



**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

# Green Energy towards Sustainable Development

Interim Report 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.

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*This report, 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 the GEM of the Stock Exchange (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 report 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 report misleading.*

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016, together with the comparative figures as follows:

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**

*For the six months ended 30 June 2016*

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue		<b>26,902</b>	2,841	<b>58,401</b>	31,629
Cost of sales		<b>(23,136)</b>	(2,811)	<b>(54,402)</b>	(31,441)
Gross profit		<b>3,766</b>	30	<b>3,999</b>	188
Other income and gains		<b>1,627</b>	68	<b>12,892</b>	1,041
Selling and distribution expenses		<b>(50)</b>	(1)	<b>(77)</b>	(1)
Administrative expenses		<b>(8,371)</b>	(9,551)	<b>(15,454)</b>	(16,710)
Other operating expenses		<b>-</b>	(25,463)	<b>(17,534)</b>	(26,480)
Finance costs	4	<b>(1,944)</b>	(3,066)	<b>(3,890)</b>	(6,875)
Share of loss of associates		<b>(29)</b>	-	<b>(70)</b>	-
Loss before tax	5	<b>(5,001)</b>	(37,983)	<b>(20,134)</b>	(48,837)
Income tax	6	<b>-</b>	5	<b>-</b>	11
<b>Loss for the period</b>		<b>(5,001)</b>	(37,978)	<b>(20,134)</b>	(48,826)
Other comprehensive expense					
Exchange differences on translating foreign operations		<b>(184)</b>	(146)	<b>(130)</b>	(45)
<b>Other comprehensive expense for the period</b>		<b>(184)</b>	(146)	<b>(130)</b>	(45)
<b>Total comprehensive expense for the period</b>		<b>(5,185)</b>	(38,124)	<b>(20,264)</b>	(48,871)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss for the period attributable to:</b>					
Owners of the Company		(4,576)	(22,737)	(19,255)	(32,909)
Non-controlling interests		(425)	(15,241)	(879)	(15,917)
		<u>(5,001)</u>	<u>(37,978)</u>	<u>(20,134)</u>	<u>(48,826)</u>
<b>Total comprehensive expense for the period attributable to:</b>					
Owners of the Company		(4,670)	(22,851)	(19,321)	(32,882)
Non-controlling interests		(515)	(15,273)	(943)	(15,989)
		<u>(5,185)</u>	<u>(38,124)</u>	<u>(20,264)</u>	<u>(48,871)</u>
<b>Loss per share</b>	7				
– Basic ( <i>in cents</i> )		<u>(0.39)</u>	<u>(4.39)</u>	<u>(1.68)</u>	<u>(6.35)</u>
– Diluted ( <i>in cents</i> )		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**Condensed Consolidated Statement of Financial Position (Unaudited)***As at 30 June 2016*

		As at	
		30 June 2016	31 December 2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		9,730	10,956
Investments in associates		4,855	4,924
Loans receivable		9,570	8,851
		<u>24,155</u>	<u>24,731</u>
<b>Current assets</b>			
Inventories		2,571	23,567
Trade receivables	9	63,260	33,682
Prepayments, deposits and other receivables		11,624	41,601
Financial assets at fair value through profit or loss		15,515	63,258
Bank balances and cash		54,124	6,402
		<u>147,094</u>	<u>168,510</u>
<b>Current liabilities</b>			
Trade payables	10	7,224	40,102
Other payables and accruals		11,620	14,047
Corporate bonds payable		12,074	11,416
Other borrowings		1,000	13,781
Unlisted warrants		13,481	13,481
Tax payable		5,004	5,004
		<u>50,403</u>	<u>97,831</u>
<b>Net current assets</b>		<u>96,691</u>	<u>70,679</u>
<b>Total assets less current liabilities</b>		<u>120,846</u>	<u>95,410</u>

		As at	
		30 June 2016	31 December 2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Corporate bonds payable		13,879	13,466
Convertible bonds payable		22,839	20,752
Deferred tax liabilities		1,683	1,683
		<u>38,401</u>	<u>35,901</u>
<b>Net assets</b>		<u><u>82,445</u></u>	<u><u>59,509</u></u>
<b>Capital and reserves</b>			
Share capital	11	13,650	11,375
Reserves		71,551	93,600
Equity attributable to owners of the Company		85,201	104,975
Non-controlling interests		(2,756)	(45,466)
<b>Total equity</b>		<u><u>82,445</u></u>	<u><u>59,509</u></u>

**Condensed Consolidated Statement of Changes in Equity (Unaudited)**  
*For the six months ended 30 June 2016*

	Share capital	Share premium account	Convertible bonds reserve	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 January 2015	4,318	165,417	-	22,149	2,091	(148,639)	45,336	(14,737)	30,599
Total comprehensive income/(expense) for the period	-	-	-	-	27	(32,909)	(32,882)	(15,989)	(48,871)
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	38	38
Issue of shares upon share placement	863	28,451	-	-	-	-	29,314	-	29,314
Share option forfeited during the period	-	-	-	(14,739)	-	14,739	-	-	-
At 30 June 2015	<u>5,181</u>	<u>193,868</u>	<u>-</u>	<u>7,410</u>	<u>2,118</u>	<u>(166,809)</u>	<u>41,768</u>	<u>(30,688)</u>	<u>11,080</u>
At 1 January 2016	11,375	378,871	74,286	7,410	1,123	(368,090)	104,975	(45,466)	59,509
Total comprehensive expense for the period	-	-	-	-	(66)	(19,255)	(19,321)	(943)	(20,264)
Issue of shares upon share placement	2,275	32,589	-	-	-	-	34,864	-	34,864
Increase in non-controlling interests arising on disposal of subsidiaries	-	-	-	-	-	-	-	8,336	8,336
Transfer to retained earnings on disposal of a subsidiary	-	-	-	-	(1,288)	(34,029)	(35,317)	35,317	-
At 30 June 2016	<u>13,650</u>	<u>411,460</u>	<u>74,286</u>	<u>7,410</u>	<u>(231)</u>	<u>(421,374)</u>	<u>85,201</u>	<u>(2,756)</u>	<u>82,445</u>

**Condensed Consolidated Statement of Cash Flows (Unaudited)***For the six months ended 30 June 2016*

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	<i>HK\$'000</i>
Net cash used in operating activities	<b>(12,770)</b>	(19,259)
Net cash generated from/(used in) investing activities	<b>30,088</b>	(3,175)
Net cash generated from financing activities	<b>30,544</b>	23,527
Net increase in cash and cash equivalents	<b>47,862</b>	1,093
Cash and cash equivalents at beginning of the period	<b>6,402</b>	966
Effect of exchange rate changes	<b>(140)</b>	200
Cash and cash equivalents at end of the period	<b>54,124</b>	2,259
Analysis of cash and cash equivalents at end of the period:		
Bank balances and cash	<b>54,124</b>	2,259



## Notes to Condensed Consolidated Financial Statements

*For the six months ended 30 June 2016*

### 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 Company is principally engaged in investment holding. The principal activities of the Company's principal subsidiaries are set out as follow:

- Securities investment
- Manufacture and sales of straw briquettes (disposed in the first quarter of 2016)
- Trading of commodities
- Trading of garment accessories
- Manufacture and sales of LED digital display products

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 AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in the exchange for goods.

The accounting policies and method of computation used in preparing the financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2015.

The Group has adopted certain new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") that are effective for the current accounting period. The adoption of the new/revised HKFRSs has no material impact on the Group's financial statements.

The Group has not early adopted the new/revised HKFRSs, that have been issued but are yet effective, and are potentially relevant to the Group's financial statements.

The condensed financial statements are unaudited but have been reviewed by the audit committee of the Company.

### 3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2016

	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	Total HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	-	-	56,363	539	1,499	58,401
<b>Segment (loss)/profit</b>	(17,534)	-	4,001	(587)	(1,038)	(15,158)
Interest income						718
Gain on disposal of subsidiaries						11,676
Corporate and other unallocated expenses						(13,410)
Finance costs						(3,890)
Share of loss of associates						(70)
<b>Loss before tax</b>						(20,134)
<b>Segment assets</b>	15,515	-	56,717	10,366	8,640	91,238
Corporate and other unallocated assets						80,011
Total assets						171,249
<b>Segment liabilities</b>	-	-	-	8,925	2,719	11,644
Corporate and other unallocated liabilities						77,160
Total liabilities						88,804

SUNRISE (CHINA) TECHNOLOGY GROUP LIMITED

Six months ended 30 June 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>
<b>Segment revenue:</b>						
Sales to external customers	–	9	25,307	6,313	–	31,629
<b>Segment loss</b>	–	(32,087)	(16)	(194)	–	(32,297)
Corporate and other unallocated expenses						(9,665)
Finance costs						(6,875)
<b>Loss before tax</b>						<b>(48,837)</b>
<b>Segment assets</b>	–	30,025	62,383	8,961	–	101,369
Corporate and other unallocated assets						15,725
Total assets						<b>117,094</b>
<b>Segment liabilities</b>	–	19,832	–	5,713	–	25,545
Corporate and other unallocated liabilities						80,469
Total liabilities						<b>106,014</b>

**Other segment information**

	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>	Sub-total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2016</b>								
Depreciation and amortisation	-	-	-	431	7	438	311	749
Capital expenditure#	-	-	-	-	122	122	-	122
<b>Six months ended 30 June 2015</b>								
Impairment loss on trade receivables	-	2,231	-	-	-	2,231	-	2,231
Impairment loss on other receivables	-	665	-	-	-	665	-	665
Impairment loss on property, plant and equipment	-	22,636	-	-	-	22,636	-	22,636
Depreciation and amortisation	-	5,882	-	-	-	5,882	23	5,905
Capital expenditure#	-	-	-	3,175	-	3,175	-	3,175

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

**4. FINANCE COSTS**

	For the three months ended 30 June		For the six months ended 30 June	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on:				
- Corporate bonds payable	537	470	1,071	935
- Other borrowings	358	1,009	733	1,934
- Amount due to noteholder	-	1,587	-	4,006
- Convertible bonds payable	1,049	-	2,086	-
	<b>1,944</b>	<b>3,066</b>	<b>3,890</b>	<b>6,875</b>

**5. LOSS BEFORE TAX**

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

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Exchange (gains)/losses, net	(1)	(12)	(206)	79
Gain on disposal of subsidiaries	-	-	(11,676)	-
Impairment loss recognised in respect of:				
– Property, plant and equipment	-	22,636	-	22,636
– Trade receivables	-	2,231	-	2,231
– Other receivables	-	665	-	665
Net unrealised (gain)/loss on listed securities held for trading	(318)	-	1,444	-
Net realised (gain)/loss on sale of listed securities held for trading	(715)	-	16,090	-
Rental income	(54)	-	(107)	-
Amortisation of prepaid land lease payments	-	34	-	68
Depreciation of property, plant and equipment	375	2,953	749	5,905
Rental charges on land and buildings under operating leases	808	475	1,619	950
	<u>808</u>	<u>475</u>	<u>1,619</u>	<u>950</u>

**6. INCOME TAX**

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Deferred tax credit	-	(5)	-	(11)
	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>(11)</u>

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

**7. LOSS PER SHARE**

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Loss</b>				
Loss for the purposes of basic loss per share	<b>(4,576)</b>	(22,737)	<b>(19,255)</b>	(32,909)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds	<b>1,049</b>	–	<b>2,086</b>	–
Loss for the purposes of diluted loss per share	<b>N/A</b>	N/A	<b>N/A</b>	N/A
	<i>Number of shares '000</i>	<i>Number of shares '000</i>	<i>Number of shares '000</i>	<i>Number of shares '000</i>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purposes of basic loss per share	<b>1,152,529</b>	518,117	<b>1,145,029</b>	518,117
Effect of dilutive potential ordinary shares:				
Convertible bonds	<b>165,694</b>	–	<b>182,241</b>	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b>1,318,223</b>	518,117	<b>1,327,270</b>	518,117

Diluted loss per share is not presented because the Group sustained a loss for each of these periods and the impact of convertible bonds and exercise of share options and unlisted warrants is regarded as anti-dilutive.

**8. DIVIDENDS**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: HK\$Nil).

**9. TRADE RECEIVABLES**

	As at	
	30 June 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Trade receivables	63,260	80,155
Less: Impairment loss recognised	–	(46,473)
	<u>63,260</u>	<u>33,682</u>

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

	As at	
	30 June 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Within 90 days	26,861	27,623
91 – 180 days	30,677	2,633
181 – 365 days	2,295	3,426
More than 365 days	3,427	–
	<u>63,260</u>	<u>33,682</u>

**10. TRADE PAYABLES**

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:

	As at	
	30 June 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Within 30 days	720	1,448
31 – 90 days	1	26,137
91 – 180 days	310	2,009
181 – 365 days	2,753	3,440
More than 365 days	3,440	7,068
	<u>7,224</u>	<u>40,102</u>

**11. SHARE CAPITAL**

	As at		As at	
	30 June 2016 '000	31 December 2015 '000	30 June 2016 HK\$'000	31 December 2015 HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<u>20,000,000</u>	<u>20,000,000</u>	<u>200,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.01 each	<u>1,365,029</u>	<u>1,137,529</u>	<u>13,650</u>	<u>11,375</u>

**12. CAPITAL COMMITMENTS**

As at 31 December 2015 and 30 June 2016, the Group did not have any significant capital commitments.

**13. RELATED PARTY TRANSACTIONS**

For the six months ended 30 June 2016, the Group did not have any transactions with related parties.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 30 June 2016, the Group's business was organized in five segments namely (i) Securities investment; (ii) Manufacture and sales of straw briquettes; (iii) Trading of commodities; (iv) Trading of garment accessories; and (v) Manufacture and sales of LED digital display products.

#### **Securities Investment**

This business activity commenced 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.

As at 30 June 2016, the Group holds approximately HK\$15.5 million of equity investments which are classified as held-for-trading investments. As the overall market condition of the Hong Kong stock market worsen from the first quarter of 2016, the Group recorded an unrealised loss and a realised loss of approximately HK\$1.4 million and HK\$16.1 million respectively. The Board expects that this business activity can generate additional investment returns on available funds of the Company from time to time.

Details of the Group's held-for-trading investments are set out in the section "Significant Investments".

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

The Group's non wholly-owned subsidiary, Heilongjiang Province Shengyan New Energy Development Limited ("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 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, the Company 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.

**Trading of commodities**

For the six months ended 30 June 2016, the aggregate revenue generated from the trading of commodities amounted to approximately HK\$56.4 million (2015: HK\$25.3 million).

*(a) Trading of Fertilizer*

During the period, the Group sold 6,540 metric tonnes of compound fertilizer and 2,600 metric tonnes of organic fertilizer for HK\$26.0 million. It contributed approximately HK\$3.7 million of gross profit to the Group.

*(b) Trading of Palm Oil*

During the period, a total of 6,730 metric tonnes (2015: 4,850 metric tonnes) of crude palm oil was traded, contributing an aggregate revenue of approximately HK\$30.4 million (2015: HK\$25.3 million) to the Group. The Group's trading in crude palm oil is carried out on a trade-by-trade basis. The Group will negotiate with suppliers and customers in order to achieve a better profit margin in future trade transactions.

**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. In the first two quarters, the revenue was approximately HK\$500,000 (2015: HK\$6,300,000).

**Manufacture and Sales of LED Digital Display Products**

The Group established Dongguan Guss Optoelectronics Co., Ltd. to engage in manufacture and sales of LED digital display products in the third quarter of 2015. This operation has been steadily developing. In the first two quarters, the revenue was approximately HK\$1,500,000. The Board expects it to bring stable income to the Group in future periods.

**FINANCIAL REVIEW**

For the six months ended 30 June 2016, the turnover of the Group increased to approximately HK\$58.4 million (2015: HK\$31.6 million), representing an increase of approximately 84.8% when compared with that of 2015. The increase in turnover was mainly driven by the trading of commodities business.

The Group disposed of Rich Share Global Limited and its subsidiaries including Shengyan, the aggregate consideration was HK\$3.0 million. As HK\$8.7 million of liability originally shared by the Group was released upon the disposal, the Group recorded a gain of approximately HK\$11.7 million from the disposal.

During the period, the Group recorded a net loss of approximately HK\$20.1 million (2015: HK\$48.8 million). Such loss was mainly attributable to the realised loss and unrealised loss on listed securities held for trading of approximately HK\$17.5 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.

### **Liquidity, Financial Resources and Capital Structure**

For the six months ended 30 June 2016, the Group's major business operations took place in China and Hong Kong, financed mainly by the revenue generated from operating activities, corporate borrowings and issuance of new shares. As at 30 June 2016, the Group had cash and bank balances of approximately HK\$54.1 million (31 December 2015: HK\$6.4 million).

As at 30 June 2016, the Group's total indebtedness comprised of convertible bonds payable of approximately HK\$22.8 million (31 December 2015: HK\$20.8 million), corporate bonds of approximately HK\$26.0 million (31 December 2015: HK\$24.9 million) and other borrowings of approximately HK\$1.0 million (31 December 2015: HK\$13.8 million).

As at 30 June 2016, the Group's outstanding number of issued shares of HK\$0.01 each was 1,365,029,446 shares (31 December 2015: 1,137,529,446 shares).

The Group's gearing ratio, as a percentage of total indebtedness over total indebtedness and total equity, as at 30 June 2016 was 37.7% (31 December 2015: 50.2%).

In order to enhancing the working capital and strengthening the capital base and financial position for possible future investments of the Group, 227,500,000 placing shares were successfully placed to not less than six independent third parties at the placing price of HK\$0.158 per placing share on 24 June 2016.

The net proceeds of the placing, after deduction of the placing commission and related expenses, amount to approximately HK\$34.8 million. The net proceeds were applied for general working capital of the Company and settlement of certain liabilities of the Company.

### **Material Acquisitions and Disposals**

Save as disclosed in the sections headed "Business Review" and "Looking Ahead", during the six months ended 30 June 2016, the Group did not have any material acquisitions or disposals which would be required to be disclosed under the GEM Listing Rules.

## SIGNIFICANT INVESTMENTS

As at 30 June 2016, the Group held approximately HK\$15.5 million of equity investments which were classified as held for trading. Details of the significant investments are as follows:

	Place of incorporation	Fair Value Gain/(loss) HK\$	Market Value HK\$	Approximate percentage of held-for-trading investment %	Approximate percentage to the net asset %
Echo International Holdings Group Limited	Cayman Islands	(3,758,560)	2,731,040	17.60	3.31
Easy One Financial Group Limited	Cayman Islands	(360,000)	1,440,000	9.28	1.75
Jia Meng Holdings Limited	Cayman Islands	2,165,968	7,580,888	48.86	9.20
Hanny Holdings Limited	Bermuda	510,000	2,010,000	12.96	2.44
Others	N/A	(1,574)	1,752,800	11.30	2.13
		<u>(1,444,166)</u>	<u>15,514,728</u>	<u>100</u>	<u>18.83</u>

In view of the recent volatile and weakness in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

### Employees and Remuneration Policy

As at 30 June 2016, the Group had about 48 (2015: 25) employees. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately HK\$4.9 million (2015: HK\$3.5 million).

The Group believes that its staff is one of the Group's most important assets. Aiming at providing competitive salary packages, the Group adjusts employees' salary level in close association with the performance, qualifications and experience of individual staff as well as labour market conditions. In addition to the regular remuneration, discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance. The Group is also committed to providing appropriate on-going training to staff members to equip them for future career development.

### Pledge on Assets

As at 31 December 2015 and 30 June 2016, the Group did not have any substantial pledge of assets.

### Contingent Liabilities

Except as disclosed in the section headed "Legal Proceedings", as at 31 December 2015 and 30 June 2016, the Group did not have any material contingent liabilities.

### **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.

### **Exposure to Fluctuations in Exchange Rates and Related Hedges**

During the period under review, the Group's transactions were mainly denominated in Renminbi and Hong Kong dollars which exposed the Group to currency risk. The Group currently does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES**

None of the Directors nor chief executives of the Company had interests or short positions in any shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2016.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

### Long positions in ordinary shares and underlying shares of the Company

Name	Capacity	Number of Ordinary shares held	Number of underlying shares held	Total	Percentage of issued share capital of the Company
Ms. Wong Ka Man	Beneficial owner	139,794,315	326,315,790 <i>(Note 1)</i>	466,110,105	34.15%
Like Capital Limited <i>(Note 2)</i>	Beneficial owner	305,263,157	–	305,263,157	22.36%
Concept Capital Management Limited	Beneficial owner	–	136,565,381	136,565,381	10.00%

#### Notes:

- These shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds issued by the Company, provided that:
  - any conversion of the convertible bonds will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the bondholder and any parties acting in concert with it (as defined in the Takeovers Code); and
  - the exercise of the convertible bonds will not cause the Company to be unable to meet the public float requirement under the GEM Listing Rules.
- The entire issued share capital of Like Capital Limited is wholly and beneficially owned by Capital VC Limited.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 30 June 2016.

## SHARE OPTIONS

The share option scheme effective on 8 July 2002 (the “2002 Share Option Scheme”) was terminated and a new share option scheme (the “New Share Option Scheme”) was adopted and became effective for a period of 10 years commencing from 15 June 2012. Shares options granted prior to the expiry of the 2002 Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the 2002 Share Option Scheme. As at 30 June 2016, the Company had 21,200,000 (31 December 2015: 21,200,000) share options outstanding under the 2002 Share Option Scheme, which represented approximately 1.6% (31 December 2015: 1.9%) of its issued share capital on that date. No share option was granted under the New Share Option Scheme.

The following table discloses movements in the Company’s share options during the period:

Name or category of participant	Exercisable period	Exercise price per share of the Company <i>HKS</i>	Outstanding at 1 January 2016	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2016
Others							
In aggregate	25 November 2010 to 24 November 2020	0.666	21,200,000	-	-	-	21,200,000

## DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the period were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or chief executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them or was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire such rights or benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS’ INTEREST IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

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

Save for the placements and Placing Shares as disclosed in the announcements of the Company dated 8 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 six months ended 30 June 2016.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and required standard of dealings and its code of conduct regarding security transactions by the Directors throughout the six months ended 30 June 2016.

## **CORPORATE GOVERNANCE PRACTICES AND PROCEDURES**

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 six months ended 30 June 2016.

## **CHANGE IN INFORMATION OF DIRECTORS**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2015 are set out below:

Ms. Kwan Kar Ching ("Ms. Kwan"), an executive Director, has been appointed as the chairlady of the Board, authorised representative, compliance officer, chairlady of nomination committee and member of remuneration committee of the Company with effect from 30 June 2016. Ms. Kwan is entitled to receive a director's fee of HK\$780,000 per annum, which is determined with reference to her duties and responsibilities within the Company and the prevailing market conditions.

Mr. Ma Arthur On-hing ("Mr. Ma"), an executive Director, will cease to be an authorised representative, compliance officer, chairman of nomination committee and member of remuneration committee of the Company with effect from 30 June 2016. Mr. Ma will remain as an executive Director and be appointed as the chief operating officer of the Company.

Mr. Mui Wai Sum, an executive Director, has been appointed as an executive director of LEAP Holdings Group Limited, a company listed on the Stock Exchange (stock code: 1499), with effect from 29 April 2016.

Mr. Hung Cho Sing ("Mr. Hung"), an independent non-executive Director, has been appointed as an independent non-executive director of Miko International Holdings Limited, a company listed on the Stock Exchange (stock code: 1247), with effect from 14 April 2016. Mr. Hung has also been appointed as an executive director and the chairman of the board of directors of Jia Meng Holdings Limited, a company listed on the Stock Exchange (stock code: 8101), with effect from 23 May 2016.



## AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code on Corporate Governance Practice 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 exclusively of independent non-executive Directors.

The Group's unaudited results for the six months ended 30 June 2016 have been reviewed by the audit committee, which was of the opinion that such financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

By Order of the Board  
**Sunrise (China) Technology Group Limited**  
**Kwan Kar Ching**  
*Chairlady*

Hong Kong, 12 August 2016

*As at the date of this report, 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 Ms. Wong Ka Yan, being the independent non-executive Directors.*