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Suncorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

MAJOR TRANSACTION THE ACQUISITION OF THE ENTIRE SHAREHOLDING INTEREST IN SMART POLICY INVESTMENTS LIMITED

Financial Adviser to the Company

AMASSE CAPITAL
寶 積 資 本

THE ACQUISITION

On 7 November 2012, the Purchaser and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase from the Vendors, and the Vendors conditionally agreed to sell to the Purchaser, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$40 million, which will be satisfied partly in cash and partly by the issue of the promissory notes. Subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement, the Target Company shall become a wholly-owned subsidiary of the Company upon Completion.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but below 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

A circular containing, among other matters, further details of the Acquisition and all matters contemplated thereunder and the notice of the SGM are expected to be despatched to the Shareholders on or before 14 December 2012 as more time is required to prepare the relevant financial and other information to be included in the circular under the Listing Rules.

As Completion is subject to the fulfillment of certain conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Acquisition will be completed. Therefore, the Shareholders and investors in general should exercise caution when dealing in the Shares.

THE ACQUISITION

On 7 November 2012 (after trading hours of the Stock Exchange), the Purchaser, a directly wholly-owned subsidiary of the Company, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase from the Vendors, and the Vendors conditionally agreed to sell to the Purchaser, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$40 million, which will be satisfied partly in cash and partly by the issue of the promissory notes.

The Sale and Purchase Agreement

Date

7 November 2012

Parties

Purchaser: Excel Gainer Limited, a wholly-owned subsidiary of the Company

Vendors: Mr. Ma Pun Fai, Ms. Ip Wai Shan and Ms. Wong Man Nga Ivy

The Target Company is owned as to 76% by Mr. Ma Pun Fai, as to 15% by Ms. Ip Wai Shan and as to 9% by Ms. Wong Man Nga Ivy. To the best knowledge, information and belief of the Directors having made all reasonable enquiry and so far as the Directors are aware, the Vendors are Independent Third Parties.

Assets acquired

The Sale Shares represent the entire issued share capital of the Target Company.

The Target Group engages principally in the processing and trading of used computer-related components such as integrated circuit chips, hard-disk and motherboards from developed countries to developing countries.

Consideration

The consideration for the sale and purchase of the Sale Shares is in aggregate HK\$40 million. The Consideration will be satisfied by the Company as to HK\$3 million as refundable deposit in cash paid as of the date of the Sale and Purchase Agreement, as to HK\$15 million in cash upon Completion and as to HK\$22 million by the issuance of the promissory notes with 2% coupon and a term commencing from the date of Completion to the date the promissory notes being released from escrow by the Company. The promissory note will be escrowed by the Company until the audited report of the Target Group for the financial year ended 31 December 2013 has been presented to the

Purchaser and subject to adjustment mechanism as described in the Profit Guarantee section below. If for any reason the Sale and Purchase Agreement is terminated, the deposit (without interest) shall be refunded by the Vendors to the Purchaser within 3 business days after the date of termination.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors, with reference to:

- (i) the profit guarantee of HK\$4 million for the year ending 31 December 2013 provided by the Vendors;
- (ii) the average price-to-earnings ratio of approximately 20 times of 3 computer-related trading companies which are selected based on the following criteria: (a) in the computer-related software and hardware trading industry; (b) currently listed on the Stock Exchange; and (c) profit making with price-to-earnings ratio available, and taken out the abnormally highest data. The Board understands that there is no directly comparable company listed on the Stock Exchange, however, as the implied price-to-earnings ratio of 10 times of the Acquisition is far below the average of 20 times above, the Board considers that sufficient discount have been given to reflect the smaller in size and lower brand recognition of the Target Company;
- (iii) the payment schedule of the Consideration; and
- (iv) the reasons and benefits for the Acquisition as described below.

The portion of the Consideration to be settled in cash will be satisfied internally and/or by proceeds from possible fund raising activities as may be conducted by the Company, such as placing of new Shares, rights issue, open offer, loan or other credit facilities to be extended to the Company, or a combination of any of the above which the Board consider as appropriate and in the best interest of the Company and Shareholders under the then market condition.

The Directors consider the Consideration of the Acquisition is fair and reasonable, and the terms of settlement of the Consideration are in the interests of the Company and the Shareholders as a whole.

Profit Guarantee

In the Sale and Purchase Agreement, the Vendors, jointly and severally, guaranteed and warranted to the Purchaser that the audited consolidated net profit after taxation of the Target Company for the financial year ending 31 December 2013 shall not be less than HK\$4,000,000 (the “**Guaranteed Profit**”).

In the event the Guaranteed Profit is not achieved, the Vendors should pay the Purchaser a compensation sum of HK\$X based on the following formula:

$$\text{HK\$X} = (\text{HK\$4 million} - \text{actual profit achieved}) \times 10$$

The multiple 10 represents the price-to-earnings ratio derived by reference to the value of Consideration over the Guaranteed Profit.

The maximum compensation sum is capped to the Consideration. The Guaranteed Profit shall be calculated in accordance with Hong Kong Financial Reporting Standards.

Pursuant to the Sale and Purchase Agreement, the audited report for the financial year ending 31 December 2013 shall be completed and presented to the Purchaser within three (3) months after the financial year-end date. If the audited consolidated net profit after tax for the relevant period falls short of the Guaranteed Profit, the outstanding amounts of the promissory notes will be net off by the compensation sum as specified above. If the compensation sum exceeds the outstanding amount of the promissory notes, the Vendors will pay the Purchaser the remaining compensation in cash within 10 business days after the presenting of the audited report.

Further announcement will be made by the Company in the event that the Guaranteed Profit cannot be fulfilled. There is no profit adjustment mechanism to the Consideration in case the actual audited consolidated net profit for the relevant period exceeds the Guaranteed Profit.

Undertaking

Mr. Ma Pun Fai, who is the key operator of the Target Group, has undertaken to the Purchaser that for a period of three (3) years following the completion of the Acquisition, he shall not, directly or indirectly:

- (a) enter into employment of, or render any services to, any person, firm or corporation engaged in any business competitive with the business of the Target Group;
- (b) engage in any business competitive with the business of the Target Group on his own account; or
- (c) become interested in any business competitive with the business of the Target Group, directly or indirectly, as an individual, partner, shareholder, director, officer, principal, agent, employee, trustee, consultant, or any other relationship or capacity.

Conditions precedent

Completion of the sale and purchase of the Sale Shares is conditional upon, among other things, the satisfaction (or, if applicable, the waiver) of certain conditions precedent. Such conditions precedent include the following:

- (a) the approval of the Shareholders at the SGM of the Sale and Purchase Agreement;
- (b) completion of legal, financial, accounting, tax, and business due diligence of the Target Group by the Company, its legal counsel and other professional advisers to the satisfaction of the Company;

- (c) key members of the existing management of the Target Group continuing to be employed by the Target Group at completion of the Acquisition and, in particular, Mr. Ma Pun Fai to enter into a 3 years services contract with the Target Group;
- (d) no material adverse change having occurred to the business, assets, financial position and performance of the Target Group and the Company;
- (e) the warranties on the Target Group given by the Vendors being true and accurate in all material respects when made, and being true and accurate in all material respects on and as of the date of completion of the Acquisition; and
- (f) (if necessary) all other authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the transactions contemplated hereunder having been granted, received or obtained and not revoked.

The above conditions precedent are required to be fulfilled or waived on or before the Long Stop Date unless being extended by both parties. The above conditions precedent (a) cannot be waived. The Company is entitled to exercise its discretion to waive the fulfillment of the above conditions precedent (b), (c), (d), (e) and (f), and as at the date of this announcement, the Company has no intention to waive any of such conditions. In the event that such conditions could not be fully satisfied, the waiver of any of such conditions is to be determined by the Board after consideration of the interests of the Company and the Shareholders as a whole.

Completion

Completion of the Acquisition is scheduled to take place on the fifth business day when all the conditions precedent to which completion is subject have been fulfilled or, if applicable, waived.

INFORMATION OF THE GROUP

The Company is an investment holding company and it also provides corporate management services. Its subsidiaries are principally engaged in the provision of assembly service of telephone and related products and the sales and marketing of residential telephone products under its license arrangements under the Motorola brand.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company and is owned as to 76% by Mr. Ma Pun Fai, as to 15% by Ms. Ip Wai Shan and as to 9% by Ms. Wong Man Nga Ivy.

The Target Group engages principally in the processing and trading used computer-related components such as integrated circuit chips, hard-disk and motherboards from developed countries to developing countries.

Financial information on the Target Company

The audited net liabilities of the sole operating subsidiary of the Target Company as at 31 December 2011 was HK\$618,550. The Target Company is an investment holding company with no material assets. There is no consolidated account being prepared for the Target Group.

The audited net loss before and after taxation and extraordinary items of the sole operating subsidiary of the Target Company for each of the two years ended 31 December 2010 and 2011 are set out below:

	Year ended 31 December	
	2011	2010
Net losses before taxation and extraordinary items	HK\$84,271	HK\$330,809
Net losses after taxation and extraordinary items	HK\$84,271	HK\$330,809

The Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the accounts of the Group upon Completion.

REASONS FOR THE ACQUISITION

As revealed in previous financial statements of the Company, the Group has been operating in a challenging business situation and continuing to incur losses. While the Group intends to streamline its existing business, it pursues its long term business diversification strategy by entering into the computer components trading industry through the Acquisition. The diversification into the computer components trading industry through the Acquisition is expected to bring positive contributions to the Group. In the event that the expansion into the computer component trading business achieves prominent growth and significant returns to the Group, the Company may consider diverting more resources to this segment of business in the future.

The Group is expected to benefit from the Acquisition for the following principal reasons:

- (a) the Acquisition will allow the Company to pursue its long term business diversification strategy by entering into the computer components trading industry, being a business with potential, so as to further enhance its revenue sources as well as to bring positive return to its Shareholders;
- (b) the Vendors have guaranteed the Profit Guarantee and would be able to bring positive contribution to the Group;

- (c) the target market of the Target Group is in developing countries such as Middle East, Russian Federation and India, in which the Group through its trading of telephone products are familiar with and the Group is confident of their market potential;
- (d) as one of the new trading segment of the Target Group is trading of used telephones from developed countries to developing countries, the Group expects that leveraging on the experience of the Target Group, the Group may be able to explore and utilise the sales network of the Target Group in accelerating the distribution of telephone inventories of the Group; and
- (e) as the Target Group is smaller in size at the moment in terms of turnover, the Group expects that the business of the Target Group could be expanded robustly given the strong background of the Group as a listed company in Hong Kong which could enhance the reputation and credibility of the Target Group in the industry.

The Directors are of the view that the Acquisition represents a good opportunity for the Group to pursue its long-term business diversification strategy.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but below 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

A circular containing, among other matters, further details of the Acquisition and all matters contemplated thereunder and the notice of the SGM are expected to be despatched to the Shareholders on or before 14 December 2012 as more time is required to prepare the relevant financial and other information to be included in the circular under the Listing Rules.

As Completion is subject to the fulfilment of certain conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Acquisition will be completed. Therefore, the Shareholders and investors in general should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"Acquisition" the acquisition of the Sale Shares in accordance with the Sale and Purchase Agreement

“BVI”	the British Virgin Islands
“Company”	Suncorp Technologies Limited, a company incorporated in the Bermuda with limited liability, whose Shares are listed on the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected persons of the Company under Chapter 14A of the Listing Rules and independent of the connected persons of the Company and their associates (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 January 2013 (or such other date as the Company and the Vendors may agree)
“Purchaser”	Excel Gainer Limited, a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 7 November 2012 entered into between the Purchaser and the Vendors in relation to the sale and purchase of the Sale Shares
“Sale Shares”	50,000 ordinary shares of US\$1 each in the share capital of the Target Company, representing its entire issued share capital
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.003 each in the share capital of the Company

“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Smart Policy Investments Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiary
“Vendors”	Mr. Ma Pun Fai (76%), Ms. Ip Wai Shan (15%) and Ms. Wong Man Nga Ivy (9%)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Suncorp Technologies Limited
Ip Chi Ming
Executive Director

Hong Kong, 7 November 2012

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Malcolm Stephen Jacobs-Paton, Mr. Ip Chi Ming, Mr. So Chung Shing and Ms. Xiao Yanni and three independent non-executive Directors, namely Ms. Lu Bei Lin, Mr. Lee Ho Yiu, Thomas and Mr. Lee Ka Sing, Joseph.