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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 2017

#### 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 2017 together with the comparative figures in 2016, as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2017*

		2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
	<i>Notes</i>		
Revenue	3	175,707	139,902
Cost of sales		(159,335)	(120,445)
Gross profit		16,372	19,457
Other income and gains	4	11,702	11,940
Distribution and selling expenses		(7,558)	(10,411)
Operating expenses		(16,918)	(20,637)
Fair value change on held-for-trading investments		(211,719)	(44,627)
Finance costs		(33)	(13)
Loss before tax		(208,154)	(44,291)
Income tax expense	5	(118)	(1,087)
Loss for the period	6	(208,272)	(45,378)

		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
	Notes		
<b>Other comprehensive income/(expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations			
– Exchange gains arising during the period		53	431
– Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations		363	1,697
Fair value change on available-for-sale investments		–	6,239
Reclassification adjustment for the fair value changed included in profit or loss upon disposal of available-for-sale investments		(7,118)	–
<b>Other comprehensive (expense)/income for the period</b>		(6,702)	8,367
<b>Total comprehensive expense for the period</b>		<u>(214,974)</u>	<u>(37,011)</u>
<b>Loss per share (HK cents)</b>	7		
– Basic		<u>(1.37)</u>	<u>(0.30)</u>
– Diluted		<u>(1.37)</u>	<u>(0.30)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		1,142	2,456
Available-for-sale investments		–	14,140
Deposits		205	205
		<u>1,347</u>	<u>16,801</u>
<b>Current assets</b>			
Inventories		2,696	–
Trade and other receivables	9	141,536	90,802
Bill receivable discounted with full recourse		–	941
Loans receivable	10	170,238	169,066
Held-for-trading investments		36,370	240,486
Bank balances and cash –Segregated accounts		16,975	11,453
Bank balances and cash – House accounts		90,593	125,842
		<u>458,408</u>	<u>638,590</u>
<b>Current liabilities</b>			
Trade and other payables	11	81,501	60,530
Advance drawn on bill receivable discounted with full recourse		–	941
Current tax liabilities		312	1,351
		<u>81,813</u>	<u>62,822</u>
<b>Net current assets</b>		<u>376,595</u>	<u>575,768</u>
<b>Total assets less current liabilities</b>		<u>377,942</u>	<u>592,569</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	12	4,564	4,564
Reserves		373,378	588,005
<b>Total equity</b>		<u>377,942</u>	<u>592,569</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 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
At 1 January 2017 (Audited)	4,564	57,856	14,945	441,253	(534)	7,118	22,399	44,968	592,569
Loss for the period	–	–	–	–	–	–	–	(208,272)	(208,272)
Other comprehensive income/(expenses) for the period									
Exchange differences on translating foreign operations									
– Exchange gains arising during the period	–	–	–	–	53	–	–	–	53
– Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations	–	–	–	–	363	–	–	–	363
Reclassification adjustment for the fair value changed included in profit or loss upon disposal of available-for-sale investments	–	–	–	–	–	(7,118)	–	–	(7,118)
Total comprehensive income/(expenses) for the period	–	–	–	–	416	(7,118)	–	(208,272)	(214,974)
Recognition of equity-settled share base payments	–	–	–	–	–	–	347	–	347
At 30 June 2017 (Unaudited)	4,564	57,856	14,945	441,253	(118)	–	22,746	(163,304)	377,942

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Net cash used in operating activities	<u>(42,272)</u>	<u>(137,247)</u>
Net cash generated from/(used in) investing activities	<u>7,003</u>	<u>(29,640)</u>
Net cash used in financing activities	<u>(33)</u>	<u>(377)</u>
Net decrease in cash and cash equivalents	(35,302)	(167,264)
Effect of foreign exchange rate changes	53	431
Cash and cash equivalents at the beginning of the period	<u>125,842</u>	<u>312,380</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>90,593</u></u>	<u><u>145,547</u></u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

### 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”. These condensed interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

### 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.

The interim condensed consolidated financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2016.

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 components – Design and sales of telephones and related components
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 brokerage, placing and underwriting services
5. B2B cross-border e-commerce and payment business – Provision of B2B cross-border e-commerce and payment 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 2017 (unaudited)

	Telephones and related components <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Provision of brokerage, placing and underwriting services <i>HK\$'000</i>	B2B cross-border e-commerce and payment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>						
External sales	<u>85,417</u>	<u>17,845</u>	<u>6,725</u>	<u>288</u>	<u>65,432</u>	<u>175,707</u>
<b>Segment (loss)/profit</b>	<u>(693)</u>	<u>(282)</u>	<u>6,714</u>	<u>(1,228)</u>	<u>(678)</u>	<u>3,833</u>
Interest income on bank deposits						4
Dividend income						479
Gain on disposal of available-for-sale investment						7,118
Fair value change on held-for-trading investments						(211,719)
Share-based payments						(347)
Unallocated expenses						(7,489)
Finance costs						(33)
Loss before tax						<u>(208,154)</u>

### Six months ended 30 June 2016 (unaudited)

	Telephones and related components <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Provision of brokerage, placing and underwriting services <i>HK\$'000</i>	B2B cross-border e-commerce and payment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>						
External sales	<u>106,784</u>	<u>27,328</u>	<u>5,015</u>	<u>775</u>	<u>–</u>	<u>139,902</u>
<b>Segment (loss)/profit</b>	<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						(13)
Loss before tax						<u>(44,291)</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 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Telephones and related components	28,684	23,188
Used computer-related components	6,288	7,683
Money lending	170,241	170,058
Provision of brokerage, placing and underwriting services	98,211	90,815
B2B cross-border e-commerce and payment	30,658	14,792
	<hr/>	<hr/>
Total segment assets	334,082	306,536
Unallocated assets	125,673	348,855
	<hr/>	<hr/>
Consolidated assets	459,755	655,391

### Segment liabilities

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Telephones and related components	48,587	39,556
Used computer-related components	71	1,726
Money lending	317	134
Provision of brokerage, placing and underwriting services	27,701	12,404
B2B cross-border e-commerce and payment	714	3,604
	<hr/>	<hr/>
Total segment liabilities	77,390	57,424
Unallocated liabilities	4,423	5,398
	<hr/>	<hr/>
Consolidated liabilities	81,813	62,822



#### 4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net foreign exchange gain	525	–
Dividend income	479	11,421
Interest income on bank deposits	4	144
Management fee income	92	54
Gain on disposal of subsidiaries	3,309	–
Gain on disposal of available-for-sale investment	7,118	–
Sundry income	175	321
	<u>11,702</u>	<u>11,940</u>

#### 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong Profits Tax	<u>118</u>	<u>1,087</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/(crediting):

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories recognised as an expense	159,335	120,445
Depreciation of property, plant and equipment	104	352
Staff costs including directors' remuneration	5,098	4,688
(Gain)/loss on disposal of subsidiaries	<u>(3,309)</u>	<u>1,697</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:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share for the period attributable to owners of the Company	<u>(208,272)</u>	<u>(45,378)</u>
	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>15,215,731,320</u>	<u>15,215,731,320</u>

The computation of diluted loss per share for the six months ended 30 June 2017 and 2016 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 2017 and 2016.

## 9. TRADE, BILL AND OTHER RECEIVABLES

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables from other ordinary course of business, except for business of dealing in securities transactions	<b>59,812</b>	27,434
Trade receivables arising from the ordinary course of business of dealing in securities:		
– Cash clients and clearing house	<b>10,636</b>	846
Deposits in brokerage firms	<b>60,529</b>	53,553
Deposits, prepayments and other receivables	<u><b>10,559</b></u>	<u>8,969</u>
Total trade and other receivables	<u><b>141,536</b></u>	<u>90,802</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 receivables arising from other business presented based on the invoice dates at the end of the reporting period:

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
0-30 days	30,328	15,078
31-60 days	14,813	8,208
61-90 days	4,558	763
Over 90 days	10,113	3,385
	<u>59,812</u>	<u>27,434</u>

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

#### 10. LOANS RECEIVABLE

The Group's loan receivables, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollar. The loan receivables were repaid in accordance with the terms of the loan agreements and all loans receivable are recoverable within one year.

As at 30 June 2017, the effective interest rates on the Group's loans receivable is approximately 9.24% per annum.

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Within 1 year	<u>170,238</u>	<u>169,066</u>

#### 11. TRADE AND OTHER PAYABLES

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Trade payables from purchase of goods and other ordinary course of business, except for business of dealing in securities transactions	41,176	30,028
Accounts payable arising from the ordinary course of business of dealing in securities:		
– Cash clients and clearing house	27,594	12,296
Other payables and accrued charges	12,731	18,206
	<u>81,501</u>	<u>60,530</u>

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

	<b>At 30 June 2017 (Unaudited) HK\$'000</b>	At 31 December 2016 (Audited) HK\$'000
0-30 days	15,389	12,676
31-60 days	5,085	8,867
61-90 days	16,637	8,098
Over 90 days	4,065	387
	<u>41,176</u>	<u>30,028</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

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>		
At 1 January 2017 (audited) and at 30 June 2017 (unaudited)	<u>2,000,000,000,000</u>	<u>600,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2017 (audited) and at 30 June 2017 (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 2017 (Unaudited) <i>HK\$'000</i>	31 December 2016 (Audited) <i>HK\$'000</i>			
Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	36,370	240,486	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	–	14,140	Level 3	Net asset value	N/A
					<b>Unlisted investment fund</b> <i>HK\$'000</i>
Reconciliation of level 3 fair value measurement					
At 1 January 2017 (Audited)					14,140
Realised upon on disposal of available-for-sale investments					<u>(14,140)</u>
At 30 June 2017 (Unaudited)					<u><u>–</u></u>

## **DIRECTOR'S STATEMENT**

On behalf of the board of directors (the “**Board**” or the “**Directors**”) of SunCorp Technologies Limited (the “**Company**”), I present to you the unaudited interim results of the Group for the six months ended 30 June 2017.

### **Business Review**

During the six months of review, the Group continued (i) to focus in 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 and Asia (including China, India, Southeast Asia and Australia); (ii) the processing and trading of used computer-related components business; (iii) providing money lending business; (iv) securities brokerage and underwriting business and (v) the B2B cross-border e-commerce and payment business.

For the six months ended 30 June 2017, the Group's revenue amounted to approximately HK\$175.7 million, representing an increase of approximately 25.6% compared with the revenue of approximately HK\$139.9 million for the corresponding period in 2016. In relation to the Group's revenue, approximately 48.6% resulted from sales of telephone products, 10.2% resulted from the processing and trading of used computer-related components business, 3.8% resulted from interest income from money lending business, 0.2% contributed by brokerage and underwriting business and 37.2% contributed by B2B cross-border e-commerce and payment business. Gross profit from operation for the period under review was approximately HK\$16.4 million, representing a decrease of approximately 15.9% compared with the gross profit of approximately of HK\$19.5 million for the corresponding period in 2016. The Group's unaudited consolidated loss for the period under review was approximately HK\$208.3 million, which was mainly due to the fair value loss on held-for-trading investments of approximately HK\$211.7 million recognized for the six months ended 30 June 2017.

As at 30 June 2017, the loan portfolio held by the Group was approximately HK\$170.2 million and interest income earned from money lending business of approximately HK\$6.7 million for the six months ended 30 June 2017.

## **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 and B2B cross-border e-commerce and payment business.

In respect of the B2B cross-border e-commerce and payment business, the Group has successfully generated revenue through cross-border purchasing and supply chain management for JD.com International suppliers, and also developed new customers in the Middle East market which purchase IT and industrial components globally. The Group will continue to speed up the business growth and expansion plan in this area.

The Group will continue to explore new business opportunities which could complement the Group's business segments.

## **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 2017, the Group recorded a revenue of approximately HK\$175.7 million which represented an increase of approximately 25.6% as compared to the corresponding figure for the six months ended 30 June 2016.

The gross profit for the period under review was approximately HK\$16.4 million as compared to approximately HK\$19.5 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; the processing and trading of used computer-related components business; securities brokerage and underwriting business, money lending business and B2B cross-border e-commerce and payment business. The revenue, the gross profit and net profit/(loss) for the period ended 30 June 2017 are set out as below:

	<b>Telephones and related components</b>	<b>Used computer- related components</b>	<b>Securities Brokerage</b>	<b>Money lending business</b>	<b>E-commerce business</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	85,417	17,845	288	6,725	65,432
Gross profit	7,547	782	288	6,725	1,030
Net profit/(loss)	(693)	(282)	(1,228)	6,714	(678)

### **Liquidity and Financial Resources**

The decrease in current ratio from 10.2 to 5.6 was mainly due to decrease in held-for-trading investments and increase in the trade & other payables as at 30 June 2017.

As at 30 June 2017, the Group had cash on hand of approximately HK\$90.6 million, net current assets of approximately HK\$458.4 million, total assets of approximately HK\$459.8 million and shareholders' equity of approximately HK\$377.9 million.

### **Gearing Ratio**

As at 30 June 2017, the Group generally financed its operations through internally-generated cash flows and shareholders equity, there was no outstanding bank loan and borrowings.

### **Capital Structure**

As at 30 June 2017, the authorized share capital of the Company was HK\$600,000,000, which divided into 2,000,000,000,000 shares of HK\$0.0003 each. There was no movement for the number of Shares in issue of the Company during the period.

### **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. Although the Group currently does not maintain any hedging policy to hedge against foreign exchange exposure that may arise from the above transactions, the management team continuously assesses the foreign currency exposure, with an aim to minimize the impact of foreign exchange fluctuation on the Group's business operations.



## **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 2017, the Group had utilized approximately HK\$43.5 million for marketing and promotion to overseas merchants and setting up offices and marketing teams in the PRC and Europe, approximately HK\$30.5 million for the B2B cross-border e-commerce and payment business, approximately HK\$295.0 million for securities investment, securities brokerage and money lending business in Hong Kong, approximately HK\$22.0 million for the repayment of promissory note issued by the Company and approximately HK\$52.0 million for general working capital or potential acquisition opportunities.

As at 30 June 2017, the Group had unutilized net proceeds of approximately HK\$49.0 million which approximately HK\$18.5 million will be deployed for the B2B cross-border e-commerce and payment business and approximately HK\$30.5 million will be deployed to continue marketing and promotion to overseas merchants and setting up marketing teams globally.

## **Significant Investments**

As at 30 June 2017, total market value for the held-for-trading investments of the Group was approximately HK\$36 million and recorded a fair value loss of approximately HK\$211.7 million which was mainly attributable to the investments in GreaterChina Professional Services Limited (HK stock code: 8193), WLS Holdings Limited (HK stock code: 8021) and AMCO United Holding Limited (HK stock code: 630). The market value for the investment in GreaterChina Professional Services Limited as at 30 June 2017 was approximately HK\$3.78 million with a fair value loss of approximately HK\$137.9 million for the period. The market value for the investment in WLS Holdings Limited as at 30 June 2017 was approximately HK\$2.89 million with a fair value loss of approximately HK\$32.1 million for the period. The market value for the investment in AMCO United Holding Limited as at 30 June 2017 was approximately HK\$5.65 million with a fair value loss of approximately HK\$19.1 million for the period.

## **Significant Acquisitions or Disposals**

During the six months ended 30 June 2017, 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 2017, 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 2017, 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 2017, 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 2017.

## 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 and consultants 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. On 1 September 2016, the Board had granted to eligible grantees the share options to subscribe for 1,510,000,000 ordinary shares of HK\$0.0003 each under the Share Option Scheme.

At 30 June 2017, the number of shares in respect of which share options could be exercisable under the terms of the Share Option Scheme was 1,853,860,600 shares, representing approximately 12.18% 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 2017, no share options were exercised.

Saved as disclosed above, at no time during the six months ended 30 June 2017 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 2017, 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) 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 2017 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, Mr. Man Yuan, being the independent non-executive director of the Company, were not present at the annual general meeting of the Company held on 29 May 2017.

## **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 2017.

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

During the six months ended 30 June 2017, 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, 28 August 2017

*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.*