 33,682 |
| Accounts receivable from the business of securities brokerage: | | |
| Clearing house, brokers and cash clients | **19,214** | — |
| | **54,847** | 33,682 |

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

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 90 days | **19,787** | 27,623 |
| 91–180 days | **—** | 2,633 |
| 181–365 days | **35,060** | 3,426 |
| More than 365 days | **—** | — |
| | **54,847** | 33,682 |

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 (2015: 180 days) is granted to customers.

The settlement terms of accounts receivable from clearing house, brokers and cash clients, which arising from the securities brokerage are two days after trade date.

No ageing analysis of the accounts receivable from clearing house, brokers and cash clients is disclosed as management of the Group is of the view that the ageing analysis does not give additional value in view of the nature of this business.

## 13. ACCOUNTS PAYABLES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **6,468** | 40,102 |
| Accounts payable from the business of securities brokerage | | |
| Clearing house, brokers and cash clients | **56,780** | — |
| | **63,248** | 40,102 |

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **166** | 1,448 |
| 31–90 days | **294** | 26,137 |
| 91–180 days | **320** | 2,009 |
| 181–365 days | **—** | 3,440 |
| More than 365 days | **5,688** | 7,068 |
| | **6,468** | 40,102 |

The settlement terms of accounts payable arising from the business of securities brokerage are two dates after trade date. No ageing analysis of these accounts payable is disclosed as management of the Group is of the view that the ageing analysis does not give additional value in view of the nature of this business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the year, the Group's business was organised in seven continuous operation's segments namely (i) Securities brokerage; (ii) Money lending; (iii) Securities investment; (iv) Manufacture and sales of LED digital display products; (v) Investment in property; (vi) Trading of commodities and (vii) Trading of garments accessories.

***Securities Brokerage***

On 21 November 2016, the Group completed the acquisition of 80% equity interest in Koala Securities. As at the date of this report, Koala Securities is licensed to carry on Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the SFO. The Group is optimistic about the market condition of the securities brokerage, share placements, underwriting services and other related businesses and believes that it will benefit the Group in the long term.

Revenue from this business segment during the year was approximately HK$3.4 million. It accounted for approximately 5.3% of the Group's revenue from continuing operation during the year. The segment profit of this business segment was approximately HK$1.4 million during the Year.

***Money Lending***

In February 2016, the Group, through an indirect wholly-owned subsidiary of the Group, obtained a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In developing the Group's money lending business, the Group targets corporations and individuals with financing needs. The Group will only advance new loans to those borrowers whose have good financial credit rating and all overdue balances are reviewed regularly by our senior management.

During the year, the Group have not engaged in any money lending activities since the bank accounts required to conduct the money lending activities were opened on November 2016.

***Securities Investment***

This business activity started in the third quarter of 2015. 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. The Board expects that this business activity can generate additional investment returns on available funds of the Company from time to time.

As at 31 December 2016, the Group managed a portfolio of listed equity investment with fair value of approximately HK$26.1 million (2015: approximately HK$63.3 million) which are classified as held-for-trading investments. During the year, the Group recorded a gain on fair value change of listed equity investments of approximately HK$1.6 million (2015: gain of approximately HK$10.1 million) and a realised loss of approximately HK$5.3 million (2015: gain of approximately HK$15.8 million).

***Manufacture and Sales of LED Digital display products***

In the third quarter of 2015, the Group established Dongguan Guss Optoelectronics Co., Ltd. to engage in manufacture and sales of LED digital display products. This operation has been steadily developing. The Board expects it to bring stable income to the Group in future periods.

During the year, the revenue was approximately HK$3.6 million (2015: HK$1.2 million). It accounted for approximately 5.6% of the Group's revenue from continuing operation during the year.

***Investment in property***

The Group has acquired a commercial property for investment purpose. The property is located in Hong Kong. It is currently leased by a listed company. The Group believes that this property could generate stable rental income to the Group.

***Trading of Garment Accessories***

This operation commenced in the first quarter of 2015. In view of the market downturn, cutting prices by the competitors led to the operation's suspension from the second quarters of this year.

For the year ended 31 December 2016, there was a drop in the revenue to approximately HK$0.5 million (2015: HK$12.6 million), representing a decrease of approximately 96% as compared to last year. The Board will continue to monitor the business closely, and may consider changing the Group's business focus by developing other businesses and segments.

***Trading of commodities***

The Board considered that the profit margin of trading of commodities was thin and fluctuated. The operation has been halted from the first quarters of this year. For the year ended 31 December 2016, the aggregate revenue generated from the trading of commodities amounted to approximately HK$56.4 million. It accounted for approximately 88.2% of the Group's revenue from continuing operation during the year.

(a) *Trading of Fertiliser*

For the year ended 31 December 2016, the Group sold 6,540 metric tonnes of compound fertiliser and 2,600 metric tonnes of organic fertiliser for HK$26.0 million. It contributed approximately HK$3.7 million of gross profit to the Group.

(b) *Trading of Palm Oil*

For the year ended 31 December 2016, a total of 6,730 metric tonnes (2015: 15,367 metric tonnes) of crude palm oil was traded, contributing an aggregate revenue of approximately HK$30.4 million (2015: HK$73.2 million) to the Group. The Group's trading in crude palm oil is carried out on a trade-by-trade basis.

## DISCONTINUED OPERATION

### Manufacture and Sales of Straw Briquettes

In the first quarter of 2016, the Company's non-wholly-owned subsidiary, Heilongjiang Province Shengyan New Energy Development Limited ("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, the Group disposed of Rich Share Global Limited and its subsidiaries including Shengyan at an aggregate consideration of HK$3 million. The disposal was completed on 30 March 2016.

## FINANCIAL REVIEW

For the year ended 31 December 2016, the turnover of the Group decreased to approximately HK$63.9 million (2015: HK$87.0 million), representing a decrease of approximately 26.6% when compared with that of 2015. The decrease in turnover was mainly attributable to the operation's suspension on the trading of commodities business and trading of garment accessories business.

Following to the operation's suspension on the trading of commodities business and trading of garment accessories business, an additional provision for impairment of property, plant and equipment, inventories and receivables of approximately HK$29.5 million was made.

The Group disposed of Shengyan' segment in the first quarter of the year, the aggregate consideration was HK$3.0 million. After deducting the net asset value, the Group recorded a net loss of approximately HK$22.4 million from the disposal.

The Group disposed of 30% equity interest of Summus Asia Limited ("Summus") in the third quarter of the year, the aggregate consideration was approximately HK$2.1 million. The equity interest was classified as investment in associates. After a provision for impairment of HK$2.5 million recognised, the Group recorded a loss of approximately HK$0.2 million from the disposal.

The Group recorded a net loss of approximately HK$78.4 million for the current year, compared with a net loss of approximately HK$265.4 million for the same period of last year. Such loss was mainly attributable to the additional provision for impairment on trading of commodities business and trading of garment accessories business, the Shengyan's loss on disposal and the realised loss of the Group's held-for trading investments.

### 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.

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

Save as disclosed in the announcements of the Company dated 9 June 2016 and 24 June 2016, 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 2016.

## 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. Ong King Keung, Mr. Hung Cho Sing and Mr. Luk Kin Ting 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 2016 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 2016 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**
**Kwan Kar Ching**
*Chairlady*

Hong Kong, 31 March 2017

*As at the date of this announcement, the Board comprises seven Directors namely Ms. Kwan Kar Ching, Mr. Ma Arthur On-hing, Mr. Mui Wai Sum and Ms. Hsin Yi-Chin, being the executive Directors and Mr. Hung Cho Sing, Mr. Luk Kin Ting and Mr. Ong King Keung, 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".*