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Suncorp

Suncorp Technologies Limited

(incorporated in Bermuda with limited liability)

(Stock code: 1063)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "**Board**" or "**Directors**") of Suncorp Technologies Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	**2011** HK$'000	2010 HK$'000
Revenue	3	**237,038**	178,700
Cost of sales		**(228,266)**	(164,488)
Gross profit		**8,772**	14,212
Other income and gains	4	**4,588**	2,658
Distribution and selling expenses		**(22,756)**	(12,308)
Operating expenses		**(29,345)**	(32,820)
Impairment loss recognised on trade and other receivables		**(13,271)**	(1,802)
Reversal of impairment loss on trade and other receivables from a jointly controlled entity		**–**	5,139
Fair value change on held-for-trading investments		**(58)**	–
Fair value change on conversion options embedded in convertible loan notes		**–**	3,914
Fair value change on convertible notes designated as at fair value through profit or loss		**(11,850)**	3,823
Finance costs	5	**(1,207)**	(1,379)
Loss before tax		**(65,127)**	(18,563)
Income tax expense	7	**(2,601)**	–
Loss for the year	6	**(67,728)**	(18,563)
Other comprehensive expense			
Exchange differences on translating foreign operations		**(249)**	169
Total comprehensive expense for the year		**(67,977)**	(18,394)
			(Restated)
Loss per share	9		
– Basic (HK cents per share)		**(0.59)**	(0.22)
– Diluted (HK cents per share)		**(0.59)**	(0.25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**12,242**	9,947
Interest in a jointly controlled entity		**–**	–
		12,242	9,947
Current assets			
Trade, bill and other receivables	10	**41,430**	24,920
Trade receivables with insurance coverage	11	**–**	8,554
Trade and other receivables from a jointly controlled entity		**–**	–
Bill receivable discounted with full recourse	12	**14,414**	5,735
Held-for-trading investments	13	**11,939**	–
Bank balances and cash		**11,475**	25,361
		79,258	64,570
Current liabilities			
Trade and other payables	14	**30,665**	44,403
Advance drawn on bill receivable discounted with full recourse		**14,414**	5,735
Amounts due to former directors		**32,609**	37,732
Trade and other payables to a jointly controlled entity		**39,805**	–
Convertible notes designated as at fair value through profit or loss		**38,477**	26,830
		155,970	114,700
Net current liabilities		**(76,712)**	(50,130)
Total assets less current liabilities		**(64,470)**	(40,183)
Capital and reserves			
Share capital		**392**	273,279
Reserves		**(64,862)**	(313,462)
Total equity		**(64,470)**	(40,183)

Notes:

1. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of a net loss of approximately HK$67,728,000 during the year ended 31 December 2011 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$76,712,000. The directors of the Company have been taking active steps to improve the liquidity position of the Group. These steps include (i) undertaking a number of fund raising transactions during the financial year ended 31 December 2011 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 of the Company 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 ("HKFRSs")**

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of these new and revised HKFRSs has had no impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HK(IFRIC)-Int 20	Stripping costs in the production phase of surface mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 January 2015.
[6] Effective for annual periods beginning on or after 1 January 2014.

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the gross amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances, during the year.

The Company's 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. Operating segment is identified with reference to these.

The Company's directors consider that the telephones and related equipment business is the sole reportable operating segment of the Group. Additional disclosure in relation to segment information is not presented as the directors assess the performance of the sole 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.

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets by geographical location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia	**127,415**	178,700	**12,242**	9,947
Middle East	**4,509**	–	**–**	–
Central Europe	**849**	–	**–**	–
Eastern Europe	**8,211**	–	**–**	–
Western Europe	**96,054**	–	**–**	–
	237,038	178,700	**12,242**	9,947

Information about major customers

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

	2011	2010
	HK$'000	*HK$'000*
Customer A	**56,580**	59,352
Customer B	**39,250**	21,559
Customer C	**N/A[1]**	19,894
Customer D	**24,052**	N/A[1]

1 The corresponding revenue did not contribute over 10% of the total sales of the Group.

4. OTHER INCOME AND GAINS

	2011	2010
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**69**	120
Interest income on bank deposits	**14**	12
Reversal of impairment loss recognised on trade receivables	**1,802**	–
Management fee income	**257**	249
Government subsidies	**1,916**	–
Net foreign exchange gains	**–**	621
Sundry income	**530**	1,656
	4,588	2,658

5. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings wholly repayable within five years	**145**	280
– amounts due to former directors	**1,062**	659
Effective interest expense on convertible loan notes	**–**	440
	1,207	1,379

6. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Directors' emoluments	**2,394**	2,814
Other staff costs	**54,320**	60,074
Total employee benefits expense	**56,714**	62,888
Auditors' remuneration	**750**	680
Cost of inventories recognised as an expense	**154,775**	164,488
Depreciation of property, plant and equipment	**3,977**	3,377
Net foreign exchange losses	**73**	–

7. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Under provision in prior year		
– Hong Kong Profits Tax	**2,601**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for income tax has been made for the year ended 31 December 2011 since the assessable profit arising in Hong Kong is wholly absorbed by tax losses brought forward (2010: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (for both years).

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2011 (2010: Nil).

9. 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:

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Loss for the purpose of basic loss per share		
(Loss for the year attributable to owners of the Company)	**(67,728)**	(18,563)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes	**–**	440
Fair value change on conversion options		
embedded in convertible loan notes	**–**	(3,914)
Fair value change on convertible notes designated		
as at fair value through profit or loss	**–**	(3,823)
Loss for the purpose of diluted loss per share	**(67,728)**	(25,860)

	2011	2010
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of		
basic loss per share	**113,948**	85,361
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Convertible loan notes	**–**	18,081
Weighted average number of ordinary shares for the purpose of		
diluted loss per share	**113,948**	103,442

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been retrospectively adjusted for the consolidation of shares on 15 September 2011.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for both 2011 and 2010.

For the year ended 31 December 2011, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible loan notes since their exercise would result in a decrease in loss per share.

10. TRADE, BILL AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade and bill receivables	**25,031**	16,098
Less: Allowance for doubtful debts	**(5,266)**	(7,068)
	19,765	9,030
Tax reserve certificates	**–**	2,601
Refundable deposits paid for proposed acquisitions	**10,000**	5,000
Deposits, prepayments and other receivables	**11,665**	8,289
Total trade, bill and other receivables	**41,430**	24,920

The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade and bill receivables (net of allowance for doubtful debts) at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**16,012**	8,507
31 – 60 days	**2,552**	306
61 – 90 days	**1,201**	217
	19,765	9,030

11. TRADE RECEIVABLES WITH INSURANCE COVERAGE

The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables with insurance coverage at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**–**	882
31 – 60 days	**–**	7,672
	–	8,554

12. BILL RECEIVABLE DISCOUNTED WITH FULL RECOURSE

The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of bill receivable discounted with full recourse at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**14,414**	5,735

13. HELD-FOR-TRADING INVESTMENTS

	2011	2010
	HK$'000	*HK$'000*
Listed equity securities listed in Hong Kong, at fair value	**11,939**	–

Fair values are determined with reference to quoted market bid prices.

14. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**4,686**	5,475
Other payables and accrued charges	**25,979**	38,928
	30,665	44,403

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

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**–**	495
31 – 60 days	**–**	300
Over 90 days	**4,686**	4,680
	4,686	5,475

The average credit period on purchase of goods is 60 days.

15. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 5 January 2012, the Company allotted and issued 26,000,000 ordinary shares of HK$0.003 each in the capital of the Company at a price of HK$0.2 per share, pursuant to a placing agreement dated 23 December 2011.

CHAIRMAN'S STATEMENT

On behalf of the Board of the Company, I present to you the annual report of the Group for the year ended 31 December 2011.

During the year of review, the Group continued providing assembly services at its subsidiary, Meizhou Guo Wei Electronics Co. Ltd., in Meizhou, the People's Republic of China (the "**PRC**"), and increased its focus on the sales and marketing of residential telephone products under its licence for the Motorola brand.

For the year ended 31 December 2011, the Group's turnover amounted to approximately HK$237.0 million, compared to HK$178.7 million reported in 2010, it was an increase of approximately 32.6%. Approximately 24.8% of the Group's turnover resulted from the provision of assembly services, and approximately 75.2% from sales of telephone products. Gross profit from operation for the year under review was approximately HK$8.8 million, compared to a gross profit of approximately HK$14.2 million reported in 2010, representing a decrease of approximately 38.3%. The net loss was approximately HK$67.7 million, in which approximately an expenditure of HK$11.9 million was generated from non-operating items, such as fair value change on derivative financial instruments. The Group's performance in the second half of the year showed a continuous improvement compared to the interim results for the first half in both turnover and gross profit. This is against a backdrop of poor economic performances in Europe but reflects our continued growth in the Asian markets.

As previously reported, Motorola Mobility selected the Company as its exclusive licensee for the Motorola brand for corded and cordless telephones for residential and office use in Europe, Russian Federation, Middle East, Africa and Asia (including China, India, South East Asia and Australia). The Group has subsequently changed its activities to include design, sales and marketing activities of telephone products under the Motorola brand in the above territories. The prospects for this activity continue to be good and provide a positive addition to the Group's assembly service. The Board will continue to explore business opportunities which could complement the Group's current telephone related business.

The Group has executed a sales and purchase agreement to acquire a minority interest in a fructose factory and a festive products factory in the PRC. Due diligence on both projects are underway, and subject to completion, the Group will then diversify to include business interests into the food products industry in the PRC.

In addition, to make the best use of the Group's cash in hand, the Group started investing in securities at the second quarter of 2011. In order to achieve a reasonable capital appreciation at an acceptable level of risk, the Group mainly invested in a portfolio of authorised security investments from publicly listed companies in Hong Kong. During the year under review, the Company recorded a slight loss of HK$58,000, irrespective of the volatility and adverse market conditions during the year 2011. The Board will continue to explore new business opportunities which could diversify the Group's current business and we consider this will bring value to shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 December 2011, the Group recorded a turnover of approximately HK$237.0 million which represents an increase of approximately 32.6% as compared to the corresponding figure for the year ended 31 December 2010. The gross profit for the year under review was approximately HK$8.8 million as compared to approximately HK$14.2 million for the previous year.

During the year, the Group focused on providing assembly services at its subsidiary, Meizhou Guo Wei Electronics Co., Ltd. and the sales and marketing of residential telephone products under its licence for the Motorola brand. The turnover and the gross profit for the year ended 31 December 2011 are set out as below:

	As at 31 December 2011	
	Business under Motorola brand	**Meizhou Guo Wei**
	HK$'000	*HK$'000*
Turnover	178,150	58,888
Gross profit/(loss)	26,876	(18,104)

SEGMENTAL INFORMATION

The Directors consider that the telephones and related equipment business is the sole reportable operating segment of the Group. Additional disclosure in relation to segment information is not presented as the Directors assess the performance of the sole reportable segment based on the consistent information as disclosed in the consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

The decrease in current ratio from 56.3% to 50.8% mainly was resulted from an increase in amount due to a jointly controlled entity and the increase in the convertible notes designated as at fair value through profit or loss under current liabilities.

As at 31 December 2011, the Group had cash on hand of approximately HK$11.5 million, net current liabilities of approximately HK$76.7 million, total assets of approximately HK$91.5 million and shareholders' deficit of approximately HK$64.5 million.

The Group has HK$14.4 million bank borrowings as at 31 December 2011 (2010: 5.7 million).

GENERAL 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 2011, no shares were issued upon the exercise of share options by option holders.

During the year ended 31 December 2011, no convertible bonds had been converted into conversion shares.

EXCHANGE RATE

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

SECURITY INVESTMENTS

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

CONTINGENT LIABILITIES

Two wholly-owned subsidiaries of the Company, namely Mondial Communications Limited ("MCL") and Suncorp Communications Limited ("SCL") have initially, received two notices of statutory demands dated 10 March 2011 from a firm of solicitors for and acting on behalf of a former subsidiary of the Company in liquidation, demanding payment of HK$91,177,872 due by MCL and HK$128,785,748 due by SCL to the aforesaid former subsidiary (the "Claims"). The Company has sought legal advice and has vigorously defended against the Claims since then. MCL and SCL received the same statutory demands again dated 19 July 2011 in relation to the Claims.

As far as the Directors are aware, the Claims by Suncorp Industrial Limited ("SIL") (in liquidation) in both statutory demands against SCL and MCL related to debts which have previously been fully written off or impairment have been made at the books of SCL and MCL at the year ended 31 December 2007, and accordingly there is no such debts in the accounts and records of SCL and MCL at any financial year ended 31 December 2008 with SIL.

By an order made on 1 June 2011, the Liquidators were sanctioned to take out legal proceedings in the name and on behalf of the SIL (in liquidation) against the Company, SCL and MCL. However, no legal action or winding-up proceedings had even been taken by the Liquidators against the Company or SCL or MCL up to the date hereof.

Based on legal advice sought, as the Claims sought have already been fully set-off, there is no solid ground to serve the statutory demands against MCL and SCL. Nonetheless, assuming that the Claims against SCL and MCL could be justified, such Claims would not have any material adverse effect on the Group as both SCL and MCL are of negative net asset and have no significant revenue for the past financial year and are insignificant subsidiaries whether in terms of asset, revenue or operation within the Group.

Save and except the Claims and an unsubstantiated complaint advanced by the liquidator of SIL against the Company and its directors concerning the operation of SIL before its liquidation, as at the date hereof no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

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 2011 (2010: Nil)

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 is the chairman. The audited financial statements of the Group for the year ended 31 December 2011 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company is committed to high standards of good corporate 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 2011, 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.2 in respect of appointment of a chairman or chief executive officer and A.4.1 in respect of the service term of Directors.

Pursuant to Code Provision A.2 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 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 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.

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 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 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 this 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 ("**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 Directors, the Directors have complied with the required standard as set out in the Model Code throughout the financial year of 2011.

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 extend our sincere thanks to 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
Ip Chi Ming
Executive Director

Hong Kong, 21 March 2012

As at the date of this announcement, the Board comprises of Mr. Malcolm Stephen Jacobs-Paton, Mr. Ip Chi Ming, Mr. So Chung Shing and Ms. Xiao Yanni as executive directors, Dr. Hui Ka Wah Ronnie, JP, Mr. Ho Kwan Tat, Mr. Lo Chi Ming, Anthony, Ms. Lu Bei Lin and Mr. Lee Ho Yiu Thomas as independent non-executive directors.