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Suncorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

UNAUDITED INTERIM RESULTS

The board of directors (the “**Board**” or “**Directors**”) of Suncorp Technologies Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2016 together with the comparative figures in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	3	139,902	149,065
Cost of sales		<u>(120,445)</u>	<u>(131,109)</u>
Gross profit		19,457	17,956
Other income and gains	4	11,940	1,122
Distribution and selling expenses		(10,411)	(16,510)
Operating expenses		(20,637)	(30,230)
Fair value change on held-for-trading investments		(44,627)	5,523
Finance costs		<u>(13)</u>	<u>(603)</u>
Loss before tax		(44,291)	(22,742)
Income tax expense	5	<u>(1,087)</u>	<u>(13)</u>
Loss for the period	6	<u>(45,378)</u>	<u>(22,755)</u>

	Notes	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations			
– Exchange gains/(loss) arising during the period		431	(123)
– Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations		1,697	–
Fair value change on available-for-sale investments		6,239	3
Other comprehensive income/(expense) for the period		8,367	(120)
Total comprehensive expense for the period		(37,011)	(22,875)
Loss per share (HK cents)	7		
– Basic		(0.30)	(0.16)
– Diluted		(0.30)	(0.16)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2016 (Unaudited) HK\$'000	At 31 December 2015 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		4,312	2,671
Available-for-sale investments		13,261	7,022
Other assets		205	–
		<u>17,778</u>	<u>9,693</u>
Current assets			
Inventories		5,490	–
Trade, bill and other receivables	9	121,008	120,451
Bill receivable discounted with full recourse		355	1,245
Loans receivable	10	153,015	–
Held-for-trading investments		222,005	237,420
Bank balances and cash – trust accounts		9,835	–
Bank balances and cash – general accounts		145,547	312,380
		<u>657,255</u>	<u>671,496</u>
Current liabilities			
Trade and other payables	11	84,882	54,591
Advance drawn on bill receivable discounted with full recourse		355	1,245
Bank loan		124	488
Current tax liabilities		2,308	1,221
		<u>87,669</u>	<u>57,545</u>
Net current assets		<u>569,586</u>	<u>613,951</u>
Total assets less current liabilities		<u>587,364</u>	<u>623,644</u>
Capital and reserves			
Share capital	12	4,564	4,564
Reserves		582,800	619,080
Total equity		<u>587,364</u>	<u>623,644</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Retained profits/ (accumulated loss) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2015 (Audited)	3,849	565,747	14,945	–	–	–	4,640	(576,628)	12,553
Loss for the period	–	–	–	–	–	–	–	(22,755)	(22,755)
Other comprehensive expense for the period									
Exchange differences on translating foreign operations									
– Exchange loss arising during the period	–	–	–	–	(123)	–	–	–	(123)
Fair value change on available-for-sale investments	–	–	–	–	–	3	–	–	3
	–	–	–	–	(123)	3	–	–	(120)
Total comprehensive expense for the period	–	–	–	–	(123)	3	–	(22,755)	(22,875)
Recognition of equity-settled share based payments	–	–	–	–	–	–	15,531	–	15,531
Issue of shares by way of placing	612	491,908	–	–	–	–	–	–	492,520
Exercise of share options	95	54,091	–	–	–	–	(2,405)	–	51,781
At 30 June 2015 (Unaudited)	4,556	1,111,746	14,945	–	(123)	3	17,766	(599,383)	549,510
At 1 January 2016 (Audited)	4,564	57,856	14,945	441,253	(2,243)	–	9,949	97,320	623,644
Loss for the period	–	–	–	–	–	–	–	(45,378)	(45,378)
Other comprehensive income/(expense) for the period									
Exchange differences on translating foreign operations									
– Exchange gains arising during the period	–	–	–	–	431	–	–	–	431
– Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations	–	–	–	–	1,697	–	–	–	1,697
Fair value change on available-for-sale investments	–	–	–	–	–	6,239	–	–	6,239
	–	–	–	–	2,128	6,239	–	–	8,367
Total comprehensive expense for the period	–	–	–	–	2,128	6,239	–	(45,378)	(37,011)
Recognition of equity-settled share based payments	–	–	–	–	–	–	731	–	731
At 30 June 2016 (Unaudited)	4,564	57,856	14,945	441,253	(115)	6,239	10,680	51,942	587,364

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash used in operating activities	<u>(137,247)</u>	<u>(38,003)</u>
Net cash used in investing activities	<u>(29,640)</u>	<u>(31,437)</u>
Net cash (used in)/generated from financing activities	<u>(377)</u>	<u>543,038</u>
Net (decrease)/increase in cash and cash equivalents	(167,264)	473,598
Effect of foreign exchange rate changes	431	(123)
Cash and cash equivalents at the beginning of the period	<u>312,380</u>	<u>8,816</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>145,547</u></u>	<u><u>482,291</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim financial reporting”.

2. Principal accounting policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current interim period. The application of the amendments to HKFRSs in the current interim period has had no material effect on amounts reported in the condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Revenue and segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group’s reportable and operating segments under HKFRS 8 are as follows:

1. Telephones and related equipment – Design and sales of telephones and related products
2. Used computer-related components – Processing and trading of used computer-related components
3. Money lending business – Interest income earned from money lending business
4. Securities brokerage – Provision of securities broking services
5. Cross-border payment platforms – Provision of online payment services and cross-border settlement services

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2016 (unaudited)

	Telephones and related equipment <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Cross- border payment platforms <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
External sales	<u>106,784</u>	<u>27,328</u>	<u>5,015</u>	<u>775</u>	<u>–</u>	<u>139,902</u>
Segment (loss)/profit	<u>940</u>	<u>523</u>	<u>5,004</u>	<u>(878)</u>	<u>(5,982)</u>	<u>(393)</u>
Interest income on bank deposits						144
Dividend income						11,421
Fair value change on held-for-trading investments						(44,627)
Share-based payments						(731)
Unallocated expenses						(10,092)
Finance costs						<u>(13)</u>
Loss before tax						<u>(44,291)</u>

Six months ended 30 June 2015 (unaudited)

	Telephones and related equipment <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Cross- border payment platforms <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
External sales	<u>135,714</u>	<u>13,351</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>149,065</u>
Segment (loss)/profit	<u>(464)</u>	<u>113</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(351)</u>
Interest income on bank deposits						3
Fair value change on held-for-trading investments						5,523
Share-based payments						(15,531)
Unallocated expenses						(11,783)
Finance costs						<u>(603)</u>
Loss before tax						<u>(22,742)</u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	At 30 June 2016 (Unaudited) HK\$'000	At 31 December 2015 (Audited) HK\$'000
Telephones and related equipment	48,703	29,137
Used computer-related components	5,997	7,475
Money lending business	153,015	–
Securities brokerage	16,493	–
Cross-border payment platforms	2,429	–
	<hr/>	<hr/>
Total segment assets	226,637	36,612
Unallocated assets	448,396	644,577
	<hr/>	<hr/>
Consolidated assets	<u>675,033</u>	<u>681,189</u>

Segment liabilities

	At 30 June 2016 (Unaudited) HK\$'000	At 31 December 2015 (Audited) HK\$'000
Telephones and related equipment	71,634	53,501
Used computer-related components	190	434
Money lending business	20	–
Securities brokerage	9,983	–
Cross-border payment platforms	1,243	–
	<hr/>	<hr/>
Total segment liabilities	83,070	53,935
Unallocated liabilities	4,599	3,610
	<hr/>	<hr/>
Consolidated liabilities	<u>87,669</u>	<u>57,545</u>

4. Other income and gains

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net foreign exchange gain	–	427
Dividend income	11,421	–
Interest income on bank deposits	144	3
Management fee income	54	218
Sundry income	321	474
	<u>11,940</u>	<u>1,122</u>

5. Income tax expense

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong Profits Tax	<u>1,087</u>	<u>13</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

6. Loss for the period

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories recognised as an expense	120,445	131,109
Depreciation of property, plant and equipment	352	27
Staff costs including directors' remuneration	4,688	14,098
Loss on disposal of a subsidiary	<u>1,697</u>	<u>–</u>

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:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share		
(Loss for the period attributable to owners of the Company)	<u>(45,378)</u>	<u>(22,755)</u>

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>15,215,731,320</u>	<u>13,885,937,429</u>

The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

8. Dividends

No dividend was paid or proposed during the six months ended 30 June 2016 and 2015.

9. Trade, bill and other receivables

	At 30 June 2016	At 31 December 2015
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade and bill receivables	46,756	32,701
Accounts receivable from the business of dealing in securities:		
– Cash clients	5,843	–
Deposits in brokerage firms	62,225	81,490
Deposits, prepayments and other receivables	<u>6,184</u>	<u>6,260</u>
Total trade, bill and other receivables	<u>121,008</u>	<u>120,451</u>

The Group allows a credit period on sales of goods from 30 to 90 days to its trade customers. The following is an ageing analysis of trade and bill receivables presented based on the invoice dates at the end of the reporting period:

	At 30 June 2016 (Unaudited) HK\$'000	At 31 December 2015 (Audited) HK\$'000
0-30 days	12,921	19,943
31-60 days	16,448	6,918
61-90 days	6,863	2,632
Over 90 days	<u>10,524</u>	<u>3,208</u>
	<u>46,756</u>	<u>32,701</u>

The settlement term of accounts receivable arising from the business of dealing in securities are 2 days after trade date.

10. Loans receivable

The Group's loans receivable bear fixed-rate interest at 10% per annum and are secured by listed marketable securities in Hong Kong.

The carrying amount of the Group's fixed-rate loans receivable have remaining contractual maturity dates as follows:

	At 30 June 2016 (Unaudited) HK\$'000	At 31 December 2015 (Audited) HK\$'000
Within 1 year	<u>153,015</u>	<u>–</u>

No loans receivable balance had been past due and impaired as at 30 June 2016.

11. Trade and other payables

	At 30 June 2016 (Unaudited) HK\$'000	At 31 December 2015 (Audited) HK\$'000
Trade payables	59,462	37,924
Accounts payable from the business of dealing in securities		
– Cash clients	9,835	–
Other payables and accrued charges	15,585	16,667
	<u>84,882</u>	<u>54,591</u>

The credit period on purchase of goods ranges from 30 to 60 days. The following is an ageing analysis of trade payables presented based on invoice dates at the end of the reporting period:

	At 30 June 2016 (Unaudited) HK\$'000	At 31 December 2015 (Audited) HK\$'000
0-30 days	16,439	22,262
31-60 days	20,703	12,405
61-90 days	16,587	3,040
Over 90 days	5,733	217
	<u>59,462</u>	<u>37,924</u>

The settlement term of accounts payable arising from the business of dealing in securities are 2 days after trade date.

12. Share capital

Ordinary shares of HK\$0.0003 each

	Number of shares	Amount HK\$'000
Authorised:		
At 1 January 2016 (audited) and at 30 June 2016 (unaudited)	<u>2,000,000,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 1 January 2016 (audited) and at 30 June 2016 (unaudited)	<u>15,215,731,320</u>	<u>4,564</u>

13. Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000			
Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	222,005	237,420	Level 1	Quoted bid prices in an active market	N/A
Unlisted investment fund classified as available-for-sale investments in the condensed consolidated statement of financial position	13,261	7,022	Level 3	Net asset value	N/A

DIRECTOR'S STATEMENT

On behalf of the Board of the Company, I present to you the unaudited interim results of the Group for the six months ended 30 June 2016.

Business Review

During the six months of review, the Group continued to focus in (i) the design, sales and marketing of residential telephone products under its license for the Motorola brand, as the Company is the exclusive licensee for the Motorola brand for corded and cordless telephones for residential and office use in Europe, the Russian Federation, Middle East, Africa, US and Asia (including China, India, Southeast Asia and Australia); and (ii) the processing and trading of used computer-related components business. During the period under review, the Group also engage in providing money lending business and securities brokerage and underwriting business.

For the six months ended 30 June 2016, the Group's revenue amounted to approximately HK\$139.9 million, representing a slightly decrease of approximately 6.1% compared with the revenue of approximately HK\$149.1 million for the corresponding period in 2015. In relation to the Group's revenue, approximately 76.3% resulted from sales of telephones and related products, 19.5% resulted from the processing and trading of used computer-related components, 3.6% resulted from interest income earned from money lending business and 0.6% contributed by brokerage and underwriting business. Gross profit from operation for the period under review was approximately HK\$19.5 million, representing an increase of approximately 8.3% compared with the gross profit of approximately HK\$18.0 million for the corresponding period in 2015. The Group's unaudited consolidated loss for the period under review was approximately HK\$45.4 million, which was mainly due to the fair value loss on held-for-trading investment of approximately HK\$ 44.6 million was recognized for the six months ended 30 June 2016.

As at 30 June 2016, the loan portfolio held by the Group was approximately HK\$153.0 million and interest income earned from money lending business was approximately HK\$5.0 million for the six months ended 30 June 2016.

Outlook and Prospect

In view of the dynamic change in the market environment, in addition to the core activities in sales and design of residential cordless telephone and trading of computer components, the Group are in line with its business development plan and expansion plan to take a more active approach in diversifying the Company's business sector including money lending business, securities trading and other financial investment. During the period under review, the Group has obtained a license to carry out Type 1 regulated activity (Dealing in Securities) and commenced in securities brokerage and underwriting business, and have completed a few underwriting and sub-underwriting transactions. As for money lenders business, the Group have conducted various transactions with overall loan portfolio of HK\$153.0 million . The Group will continue to adopt a diversified investment strategy including investing in quality stocks with a view to enhance shareholder's return.

In respect of the business for Motorola, it is believed that the prospects for the activity relating to design, sales and marketing of telephone products under the Motorola brand in Europe, the Russian Federation, Middle East, Africa, US and Asia (including China, India, Southeast Asia and Australia) will continue to be stable in 2016.

As for the cross-border trading business, we have secured several contracts and business which have been commenced. Several cross-border contracts are underway and the Group will continue to seek more cross-border business opportunities in due course.

The Group will continue to explore business opportunities which could complement the Group's current telephone, cross-border payment and e-commerce business.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to extend our sincere thanks to our customers, suppliers and staff for their continued support and contribution to the Group during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 June 2016, the Group recorded a revenue of approximately HK\$139.9 million which represented a decrease of approximately 6.1% as compared to the corresponding figure for the six months ended 30 June 2015.

The gross profit for the period under review was approximately HK\$19.5 million as compared to approximately HK\$18.0 million for the previous period.

During the period, the Group continued to focus on the sales and marketing of residential telephone products under its licence for the Motorola brand and the processing and trading of used computer-related components business. In addition, a brokerage firm under the group obtained a type 1 (Dealing in Securities) engaging in the securities brokerage and underwriting business and a money lending business also contributed revenue the Group during the period. The revenue and the gross profit for the period ended 30 June 2016 are set out as below:

	Telephones and related equipment <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>
Revenue	106,784	27,328	775	5,015
Gross profit	12,075	1,592	775	5,015
Net Profit/(loss)	940	523	(878)	5,004

Liquidity and Financial Resources

The decrease in current ratio from 11.67 to 7.50 was mainly due to increase in the trade and other payables as at 30 June 2016.

As at 30 June 2016, the Group had cash on hand of approximately HK\$145.5 million, net current assets of approximately HK\$569.6 million, total assets of approximately HK\$675.0 million and shareholders' equity of approximately HK\$587.4 million.

As at 30 June 2016, the Group has outstanding bank borrowings of approximately HK\$0.1 million (31 December 2015: HK\$0.5million).

Gearing Ratio

As at 30 June 2016, the Group's gearing ratio is 0.02%, calculated based on the Group's outstanding bank loan with an aggregate amount of approximately HK\$0.1 million and the Group's shareholders' fund of approximately HK\$587.3 million.

Capital Structure

During the six months ended 30 June 2016, no share were issued upon the exercise of share options by the share option holders.

Exchange Rate

Most of sales in the current period were denominated in United States dollars, whilst the majority of the Group's expenses were denominated in United States dollars, Renminbi and Hong Kong dollars.

Raising of funds and use of proceeds

The Company completed the placing on 13 April 2015, and the net proceeds of the placing were approximately HK\$492 million. As at 31 December 2015, the Company has resolved to change the use of the unutilized net proceeds of approximately HK\$372 million. For details, please refer to the announcements of the Company dated 6 March 2015, 13 April 2015 and 31 December 2015.

As at 30 June 2016, the Group had utilized approximately HK\$31 million for marketing and promotion to overseas merchants and setting up offices and marketing terms in the PRC and Europe, approximately HK\$6 million for setting up the online B2B cross-border platforms, approximately HK\$226 million for securities investment, securities brokerage business and money lending business in Hong Kong, approximately HK\$22 million for the repayment of promissory note issued by the Company and approximately HK\$9 million for general working capital or potential acquisition opportunities.

As at 30 June 2016, the Group had unutilized net proceeds of approximately HK\$198 million which approximately HK\$69 million will be deployed to securities investment, securities brokerage business and money lending business, approximately HK\$43 million will be deployed to set up the online B2B cross-border platforms, approximately HK\$43 million will be deployed

to continue marketing and promotion to overseas merchants and setting up marketing teams globally; and approximately HK\$43 million would be used for general working capital or potential opportunities.

Significant Investments

As at 30 June 2016, total market value for the held-for-trading investments of the Group was approximately HK\$222 million and recorded a fair value net loss of approximately HK\$44.6 million which was mainly attributable to the investments in GreatChina Professional Services Limited (HK stock code: 8193) and WLS Holdings Limited (HK stock code: 8021). The market value for the investment in GreatChina Professional Services Limited as at 30 June 2016 was approximately HK\$111.8 million with a fair value loss of approximately HK\$65.2 million for the period. The market value for the investment in WLS Holdings Limited as at 30 June 2016 was approximately HK\$53.2 million with a fair value loss of approximately HK\$1.5 million for the period.

In addition, the market value for the unlisted fund investment of the Group was approximately HK\$13.3 million as at 30 June 2016. During the period under review, dividend income of approximately HK\$11.4 million had been received and recognised in profit or loss and fair value gain on the unlisted fund investment of approximately HK\$6.2 million had been recognised in the equity.

Significant Acquisitions or Disposals

During the six months ended 30 June 2016, there were no material acquisitions or disposals of subsidiaries and associated companies.

Contingent Liabilities

Two wholly-owned subsidiaries of the Company, namely Mondial Communications Limited (“**MCL**”) and Suncorp Communications Limited (“**SCL**”) have initially, received two notices of statutory demands dated 10 March 2011 from a firm of solicitors for and acting on behalf of a former subsidiary of the Company in liquidation, demanding payment of HK\$91,177,872 due by MCL and HK\$128,785,748 due by SCL to the aforesaid former subsidiary (the “**Claims**”). The Company has sought legal advice and has vigorously defended against the Claims since then. MCL and SCL received the same statutory demands again dated 19 July 2011 in relation to the Claims.

As far as the Directors are aware, the Claims by Suncorp Industrial Limited (“**SIL**”) (in liquidation) in both statutory demands against SCL and MCL related to debts which have previously been fully written off or impairment have been made at the books of SCL and MCL at the year ended 31 December 2007, and accordingly there is no such debts in the accounts and records of SCL and MCL at any financial year ended 31 December 2008 with SIL.

By an Order made on 1 June 2011, the Liquidators were sanctioned to take out legal proceedings in the name and on behalf of the SIL (in liquidation) against the Company, SCL and MCL. However, no legal action or winding-up proceedings had even been taken by the Liquidators against the Company or SCL or MCL up to the date hereof.

The Company had disposed of its entire interest in SCL and MCL in April 2014. Based on the legal advice sought, disposition of SCL and MCL by the Company would not affect the Order made by the Court on 1 June 2011. However, as previously set out, based on legal advice sought, as the Claims sought have already been fully set-off, there is no solid legal foundation on the part of the liquidators of SIL to mount any claim against the Company.

Save and except the Claims and an unsubstantiated complaint advanced by the liquidator of SIL against the Company and its directors concerning the operation of SIL before its liquidation, as at 30 June 2016, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

As at 30 June 2016, the Group and the Company do not have any significant contingent liabilities.

Employees

The Group's emolument policies are formulated on the performance of employees with reference to the market condition. The Board may exercise its discretion to grant share options to the executive directors and employees as an incentive to their contribution to the Group. During the period under review, no share options had been granted by the Group to the directors and employees in accordance with the share option scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 June 2016, the interests and short positions of the Directors, chief executive and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO") (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules were as follows:

Long Position

Ordinary shares of HK\$0.0003 each of the Company

Name of directors	No. of shares held	No. of underlying shares held in options granted under the Share Option Scheme	Percentage of the issued share capital of the Company (Note 1)
Wang Zhen Dong	—	126,800,000	0.83
Malcolm Stephen JACOBS-PATON	2,500,780	20,000,000	0.15

Note:

1. The percentage shareholding is calculated on the basis of the Company's issued share capital of 15,215,731,320 as at 30 June 2016.

SHARE OPTIONS

On 4 May 2012, a share option scheme (the “**Share Option Scheme**”) was adopted by shareholders at the annual general meeting, under which the Directors may, at their discretion, grant share options to eligible persons including Directors and employees to subscribe share in the Company. The Board had granted to eligible grantees the share options to subscribe for 156,631,500 ordinary shares of HK\$0.0003 each on 7 October 2013 under the Share Option Scheme. On 10 December 2014, the Board had granted to eligible grantees the share options to subscribe for 1,268,000,000 ordinary shares of HK\$0.0003 each under the Share Option Scheme.

At 30 June 2016, the number of shares in respect of which share options could be exercisable under the terms of the Share Option Scheme was 308,356,600 shares, representing approximately 2.03% the shares of the Company in issue at that date. All share options are currently held by directors, employees and consultants of the Group.

During the six months ended 30 June 2016, no share options were exercised.

Saved as disclosed above, at no time during the six months ended 30 June 2016 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2016, save as disclosed below, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of shareholder with over 5% shareholding	Capacity	Nature of Interest	Long or short position	Number of shares	Percentage of the issued share capital of the Company (Note 1)
Orchid Touch Limited (Note 2)	Controlled Company's Interest	Corporate Interest	Long Position	904,930,000	5.95%
So Ka Yan (Note 2)	Beneficial Owner	Beneficial Interest	Long Position	904,930,000	5.95%
Zhongrong International Trust Co. Ltd.	Controlled Company's Interest	Corporate Interest	Long Position	1,000,000,000	6.57%
Cloud Dynasty (Macau) (Macau) Limited (Note 3)	Controlled Company's Interest	Corporate Interest	Long Position	1,000,000,000	6.57%
Chan Sin Ying (Note 3)	Beneficial Owner	Beneficial Interest	Long Position	1,000,000,000	6.57%
Sung Kwan Wun	Beneficial Owner	Beneficial Interest	Long Position	1,016,370,000	6.67%
Eugene Finance International Limited (Note 4)	Controlled Company's Interest	Corporate Interest	Long Position	1,300,000,000	8.54%
Xiao Lili (Note 4)	Beneficial Owner	Beneficial Interest	Long Position	1,300,000,000	8.54%

Notes:

1. The percentage shareholding is calculated on the basis of the Company's issued share capital of 15,215,731,320.
2. Orchid Touch Limited ("**Orchid Touch**") is directly interested in 904,930,000 shares in the Company. Orchid Touch is wholly owned by So Ka Yan. So Ka Yan is therefore deemed to be interested in 904,930,000 shares in the Company.
3. Cloud Dynasty (Macau) Limited ("**Cloud Dynasty**") is directly interested in 1,000,000,000 shares in the Company. Cloud Dynasty is wholly owned by Chan Sin Ying. Chan Sin Ying is therefore deemed to be interested in 1,000,000,000 shares in the Company.
4. Eugene Finance International Limited ("**Eugene Finance**") is directly interested in 1,300,000,000 shares in the Company. Eugene Finance is wholly owned by Xiao Lili. Xiao Lili is therefore deemed to be interested in 1,300,000,000 shares in the Company.

AUDIT COMMITTEE

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the audit of the Company. The Audit Committee was established in March 2000 with defined written terms of reference which describe the authorities and duties of the Audit Committee. The Audit Committee currently consists of three members, all of whom are independent non-executive Directors ("INEDs") namely Mr. Lee Ho Yiu, Thomas, Ms. Lu Bei Lin and Mr. Man Yuan, of which Mr. Lee Ho Yiu, Thomas is the chairman. The unaudited financial statements of the Group for the six months ended 30 June 2016 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company is committed to high standards of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal control, transparency, independence and accountability to all shareholders.

Throughout the period, the Group had applied the principles as set out in the Code of Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules, except for the deviations as follows:

Chairman and Chief Executive Officer

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, in view of the current business nature of the Company, the Board opines that it is not necessary to appoint a chairman or chief executive officer and daily operation of the Group is delegated to different executive Directors, department heads and various committees. In this circumstances, the Board considers that the present practice has already addressed the concerns of the CG Code in this respect.

Non-Executive Directors

Pursuant to Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term subject to re-election. None of the existing non-executive Directors and INEDs are engaged on specific term, and it constituted a deviation from Code Provision A.4.1 of the CG Code. However all Directors, including non-executive Directors and INEDs are subject to retirement by rotation at each annual general meeting at least once every three years under the Company's Bye-laws. In the circumstances, the Board considers that the present practice has already addressed the concerns of the CG Code in this respect.

Attendance of Annual General Meeting

Pursuant to Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged business commitments, Ms. Lu Bei Lin and Mr. Lee Ho Yiu, Thomas, being the independent non-executive director of the Company, were not present at the annual general meeting of the Company held on 10 May 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. Based on specific enquiry of all the Directors, the Directors have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2016, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

By order of the Board
Suncorp Technologies Limited
Wang Zhen Dong
Executive Director

Hong Kong, 19 August 2016

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Wang Zhen Dong and Mr. Malcolm Stephen Jacobs-Paton and three independent non-executive Directors, namely, Ms. Lu Bei Lin, Mr. Lee Ho Yiu, Thomas and Mr. Man Yuan.