Suncorp

Suncorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the "Board" or "Directors") of Suncorp Technologies Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2008 together with the comparative figures in 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**197,038**	666,470
Cost of sales		**(188,592)**	(625,043)
Gross profit		**8,446**	41,427
Other income	3	**13,878**	2,974
Distribution and selling expenses		**(6,370)**	(19,276)
Administrative expenses		**(18,888)**	(19,294)
Amortisation of intangible assets		**–**	(10,200)
Finance costs		**(4,268)**	(8,681)
Loss before tax	4	**(7,202)**	(13,050)
Income tax	5	**–**	–
Loss for the period		**(7,202)**	(13,050)
Attributable to:			
Equity holders of the Company		**(7,202)**	(13,050)
Minority shareholders		**–**	–
		(7,202)	(13,050)
Interim dividend		**–**	–
Loss per share	6		
– Basic		**(HK$ 0.0084)**	(HK$0.022)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2008 (Unaudited) HK$'000	As at 31 December 2007 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**7,046**	5,623
		7,046	5,623
Current assets			
Inventories		**1,933**	26,286
Trade, bills and other receivables	7	**16,374**	11,709
Trade receivable with insurance coverage	8	**–**	144,586
Bills receivable discounted with full recourse	9	**2,305**	30,809
Tax recoverable		**2,358**	2,358
Pledged bank deposits		**–**	15,966
Bank balances and cash		**4,791**	11,813
		27,761	243,527
Current liabilities			
Trade and other payables	10	**269,210**	296,714
Advances drawn on trade receivable with insurance coverage		**–**	30,809
Advances drawn on bills receivable discounted with full recourse		**2,255**	132,294
Amounts due to directors		**36,119**	23,843
Tax payable		**2,929**	2,675
Obligations under finance leases due within one year		**4,631**	8,462
Bank borrowings due within one year		**–**	25,400
		315,144	520,197
Net current liabilities		**(287,383)**	(276,670)
Total assets less current liabilities		**(280,337)**	(271,047)
Non-current liabilities			
Amount due to minority shareholders		**798**	798
Obligations under finance leases due after one year		**–**	1,657
		798	2,455
Net liabilities		**(281,135)**	(273,502)
Capital and reserves			
Share capital		**86,059**	86,059
Reserves		**(367,303)**	(359,670)
Equity attributable to equity holders of the Company		**(281,244)**	(273,611)
Minority interests		**109**	109
Total equity		**(281,135)**	(273,502)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATMENTS

1. Basis of preparation and principal accounting policies

a. The unaudited condensed consolidated accounts have been prepared on a basis consistent with the principal accounting policies adopted in the 2007 annual accounts with the addition of certain new standards, amendments and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") issued and effective as the time of preparing this information. Where applicable, the comparatives have been amended as required.

In 2008, the Group adopted the following new or revised standards and interpretations of HKFRS:

HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their interaction

The adoption of such standards or interpretations does not result in substantial changes to the Group's accounting policies and has no significant effect on the results reported for the first half of 2008.

b. The unaudited condensed consolidated accounts have been prepared in accordance with the HKAS 34 "Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). This consolidated financial information should be read in conjunction with he 2007 accounts.

2. Segment information

Geographical segments by location of customers with reference to the location of final users of the telephone and related equipment for the six months ended 30 June 2008 are set out below:

	Western Europe *HK$'000*	Central & Eastern Europe *HK$'000*	Asia Pacific *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE	**161,733**	**9,665**	**22,921**	**2,719**	**197,038**
RESULTS					
Segment results	**5,028**	**334**	**2,990**	**94**	**8,446**
Unallocated income					**13,878**
Unallocated expenses					**(25,258)**
Finance costs					**(4,268)**
Loss before tax					**(7,202)**
Income tax					**–**
Loss for the period					**(7,202)**

Geographical segments by location of customers with reference to the location of final users of the telephone and related equipment for the six months ended 30 June 2007 are set out below:

	Western Europe *HK$'000*	Central & Eastern Europe *HK$'000*	Asia Pacific *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE	594,416	19,591	41,449	11,014	666,470
RESULTS					
Segment results	28,504	1,040	1,470	575	31,589
Unallocated income					2,974
Unallocated expenses					(38,932)
Finance costs					(8,681)
Loss before tax					(13,050)
Income tax					–
Loss for the period					(13,050)

All of the Group's revenue and contribution to results were derived from the design and sale of telephones and related equipment. Accordingly, no business segment analysis is presented for the Group.

3. Other Income

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Gain on disposal of equipment	**13,700**	–
Others	**178**	2,974
	13,878	2,974

4. Loss before tax

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Loss before tax has been arrived at after charging:		
Product development expenditure	**446**	4,972
Less: Amount capitalised	**–**	–
	446	4,972
Staff costs including Directors' remuneration	**12,634**	17,088
Less: Amount capitalised in product development expenditure	**–**	–
	12,634	17,088
Depreciation	**880**	13,330
Amortisation of intangible assets	**–**	10,200
and after crediting:		
Interest income	**246**	417

5. Income tax

No provision for tax has been made as the Group has no assessable income for the period (2007: Nil).

6. Loss per share

The calculation of the basic loss per share for the period is based on the following data:

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Loss for the purposes of basic loss per share	**(7,202)**	(13,050)
Weighted average number of ordinary shares for the purposes of basic loss per share	**860,588,925**	586,318,276

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2008 and 2007 have been retrospectively adjusted for the effect of the rights issue completed during the year ended 31 December 2007.

Diluted loss per share is not presented for the six months ended 30 June 2008 and 2007 as the exercise of the outstanding share options of the Company for the six months ended 30 June 2008 and 2007 would result in a decrease in loss per share.

7. Trade, bills and other receivables

The Group allows an average credit period of 90 days to its trade customers. Details of the aged analysis of trade, bills and other receivables are as follows:

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
0 – 30 days	**932**	279
31 – 60 days	**263**	41
61 – 90 days	**1,849**	4,550
Over 90 days	**2,513**	677
	5,557	5,547

8. Trade receivable with insurance coverage

The Group allows an average credit period of 90 days to its trade customers. Details of the aged analysis of trade receivable with insurance coverage are as follows:

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
0 – 30 days	**–**	34,086
31 – 60 days	**–**	74,912
61 – 90 days	**–**	35,588
	–	144,586

9. Bills receivable discounted with full recourse

The Group allows an average credit period of 90 days to its trade customers. Details of the aged analysis of bills receivable discounted with full recourse are as follows:

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
0 – 30 days	**–**	12,086
31 – 60 days	**–**	17,123
61 – 90 days	**2,305**	1,600
	2,305	30,809

10. Trade and other payables

The average credit period on purchases of goods is 90 days. Details of the aged analysis of trade and other payables are as follows:

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
0 – 30 days	**5,647**	49,978
31 – 60 days	**5,538**	54,593
61 – 90 days	**10,420**	49,882
Over 90 days *(Note)*	**156,805**	51,126
	178,410	205,579

Note: The Group has given financial guarantees to Suncorp Industrial Limited, a wholly owned subsidiary of the Company, for a total amount of HK$47,481,063.70 as at 30 June 2008.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2008 (2007: Nil).

CHAIRMAN'S STATEMENT

Introduction

On behalf of the Board of the Company, I present to you the Group's interim report for the six months ended 30 June 2008.

The Group has looked at a number of strategic options to streamline its operations and to stem loss making activities. In the first half of 2008, there was a change in the Group's operations. Manufacture of its complete telephone products was transferred to the Group's associate company, Shenzhen Guo Wei Electronics Co., Ltd. ("Guo Wei") in Shenzhen, the PRC. This change was effected on 1 May 2008. This allowed the Group to continue a more rapid downsizing in terms of headcount and costs. The Group continued to provide manufacturing services at its subsidiary, Meizhou Guo Wei Suncorp Electronics Co., Ltd. in Meizhou, the PRC.

Taking the six months as a whole, all areas of expenses have been substantially reduced and I am pleased to report that effective 1 May 2008, our losses have been reduced as we transitted to our new manufacturing services activity.

Operating performance

Revenue was down 70% to approximately HK$197 million as compared to approximately HK$666 million for the corresponding period in 2007. Gross profit was down 80% to approximately HK$8 million as compared to approximately HK$41 million for the corresponding period in 2007. However, as a result of our change of operations mid-way through the period, distribution and selling expenses (down from approximately HK$19 million to approximately HK$6 million) and finance costs (down from approximately HK$9 million to approximately HK$4 million) all showed substantial decreases, and the loss for the period was reduced to approximately HK$7 million as compared to approximately HK$13 million for the corresponding period in 2007.

In the period under review, the Group placed the convertible notes in an aggregate principal amount of HK$67.9 million, to not less than 6 independent placees who are professional and institutional investors and are independent third parties (as defined in the Listing Rules). The net proceeds from the placing of convertible notes of approximately HK$65.7 million was fully utilized as general working capital of the Group.

Upon full conversion of the convertible notes at HK$0.10 per conversion share, a total of 679,000,000 new conversion shares will be issued and none of the placees will become a substantial shareholder of the Company. As at 30 June 2008, the Company had outstanding convertible notes in an aggregate principal amount of HK$67.9 million and there was no conversion of the convertible notes made by the holders.

Prospect

The Board will continue to take a prudent risk aversive approach in managing the financial affairs of the Group with a view to turning the Company back to profitability.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to thank our customers, suppliers and staff for their continued support, and to assure shareholders and noteholders that we will work tirelessly to improve the Company's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 June 2008, the Group recorded a turnover of approximately HK$197 million which represents a decrease of 70% as compared to the corresponding figure for the six months ended 30 June 2007. The gross profit for the period under review was approximately HK$8 million as compared to approximately HK$41 million for the previous period. Our operating profit was negatively impacted due to change in business structure during the six months: (i) no more trading activities with the jointly controlled entity since April 2008; and (ii) the new assembly service business started in Meizhou, the PRC at the beginning of the year. Finance costs decreased by 51% to approximately HK$4 million, due mainly to the drop in turnover during the period. The turnover, gross profit and net profit of new assembly service business in Meizhou are set out as below:-

	As at 30 June 2008 (Unaudited) ***HK$'000***
Turnover	**16,181**
Gross profit	**2,632**
Net profit	**45**

Segmental Information

All of the Group's turnover and contribution to results were derived from the design, manufacture, sale and provision of assembly services of telephones and related equipment. Our existing product range includes cordless telephones, VoIP, DECT and other telcom products. DECT products accounted for approximately 83% of our turnover for the period under review, up from 27% in the previous period. During the six months ended 30 June 2008, sales of VoIP amounted to 6% and the assembly services amounted 8% of the Group's turnover.

Our customer base continues to comprise prime telecom operating companies and telecom product distributors in Europe and Asia Pacific. Customers in European countries accounted for approximately HK$171 million and in Asia Pacific region and other countries accounted for approximately HK$26 million of the Group's turnover respectively.

Liquidity and Financial Resources

The current ratio decreased from 46.7 to 8.8 was mainly due to the impairment loss recognized on the non-current assets, trade and other receivables from a jointly controlled entity in 2007.

As at 30 June 2008, the Group had cash on hand of approximately HK$5 million, net current liabilities of approximately HK$287 million, total assets of approximately HK$35 million and shareholders' deficit of approximately HK$281 million.

Among current assets, total trade receivables increased 40% to approximately HK$16 million with no trade receivables with insurance coverage in comparing with the previous period.

The Group's total bank borrowings as at 30 June 2008 were approximately HK$2 million (2007: HK$189 million) which represented bills receivable discounted with full recourse. As at 30 June 2008, there was no bank borrowings due within one year (2007: HK$25 million). The ratio of total bank borrowings and finance leases obligations to total assets reduced from 79% as at end of 2007 to 20% at the period end.

Gearing Ratio

No debt to equity ratio is available as the Group is in a negative equity position.

Capital Structure

On 18 December 2007, the Company announced that the Company and SBI E2-Capital (HK) Limited entered into the placing agreement dated 13 December 2007 whereby the Company conditionally agreed to place, through on a best efforts basis, the convertible notes in the aggregate principal amount of up to HK$100 million. On 31 March 2008, the Company announced that the placing of the convertible notes in an aggregate principal amount of HK$67.9 million was completed on 28 March 2008 in accordance with the terms of the said placing agreement. The convertible notes in an aggregate principal amount of HK$67.9 million have been placed by SBI E2-Capital (HK) Limited, on best effort basis, to not less than 6 independent placees who are professional and institutional investors and are independent third parties (as defined in the Listing Rules). Upon full conversion of the convertible notes at HK$0.10 per conversion share, a total of 679,000,000 new conversion shares will be issued.

As at 30 June 2008, the Company had outstanding convertible notes in an aggregate principal amount of HK$67.9 million and there was no conversion of the convertible notes made by the holders.

Exchange Rate

All sales in the current period were in US dollars and the majority of the Group expense was in EURO, RMB and HK dollars. The appreciation of RMB on the other hand also had a negative impact on our cost structure. The Group studied and discussed with its banks the possibility of hedging against the RMB, but ultimately decided against this as the premium was considered too expensive. The Group does not speculate in currencies.

All bank borrowings of the Group were mainly made in HK dollars, US dollars, GBP and carried interest at fixed-rate except the trust receipt loans which carried interest at variable rates.

Investments

There were no material acquisitions or disposals of subsidiaries and associated companies during the period.

On 25 July 2008, the Board announced that H B Electronics (China) Limited (the "Purchaser"), an indirect wholly owned subsidiary of the Company, entered into the legally binding memorandum of undertaking with the 深圳市嘉豪投資有限公司 (transliterated as Shenzhen Jiahao Investment Company Limited) (the "Vendor") on 22 July 2008 pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the RBM3,200,000 in the registered and paid up capital of Guo Wei, representing 5% of the entire registered and paid up share capital of Guo Wei (the "Sale Capital") for a consideration of RMB3,200,000.

The consideration of RMB3,200,000 for the sale and purchase of the Sale Capital shall be payable by the Purchaser in cash two days after (i) the signing of the sale and purchase agreement to be entered into between the Purchaser and the Vendor at completion in the relation to the sale and purchase of the Sale Capital; and (ii) 中國公證部 (transliterated as PRC Attesting Bureau) having attested the sale and purchase agreement.

The acquisition constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of the shareholders of the Company at the special general meeting.

Contingencies Liabilities

Information concerning the claims which are the subject of legal proceedings brought by Uniden Corporation and Uniden Hong Kong Limited referred to in the Management Discussion and Analysis can be found in the Company's annual report for the year ended 31 December 2007.

As at 30 June 2008, the Group has received 53 alleged claims (the "Alleged Claims") pending against members of the Group with the total amount of approximately HK$64,697,921.76. Of the Alleged Claims there are a total of 20 sets of legal proceedings pending against Suncorp Industrial Limited ("SIL"), a wholly owned subsidiary of the Company with a combined claim value totaling approximately HK$24,989,366.04 comprising 7 actions pending against in the High Court of Hong Kong, 8 actions pending in the District Court, and 5 actions pending in the Small Claims Tribunal (individually and/or collectively referred to herein as the "Actions" as the context may require).

In respect of the claims against SIL, the Board has sought legal advice in relation to applying for and obtaining a stay of the all the Actions pursuant to section 181 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) pending the disposal of the winding-up proceedings initiated against SIL as described below and remains confident that a stay of the Actions will be ordered by the Court.

The Directors are of the view that the financial impact of the Alleged Claims to the Group is limited as such claims had been reflected in this unaudited interim accounts of the Group. The Company is in negotiations with the creditors with a view to reach a mutually acceptable settlement plan and shall take all necessary actions to protect and preserve the respective interests of the Company and the shareholders of the Company.

The Board also advises that SIL was given the understanding that a petition for the winding-up of SIL (the "Petition") had been filed by Helms-Man Industrial Co., Ltd, a creditor of SIL, under High Court Action Number HCCW 287 of 2008 in late June 2008. As at 30 June 2008, a copy of the Petition has yet to be provided to SIL, and attempts are being made to seek service of the same. It is, in the interim, understood that the hearing of the Petition was fixed for 3 September 2008. The Company and SIL continue to seek legal advice in relation to this matter and shall take all necessary actions to protect and preserve the respective interests of the Company and the shareholders of the Company.

Capital Commitment

As at 30 June 2008, there is no any capital expenditure in respect of acquisition of intangible assets (2007: HK$2,449,000) and plant and machinery (2007: HK$1,061,000) contracted for but not provided in the financial statements and respectively.

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 option had been granted by the Group to the employees in accordance with the share option scheme.

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

During the period, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

CORPORATE GOVERNANCE

During the period, the Company complied with all requirement set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except for the deviation from Code Provision A.4.1 of the Code in respect of the service term of directors. Pursuant to Code Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term subject to re-election. None of the existing non-executive Directors and independent non-executive Directors ("INEDs") are engaged on specific term, and it constituted a deviation of Code Provision A.4.1 of the 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 Code in this respect.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. All Directors of the Company confirmed they have complied with the required standard set out in the Model Code throughout the period.

REVIEW BY AUDIT COMMITTEE

The Audit Committee, which comprises one non-executive Director and two INEDs, has reviewed the interim results for the six months ended 30 June 2008.

By order of the board of
Suncorp Technologies Limited
Malcolm Stephen Jacobs-Paton
Executive Director

Hong Kong, 23 September 2008

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Malcolm Stephen Jacobs-Paton, Mr. Cheung Chi Wai and Mr. Zhu Guangping, three non-executive Directors, namely Dato' Wong Sin Just, Mr. Mak Chee Bun and Mr. Leung Shek Kong and three independent non-executive Directors, namely Dr. Hui Ka Wah Ronnie, Mr. Ho Kwan Tat and Mr. Wong Kean Li.