Suncorp

Suncorp Technologies Limited

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue	3	**349,626**	237,038
Cost of sales		**(303,106)**	(228,266)
Gross profit		**46,520**	8,772
Other income and gains	4	**1,773**	4,588
Distribution and selling expenses		**(28,796)**	(22,756)
Operating expenses		**(37,759)**	(29,345)
Impairment loss recognised on trade and other receivables		**(185)**	(13,271)
Fair value change on held-for-trading investments		**(5,924)**	(58)
Fair value change on convertible notes designated as at fair value through profit or loss		**(2,225)**	(11,850)
Finance costs	5	**(1,215)**	(1,207)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2012

	NOTES	**2012** **HK$'000**	2011 *HK$'000*
Loss before tax		**(27,811)**	(65,127)
Income tax expense	7	**–**	(2,601)
Loss for the year	6	**(27,811)**	(67,728)
Other comprehensive expense			
Exchange differences on translating foreign operations		**(116)**	(249)
Total comprehensive expense for the year		**(27,927)**	(67,977)
Loss per share (HK$)	9		
– Basic		**(0.16)**	(0.59)
– Diluted		**(0.16)**	(0.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**5,174**	12,242
Interest in a jointly controlled entity		**–**	–
		5,174	12,242
Current assets			
Inventories		**2,244**	–
Trade, bill and other receivables	10	**37,025**	41,430
Bill receivable discounted with full recourse	11	**1,317**	14,414
Held-for-trading investments	12	**12,541**	11,939
Bank balances and cash		**9,872**	11,475
		62,999	79,258
Current liabilities			
Trade and other payables	13	**40,784**	30,665
Advance drawn on bill receivable discounted with full recourse		**1,317**	14,414
Amount due to a former director		**33,794**	32,609
Trade and other payables to a jointly controlled entity		**33,869**	39,805
Convertible notes designated as at fair value through profit or loss		**40,000**	38,477
		149,764	155,970
Net current liabilities		**(86,765)**	(76,712)
Total assets less current liabilities		**(81,591)**	(64,470)
Capital and reserves			
Share capital		**564**	392
Reserves		**(82,155)**	(64,862)
Total equity		**(81,591)**	(64,470)

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$27,811,000 during the year ended 31 December 2012 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$86,765,000. The directors of the Company have been taking active steps to improve the liquidity position of the Group. These steps include (i) negotiating with creditors on repayment schedules; (ii) implementing stringent cost control measures; (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 and after taking into account credit facilities available to 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 HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 *Property, Plant and Equipment* and the amendments to HKAS 32 *Financial Instruments: Presentation*.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

HKFRS 9 Financial Instruments

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:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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 accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as 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 impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

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. HK (SIC)-Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11.

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 consolidation.

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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that the application of these five standards will not have material impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

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 the application of the new standard may result in more extensive disclosures in the financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. 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 items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax.

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 future accounting periods.

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 directors of the Company 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 directors of the Company 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 loss 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").

Information about 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**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Asia	**219,085**	127,415	**5,174**	12,242
Europe	**116,425**	105,114	**–**	–
Middle East	**7,266**	4,509	**–**	–
Africa	**6,850**	–	**–**	–
	349,626	237,038	**5,174**	12,242

Information about major customers

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

	2012	2011
	HK$'000	*HK$'000*
Customer A	**123,088**	56,580
Customer B	**40,571**	N/A[1]
Customer C	**N/A[1]**	39,250
Customer D	**35,880**	24,052

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

4. OTHER INCOME AND GAINS

	2012	2011
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**–**	69
Interest income on bank deposits	**5**	14
Reversal of impairment loss recognised on trade receivables	**–**	1,802
Management fee income	**252**	257
Government subsidies	**1,143**	1,916
Sundry income	**373**	530
	1,773	4,588

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings wholly repayable within five years	**165**	145
– amount due to a former director	**1,050**	1,062
	1,215	1,207

6. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Directors' emoluments	**2,178**	2,394
Other staff costs	**71,777**	54,320
Total employee benefits expense	**73,955**	56,714
Auditors' remuneration	**750**	750
Cost of inventories recognised as an expense	**225,911**	154,775
Depreciation of property, plant and equipment	**2,910**	3,977
Loss on disposal of property, plant and equipment	**3,596**	–
Net foreign exchange losses	**36**	73

7. INCOME TAX EXPENSE

	2012	2011
	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 Hong Kong Profits Tax has been made for the year ended 31 December 2012 as the Group did not generate any assessable profits for the year. No provision for Hong Kong Profits 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.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years. No provision for PRC Enterprise Income Tax for the years ended 31 December 2012 and 2011 as the PRC subsidiaries did not generate any assessable profits for the years.

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2012 (2011: 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:

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(27,811)**	(67,728)

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**169,868**	113,948

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible notes and the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

10. TRADE, BILL AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade and bill receivables	**29,882**	25,031
Less: Allowance for doubtful debts	**(5,451)**	(5,266)
	24,431	19,765
Refundable deposits paid for proposed acquisitions	**3,000**	10,000
Deposits, prepayments and other receivables	**9,594**	11,665
Total trade, bill and other receivables	**37,025**	41,430

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**13,542**	16,012
31 – 60 days	**6,825**	2,552
61 – 90 days	**1,466**	1,201
Over 90 days	**2,598**	–
	24,431	19,765

11. BILL RECEIVABLE DISCOUNTED WITH FULL RECOURSE

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

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**1,317**	14,414

12. HELD-FOR-TRADING INVESTMENTS

	2012	2011
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	**12,541**	11,939

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

13. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**7,312**	4,686
Other payables and accrued charges	**33,472**	25,979
	40,784	30,665

The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0 – 30 days	**1,028**	–
31 – 60 days	**1,044**	–
61 – 90 days	**552**	–
Over 90 days	**4,688**	4,686
	7,312	4,686

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

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 2012.

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 2012, the Group's turnover amounted to approximately HK$349.6 million, compared to HK$237 million reported in 2011, it was an increase of approximately 47.5%. Approximately 28.9% of the Group's turnover resulted from the provision of assembly services, and approximately 71.1% from sales of telephone products. Gross profit from operation for the year under review was approximately HK$46.5 million, compared to a gross profit of approximately HK$8.8 million reported in 2011, representing an increase of approximately 430.3%. The net loss was approximately HK$27.8 million, in which approximately an expenditure of HK$8.1 million was generated from non-operating items, such as fair value change on convertible notes and fair value change on trading securities.

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 company engaged 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. Due diligence is underway, and subject to completion, the Group will then diversify into computer component trading business. The Board will continue to explore new business opportunities which could diversity the Group's current business and we consider will bring value to shareholders as a whole.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 December 2012, the Group recorded a turnover of approximately HK$349.6 million which represents an increase of approximately 47.5% as compared to the corresponding figure for the year ended 31 December 2011. The gross profit for the year under review was approximately HK$46.5 million as compared to approximately HK$8.8 million for the previous year.

During the year, the Group focused on providing assembly services at its subsidiary, Meizhou Guo Wei Electronics Co., Ltd. in Meizhou in the PRC, 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 2012 are set out as below:

	Business under Motorola brand	**Meizhou Guo Wei**
	HK$'000	*HK$'000*
Turnover	248,567	101,059
Gross profit	35,549	10,971

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 50.8% to 42.1% was mainly due to the decrease in bill receivable discounted with full recourse and the increase in the trade and other payables.

As at 31 December 2012, the Group had cash on hand of approximately HK$9.9 million, net current liabilities of approximately HK$86.8 million, total assets of approximately HK$68.2 million and shareholders' deficit of approximately HK$81.6 million.

The Group has HK$1.3 million bank borrowings as at 31 December 2012 (2011: HK$14.4 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 2012, no shares were issued upon the exercise of share options by option holders.

During the year ended 31 December 2012, 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

As previously disclosed, 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 Latest Practicable Date, 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 2012 (2011: Nil)

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 written terms of reference and is currently consists of three members, of whom all are INEDs.

The Audit Committee is responsible for reviewing the appointment of auditors on an annual basis including a review of the audit scope and the audit fees; ensuring the objectivity and independence of the auditors, meeting with the auditors to discuss issues arising from the final audit and any matters the auditors suggest to discuss; reviewing the sufficiency and effectiveness of the internal controls; reviewing the annual and interim report in accordance with the accounting policies and practices and relevant accounting standards, the Listing Rules and the legal requirements; serving as a focal point for communication between other Directors and the auditors in respect of the duties relating to financial reporting.

The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy when necessary.

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 2012, 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**") during the period from 1 January 2012 to 31 March 2012; and (ii) the Corporate Governance Code and Corporate Governance Report (the "**New CG Code**") during the period from 1 April 2012 to 31 December 2012, and except for the deviation from New 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 New 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 New CG Code in this respect.

Pursuant to Code Provision A.4.1 of the New 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 New 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 New 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 the Directors, the Directors have complied with the required standard as set out in the Model Code throughout the financial year of 2012.

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, 20 March 2013

As at the date of this announcement, the Board comprises of Mr. Malcolm Stephen Jacobs-Paton, Mr. Ip Chi Ming, Mr. Xiao Qingmin as executive directors, Ms. Lu Bei Lin, Mr. Lee Ho Yiu, Thomas and Mr. Lee Ka Sing, Joseph as independent non-executive directors.