Suncorp

SunCorp Technologies Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1063)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019, together with the comparative figures for the corresponding year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Revenue	*4*	**202,546**	223,749
Costs of sales		**(177,175)**	(201,134)
Gross profit		**25,371**	22,615
Other gains and losses	*5*	**(7,351)**	(1,125)
Distribution and selling expenses		**(1,823)**	(2,128)
Operating expenses		**(43,113)**	(28,686)
Unrealised loss on financial assets at fair value through profit or loss ("**FVTPL**")		**(14,821)**	(28,415)
Realised (loss)/gain on financial assets at FVTPL		**(527)**	13,193
Loss from operation		**(42,264)**	(24,546)
Finance costs	*7*	**(262)**	(85)
Loss before tax		**(42,526)**	(24,631)
Income tax expense	*8*	**(240)**	(211)
Loss for the year attributable to the owners of the Company	*9*	**(42,766)**	(24,842)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(203)**	97
Loss and total comprehensive loss for the year attributable to the owners of the Company		**(42,969)**	(24,745)
Loss per share (HK cents)	*11*		
– Basic		**(0.28)**	(0.16)
– Diluted		**(0.28)**	(0.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**79**	150
Deposits		**205**	205
Deferred tax assets		**979**	1,160
		1,263	1,515
Current assets			
Trade and other receivables	*12*	**47,662**	54,868
Loan receivables	*13*	**237,390**	205,308
Bill receivables discounted with full recourse	*14*	**–**	973
Financial assets at FVTPL		**39,880**	55,269
Cash and bank balances			
– Segregated accounts		**8,532**	52,100
– House accounts		**30,174**	66,539
		363,638	435,057
Current liabilities			
Trade and other payables	*15*	**53,047**	93,943
Advance drawn on bill receivables discounted with full recourse	*14*	**–**	973
Lease liabilities	*16*	**2,251**	–
Bank loan		**181**	879
Current tax liabilities		**15**	1,058
		55,494	96,853
Net current assets		**308,144**	338,204
Total assets less current liabilities		**309,407**	339,719
Non-current liabilities			
Lease liabilities		**482**	–
Net assets		**308,925**	339,719
Capital and reserves attributable to owners of the Company			
Share capital	*17*	**4,564**	4,564
Reserves		**304,361**	335,155
Total equity		**308,925**	339,719

Notes:

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). 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 1201-05, 12/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, respectively.

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

These 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. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

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 these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 6.03%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of leasehold lands and properties was determined on a portfolio basis;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iv) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as disclosed in 2018 annual report under note 28 to the consolidated financial statements as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	5,755
Less: Non-lease component	(565)
Total future interest expenses	(334)
Present value of remaining lease payments, discounted using the incremental borrowing rate and lease liabilities recognised as at 1 January 2019	4,856
Of which are:	
Current lease liabilities	2,123
Non-current lease liabilities	2,733
	4,856

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by adoption of HKFRS 16	Carrying amount as at 31 December 2018 *HK$'000*	Effects of adoption of HKFRS 16 Recognition of leases *HK$'000*	Effects of adoption of HKFRS 16 Impairment loss on right-of-use assets *HK$'000*	Carrying amount as at 1 January 2019 *HK$'000*
Assets				
Right-of-use assets	–	4,736	(4,736)	–
Liabilities				
Lease liabilities	–	4,856	–	4,856
Equity				
Accumulated losses	(185,824)	(120)	(4,736)	(190,680)

(c) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 interest expense**	**Deduct: Estimated amounts related to operating lease as if under HKAS 17** *(note 1)*	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial result for year ended 31 December 2019 impacted by adoption of HKFRS 16:					
Loss from operation	**(42,264)**	**–**	**(2,352)**	**(44,616)**	(24,546)
Finance costs	**(262)**	**229**	**–**	**(33)**	(85)
Loss before tax	**(42,526)**	**229**	**(2,352)**	**(44,649)**	(24,631)
Loss for the year	**(42,766)**	**229**	**(2,352)**	**(44,889)**	(24,842)

	2019			2018
	Amounts reported under HKFRS 16	**Estimated amounts related to operating leases as if under HKAS 17** *(notes 1 and 2)*	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Line items in the consolidated statement of cash flows for year ended 31 December 2019 impacted by adoption of HKFRS 16:				
Cash used in operations	**(31,006)**	**(2,352)**	**(33,358)**	(19,347)
Interest element of lease paid	**(229)**	**229**	**–**	–
Net cash used in operating activities	**(32,370)**	**(2,123)**	**(34,493)**	(19,406)
Capital element of lease paid	**(2,123)**	**2,123**	**–**	–
Net cash (used in) from financing activities	**(3,794)**	**2,123**	**(1,671)**	317

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there was no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

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:

	2019 *HK$'000*	2018 *HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregated by major products or service lines:		
Sales of telephones and related components	**78,292**	93,217
Processing and trading of used computer-related components	**38,497**	32,087
Commission from securities dealing and brokerage services	**62**	246
Commission from placing and underwriting	**–**	40
B2B cross-border e-commerce	**65,948**	79,151
	182,799	204,741
Revenue from other sources:		
Money lending services	**19,723**	17,869
Interest and related income from securities	**24**	1,139
	19,747	19,008
Total revenue	**202,546**	223,749

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:

	2019 *HK$'000*	2018 *HK$'000*
Timing of revenue recognition:		
At a point in time	**182,799**	204,741
Geographical market:		
People's Republic of China ("PRC") (including Hong Kong)	**72,144**	56,626
Australia	**1,890**	22,490
India	**12,539**	12,549
Indonesia	**16,992**	12,191
Korea	**18,576**	11,416
Spain	**13,324**	17,935
Others	**47,334**	71,534
	182,799	204,741

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**2**	3
Sundry income	**2**	55
Provision for expected credit loss ("ECL") on trade receivables	**(377)**	(312)
(Provision for)/reversal of ECL on other receivables	**(437)**	24
Provision for ECL on loan receivables	**(6,541)**	(895)
	(7,351)	(1,125)

6. SEGMENT INFORMATION

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

(vi) 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. Segment assets do not include financial asset at FVTPL.

Information about operating segment profit or loss, assets and liabilities

	Telephones and related components *HK$'000*	Used computer-related components *HK$'000*	Money lending *HK$'000*	Provision of brokerage, placing and underwriting services *HK$'000*	B2B cross-border e-commerce *HK$'000*	Total *HK$'000*
For the year ended 31 December 2019						
Revenue	78,292	38,497	19,723	86	65,948	202,546
Segment (loss)/profit	(1,233)	56	(2,138)	(4,678)	(542)	(8,535)
Unrealised loss on financial assets at FVTPL						(14,821)
Realised loss on financial assets at FVTPL						(527)
Unallocated expenses						(18,381)
Finance costs						(262)
Loss before tax						(42,526)
As at 31 December 2019						
Segment assets	13,828	8,353	238,423	29,473	20,473	310,550
Unallocated assets						54,351
						364,901
Segment liabilities	(39,752)	(260)	(20)	(8,624)	(61)	(48,717)
Unallocated liabilities						(7,259)
						(55,976)

	Telephones and related components HK$'000	Used computer-related components HK$'000	Money lending HK$'000	Provision of brokerage, placing and underwriting services HK$'000	B2B cross-border e-commerce HK$'000	Total HK$'000
For the year ended 31 December 2018						
Revenue	93,217	32,087	17,869	1,425	79,151	223,749
Segment (loss)/profit	(3,266)	191	14,001	(1,428)	161	9,337
Unrealised loss on financial assets at FVTPL						(28,415)
Realised gain on financial assets at FVTPL						13,193
Unallocated expenses						(18,661)
Finance costs						(85)
Loss before tax						(24,631)
As at 31 December 2018						
Segment assets	11,676	7,236	216,616	101,737	21,515	358,780
Unallocated assets						77,792
						436,572
Segment liabilities	(35,112)	(958)	(4,062)	(52,239)	(633)	(93,004)
Unallocated liabilities						(3,849)
						(96,853)

Other segment information

For the year ended 31 December 2019

	Telephones and related components *HK$'000*	**Used computer-related components** *HK$'000*	**Money lending** *HK$'000*	**Provision of brokerage, placing and underwriting services** *HK$'000*	**B2B cross-border e-commerce** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	**–**	**–**	**–**	**71**	**–**	**–**	**71**
Unrealised loss on financial assets at FVTPL	**–**	**–**	**–**	**–**	**–**	**14,821**	**14,821**
Realised loss on financial assets at FVTPL	**–**	**–**	**–**	**–**	**–**	**527**	**527**
Provision for ECL on loan receivables	**–**	**–**	**6,541**	**–**	**–**	**–**	**6,541**
Provision for/(reversal of) ECL on trade receivables	**399**	**(88)**	**–**	**–**	**66**	**–**	**377**
Provision for/(reversal of) ECL on other receivables	**452**	**(16)**	**–**	**–**	**1**	**–**	**437**
Share-based payment expense	**–**	**–**	**–**	**–**	**–**	**17,031**	**17,031**

For the year ended 31 December 2018

	Telephones and related components *HK$'000*	Used computer-related components *HK$'000*	Money lending *HK$'000*	Provision of brokerage, placing and underwriting services *HK$'000*	B2B cross-border e-commerce *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	–	–	–	154	–	199	353
Unrealised loss on financial assets at FVTPL	–	–	–	–	–	28,415	28,415
Realised gain on financial assets at FVTPL	–	–	–	–	–	(13,193)	(13,193)
Provision for ECL on loan receivables	–	–	895	–	–	–	895
Provision for ECL on trade receivables	62	39	–	–	211	–	312
Provision for/(reversal of) ECL on other receivables	3	–	–	–	–	(27)	(24)
Share-based payment expense	–	–	–	–	–	97	97

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	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC (including Hong Kong)	**91,891**	75,634	**79**	150
Australia	**1,890**	22,490	**–**	–
India	**12,539**	12,549	**–**	–
Indonesia	**16,992**	12,191	**–**	–
Korea	**18,576**	11,416	**–**	–
Spain	**13,324**	17,935	**–**	–
Others	**47,334**	71,534	**–**	–
	202,546	223,749	**79**	150

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:

	2019	2018
	HK$'000	*HK$'000*
Customer A *(Note)*	**–***	52,784
Customer B *(Note)*	**18,751**	22,490
Customer C *(Note)*	**37,030**	–*

Note: Revenue from B2B cross-border e-commerce.

* *No revenue from this customer had been recognised during the year.*

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on lease liabilities	**229**	–
Interest on bank loan	**33**	85
	262	85

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	392
Under-provision in prior years	**59**	–
Deferred tax	**181**	(181)
	240	211

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%.

For the year ended 31 December 2019, 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 have sufficient tax losses brought forward to offset against current year's assessable profits.

No provision for PRC Enterprise Income Tax for the years ended 31 December 2019 and 2018 as the Group's PRC subsidiary did not generate any assessable profits during the years.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(42,526)**	(24,631)
Tax at the domestic income tax rate of 16.5%	**(7,017)**	(4,064)
Tax effect of expenses not deductible for tax purpose	**5,938**	2,923
Tax effect of income not taxable for tax purpose	**(1)**	(98)
Tax effect of tax losses not recognised	**1,532**	1,746
Tax effect of temporary difference not recognised	**(165)**	–
Tax effect of utilisation of tax losses not previously recognised	**(43)**	(137)
Tax benefit of the two-tiered profits tax regime	**–**	(20)
Effect of different tax rates of PRC subsidiary	**(63)**	(139)
Under-provision in prior years	**59**	–
Tax charge for the year	**240**	211

9. LOSS FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
Directors' emoluments	**2,009**	2,119
Other staff costs	**6,791**	6,377
Total directors and other staff costs	**8,800**	8,496
Auditors' remuneration	**600**	950
Cost of goods sold and services recognised as an expense	**177,175**	201,134
Depreciation of property, plant and equipment	**71**	353
Equity-settled share-based payments	**17,031**	97
Provision for ECL on trade receivables	**377**	312
Provision for/(reversal of) ECL on other receivables	**437**	(24)
Provision for ECL on loan receivables	**6,541**	895
Net foreign exchange loss	**235**	94

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(42,766)**	(24,842)

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note)*	**15,215,731**	15,215,731

Note:

The basic and diluted loss per share are the same for the years ended 31 December 2019 and 2018, as the effect of the share options was anti-dilutive and was not included in the calculation of diluted loss per share.

12. TRADE AND OTHER RECEIVABLES

		2019	2018
	Note	***HK$'000***	*HK$'000*
Trade receivables arising from the ordinary course of business of dealing in securities transactions:			
– Cash clients	*(a)*	**228**	204
Trade receivables from other ordinary course of business, except for business of dealing in securities transactions	*(b)*	**33,484**	36,329
Less: Allowance for ECL		**(1,043)**	(666)
		32,441	35,663
Deposits in brokerage firms		**9,513**	10,482
Deposits, prepayments and other receivables		**5,946**	8,548
Less: Allowance for ECL		**(466)**	(29)
		14,993	19,001
Total trade and other receivables		**47,662**	54,868

(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 two trading days after the trade date.

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 2019 were approximately HK$105,503,000 (2018: HK$120,854,000). As at 31 December 2019 and 2018, all balances were secured by sufficient collateral on an individual basis. All trade receivables from cash clients are neither past due nor impaired as at 31 December 2019 and 2018 and the directors of the Company are of the opinion that the amounts are recoverable. Cash client receivables which were past due but not impaired bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion.

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 aging 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 to its customers. The aging analysis of trade receivables, based on invoice date, and net of allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**12,680**	29,233
31 – 60 days	**5,315**	1,939
61 – 90 days	**6,550**	1,106
Over 90 days	**7,896**	3,385
	32,441	35,663

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.

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

13. LOAN RECEIVABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 – 90 days	**18,048**	–
91 – 180 days	**35,294**	16,298
181 – 365 days	**66,132**	195,651
Over 365 days	**131,098**	–
	250,572	211,949
Less: Allowance for ECL	**(13,182)**	(6,641)
	237,390	205,308

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

The loan receivables were repaid in accordance with the terms of the loan agreements and all loan receivables are recoverable within 1 to 2 years (2018: one 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 2019, the Group's loan receivables are denominated in HK$ and carried at fixed effective interest rate ranging from 8% to 10% (2018: 8% to 10%) per annum and with the terms of 1 to 2 years (2018: one year).

Movement in the allowance for ECL on loan receivables

Movement in ECL that has been recognised for loan receivables in accordance with general approach set out in HKFRS 9 for the years ended 31 December 2019 and 2018.

14. BILL RECEIVABLES DISCOUNTED WITH FULL RECOURSE/ADVANCE DRAWN ON BILL RECEIVABLES DISCOUNTED WITH FULL RECOURSE

The Group allows a credit period from 30 to 90 days to its trade customers. The following is an aging analysis of bill receivables discounted with full recourse at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**–**	973

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

15. TRADE AND OTHER PAYABLES

		2019	2018
	Note	***HK$'000***	*HK$'000*
Trade payables arising from the ordinary course of business of dealing in securities transactions:			
– Cash clients	*(a)*	**8,532**	52,145
Trade payables from purchase of goods arising from other ordinary course of business, except for business of dealing in securities transactions	*(b)*	**35,477**	28,143
Other payables and accrued expenses		**9,038**	13,655
		53,047	93,943

(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 aging analysis is disclosed as, in the opinion of the directors of the Company, an aging 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 aging analysis of trade payables, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**10,429**	6,789
31 – 60 days	**6,143**	3,985
61 – 90 days	**4,443**	3,484
Over 90 days	**14,462**	13,885
	35,477	28,143

The credit period on purchase of goods ranges from 30 to 60 days.

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

16. LEASE LIABILITIES

	Minimum lease payments		**Present value of minimum lease payments**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**2,351**	–	**2,251**	–
In the second to fifth years, inclusive	**487**	–	**482**	–
	2,838	–	**2,733**	–
Less: Future finance charges	**(105)**	–	**N/A**	N/A
Present value of lease obligations	**2,733**	–	**2,733**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(2,251)**	–
Amount due for settlement after 12 months			**482**	–

All lease liabilities are denominated in HK$.

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 3.

17. SHARE CAPITAL

	2019		2018	
	Number of ordinary shares	**Amount**	Number of ordinary shares	Amount
	’000	***HK$’000***	*’000*	*HK$’000*
Authorised:				
At 1 January and 31 December	**2,000,000,000**	**600,000**	2,000,000,000	600,000
Issued and fully paid:				
At 1 January and 31 December	**15,215,731**	**4,564**	15,215,731	4,564

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.

The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2019, 99.9% (2018: 99.9%) of the shares were in public hands.

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 2019 and 2018.

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 2019.

BUSINESS REVIEW

During the year of review, the Group continued (i) to focus in sales and marketing of residential telephone products under its licence for the Motorola brand, as the Company is the exclusive licensee for the Motorola brand for corded and cordless telephones for residential and office in Europe, the Russian Federation, Middle East, Africa and Asia (including India, Southeast Asia and Australia); (ii) the processing and trading of used computer-related components business; (iii) to provide money lending business; (iv) securities brokerage, placing and underwriting business and (v) the B2B cross-border e-commerce business.

For the year ended 31 December 2019, the Group's revenue amounted to approximately HK$202.5 million, representing a decrease of approximately 9.5% as compared with the revenue of approximately HK$223.7 million in 2018. In relation to the Group's revenue, approximately 38.7% was resulted from sales of telephone and related products, approximately 19.0% was resulted from the processing and trading of used computer-related components, approximately 9.7% was resulted from interest income earned from money lending business, approximately 0.04% was contributed from securities brokerage, placing and underwriting business and approximately 32.6% was contributed by B2B cross-border e-commerce business.

Gross profit from operation for the year under review was approximately HK$25.4 million, representing an increase of approximately 12.2% as compared with the gross profit of approximately HK$22.6 million in 2018. The Group's net loss for the year was approximately HK$42.8 million, which was mainly due to the unrealised loss on financial assets at fair value through profit or loss of approximately HK$14.8 million and approximately HK$17.0 million share option expenses recognised during the year.

As at 31 December 2019, the gross amount of loan portfolio held by the Group was approximately HK$250.6 million and interest income earned from money lending business was approximately HK$19.7 million for the year ended 31 December 2019.

OUTLOOK AND PROSPECT

As the coronavirus disease (COVID-19) has spread across PRC and other countries during the first quarter in 2020, the business and economic activities have been affected. Also, the protests in Hong Kong since 2019 is a major uncertainty in the future economic growth. The Group will keep monitoring the situation, assess and react promptly to the potential impacts on the Group's business operations.

In view of the dynamic change in the market environment, the Group has previously expanded into the cross-border e-commerce segment. We may deploy more resources in this business segment in the future to capture more market opportunities as and when appropriate. The Group's other business segments include sales and marketing of residential cordless telephone and trading of computer components, money lending business, securities brokerage and other financial investment.

In respect of the business for Motorola, the prospects for the activity relating to sales and marketing of telephone products under the Motorola brand in Europe, the Russian Federation, Middle East, Africa, US and Asia (including India, Southeast Asia and Australia) may be affected by the worldwide spread of the coronavirus disease (COVID-19) in 2020. Nevertheless, it is believed that this business segment will continue to be one of the major business segments of the Group.

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 2019, the Group recorded a revenue of approximately HK$202.5 million which represented a decrease of approximately 9.5% as compared to the corresponding figure for the year ended 31 December 2018.

The gross profit for the year under review was approximately HK$25.4 million as compared to approximately HK$22.6 million for the previous year.

During the year, the cross-border e-commerce business continued to contribute a significant percentage to our revenue. We continue to be positive at this business segment and may deploy more resources to capture more market opportunities as and when appropriate. On the other hand, the Group continued to focus on the sales and marketing of residential telephone products under its licence for the Motorola brand and the processing and trading of used computer-related components business. 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 and profit for each business segment for the year ended 31 December 2019 are set out as below:

	Telephones and related equipment	**Used computer-related components**	**Provision of securities brokerage, placing and underwriting services**	**Money lending**	**B2B cross-border e-commerce**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**78,292**	**38,497**	**86**	**19,723**	**65,948**
Gross profit	**3,012**	**1,411**	**62**	**19,723**	**1,163**
Net (loss)/profit	**(1,233)**	**56**	**(4,678)**	**(2,138)**	**(542)**

LIQUIDITY AND FINANCIAL RESOURCES

	2019	2018
Current ratio	**6.55**	4.50
Gearing ratio	**0.009**	0.003

As at 31 December 2019, the Group had cash and bank balances of approximately HK$30.2 million, net current assets of approximately HK$308.1 million, total assets of approximately HK$364.9 million and shareholders' equity of approximately HK$308.9 million.

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

CAPITAL STRUCTURE

Authorised share capital

As at 31 December 2019, the authorised share capital of the Company was HK$600,000,000 divided into 2,000,000,000,000 Shares of HK$0.0003 each. The authorised share capital had no change during the year.

Issued share capital

As at 31 December 2019, the number of Shares in issue of the Company was HK$4,564,719 divided into 15,215,731,320 Shares of HK$0.0003 each. There was no movement for the number of Shares in issue of the Company during the year.

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 minimise the impact of foreign exchange fluctuation on the Group's business operations.

RAISING OF FUNDS AND USE OF PROCEEDS

The Company completed the placing on 13 April 2015, and the net proceeds from the placing were approximately HK$492 million.

The Group had utilised the entire amount of the new proceeds raised from the placing as at 31 December 2018.

SIGNIFICANT INVESTMENTS

As at 31 December 2019, total market value for the financial assets at fair value through profit or loss of the Group was approximately HK$39.9 million (2018: approximately HK$55.3 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 2019 as significant investments.

For the year ended 31 December 2019, the Group recognised unrealised loss on financial assets at fair value through profit or loss of approximately HK$14.8 million (for the year ended 31 December 2018: HK$28.4 million). For the year ended 31 December 2019, the Group recognised realised loss on financial assets at fair value through profit or loss of approximately HK$0.5 million (for the year ended 31 December 2018: realised gain on financial assets at fair value of approximately HK$13.2 million).

Detail of the top two financial assets at fair value through profit or loss, in terms of market value as at 31 December 2019 are as follows:

	As at 31 December 2019				For the year ended 31 December 2019	
Company name	**Number of Shares held**	**Proportion to the total issued share capital for the stocks**	**Market Value** *HK$'000*	**Proportion to the total assets of the Group**	**Unrealised fair value losses on the investments** *HK$'000*	**Dividends received** *HK$'000*
WLS Holdings Limited ("**WLS**")	296,590,000	2.06%	6,525	1.79%	7,711	–
China National Culture Group Limited ("**CNCG**")	482,410,000	4.92%	6,754	1.85%	965	–

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. CNCG is a company listed in Hong Kong in which it and its subsidiaries are principally engaged in the provision of advertising media services, e-commerce, film production and distribution 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 2019, 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$0.0003 each of the Company

Name of director	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
Malcolm Stephen JACOBS-PATON	2,500,780	20,000,000	0.15

Note:

1. The percentage shareholding is calculated on the basis of the Company's issued share capital of 15,215,731,320 as at 31 December 2019.

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. On 10 December 2014, the Board had granted to eligible grantees the share options to subscribe for 1,268,000,000 ordinary shares of HK$0.0003 each under the Share Option Scheme. On 17 April 2019, the Board had granted to eligible grantees the share options to subscribe for 1,521,500,000 ordinary shares of HK$0.0003 each under the Share Option Scheme.

At 31 December 2019, the number of shares in respect of which share options could be exercisable under the terms of the Share Option Scheme was 1,782,420,000 shares, representing approximately 11.71% the shares of the Company in issue at that date. All share options are currently held by Directors, employees and consultants 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 2019, save as disclosed below, 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.

Name of shareholder with over 5% shareholding	**Capacity**	**Nature of Interest**	**Long or short position**	**Number of shares**	**Percentage of the issued share capital of the Company** *(Note 1)*
Cloud Dynasty (Macau) Limited *(Note 2)*	Controlled Company's Interest	Corporate Interest	Long Position	1,000,000,000	6.57%
Chan Sin Ying *(Note 2)*	Beneficial Owner	Beneficial Interest	Long Position	1,000,000,000	6.57%
Eugene Finance International Limited *(Note 3)*	Controlled Company's Interest	Corporate Interest	Long Position	1,300,000,000	8.54%
Xiao Lili *(Note 3)*	Beneficial Owner	Beneficial Interest	Long Position	1,300,000,000	8.54%

Notes:

1. The percentage shareholding is calculated on the basis of the Company's issued share capital of 15,215,731,320.

2. Cloud Dynasty (Macau) Limited ("**Cloud Dynasty**") is directly interested in 1,000,000,000 shares in the Company. Cloud Dynasty is wholly owned by Chan Sin Ying. Chan Sin Ying is therefore deemed to be interested in 1,000,000,000 shares in the Company.

3. Eugene Finance International Limited ("**Eugene Finance**") is directly interested in 1,300,000,000 shares in the Company. Eugene Finance is wholly owned by Xiao Lili. Xiao Lili is therefore deemed to be interested in 1,300,000,000 shares in the Company.

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 2019, 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. During the year under review, no share options had been granted by the Group to the directors and 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 2019 (2018: 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 INEDs.

The Audit Committee is responsible for reviewing the appointment of auditors on an annual basis including a review of the audit scope and the audit fees; ensuring the objectivity and independence of the auditors, meeting with the auditors to discuss issues arising from the final audit and any matters the auditors suggest to discuss; reviewing the sufficiency and effectiveness of the 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 results announcement of the Company for the year ended 31 December 2019 have been reviewed by the 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 financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been compared by the external auditors of the Company, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods on this 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 2019, 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 2019 to 31 December 2019; 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 separate and should not be performed by the same individual. However, in view of the current nature of the Company, the Board opines that it is not necessary to appoint a chairman or chief executive 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 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 2019.

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, 25 March, 2020

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Malcolm Stephen Jacobs-Paton and Mr. Zhu Yuqi and three independent non-executive Directors, namely Ms. Lu Bei Lin, Mr. Man Yuan and Mr. Ma Kin Ling.