Suncorp

Suncorp Technologies Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 1063)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "**Board**" or "**Directors**") of Suncorp Technologies Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2009 together with the comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	**2009** *HK$'000*	2008 *HK$'000*
Revenue	3	**50,450**	219,863
Cost of sales		**(45,760)**	(209,509)
Gross profit		**4,690**	10,354
Other income	4	**2,216**	466,643
Distribution and selling expenses		**–**	(8,717)
Operating expenses		**(31,207)**	(40,701)
Impairment loss on trade and other receivables from a jointly controlled entity		**–**	(3,083)
Impairment losses on other assets	5	**–**	(334,457)
Fair value change on conversion options embedded in convertible loan notes		**(83,294)**	5,326
Fair value change on convertible notes designated as at fair value through profit or loss		**(29,251)**	–
Finance costs	6	**(8,525)**	(16,551)
(Loss)/Profit before tax		**(145,371)**	78,814
Income tax expense	7	**(104)**	(1)
(Loss)/Profit for the year	8	**(145,475)**	78,813
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**121**	795
Total comprehensive income for the year		**(145,354)**	79,608
(Loss)/Earnings per share	10		
– Basic (HK cents per share)		**(8.4)**	7.5
– Diluted (HK cents per share)		**(8.4)**	5.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	NOTES	**2009** **HK$'000**	2008 *HK$'000*
Non-current assets			
Property, plant and equipment		**10,581**	7,102
Interest in a jointly controlled entity		**–**	–
		10,581	7,102
Current assets			
Trade and other receivables	11	**6,458**	6,237
Trade and other receivables from a jointly controlled entity		**34,392**	–
Tax recoverable		**–**	2,060
Bank balances and cash		**9,072**	4,610
		49,922	12,907
Current liabilities			
Trade and other payables	12	**58,611**	41,323
Amounts due to directors		**30,926**	34,283
Amount due to a related company		**28,356**	–
Conversion options embedded in convertible loan notes		**25,079**	27,490
Convertible notes designated as at fair value through profit or loss		**30,516**	–
Obligations under finance leases due within one year		**–**	1,597
		173,488	104,693
Net current liabilities		**(123,566)**	(91,786)
Total assets less current liabilities		**(112,985)**	(84,684)
Non-current liabilities			
Convertible loan notes		**9,125**	38,830
		(122,110)	(123,514)
Capital and reserves			
Share capital		**217,079**	148,979
Reserves		**(339,189)**	(272,493)
Total equity		**(122,110)**	(123,514)

Notes:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have given consideration to the future liquidity of the Group in light of a net loss of approximately HK$145,475,000 during the year ended 31 December 2009 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$123,566,000. The Directors have been taking active steps to improve the liquidity position of the Group. These steps include (i) undertaking fund raising transactions during the financial year ended 31 December 2009 and subsequently; (ii) implementing stringent cost control measures to strengthen its cash flow position; (iii) evaluating alternative sources of financing; and (iv) evaluating new business opportunities. Provided that these measures can successfully improve the liquidity position of the Group, the Directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Standards, Amendments to Standards and Interpretations ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8 (Amendment)	Disclosure of information about segment assets (early adopted)
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements. However, HKAS 1 (revised) has had no impact on the reported results or financial position of the Group.

Amendments to HKFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group.

The amendment to HKFRS 8 issued in improvements to HKFRSs 2009 which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

Improving Disclosures about Financial Instruments

(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in relation to fair value measurements in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[4]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 July 2010
[7] Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

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. The Standard requires all recognised 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 that 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 affect the classification and measurement of the Group's financial assets.

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

3. 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 equipment 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 consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the year as shown in the 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 consolidated statement of financial position.

Details of interest income, depreciation in relation to the operating segment are disclosed in Notes 4 and 8 below respectively.

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.

4. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**–**	13,700
Interest income on bank deposits	**306**	358
Waiver of liabilities of subsidiaries pursuant to deeds of settlement	**–**	20,068
Net gain on deconsolidation of winding-up subsidiaries	**–**	430,328
Sundry income	**1,910**	2,189
	2,216	466,643

5. IMPAIRMENT LOSSES ON OTHER ASSETS

	2009	2008
	HK$'000	*HK$'000*
Impairment loss on trade receivables	**–**	4,083
Impairment loss on other receivables *(Note)*	**–**	330,374
	–	334,457

Note: Impairment loss on other receivables for the year ended 31 December 2008 represented impairment loss on amounts due from winding-up subsidiaries of the Group. The amounts due from these subsidiaries amounting to approximately HK$330,374,000 were considered to be fully impaired as these subsidiaries were either dissolved or put into liquidation during the year ended 31 December 2008.

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on:		
– bank and other borrowings wholly repayable within five years	**1,845**	6,571
– finance leases	**15**	229
Effective interest expense on convertible loan notes	**6,665**	9,751
	8,525	16,551

7. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
Under-provision in prior year	**104**	1

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5%, which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The tax charge for the year can be reconciled to the (loss)/profit per the consolidated statement of comprehensive income as follows:

	2009	2008
	HK$'000	*HK$'000*
(Loss)/Profit before tax	**(145,371)**	78,814
Tax at the domestic income tax rate of 16.5% (2008: 16.5%)	**(23,986)**	13,004
Tax effect of expenses not deductible for tax purpose	**20,159**	20,642
Tax effect of income not taxable for tax purpose	**(1,114)**	(40,414)
Utilisation of tax losses previously not recognised	**(104)**	(50)
Tax effect of tax losses not recognised	**3,889**	8,046
Effect of different tax rates of overseas subsidiaries	**1,156**	(1,228)
Under-provision in prior year	**104**	1
Tax charge for the year	**104**	1

8. (LOSS)/PROFIT FOR THE YEAR

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

	2009	2008
	HK$'000	*HK$'000*
Directors' emoluments	**1,340**	3,226
Other staff costs	**36,446**	31,055
Total employee benefits expense	**37,786**	34,281
Auditors' remuneration	**680**	600
Cost of inventories recognised as an expense	**45,760**	209,509
Depreciation of property, plant and equipment	**2,507**	2,055
Loss on disposal of property, plant and equipment	**7**	–
Net foreign exchange losses/(gains)	**152**	(215)

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2009 and 2008.

10. (LOSS)/EARNINGS PER SHARE

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

Earnings	**2009**	2008
	HK$'000	*HK$'000*
(Loss)/Earnings for the purpose of basic (loss)/ earnings per share ((Loss)/Profit for the year attributable to equity holders of the Company)	**(145,475)**	78,813
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes	**–**	9,751
Fair value change on conversion options embedded in convertible loan notes	**–**	(5,326)
(Loss)/Earnings for the purpose of diluted (loss)/ earnings per share	**(145,475)**	83,238

Number of shares	**2009**	2008
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,731,104**	1,057,649
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Convertible loan notes	**–**	448,974
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,731,104**	1,506,623

For the year ended 31 December 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 year.

For the year ended 31 December 2009 and 2008, the computation of diluted (loss)/earnings 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)/earnings per share for the year.

11. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**6,021**	5,266
Less: Allowance for doubtful debts	**(5,266)**	(5,266)
	755	–
Tax reserve certificates	**2,601**	4,177
Other receivables, net of allowance for doubtful debts	**3,102**	2,060
Total trade and other receivables	**6,458**	6,237

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

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**525**	–
31 – 60 days	**200**	–
61 – 90 days	**30**	–
	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.

Trade receivable disclosed above include amounts which are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amount are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**525**	–
31 – 60 days	**200**	–
61 – 90 days	**30**	–
	755	–

Movement in the allowance for doubtful debts

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	**5,266**	1,183
Impairment losses recognised on trade receivables	**–**	4,083
Balance at end of the year	**5,266**	5,266

At 31 December 2009, the Group had provided for impairment loss against the individually impaired trade receivables, all of which were aged over 90 days and were past due at the end of the reporting period. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Trade payables	**4,680**	4,870
Other payables and accrued charges	**53,931**	36,453
	58,611	41,323

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

	2009	2008
	HK$'000	*HK$'000*
Over 90 days	**4,680**	4,870

CHAIRMAN'S STATEMENT

On behalf of the Board of the Company, I present to you the Group's annual result for the year ended 31 December 2009.

During the year of review, the Group mainly focused on providing assembly services at its subsidiary, Meizhou Guo Wei Electronics Co., Ltd. in Meizhou, the PRC.

For the year ended 31 December 2009, the Group's turnover amounted to approximately HK$50.5 million, comparing to HK$219 million reported in 2008, it was a decrease of approximately 77.1%. It was mainly due to the Group has changed the operation mode from the sales and marketing of telephone products to the provision of assembly services of telephone and related equipment since May 2008. Gross profit from operation for the year under review was approximately HK$4.7 million, compared to profit of approximately HK$10.4 million reported in 2008, representing a decrease of approximately 54.8%. The net loss was approximately HK$145 million, in which approximately HK$131 million was generated from non-operating items, such as fair value change on conversion options embedded in convertible loan notes, fair value change on convertible notes designated as at fair value through profit or loss, the recognition of the effective interest expenses on the convertible loan notes and other non-recurring expenses.

My focus in 2009 was to consolidate the Group's operations, and I am satisfied that this has been achieved. In an effort to broaden our income base and to improve our financial performance, I am pleased to announce that 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). In the financial year 2010, the revenues from this licensed activity will be able to be reported. The Group will then change its activities to include design, sales and marketing activities of telephone products under the Motorola brand in the above territories.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 December 2009, the Group recorded a turnover of approximately HK$50.5 million which represents a decrease of 77.1% as compared to the corresponding figure for the year ended 31 December 2008. The gross profit for the year was approximately HK$4.7 million as compared to approximately HK$10.4 million for the previous year. The net loss for the year was approximately HK$145 million.

The turnover, gross profit and net loss of the assembly service business in Meizhou for the year ended 31 December 2009 are set out as below:

	2009 **(audited)** ***HK$'000***
Turnover	**50,450**
Gross profit	**4,690**
Net loss	**(2,905)**

SEGMENTAL INFORMATION

Most of the Group's turnover and contribution to results were derived from the assembly services of telephones and related equipment to the jointly controlled entity.

LIQUIDITY AND FINANCIAL RESOURCES

The increase in current ratio from 12.3% to 28.8% was mainly due to the increase in trade and other receivables from a jointly controlled entity.

As at 31 December 2009, the Group had cash on hand of approximately HK$9 million, net current liabilities of approximately HK$123.6 million, total assets of approximately HK$60.5 million and shareholders' deficit of approximately HK$122 million.

The Group has no bank borrowings at 31 December 2009 (2008: Nil).

GEARING RATIO

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

CAPITAL STRUCTURE

During the year ended 31 December 2009, no shares were issued upon the exercise of share options by option holders.

The movements of the convertible bonds during the year ended 31 December 2009 are set out below:

Date of announcements	Description	Outstanding convertible bonds as at 1 January 2009	Amount of convertible bonds placed during the year 2009	No. of new conversion shares issued during the year 2009	Outstanding convertible bonds as at 31 December 2009
18 December 2007 and 31 March 2008	Placing of the three-year 0.5% coupon convertible notes in an aggregate principal amount of HK$67,900,000 was completed on 28 March 2008 pursuant to the terms of the placing agreement dated 13 December 2007. The convertible notes in an aggregate principal amount of HK$67,900,000 have been placed by SBI E2-Capital (HK) Limited, on a best effort basis, to not less than 6 placees. 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.	HK$18,600,000	0	186,000,000 *(Notes (a) and (d))*	0
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$50,000,000	0	375,000,000 *(Notes (b) and (d))*	HK$12,500,000 *(Note (e))*

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.	0	HK$26,200,000	120,000,000 *(Notes (c) and (d))*	HK$14,200,000 *(Note (f))*

Note:

(a) On 6 May 2009, the convertible notes with principal amount of HK$18,600,000 were converted at the conversion price of HK$0.10 per share, resulting in the issue of 186,000,000 ordinary shares of HK$0.10 each.

(b) On 14 July 2009, 26 August 2009, 1, 8 and 25 September 2009, the fully underwritten bonds with aggregate principal amount of HK$37,500,000 were converted at the conversion price of HK$0.10 per share, resulting in the issue for a total of 375,000,000 ordinary shares of HK$0.10 each.

(c) On 18 December 2009, the convertible notes designated as at fair value through profit or loss with principal amount of HK$12,000,000 were converted at the conversion price of HK$0.10 per share, resulting in the issue of 120,000,000 ordinary shares of HK$0.10 each.

(d) All the new shares issued during the year ended 31 December 2009 ranked *pari passu* with the then existing shares in all respects.

(e) As at 31 December 2009, the Company had outstanding fully underwritten bonds in an aggregate principal amount of HK$12,500,000. Upon full conversion of the fully underwritten bonds of HK$0.10 per conversion share, a total of 125,000,000 new conversion shares will be issued.

(f) As at 31 December 2009, the Company had outstanding convertible notes designated as at fair value through profit or loss in an aggregate principal amount of HK$14,200,000. Upon full conversion of the convertible bonds of HK$0.10 per conversion share, a total of 142,000,000 new conversion shares will be issued.

EXCHANGE RATE

All sales in the current year were denominated in 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 year.

CONTINGENT LIABILITIES

On 28 February 2007, the Company was served with an Amended Writ issued and filed by Uniden Corporation ("**Uniden**") and Uniden Hong Kong Limited ("**Uniden HK**") on 1 February 2007 against the Company, SunCorp Partners Limited and certain of the Company's existing and former Directors, alleging that certain misrepresentations had been made by the Company and certain of its existing and former Directors, and that the Company had breached the warranties of the subscription agreement, and the terms of the business alliance agreement and the master production agreement. On the basis of these allegations, Uniden sought, *inter alia*, (i) a recession of the subscription agreement, pursuant to which Uniden HK acquired 82,000,000 new shares in the capital of the Company, and the consequential return of the relevant subscription money of approximately HK$143,500,000; (ii) damages for misrepresentation or breach of warranty; (iii) damages for breach of the business alliance agreement and the master production agreement; and (iv) the legal costs of this action, plus interest.

On 6 February 2007 and 20 March 2007, the Company issued announcements in relation to these legal proceedings and the termination by the Company of the business alliance agreement and the master production agreement. The Directors of the Company strongly refute and intend to vigorously contest the allegations made by Uniden and Uniden HK, and are of the opinion, having taken legal advice, that the action can be successfully defended.

On 2 August 2007, the Company served a defense and a counterclaim against Uniden and Uniden HK for damages of approximately HK$354,000,000 (plus interest) based on the breaches by Uniden and Uniden HK of the terms of the master production agreement and the business alliance agreement. Uniden served its reply and defence to the counterclaim on 13 November 2007.

On 31 July 2009, the Company announced that the above legal proceedings were settled on 31 July 2009 on terms whereby, amongst other things, (i) all claims brought by Uniden and Uniden HK against the Company, SunCorp Partners Limited and certain of the Company's existing and former Directors were dismissed; (ii) all claims brought by the Company against Uniden were dismissed; (iii) no party to the legal proceedings made any payment to any other party to the legal proceedings; and (iv) each party bore its own legal costs and expenses. An order formally dismissing the Court proceedings were made by the Court on 4 August 2009.

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 year under review, no share options had been granted by the Group to the employees in accordance with the share option scheme.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2009 (2008: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 28 May 2010 to Tuesday, 1 June 2010, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for attending the forthcoming annual general meeting, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:00 p.m. on Thursday, 27 May 2010.

AUDIT COMMITTEE

The Audit Committee provides an important link between 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, Mr. HO Kwan Tat and Mr. LO Chi Ming, Anthony, of which Dr. HUI Ka, Wah Ronnie is the chairman. The audited financial statements of the Group for the year ended 31 December 2009 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 financial year of 2009, the Group had applied the principles as set out in the Code of Corporate Governance Practices (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 financial year of 2009.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any 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
Suncorp Technologies Limited
Zhu Guangping
Chairman and Executive Director

Hong Kong, 15 April 2010

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