NETEL TECHNOLOGY (HOLDINGS) LIMITED
金利通科技（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8256)

ANNOUNCEMENT FOR THE AUDITED RESULTS FOR THE YEAR ENDED 31 MAY 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Netel Technology (Holdings) Limited ("Netel") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Netel. The directors of Netel, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded bases and assumption that are fair and reasonable.

RESULTS

The board (the "Board") of directors (the "Directors") of Netel Technology (Holdings) Limited (the "Company") are pleased to announce the following audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 May 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 May 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	3	**4,943**	5,326
Cost of sales		**(2,690)**	(2,589)
Gross profit		**2,253**	2,737
Other revenues		**2,180**	3,051
Selling and marketing expenses		**(313)**	(289)
Administrative expenses		**(6,846)**	(6,149)
Operating loss	4	**(2,726)**	(650)
Finance costs		**–**	(8)
Share of profit/(loss) of an associated company		**(246)**	148
Loss for the year		**(2,972)**	(510)
Attributable to:			
Equity holders of the Company		**(2,972)**	(598)
Minority interests		**–**	88
Loss for the year		**(2,972)**	(510)
Loss per share			
– basic and diluted	6	**HK (0.6 cents)**	HK (0.1 cents)

CONSOLIDATED BALANCE SHEET

As at 31 May 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Plant and equipment		**2,717**	3,943
Intangible asset		**178**	–
Investment in an associated company		**135**	429
		3,030	4,372
Current assets			
Inventories		**–**	30
Trade receivables	*7*	**305**	543
Prepayment, deposit and other receivables	*7*	**2,280**	2,451
Bank balances and cash		**899**	454
		3,484	3,478
Total assets		**6,514**	7,850
Current liabilities			
Trade payables	*8*	**(9,720)**	(9,885)
Receipt in advance, accruals and other payables	*8*	**(4,561)**	(7,011)
Amount due to a director		**(8,127)**	(5,770)
		(22,408)	(22,666)
Net current liabilities		**(18,924)**	(19,188)
Total assets less current liabilities		**(15,894)**	(14,816)
EQUITY			
Share capital		**5,248**	4,878
Share premium and reserves		**(21,142)**	(19,782)
Equity attributable to equity holders of the Company		**(15,894)**	(14,904)
Minority interests		**–**	88
Total Equity		**(15,894)**	(14,816)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are trading of telecommunication equipment and provision of long distance call services in Hong Kong.

2. Basis of preparation and principal accounting policies

(a) The consolidated financial statements have been prepared on a going concern basis, the Group had incurred a loss attributable to shareholders of HK$2.97 million for the year ended 31 May 2009. As at 31 May 2009, the Group had net current liabilities and net liabilities of HK$18.92 million and HK$15.89 million respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. In preparing the consolidated financial statements, the directors have carefully reviewed the Group's cash position as at the balance sheet date and the cash flow forecast for the next twelve months. In reviewing the Group's cash flows, the directors have considered the following factors:

- Subscriptions of new shares at the sum of HK$4.8 million and placing of new shares at the sum of HK$5.5 million subsequent to 31 May 2009;

- Shareholder's loans, if required, will be made available to the Company to meet the present and future cashflow requirement from operation and settlement of claims set forth in the annual report for the year ended 31 May 2009;

- Cash to be generated from new revenue source and new business development;

- Commitment on continuous development and improvement of the Group's products and services;

- The successful outcome to re-scheduling of the overdue liabilities; and

- The cost control measures.

The directors believe that the Group is able to meet its financial obligations in full as and when they fall due and consider that the preparation of consolidated financial statements on going concern basis is appropriate.

(b) The consolidated financial statements of the Group have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the progress of applying the Group's accounting policies.

In 2009, the Group adopted HK (IFRIC) – Interpretation 11 "HKFRS 2 – Group and Treasury Share Transactions" issued by the HKICPA which is relevant to the Group's operations. The adoption of this interpretation did not have significant effect on the results and financial position or changes in the accounting policies of the Group.

The following new or revised standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 June 2009 or later periods, relevant to the Group and have not been early adopted:

Effective for the year ending 31 May 2010:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 19 (Amendment)	Employee Benefits
HKAS 23 (Amendment)	Borrowing Costs
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 31 (Amendment)	Interests in Joint Ventures
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellation
HKFRS 8	Operating Segments

Effective for the year ending 31 May 2011:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combination
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations

The Group is assessing the impact of these new or revised standards and amendments. The adoption of these new or revised standards and amendments does not have significant impact on the Group's financial statements except for certain changes in presentation and disclosures, including the presentation of the statement of comprehensive income, disclosures of operating segment and enhanced disclosures about fair value measurement and liquidity risk.

3. Segment information

(a) Business segments – primary reporting format

The following table presents revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

		2009		
		Long distance call services		
	Sale of equipment	End-users direct Sales	Carrier sales	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**1,039**	**3,207**	**697**	**4,943**
Segment results	**(544)**	**(3,158)**	**(30)**	**(3,732)**
Other revenues				**2,180**
Operating loss				**(1,552)**
Unallocated cost				**(1,420)**
Finance costs				**–**
Loss for the year				**(2,972)**
Segment assets	**510**	**4,355**	**1,216**	**6,081**
Unallocated assets				**433**
Total assets				**6,514**
Segment liabilities	**180**	**4,787**	**6,795**	**11,762**
Unallocated liabilities				**10,646**
				22,408
Capital expenditures	**–**	**–**	**–**	**–**
Unallocated capital expenditures				**222**
				222
Depreciation	**–**	**975**	**214**	**1,189**
Unallocated depreciation				**37**
				1,226

	2008			
	Long distance call services			
		End-users		
	Sale of	direct	Carrier	
	equipment	sales	sales	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	1,266	3,977	83	5,326
Segment results	(1,029)	(1,532)	(25)	(2,586)
Other revenues				3,051
Operating profit				465
Unallocated cost				(967)
Finance costs				(8)
Loss for the year				(510)
Segment assets	205	5,681	1,191	7,077
Unallocated assets				773
Total assets				7,850
Segment liabilities	3,388	7,760	9,072	20,220
Unallocated liabilities				2,446
				22,666
Capital expenditures	–	–	76	76
Unallocated capital expenditures				187
				263
Depreciation	–	935	199	1,134
Unallocated depreciation				92
				1,226

(b) Geographical segments – secondary reporting format

	2009			
	Turnover	**Segment results**	**Total assets**	**Capital expenditures**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Hong Kong	**3,620**	**(4,485)**	**6,088**	**222**
Mainland China	**296**	**(94)**	**–**	**–**
Other countries	**1,027**	**(573)**	**426**	**–**
	4,943	**(5,152)**	**6,514**	**222**
Other revenues		**2,180**		
Operating loss		**(2,972)**		

	2008			
	Turnover	Segment results	Total assets	Capital expenditures
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	3,977	(2,499)	7,232	263
Mainland China	–	–	–	–
Other countries	1,349	(1,054)	618	–
	5,326	(3,553)	7,850	263
Other revenues		3,051		
Operating loss		(502)		

4. Operating loss

	Group 2009 HK$'000	Group 2008 HK$'000
Operating loss has been arrived at after charging/(crediting):		
Auditor's remuneration	**320**	320
Amortisation	**44**	–
Cost of inventories sold	**2,560**	2,589
Depreciation	**1,226**	1,226
Gain on disposal of plant and equipment	**–**	(279)
Operating lease-land and buildings		
– Current year	**298**	228
– over provision in prior years	**–**	(214)
Provision for doubtful debts	**486**	–
Staff costs (including directors' remuneration)	**2,999**	2,694
Over provision of accruals and trade payable	**(2,159)**	(1,661)
Reversal of general provision for impairment of trade receivable	**–**	(1,080)

5. Income tax

No provision for Hong Kong Profits tax has been made in the consolidated financial statements as the Group has no estimated assessable profit for the year (2008: Nil).

No deferred taxation has been provided as the Group has no material unprovided deferred tax assets or liabilities which are expected to be crystallized in the foreseeable future (2008: Nil).

Income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	Group 2009 HK$'000	Group 2008 HK$'000
Loss before income tax	**(2,972)**	(510)
Calculated at a statutory rate of 16.5% (2008: 17.5%)	**(490)**	(89)
Income not subject to taxation	**33**	(50)
Expenses not deductible for taxation purposes	**413**	296
Utilisation of tax loss	**(637)**	–
Tax losses not recognised	**530**	(251)
Accelerated depreciation not recognised	**151**	94
Income tax charges	**–**	–

6. Loss per share

Basic loss per share is calculated by dividing the Group's loss attributable to equity holders of the Company of HK$2,972,000 (2008: HK$598,000) by the weighted average number of 508,939,166 ordinary shares in issue during the year (2008: 420,722,760 shares).

Diluted loss per share for the current and prior year is not presented as there is no dilutive instrument granted by the Company.

7. Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables *(Note (a))*	**305**	543	**–**	–
Other receivables, prepayments and deposits	**2,280**	2,451	**127**	15
	2,585	2,994	**127**	15

All the carrying amounts of trade receivables are denominated in Hong Kong dollars.

Note:

(a) Majority of the Group's turnover are entered into on credit terms ranging from 30 to 120 days. Ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**87**	293
31 – 60 days	**35**	22
61 – 90 days	**45**	10
91 – 180 days	**31**	26
181 – 365 days	**216**	64
Over 365 days	**3,731**	3,482
	4,145	3,897
Less: provision for impairment of receivables	**(3,840)**	(3,354)
	305	543

(b) Trade receivable that are within four months are not considered impaired. As at 31 May 2009, trade receivable of HK$128,000 (2008: HK$53,000) were past due but not impaired. The ageing analysis of these trade receivable is as follow:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Past due:		
0 – 60 days	**20**	22
61 – 120 days	**108**	15
121 – 365 days	**–**	16
Over 365 days	**–**	–
	128	53

8. Trade and other payables

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables *(Note (a))*	**9,720**	9,885	**925**	–
Other payables and accruals	**2,761**	6,611	**1,281**	2,228
Receipt in advance	**1,800**	400	**1,400**	–
	14,281	16,896	**3,606**	2,228

The carrying amounts of trade payables are denominated in Hong Kong dollars.

Note:

(a) Majority of the Group's purchase are entered into on credit terms ranging from 60 to 90 days. Ageing analysis of trade payables at respective balance sheet dates is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**27**	59
31 – 60 days	**44**	5
61 – 90 days	**14**	5
91 – 180 days	**55**	158
181 – 365 days	**129**	362
Over 365 days	**9,451**	9,296
	9,720	9,885

9. Litigations

As at the date of this announcement, the Group has been involved in the following litigations:

(a) In September 2006, one of the subsidiary (the "Subsidiary") of the Group filed a statement of claim, including potential claims and disputed invoices of approximately HK$2,700,000, against a telecom operator (the "Defendant"). In August 2008, the Defendant submitted statements of defence and claimed the Subsidiary outstanding amount of approximately HK$3,200,000. In May 2009, the Court directed the parties to set down the case for trial and the trial was scheduled in November 2009. The Directors of the Company, having taken into consideration the advice from the Group's legal adviser, are of the opinion that the ultimate liability under these proceedings would not have a further impact on the financial position of the Group.

(b) On 16 December 2004, a writ was issued by a telecom service provider ("Plaintiff") against two wholly-owned subsidiaries of the Group and a director of the Company for outstanding and disputed invoices and claimed that the subsidiaries and the director have no right to defence. On 20 July 2005, the High Court ruled that the subsidiaries and the director had right to defence and refused to grant order to the Plaintiff. The Plaintiff failed to comply with the Court's direction that the case be set down for trial in August 2006 and up to date of this announcement the Plaintiff has failed to submit further evidence to substantiate the claim. The Directors, having taken into consideration the advice from the Group's legal advisor, are of the opinion that the Group has a strong ground to defence and the recorded account payable approximately HK$2,200,000 to the Plaintiff is considered adequate.

(c) The Group has a litigation processing in respect of outstanding payable liabilities arising in the normal course of its business of approximately HK$1,100,000. The amount of the liabilities is adequately recorded in accounts payable for the period ended 31 May 2009. The Directors are of the opinion that the ultimate liability under these proceedings, if any, would not have any significant impact on the financial position of the Group.

Apart from the actions against the Group disclosed above, there were no other material outstanding writs and litigations against the Group and/or the Company.

INDEPENDENT AUDITOR'S REPORT

The following are extracted from the Independent Auditor's Report:

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 May 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to note 2(a) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As explained in note 2(a) to the consolidated financial statements, the Group's total liabilities exceeded its total assets by approximately HK$15,894,000 and its current liabilities exceeded its current assets by approximately HK$18,924,000. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the generation of sufficient working capital from the Group's future operations, the raising of new funds and shareholder's loans and other cost control measures to cover the Group's operating costs and to meet its financial commitments. The directors, after careful review of the future cash flow projection of the Group, have concluded that the preparation of the consolidated financial statements on a going concern basis is appropriate. The consolidated financial statements do not include any adjustments that would result from the failure of such measures. We consider that the fundamental uncertainty has been adequately accounted for and disclosed in the consolidated financial statements and our opinion is not qualified in the respect.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Results for the year

The Group recorded a total turnover of HK$4.94 million in the year ended 31 May 2009, a decrease of 7.32% from HK$5.33 million for the year ended 31 May 2008. The decrease was attributable in the decrease in calling card sales, and the sales of equipment. The gross profit margin decreased from 51.40% for last year to 45.57% for this year. The decrease in overall gross profit margin was mainly attributable to the increase in carrier sales that only contributed very thin profit margin that set off the contribution of the increase in sales of SIP and web phones.

The Group recorded a consolidated loss attributable to shareholders of HK$2.97 million, as compared with the comparative amount of loss HK$0.60 million attained in the previous year. The increase of the loss for the year was mainly due to the decrease of the contributions from other revenue and calling card sales.

The administrative expenses increased by 11.38% from HK$6.15 million of last year to HK$6.85 million for this year due to the new business development.

Liquidity and Financing

For the year ended 31 May 2009, the Group incurred a loss of approximately HK$2.97 million and the net cash outflow from operations was approximately HK$3.63 million. The outflow was mainly attributable to operating loss before changes in working capital of approximately HK$0.97 million, decrease in payables of approximately HK$2.62 million. With the increase of amount due to a director of approximately HK$2.36 million, the net cash and cash equivalents of the Group was increased by approximately HK$0.45 million.

As at 31 May 2009, the Group had a cash and cash equivalent balance of approximately HK$0.90 million. The gearing ratio, defined as total bank and finance lease borrowings divided by the shareholders' fund as at 31 May 2009 was not applicable as there was negative shareholders' fund (2008: not applicable). The Group had net current liabilities of approximately HK$18.92 million as at 31 May 2009 as compared with HK$19.19 million as at 31 May 2008.

Most of the transactions of the Group are denominated in HK Dollars. The Board is of the view that the exposure to foreign currency exchange risk is limited. Hence, no other arrangements to reduce the currency risk have been implemented.

Business review

During the year, the Research and Development team has a significant achievement in the development of software with proven site test of integrating the voice over IP application into mobile phone usage. The Research and Development team made a lot of improvement on data compression and compatibility linking with various mobile operators, through the testing in Hong Kong and overseas. This function has extended the voice over IP application to a wider area and become more user friendly for customers.

Regarding to the expansion in the China market, the Company is dealing with a foreign English school to integrate their lessons into the Company's distance learning platform.

All the features will be new sources of revenue for the Company in the future. The Company is looking at new features of data application to serve the customers in a more effective and efficient way.

Business outlook

The VOIP business is growing with the help of the new features, the Company will bring the new features to international market, after the data product is ready, and it will become a total solution for customers to communicate by voice and data. The product will be offered to Philippines, Hong Kong and other countries.

The Company is making a lot effort on marketing the new business "Cyber Education". The Company believes cyber education will be one of the main businesses in future.

The Company has focusing on in-house research and development; the Company foresees that a lot of new applications will be put into service in coming year.

Employee information

At 31 May 2009, the Group employed a total of 16 (2008: 15) employees including Directors. The salaries and benefits of the Group's employees are kept at a competitive level. The Group also operates a share option scheme where options to subscribe for shares of the Company may be granted to the Executive Directors and full time employees of the Group. As at 31 May 2009, no share options have been granted from the share option scheme.

DIVIDEND

The Board of Directors does not recommend the payment of a dividend in respect of the year ended 31 May 2009 (2008: Nil).

DIRECTORS' INTERESTS AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31 May 2009, apart from the details as follows, the Directors and chief executive do not have any other interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.49 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), were as follows:

Ordinary shares of HK$0.01 each in the Company

Name of Directors		**Number of Shares held**	**Nature of Interest**	**Percentage**
Mr. James Ang ("Mr. Ang")	Long position	153,683,800	Personal, Family and Corporate Interest *(Note)*	29.28%
Ms. Yau Pui Chi, Maria (Spouse of Mr. Ang)	Long position	153,683,800	Personal and Family Interest	29.28%

Note: These Shares are registered as to 142,501,800 Shares held by Mr. Ang in person, 22,000 Shares held by Ms. Yau in person, and 6,380,000 Shares held by Cyber Wealth Company Group Limited ("Cyber Wealth") and 4,780,000 Shares held by Bluechip Combination Investments Limited ("Bluechip"). Cyber Wealth and Bluechip are companies wholly-owned by Mr. Ang.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

Save as the interests disclosed above in respect of certain directors, the Company has not been notified of any other shareholders who had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register of substantial shareholders maintained by the Company under Section 336 of the SFO, or who is, 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 meeting of the Company as at 31 May 2009.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

For the financial year ended 31 May 2009, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed shares.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

None of the Directors has an interest in a business which competes or may compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. Throughout the financial year ended 31 May 2009, the Group has compiled with the code provisions in the Code on Corporate Governance Practices (the "Code Provision(s)") as set out in Appendix 15 of the GEM Listing Rules, except for the Code Provision A 2.1 and A 4.1 stipulated in the following paragraphs.

The Code Provision A 2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Mr. James Ang is both the Chairman and CEO of the Company who is responsible for managing the Board and the Group's business. Mr. Ang has been the Chairman and CEO since the establishment of the Company. The Board considers that, with the present board structure and scope of business, there is no imminent need to separate the roles into two individuals. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the position of Chairman and CEO is necessary.

Under the Code Provision A 4.1, non-executive Directors should be appointed for a specific term and subject to re-election. However, all the independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association of the Company. The Company considers that sufficient measures have been taken to ensure good corporate governance practices of the Company in this aspect of the Code Provisions.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "Code"). The Company has made specific enquiry of all Directors of the Company, and the Directors have confirmed compliance with the Code during the year ended 31 May 2009.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code. No incident of non-compliance was noted by the Company for the year ended 31 May 2009.

AUDIT COMMITTEE

The Company has established an Audit Committee with specific terms of reference explaining its role and authorities delegated by the Board. The Audit Committee currently consists of three independent non-executive Directors, Mr. Chiang Kin Kon, Mr. Wong Kwok Fai, and Mr. Chau Siu Keung who together have sufficient accounting and financial management expertise, and business experience to carry out their duties.

The duties of Audit Committee are included reviewing the Group's financial control, internal control and risk management, review and monitor the integrity of financial statements and reviewing annual, interim and quarterly financial statements and report before submission to the Board. The Audit Committee meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly.

The Audit Committee has reviewed the annual, interim, first and third quarter results of the Company for the year ended 31 May 2009, and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website of the Hong Kong Exchange and Clearing Limited at www.hkgem.com under "Latest Listed Company Information" and on the website of the Company at www.neteltech.com.hk. The Annual Report will be dispatched to the shareholders on or about 31 August 2009 and will be available at each of the website of the Stock Exchange and the Company at the same time.

By order of the Board
NETEL TECHNOLOGY (HOLDINGS) LIMITED
James Ang
Chairman

Hong Kong, 25 August 2009

As at the date of this announcement, the Board comprises three executive Directors, Mr. James Ang, Mr. Wei Ren and Ms. Yau Pui Chi, Maria and three independent non-executive directors, Mr. Chiang Kin Kon, Mr. Wong Kwok Fai and Mr. Chau Siu Keung.

This announcement will remain on the "Latest Company Announcements" page of the GEM website and the Company's website at www.neteltech.com.hk for at least seven days from the day of its posting.