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## SunCorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021, together with the comparative figures for the corresponding year ended 31 December 2020, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	4	<b>199,967</b>	173,692
Costs of sales		<b>(174,624)</b>	(148,104)
Gross profit		<b>25,343</b>	25,588
Other income	5	<b>211</b>	856
Distribution and selling expenses		<b>(6,091)</b>	(443)
Operating expenses		<b>(25,152)</b>	(18,275)
Provision for expected credit losses (“ <b>ECL</b> ”) on trade, other and loan receivables, net		<b>(68,286)</b>	(88,031)
Unrealised gain on financial assets at fair value through profit or loss (“ <b>FVTPL</b> ”)		<b>16,743</b>	10,574
Realised gain/(loss) on financial assets at FVTPL		<b>16</b>	(431)
<b>Loss from operation</b>		<b>(57,216)</b>	(70,162)
Finance costs	7	<b>(470)</b>	(188)
<b>Loss before tax</b>		<b>(57,686)</b>	(70,350)
Income tax (expense)/credit	8	<b>(1,154)</b>	243
<b>Loss for the year</b>	9	<b>(58,840)</b>	(70,107)

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		—	2
<b>Loss and total comprehensive income for the year</b>		<b>(58,840)</b>	(70,105)
<b>Loss for the year attributable to:</b>			
Owner of the Company		(58,753)	(70,107)
Non-controlling interests		(87)	—
		<b>(58,840)</b>	(70,107)
<b>Loss and total comprehensive income for the year attributable to:</b>			
Owner of the Company		(58,753)	(70,105)
Non-controlling interests		(87)	—
		<b>(58,840)</b>	(70,105)
<b>Loss per share attributable to owners of the Company (HK cents)</b>			
	<i>11</i>		
– Basic		(5.09)	(8.52)
– Diluted		N/A	N/A

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		–	5
Right-of-use assets		395	–
Deposits		205	205
Deferred tax assets		23	979
		<u>623</u>	<u>1,189</u>
<b>Current assets</b>			
Trade and other receivables	12	61,841	40,919
Loan receivables	13	119,013	168,595
Financial assets at FVTPL		87,284	61,050
Tax recoverable		123	165
Cash and bank balances			
– Segregated accounts		7,223	5,620
– House accounts		52,875	21,615
		<u>328,359</u>	<u>297,964</u>
<b>Current liabilities</b>			
Trade and other payables	14	65,703	39,862
Lease liabilities	15	1,304	675
Bank loan		2,905	3,584
		<u>69,912</u>	<u>44,121</u>
<b>Net current assets</b>		<u>258,447</u>	<u>253,843</u>
<b>Total assets less current liabilities</b>		<u>259,070</u>	<u>255,032</u>
<b>Non-current liabilities</b>			
Lease liabilities	15	2,062	–
<b>Net assets</b>		<u>257,008</u>	<u>255,032</u>
<b>Equity</b>			
Capital and reserves attributable to owners of the Company			
Share capital	16	8,958	5,477
Reserves		248,138	249,555
		<u>257,096</u>	<u>255,032</u>
Non-controlling interest		(88)	–
<b>Total equity</b>		<u>257,008</u>	<u>255,032</u>

## Notes:

### 1. GENERAL

SunCorp Technologies Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit 2305, 23/F., The Center, 99 Queen’s Road Central, Hong Kong, respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Group is principally engaged in sales of telephones and related products, processing and trading of used computer-related components, provision of securities brokerage, placing and underwriting services, money lending service and B2B cross-border e-commerce.

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed in the notes to the consolidated financial statements.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

### 3. ADOPTION OF NEW AND REVISED HKFRSs

#### (a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, Interest Rate Benchmark Reform – Phrase 2  
HKFRS 4 and HKFRS 16

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021.

Except as described below, the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### ***Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phrase 2***

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

***Amendment to HKFRS 16, COVID-19-Related Rent Concessions***

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2021.

**(b) New and revised HKFRSs in issue but not yet effective**

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021, the Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on or after 1 January 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3 Business Combination	1 January 2022
– Reference to the Conceptual Framework	
Amendments to HKAS 16 Property Plant and Equipment	1 January 2022
– Proceeds before Intended Use	
Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### 4. REVENUE

##### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Disaggregated by major products or service lines		
Sales of telephones and related components	10,007	29,120
Processing and trading of used computer-related components	81,503	40,974
Commission from securities dealing and brokerage services	338	93
Commission from placing and underwriting service	1,602	913
B2B cross-border e-commerce	86,344	81,742
	<u>179,794</u>	<u>152,842</u>
<b>Revenue from other sources:</b>		
Money lending services	20,109	20,657
Interest and related income from securities	64	193
	<u>20,173</u>	<u>20,850</u>
Total revenue	<u><u>199,967</u></u>	<u><u>173,692</u></u>

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product line and geographical regions:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Timing of revenue recognition:</b>		
At a point in time	<u>179,794</u>	<u>152,842</u>
<b>Geographical market:</b>		
People's Republic of China ("PRC") (including Hong Kong)	113,368	91,810
India	333	3,015
Indonesia	52,687	21,972
Korea	–	6,170
Spain	–	5,235
United States of America ("USA")	5,311	8,284
Others	8,095	16,356
	<u>179,794</u>	<u>152,842</u>

## 5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sundry income	211	–
Government grant ( <i>note</i> )	–	856
	<u>211</u>	<u>856</u>

*note:* The amount mainly represents the receipts from Employment Support Scheme provides by the Hong Kong government. The conditions of the government grant were fulfilled during the year ended 31 December 2020.

## 6. SEGMENT INFORMATION

The executive directors of the Company are identified as the chief operating decision maker of the Group for the purpose of resources allocation and performance assessments.

The Group has five operating segments as follows:

- (i) Sales of telephones and related components;
- (ii) Processing and trading of used computer-related components;
- (iii) Money lending services;
- (iv) Provision of securities brokerage, placing and underwriting services; and
- (v) B2B cross-border e-commerce.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits or losses do not include realised and unrealised gains and losses on financial assets at FVTPL and unallocated administrative expenses, finance costs and income tax (expense)/credit. Segment assets do not include financial assets at FVTPL and other unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities.

## Information about operating segment profit or loss, assets and liabilities

	Telephones and related components <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Provision of brokerage, placing and underwriting services <i>HK\$'000</i>	B2B cross-border e-commerce <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 December 2021</b>						
Revenue	10,007	81,503	20,109	2,004	86,344	199,967
Segment (loss)/profit	<u>(999)</u>	<u>284</u>	<u>(61,884)</u>	<u>(2,825)</u>	<u>612</u>	<u>(64,812)</u>
Unrealised gain on financial assets at FVTPL						16,743
Realised gain on financial assets at FVTPL						16
Unallocated expenses						(9,163)
Finance costs						<u>(470)</u>
Loss before tax						<u><u>(57,686)</u></u>
<b>As at 31 December 2021</b>						
Segment assets	244	12,889	120,080	22,572	30,489	186,274
Unallocated assets						<u>142,708</u>
						<u><u>328,982</u></u>
Segment liabilities	(28,983)	(4,494)	(9,482)	(11,945)	(13,582)	(68,486)
Unallocated liabilities						<u>(3,488)</u>
						<u><u>(71,974)</u></u>



**Information about operating segment profit or loss, assets and liabilities (continued)**

	Telephones and related components <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Provision of brokerage, placing and underwriting services <i>HK\$'000</i>	B2B cross-border e-commerce <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 December 2020</b>						
Revenue	29,120	40,974	20,657	1,199	81,742	173,692
Segment (loss)/profit	<u>(1,681)</u>	<u>344</u>	<u>(67,253)</u>	<u>(1,394)</u>	<u>(1,230)</u>	(71,214)
Unrealised gain on financial assets at FVTPL						10,574
Realised loss on financial assets at FVTPL						(431)
Unallocated expenses						(9,091)
Finance costs						<u>(188)</u>
Loss before tax						<u>(70,350)</u>
<b>As at 31 December 2020</b>						
Segment assets	769	12,532	170,880	22,043	23,440	229,664
Unallocated assets						<u>69,489</u>
						<u>299,153</u>
Segment liabilities	(28,489)	(4,118)	(20)	(5,718)	(77)	(38,422)
Unallocated liabilities						<u>(5,699)</u>
						<u>(44,121)</u>

## Other segment information

### For the year ended 31 December 2021

	Telephones and related components <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Provision of brokerage, placing and underwriting services <i>HK\$'000</i>	B2B cross-border e-commerce <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss:</i>							
Depreciation of property, plant and equipment	-	-	424	-	5	-	429
Depreciation of right-of-use assets	-	56	1,086	-	-	-	1,142
Impairment property, plant and equipment	-	-	1,890	-	-	-	1,890
Impairment of right-of-use assets	-	-	2,895	-	-	-	2,895
Unrealised gain on financial assets at FVTPL	-	-	-	-	-	(16,743)	(16,743)
Realised gain on financial assets at FVTPL	-	-	-	-	-	(16)	(16)
Provision for ECL on loan receivables	-	-	68,078	-	-	-	68,078
Provision/(reversal) of ECL on trade receivables	633	52	-	-	(345)	-	340
Reversal of ECL on other receivables	(12)	(52)	(3)	-	-	(65)	(132)
Share-based payment expense	-	-	-	-	-	2,819	2,819
Interest expense	-	-	-	-	-	188	188
Additions to right-of-use assets	-	452	3,980	-	-	-	4,432

### For the year ended 31 December 2020

	Telephones and related components <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Provision of brokerage, placing and underwriting services <i>HK\$'000</i>	B2B cross-border e-commerce <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Amounts included in the measure of segment profit or loss:</i>							
Depreciation of property, plant and equipment	-	-	-	25	-	-	25
Unrealised gain on financial assets at FVTPL	-	-	-	-	-	(10,574)	(10,574)
Realised loss on financial assets at FVTPL	-	-	-	-	-	431	431
Provision for ECL on loan receivables	-	-	87,752	-	-	-	87,752
Provision for/(reversal of) ECL on trade receivables	(127)	26	-	64	446	-	409
Reversal of ECL on other receivables	(130)	-	-	-	-	-	(130)
Loss on disposal of property, plant and equipment	-	-	-	49	-	-	49
Share-based payment expense	-	-	-	-	-	2,520	2,520

## Geographical information

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

	Revenue from external customers		Non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PRC (including Hong Kong)	133,541	112,660	395	5
India	333	3,015	–	–
Indonesia	52,687	21,972	–	–
Korea	–	6,170	–	–
Spain	–	5,235	–	–
USA	5,311	8,284	–	–
Others	8,095	16,356	–	–
	<u>199,967</u>	<u>173,692</u>	<u>395</u>	<u>5</u>

*Note:* Non-current assets excluded financial instruments and deferred tax assets.

## Revenue from major customers

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A ( <i>note 1</i> )	27,470	28,044
Customer B ( <i>note 1</i> )	68,881	53,698
Customer C ( <i>note 2</i> )	29,955	N/A

*note 1:* Revenue from B2B cross-border e-commerce segment.

*note 2:* Revenue from processing and trading of used computer-related components segment.

## 7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on lease liabilities	186	98
Interest on bank loan	284	90
	<u>470</u>	<u>188</u>

## 8. INCOME TAX EXPENSE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Under/(over)-provision in prior years	198	(243)
Deferred tax	956	–
	<u>1,154</u>	<u>(243)</u>

For the years ended 31 December 2021 and 2020, Hong Kong Profits Tax has not been provided in the consolidated financial statements as the Group's Hong Kong subsidiaries either did not have assessable profit or had sufficient tax losses brought forward to offset against current year's assessable profits.

For the years ended 31 December 2021 and 2020, under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%.

No provision for PRC Enterprise Income Tax has been made for the years ended 31 December 2021 and 2020 as the Group's PRC subsidiary did not generate any assessable profits during the years.

The reconciliation between the income tax expense/(credit) and loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before tax	<u>(57,686)</u>	<u>(70,350)</u>
Tax at the domestic income tax rate of 16.5% (2020: 16.5%)	(9,518)	(11,608)
Tax effect of expenses not deductible for tax purpose	1,320	619
Tax effect of income not taxable for tax purpose	(2,763)	(1,816)
Tax effect of tax losses not recognised	11,611	14,505
Tax effect of temporary difference not recognised	1,321	(23)
Tax effect of utilisation of tax losses not previously recognised	(1,003)	(1,677)
Tax effect of two-tiered tax regime	(6)	–
Tax concession	(6)	–
Under/(over)-provision in prior years	198	(243)
Tax charge/(credit) for the year	<u>1,154</u>	<u>(243)</u>

## 9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' emoluments	1,287	2,253
Other staff costs	6,342	7,040
	<u>7,629</u>	<u>9,293</u>
Total directors' emoluments and other staff costs ( <i>note</i> )		
Auditors' remuneration	600	600
Cost of goods sold and services recognised as an expense	174,624	148,104
Depreciation of property, plant and equipment	429	25
Depreciation of right-of-use asset	1,142	–
Impairment of right-of-use assets	2,895	–
Impairment of property, plant and equipment	1,890	–
Equity-settled share-based payments ( <i>note</i> )	2,819	2,520
Provision for ECL on trade receivables	340	409
Reversal of ECL on other receivables	(132)	(130)
Provision for ECL on loan receivables	68,078	87,752
Expenses related to short term lease	–	291
COVID-19 related rent concessions received	(29)	(67)
Loss on disposal of property, plant and equipment	–	49
Net foreign exchange losses	50	44

*note:*

Equity-settled share-based payments of approximately HK\$564,000 (2020: approximately HK\$1,044,000) and HK\$2,255,000 (2020: approximately HK\$1,476,000) were included in directors' emoluments and other staff costs respectively.

## 10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

## 11. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(58,753)</u>	<u>(70,107)</u>

	2021 '000	2020 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,154,471</u>	<u>822,727</u>

For the purpose of calculation of basic loss per share for the year ended 31 December 2020, the share consolidation of the Company being effective on 26 March 2020 was deemed to be effective throughout the year ended 31 December 2020.

No diluted loss per share is presented for the years ended 31 December 2021 and 2020, as the outstanding share options did not have any dilutive effect and was not included in the calculation of diluted loss per share.

## 12. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables arising from the ordinary course of business of dealing in securities transactions:			
– Cash clients	<i>(a)</i>	4,956	2,353
Less: Allowance for ECL		<u>(64)</u>	<u>(64)</u>
		<u>4,892</u>	<u>2,289</u>
Trade receivables from other ordinary course of business, other than business of dealing in securities transactions	<i>(b)</i>	35,834	27,288
Less: Allowance for ECL		<u>(1,728)</u>	<u>(1,388)</u>
		<u>34,106</u>	<u>25,900</u>
Deposits in brokerage firms		4,430	4,432
Deposits, prepayments and other receivables	<i>(c)</i>	18,617	8,634
Less: Allowance for ECL		<u>(204)</u>	<u>(336)</u>
		<u>22,843</u>	<u>12,730</u>
Total trade and other receivables		<u><u>61,841</u></u>	<u><u>40,919</u></u>

(a) **Trade receivables arising from the business of dealing in securities**

The Group seeks to maintain tight control over its outstanding trade receivables and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of trade receivables from clients and clearing house arising from the ordinary course of business of securities brokerage services are 2 trading days (2020: 2 trading days) after the trade date.

The ageing analysis of trade receivables arising from the ordinary course of business of dealing in securities transactions, based on trading date, and net of allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-30 days	4,575	79
31-60 days	3	–
61-90 days	3	–
Over 90 days	311	2,210
	<u>4,892</u>	<u>2,289</u>

Trade receivables due from cash clients are secured by clients' securities, which are publicly traded equity securities listed in Hong Kong. The fair values of the securities as at 31 December 2021 were approximately HK\$19,180,000 (2020: approximately HK\$19,925,000). As at 31 December 2021 and 2020, all balances were secured by sufficient collateral on an individual basis.

In addition, the Group has a policy for determining the allowance for impairment of trade receivables without sufficient collateral based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the creditworthiness, collateral and the past collection history of each client.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date and the fair values of the collateral held.

The carrying amount of the Group's trade receivables arising from the business of dealing in securities are denominated in HK\$.

(b) **Trade receivables arising from other businesses**

The Group allows a credit period from 30 to 90 days (2020: 30 to 90 days) to its customers. The ageing analysis of trade receivables arising from other course of business other than business of dealing in securities transactions, based on invoice date, and net of allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	10,352	9,916
31 – 60 days	7,757	1,661
61 – 90 days	7,192	9,994
Over 90 days	8,805	4,329
	<u>34,106</u>	<u>25,900</u>

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 twice a year.

Details of impairment assessment of trade receivables for the years ended 31 December 2021 and 2020 are set out in note 6(c) to the consolidated financial statements.

The carrying amount of the Group's trade receivables arising from other business are denominated in US\$.

- (c) Amount due from a subsidiary's director of approximately HK\$4,717,000 (net of allowance of HK\$89,000) (2020: approximately HK\$5,320,000 (net of allowance of HK\$142,000)) was included in the deposits, prepayments and other receivables. The amount due is unsecured, interest-free and repayable on demand.

**13. LOAN RECEIVABLES**

The ageing analysis of loan receivables based on the remaining contractual maturity date:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 90 days	170,978	157,023
91 – 180 days	39,640	50,267
181 – 365 days	77,407	62,239
	<u>288,025</u>	<u>269,529</u>
Less: Allowance for ECL	<u>(169,012)</u>	<u>(100,934)</u>
	<u>119,013</u>	<u>168,595</u>



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

The loan receivables are repayable in accordance with the terms of the loan agreements and all loan receivables are recoverable within 1 year (2020: 1 year).

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

As at 31 December 2021, the Group's loan receivables are denominated in HK\$ and carried at fixed effective interest rate ranging from 8% to 10% (2020: 8% to 10%) per annum and with the terms of 1 to 2 years (2020: 1 to 2 years).

#### 14. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Trade payables arising from the ordinary course of business of dealing in securities transactions:			
– Cash clients	<i>(a)</i>	<b>11,823</b>	5,616
Trade payables from purchase of goods arising from other ordinary course of business, other than business of dealing in securities transactions	<i>(b)</i>	<b>40,704</b>	26,545
Other payables and accrued expenses	<i>(c)</i>	<b>12,976</b>	7,701
Provision for reinstatement cost	<i>(d)</i>	<b>200</b>	–
		<b>65,703</b>	39,862

##### (a) Trade payables arising from the business of dealing in securities

The trade payables balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

The carrying amount of the Group's trade payables arising from the business of dealing in securities are denominated in HK\$.

**(b) Trade payables arising from other businesses**

The ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>8,390</b>	814
31 – 60 days	<b>4,112</b>	–
61 – 90 days	<b>702</b>	146
Over 90 days	<b>27,500</b>	25,585
	<u><b>40,704</b></u>	<u>26,545</u>

The credit period on purchase of goods ranges from 30 to 60 days (2020: 30 to 60 days).

The carrying amount of the Group's trade payable arising from other business are denominated in US\$.

(c) No amount due to a securities broker (2020: HK\$968,000 with 8.5% interest rate per annum and repayable on demand) was included in other payables and accrued expenses.

**(d) Movement of the provision for reinstatement cost**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
At 1 January	–	–
Provision for reinstatement cost recognised during the year	<b>200</b>	–
	<u><b>200</b></u>	<u>–</u>
At 31 December	<b>200</b>	–

**15. LEASE LIABILITIES**

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,442</b>	682	<b>1,304</b>	675
In the second to fifth years, inclusive	<b>2,148</b>	–	<b>2,062</b>	–
	<u><b>3,590</b></u>	<u>682</u>	<u><b>3,366</b></u>	<u>675</u>
Less: Future finance charges	<b>(224)</b>	(7)	<b>N/A</b>	N/A
Present value of lease obligations	<u><b>3,366</b></u>	<u>675</u>	<u><b>3,366</b></u>	<u>675</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u><b>(1,304)</b></u>	<u>(675)</u>
Amount due for settlement after 12 months			<u><b>2,062</b></u>	<u>–</u>

All lease liabilities are denominated in HK\$.

The incremental borrowing rates applied to lease liabilities is 5% (2020: 6.03%).

## 16. SHARE CAPITAL

	2021		2020	
	Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
<b>Authorised:</b>				
At 1 January, ordinary share of HK\$0.006	100,000,000	600,000	2,000,000,000	600,000
Share consolidation ( <i>note i</i> )	–	–	(1,900,000,000)	–
	<u>100,000,000</u>	<u>600,000</u>	<u>100,000,000</u>	<u>600,000</u>
At 31 December, ordinary share of HK\$0.006	<u>100,000,000</u>	<u>600,000</u>	<u>100,000,000</u>	<u>600,000</u>
<b>Issued and fully paid:</b>				
At 1 January, ordinary share of HK\$0.006	912,937	5,477	15,215,731	4,564
Share consolidation ( <i>note i</i> )	–	–	(14,454,944)	–
Placing of shares ( <i>note ii</i> )	<u>580,000</u>	<u>3,481</u>	<u>152,150</u>	<u>913</u>
At 31 December, ordinary share of HK\$0.006	<u>1,492,937</u>	<u>8,958</u>	<u>912,937</u>	<u>5,477</u>

notes:

- (i) Pursuant to ordinary resolution passed by shareholders at extraordinary meeting of the Company on 24 March 2020, the Company effected the consolidation of the issued and unissued ordinary shares of the Company on the basis that every 20 ordinary shares of HK\$0.0003 each into one ordinary share of HK\$0.006 each on 26 March 2020. Details of the share consolidation are set out in the Company's announcements dated 24 February 2020, 6 March 2020 and 24 March 2020 respectively.
- (ii) On 5 August 2020, the Company and the placing agent entered into the placing agreement pursuant to which the placing agent has conditionally agreed to place, on a best effort basis, to not less than six places, for up to 152,150,000 placing shares at the placing price of HK\$0.09 per placing share. The placing of new shares was completed on 25 August 2020. The Company received net proceeds, after deducting the related expenses and the other related expenses, from the placing amounted to approximately HK\$13,700,000.

On 23 April 2021, the Company and the placing agent entered into the placing agreement pursuant to which the placing agent has conditionally agreed to place, on a best effort basis, to not less than six places, for up to 580,000,000 placing shares at the placing price of HK\$0.1 per placing share (the "Placing"). The placing of new shares was completed on 2 August 2021. The Company received net proceeds, after deducting the related expenses and the other related expenses, from the placing amounted to approximately HK\$58,000,000.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; (ii) to meet financial covenants attached to the interest-bearing borrowings; and (iii) minimum capital and liquid capital requirements by the Securities and Futures Commission of Hong Kong.

During the years ended 31 December 2021 and 2020, the Group complied with the above liquid capital requirements.

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the years ended 31 December 2021 and 2020.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2021 and 2020.

## DIRECTOR'S STATEMENT

On behalf of the board of directors (the “**Board**” or the “**Directors**”) of SunCorp Technologies Limited (the “**Company**”), I present to you the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021.

## BUSINESS REVIEW

During the year of review, the Group mainly engaged in (i) the sales and marketing of telephone and related products; (ii) the processing and trading of used computer-related components business; (iii) the money lending business; (iv) the securities brokerage, placing and underwriting business and (v) the B2B cross-border e-commerce business.

For the year ended 31 December 2021, the Group's revenue amounted to approximately HK\$200.0 million, representing an increase of approximately 15.1% as compared with the revenue of approximately HK\$173.7 million in 2020. In relation to the Group's revenue, approximately 5% resulted from sales of telephone and related products, approximately 40.8% results from the processing and trading of used computer-related components, approximately 10.1% resulted from interest income earned from money lending business, approximately 1.0% contributed from securities brokerage, placing and underwriting business and approximately 43.2% contributed by B2B cross-border e-commerce business.

Gross profit from operation for the year under review was approximately HK\$25.3 million, representing a decrease of approximately 1.2% as compared with the gross profit of approximately HK\$25.6 million in 2020. The Group's net loss for the year was approximately HK\$58.8 million, which was mainly due to the provision for expected credit loss (“**ECL**”) on trade, other and loan receivables of approximately HK\$68.3 million recognised during 2021.

The Group recognises impairment loss allowance for ECL on loan receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The Group recognises lifetime ECL for loan receivables. The ECL on these loan receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group had liaised with the borrowers and assess their financial status and the recoverability of each loan. In view of the global economic condition under the COVID-19 pandemic, the Group assessed that the probability of default of certain borrowers were relatively high.

For the year ended 31 December 2021, interest income earned from money lending business was approximately HK\$20.1 million.

## OUTLOOK AND PROSPECT

In view of the highly unpredictable business environment, we are evaluating different business segments within the Group and reposition our strategy and business operation in more optimistic business segments. For the year ended 31 December 2021, the revenue derived from our B2B cross-border e-commerce segment has expanded by approximately 5.8% from approximately HK\$81.7 million to approximately HK\$86.4 million as compared to the year 2020. The outbreak of COVID-19 has led to more e-commerce business activities. On the other hand, the Board expects that the future development in sales of residential telephones and related products will be limited and the market will be declined due to the evolution of technology and the change in consumer behaviours. Therefore, we will continue to deploy more resources to the e-commerce business in the future.

The Group will continue to seek potential investment and business opportunities for broadening its income stream and further development of the existing business segments.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

For the year ended 31 December 2021, the Group recorded a revenue of approximately HK\$200.0 million which represented an increase of approximately 15.1% as compared to the corresponding figure for the year ended 31 December 2020.

The gross profit for the year under review was approximately HK\$25.3 million as compared to approximately HK\$25.6 million for the previous year.

During the year, the B2B cross-border e-commerce business continued to contribute a significant percentage to our revenue. We continue to be optimistic at this business segment and will capture more market opportunities as and when appropriate. On the other hand, the sales and marketing of electronic equipment and related products was still an important source of income of the Group. In addition, the financial arm of the Group comprising of securities brokerage, placing and underwriting business and money lending business also contributed to the revenue of the Group during the year. The revenue, the gross profit and net loss for each business segment for the year ended 31 December 2021 are set out as below:

	Telephones and related equipment <i>HK\$'000</i>	Used computer- related components <i>HK\$'000</i>	Provision of securities brokerage, placing and underwriting services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	B2B cross-border e-commerce <i>HK\$'000</i>
Revenue	10,007	81,503	2,004	20,109	86,344
Gross profit	25	2,001	1,962	20,109	1,246
Net (loss)/profit	(999)	284	(2,825)	(61,884)	612

## LIQUIDITY AND FINANCIAL RESOURCES

	2021	2020
Current ratio	4.70	6.75
Gearing ratio (defined as the total borrowings divided by total equity)	0.011	0.014

As at 31 December 2021, the Group had cash on hand of approximately HK\$52.9 million, net current assets of approximately HK\$258.4 million, total assets of approximately HK\$329.0 million and shareholders' equity of approximately HK\$257.0 million.

The Group generally financed its operations through internally-generated cash flows and Shareholders' equity.

## MONEY LENDING BUSINESS

The money lending business of the Group is operated by a wholly-owned subsidiary of the Company, which is a licensed money lender carrying on business under the Money Lenders Ordinance (Cap. 163). We mainly provides unsecured and secured loan financing to individual and corporate customers.

For the year ended 31 December 2021, the amount of the total outstanding loan receivables is HK\$119.0 million with 8-10% interest rate and all loan receivables are recoverable within 1 year.

During the year, the amount for the largest borrower and the five largest borrowers in aggregate is HK\$27.7 million and HK\$77.7 million accounted for approximately 23.2% and 65.3% of the total loan receivables of the Company.

The Group recognises impairment loss allowance for expected credit loss (“ECL”) on loan receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The Group recognises lifetime ECL for loan receivables. The ECL on these loan receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group had liaised with the borrowers and assess their financial status and the recoverability of each loan. In view of the global economic condition under the COVID-19 pandemic, the Group assessed that the probability of default of certain borrowers were relatively high.

We would require the loan applicants to provide income proof/documents and other relevant proof for loan assessment proving ownership of specific assets. We would also conduct background search on all loan applicants.

In determining the terms of loans, the Group will analyse the cost of providing the particular loan, credit and other business risks of the loan, expected rates of return, general market conditions, our market position, the prevailing market interest rates and the interest rates charged by our competitors for similar loan.

After drawdown of loan, the loan agreement will be filed with the loan documents properly. Periodical review will be carried out by us. We will assess the recovery of the loan regularly based on the financial status and background, repayment ability of the borrowers, as well as the repayment and default history of the borrowers. As a part of debt collection procedure, we would contact the borrowers periodically to update the repayment status and assess the recoverability.

## **CAPITAL STRUCTURE**

### **Authorised share capital**

As at 31 December 2021, the authorised share capital of the Company was HK\$600,000,000 divided into 100,000,000,000 shares of HK\$0.006 each. The authorised share capital had no change during the year.

### **Issued share capital**

As at 1 January 2021, the issued share capital of the Company was HK\$5,477,619 divided into 912,936,566 shares of HK\$0.006 each.

On 2 August 2021 upon the completion of the placing of new shares under the specific mandate, the Company had issued 580,000,000 new shares.

As at 31 December 2021, the issued share capital of the Company was HK\$8,957,619 divided into 1,492,936,566 shares of HK\$0.006 each.

## **EXCHANGE RATE**

Most of sales in the current year were denominated in United States dollars, whilst the majority of the Group's expenses were denominated in United States dollars, Renminbi and Hong Kong dollars. Although the Group currently does not maintain any hedging policy to hedge against foreign exchange exposure that may arise from the above transactions, the management team continuously assesses the foreign currency exposure, with an aim to minimize the impact of foreign exchange fluctuation on the Group's business operations.



## RAISING OF FUNDS AND USE OF PROCEEDS

On 23 April 2021, the Company entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, an indirectly wholly-owned subsidiary of the Company, on a best effort basis, up to 580,000,000 placing shares at the placing price of HK\$0.10 per placing share to not less than six places who and whose beneficial owners are independent third parties (the “**Placing**”). The placing shares were allotted and issued pursuant to the specific mandate.

The Placing was completed on 2 August 2021. The net proceeds (after deducting the placing commission and other related expenses) from the placing amounted to approximately HK\$56.2 million. The net proceeds were intended to be used for the further development and operations of the virtual asset trading platform of the Group.

As at 31 December 2021, the net proceeds had been utilised as follows:

Use of net proceeds	Allocation <i>HK\$ million</i>	Utilised	Unutilised	Expected timeline for the application of the unutilised proceeds
		amount for the year ended 31 December 2021 <i>HK\$ million</i>	amount as at 31 December 2021 <i>HK\$ million</i>	
Web application development of the virtual asset trading platform	18.0	1.6	16.4	By 31 December 2024
Acquisition of equipment and the related installation and technical support services fees	11.0	4.0	7	By 31 December 2024
Cloud infrastructure and professional network management services fee	8.1	4.0	4.1	By 31 December 2024
Staff costs and consultancy fees for operational and technical staff and external consultants	8.4	0.8	7.6	By 31 December 2024
Digital and data securities services fee	2.4	–	2.4	By 31 December 2024
Working capital in operating the virtual asset trading platform, including but not limited to purchasing digital assets inventories and purchasing insurance	8.3	0.2	8.1	By 31 December 2024
Total	<u>56.2</u>	<u>10.6</u>	<u>45.6</u>	

## SIGNIFICANT INVESTMENTS

As at 31 December 2021, total market value for the financial assets at fair value through profit or loss of the Group was approximately HK\$87.3 million (2020: approximately HK\$61.1 million). The Board considers that the investments with market value accounting for more than 5% of the Group's total assets as at 31 December 2021 as significant investments.

For the year ended 31 December 2021, the Group recognised unrealised gain on financial assets at fair value through profit or loss of approximately HK\$16.7 million (2020: approximately HK\$10.6 million). For the year ended 31 December 2021, the Group recognised realised gain on financial assets at fair value through profit or loss of approximately HK\$16,000 (2020: approximately HK\$0.4 million).

Detail of the top financial assets at fair value through profit or loss, in terms of market value as at 31 December 2021 are as follows:

Company name	As at 31 December 2021			For the year ended 31 December 2021		
	Number of shares held	Proportion to the total issued share capital for the stocks	Market value <i>HK\$'000</i>	Proportion to the total assets of the Group	Unrealised fair value gain on the investments <i>HK\$'000</i>	Dividends received
WLS Holdings Limited ("WLS")	296,590,000	2.06%	15,126	4.60%	6,228	–

WLS is a company listed in Hong Kong in which it and its subsidiaries are principally engaged in the provision of scaffolding and fitting out services, and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business and assets management business.

Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2021, the interests and short positions of the Directors, chief executive and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Listing Rules were as follows:

### Long Position

#### *Ordinary shares of HK\$0.006 each of the Company*

Name of directors	No. of shares held	No. of underlying shares held in options granted under the Share Option Scheme	Percentage of the issued share capital of the Company
ZHU Yuqi	–	7,607,000	0.51
CHOW Hei Yin Terry	–	6,304,000	0.42
MAN Yuan	–	7,607,000	0.51
MA Kin Ling	–	7,607,000	0.51
HUANG Zhi	–	6,304,000	0.42

*Note:*

The percentage shareholding is calculated on the basis of the Company's issued share capital of 1,492,936,566 as at 31 December 2021.

## SHARE OPTIONS

On 4 May 2012, a share option scheme (the “**Share Option Scheme**”) was adopted by shareholders at the annual general meeting, under which the Directors may, at their discretion, grant share options to eligible persons including Directors, employees and consultants to subscribe share in the Company.

With effect from 23 December 2021, a new share option scheme (the “**New Share Option Scheme**”) had been adopted by shareholders at the special general meeting following the existing share option scheme was adopted on 4 May 2012 be terminated on the same day.

During the year ended 31 December 2021, share options to subscribe for 131,503,000 ordinary shares of HK\$0.006 each under the Share Option Scheme had been granted to eligible grantees. During the year ended 31 December 2021, 76,075,000 share options granted to consultants had been expired.

As at the date of this announcement, the number of shares in respect of which outstanding share options could be exercisable under the terms of the Share Option Scheme was 149,293,656 shares, representing approximately 10.0% of the shares of the Company in issue at that date. All outstanding share options are currently held by directors and employees of the Group.

Saved as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES**

As at 31 December 2021, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **SIGNIFICANT ACQUISITIONS OR DISPOSALS**

During the year ended 31 December 2021, there were no material acquisitions or disposals of subsidiaries and associated companies.

### **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.

## **DIVIDENDS**

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: 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 written terms of reference and is currently consists of three members, of whom all are independent non-executive Directors (“**INED(s)**”).

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 risk management and the internal controls; engaging a professional consultant as the Group's Internal Auditor to discharge the duties of the Group's internal control and risk management, 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.

The result announcement of the Company for the year ended 31 December 2021 have been reviewed by Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

## **SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

## **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 2021, the Group had applied the principles as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) in appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”) during the period from 1 January 2021 to 31 December 2021; and unless otherwise stated, which in the opinion of the Board, are not appropriate to follow.

The Company conducts periodic review on its corporate governance practices to ensure that the Company can meet the requirements of the CG Code on an on-going basis. The key corporate governance principles and practices of the Company are summarized as below:

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated 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 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 of 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 Bye-laws. In the 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.6.5 of the CG Code, which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this announcement, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

## **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 2021.

## **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 contribution to the Group during the year.

By order of the Board  
**SunCorp Technologies Limited**  
**Zhu Yuqi**  
*Executive Director*

Hong Kong, 30 March 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhu Yuqi and Mr. Chow Hei Yin Terry and three independent non-executive Directors, namely Mr. Man Yuan, Mr. Ma Kin Ling and Ms. Huang Zhi.*