Suncorp

SunCorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2020 together with the comparative figures in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	**2020 (Unaudited) *HK$'000***	2019 (Unaudited) *HK$'000*
Revenue	*3*	**91,611**	93,878
Cost of sales		**(78,894)**	(82,101)
Gross profit		**12,717**	11,777
Other income, gains and losses, net	*4*	**(9,785)**	5
Distribution and selling expenses		**(189)**	(980)
Operating expenses		**(10,765)**	(30,709)
Unrealised loss on financial assets at fair value through profit or loss ("**FVTPL**")		**(4,916)**	(3,145)
Realised gain/(loss) on financial assets on FVTPL		**2**	(527)
Loss from operation		**(12,936)**	(23,579)
Finance costs		**(68)**	(139)
Loss before tax		**(13,004)**	(23,718)
Income tax credit/(expense)	*5*	**233**	(506)
Loss for the period attributable to the owners of the Company	*6*	**(12,771)**	(24,224)

	Notes	**2020** **(Unaudited)** ***HK$'000***	2019 (Unaudited) *HK$'000*
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1)**	(56)
Loss and total comprehensive income for the period attributable to the owners of the Company		**(12,772)**	(24,280)
			(Restated)
Loss per share (HK cents)	*7*		
– Basic		**(1.68)**	(3.18)
– Diluted		**(1.68)**	(3.18)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2020 (Unaudited) HK$'000	At 31 December 2019 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**64**	79
Deposits		**205**	205
Deferred tax assets		**979**	979
		1,248	1,263
Current assets			
Inventories		**3,068**	–
Trade and other receivables	*9*	**35,179**	47,662
Loan receivables	*10*	**238,621**	237,390
Financial asset at FVTPL		**34,964**	39,880
Cash and bank balances			
– Segregated accounts		**7,763**	8,532
– House accounts		**23,930**	30,174
		343,525	363,638
Current liabilities			
Trade and other payables	*11*	**44,461**	53,047
Lease liabilities		**1,624**	2,251
Bank loan		**–**	181
Current tax liabilities		**15**	15
		46,100	55,494
Net current assets		**297,425**	308,144
Total assets less current liabilities		**298,673**	309,407
Non-current liabilities			
Lease liabilities		**–**	482
Net assets		**298,673**	308,925
Capital and reserves			
Share capital	*12*	**4,564**	4,564
Reserves		**294,109**	304,361
Total equity		**298,673**	308,925

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital *HK$'000*	Share premium *HK$'000*	Other capital reserve *HK$'000*	Contributed surplus *HK$'000*	Translation reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2019 (Audited)	4,564	57,856	14,945	441,253	61	6,864	(185,824)	339,719
Adjustments on initial application of HKFRS 16	–	–	–	–	–	–	(4,856)	(4,856)
At 1 January 2019 (Restated)	4,564	57,856	14,945	441,253	61	6,864	(190,680)	334,863
Loss and total comprehensive income for the period	–	–	–	–	(56)	–	(24,224)	(24,280)
Recognition of equity-settled share based payments	–	–	–	–	–	16,910	–	16,910
At 30 June 2019 (Unaudited)	4,564	57,856	14,945	441,253	5	23,774	(214,904)	327,493
At 1 January 2020 (Audited)	**4,564**	**57,856**	**14,945**	**441,253**	**(142)**	**23,895**	**(233,446)**	**308,925**
Loss and total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(1)**	**–**	**(12,771)**	**(12,772)**
Recognition of equity-settled share based payments	**–**	**–**	**–**	**–**	**–**	**2,520**	**–**	**2,520**
At 30 June 2020 (Unaudited)	**4,564**	**57,856**	**14,945**	**441,253**	**(143)**	**26,415**	**(246,217)**	**298,673**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash used in operating activities	**(4,953)**	(16,019)
Net cash generated from investing activities	**–**	2
Net cash (used in)/generated from financing activities	**(1,290)**	1,213
Net decrease in cash and cash equivalents	**(6,243)**	(14,804)
Effect of foreign exchange rate changes	**(1)**	(56)
Cash and cash equivalents at the beginning of the period	**30,174**	66,539
Cash and cash equivalents at the end of the period	**23,930**	51,679
Analysis of cash and cash equivalents		
Cash and bank balances – House accounts	**23,930**	51,679

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

These 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" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

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 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The following new and amended standards and interpretations are mandatory for the first time for financial year beginning 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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 e-commerce – Cross-border B2B e-commerce 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 2020 (unaudited)

	Telephones and related equipment *HK$'000*	Used computer-related components *HK$'000*	Money lending *HK$'000*	Provision of brokerage, placing and underwriting services *HK$'000*	B2B cross-border e-commerce *HK$'000*	Total *HK$'000*
Revenue	**26,314**	**17,768**	**10,298**	**124**	**37,107**	**91,611**
Segment (loss)/profit	**(270)**	**(627)**	**2,901**	**(1,243)**	**(305)**	**456**
Unrealised loss on financial assets at FVTPL						**(4,916)**
Realised gain on financial assets at FVTPL						**2**
Share-based payments						**(2,520)**
Unallocated expenses						**(5,958)**
Finance costs						**(68)**
Loss before tax						**(13,004)**

Six months ended 30 June 2019 (unaudited)

	Telephones and related equipment *HK$'000*	Used computer-related components *HK$'000*	Money lending *HK$'000*	Provision of brokerage, placing and underwriting services *HK$'000*	B2B cross-border e-commerce *HK$'000*	Total *HK$'000*
Revenue	35,972	10,950	9,349	65	37,542	93,878
Segment (loss)/profit	(858)	(133)	7,838	(1,210)	303	5,940
Interest income on bank deposits						2
Unrealised loss on financial assets at FVTPL						(3,145)
Realised loss on financial assets at FVTPL						(527)
Share-based payments						(16,910)
Unallocated expenses						(8,939)
Finance costs						(139)
Loss before tax						(23,718)

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 2020 (Unaudited) ***HK$'000***	At 31 December 2019 (Audited) *HK$'000*
Telephones and related equipment	**4,721**	13,828
Used computer-related components	**7,743**	8,353
Money lending	**239,730**	238,423
Provision of brokerage, placing and underwriting services	**25,125**	29,473
B2B cross-border e-commerce	**20,357**	20,473
Total segment assets	**297,676**	310,550
Unallocated assets	**47,097**	54,351
Consolidated assets	**344,773**	364,901

Segment liabilities

	At 30 June 2020 (Unaudited) ***HK$'000***	At 31 December 2019 (Audited) *HK$'000*
Telephones and related equipment	**31,317**	39,752
Used computer-related components	**186**	260
Money lending	**20**	20
Provision of brokerage, placing and underwriting services	**7,857**	8,624
B2B cross-border e-commerce	**60**	61
Total segment liabilities	**39,440**	48,717
Unallocated liabilities	**6,660**	7,259
Consolidated liabilities	**46,100**	55,976

Information about major customers

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Customer A *(Note)*	**18,514**	–
Customer B *(Note)*	**–***	18,751
Customer C *(Note)*	**18,593**	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, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net foreign exchange (loss)/gain	**(32)**	3
Interest income on bank deposits	**–**	2
Sundry income	**50**	–
Provision for expected credit losses ("**ECL**") on trade receivables	**(1,069)**	–
Provision for ECL on other receivables	**(1,367)**	–
Provision for ECL on loan receivables	**(7,367)**	–
	(9,785)	5

5. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax:		
– Provision for the period	**–**	506
– Over-provision in prior period	**(233)**	–
	(233)	506

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense	78,259	82,101
Depreciation of property, plant and equipment	13	56
Depreciation of right-of-use asset	–	1,189
Equity-settled share-based payments	2,520	16,910
Net foreign exchange loss/(gain)	32	(3)
Provision for ECL on trade receivables	1,069	–
Provision for ECL on other receivables	1,367	–
Provision for ECL on loan receivables	7,367	–
Staff costs including directors' emoluments	3,489	4,157

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(12,771)**	(24,224)

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**760,786,566**	760,786,566

For the purpose of calculation of basic and diluted loss per share for the six months ended 30 June 2020 and 2019. The share consolidation of the Company being effective on 26 March 2020 was deemed to be effective throughout the six months ended 30 June 2020 and 2019. Accordingly, the weighted average number of ordinary shares of the Company in issue during the six months ended 30 June 2019 were adjusted to reflect the share consolidation.

The basic and diluted loss per share are the same for the six months ended 30 June 2020 and 2019, as the effect of the share options was anti-dilutive and was not included in the calculation of diluted loss per share.

8. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2020 and 2019.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 **(Unaudited)** ***HK$'000***	At 31 December 2019 (Audited) *HK$'000*
Trade receivables arising from the ordinary course of business of dealing in securities of transaction:		
– Cash clients	**248**	228
Trade receivables from other ordinary course of business except for business of dealing in securities transactions	**24,288**	33,484
Less: Allowance for ECL	**(2,112)**	(1,043)
	22,176	32,441
Deposits in brokerage firms	**8,534**	9,513
Deposits, prepayments and other receivables	**6,054**	5,946
Less: Allowance for ECL	**(1,833)**	(466)
	12,755	14,993
Total trade and other receivables	**35,179**	47,662

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 2020 **(Unaudited)** ***HK$'000***	At 31 December 2019 (Audited) *HK$'000*
0-30 days	**9,689**	12,680
31-60 days	**4,991**	5,314
61-90 days	**3,470**	6,550
Over 90 days	**4,026**	7,897
	22,176	32,441

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 ageing analysis of the Group's loan receivables based on remaining contractual maturity dates:

	At 30 June 2020 (Unaudited) ***HK$'000***	At 31 December 2019 (Audited) *HK$'000*
0-90 days	**27,345**	18,048
91-180 days	**29,881**	35,294
181-365 days	**201,944**	66,132
Over 365 days	**–**	131,098
	259,170	250,572
Less: Allowance for ECL	**(20,549)**	(13,182)
	238,621	237,390

The Group's loan receivables arose from the money lending business.

The loan receivables were repaid in accordance with the terms of the loan agreements and all loan receivables are recoverable within 1 to 2 years.

The Group's loan receivables contain clauses which reserved the right at sole discretion to demand immediate repayment at any time irrespective of whether the borrowers have complied with the covenants and met the scheduled repayment obligations.

As at 30 June 2020, the Group's loan receivables are denominated in HK$ and carried at fixed effective interest rate ranging from 8% to 10% (31 December 2019: 8% to 10%) per annum and with the terms of 1 to 2 years (31 December 2019: 1 to 2 years).

11. TRADE AND OTHER PAYABLES

	At 30 June 2020 (Unaudited) ***HK$'000***	At 31 December 2019 (Audited) *HK$'000*
Trade payables arising from the ordinary course of business of dealing in securities transactions:		
– Cash clients	**7,763**	8,532
Trade payables from purchase of goods arising from other ordinary course of business, except for business of securities dealing in securities transactions	**25,416**	35,477
Other payables and accrued expenses	**11,282**	9,038
	44,461	53,047

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 2020 (Unaudited) *HK$'000*	At 31 December 2019 (Audited) *HK$'000*
0-30 days	**5,876**	10,429
31-60 days	**2,360**	6,143
61-90 days	**3,459**	4,443
Over 90 days	**13,721**	14,462
	25,416	35,477

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

12. SHARE CAPITAL

	Number of ordinary shares		
	at HK$0.0003 per ordinary share	***at HK$0.006 per ordinary share***	**Amount *HK$'000***
Authorised			
At 1 January 2019 (audited), 30 January 2019 (unaudited) and 1 January 2020 (audited)	**2,000,000,000,000**	**–**	**600,000**
Effects of share consolidation	**(2,000,000,000,000)**	**100,000,000,000**	**–**
At 30 June 2020 (unaudited)	**–**	**100,000,000,000**	**600,000**
Issued and fully paid			
At 1 January 2019 (audited), 30 January 2019 (unaudited) and 1 January 2020 (audited)	**15,215,731,320**	**–**	**4,564**
Effects of share consolidation	**(15,215,731,320)**	**760,786,566**	**–**
At 30 June 2020 (unaudited)	**–**	**760,786,566**	**4,564**

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 2020.

Business Review

For the six months ended 30 June 2020, the Group's revenue amounted to approximately HK$91.6 million, representing a slight decrease of approximately 2.4% as compared with the revenue of approximately HK$93.9 million for the corresponding period in 2019. In relation to the Group's total revenue, approximately 40.6% was contributed by B2B cross border e-commerce business, approximately 28.7% was resulted from sales of telephone and related products, approximately 19.4% was derived from the processing and trading of used computer related components, approximately 11.2% was derived from interest income earned from money lending business and approximately 0.1% was derived from securities brokerage, placing and underwriting business.

Gross profit from operation for the period under review was approximately HK$12.8 million, representing an increase of approximately 8.0% as compared with the gross profit of approximately of HK$11.8 million for the corresponding period in 2019. The Group's unaudited consolidated loss for the period under review was approximately HK$12.8 million, which was mainly due to the unrealised loss on financial assets at fair value through profit or loss of approximately HK$4.9 million and provision for expected credit losses on trade receivables, loan receivables and other receivables of approximately HK$9.8 million for the six months ended 30 June 2020.

As at 30 June 2020, the gross amount of loan portfolio held by the Group was approximately HK$259.2 million and interest income earned from money lending business was approximately HK$10.3 million for the six months ended 30 June 2020.

During the period, the business of the Group had been impacted by various factor, including the China-USA trade war and the outbreak of coronavirus disease ("**COVID-19**"), resulting in lower sales of the Group's telephone products both in Europe and USA. The revenue contributed by the segment of design and sales of telephone and related products has decreased by approximately HK$9.7 million or approximately 26.8% as compared to the corresponding period in the last year. Irrespective of exercising prudent cost control measures, sales volume has been static and put on hold mainly because of the continuous weak business environment caused by COVID-19 and the China USA trade war.

Outlook and Prospect

In view of the highly unpredictable business environment, we are evaluating different business segments within the Group and reposition our strategy and business operation in more optimistic business segments. For the six months ended 30 June 2020, our processing and trading of used computer related components segment has expanded by approximately 62.3% from approximately HK$11.0 million to approximately HK$17.8 million as compared to the corresponding period in 2019. The outbreak of COVID-19 has led to more e-commerce business activities, which we may consider deploy more resources in the future.

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 2020, the Group recorded a revenue of approximately HK$91.6 million which represented a slight decrease of approximately 2.4% as compared to the corresponding figure for the six months ended 30 June 2019.

The gross profit for the period under review was approximately HK$12.7 million as compared to approximately HK$11.8 million for the previous period.

During the six months ended 30 June 2020, the cross-border B2B e-commerce services continued to contribute a significant percentage to our revenue. Due to the change in consumer behavior and the e-commerce business activities has becoming even more popular than before, we continue to be positive at this business segment and may deploy more resources to capture more market opportunities as and when appropriate. 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 2020 are set out as below:

	Telephones and related equipment *HK$'000*	**Used computer-related components** *HK$'000*	**Money lending** *HK$'000*	**Provision of brokerage, placing and underwriting services** *HK$'000*	**B2B cross-border e-commerce** *HK$'000*
Revenue	26,314	17,768	10,298	124	37,107
Gross profit	648	1,135	10,298	113	523
Net (loss)/profit	(270)	(627)	2,901	(1,243)	(305)

Liquidity and Financial Resources

As compared with 31 December 2019, the increase in current ratio from 6.6 to 7.5 was mainly due to decrease in the trade and other payables as at 30 June 2020.

As at 30 June 2020, the Group had cash on hand of approximately HK$23.9 million, current assets of approximately HK$343.5 million, total assets of approximately HK$344.8 million and shareholders' equity of approximately HK$298.7 million.

Gearing Ratio

As at 30 June 2020, the Group generally financed its operations through internally-generated cash flows, shareholders equity and external bank loan and borrowings. The gearing ratio was approximately 0.005 as at 30 June 2020 (31 December 2019: approximately 0.009)

Capital Structure

As at 30 June 2020, the authorized share capital of the Company was HK$600,000,000, which divided into 100,000,000,000 shares of HK$0.006 each under which the number of shares and the share price have been adjusted after the completion of share consolidation of the Company by consolidating 20 shares into 1 share with effect from 26 March 2020. Details of the share consolidation has been set out in the announcements of the Company dated 24 February 2020 and 24 March 2020.

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, Reminbi 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 2020, total market value for financial assets at fair value through profit or loss of the Group was approximately HK$35.0 million (31 December 2019: approximately HK$39.9 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 2020 as significant investments.

During the six months ended 30 June 2020, the Group recognized unrealized loss and realized gain on financial assets at fair value through profit & loss of approximately HK$4.9 million and approximately HK$2,000 respectively (six months ended 30 June 2019: unrealized loss and realized loss of approximately HK$3.1 million and approximately HK$0.5 million respectively).

Significant Acquisitions or Disposals

During the six months ended 30 June 2020, there were no material acquisitions or disposals of subsidiaries and associated companies.

EVENTS AFTER THE REPORTING PERIOD

On 5 August 2020, the Company entered into a placing agreement with an indirect wholly-owned subsidiary of the Company, as the placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 152,150,000 placing shares at the placing price of HK$0.09 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties of the Group. The placing was completed on 25 August 2020. A total of 152,150,000 placing shares have been successfully placed by the placing agent to not less than six placees at placing price of HK$0.09 per placing share pursuant to the terms and conditions of the placing agreement.

Please refer to the announcements of the Company dated 5 August 2020 and 25 August 2020 for further details.

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, 76,070,000 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 2020, 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$0.006 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	125,039	1,000,000	0.15
Zhu Yuqi	–	7,607,000	1.00
Lu Bei Lin	–	7,607,000	1.00
Man Yuan	–	7,607,000	1.00
Ma Kin Ling	–	7,607,000	1.00

Note:

1. The percentage shareholding is calculated on the basis of the Company's issued share capital of 760,786,566 as at 30 June 2020.

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. The following table discloses the details of the Company's share options under the Share Option Scheme and the movements during the six months ended 30 June 2020:

Category	Date of grant	Exercise price per share (upon the share consolidation with effect from 26 March 2020) (HK$)	Exercise period	Notes	Outstanding at 1.1.2020	Grant during the year	Exercise during the year	Cancelled/ lapsed during the year	Adjustment on the number of share options upon the share consolidation with effect from 26 March 2020	Outstanding at 30.6.2020
Director										
Malcolm Stephen JACOBS-PATON	10 December 2014	3.560	10 December 2014 to 9 December 2020	*(a)*	20,000,000	–	–	–	(19,000,000)	1,000,000
Zhu Yuqi	8 May 2020	0.078	8 May 2020 to 7 May 2022	*(e)*	–	7,607,000	–	–	–	7,607,000
Lu Bei Lin	8 May 2020	0.078	8 May 2020 to 7 May 2022	*(e)*	–	7,607,000	–	–	–	7,607,000
Man Yuan	8 May 2020	0.078	8 May 2020 to 7 May 2022	*(e)*	–	7,607,000	–	–	–	7,607,000
Ma Kin Ling	8 May 2020	0.078	8 May 2020 to 7 May 2022	*(e)*	–	7,607,000	–	–	–	7,607,000
Employee	10 December 2014	3.560	10 December 2014 to 9 December 2020	*(b)*	38,040,000	–	–	–	(36,138,000)	1,902,000
	8 May 2020	0.078	8 May 2020 to 7 May 2022	*(e)*	–	45,642,000	–	–	–	45,642,000
Consultants	10 December 2014	3.560	10 December 2014 to 9 December 2020	*(c)*	202,880,000	–	–	–	(192,736,000)	10,144,000
	17 April 2019	0.472	17 April 2019 to 16 April 2021	*(d)*	1,521,500,000	–	–	–	(1,445,425,000)	76,075,000
					1,782,420,000	76,070,000	–	–	(1,693,299,000)	165,191,000
Exercisable at the end of the year										165,191,000
Weighted average exercise price					HK$0.0465	HK$0.0780				HK$0.5344

Notes:

(a) As at 30 June 2020, the outstanding share options of 10,000,000 has been vested.

(b) As at 30 June 2020, the outstanding share options of 1,902,000 has been vested.

(c) As at 30 June 2020, the outstanding share options of 10,144,000 has been vested.

(d) The options granted on 17 April 2019 were immediately vested at the date of grant.

(e) The options granted on 8 May 2020 were immediately vested at the date of grant. The closing price of the shares of the Company immediately before the grant date of the share options on 8 May 2020 was HK$0.073 per share.

Saved as disclosed above, at no time during the six months ended 30 June 2020 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 2020, 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	50,000,000	6.57%
Chan Sin Ying *(Note 2)*	Beneficial Owner	Beneficial Interest	Long Position	50,000,000	6.57%
Eugene Finance International Limited *(Note 3)*	Controlled Company's Interest	Corporate Interest	Long Position	65,000,000	8.54%
Xiao Lili *(Note 3)*	Beneficial Owner	Beneficial Interest	Long Position	65,000,000	8.54%

Notes:

1. The percentage shareholding is calculated on the basis of the Company's issued share capital of 760,786,566 as at 30 June 2020.

2. Cloud Dynasty (Macau) Limited ("**Cloud Dynasty**") is directly interested in 50,000,000 shares in the Company. Cloud Dynasty is wholly owned by Chan Sin Ying. Chan Sin Ying is therefore deemed to be interested in 50,000,000 shares in the Company.

3. Eugene Finance International Limited ("**Eugene Finance**") is directly interested in 65,000,000 shares in the Company. Eugene Finance is wholly owned by Xiao Lili. Xiao Lili is therefore deemed to be interested in 65,000,000 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 2020 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

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

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

Chairman and Chief Executive Officer

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

Non-Executive Directors

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

Attendance of Annual General Meeting

Pursuant to Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged business commitments, Ms. Lu Bei Lin and Mr. Man Yuan, being the independent non-executive directors of the Company, were not present at the annual general meeting of the Company held on 30 June 2020.

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 2020.

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

During the six months ended 30 June 2020, 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, 27 August 2020

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.