CHAMPION TECHNOLOGY HOLDINGS LIMITED

(Continued in Bermuda with limited liability)
(Stock Code: 92)

2007/2008 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover increased by 15% to HK$3.6 billion
- Adjusted profit before tax (before impairment and fair value change of convertible bonds) went up 5.5% to HK$998 million
- EBITDA (excluding one-off items) rose 20% to HK$1,733 million
- Profit attributable to equity holders was HK$190 million
- Adjusted earnings per share (before impairment and fair value change of convertible bonds) was HK45.55 cents, earnings per share was HK11.31 cents
- Proposed final dividend of HK0.25 cent per share, with total dividend for the year amounting to HK$48 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 Champion Technology Holdings Limited (the "Company") 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**	2007
		HK$'000	*HK$'000*
Turnover	*3*	**3,635,049**	3,164,287
Direct operating expenses		**(2,346,833)**	(2,033,154)
Gross profit		**1,288,216**	1,131,133
Other income		**31,913**	64,542
Distribution costs		**(53,580)**	(47,902)
General and administrative expenses		**(262,104)**	(215,019)
Impairment losses recognised for available-for-sale investments		**(56,502)**	(80,605)
Impairment losses recognised for development costs for systems and networks		**(436,488)**	-
Impairment losses recognised for deposits and prepaid development costs		**(245,310)**	-
Impairment loss recognised for interest in an associate		-	(312)
Gain on disposal of development costs for systems and networks		-	23,140
Gain (loss) on deemed disposal of subsidiaries		**196**	(465)
Loss on fair value change of convertible bonds		**(2,282)**	(32,829)
Finance costs		**(6,781)**	(9,614)
Profit before taxation		**257,278**	832,069
Taxation	*5*	**(2,063)**	(9,171)
Profit for the year		**255,215**	822,898
Attributable to:			
Equity holders of the Company		**190,456**	626,818
Minority interests		**64,759**	196,080
		255,215	822,898
Earnings per share	*7*		
- Basic		**HK11.31 cents**	HK43.70 cents
- Diluted		**HK11.08 cents**	HK43.42 cents

CONSOLIDATED BALANCE SHEET
At 30 June 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**58,586**	67,184
Development costs for systems and networks		**2,743,823**	2,137,057
Goodwill		**36,795**	36,795
Intangible assets		**5,310**	7,670
Available-for-sale investments		**1,509,822**	1,786,794
Interest in an associate		**-**	-
Deposits and prepaid development costs		**2,563,105**	2,041,260
		6,917,441	6,076,760
Current assets			
Inventories		**25,464**	30,449
Trade and other receivables	*8*	**1,152,497**	1,202,327
Taxation recoverable		**29**	349
Deposits, bank balances and cash		**350,728**	347,482
		1,528,718	1,580,607
Current liabilities			
Trade and other payables	*9*	**248,931**	87,291
Warranty provision		**2,136**	1,860
Customers' deposits		**6,275**	9,803
Taxation payable		**2,009**	20
Bank borrowings - amount due within one year		**201,313**	229,408
Other borrowings - amount due within one year		**489**	1,861
Convertible bonds		**-**	35,880
Bank overdrafts		**27,816**	-
		488,969	366,123
Net current assets		**1,039,749**	1,214,484
Total assets less current liabilities		**7,957,190**	7,291,244
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		**7,815,605**	7,194,021
Capital and reserves			
Share capital		**197,450**	160,362
Reserves		**6,487,556**	5,977,310
Equity attributable to equity holders of the Company		**6,685,006**	6,137,672
Subscription right reserve of a listed subsidiary		**-**	4,639
Minority interests		**1,130,599**	1,051,710
		7,815,605	7,194,021

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 telecommunications and e-commerce projects and strategic investments during the year.

(a) Business segments

For management purposes, the Group is currently organised into six 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 telecommunications networks and projects, 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 *HK$'000*	Provision of services and software licensing *HK$'000*	Leasing of systems products *HK$'000*	Investments in tele-communications networks and projects *HK$'000*	Investments in e-commerce projects *HK$'000*	Strategic investments *HK$'000*	Consolidated *HK$'000*
Year ended 30 June 2008							
TURNOVER							
External and total revenue	**2,287,033**	**1,167,512**	**10,158**	**16,033**	**7,846**	**146,467**	**3,635,049**
RESULTS							
Segment result	**71,767**	**131,741**	**4,993**	**2,940**	**6,663**	**70,244**	**288,348**
Interest income							**8,577**
Gain on deemed disposal of subsidiaries							**196**
Discount on deemed acquisition of additional interest in a subsidiary							**2,860**
Loss on fair value change of convertible bonds							**(2,282)**
Unallocated corporate expenses, net							**(33,640)**
Finance costs							**(6,781)**
Profit before taxation							**257,278**
Taxation							**(2,063)**
Profit for the year							**255,215**

	Sales of general systems products *HK$'000*	Provision of services and software licensing *HK$'000*	Leasing of systems products *HK$'000*	Investments in tele-communications networks and projects *HK$'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	1,560,653	1,441,768	9,537	14,009	16,213	122,107	3,164,287
RESULTS							
Segment result	173,004	622,076	4,055	11,499	14,459	42,376	867,469
Interest income							21,147
Impairment loss recognised for interest in an associate							(312)
Loss on deemed disposal of subsidiaries							(465)
Discount on deemed acquisition of additional interest in a subsidiary							6,463
Loss on fair value change of convertible bonds							(32,829)
Unallocated corporate expenses, net							(19,790)
Finance costs							(9,614)
Profit before taxation							832,069
Taxation							(9,171)
Profit for the year							822,898

(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	**2,783,225**	2,407,051
Europe	**597,404**	535,796
Others	**254,420**	221,440
	3,635,049	3,164,287

4. Depreciation and amortisation

	2008	2007
	HK$'000	*HK$'000*
Amortisation on:		
Development costs for systems and networks, included in direct operating expenses	**713,070**	470,654
Intangible assets, included in general and administrative expenses	**2,360**	2,360
Depreciation of property, plant and equipment, included in general and administrative expenses	**12,440**	12,548
Total depreciation and amortisation	**727,870**	485,562

5. Taxation

	2008	2007
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**-**	-
Other jurisdictions	**2,015**	25
	2,015	25
Under (over) provision in prior years:		
Hong Kong Profits Tax	**221**	9,169
Other jurisdictions	**(173)**	-
	48	9,169
Deferred taxation	**-**	(23)
	2,063	9,171

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 HK0.25 cent (2007: HK3.5 cents) per share, with a cash option	**4,936**	56,127
Interim dividend paid in scrip form equivalent to HK2.45 cents (2007: HK2.4 cents) per share, with a cash option	**41,360**	38,003
Underprovision in prior year	**1,816**	2,556
	48,112	96,686

The proposed final dividend for 2008 is calculated on the basis of 1,974,500,267 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 earnings per share	**190,456**	626,818
Effect of options attached to convertible bonds of a subsidiary	**(602)**	(1,045)
Earnings for the purpose of calculating diluted earnings per share	**189,854**	625,773

	Number of shares *('000)*	
	2008	2007
Weighted average number of shares for the purpose of calculating basic earnings per share	**1,684,033**	1,434,430
Effect of dilutive potential ordinary shares:		
Warrants	**29,983**	6,851
Weighted average number of shares for the purpose of calculating diluted earnings per share	**1,714,016**	1,441,281

The calculation of diluted earnings per share does not include certain warrants of the Company for the year, as the exercise price of these warrants was higher than the average market price for these shares.

8. Trade and other receivables

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**464,447**	448,683
Guaranteed distribution receivables	**267,553**	261,050
Advance to suppliers and other receivables	**420,497**	492,594
	1,152,497	1,202,327

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 guaranteed distribution receivables, advance to suppliers and other receivables are unsecured, non-interest bearing and payable on demand.

The aged analysis of trade receivables at the reporting date is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-60 days	**334,465**	319,667
61-90 days	**120,415**	122,709
91-180 days	**7,536**	1,149
> 180 days	**2,031**	5,158
	464,447	448,683

9. Trade and other payables

As at 30 June 2008, the balance of trade and other payables included trade payables of HK$147,847,000 (2007: HK$14,446,000). The aged analysis of trade payables at the reporting date is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-60 days	**9,419**	10,080
61-90 days	**28,067**	644
91-180 days	**107,419**	1,111
> 180 days	**2,942**	2,611
	147,847	14,446

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 HK0.25 cent per share for the year ended 30 June 2008 (2007: HK3.5 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 HK2.45 cents per share paid on 13 June 2008, total dividend per share would be HK2.7 cents; and total dividend for the year would be HK$48.1 million, compared with HK$96.7 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 remained strong, and growth was reported in both revenue and profit at the operating level before impairment and other operating expenses. The key drivers were a stable economy in China which continued to achieve double digit growth, and demand in the global markets for the Group’s customised products and solutions. The Group’s profit was reduced by impairment provisions in relation to some of the Group’s investments and loss on fair value change of convertible bonds issued by its subsidiary, Kantone Holdings Limited.

Financial Results

The Group achieved a turnover of HK$3,635 million for the year ended 30 June 2008 (the “Year”), an increase of 15 percent as compared with HK$3,164 million for the previous year (the “Previous Year”). The increase in turnover was in line with the roll-out of several new products and projects. Gross profit increased by 14 percent to HK$1,288 million, while gross margins remained steady at 35 percent. The results reflected the Group’s continued investment in product development and systems advancement, thereby enhancing the value-added features of its products and solutions.

Profit for the year was HK$255 million, a drop of 69 percent, and profit attributable to equity holders was HK$190 million, a drop of 70 percent compared with HK$627 million for the Previous Year. Earnings per share for the Year was HK11.31 cents (2007: HK43.7 cents). The decline in profit was caused by a number of significant items, including:

- impairment losses of HK$57 million recognised for available-for-sale investments
- impairment losses of HK$436 million recognised for development costs for systems and networks
- impairment losses of HK$245 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$738 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$998 million, an increase of 5.5 percent from HK$946 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$1,733 million, an increase of 20 percent from HK$1,441 million of Previous Year.

The continuing demand for the Group's customised solutions in wireless technologies, communications software, homeland security packages, and Internet-related products and services was a result of our ongoing investments in systems and networks which allowed us to significantly improve customer-service metrics while driving industry-leading productivity. The Group maintains a clear competitive edge in providing customised communications solutions for niche markets.

Total operating expenses went up largely in line with the increase in turnover and as a result of a general increase in staff costs on the back of rising inflation. Distribution costs increased 12 percent to HK$54 million (2007: HK$48 million), while depreciation and amortisation expenses went up 50 percent to HK$728 million (2007: HK$486 million), which were attributable to the roll-out of several new projects. Total general and administrative expenses increased by 22 percent to HK$262 million (2007: HK$215 million) due to a general increase in staff costs, audit fees, and other professional fees.

Finance costs for the Year were HK$6.8 million, compared with HK$9.6 million in the Previous Year.

Review of Operations

China market maintained its momentum in line with the country's robust economy, generating an overall increase in capital expenditure by our customers to improve the quality of their networks in order to meet increasing demand. The Group enjoyed a trusted relationship with its customers as a result of its proven track record as a reliable technology partner established over the last 20 years. Key areas of focus were innovative communications and security solutions and services customised to achieve high reliability and high integrity. Our top-of-the-line products embrace a comprehensive range of integrated wireless solutions designed for remote management and security applications; as well as command, control and communications applications for use in mission critical assignments involving public safety, personal security and telematics control.

The Group's new division, Champion Homeland Security, has been working with international partners to offer comprehensive customised solutions for integrated security systems. Products and systems have been exhibited at a number of trade shows and exhibitions in China, including *China Police 2008 – China International Exhibition on Police Technologies and Equipment* in April this year at Beijing Exhibition Center.

The macro-economic tightening measures in China appeared to have only a slight dampening effect on an overheated economy last year, as such measures were specific to certain sectors, which did not include basic infrastructure projects relating to the telecommunications and IT sector. For the Year, China sales accounted for HK$2,783 million of the Group's turnover, up 16 percent (2007: HK$2,407 million).

In Europe, the Group reported satisfactory growth in business due to outstanding 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. The 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, based on wireless mesh technology, 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. Turnover attributable to the operations in Europe was HK$597 million, up 11 percent (2007: HK$536 million).

The Group's strategic investment in In-Car Telematics solutions, anti-radiation products to counteract radio emission from mobile phones, and ID card project with related IT security opportunities progressed as planned. These investments are subject to review periodically to determine if progress was in line with original plan and if anticipated benefits could be achieved. Where required, impairment provisions at an appropriate level would be made.

New Opportunity

In May 2008, the Group acquired Smart Port Group, owner of certain intellectual property rights pertaining to proprietary software systems for integrated logistics and smart port management system. The acquisition allows the Group to leverage its IT solutions, core competence in wireless technology and applications, information software expertise, and global presence as a strategic investment for the development of logistics and smart port management systems on an enhanced wireless platform with the deployment of RFID (radio frequency identification) technology. This is expected to provide the Group with an attractive opportunity to expand business to new horizons and capture new businesses arising from the steadily increasing logistics demand in China. *(Details of the acquisition are provided in the Circular dated 9 May 2008.)*

Kantone Holdings Limited ("Kantone")

Kantone continued to sustain growth. It recorded a turnover of HK$1,613 million, an increase of 13 percent over the Previous Year, and adjusted profit before tax (before impairment losses and loss on fair value change of convertible bonds) of HK$474 million, an improvement of 1.6 percent. Profit attributable to equity holders was HK$143 million, representing a drop of 65 percent compared with HK$412 million for the Previous Year, attributable to impairment losses of HK$333 million in relation to some of its development projects and investments.

Sales in China was in line with the country's economic growth. With China's continued economic prosperity, demand for Kantone's customised solutions and products was maintained, and the scope of possibilities for IT applications has expanded. In Europe, UK sales registered steady growth, as the resumption of spending by National Health Services helped to offset some delays encountered in the emergency services sector. Kantone remained well-positioned to secure new long-term contracts, especially in the arena of Fire Services, Personal Security, and Marine Coast Guard Security.

For e-Gaming and Online Entertainment, 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 Kantone, 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, Kantone is exploring further opportunities.

New Acquisition

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 Kantone 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 Kantone an attractive opportunity to expand its business to new horizons and capture new businesses arising from the growing popularity of sports and related activities. *(Details of the acquisition are provided in the Circular dated 20 August 2008.)*

DIGITALHONGKONG.COM ("Digital HK")

Digital HK recorded a loss of HK$986,000 on turnover of HK$5,018,000, compared with a loss of HK$12,000 on turnover of HK$6,351,000 for the Previous Year. The lower turnover reflected a combination of softening economy, a highly competitive market, and Digital HK's strategy of preserving margins by focusing on customised solutions. Digital HK will continue to seek suitable investment opportunities to diversify its revenue streams in order to enhance shareholders' value.

OUTLOOK

Given the uncertainties arising from the financial turmoil, the global economy is expected to cool down further in the months or even years to come. While Champion Technology'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 will 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.

In line with market trends, the Group's business strategy going forward will focus on high margin and high growth sectors to achieve margin improvement. In terms of business focus, customised communications solutions and integrated security services for applications in multiple markets and sectors will be our direction for growth and expansion. That will include a comprehensive portfolio that embraces different technologies and wide-ranging applications, covering biometric identification, smartcard solutions, logistics and RFID (radio frequency identification) technology, fraud detection systems, and mobile-based applications using video and audio compression technologies in telematics control, public safety, and personal security. Meanwhile, as information technology is widely adopted today across industries and businesses, as well as our daily lives, new and emerging opportunities, especially in fast growing China, may arise where we can leverage our IT expertise to engage selectively in new projects with attractive returns and good prospects.

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 Champion Technology's management and directors are no strangers to dealing with rough times. The past two decades of our establishment were marked by a series of disturbing events, among which were the stock market crash in 1987; the Gulf crisis in 1990; the austerity measures in China in 1994 and 1995; 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, Champion Technology 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 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's financial position remained positive with a low gearing and a net cash position.

As at 30 June 2008, the Group had HK$351 million made up of deposits, bank balances and cash and HK$27.8 million of bank overdraft. Current assets were approximately HK$1,529 million (2007: HK$1,581 million) and current liabilities amounted to approximately HK$489 million (2007: HK$366 million). With net current assets of HK$1,040 million (2007: HK$1,214 million), the Group had maintained a high level of financial liquidity. The gearing ratio of the Group, which calculation was based on the Group's total borrowings of HK$279 million (2007: HK$268 million) and equity attributable to equity holders of the Company of HK$6,685 million (2007: HK$6,138 million), was 0.04 (2007: 0.04).

Total borrowings comprised bank borrowings of HK$250 million (2007: HK$230 million), bank overdrafts of HK$27.8 million (2007: Nil), 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$6.8 million (2007: HK$9.6 million).

Total bank borrowings comprised bank loans of HK$250 million (2007: HK$229 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$201 million (2007: HK$229 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) 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). Bank overdrafts of HK$27.8 million at 30 June 2008 were repayable on demand.

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 and the remaining balance of 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 currencies. 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 contracted for but not provided in the financial statements was nil (2007: Nil) and the Group's capital commitments authorised but not contracted for was HK$363 million (2007: HK$344 million). These commitments are set aside 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 ON CORPORATE GOVERNANCE PRACTICES

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 at any time during the year.

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, Mr Leo Kan Kin Leung and Mr Lai Yat Kwong; the non-executive director is Ms Shirley Ha Suk Ling; and the independent non-executive directors are Mr Terry John Miller, Mr Francis Gilbert Knight, Prof Liang Xiong Jian, Prof Ye Pei Da and Mr Frank Bleackley.