KANTONE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1059)

2007/2008 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover increased by 13% to HK$1.6 billion
- Adjusted profit before tax (before impairment and fair value change of convertible bonds) went up 1.6 % to HK$474 million
- EBITDA (excluding one-off items) rose 21% to HK$760 million
- Profit attributable to equity holders of the Company was HK$143 million
- Adjusted earnings per share (before impairment and fair value change of convertible bonds) was HK14.54 cents, earnings per share was HK4.35 cents
- Proposed final dividend of HK0.15 cent per share, with total dividend for the year amounting to HK$52 million
- The Group maintains a positive financial position with net cash, adheres to a prudent financial management policy, and does not enter into speculative derivatives or structured product transactions

The board of directors of Kantone Holdings Limited (the "Company" or "Kantone") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2008 with the comparative figures for 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*3*	**1,613,048**	1,426,505
Cost of sales		**(965,712)**	(827,941)
Gross profit		**647,336**	598,564
Other income		**13,110**	17,935
Distribution costs		**(48,149)**	(44,721)
General and administrative expenses		**(134,355)**	(99,637)
Impairment losses recognised for available-for-sale investments		**(16,527)**	(22,952)
Impairment losses recognised for development costs for systems and networks		**(229,125)**	-
Impairment losses recognised for deposits and prepaid development costs		**(86,970)**	-
Loss on fair value change of convertible bonds		**(2,282)**	(32,829)
Finance costs		**(4,232)**	(6,105)
Profit before taxation		**138,806**	410,255
Taxation	*5*	**(1,842)**	(1)
Profit for the year		**136,964**	410,254
Attributable to:			
Equity holders of the Company		**143,010**	412,018
Minority interests		**(6,046)**	(1,764)
		136,964	410,254
Earnings per share	*7*		
- Basic		**HK4.35 cents**	HK13.81 cents
- Diluted		**HK4.32 cents**	HK13.74 cents

CONSOLIDATED BALANCE SHEET
At 30 June 2008

	Notes	2008 *HK$'000*	2007 *HK$'000*
Non-current assets			
Property, plant and equipment		**37,101**	44,481
Development costs for systems and networks		**961,980**	840,746
Goodwill		**36,795**	36,795
Intangible assets		**5,310**	7,670
Available-for-sale investments		**225,631**	250,636
Deposits and prepaid development costs		**752,700**	696,540
		2,019,517	1,876,868
Current assets			
Inventories		**24,351**	29,204
Trade and other receivables	*8*	**395,670**	398,751
Amount due from ultimate holding company		**-**	7
Taxation recoverable		**29**	127
Deposits, bank balances and cash		**105,896**	100,099
		525,946	528,188
Current liabilities			
Trade and other payables	*9*	**105,229**	78,391
Warranty provision		**2,136**	1,860
Amount due to ultimate holding company		**47**	-
Taxation payable		**2,009**	20
Bank borrowings - amount due within one year		**5,313**	50,408
Other borrowings - amount due within one year		**489**	1,861
Convertible bonds		**-**	35,880
		115,223	168,420
Net current assets		**410,723**	359,768
Total assets less current liabilities		**2,430,240**	2,236,636
Non-current liabilities			
Bank borrowings - amount due after one year		**48,952**	373
Other borrowings - amount due after one year		**193**	716
Retirement benefit obligations		**92,283**	95,985
Deferred taxation		**157**	149
		141,585	97,223
Net assets		**2,288,655**	2,139,413
Capital and reserves			
Share capital		**341,106**	319,993
Reserves		**1,938,049**	1,804,531
Equity attributable to equity holders of the Company		**2,279,155**	2,124,524
Minority interests		**9,500**	14,889
		2,288,655	2,139,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new HKFRSs, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 July 2007.

The adoption of the new HKFRSs has no material effect on how the results of the Group are prepared and presented for the current and prior accounting years. Accordingly, no prior year adjustment is required.

3. Turnover and segment information

Turnover represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers, licensing fees received and receivable and distributions/dividends received and receivable from the Group's investments in e-commerce projects and strategic investments during the year.

(a) Business segments

For management purposes, the Group is currently organised into five main operating businesses – sales of general systems products, provision of services (including software customisation and provision of e-lottery services) and software licensing, leasing of systems products, investments in e-commerce projects and holding strategic investments in advanced technology product development companies. These businesses are the basis on which the Group reports its primary segment information.

	Sales of general systems products	Provision of services and software licensing	Leasing of systems products	Investments in e-commerce projects	Strategic investments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2008						
TURNOVER						
External and total revenue	**928,681**	**651,121**	**10,158**	**2,770**	**20,318**	**1,613,048**
RESULTS						
Segment result	**33,859**	**115,763**	**4,993**	**1,723**	**3,791**	**160,129**
Interest income						**8,546**
Loss on fair value change of convertible bonds						**(2,282)**
Finance costs						**(4,232)**
Unallocated corporate expenses, net						**(23,355)**
Profit before taxation						**138,806**
Taxation						**(1,842)**
Profit for the year						**136,964**

	Sales of general systems products HK$'000	Provision of services and software licensing HK$'000	Leasing of systems products HK$'000	Investments in e-commerce projects HK$'000	Strategic investments HK$'000	Consolidated HK$'000
Year ended 30 June 2007						
TURNOVER						
External and total revenue	711,482	684,813	9,537	4,895	15,778	1,426,505
RESULTS						
Segment result	76,252	368,128	4,055	4,234	(7,174)	445,495
Interest income						11,112
Loss on fair value change of convertible bonds						(32,829)
Finance costs						(6,105)
Unallocated corporate expenses, net						(7,418)
Profit before taxation						410,255
Taxation						(1)
Profit for the year						410,254

(b) Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, by location of customers, irrespective of the origin of the goods/services:

	Revenue by geographical segment Year ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
People's Republic of China, including Hong Kong and Macau	**1,023,107**	897,932
Europe	**450,954**	408,447
Others	**138,987**	120,126
	1,613,048	1,426,505

4. Depreciation and amortisation

	2008	2007
	HK$'000	*HK$'000*
Amortisation on:		
Development costs for systems and networks, included in cost of sales	**269,895**	145,751
Intangibles assets, included in general and administrative expenses	**2,360**	2,360
Depreciation of property, plant and equipment, included in general and administrative expenses	**9,961**	10,388
Total depreciation and amortisation	**282,216**	158,499

5. Taxation

	2008	2007
	HK$'000	*HK$'000*
The charge comprises:		
Taxation in other jurisdictions		
- current year	**2,015**	26
- overprovision in prior years	**(173)**	(2)
	1,842	24
Deferred taxation	**-**	(23)
	1,842	1

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits derived from Hong Kong. No provision for taxation has been made as the Group's income neither arises in, nor is derived from Hong Kong. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The low effective tax rate is attributable to the fact that a substantial portion of the Group's profit neither arises in, nor is derived from, Hong Kong and is accordingly not subject to Hong Kong Profits Tax and such profit is either exempt from or not subject to taxation in any other jurisdictions.

6. Dividends

	2008	2007
	HK$'000	*HK$'000*
Final dividend proposed in scrip form equivalent to HK0.15 cent (2007: HK2.5 cents) per share, with a cash option	**5,117**	79,998
Interim dividend paid in scrip form equivalent to HK1.35 cents (2007: HK1.3 cents) per share, with a cash option	**45,316**	40,025
Underprovision in prior year	**1,290**	-
	51,723	120,023

The proposed final dividend for 2008 is calculated on the basis of 3,411,059,678 shares in issue on 30 June 2008.

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Earnings attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	**143,010**	412,018

	Number of shares *('000)*	
	2008	2007
Weighted average number of shares for the purpose of calculating basic earnings per share	**3,285,864**	2,983,497
Effect of dilutive potential ordinary shares:		
Subscription rights attached to convertible bonds	**27,469**	14,629
Weighted average number of shares for the purpose of calculating diluted earnings per share	**3,313,333**	2,998,126

No diluted earnings per share is presented in respect of convertible bonds in both years as the conversion of convertible bonds would result in an increase in earnings per share.

No diluted earnings per share is presented in respect of warrants in both years as the exercise price was higher than the average market price for shares.

8. Trade and other receivables

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**248,302**	225,053
Guaranteed distribution receivables	**43,672**	43,863
Advance to suppliers and other receivables	**103,696**	129,835
	395,670	398,751

The Group maintains a well-defined credit policy regarding its trade customers dependent on their credit worthiness, nature of services and products, industry practice and condition of the market with credit period ranging from 30 to 180 days. The aged analysis of trade receivables at the reporting date is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-60 days	**200,344**	169,073
61-90 days	**38,392**	50,136
91-180 days	**7,535**	1,137
> 180 days	**2,031**	4,707
	248,302	225,053

9. Trade and other payables

As at 30 June 2008, the balance of trade and other payables included trade payables of HK$28,748,000 (2007: HK$14,188,000). The aged analysis of trade payables at the reporting date is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-60 days	**5,591**	9,874
61-90 days	**9,422**	642
91-180 days	**10,794**	1,061
> 180 days	**2,941**	2,611
	28,748	14,188

FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

Subject to the approval of shareholders at the forthcoming annual general meeting, the directors have proposed a final dividend of HK0.15 cent per share for the year ended 30 June 2008 (2007: HK2.5 cents per share) to shareholders whose names appear on the register of members of the Company on 27 November 2008. Taking into account the interim dividend of HK1.35 cents per share paid on 13 June 2008, total dividend per share would be HK1.5 cents; and total dividend for the year would be HK$51.7 million, compared with HK$120 million of last year.

The final dividend will be satisfied by allotment of new shares of the Company, credited as fully paid, by way of scrip dividend, with an alternative to the shareholders to elect to receive such dividend (or part thereof) in cash in lieu of such allotment (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is subject to the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Exchange") of a listing of and permission to deal in the shares to be issued pursuant thereto. A circular setting out the details of the Scrip Dividend Scheme together with the form of election will be sent to the shareholders of the Company as soon as practicable.

It is expected that certificates for shares to be issued under the Scrip Dividend Scheme and dividend warrants will be despatched to those entitled thereto on or before 23 January 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 November 2008 to 27 November 2008, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the above final dividend and the Scrip Dividend Scheme, all transfers of shares accompanied by the relevant share certificates, and in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription moneys, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 19 November 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's core business performed well, and growth was reported in both revenue and profit at the operating level before impairment and other operating expenses. Worldwide demand for customised solutions, especially in China, continued. The Group's profitability was largely offset by impairment provisions in relation to some of the Group's investments and loss on fair value change of convertible bonds.

Financial Results

The Group achieved a turnover of HK$1,613 million for the year ended 30 June 2008 (the "Year"), an increase of 13 percent as compared with HK$1,427 million for the previous year (the "Previous Year"). The stable growth in turnover was a result of the Group's continued investment in product development and systems advancement, thereby enhancing the value-added features of its products and solutions. Gross profit increased by 8 percent to HK$647 million, while gross margin for the Year dropped to 40 percent compared with 42 percent of the Previous Year.

Profit for the year was HK$137 million, a drop of 67 percent, and profit attributable to equity holders was HK$143 million, a reduction of 65 percent compared with HK$412 million for the Previous Year. Earnings per share for the Year was HK4.35 cents (2007: HK13.81 cents).The decline in profit was caused by a number of significant items, including:

- impairment losses of HK$17 million recognised for available-for-sale investments
- impairment losses of HK$229 million recognised for development costs for systems and networks
- impairment losses of HK$87 million recognised for deposits and prepaid development costs
- loss of HK$2 million on fair value change of convertible bonds

Impairment was provided for in compliance with international accounting standards to review the carrying values of the financial assets as compared to the estimated cashflow or recoverable amounts from these assets. In anticipation of the increasing volatilities in the global markets arising from the financial turmoil, management has exercised prudence to provide for impairment losses on those investments where future income may be affected.

Excluding the above one-off items totalling HK$333 million for impairment losses and HK$2 million in respect of loss on fair value change of convertible bonds, adjusted profit before tax was HK$474 million, an increase of 1.6 percent from HK$466 million of Previous Year; and adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation, impairment losses and loss of fair value change of convertible bonds) was HK$760 million, an increase of 21 percent from HK$631 million of Previous Year.

In line with the increase in turnover, distribution costs went up by 8 percent to HK$48 million while general and administrative expenses increased 35 percent to HK$134 million, mainly attributable to increase in staff costs on the back of rising inflation. Depreciation and amortisation expenses went up by 78 percent to HK$282 million (2007: HK$158 million) as a result of the roll-out of several new projects.

Finance costs for the Year were HK$4.2 million, compared with HK$6.1 million in the Previous Year.

Review of Operations

The Group continued to benefit from China's economic growth, where sales maintained its momentum. The scope of possibilities for IT applications has also expanded. The success of China's aerospace projects, the adoption of higher speed and more spectrum-efficient telecom technologies and standards, as well as projects in connection with Sichuan earthquake reconstruction, led to growth in investment in the telecoms and related sectors. In response to new and increasing demand for a broad range of IT and communications solutions across a number of different public and business sectors, the Group has expanded its product portfolio to embrace a comprehensive range of integrated wireless solutions and web-based monitoring systems designed for remote management and security applications. For the Year, China sales accounted for HK$1,023 million of the Group's turnover, up 14 percent (2007: HK$898 million).

In Europe, the Group reported satisfactory growth in business due to strong performance in emergency services and fire control projects, as well as the relaxation of spending constraints on National Health Services projects in the United Kingdom. Several long-term contracts related to mobilising the communications systems for the fire brigades in England and Scotland have been secured. Some delays in systems delivery and project installation were encountered as a result of certain vendors not meeting the customers' requirements. This situation has led to revised schedules which may continue to impact on the Group's financial performance. Management is closely monitoring the situation and will adopt appropriate measures as and when required.

The Group's Lone Worker and Personal Security solutions reported satisfactory growth in light of the changes in European legislations concerning corporate liability for personal injuries which raised the level of responsibility for protection of employees in the workplace. These new personal security solutions, based on wireless mesh technology and launched in 2007 under the brandname *Ekotek*, won a prestigious innovation award in Stockholm during the Year. Key distributors in Europe, North America, the Middle East and Australia have signed up and the Group expects further growth in sales.

The Group has also launched a new range of IP DECT (Internet Protocol-based Digital Enhanced Cordless Telecommunications) mobility solutions aiming at the VoIP PABX (Voice over Internet Protocol-based digital Private Automatic Branch Exchange) market. These products provide superior voice quality as the Group is able to overlay messaging and alarm monitoring applications. Deliveries and installation of these solutions have been completed for the Irish Coast Guard and New South Wales Fire Service in Australia.

Turnover attributable to the operations in Europe rose 10 percent to HK$451 million (2007: HK$408 million), partly due to the strengthening of the Pound Sterling and Euro during the year.

The Group continues to make major investments to enable it to stay at the forefront of integrated platforms and solutions development. Such investments are subject to review periodically to determine if progress is in line with the original plan and if anticipated benefits can be achieved. Where appropriate, impairment provisions will be made.

e-Gaming and Online Entertainment

Building on its expertise in integrated IT solutions and telephone data management, Kantone continued to invest in betting software and CRM (customer relationship management) solutions. Its paperless lottery project in China is making progress with enhancement of integrated gaming technology solutions and online payment channels. In particular, the popularity of text messaging and the increasingly user-friendly interfaces on mobile-phones has gained much traction among young people and the more well-off white-collar workers. In the arena of telephone-based betting market in China, Kantone commands a leadership position. Its own e-lottery platform with secure micropayment systems connected to banks facilitates one-stop-shop automated betting transactions for multiple lottery games.

The recent clampdown of lottery sales in Mainland China on the Internet is designed to stop fraud and malpractices of illegal websites. Such tightening measures are expected to work to the benefit of the Group, being a legitimate provider of online solutions and consultancy to some Mainland authorities, in particular the regional Welfare Lottery Issue Centres, in respect of telephone-based betting.

Directors are fully aware that globally lottery and gaming business is fast growing, and such business commands the level of risk and investment commensurate with the higher return. In order to capitalise on existing expertise, the Group is exploring further opportunities.

New Opportunity

In September 2008, Kantone acquired some valuable sports media and sports technology assets in China, providing room in the development of gaming software, sports content, sports websites and sports network systems. The acquisition allows the Group to leverage its IT solutions, information software expertise, and sports and gaming endeavours for further development of the sports media market. This is expected to open up to the Group an attractive opportunity to expand its business to new horizons and capture new businesses arising from the growing popularity of sports and related activities. This is particularly appropriate as the Group has a long history of developing horse racing information channels and contents for sports, online telephone call data handling systems and call centre software applications, and has also been developing integrated platforms with secure e-commerce solutions for global gaming and entertainment activities. *(Details of the acquisition are provided in the Circular dated 20 August 2008.)*

OUTLOOK

Given the uncertainty arising from the financial turmoil, the global economy is expected to cool down further in the months or even years to come. While the Group's business fundamentals remain strong, we anticipate that continuing difficult conditions may further dampen consumer and business confidence which will affect customer purchases. Based on recent comments from economists and analysts, the financial crisis is going to affect every sector and every enterprise across the board. As such, the occurrence of slowing payments and possibly investment delinquencies and project cancellations on a worldwide basis may lead to further industry consolidation, and few can expect their performance not to be affected.

Meanwhile, the Group's investments in privately held companies may be subject to impairment, especially those in the start-up or development stages. We'll continue to exercise prudence in managing investment risks and take a critical review of the Group's investment portfolio, making provisions and write-downs where deemed appropriate, in compliance with the requirements of the latest international accounting standards. The rapidly deteriorating operating environment and global financial markets may require management to take greater caution with our financial accounts in the future.

With Mainland China accounting for a significant portion of our operations, we expect to benefit from its continued economic growth. Infrastructure investment is likely to grow with projects such as Sichuan earthquake reconstruction, development of alternative energy resources, and continued investment in the telecoms and related sectors brought on by the success of the aerospace projects.

The Group's business strategy going forward will focus on high margin and high growth sectors to achieve margin improvement. Such strategy naturally entails further research and development, as well as investments, especially in China which continues to present enormous opportunities, in order to expand our portfolio of products and services. The Group will also strive to strengthen its position in the niche markets of providing wireless integrated solutions tailored to customers' specialised requirements, as well as enhancing its value-added services to help customers achieve significant savings. In consolidating its leadership position in providing mission critical communications systems and solutions, the Group will focus on developing core platform technologies and customised personal security solutions.

Against economic and market uncertainties at multiple levels, we will strengthen efforts on cost management and efficiency improvement, and will closely monitor the operating environment. Prudent as we have always been, there are nevertheless external factors which are beyond our control. It is nevertheless comforting to note that the Group's management and directors are no strangers to dealing with rough times. The past decade of our establishment was marked by a series of disturbing events, among which were the financial turmoil in Asia in 1997; the burst of the Internet bubble in 2000; 911 terrorist attacks in the US in 2001; the sudden outbreak of SARS in 2003, and the beginning of the global credit crunch in late 2007, all of which resulted in a confidence crisis and a slowdown of the economy in the subsequent years.

For each of the previous crises, the Group has managed to emerge relatively unscathed, a testament to how we build on our solid foundations and manage business risks on a long-term basis. We hope that our positive financial position will enable us to cope with the current turbulent environment, and most importantly, to continue to invest in our businesses and serve our customers well.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

The Group maintained a positive financial position throughout the year. It financed its operation and business development with internally generated resources, capital market instruments, and banking facilities provided by its principal bankers.

As at 30 June 2008, the Group had HK$106 million (2007: HK$100 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$526 million (2007: HK$528 million) and current liabilities amounted to approximately HK$115 million (2007: HK$168 million). With net current assets of HK$411 million (2007: HK$360 million), the Group maintained a comfortable level of liquidity. The gearing ratio of the Group, defined as the Group's total borrowings to equity attributable to equity holders of the Company, was 0.02 (2007: 0.04).

Total borrowings comprised bank borrowings of HK$54.3 million (2007: HK$50.8 million); other borrowings, which represented block discounting loans, of HK$0.7 million (2007: HK$2.6 million); and convertible bonds of HK$35.9 million for 2007. No convertible bonds were outstanding as at 30 June 2008. Finance costs for the Year amounted to HK$4.2 million (2007: HK$6.1 million).

Total bank borrowings comprised bank loans of HK$53.9 million (2007: HK$49.6 million) and mortgage loan of HK$0.4 million (2007: HK$1.2 million). During the year, the bank loans were rearranged to provide different repayment terms with HK$4.9 million (2007: HK$49.6 million) repayable within one year, HK$4.7 million (2007: Nil) repayable in the second year and HK$44.3 million (2007: Nil) repayable in the third to fifth year. The mortgage loan of HK$0.4 million (2007: HK$0.8 million) was repayable within one year and nil balance (2007: HK$0.4 million) was repayable in the second year. The mortgage loan was secured by the Group's land and buildings with a net book value of HK$12.6 million (2007: HK$12.9 million).

The other borrowings of HK$0.7 million (2007: HK$2.6 million) were unsecured, with HK$0.5 million (2007: HK$1.9 million) repayable within one year, HK$0.2 million (2007: HK$0.5 million) repayable in the second year and nil balance (2007: HK$0.2 million) repayable in the third year.

Treasury Policy

The Group is committed to financial prudence and maintains a positive financial position with low gearing and a net cash position. The Group finances its operation and business development by a combination of internally generated resources, capital markets instruments, and banking facilities provided by its bankers.

All the borrowings were used by the subsidiaries of the Company bearing interest at floating rate and were denominated in its local currency. As such, the currency risk exposure associated with the Group's borrowings was insignificant.

The Group does not engage in any speculative derivatives or structured product transactions, interest rate or foreign exchange speculative activities. It is the Group's policy to manage foreign exchange risk through matching foreign exchange income with expense, and where exposure to foreign exchange is anticipated, appropriate hedging instruments will be used.

Capital Commitments

As at 30 June 2008, the Group's capital commitments authorised but not contracted for was HK$110 million (2007: HK$101 million). The Group has set aside sufficient internally generated funds for the acquisition of property, plant and equipment, and development of systems and networks.

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

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

CODE OF CORPORATE GOVERNANCE PRACTICES

During the year, none of the directors of the Company was aware of any information which would reasonably indicate that the Company was not in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Exchange save that since the decease of Mr Ho Yiu Ming on 9 December 2007, the Company did not have an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise and one member of the audit committee being an independent non-executive director with the aforesaid qualifications or expertise. The Company appointed an independent non-executive director on 28 January 2008 to comply with such rules.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the above annual results.

By Order of the Board
Paul KAN Man Lok
Chairman

Hong Kong, 24 October 2008

As at the date of this announcement, the executive directors of the Company are Mr Paul Kan Man Lok and Mr Lai Yat Kwong; the non-executive directors are Mr Leo Kan Kin Leung, Ms Shirley Ha Suk Ling and Mr Paul Michael James Kirby; and the independent non-executive directors are Prof Liang Xiong Jian, Prof Ye Pei Da, Mr Frank Bleackley, Prof Julia Tsuei Jo and Ms Miranda Ho Mo Han.