CHAMPION TECHNOLOGY HOLDINGS LIMITED

(Continued in Bermuda with limited liability)

(Stock Code: 92)

2008/2009 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover was HK$2,923 million
- Profit for the year was HK$103 million
- Profit attributable to equity holders was HK$74.6 million
- Adjusted profit (excluding impairment and other non-cash items) was HK$402 million
- Adjusted EBITDA (excluding impairment and other non-cash items) was HK$1,301 million
- Adjusted earnings per share (excluding impairment and other non-cash items) was HK8.57 cents; reported earnings per share was HK2.31 cents
- Proposed final dividend of HK0.25 cents per share
- The Group maintains a positive financial position, with the completion of a one-for-one rights issue in June.

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 2009 with comparative figures for 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Turnover	*3*	**2,923,103**	3,635,049
Direct operating expenses		**(2,291,827)**	(2,346,833)
Gross profit		**631,276**	1,288,216
Other income		**15,648**	29,053
Distribution costs		**(47,572)**	(53,580)
General and administrative expenses		**(187,279)**	(262,104)
Impairment losses recognised for available-for-sale investments		**(104,197)**	(56,502)
Impairment losses recognised for development costs for systems and networks		**(164,580)**	(436,488)
Impairment losses recognised for deposits and prepaid development costs		**(40,560)**	(245,310)
Discount on acquisition of additional interest in subsidiaries		**62,326**	2,860
(Loss) gain on deemed disposal of a subsidiary		**(51,839)**	196
Loss on fair value change of convertible bonds		**-**	(2,282)
Finance costs		**(8,943)**	(6,781)
Profit before taxation		**104,280**	257,278
Taxation	*5*	**(1,062)**	(2,063)
Profit for the year		**103,218**	255,215
Attributable to:			
Equity holders of the Company		**74,630**	190,456
Minority interests		**28,588**	64,759
		103,218	255,215
Earnings per share	*7*		
- Basic		**HK2.31 cents**	HK7.12 cents
- Diluted		**HK2.23 cents**	HK6.98 cents

CONSOLIDATED BALANCE SHEET

At 30 June 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**54,197**	58,586
Development costs for systems and networks		**3,138,721**	2,743,823
Goodwill		**36,795**	36,795
Intangible assets		**2,950**	5,310
Available-for-sale investments		**1,088,980**	1,509,822
Interest in an associate		**-**	-
Deposits and prepaid development costs		**2,933,357**	2,563,105
		7,255,000	6,917,441
Current assets			
Inventories		**24,551**	25,464
Trade and other receivables	*8*	**1,268,884**	1,152,497
Taxation recoverable		**25**	29
Deposits, bank balances and cash		**322,706**	350,728
		1,616,166	1,528,718
Current liabilities			
Trade and other payables	*9*	**121,576**	248,931
Warranty provision		**1,513**	2,136
Customers' deposits		**3,935**	6,275
Taxation payable		**1,051**	2,009
Bank borrowings - amount due within one year		**178,043**	201,313
Other borrowings - amount due within one year		**176**	489
Convertible bonds		**136,461**	-
Bank overdrafts		**38,148**	27,816
		480,903	488,969
Net current assets		**1,135,263**	1,039,749
Total assets less current liabilities		**8,390,263**	7,957,190
Non-current liabilities			
Bank borrowings - amount due after one year		**37,026**	48,952
Other borrowings - amount due after one year		**-**	193
Retirement benefit obligations		**71,289**	92,283
Deferred taxation		**143**	157
		108,458	141,585
Net assets		**8,281,805**	7,815,605
Capital and reserves			
Share capital		**400,553**	197,450
Reserves		**6,572,792**	6,487,556
Equity attributable to equity holders of the Company		**6,973,345**	6,685,006
Minority interests		**1,308,460**	1,130,599
		8,281,805	7,815,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

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 a number of new and revised HKFRSs, Hong Kong Accounting Standards, amendments and interpretations (collectively referred to as "new HKFRSs") issued by the HKICPA which are or have become effective.

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been 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 five (2008: 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	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 2009						
TURNOVER						
External and total revenue	**1,753,739**	**1,042,987**	**21,193**	**787**	**104,397**	**2,923,103**
RESULTS						
Segment result	**60,893**	**65,847**	**2,605**	**746**	**(19,246)**	**110,845**
Interest income						**5,199**
Discount on acquisition of additional interest in subsidiaries						**62,326**
Loss on deemed disposal of a subsidiary						**(51,839)**
Unallocated corporate expenses, net						**(13,308)**
Finance costs						**(8,943)**
Profit before taxation						**104,280**
Taxation						**(1,062)**
Profit for the year						**103,218**

	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
Discount on deemed acquisition of additional interest in a subsidiary							2,860
Gain on deemed disposal of subsidiaries							196
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

(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:

	2009	2008
	HK$'000	*HK$'000*
People's Republic of China, including Hong Kong and Macau	**2,251,399**	2,783,225
Europe	**474,990**	597,404
Others	**196,714**	254,420
	2,923,103	3,635,049

4. Depreciation and amortisation

	2009	2008
	HK$'000	*HK$'000*
Amortisation on:		
Development costs for systems and networks, included in direct operating expenses	**876,905**	713,070
Intangible assets, included in general and administrative expenses	**2,360**	2,360
Depreciation of property, plant and equipment, included in general and administrative expenses	**9,576**	12,440
Total depreciation and amortisation	**888,841**	727,870

5. Taxation

	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**-**	-
Other jurisdictions	**1,062**	2,015
	1,062	2,015
Under (over) provision in prior years:		
Hong Kong Profits Tax	**-**	221
Other jurisdictions	**-**	(173)
	-	48
	1,062	2,063

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) 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. 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

	2009	2008
	HK$'000	*HK$'000*
Final dividend proposed in scrip form equivalent to HK0.25 cents (2008: HK0.25 cents) per share, with a cash option	**10,014**	4,936
Interim dividend paid in scrip form equivalent to HK0.50 cents (2008: HK2.45 cents) per share, with a cash option	**9,954**	41,360
Underprovision in prior year	**-**	1,816
	19,968	48,112

The proposed final dividend for 2009 is calculated on the basis of 4,005,530,338 shares in issue on 30 June 2009.

7. Earnings per share

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

	2009	2008
	HK$'000	*HK$'000*
Earnings attributable to equity holders of the Company for the purpose of calculating basic earnings per share	**74,630**	190,456
Effect of options attached to convertible bonds of a subsidiary	**-**	(602)
Interest on convertible bond	**1,328**	-
Earnings for the purpose of calculating diluted earnings per share	**75,958**	189,854

	Number of shares *('000)*	
	2009	2008
Weighted average number of shares for the purpose of calculating basic earnings per share	**3,229,122**	2,673,619
Effect of dilutive potential ordinary shares:		
Convertible bond	**177,481**	-
Warrants	**-**	47,613
Weighted average number of shares for the purpose of calculating diluted earnings per share	**3,406,603**	2,721,232

No diluted earnings per share is presented in respect of warrants for the year ended 30 June 2009 as the exercise price of the warrants was higher than the average market price of shares of the Company.

The weighted average number of shares for the purpose of calculating the basic earnings per share has been adjusted on the assumption that the rights issue of the Company completed in June 2009 on the basis of one rights share for every existing issued share had been effective on 1 July 2007.

8. Trade and other receivables

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**827,794**	464,447
Guaranteed distribution receivables	**201,524**	267,553
Advance to suppliers and other receivables	**239,566**	420,497
	1,268,884	1,152,497

The Group maintains a well-defined credit policy regarding its trade customers depending 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:

	2009	2008
	HK$'000	*HK$'000*
0-60 days	**458,802**	334,465
61-90 days	**256,433**	120,415
91-180 days	**107,434**	7,536
> 180 days	**5,125**	2,031
	827,794	464,447

9. Trade and other payables

As at 30 June 2009, the balance of trade and other payables included trade payables of HK$13,261,000 (2008: HK$147,847,000). The aged analysis of trade payables at the reporting date is as follows:

	2009	2008
	HK$'000	*HK$'000*
0-60 days	**8,035**	9,419
61-90 days	**775**	28,067
91-180 days	**3,417**	107,419
> 180 days	**1,034**	2,942
	13,261	147,847

The credit period for purchases of goods ranged from 30 days to 60 days.

FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the directors have proposed a final dividend of HK0.25 cents per share for the year ended 30 June 2009 (2008: HK0.25 cents per share) to shareholders whose names appear on the register of members of the Company on 27 November 2009. Taking into account the interim dividend of HK0.50 cents per share paid on 12 June 2009, total dividend per share would be HK0.75 cents (2008: HK2.70 cents); and total dividend for the year would be HK$20.0 million, compared with HK$48.1 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 22 January 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 November 2009 to 27 November 2009, 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 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 24 November 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year under review (the "Year"), the Group recorded a 20 percent decline in turnover to HK$2,923 million, as compared with HK$3,635 million of the previous year (the "Previous Year"). Profit for the Year was HK$103 million, a decrease of 60 percent, and profit attributable to equity holders was HK$74.6 million compared with HK$190.5 million for the Previous Year. Earnings per share for the Year was HK2.31 cents as compared with HK7.12 cents of the Previous Year after adjustment for the rights issue during the Year. Profit was affected by the decrease in turnover and lower profit margins amid the economic slowdown. Gross margin fell from 35 percent to 22 percent as a result of price reduction aiming at maintaining customer relationship in a difficult operating environment. Impairment losses of approximately HK$309 million made on development costs for systems and networks, available-for-sale investments, and deposits and prepaid development costs also impacted adversely on profit. Such provisions reflected prevailing market conditions and a prudent and conservative assessment of the investments and assets concerned. The profit decline was partially offset by a net gain of approximately HK$10.5 million in relation to the discount on acquisition and loss on deemed disposal of a subsidiary. Excluding these non-cash items, adjusted profit for the Year was HK$402 million, and adjusted profit attributable to equity holders was HK$277 million.

For investment projects, the Group had adopted a conservative approach to delay implementation in light of the economic uncertainties.

Strict discipline in cost management continued to be maintained, resulting in reduced operating expenses. Distribution costs were reduced by 11 percent to HK$47.6 million (2008: HK$53.6 million) while general and administrative expenses were reduced by 29 percent to HK$187.3 million (2008: HK$262.1 million). In light of the continued roll-out of new systems and networks during the Year, depreciation and amortisation expenses went up by 22 percent to HK$888.8 million (2008: HK$727.9 million).

Finance costs for the Year increased to HK$8.9 million from HK$6.8 million for the Previous Year, mainly attributable to interest payable on the convertible redeemable bond that remained outstanding during the Year.

The Group's financial position remains positive with low gearing, and it does not engage in any speculative derivatives or structured product transactions.

Critical Financial and Accounting Policies

The continuing uncertainties in the global market require management to exercise ongoing caution with our financial and accounting policies. In particular, the preparation of our financial statements and certain accounting policies require that management applies significant judgment in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, management will evaluate those estimates, including those relating to the estimated lives of depreciable assets, asset impairment, allowances for doubtful accounts, contingencies and other items. Judgments are based on historical experience, term of existing contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates. Details of the policies will be provided in the Notes to the Consolidated Financial Statements in the Annual Report.

Review of Operations

The second half of the Year saw a rapid deterioration of business climate globally as the full impact of the financial crisis began to be felt, resulting in a rapid downturn of the global economy.

During the Year, China's economy was affected by a weakening export market and the closedown of factories resulting in large numbers of laid-off workers. The Group's key areas continued to be 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 that interface with a broad range of radio networks; web-based monitoring solutions designed for remote management and security applications; and command, control and communications applications for use in mission critical assignments involving public safety, personal security and telematics control.

The Group's Homeland Security Division has been working with international partners to offer comprehensive customised solutions for integrated security systems ranging from access control, video monitoring, alarm processing, internal and external intruder detection, perimeter systems, communications network monitoring, to command control and communications. The Group's products had been exhibited at a number of trade shows and exhibitions in China, and our booths were well-attended and drew a lot of interest. In May this year, the Group participated in the 3rd China (Beijing) International Exhibition & Symposium on Police Equipment & Anti-Terrorism Technology & Equipment（第三屆中國（北京）國際警用裝備及反恐技術裝備展覽會）, having been a participant in similar exhibitions in prior years.

For the Year, China sales accounted for HK$2,251 million of the Group's turnover, a drop of 19 percent as compared with HK$2,783 million of the Previous Year, mainly as a result of the global slowdown.

In Europe, the Group's sales and marketing activities concentrated on emergency services, fire control projects, as well as the NHS (National Health Services) projects in the United Kingdom ("UK"). Several new contracts for the supply of alarm monitoring solutions to hospitals in the UK, and contracts in Eastern Europe for the supply of Lone Worker and Personal Security solutions were secured. Business in the fire services sector picked up, with the resumption of some projects after initial delays, and the German market has also begun to show signs of recovery. Turnover of the European operations registered a drop of 20 percent to HK$475 million, as compared with HK$597 million of the Previous Year. The decrease was partly attributable to the softening of the Euro and the Pound Sterling.

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

Kantone Holdings Limited ("Kantone")

Kantone recorded a 19 percent drop in turnover to HK$1,300 million, compared with HK$1,613 million in the Previous Year. Profit for the Year was HK$68.3 million, as compared with HK$137.0 million of the Previous Year, a decrease of 50 percent. Excluding impairment losses in relation to development costs of systems and networks, investments, and deposits and prepaid development costs totalling approximately HK$197.0 million, adjusted profit was HK$265.3 million, and adjusted profit attributable to equity holders was HK$268.1 million.

Sales in China was in line with the country's economic growth. With Central Government's support of the IT and telecommunications sector in general, Kantone strengthened its sales and marketing activities for its customised solutions and products. In Europe, the main markets of UK and Germany have shown signs of stabilisation, and some of the projects have resumed after initial delays. Kantone is 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 the enhancement of integrated gaming technology solutions, online payment channels and sales network. The lottery legislation passed in China early this year meant that the China lottery market will be better regulated, and that China will open up its market gradually, boding well for innovative service providers like Kantone to expand its activities into various parts of the lottery value chain. Nonetheless, these investments are subject to review periodically to determine if progress is in line with the original plan and if the anticipated benefits can be achieved.

DIGITALHONGKONG.COM ("Digital HK")

Digital HK recorded a loss of HK$1,807,000 on turnover of HK$3,510,000 for the Year, compared with a loss of HK$986,000 on turnover of HK$5,018,000 in the Previous Year. Its performance was affected by customers delaying or scaling back expenditure on IT amid increasing market uncertainties. Digital HK will continue to seek suitable investment opportunities to diversify its revenue streams. Meanwhile, it has identified healthcare, related IT services and associated investments in the health sector as the key driver of future growth.

PROSPECTS

Globally the economic conditions have shown signs of stabilisation, thanks to strong actions by various governments, such as massive public financing and aggressive monetary easing. In particular, the Mainland market, which accounts for a significant portion of our business, has maintained a reasonable level of growth due to strong macro-economic stimulus measures implemented by the Central Government since the beginning of 2009. China appears well placed to recover at a faster pace than many other countries and its long-term economic prospects remain positive.

Nevertheless, the directors remain alert to further difficulties and challenges that may arise, despite some early signs of easing of the global economic downturn. We should heed the latest remarks from the Central Government that “the recovery would be slow and tortuous” amid a continuing slump in exports, and that “the foundation of the economic rebound was not yet firm, while uncertainties remained globally and domestically.” The Group will remain vigilant and continue to adopt a conservative approach. Cost control measures will continue to be focused upon.

The Group’s projects and investments in both technologies and 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 project and investment risks and take a critical review of the Group’s portfolio, making provisions and write-downs where deemed appropriate in compliance with the requirements of the latest international accounting standards. The continuing uncertainties in the global market require management to exercise ongoing caution with our financial and accounting policies.

In line with market trends, the Group’s strategy going forward will be focused on value-add and high growth sectors to achieve an overall 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 in our daily lives, new and emerging opportunities, especially in fast growing markets such as China, may arise where we can leverage our IT expertise to engage selectively in new projects with attractive returns and good prospects. In particular, the Group may pursue investments and related opportunities in the arena of information medicine and green technology where global demand continues to surge.

The Group is delighted with the latest award to Brazil to host the 2016 Olympics. As part of the Group’s global strategy and positioning to expand into emerging markets, we established operations in Brazil back in 1999 under Kantone New Ventures, a unit within Kantone, which is managed by Luiz Octavio Villa-Lobos, a native Brazilian with an MBA from the London Business School. He is now Managing Director of Kantone’s Brazilian operations, as well as Vice President of Interactive Knowledge Delivery for international clients at the Group level. The offices in São Paulo and Rio de Janeiro provide wireless communications that catered to the special needs of a wide range of customers, covering hospitals, supermarket chains, government departments, manufacturing plants and international hotel chains.

With 190 million people and ranking the world’s tenth largest economy, Brazil will serve as a blueprint for the Group’s expansion into other Latin American countries. Ahead of the Olympics in seven years’ time, significant spending will be allocated to infrastructure, security and transportation. Our establishment in Brazil hopefully will enable us to seize new business opportunities, in particular in providing telecommunications and IT solutions.

Over the past two decades of our establishment, we have weathered tough macro environments and reinvented ourselves time and again by staying focused on innovation, investing for the future, building on our solid foundations, and managing business risks on a long-term basis. With a positive financial position and niche technologies, we hope that the Group will take in stride the ongoing global economic uncertainties, and to pursue new investments with a promising future as and when opportunities present themselves.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

The Group's financial position remained positive with a low gearing.

As at 30 June 2009, the Group had HK$323 million made up of deposits, bank balances and cash. Current assets were approximately HK$1,616 million (2008: HK$1,529 million) and current liabilities amounted to approximately HK$481 million (2008: HK$489 million). With net current assets of HK$1,135 million (2008: HK$1,040 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$390 million (2008: HK$279 million) and equity attributable to equity holders of the Company of HK$6,973 million (2008: HK$6,685 million), was 0.056 (2008: 0.042).

Total borrowings comprised bank borrowings of HK$215.1 million (2008: HK$250.3 million), bank overdrafts of HK$38.1 million (2008: HK$27.8 million), other borrowings, which represented block discounting loans, of HK$0.2 million (2008: HK$0.7 million), and convertible redeemable bond with outstanding principal amount of HK$136.5 million (2008: Nil). Finance costs for the Year amounted to HK$8.9 million (2008: HK$6.8 million).

The bank borrowings comprised bank loans of HK$178.0 million (2008: HK$200.9 million) repayable within one year, HK$4.6 million (2008: HK$4.7 million) repayable in the second year and HK$32.5 million (2008: HK$44.3 million) repayable in the third to fifth year. The mortgage loan of HK$0.4 million outstanding as at 30 June 2008 was repaid during the Year. Bank loans of HK$40 million and the mortgage loan were secured by the Group's land and buildings with a carrying value of HK$10.3 million (2008: HK$12.6 million). The bank overdrafts were unsecured and repayable on demand.

The other borrowings of HK$0.2 million (2008: HK$0.7 million) were unsecured and repayable within one year (2008: HK$0.5 million repayable within one year and the remaining balance repayable in the second year).

In September 2008, the Company issued a convertible redeemable bond ("Convertible Bond") in the principal amount of approximately HK$189 million to Lawnside International Limited. During the Year, approximately HK$52 million of the principal amount of the Convertible Bond was redeemed. At 30 June 2009, the outstanding principal amount of the Convertible Bond was approximately HK$137 million.

In May 2009, Kantone raised approximately HK$99 million from a rights issue of Kantone shares on the basis of one rights share for every four of Kantone existing shares held. In June 2009, the Company raised approximately HK$142 million from a rights issue on the basis of one rights share for every existing share held. The proceeds of both rights issues, totalling approximately HK$177 million, serve as general working capital.

Treasury Policy

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

Other than the Convertible Bond, all the borrowings were used by subsidiaries of the Company bearing interest at floating rates. As all the Group's borrowings were denominated in their local currencies, the currency risk exposure associated with them 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 2009, the Group's capital commitments authorised but not contracted for was HK$270 million (2008: HK$363 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

The Company complied 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.

AUDIT COMMITTEE

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, 20 October 2009

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, Mr Frank Bleackley and Mr Lee Chi Wah.