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Suncorp

Suncorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

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 2010 together with the comparative figures in 2009, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	**2010 (Unaudited) *HK$'000***	2009 (Unaudited) *HK$'000*
Revenue	2	**27,326**	22,836
Cost of sales		**(22,201)**	(19,546)
Gross profit		**5,125**	3,290
Other income	3	**797**	347
Distribution and selling expenses		**(2,930)**	–
Operating expenses		**(16,038)**	(8,814)
Fair value change on conversion options embedded in convertible loan notes		**3,914**	(113,074)
Fair value change on convertible notes designated as at fair value through profit or loss		**(18,964)**	–
Finance costs		**(669)**	(4,683)
Loss before tax		**(28,765)**	(122,934)
Income tax expense	5	**–**	(104)
Loss for the period	4	**(28,765)**	(123,038)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**22**	(5)
Total comprehensive income for the period		**(28,743)**	(123,043)
Loss per share	6		
–Basic (HK cents per share)		**(1.20)**	(7.95)
–Diluted (HK cents per share)		**(1.20)**	(7.95)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2010 (Unaudited) HK$'000	At 31 December 2009 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	8	**9,142**	10,581
Interest in a jointly controlled entity		**–**	–
		9,142	10,581
Current assets			
Trade and other receivables	9	**15,671**	6,458
Trade and other receivables from a jointly controlled entity		**6,469**	34,392
Bank balances and cash		**30,518**	9,072
		52,658	49,922
Current liabilities			
Trade and other payables	10	**29,563**	58,611
Amounts due to directors		**33,049**	30,926
Amount due to a related company		**–**	28,356
Conversion options embedded in convertible loan notes		**–**	25,079
Convertible notes designated as at fair value through profit or loss		**55,851**	30,516
		118,463	173,488
Net current liabilities		**(65,805)**	(123,566)
Total assets less current liabilities		**(56,663)**	(112,985)
Non-current liabilities			
Convertible loan notes		**–**	9,125
		(56,663)	(122,110)
Capital and reserves			
Share capital		**268,079**	217,079
Reserves		**(324,742)**	(339,189)
Total equity		**(56,663)**	(122,110)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. Basis of preparation and significant accounting policies

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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting".

The condensed consolidated financial statements have been prepared on the historical cost basis, except for financial investments that are measured at fair values.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group's financial year beginning on 1 January 2010.

Except as described below, the same accounting polices, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2009.

HKFRSs (Amendments)	*Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008*
HKFRS (Amendments)	*Improvements to HKFRSs 2009*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 (Amendments)	*Eligible Hedged Items*
HKFRS 1 (Amendments)	*Additional Exemptions for First-time Adopters*
HKFRS 2 (Amendments)	*Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HK (IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*

The Group applies HKFRs 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised). HKFRS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKFRS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	*Improvements to HKFRSs 2010*[1]
HKSA 24 (Revised)	*Related Party Disclosures*[4]
HKAS 32 (Amendment)	*Classification of Rights Issues*[2]
HKFRS 1 (Amendment)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[3]
HKFRS 9	*Financial Instruments*[5]
HK(IFRIC)-Int 14 (Amendment)	*Prepayments of a Minimum Funding Requirement*[4]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

[2] Effective for annual periods beginning on or after 1 February 2010

[3] Effective for annual periods beginning on or after 1 July 2010

[4] Effective for annual periods beginning on or after 1 January 2011

[5] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. This standard requires all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might not affect the classification and measurement of the Group's financial assets.

The Directors anticipate that the application of other new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

2. Revenue and segment information

The Directors review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources and operating segment is identified with reference to these.

The Directors consider that design, manufacture and sale and provision of assembly services of telephones and related products is the only major reportable operating segment of the Group. Additional disclosure in relation to segment information is not presented as the Directors assess the performance of the only major reportable segment based on the consistent information as disclosed in the condensed consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the period as shown in the condensed consolidated statement of comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the condensed consolidated statement of financial position.

In determining the Group's geographical segments, revenue and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group's major operations and markets are located in the People's Republic of China ("**PRC**"), no further geographical segment information is provided.

3. Other income

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Interest income on bank deposits	**2**	100
Sundry income	**795**	247
	797	347

4. Loss for the period

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging/(credit) –		
Cost of inventories recognised as an expense	**20,461**	19,547
Depreciation of property, plant and equipment	**1,698**	1,232
Net foreign exchange (gains)/losses	**(757)**	82
Staff costs including Directors' remuneration	**18,374**	14,644

5. Income tax expense

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
Under-provision in prior period	**–**	104
	–	104

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

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. Loss per share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2010	2009
Loss	***HK$'000***	*HK$'000*
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to equity holders of the Company)	**(28,765)**	(123,038)

	Six months ended 30 June	
Number of shares	**2010**	2009
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,393,015,444**	1,547,655,592

For the periods ended 30 June 2010 and 2009, the computation of diluted loss per share did not assume the potential conversion of convertible loan notes which had an anti-dilutive effect on the basic loss per share for the periods.

For the periods ended 30 June 2010 and 2009, the computation of diluted loss per share did not assume the exercise of the outstanding share options of the Company as these share options have an anti-dilutive effect on the basic loss per share for the periods.

7. Dividends

No dividend was paid or proposed during the six months ended 30 June 2010 and 2009.

8. Property, plan and equipment

During the period, the Group spent approximately HK$291,000 on additions to machinery and equipment.

9. Trade and other receivables

	At 30 June 2010 (Unaudited) *HK$'000*	At 31 December 2009 (Audited) *HK$'000*
Trade receivables	**6,886**	6,021
Less: Allowance for doubtful debts	**(5,266)**	(5,266)
	1,620	755
Tax reserve certificates	**2,601**	2,601
Other receivables, net of allowance for doubtful debts	**11,450**	3,102
Total trade and other receivables	**15,671**	6,458

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the end of the reporting period:

	At 30 June 2010 (Unaudited) *HK$'000*	At 31 December 2009 (Audited) *HK$'000*
0-30 days	**1,089**	525
31-60 days	**248**	200
61-90 days	**253**	30
Over 90 days	**30**	–
	1,620	755

The average credit period on sales of goods is 90 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers are reviewed by management.

10. Trade and other payables

	At 30 June 2010 (Unaudited) *HK$'000*	At 31 December 2009 (Audited) *HK$'000*
Trade payables	**4,712**	4,680
Other payables and accrued charges	**24,851**	53,931
	29,563	58,611

The following is an aged analysis of trade payables at the end of the reporting period:

	At 30 June 2010 (Unaudited) *HK$'000*	At 31 December 2009 (Audited) *HK$'000*
Over 90 days	**4,712**	4,680

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

CHAIRMAN'S STATEMENT

On behalf of the Board of the Company, I present to you the Group's interim report for the six months ended 30 June 2010.

During the period under review, the Group continued to focus on providing assembly service at its wholly owned subsidiary, Meizhou Guo Wei Electronics Co., Ltd. in Meizhou, the PRC.

In addition, the Company has entered into an agreement with Motorola Inc. ("**Motorola**") of USA under which Motorola has agreed to grant a license to use the Motorola trademark exclusively for all global territories (excluding USA and Latin America) to the Company for use in connection with the manufacture, sale, marketing and distribution of residential cordless and corded telephone products. Accordingly, the Group will expand its business to include the sales and marketing activities for these telephone products in 2010.

For the period ended 30 June 2010, the Group's turnover amounted to approximately HK$27.3 million comparing to approximately HK$22.8 million reported in the comparable period of 2009. This represents an increase of approximately 19.7%. This increase in business can be attributed to a general improvement in the second half of the period in our sales efforts and a more optimistic attitude of our customers following the effects of the global economic downturn.

The gross profit for the period under review was approximately HK$5.1 million as compared to approximately HK$3.3 million for the corresponding period in 2009, representing an increase of approximately 54.5%.

The net loss was approximately HK$28.8 million representing an improvement of 76.6%. This can be attributed to the fact that there was a favourable fair value change on conversion options embedded in convertible loan notes.

Operating expenses increased from approximately HK$8.8 million for the period ended 30 June 2009 to approximately HK$16.0 million in the comparable period of 2010 was in line with our transition into a brand management and sales and marketing operation following the Motorola brand licence agreement.

We have recently announced a very substantial acquisition on 4 August 2010. On 26 July 2010, a wholly owned subsidiary of the Company, China New Network Holding Limited has entered into the agreement with Wealth Grange Holdings Limited in relation to the acquisition of the entire equity interest in Top Match Holdings Limited (the "**Acquisition**") which, by way of an exclusive agreement entered into by its subsidiary, holds a 50-year exclusive right to operate a fiber optic backbone network in the PRC. The consideration for the Acquisition is HK$4,980,000,000 and shall be satisfied by a combination of cash and convertible bonds and promissory notes to be issued by the Company.

The Acquisition is in line with our objectives of the last year to seek new opportunities for the Group. The Triple Play policy, coupled with the Acquisition and cooperation with the cable television operators, would provide the Company an opportunity to expand its sales and distribution network of telephone products to cable television operators in the PRC. The Company intends to sell to those cable television operators its telephone products including but not limited to home smart phones which incorporate multimedia voice and internet access capabilities in a single handset. In view of the recent Triple Play policy in the PRC and the Group's on-going development in the home smart phone project, the Directors are of the view that the Acquisition represents a unique opportunity for the Group to bundle the sale of its telephone products with the network infrastructure services it offers to the cable television operators, thereby facilitating the opening up of a new market for its existing telephone devices and enhancing its market position in the telecommunications sector, which is in line with its business strategy.

Therefore, the Acquisition not only provides the Group with an opportunity to participate in a Government supportive industry with unique assets and proven business model in developed countries such as Canada and USA, but also complements the development of its telecommunication device business. The Acquisition represents a natural horizontal integration of the Group's existing business, i.e. expansion of the Group's current business model as a wholesaler of telecommunication devices to telecommunication operators, and expansion of the geographical locations in which it sells its telephone products.

A circular containing, among other things, further details of the Acquisition, is expected to be despatched to the shareholders of the Company by the end of September 2010. I will keep the investors and shareholders informed of the progress.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the six months ended 30 June 2010, the Group recorded a turnover of approximately HK$ 27.3 million which represents an increase of approximately 19.7% as compared to the corresponding figure for the six months ended 30 June 2009. The gross profit for the period under review was approximately HK$5.1 million as compared to approximately HK$3.3 million for the previous period. The net loss for the period was approximately HK$28.8 million.

The turnover, gross profit and net profit of the assembly service business in Meizhou for the six months ended 30 June 2010 are set out as below:

	For the six months ended 30 June 2010 (Unaudited) *HK$'000*
Turnover	25,279
Gross profit	4,818
Net profit	324

The turnover, gross profit and net loss of the design, sales and marketing of residential cordless and corded telephones under Motorola brand for the six months ended 30 June 2010 are set out as below:

	For the six months ended 30 June 2010 (Unaudited) *HK$'000*
Turnover	2,047
Gross profit	307
Net loss	(2,716)

Segmental Information

In February 2010, Motorola has selected the Company as its exclusive licensee for corded and cordless telephones for residential and office in Europe, Russian Federation, Middle East, Africa and Asia (including China, India, South East Asia and Australia).

Liquidity and Financial Resources

The increase in current ratio from 28.8% to 44.5% was mainly due to the increased in Motorola business investment & the very substantial acquisition project.

At 30 June 2010, the Group had cash on hand of approximately HK$30.5 million, net current liabilities of approximately HK$65.8 million, total assets of approximately HK$61.8 million and shareholders' deficit of approximately HK$56.7 million.

The Group has no bank borrowings at 30 June 2010 (2009: Nil).

Gearing Ratio

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

Capital Structure

During the six months ended 30 June 2010, no shares were issued upon the exercise of share options by option holders.

The movements of the convertible bonds during the six months ended 30 June 2010 are set out below:

Date of announcements	Description	Outstanding convertible bonds as at 1 January 2010	Amount of convertible bonds placed during the six months ended 30 June 2010	No. of new conversion shares issued during the six months ended 30 June 2010	Outstanding convertible bonds as at 30 June 2010
25 July 2008 and 2 October 2008	Placing of the three-year 0.5% coupon fully underwritten bonds in an aggregate principal amount of HK$50,000,000 was completed on 2 October 2008 pursuant to the terms of the fully underwritten placing agreement dated 11 July 2008. The fully underwritten bonds in an aggregate principal amount of HK$50,000,000 have been placed by Tanrich Capital Limited, on a fully underwritten basis, to not less than 6 placees. Upon full conversion of the fully underwritten bonds at HK$0.10 per conversion share, a total of 500,000,000 new conversion shares will be issued.	HK$12,500,000	0	125,000,000 *(Notes (a) and (d))*	0
16 June 2009 and 9 October 2009	Placing of the three-year 0.5% coupon convertible bonds in an aggregate principal amount of HK$26,200,000 was completed on 9 October 2009 pursuant to the terms of the placing agreement dated 16 June 2009. The convertible bonds in an aggregate principal amount of HK$26,200,000 have been placed by Tanrich Capital Limited, on a best effort basis, to not less than 6 placees. Upon full conversion of the convertible bonds at HK$0.10 per conversion share, a total of 262,000,000 new conversion shares will be issued.	HK$14,200,000	0	135,000,000 *(Notes (b) and (d))*	HK$700,000 *(Note (e))*
16 June 2009 and 19 January 2010	Placing of the three-year 0.5% coupon convertible bonds in an aggregate principal amount of HK$70,000,000 was completed on 19 January 2010 pursuant to the terms of the placing agreement dated 16 June 2009. The convertible bonds in an aggregate principal amount of HK$70,000,000 have been placed by Tanrich Capital Limited, on a best effort basis, to not less than 6 placees. Upon full conversion of the convertible bonds at HK$0.10 per conversion share, a total of 700,000,000 new conversion shares will be issued.	0	HK$70,000,000	250,000,000 *(Notes (c) and (d))*	HK$45,000,000 *(Note (f))*

Note:–

(a) On 29 March 2010, the fully underwritten bonds with principal amount of HK$12,500,000 were converted at the conversion price of HK$0.10 per share, resulting in the issue of 125,000,000 ordinary shares of HK$0.10 each.

(b) On 29 March 2010, 14 and 16 April 2010, 4 May 2010 and 28 June 2010, the convertible notes with aggregate principal amount of HK$13,500,000 were converted at the conversion price of HK$0.10 per share, resulting in the issue for a total of 135,000,000 ordinary shares of HK$0.10 each.

(c) On 14 April 2010, the convertible notes with aggregate principal amount of HK$25,000,000 were converted at the conversion price of HK$0.10 per share, resulting in the issue for a total of 250,000,000 ordinary shares of HK$0.10 each.

(d) All the new shares issued during the period ended 30 June 2010 ranked pari passu with the then existing shares in all respects.

(e) As 30 June 2010, the Company had outstanding convertible bonds in an aggregate principal amount of HK$700,000. Upon full conversion of the convertible bonds of HK$0.10 per conversion share, a total of 7,000,000 new conversion shares will be issued.

(f) As 30 June 2010, the Company had outstanding convertible bonds in an aggregate principal amount of HK$45,000,000. Upon full conversion of the convertible bonds of HK$0.10 per conversion share, a total of 450,000,000 new conversion shares will be issued.

Exchange Rate

All sales in the current period were denominated in US dollars and RMB, whilst the majority of the Group's expenses were denominated in RMB and HK dollars.

Investments

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

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 employees in accordance with the share option scheme.

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 Dr. HUI Ka Wah Ronnie, JP, Mr. HO Kwan Tat and Mr. LO Chi Ming, Anthony, of which Dr. HUI Ka Wah Ronnie, JP is the chairman. The unaudited financial statements of the Group for the six months ended 30 June 2010 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 deviation from Code Provision A.4.1 in respect of the service term of 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 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 period.

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.

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 bondholders that we will work tirelessly to improve the Company's performance.

By order of the board of
Suncorp Technologies Limited
Zhu Guangping
Chairman and Executive Director

Hong Kong, 24 August 2010

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhu Guangping (Chairman), Mr. Malcolm Stephen Jacobs-Paton and Mr. Ip Chi Ming, two non-executive Directors, namely Mr. Leung Shek Kong and Mr. Mau Chung Yin, Paul and four independent non-executive Directors, namely Dr. Hui Ka Wah Ronnie, JP, Mr. Ho Kwan Tat, Mr. Wong Kean Li and Mr. Lo Chi Ming, Anthony.