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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 2019

#### 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 2019 together with the comparative figures in 2018, as follows:

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

*For the six months ended 30 June 2019*

	<i>Notes</i>	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 (Unaudited) HK\$'000
Revenue	3	<b>93,878</b>	123,824
Cost of sales		<b>(82,101)</b>	(111,897)
Gross profit		<b>11,777</b>	11,927
Other income and gains	4	<b>5</b>	70
Distribution and selling expenses		<b>(980)</b>	(1,490)
Operating expenses		<b>(30,709)</b>	(12,633)
Realised and unrealised (loss)/gain on financial assets at fair value through profit or loss, net		<b>(3,672)</b>	8,842
Finance costs		<b>(139)</b>	(46)
(Loss)/profit before tax		<b>(23,718)</b>	6,670
Taxation	5	<b>(506)</b>	(605)
<b>(Loss)/profit for the period</b>	6	<b>(24,224)</b>	6,065

		<b>2019</b>	2018
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Other comprehensive (expense)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations			
– Exchange losses arising during the period		<u>(56)</u>	<u>(39)</u>
<b>Other comprehensive expense for the period</b>		<u>(56)</u>	<u>(39)</u>
<b>Total comprehensive (expense)/income for the period</b>		<u><u>(24,280)</u></u>	<u><u>6,026</u></u>
<b>(Loss)/earnings per share (HK cents)</b>			
	7		
– Basic		<u>(0.16)</u>	<u>0.04</u>
– Diluted		<u>(0.16)</u>	<u>0.04</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At <b>30 June 2019</b> <b>(Unaudited)</b> <i>HK\$'000</i>	At 31 December 2018 <b>(Audited)</b> <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		93	150
Deposits		–	205
Deferred tax assets		1,160	1,160
Right-of-use asset		3,598	–
		4,851	1,515
<b>Current assets</b>			
Inventories		5,241	–
Trade and other receivables	9	44,914	54,868
Bills receivable discounted with full recourse		–	973
Loan receivables	10	220,157	205,308
Financial asset at fair value through profit or loss		51,556	55,269
Bank balances and cash – Segregated accounts		17,356	52,100
Bank balances and cash – House accounts		51,679	66,539
		390,903	435,057
<b>Current liabilities</b>			
Trade and other payables	11	56,146	93,943
Advance drawn on bill receivable discounted with full recourse		2,530	973
Bank loan		535	879
Lease Liabilities		2,197	–
Current tax liabilities		462	1,058
		61,870	96,853
<b>Net current assets</b>		329,033	338,204
<b>Total assets less current liabilities</b>		333,884	339,719
<b>Non-current liabilities</b>			
Lease liabilities		1,535	–
		1,535	–
<b>Net assets</b>		332,349	339,719
<b>Capital and reserves</b>			
Share capital	12	4,564	4,564
Reserves		327,785	335,155
<b>Total equity</b>		332,349	339,719

## 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 losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2017 (Audited)	4,564	57,856	14,945	441,253	(36)	–	23,075	(172,116)	369,541
Effect of adjustment on adoption of HKFRS 9	–	–	–	–	–	–	–	(5,174)	(5,174)
At 1 January 2018 (Restated)	4,564	57,856	14,945	441,253	(36)	–	23,075	(177,290)	364,367
Profit for the period	–	–	–	–	–	–	–	6,065	6,065
Other comprehensive expense for the period									
Exchange differences on translating foreign operations									
– Exchange losses arising during the period	–	–	–	–	(39)	–	–	–	(39)
Total comprehensive income for the period	–	–	–	–	(39)	–	–	6,065	6,026
Recognition of equity-settled share based payments	–	–	–	–	–	–	150	–	150
At 30 June 2018 (Unaudited)	<u>4,564</u>	<u>57,856</u>	<u>14,945</u>	<u>441,253</u>	<u>(75)</u>	<u>–</u>	<u>23,225</u>	<u>(171,225)</u>	<u>370,543</u>
At 1 January 2019 (Audited)	<u>4,564</u>	<u>57,856</u>	<u>14,945</u>	<u>441,253</u>	<u>61</u>	<u>–</u>	<u>6,864</u>	<u>(185,824)</u>	<u>339,719</u>
Loss for the period	–	–	–	–	–	–	–	(24,224)	(24,224)
Other comprehensive expense for the period									
Exchange differences on translating foreign operations									
– Exchange losses arising during the period	–	–	–	–	(56)	–	–	–	(56)
Total comprehensive expense for the period	–	–	–	–	(56)	–	–	(24,224)	(24,280)
Recognition of equity-settled share based payments	–	–	–	–	–	–	16,910	–	16,910
At 30 June 2019 (Unaudited)	<u>4,564</u>	<u>57,856</u>	<u>14,945</u>	<u>441,253</u>	<u>5</u>	<u>–</u>	<u>23,774</u>	<u>(210,048)</u>	<u>332,349</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 (Unaudited) HK\$'000
Net cash used in operating activities	<u>(16,019)</u>	<u>(25,531)</u>
Net cash generated from investing activities	<u>2</u>	<u>2</u>
Net cash generated from financing activities	<u>1,213</u>	<u>3,447</u>
Net decrease in cash and cash equivalents	<b>(14,804)</b>	(22,082)
Effect of foreign exchange rate changes	<b>(56)</b>	(39)
Cash and cash equivalents at the beginning of the period	<u><b>66,539</b></u>	<u>85,533</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><b>51,679</b></u>	<u>63,412</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

### 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 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

#### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

#### HKFRS 16 Leases

The Group leases various offices. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in substance fixed payments).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019 in each territory or region where the lease assets are located.

The Group elected the modified retrospective approach for the application of HKFRS 16 as lessee and recognised the cumulative effect of initial application without restating comparative information.

#### **New and revised HKFRSs in issue but not yet effective**

The Group has not early adopted the following new or amended HKFRSs which have been issued but are not yet effective for the current accounting period:

Amendments to HKFRS 3	Definition of a Business <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective date to be determined

### **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 2019 (unaudited)

	Telephones and related equipment <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 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>						
External sales	<u>35,972</u>	<u>10,950</u>	<u>9,349</u>	<u>65</u>	<u>37,542</u>	<u>93,878</u>
<b>Segment (loss)/profit</b>	<u>(858)</u>	<u>(133)</u>	<u>7,838</u>	<u>(1,210)</u>	<u>303</u>	<u>5,940</u>
Interest income on bank deposits						2
Fair value change on financial assets at fair value through profit or loss						(3,672)
Share-based payments						(16,910)
Unallocated expenses						(8,939)
Finance costs						<u>(139)</u>
Loss before tax						<u>(23,718)</u>

### Six months ended 30 June 2018 (unaudited)

	Telephones and related equipment <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 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>						
External sales	<u>58,564</u>	<u>17,166</u>	<u>8,597</u>	<u>995</u>	<u>38,502</u>	<u>123,824</u>
<b>Segment (loss)/profit</b>	<u>(1,666)</u>	<u>35</u>	<u>8,579</u>	<u>(338)</u>	<u>592</u>	<u>7,202</u>
Interest income on bank deposits						2
Fair value change on financial assets at fair value through profit or loss						8,842
Share-based payments						(150)
Unallocated expenses						(9,163)
Finance costs						<u>(63)</u>
Profit before tax						<u>6,670</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 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Telephones and related equipment	10,506	11,983
Used computer-related components	8,242	7,278
Money lending	226,988	222,251
Provision of brokerage, placing and underwriting services	84,573	121,738
B2B cross-border e-commerce	30,708	30,952
	<hr/>	<hr/>
Total segment assets	364,615	394,202
Unallocated assets	34,738	42,370
	<hr/>	<hr/>
Consolidated assets	<u>395,754</u>	<u>436,572</u>

### Segment liabilities

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Telephones and related equipment	34,847	35,112
Used computer-related components	1,333	958
Money lending	1,951	4,062
Provision of brokerage, placing and underwriting services	17,448	52,239
B2B cross-border e-commerce	78	633
	<hr/>	<hr/>
Total segment liabilities	55,657	93,004
Unallocated liabilities	7,748	3,849
	<hr/>	<hr/>
Consolidated liabilities	<u>63,405</u>	<u>96,853</u>

### ***Information about major customers***

Revenues from customers of corresponding years contributing over 10% of the total revenue of the Group are as follows:

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Customer A ( <i>Note</i> )	–*	23,266
Customer B ( <i>Note</i> )	18,751	15,236
Customer C ( <i>Note</i> )	18,790	–

\* *The customers contributed less than 10% of the total revenue of the group.*

*Note:*

Revenue from B2B cross-border e-commerce business.

#### **4. OTHER INCOME AND GAINS**

	<b>Six months ended 30 June</b>	
	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 <i>(Unaudited)</i> <i>HK\$'000</i>
Net foreign exchange gain	<b>3</b>	–
Interest income on bank deposits	<b>2</b>	2
Sundry income	–	68
	<b>5</b>	70

#### **5. TAXATION**

	<b>Six months ended 30 June</b>	
	<b>2019</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2018 <i>(Unaudited)</i> <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	<b>506</b>	605

## 6. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Cost of inventories recognised as an expense	82,101	111,897
Depreciation of property, plant and equipment	56	296
Depreciation of right-of-use asset	1,189	–
Staff costs including directors' remuneration	4,157	3,900
	<u>88,503</u>	<u>116,193</u>

## 7. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
<b>(Loss)/profit</b>		
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(24,224)</u>	<u>6,065</u>
<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 2019 does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

The computation of diluted earnings per share for the six month ended 30 June 2018 does not assume the exercise of the Company's outstanding share options because the exercise price of these options was higher than the average market price of the Company's shares for the six month ended 30 June 2018.

## 8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2019 and 2018.

## 9. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Trade receivables arising from the ordinary course of business of dealing in securities of transaction:		
– Cash clients	215	204
Trade receivables from other ordinary course of business except for business of dealing in securities transactions	29,187	36,329
Less: allowance for expected credit losses	–	(666)
	<u>29,187</u>	<u>35,663</u>
Deposits in brokerage firms	11,468	12,482
Deposits, prepayments and other receivables	<u>4,044</u>	<u>6,519</u>
Total trade and other receivables	<u><u>44,914</u></u>	<u><u>54,868</u></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 presented based on the invoice dates at the end of the reporting period:

	At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
0-30 days	11,418	29,233
31-60 days	6,564	1,939
61-90 days	5,810	1,106
Over 90 days	<u>5,395</u>	<u>3,385</u>
	<u><u>29,187</u></u>	<u><u>35,663</u></u>

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

## 10. LOAN RECEIVABLES

The Group's loan receivables bear effective interest rate of approximately 10% per annum.

The carrying amount of the Group's loan receivables have remaining contractual maturity dates as follows:

	<b>At 30 June 2019 (Unaudited) HK\$'000</b>	At 31 December 2018 (Audited) HK\$'000
Within 90 days	6,487	–
91-180 days	13,267	16,298
181-365 days	200,403	195,651
	<u>220,157</u>	<u>211,949</u>
Less: allowance for expected credit losses	–	(6,641)
	<u><u>220,157</u></u>	<u><u>205,308</u></u>

No loan receivables balance had been past due and impaired as at 30 June 2019.

## 11. TRADE AND OTHER PAYABLES

	<b>At 30 June 2019 (Unaudited) HK\$'000</b>	At 31 December 2018 (Audited) HK\$'000
Trade payables arising from the ordinary course of business of dealing in securities transactions:		
– Cash clients	17,401	52,145
Trade payables from purchase of goods arising from other ordinary course of business, except for business of securities dealing in securities transactions	31,558	28,143
Other payables and accrued charges	7,187	13,655
	<u>56,146</u>	<u>93,943</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 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
Within 30 days	1,341	6,789
31-60 days	8,494	3,985
61-90 days	6,438	3,484
Over 90 days	15,285	13,885
	<u>31,558</u>	<u>28,143</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 <i>HK\$'000</i>
<b>Authorised:</b>		
At 1 January 2019 (audited) and at 30 June 2019 (unaudited)	<u>2,000,000,000,000</u>	<u>600,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2019 (audited) and at 30 June 2019 (unaudited)	<u>15,215,731,320</u>	<u>4,564</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 2019.

### **Business Review**

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

For the six months ended 30 June 2019, the Group's revenue amounted to approximately HK\$93.9 million, representing a decrease of approximately 24.2% as compared with the revenue of approximately HK\$123.8 million for the corresponding period in 2018. In relation to the Group's revenue, approximately 38.3% resulted from sales of telephone and related products, approximately 11.7% was derived from the processing and trading of used computer-related components, approximately 10.0% was derived from interest income earned from money lending business, approximately 0.1% was derived from securities brokerage, placing and underwriting business and approximately 39.9% was contributed by B2B cross-border e-commerce business.

Gross profit from operation for the period under review was approximately HK\$11.8 million, representing a slight decrease of approximately 0.8% as compared with the gross profit of approximately of HK\$11.9 million for the corresponding period in 2018. The Group's unaudited consolidated loss for the period under review was approximately HK\$24.2 million, which was mainly due to the realised and unrealised loss on financial assets at fair value through profit or loss of approximately HK\$3.7 million and recognition of share option expense of approximately HK\$16.7 million recognized for the six months ended 30 June 2019.

As at 30 June 2019, the gross amount of loan portfolio held by the Group was approximately HK\$220.2 million and interest income earned from money lending business was approximately HK\$9.3 million for the six months ended 30 June 2019.

## **Outlook and Prospect**

In view of the dynamic change in the market environment, the Group has previously expanded into the cross-border e-commerce segment. It is expected that this segment will continue to grow and contribute income to the Group. We may deploy more resources in this business segment in the future to capture more market opportunities as and when appropriate. The Group's other business segments include sales and marketing of residential cordless telephone and trading of computer components, money lending business, securities brokerage and other financial investment.

In respect of the business for Motorola, it is believed that the prospects for the activity relating to sales and marketing of telephone products under the Motorola brand in Europe, the Russian Federation, Middle East, Africa, and Asia (including India, Southeast Asia and Australia) will be stable in the second half of 2019.

The Group will continue to seek potential investment and business opportunities for broadening its income stream and further development of the existing 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 2019, the Group recorded a revenue of approximately HK\$93.9 million which represented a decrease of approximately 24.2% as compared to the corresponding figure for the six months ended 30 June 2018.

The gross profit for the period under review was approximately HK\$11.7 million which was stable as compared to approximately HK\$11.9 million for the previous period.



During the six months ended 30 June 2019, the cross-border e-commerce business continued to contribute a significant percentage to our total revenue. We continue to be positive at this business segment and may deploy more resources to capture more market opportunities as and when appropriate. On the other hand, 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, the financial arm of the Group comprising of securities brokerage, placing and underwriting business and money lending business also contributed revenue to the Group during the period. The revenue, the gross profit and net loss for each business segment for the period ended 30 June 2019 are set out as below:

	<b>Telephones and related equipment</b>	<b>Used computer- related components</b>	<b>Provision of brokerage, placing and underwriting services</b>	<b>Money lending</b>	<b>B2B cross-border e-commerce</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	35,972	10,950	65	9,349	37,542
Gross profit	967	634	65	9,349	762
Net (loss)/profit	(858)	(133)	(1,210)	7,838	303

### **Liquidity and Financial Resources**

As compared with last period, the increase in current ratio from approximately 4.5 to approximately 6.3 was mainly due to decrease in the trade & other payables as at 30 June 2019.

As at 30 June 2019, the Group had cash on hand of approximately HK\$51.7 million, current assets of approximately HK\$390.9 million, total assets of approximately HK\$395.8 million and shareholders' equity of approximately HK\$332.3 million.

### **Gearing Ratio**

As at 30 June 2019, the Group generally financed its operations through internally-generated cash flow, shareholders equity and external bank loan and borrowings. The gearing ratio was approximately 1.3% as at 30 June 2019 (31 December 2018: approximately 0.3%).

### **Capital Structure**

During the six months ended 30 June 2019, 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. The authorised share capital had no change 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 assess the foreign currency exposure, with an aim to minimize the impact of foreign exchange fluctuation on the Group's business operations.

## **Significant Investments**

As at 30 June 2019, total market value for financial assets at fair value through profit or loss of the Group was approximately HK\$51.6 million (31 December 2018: approximately HK\$55.3 million). The Board considers that the investments with market value accounting for more than 5% of the Group's total assets as at 30 June 2019 as significant investments.

During the six months ended 30 June 2019, the Group recognised unrealised loss on financial assets at fair value through profit or loss of approximately HK\$3.1 million (six months ended 30 June 2018: approximately HK\$5.0 million). During the six months ended 30 June 2019, the Group recognised realised loss on financial assets at fair value through profit or loss of approximately HK\$0.5 million (six months ended 30 June 2018: realised gain of approximately HK\$13.8 million).

## **Significant Acquisitions or Disposals**

During the six months ended 30 June 2019, 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 2019, 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 2019, 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 2019, 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 Rules Governing the Listing of Securities on the Stock Exchange (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)
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 2019.

## 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. On 17 April 2019, the Board granted to eligible grantees the share options to subscribe for 1,521,500,000 ordinary shares of HK\$0.0003 each under the Share Option Scheme.

At 30 June 2019, the number of shares in respect of which share options could be exercisable under the terms of the Share Option Scheme was 1,746,916,000 shares, representing approximately 11.48% 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 2019, no share options were exercised.

Saved as disclosed above, at no time during the six months ended 30 June 2019 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 2019, 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)
Cloud Dynasty (Macau) Limited (Note 2)	Controlled Company's Interest	Corporate Interest	Long Position	1,000,000,000	6.57%
Chan Sin Ying (Note 2)	Beneficial Owner	Beneficial Interest	Long Position	1,000,000,000	6.57%
Eugene Finance International Limited (Note 3)	Controlled Company's Interest	Corporate Interest	Long Position	1,300,000,000	8.54%
Xiao Lili (Note 3)	Beneficial Owner	Beneficial Interest	Long Position	1,300,000,000	8.54%

### Notes:

- The percentage shareholding is calculated on the basis of the Company's issued share capital of 15,215,731,320.
- 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.
- 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 Ms. Lu Bei Lin, Mr. Man Yuan and Mr. Ma Kin Ling. The unaudited financial statements of the Group for the six months ended 30 June 2019 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 and Mr. Ma Kin Ling, being the independent non-executive directors of the Company, were not present at the annual general meeting of the Company held on 10 June 2019.

## **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 2019.

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

During the six months ended 30 June 2019, 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**  
**Zhu Yuqi**  
*Executive Director*

Hong Kong, 28 August 2019

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Malcolm Stephen Jacobs-Paton and Mr. Zhu Yuqi and three independent non-executive Directors, namely, Ms. Lu Bei Lin, Mr. Man Yuan and Mr. Ma Kin Ling.*