

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

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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 Sunrise (China) Technology Group Limited (formerly known as Sonavox International Holdings Limited) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 30 September 2011, together with the comparative figures as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended 30 September 2011

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Continuing operations					
Turnover		199,142	157,864	534,445	413,781
Cost of sales		(162,571)	(114,793)	(413,911)	(305,802)
Gross profit		36,571	43,071	120,534	107,979
Other revenue, gains and losses		(10,093)	6,848	(1,865)	7,245
Loss arising from fair value change of derivative financial instruments		(13,145)	–	(13,145)	–
Selling and marketing costs		(6,056)	(4,709)	(16,822)	(12,100)
Administrative expenses		(27,548)	(15,663)	(81,077)	(55,122)
Finance costs		(2,989)	(2,245)	(5,690)	(7,117)
(Loss)/profit before income tax expense		(23,260)	27,302	1,935	40,885
Income tax expense	3	(2,190)	(4,292)	(8,037)	(7,472)
(Loss)/profit for the period from continuing operations		(25,450)	23,010	(6,102)	33,413
Discontinued operations					
Profit for the period from discontinued operations	4	–	9,785	–	8,613
(Loss)/profit for the period		(25,450)	32,795	(6,102)	42,026
Other comprehensive income					
– exchange differences on translating foreign operations		2,146	4,003	7,490	5,744
Other comprehensive income for the period, net of tax		2,146	4,003	7,490	5,744
Total comprehensive income for the period		(23,304)	36,798	1,388	47,770



	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit attributable to:					
– owners of the Company		(23,954)	22,229	(19,521)	23,181
– non-controlling interests		(1,496)	10,566	13,419	18,845
		<u>(25,450)</u>	<u>32,795</u>	<u>(6,102)</u>	<u>42,026</u>
Total comprehensive income attributable to:					
– owners of the Company		(23,978)	24,844	(16,878)	26,855
– non-controlling interests		674	11,954	18,266	20,915
		<u>(23,304)</u>	<u>36,798</u>	<u>1,388</u>	<u>47,770</u>
(Loss)/earnings per share from continuing and discontinued operations (HK cents)					
– basic	5	<u>(5.55)</u>	<u>6.84</u>	<u>(4.57)</u>	<u>7.13</u>
– diluted	5	<u>(5.55)</u>	<u>5.55</u>	<u>(4.57)</u>	<u>6.36</u>
(Loss)/earnings per share from continuing operations (HK cents)					
– basic	5	<u>(5.55)</u>	<u>3.83</u>	<u>(4.57)</u>	<u>4.48</u>
– diluted	5	<u>(5.55)</u>	<u>3.24</u>	<u>(4.57)</u>	<u>4.32</u>



Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the nine months ended 30 September 2011

	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Statutory reserves (Note (a)) HK\$'000	Share-based payment reserve HK\$'000	Merger reserve (Note (b)) HK\$'000	Cumulative translation adjustment reserve HK\$'000	Retained earnings/ losses HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2010	3,251	27,682	11,680	6,812	1,623	2,441	14,179	14,827	82,495	98,817	181,312
Total comprehensive income for the period	-	-	-	-	-	-	3,674	23,181	26,855	20,915	47,770
Disposal of subsidiaries	-	-	(2,292)	-	-	-	(2,820)	2,292	(2,820)	-	(2,820)
Cancellation of share options previously granted	-	-	-	-	(1,623)	-	-	1,623	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-	-	(5,924)	(5,924)
At 30 September 2010	<u>3,251</u>	<u>27,682</u>	<u>9,388</u>	<u>6,812</u>	<u>-</u>	<u>2,441</u>	<u>15,033</u>	<u>41,923</u>	<u>106,530</u>	<u>113,808</u>	<u>220,338</u>
At 1 January 2011	4,220	155,563	11,293	7,576	11,185	2,441	17,420	(58,528)	151,170	127,108	278,278
Total comprehensive income for the period	-	-	-	-	-	-	2,643	(19,521)	(16,878)	18,266	1,388
Recognition of equity-settled share-based payment	-	-	-	-	3,330	-	-	-	3,330	-	3,330
Shares issued under share option scheme	98	9,854	-	-	(3,425)	-	-	-	6,527	-	6,527
Transfer of reserves	-	-	-	1,200	-	-	-	(1,440)	(240)	(231)	(471)
At 30 September 2011	<u>4,318</u>	<u>165,417</u>	<u>11,293</u>	<u>8,776</u>	<u>11,090</u>	<u>2,441</u>	<u>20,063</u>	<u>(79,489)</u>	<u>143,909</u>	<u>145,143</u>	<u>289,052</u>

Notes:

(a) Statutory reserves

Pursuant to the articles of association of the group entities in the People's Republic of China (the "PRC"), appropriations are made from the retained earnings to certain statutory reserves, based on a percentage of profit in accordance with the rules and regulations in the PRC. Such appropriations to reserves would be made only with approval from the board of directors of those group entities.

(b) Merger reserve

Merger reserve of the Group represents the difference between the nominal value of the shares issued by the Company and the share capital and share premium of a subsidiary acquired through an exchange of shares.



Notes to Condensed Consolidated Financial Statements

For the nine months ended 30 September 2011

1. GENERAL INFORMATION

The principal activities of the Group are investment holding, manufacturing and sale of loudspeaker systems and environment related business respectively.

Pursuant to a special resolution passed on 4 January 2011 and approved by the Registrar of Companies in the Cayman Islands, the name of the Company was changed from Sonavox International Holdings Limited (上聲國際控股有限公司) to Sunrise (China) Technology Group Limited (中昱科技集團有限公司).

The Company is a limited liability company incorporated in the Cayman Islands. The Directors regard Zhongyu Group Holdings Limited, a company incorporated in the British Virgin Islands, as the ultimate holding company.

The shares of the Company have been listed on the GEM of the Stock Exchange since 19 July 2002.

The unaudited condensed financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and Interpretation (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) 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 unaudited condensed financial statements have been prepared under the historical cost basis except for land and buildings, investment properties and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and method of computation used in preparing the unaudited condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2010.

The Group has adopted certain new/revised HKFRSs issued by the HKICPA that are effective for the current accounting period. The adoption of the new/revised HKFRSs has no significant 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. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as there is no assessable profits for the group entities operate in Hong Kong during the nine months ended 30 September 2011.

With effect from 1 January 2008, the PRC Enterprise Income Tax (“EIT”) rate is 25%, subject to preferential tax treatments.

Suzhou Shangsheng Electrics Co., Ltd. enjoys a preferential EIT rate of 15% as it has been granted the status of an Advanced and New Technology Enterprise.

Suzhou Shangsheng Technology Co., Ltd., Suzhou Sonavox Acoustics Co., Ltd. and Suzhou Hesheng Industrial Co., Ltd. are entitled to a 50% reduction in EIT for the nine months ended 30 September 2011 in accordance with the transitional preferential policies of the EIT law applicable to foreign investment enterprises in the PRC.

Taxation arising in other jurisdictions is calculated at the rates in the relevant jurisdictions.

The amount of taxation in the condensed consolidated statement of comprehensive income represents:

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Current tax	2,190	4,292	8,037	7,472
Deferred tax	-	-	-	-
Income tax expense	<u>2,190</u>	<u>4,292</u>	<u>8,037</u>	<u>7,472</u>

4. DISCONTINUED OPERATIONS

On 12 July 2010, the Company entered into conditional sale and purchase agreements with Newood Consultancy Limited (“Newood”), whereby the Company agreed to sell and Newood agreed to purchase the entire equity interests held by the Company in Indigo Enterprises Inc. and its subsidiary, Sonavox Canada Inc. (collectively referred to as the “Indigo Group”) and Taraki Services Company Limited (“Taraki Services”) for considerations of HK\$43,753,000 satisfied by cash of HK\$25,000,000 and a waiver of payable due to Newood of HK\$18,753,000 for the Indigo Group and HK\$8,000,000 for Taraki Services respectively.

The Indigo Group is based in the North America and is principally engaged in manufacturing and sale of loudspeaker systems in the North American, European and Asian markets. The disposal and cessation of the loss making Indigo Group is aimed to spare more resources for other business operations of the Group.

On 25 August 2010, the transactions were completed and the Group retained no interest in the Indigo Group and Taraki Services following the disposals.

The disposal of the Indigo Group constitutes a discontinued operation under HKFRS 5 - “Non-current Assets Held for Sale and Discontinued Operations” and the financial information of the Indigo Group for the period ended 30 September 2010 is disclosed as follows:



Analysis of the results of discontinued operations

	For the three months ended 30 September 2010 <i>HK\$'000</i>	For the nine months ended 30 September 2010 <i>HK\$'000</i>
Turnover	19,597	66,160
Cost of sales	(17,126)	(55,725)
Gross profit	2,471	10,435
Other revenue, gains and losses	(15)	(154)
Selling and marketing costs	(294)	(1,357)
Administrative expenses	(2,051)	(9,715)
Finance costs	(101)	(371)
Profit/(loss) before income tax expense	10	(1,162)
Income tax expense	–	–
Gain on disposal of discontinued operations, net of tax	9,775	9,775
Profit for the period from discontinued operations	<u>9,785</u>	<u>8,613</u>

5. (LOSS)/EARNINGS PER SHARE

Continuing and discontinued operations

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

	For the three months ended 30 September 2011 <i>HK\$'000</i>		For the nine months ended 30 September 2011 <i>HK\$'000</i>	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
(Loss)/earnings				
(Loss)/earnings for the purposes of calculating basic (loss)/earnings per share	(23,954)	22,229	(19,521)	23,181
Effect of dilutive potential ordinary share: – Interest on convertible bonds	–	1,209	–	3,648
(Loss)/earnings for the purposes of calculating diluted (loss)/earnings per share	<u>(23,954)</u>	<u>23,438</u>	<u>(19,521)</u>	<u>26,829</u>
Number of shares	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	431,680	325,090	427,501	325,090
Effect of dilutive potential ordinary shares in respect of: – Convertible bonds	–	96,875	–	96,875
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	<u>431,680</u>	<u>421,965</u>	<u>427,501</u>	<u>421,965</u>



Continuing operations

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/earnings				
(Loss)/earnings for the purposes of calculating basic (loss)/earnings per share	(23,954)	12,444	(19,521)	14,568
Effect of dilutive potential ordinary share:				
– Interest on convertible bonds	–	1,209	–	3,648
(Loss)/earnings for the purposes of calculating diluted (loss)/earnings per share	<u>(23,954)</u>	<u>13,653</u>	<u>(19,521)</u>	<u>18,216</u>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share for continuing and discontinued operations.

Discontinued operations

	For the three months ended 30 September		For the nine months ended 30 September	
	2011	2010	2011	2010
	HK cent	HK cent	HK cent	HK cent
Earnings per share				
– basis	<u>–</u>	<u>3.01</u>	<u>–</u>	<u>2.65</u>
– diluted	<u>–</u>	<u>2.32</u>	<u>–</u>	<u>2.04</u>

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings				
Earnings for the purposes of calculating basic and diluted earnings per share	<u>–</u>	<u>9,785</u>	<u>–</u>	<u>8,613</u>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share for continuing and discontinued operations.

No basic and diluted earnings or loss per share from discontinued operations for the three months and nine months ended 30 September 2011 have been presented as the Group has no profit or loss from the discontinued operations for these periods.

6. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the nine months ended 30 September 2011 (2010: Nil).



BUSINESS REVIEW AND PROSPECTS

Financial Review

During the period under review, businesses of the Group continued to record healthy growth in its sales and gross profit ratio. Sales of loudspeaker systems from continuing operations increased by 29.1% to approximately HK\$534.4 million for the nine months ended 30 September 2011 (2010: HK\$413.8 million). The increase in overall sales is primarily attributable to the continual growth of the automobile market. Sales of loudspeaker systems for automobiles increased by 30.0% to approximately HK\$518.4 million (2010: HK\$398.8 million), while sales of loudspeakers systems for home theatres increased by 6.7% to approximately HK\$16.0 million (2010: HK\$15.0 million). The Group's profit ratio from continuing operations was decreased to 22.6% for the nine months ended 30 September 2011 (2010: 26.1%) mainly because of the fluctuation in the raw material pricing.

In August 2010, the Group disposed of the loss-making Indigo Group, in efforts to streamline its operations and improve operational efficiency. The Indigo Group is primarily engaged in the provision of design, development and marketing of home and automobile audio products in the North American, European and Asian markets.

On 9 August 2011, the Company issued five-year 12% convertible notes (the "Convertible Notes") in principal amount of RMB33,000,000 and 26,666,680 unlisted warrants (the "Warrants") at subscriptions proceeds of HK\$800,000. The net proceeds from the issue of the Convertible Notes and the Warrants in aggregate of approximately HK\$40.0 million would be used for the business development and operation of the environment related business in Thailand, financing investments of the Group and/or the general working capital of the Group. Further details of the Convertible Notes and the Warrants are set out in the Company's announcement dated 21 June 2011 and the Company's circular dated 14 July 2011.

During the nine months ended 30 September 2011, the Group recorded net loss for the period of approximately HK\$6.1 million (2010: net profit of approximately HK\$33.4 million). Such loss was mainly attributable to (i) the fair value loss (the "Fair Value Loss") of approximately HK\$13.1 million and HK\$3.3 million recognized by the Company for the Warrants issued by the Company and share options granted by the Company respectively during the nine months ended 30 September 2011; and (ii) the increase in administrative expenses of the Group resulting from expansion of its manufacturing and sales of loudspeaker systems and development of its new environment related business. The Fair Value Loss was non-cash in nature and did not have any impact on the operating cash flows of the Group.

Business Review

During the period under review, the Group continued to strengthen its core business and streamline group operations in the manufacturing and sale of quality and high performance loudspeaker systems for consumer electronics companies and leading global automobiles, including Ford Motor Company, Volkswagen and Audi.



On the back of improving economic conditions and global consumer appetite, the Group recorded an improvement in turnover of 29.1% from continuing operations to approximately HK\$534.4 million for the nine months ended 30 September 2011 (2010: HK\$413.8 million).

Mainland China and Europe are the major markets for the Group's turnover, contributing to 39.2% and 40.9% respectively of the Group's turnover from continuing operations for the nine months ended 30 September 2011 (2010: 47.0% and 28.1% respectively). The Group has secured a position as a leading loudspeaker manufacturer in China with its steadfast business relationships with leading automobile players.

In light of the increasingly sanguine market conditions for environmental protection industry and the Company's strategy to seek sustainable business opportunities, in January 2011, the Company announced acquisitions of Confident Echo Holdings Limited and its subsidiaries (the "Shengyi Environmental Group") and Time Pro International Company Limited ("Time Pro"), two groups of companies respectively engaged in environmental protection businesses in China and Thailand. The Shengyi Environmental Group excels in the areas of desulphurisation, which are of particular emphasis for toxin-emitting industries, such as coal chemical processing. The Company would use Time Pro to conduct negotiations with regards to investments in certain heat generation projects in Thailand. In September 2011, Time Pro entered into a contract with Yixing Xingyuan Materials Trade Co., Ltd. to purchase 2 sets of gasifier machines for a total consideration of US\$4,000,000 (equivalent to HK\$31,200,000) to supply heat energy. In the same month, Time Pro also entered into a contract with contractor to undertake the construction work for the construction of a heat production plant employing biomass gasification system in Thailand at an aggregate consideration of THB174,700,000 (equivalent to approximately HK\$45,422,000). The Group expects that the new business opportunities will strengthen and diversify the Group's revenue base, and provide synergistic benefits to the long term development of the Group in China and Thailand.

Prospects

Riding on the rapidly recuperating global economy and improving sentiment in consumer spending, the Group is positive on the prospects of the loudspeaker business and the environmental protection business.

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The Board believes that the environmental protection sector carries immense growth potential and it is sanguine about the future prospects of the businesses and that the businesses will be value accretive to the Group. It is anticipated that with the insight and experience of the Shengyi Environmental Group and Time Pro, the Group will be able to build a dedicated platform in environmental protection in the Asia Pacific and emerge as a key player.



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

As at 30 September 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Percentage of issued share capital of the Company	
				Total	
Mr. Shan Xiaochang	Interest of a controlled corporation	239,556,536 <i>(Note 1)</i>	–	239,556,536	55.48%
	Beneficial owner	–	35,000,000 <i>(Note 2)</i>	35,000,000	8.11%
		<u>239,556,536</u>	<u>35,000,000</u>	<u>274,556,536</u>	<u>63.59%</u>

Notes:

- These shares are held by Zhongyu Group Holdings Limited. The entire issued share capital of Zhongyu Group Holdings Limited is beneficially owned by Mr. Shan Xiaochang, the chairman, the chief executive officer and the executive director of the Company, who is therefore deemed to be interested in the shares held by Zhongyu Group Holdings Limited.
- Total number of shares to be allotted and issued upon exercise in full of options under share option scheme adopted by the Company on 8 July 2002. These share options were conditionally granted to Mr. Shan Xiaochang, the chairman, the chief executive officer and the executive director of the Company on 2 September 2011. Such grants were approved by independent shareholders of the Company at the extraordinary general meeting of the Company on 20 October 2011.

Save as disclosed above, 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 September 2011.



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

As at 30 September 2011, 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
Zhongyu Group Holdings Limited (Note 1)	Beneficial owner	239,556,536	–	239,556,536	55.48%
Mr. Shan Xiaochang (Note 1)	Interest of a controlled corporation	239,556,536	–	239,556,536	55.48%
	Beneficial owner	–	35,000,000 (Note 2)	35,000,000	8.11%
		239,556,536	35,000,000	274,556,536	63.59%
Ms. Wu Shuhua (Note 3)	Interest of spouse	239,556,536	35,000,000	274,556,536	63.59%
Mr. Chan Ping Yee	Beneficial owner	73,675,000	–	73,675,000	17.06%
Ms. Liu Sau Wan (Note 4)	Interest of spouse	73,675,000	–	73,675,000	17.06%
Concept Capital Management Limited	Beneficial owner	–	58,465,525	58,465,525	13.54%

Notes:

- The entire issued share capital of Zhongyu Group Holdings Limited was solely and beneficially owned by Mr. Shan Xiaochang, the chairman and the chief executive officer and the executive director of the Company, who is therefore deemed to be interested in the shares held by Zhongyu Group Holdings Limited.
- Total number of shares to be allotted and issued upon exercise in full of options under share scheme adopted by the Company on 8 July 2002. These share options were conditionally granted for Mr. Shan Xiaochang, the Chairman, the chief executive officer and the executive director of the Company on 2 September 2011. Such grants were approved by independent shareholders of the Company at the extraordinary general meeting of the Company on 20 October 2011.
- Ms. Wu Shuhua is the spouse of Mr. Shan Xiaochang and, under section 316 of the SFO, is therefore deemed to be interested in all 274,556,536 shares in which Mr. Shan Xiaochang is interested.
- Ms. Liu Sau Wan is the spouse of Mr. Chan Ping Yee and, under section 316 of the SFO, is therefore deemed to be interested in all 73,675,000 shares in which Mr. Chan Ping Yee is interested.

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 September 2011.



SHARE OPTIONS

The Company adopted a share option scheme which became effective on 8 July 2002. Under which, share options are granted to any employees, consultants or professional advisors, and suppliers or customers of the Group. The maximum number of shares of the Company which may be issued upon exercise of all options granted under its share option scheme or any other share option scheme adopted by the Company must not in aggregate exceed 30% of its issued share capital of the Company from time to time. As at 30 September 2011, the Company had 27,700,000 (31 December 2010: 32,000,000) share options outstanding under the share option scheme adopted by the Company on 8 July 2002, which represented approximately 6.42% (31 December 2010: 7.58%) on that date.

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 HK\$	Outstanding at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 September 2011
Employees (other than Directors)							
In aggregate	25 November 2010 to 24 November 2020	0.666	4,000,000	-	(3,000,000)	-	1,000,000
	2 September 2011 to 1 September 2021	0.962	-	5,500,000	-	-	5,500,000
			<u>4,000,000</u>	<u>5,500,000</u>	<u>(3,000,000)</u>	<u>-</u>	<u>6,500,000</u>
Others							
In aggregate	25 November 2010 to 24 November 2020	0.666	28,000,000	-	(6,800,000)	-	21,200,000
			<u>32,000,000</u>	<u>5,500,000</u>	<u>(9,800,000)</u>	<u>-</u>	<u>27,700,000</u>

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.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

Mr. Yang Ching Yau, executive Director, is engaged in the business of manufacturing and trading of various types of loudspeakers through Sonavox Electronics (Suzhou Industrial Park) Company Limited, Sonavox Electronics Inc., Sonavox Electronics Limited, Fortune Win Limited, Asian Elite International Company Limited and their respective subsidiaries and associated companies (collectively known as the "Private Group"). As the business of the Group is overlapping with that of the Private Group to the extent that the Private Group is engaged in the manufacture and sale of loudspeakers for automotive aftermarket, Mr. Yang Ching Yau and the Private Group have entered into the deed of undertaking on 15 July 2002 with the Company pursuant to which Mr. Yang Ching Yau and the Private Group have given to the Group certain non-compete and referral of business opportunities undertakings.

Save as disclosed above, 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.

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 Mr. Lee Kam Fan Andrew, Mr. Wang Jialian and Mr. Wang Zhihua who are the independent non-executive Directors.

The Group's unaudited results for the nine months ended 30 September 2011 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
Shan Xiaochang
Chairman

Hong Kong, 10 November 2011

As at the date of this report, the Board comprises of four executive Directors, namely Mr. Shan Xiaochang, Ms. Shan Zhuojun, Mr. Ma Arthur On-hing and Mr. Yang Ching Yau; and three independent non-executive Directors, namely Mr. Lee Kam Fan Andrew, Mr. Wang Jialian and Mr. Wang Zhihua.

