Suncorp

Suncorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008 together with the comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	NOTES	2008 *HK$'000*	2007 *HK$'000*
Revenue	3	**219,863**	1,116,279
Cost of sales		**(209,509)**	(1,057,782)
Gross profit		**10,354**	58,497
Other income	4	**466,643**	8,692
Distribution and selling expenses		**(8,717)**	(45,019)
Operating expenses		**(40,701)**	(79,908)
Impairment loss on trade and other receivables from a jointly controlled entity		**(3,083)**	(209,858)
Impairment losses on other assets	5	**(334,457)**	(102,866)
Fair value change on conversion options embedded in convertible loan notes		**5,326**	–
Finance costs	6	**(16,551)**	(14,737)
Profit/(loss) before tax		**78,814**	(385,199)
Income tax expense	7	**(1)**	(665)
Profit/(loss) for the year	8	**78,813**	(385,864)
Attributable to:			
Equity holders of the Company		**78,813**	(385,809)
Minority interests		**–**	(55)
		78,813	(385,864)
Dividends recognised as distribution during the year	9	**–**	–
Earnings/(loss) per share	10		
– Basic (HK cents per share)		**7.5**	(56.9)
– Diluted (HK cents per share)		**5.5**	(56.9)

CONSOLIDATED BALANCE SHEET
At 31 December 2008

	NOTES	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**7,102**	5,623
Interest in a jointly controlled entity		**–**	–
Intangible assets		**–**	–
		7,102	5,623
Current assets			
Inventories		**–**	26,286
Trade, bills and other receivables	11	**6,237**	11,709
Trade receivables with insurance coverage	12	**–**	144,586
Trade and other receivables from a jointly controlled entity		**–**	–
Bills receivable discounted with full recourse	13	**–**	30,809
Tax recoverable		**2,060**	2,358
Pledged bank deposits		**–**	15,966
Bank balances and cash		**4,610**	11,813
		12,907	243,527
Current liabilities			
Trade and other payables	14	**41,323**	296,714
Advances drawn on trade receivables with insurance coverage		**–**	132,294
Advances drawn on bills receivable discounted with full recourse		**–**	30,809
Amounts due to directors		**34,283**	23,843
Conversion options embedded in convertible loan notes		**27,490**	–
Tax payable		**–**	2,675
Obligations under finance leases due within one year		**1,597**	8,462
Bank borrowings due within one year		**–**	25,400
		104,693	520,197
Net current liabilities		**(91,786)**	(276,670)
Total assets less current liabilities		**(84,684)**	(271,047)

	NOTES	**2008** *HK$'000*	2007 *HK$'000*
Non-current liabilities			
Amounts due to minority shareholders		**–**	798
Obligations under finance leases due after one year		**–**	1,657
Convertible loan notes		**38,830**	–
		38,830	2,455
Net liabilities		**(123,514)**	(273,502)
Capital and reserves			
Share capital		**148,979**	86,059
Reserves		**(272,493)**	(359,670)
Equity attributable to equity holders of the Company		**(123,514)**	(273,611)
Minority interests		**–**	109
Total equity		**(123,514)**	(273,502)

Notes:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have given consideration to the future liquidity of the Group in light of its consolidated net liabilities of approximately HK$123,514,000 at 31 December 2008. The Directors have been taking active steps to improve the liquidity position of the Group. These steps include (i) undertaking a number of fund raising transactions during the financial year ended 31 December 2008; and (ii) implementing stringent cost control measures to strengthen its cash flow position. Provided that these measures can successfully improve the liquidity position of the Group, the Directors are satisfied that the Group will be able to continue to operate with no significant financial difficulties. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following amendments and interpretations (the "**new HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combination[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[6]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 October 2008
[6] Effective for transfers of assets from customers received on or after 1 July 2009

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

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

3. REVENUE AND SEGMENT INFORMATION

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

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by geographical segment; and (ii) on a secondary segment reporting basis, by business segment.

Geographical segments by location of customers with reference to the location of final users of the telephone and related equipment for the year ended 31 December 2008 are set out below:

2008

	Western Europe *HK$'000*	Central and Eastern Europe *HK$'000*	Asia Pacific *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue	**164,214**	**9,665**	**43,266**	**2,718**	**219,863**
Results					
Segment results	**(928)**	**(436)**	**(3,236)**	**(123)**	**(4,723)**
Unallocated income					**471,969**
Unallocated corporate expenses					**(371,881)**
Finance costs					**(16,551)**
Profit before tax					**78,814**
Income tax expense					**(1)**
Profit for the year					**78,813**
Consolidated balance sheet					
Assets					
Unallocated assets					**20,009**
Liabilities					
Unallocated liabilities					**143,523**
Other information					
Impairment loss on trade and other receivables from a jointly controlled entity	–	–	**3,083**	–	**3,083**
Impairment loss on trade receivables	–	–	**4,083**	–	**4,083**

Geographical segments by location of customers with reference to the location of final users of the telephone and related equipment for the year ended 31 December 2007 are set out below:

2007

	Western Europe *HK$'000*	Central and Eastern Europe *HK$'000*	Asia Pacific *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue	1,008,136	16,983	66,988	24,172	1,116,279
Results					
Segment results	1,725	480	633	648	3,486
Unallocated income					8,692
Unallocated corporate expenses					(382,640)
Finance costs					(14,737)
Loss before tax					(385,199)
Income tax expense					(665)
Loss for the year					(385,864)
Consolidated balance sheet					
Assets					
Segment assets	109,383	1,929	60,855	1,146	173,313
Unallocated assets					75,837
Consolidated total assets					249,150
Liabilities					
Unallocated liabilities					522,652
Other information					
Impairment loss on trade and other receivables from a jointly controlled entity	–	–	209,858	–	209,858
Impairment loss on trade receivables	–	–	1,183	–	1,183

All of the Group's revenue and contribution to results were derived from the design, manufacture and sale and provision of assembly services of telephones and related equipment. Accordingly, no business segment analysis is presented for the Group.

The following is an analysis of the carrying amounts of segment assets, and additions to property, plant and equipment, analysed by the geographical areas in which the assets are located, as at and for the year ended 31 December 2008:

	Carrying amounts of segment assets	**Additions to property, plant and equipment**
	HK$'000	***HK$'000***
The People's Republic of China (the "**PRC**") (excluding Hong Kong)	**7,377**	**4,560**
Hong Kong	**12,632**	**470**
	20,009	**5,030**

At 31 December 2007, over 90% of the assets of the Group were located in Hong Kong. Accordingly, an analysis of the carrying amounts of segment assets and capital expenditure, analysed by the geographical areas in which the assets were located, were not presented.

4. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Amortisation of financial guarantee contracts	**–**	2,683
Gain on disposal of property, plant and equipment	**13,700**	–
Interest income on bank deposits	**358**	871
Waiver of liabilities of subsidiaries pursuant to deeds of settlement	**20,068**	–
Net gain on deconsolidation of winding-up subsidiaries	**430,328**	–
Sundry income	**2,189**	5,138
	466,643	8,692

5. IMPAIRMENT LOSSES ON OTHER ASSETS

	2008	2007
	HK$'000	*HK$'000*
Impairment loss on property, plant and equipment	**–**	53,036
Impairment loss on intangible assets	**–**	48,647
Impairment loss on trade receivables	**4,083**	1,183
Impairment loss on other receivables *(Note)*	**330,374**	–
	334,457	102,866

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

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on:		
– bank and other borrowings wholly repayable within five years	**6,571**	13,524
– finance leases	**229**	1,213
Effective interest expense on convertible loan notes	**9,751**	–
	16,551	14,737

7. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
Under-provision in prior year	**1**	–
Overseas income tax for the year	**–**	665
	1	665

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. Overseas income tax is calculated at the rates prevailing in the relevant jurisdictions.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "**New Law**") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the PRC subsidiary to 25% from 1 January 2008 onwards.

8. PROFIT/(LOSS) FOR THE YEAR

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

	2008	2007
	HK$'000	*HK$'000*
Directors' emoluments	**3,226**	6,223
Other staff costs	**31,055**	21,925
Share-based payments of other employees	**–**	2,558
Total employee benefits expense	**34,281**	30,706
Amortisation of intangible assets (included in operating expenses)	**–**	20,400
Cost of inventories recognised as an expense	**209,509**	1,057,782
Depreciation of property, plant and equipment	**2,055**	27,118
Loss on disposal of property, plant and equipment	**–**	2,160
Net foreign exchange (gains)/losses	**(215)**	434
Product development expenditure	**–**	11,074

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2008 and 2007.

10. EARNINGS/(LOSS) PER SHARE

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

Earnings	**2008**	2007
	HK$'000	*HK$'000*
Earnings/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to equity holders of the Company)	**78,813**	(385,809)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes	**9,751**	–
Fair value change on conversion options embedded in convertible loan notes	**(5,326)**	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**83,238**	(385,809)

Number of shares	**2008**	2007
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,057,649**	677,752
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Convertible loan notes	**448,974**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**1,506,623**	677,752

For the year ended 31 December 2008, the computation of diluted earnings per share did not assume the exercise of the outstanding share options of the Company as these share options have an anti-dilutive effect on the basic earnings per share for the year.

For the year ended 31 December 2007, the computation of diluted loss per share did not assume the exercise of the outstanding share options of the Company since their exercise would result in a decrease in loss per share.

11. TRADE, BILLS AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade and bills receivables	**5,266**	6,730
Less: Allowance for doubtful debts	**(5,266)**	(1,183)
	–	5,547
Tax reserve certificates	**4,177**	3,601
Other receivables, net of allowance for doubtful debts	**2,060**	2,561
Total trade, bills and other receivables	**6,237**	11,709

The following is an aged analysis of trade and bills receivables (net of allowance for doubtful debts) at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**–**	279
31 – 60 days	**–**	41
61 – 90 days	**–**	4,550
Over 90 days	**–**	677
	–	5,547

The average credit period on sales of goods is 90 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers are reviewed by management.

Movement in the allowance for doubtful debts

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**1,183**	–
Impairment losses recognised on trade receivables	**4,083**	1,183
Balance at end of the year	**5,266**	1,183

At 31 December 2008, the Group had provided for impairment loss against the individually impaired trade receivables, all of which were aged over 90 days and were past due at the balance sheet date. The Group does not hold any collateral over these balances.

12. TRADE RECEIVABLES WITH INSURANCE COVERAGE

The following is an aged analysis of trade receivables with insurance coverage at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**–**	34,086
31 – 60 days	**–**	74,912
61 – 90 days	**–**	35,588
	–	144,586

In order to draw the Group's trade receivables in advance, the Group borrowed from the banks and arranged insurance coverage on the trade receivables from the Group's major customers. The Group had assigned the right to receive the proceeds from the receivables and the insurance compensation to the banks. The trade receivables and the advances drawn thereon are derecognised upon settlement from the customers or receipt from the insurance compensation if the customers do not make the settlement.

At 31 December 2007, the Group had concentration of credit risk as 52% and 52% of the total trade receivables with insurance coverage were due from the Group's largest customer and the five largest customers within the geographical segment of Western Europe, respectively.

13. BILLS RECEIVABLE DISCOUNTED WITH FULL RECOURSE

The following is an aged analysis of bills receivable discounted with full recourse at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	–	12,086
31 – 60 days	–	17,123
61 – 90 days	–	1,600
	–	30,809

Bills receivable discounted with full recourse and the advances drawn on bills receivable discounted with full recourse will be derecognised when the banks received cash from the customers. On derecognition of bills receivable discounted with full recourse, the difference between their carrying amounts and the cash received by the banks is recognised in profit or loss.

14. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**4,870**	205,579
Other payables and accrued charges	**36,453**	91,135
	41,323	296,714

The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**–**	49,978
31 – 60 days	**–**	54,593
61 – 90 days	**–**	49,882
Over 90 days	**4,870**	51,126
	4,870	205,579

QUALIFIED OPINION EXTRACTED FROM THE INDEPENDENT AUDITORS' REPORT

The independent auditors' report on the Group's consolidated financial statements for the year ended 31 December 2008 contains a disclaimer of opinion which is extracted as follows:

"Basis for disclaimer of opinion

Scope limitation – net gain on deconsolidation of winding-up subsidiaries

Included in other income in the consolidated income statement of the Group for the year ended 31 December 2008 was net gain on deconsolidation of winding-up subsidiaries of approximately HK$430,328,000, of which an amount of approximately HK$355,320,000 related to the gain on deconsolidation of Suncorp Industrial Limited ("**SIL**"), a wholly owned subsidiary of the Group. A winding-up order was granted by the court against SIL on 15 December 2008 and accordingly the directors of the Company considered that the Group's control over SIL had been lost as from that date. In preparing the consolidated financial statements of the Group for the year ended 31 December 2008, the Group had deconsolidated SIL as from 15 December 2008 and recorded a gain on deconsolidation of SIL based on the unaudited management accounts of SIL as at and for the period from 1 January 2008 to 15 December 2008. We have been unable to obtain independent confirmations or carry out alternative audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to the validity and completeness of assets and liabilities of SIL at the date of deconsolidation as shown in the aforesaid unaudited management accounts of SIL. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the aforesaid unaudited management accounts of SIL were free from material misstatement, and that the assets and liabilities of SIL at the date of deconsolidation were fairly stated. Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the gain on deconsolidation of SIL of approximately HK$355,320,000 included in the consolidated income statement of the Group for the year ended 31 December 2008 and the related disclosures thereof in the consolidated financial statements.

Material uncertainties relating to the outcome of legal proceedings and the going concern basis

We have considered the adequacy of the disclosures made in Note 37 to the consolidated financial statements concerning the possible outcome of legal proceedings involving the Company and certain of its existing and former directors in connection with a claim filed by a substantial shareholder, Uniden Hong Kong Limited ("**Uniden HK**"), and its ultimate holding company (collectively referred to as the "**Uniden Group**") in relation to the alleged misrepresentations made by the Company and certain of its existing and former directors, and the breach of a business alliance agreement and a master production agreement. The Uniden Group sought, *inter alia*, (i) a rescission of the subscription agreement, pursuant to which Uniden HK acquired 82,000,000 new shares in the Company, and the consequential return of the relevant subscription money of approximately HK$143,500,000; (ii) damages for misrepresentation or breach of warranty; (iii) damages for breach of the business alliance agreement and the master production agreement; and (iv) the legal costs of this action, plus interest. The directors of the Company strongly refute and intend to vigorously contest Uniden Group's allegations, and are of the opinion, having taken legal advice, that the action can be successfully defended. However, there is uncertainty as to whether the above action can be successfully defended and accordingly, there may be a potential significant impact on the financial performance and position of the Group.

In addition, as set out in Note 2 to the consolidated financial statements, the Group's consolidated net liabilities as at 31 December 2008 amounted to approximately HK$123,514,000. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Disclaimer of opinion: disclaimer on view given by financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of the Group's affairs as at 31 December 2008 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

CHAIRMAN'S STATEMENT

INTRODUCTION

The results for the year 2008 reflect the efforts of the Company to restructure its operations including the closure of a number of loss making subsidiaries.

The Group has achieved a substantial downsizing in terms of headcount and costs. The Group continues to provide manufacturing services.

Taking the year as a whole, all areas of expenses have been substantially reduced and I am pleased to report a net profit. This has been achieved also as a result of the aforementioned closure of several subsidiaries.

OPERATING PERFORMANCE

Revenue was down approximately 80% to approximately HK$220 million as compared to approximately HK$1,116 million for the year 2007. Gross profit was down approximately 83% to approximately HK$10 million as compared to approximately HK$58 million for the year 2007. Operating expenses were down approximately 49% to approximately HK$41 million as compared to approximately HK$80 million for 2007.

The resultant net profit was approximately HK$79 million as compared to a net loss of approximately HK$386 million for 2007.

During the year under review, the Group placed the following convertible loan notes:–

Date of announcements	**Description**	**Net proceeds**	**Actual use of proceeds**	**No. of new conversion shares issued during the year 2008**	**Outstanding principal amount of convertible loan notes at 31 December 2008**
18 December 2007 and 31 March 2008	The convertible notes in an aggregate principal amount of HK$67,900,000 have been placed, on a best effort basis, to not less than 6 independent placees. Upon full conversion of the convertible notes at HK$0.10 per conversion share, a total of 679,000,000 new conversion shares will be issued.	HK$ 65,715,000	Fully utilised as general working capital of the Group	493,000,000	HK$ 18,600,000
25 July 2008 and 2 October 2008	The fully underwritten bonds in an aggregate principal amount of HK$50,000,000 have been placed by, on a fully underwritten basis, to not less than 6 independent placees. Upon full conversion of the fully underwritten bonds at HK$0.10 per conversion share, a total of 500,000,000 new conversion shares will be issued.	HK$ 48,424,000	Fully utilised as general working capital of the Group	Nil	HK$ 50,000,000
25 July 2008 and 16 December 2008	The best effort bonds in an aggregate principal amount of HK$13,620,000 have been placed, on a best effort basis, to not less than 6 independent placees. Upon full conversion of the best effort bonds at HK$0.10 per conversion share, a total of 136,200,000 new conversion shares will be issued.	HK$ 13,620,000	Fully utilised as general working capital of the Group	136,200,000	Nil

PROSPECTS

The Board will continue to take a prudent risk aversive approach in managing the financial affairs of the Group with a view to maintaining profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 December 2008, the Group recorded a turnover of approximately HK$220 million which represents a decrease of approximately 80% as compared to the corresponding figure for the year ended 31 December 2007. The gross profit for the year under review was approximately HK$10 million as compared to approximately HK$58 million for the previous year. Our operating profit was negatively impacted due to the change in business structure during the year: (i) no more trading activities with the jointly controlled entity since April 2008; and (ii) the new assembly service business started in Meizhou, the PRC at the beginning of the year. Finance costs increased by approximately 13% to approximately HK$17 million, due mainly to the recognition of the effective interest expense on the convertible loan notes. The turnover, gross profit and net loss of the new assembly service business in Meizhou for the year ended 31 December 2008 are set out as below:-

	2008
	(unaudited)
	HK$'000
Turnover	**36,524**
Gross profit	**3,149**
Net loss	**3,238**

SEGMENTAL INFORMATION

Turnover by Product

	2008		2007	
	HK$ million	*%*	*HK$ million*	*%*
DECT	**165**	**75.3**	821	73.6
VoIP	**12**	**5.5**	274	24.5
Corded telephone	**4**	**1.7**	8	0.7
Others	**39**	**17.5**	13	1.2
Total	**220**	**100**	1,116	100

All of the Group's turnover and contribution to results were derived from the design, manufacture and sale and provision of assembly services of telephones and related equipment. Our existing product range includes DECT, VoIP and other telecom products. DECT products accounted for approximately 75.3% of our turnover for the year under review, up 1.7% from the previous year. During the year, sales of VoIP accounted for approximately 5.5% and the assembly service accounted for approximately 17.5% of the Group's turnover.

Our customer base continues to comprise prime telecom operating companies and telecom product distributors in Europe and Asia Pacific. Customers in European countries accounted for approximately HK$174 million and in Asia Pacific region and other countries accounted for approximately HK$46 million of the Group's turnover respectively.

LIQUIDITY AND FINANCIAL RESOURCES

	2008	2007
	HK$'000	*HK$'000*
Current assets	**12,907**	243,527
Current liabilities	**104,693**	520,197
Current ratio	**0.12**	0.47

The decrease in current ratio was mainly due to the conversion options embedded in the convertible loan notes which are included under current liabilities.

At 31 December 2008, the Group had cash on hand of approximately HK$5 million, net current liabilities of approximately HK$92 million, total assets of approximately HK$20 million and shareholders' deficit of approximately HK$124 million.

The Group's total bank borrowings, finance leases obligations, advances drawn on trade receivables with insurance coverage and advances drawn on bills receivable discounted with full recourse at 31 December 2008 were approximately HK$1.6 million (2007: HK$199 million). The ratio of total bank borrowings and finance leases obligations to total assets for 2007 and 2008 was as follows:

GEARING RATIO

	2008	2007
	HK$'000	*HK$'000*
Total assets	**20,009**	249,150
Total bank borrowings, finance leases obligations, advances drawn on trade receivables with insurance coverage and advances drawn on bills receivable discounted with full recourse	**1,597**	198,622
Ratio of total bank borrowings, finance leases obligations, advances drawn on trade receivables with insurance coverage and advances drawn on bills receivable discounted with full recourse to total assets	**7.98%**	79.7%

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

CAPITAL STRUCTURE

During the year ended 31 December 2008, no shares were issued upon the exercise of share options by option holders.

During the year under review, the Group placed the following convertible loan notes:-

Date of announcements	Description	No. of new conversion shares issued during the year 2008	Outstanding principal amount of convertible loan notes at 31 December 2008
18 December 2007 and 31 March 2008	Placing of the three-year 0.5% coupon convertible notes in an aggregate principal amount of HK$67,900,000 was completed on 28 March 2008 pursuant to the terms of the placing agreement dated 13 December 2007. The convertible notes in an aggregate principal amount of HK$67,900,000 have been placed by SBI E2-Capital (HK) Limited, on a best effort basis, to not less than 6 independent placees. Upon full conversion of the convertible notes at HK$0.10 per conversion share, a total of 679,000,000 new conversion shares will be issued.	493,000,000	HK$18,600,000
25 July 2008 and 2 October 2008	Placing of the three-year 0.5% coupon fully underwritten bonds in an aggregate principal amount of HK$50,000,000 was completed on 2 October 2008 pursuant to the terms of the fully underwritten placing agreement dated 11 July 2008. The fully underwritten bonds in an aggregate principal amount of HK$50,000,000 have been placed by Tanrich Capital Limited, on a fully underwritten basis, to not less than 6 independent placees. Upon full conversion of the fully underwritten bonds at HK$0.10 per conversion share, a total of 500,000,000 new conversion shares will be issued.	Nil	HK$50,000,000
25 July 2008 and 16 December 2008	Placing of the three-year 0.5% coupon best effort bonds in an aggregate principal amount of HK$13,620,000 was completed on 16 December 2008 pursuant to the terms of the best effort placing agreement dated 11 July 2008. The best effort bonds in an aggregate principal amount of HK$13,620,000 have been placed by Tanrich Capital Limited, on a best effort basis, to not less than 6 independent placees. Upon full conversion of the best effort bonds at HK$0.10 per conversion share, a total of 136,200,000 new conversion shares will be issued.	136,200,000	Nil

EXCHANGE RATE

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

INVESTMENTS

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

On 25 July 2008, the Board announced that H B Electronics (China) Limited (the "**Purchaser**"), an indirect wholly owned subsidiary of the Company, entered into a legally binding memorandum of undertaking ("**MOU**") with 深圳市嘉豪投資有限公司 (transliterated as Shenzhen Jiahao Investment Company Limited) (the "**Vendor**") on 22 July 2008, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the RMB3,200,000 in the registered and paid up capital of Shenzhen Guo Wei Electronics Co., Ltd., representing 5% of the entire registered and paid up capital of Shenzhen Guo Wei Electronics Co., Ltd. for a consideration of RMB3,200,000.

On 10 October 2008, the Board announced that as there had been a change in the market condition, after arm's length negotiations, the parties to the MOU entered into the termination agreement (the "**Termination Agreement**") on 9 October 2008 to terminate the MOU with immediate effect. Pursuant to the MOU, no deposit was paid by the Purchaser to the Vendor and under the Termination Agreement, the Purchaser was not required to make any compensation payment to the Vendor. The Directors consider the terms and conditions of the Termination Agreement are fair and reasonable and in the interests of the Company and the shareholders as a whole.

CONTINGENT LIABILITIES

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

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

On 2 August 2007, the Company served a defense and a counterclaim against Uniden and Uniden HK for damages of approximately HK$354,000,000 (plus interest) based on the breaches by Uniden and Uniden HK of the terms of the master production agreement and the business alliance agreement. Uniden served its reply and defence to the counterclaim on 13 November 2007. Up to the date of approval of these consolidated financial statements, the Court has not yet laid down a timetable for the next stages of the proceedings.

CAPITAL COMMITMENT

As at 31 December 2008, there was no capital commitment for expenditure in respect of acquisition of intangible assets (2007: HK$2,449,000) and plant and machinery (2007: HK$1,061,000) which was contracted for but not provided for in the financial statements, respectively.

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 2008 (2007: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 29 May 2009 to Tuesday, 2 June 2009, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for attending and voting in the forthcoming annual general meeting of the Company to be held on Tuesday, 2 June 2009 at 10:00 a.m., all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:00 p.m. on Wednesday, 27 May 2009.

AUDIT COMMITTEE

The Audit Committee provides an important link between Board and the Company's auditors in matters coming within the scope of the audit of the Company.

The Audit Committee was established in March 2000 with defined written terms of reference which describe the authorities and duties of the Audit Committee. The Audit Committee currently consists of three members, one of whom is the non-executive Chairman and Director and two of whom are independent non-executive Directors ("**INEDs**") namely Dato' Dr. WONG Sin Just, Dr. HUI Ka Wah Ronnie and Mr. HO Kwan Tat, of which Dr. HUI Ka Wah Ronnie is the chairman. The audited financial statements of the Group for the year ended 31 December 2008 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company is committed to high standards of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal control, transparency, independence and accountability to all shareholders.

Throughout the financial year of 2008, the Group had applied the principles as set out in the Code of Corporate Governance Practices (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")), except for the deviation from Code Provision A.4.1 in respect of the service term of directors.

Pursuant to Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term subject to re-election. None of the existing non-executive Directors and INEDs are engaged on specific term, and it constituted a deviation from Code Provision A.4.1 of the CG Code. However all Directors, including non-executive Directors and INEDs are subject to retirement by rotation at each annual general meeting at least once every three years under the Company's Bye-laws. In the circumstances, the Board considers that the present practice has already addressed the concerns of the CG Code in this respect.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. Based on specific enquiry of all the Directors, the Directors have complied with the required standard as set out in the Model Code throughout the financial year of 2008.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank our customers, suppliers and staff for their continued support, and to assure shareholders and bondholders that we will work tirelessly to improve the Company's performance.

By Order of the Board
Suncorp Technologies Limited
Malcolm Stephen Jacobs-Paton
Executive Director

Hong Kong, 22 April 2009

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Malcolm Stephen Jacobs-Paton, Mr. Zhu Guangping Mr. Cheung Chi Wai, three Non-Executive Directors, namely Dato' Dr. Wong Sin Just, Mr. Leung Shek Kong and Mr. Song Shufa and three Independent Non-executive Directors, namely Dr. Hui Ka Wah Ronnie, Mr. Ho Kwan Tat and Mr. Wong Kean Li.