CHAMPION TECHNOLOGY HOLDINGS LIMITED

(Continued in Bermuda with limited liability)

(Stock Code: 92)

2009/2010 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover advanced 3 percent to HK$3,012 million
- Profit for the year increased by 20 percent to HK$124 million
- Adjusted EBITDA (excluding impairment) was HK$1,298 million
- Profit attributable to owners of the Company rose 19 percent to HK$89 million
- Earnings per share was HK2.21 cents

The board of directors (the "Board") 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 2010 with comparative figures for 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Notes	**2010** ***HK$'000***	2009 *HK$'000*
Turnover	*2*	**3,011,768**	2,923,103
Direct operating expenses		**(2,564,306)**	(2,291,827)
Gross profit		**447,462**	631,276
Other income		**11,472**	15,648
Distribution costs		**(42,710)**	(47,572)
General and administrative expenses		**(202,371)**	(187,279)
Impairment losses recognised for available-for-sale investments		**-**	(104,197)
Impairment losses recognised for development costs for systems and networks		**-**	(164,580)
Impairment losses recognised for deposits and prepaid development costs		**(85,800)**	(40,560)
Discount on acquisition of additional interest in subsidiaries		**-**	62,326
Loss on deemed disposal of a subsidiary		**-**	(51,839)
Finance costs		**(3,902)**	(8,943)
Profit before taxation		**124,151**	104,280
Taxation	*4*	**(121)**	(1,062)
Profit for the year		**124,030**	103,218
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**5,001**	15,352
Total comprehensive income for the year		**129,031**	118,570

	Notes	2010 HK$'000	2009 HK$'000
Profit for the year attributable to:			
Owners of the Company		**88,649**	74,630
Non-controlling interests		**35,381**	28,588
		124,030	103,218
Total comprehensive income for the year attributable to:			
Owners of the Company		**91,312**	82,400
Non-controlling interests		**37,719**	36,170
		129,031	118,570
Earnings per share	*6*		
- Basic		**HK2.21 cents**	HK2.31 cents
- Diluted		**HK2.14 cents**	HK2.23 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**58,848**	54,197
Development costs for systems and networks		**3,826,154**	3,138,721
Goodwill		**36,795**	36,795
Intangible assets		**590**	2,950
Available-for-sale investments		**628,148**	1,088,980
Interest in an associate		**-**	-
Deposits and prepaid development costs		**3,024,695**	2,933,357
		7,575,230	7,255,000
Current assets			
Inventories		**24,785**	24,551
Trade and other receivables	*7*	**1,088,788**	1,268,884
Taxation recoverable		**11**	25
Deposits, bank balances and cash		**278,611**	322,706
		1,392,195	1,616,166
Current liabilities			
Trade and other payables	*8*	**101,102**	121,576
Warranty provision		**1,142**	1,513
Customers' deposits		**3,509**	3,935
Taxation payable		**8**	1,051
Bank loans - amount due within one year		**199,183**	178,043
Other borrowings - amount due within one year		**-**	176
Convertible bond		**136,461**	136,461
Bank overdrafts		**37,370**	38,148
		478,775	480,903
Net current assets		**913,420**	1,135,263
Total assets less current liabilities		**8,488,650**	8,390,263

	2010	2009
	HK$'000	*HK$'000*
Non-current liabilities		
Bank loans - amount due after one year	**29,050**	37,026
Retirement benefit obligations	**61,786**	71,289
Deferred taxation	**281**	143
	91,117	108,458
Net assets	**8,397,533**	8,281,805
Capital and reserves		
Share capital	**406,842**	400,553
Reserves	**6,655,435**	6,572,792
Equity attributable to owners of the Company	**7,062,277**	6,973,345
Non-controlling interests	**1,335,256**	1,308,460
	8,397,533	8,281,805

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2010

1. Basis of preparation and application of new and revised Hong Kong Financial Reporting Standards

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

In the current year, the Group has applied a number of new and revised Hong Kong Accounting Standards (the "HKAS"), the HKFRSs, amendments and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the HKICPA.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements. The application of the new and revised HKFRSs in the current year has had no impact on the prior year reported amounts in the primary statements. Therefore, the statement of financial position as at the beginning of the earliest comparative period is not presented.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in ownership interests that do not involve loss of control are dealt with in equity, with no impact on goodwill or profit or loss.

Ownership interest in Kantone Holdings Limited ("Kantone") has been increased in the current year resulting from dividend made by Kantone to the Group in form of shares. The impact of the application of HKAS 27 (Revised 2008) resulted in an adjustment of the carrying amount of the non-controlling interests being recognised directly in equity under retained profits. Had the previous accounting policy been applied, this amount would have been recognised in profit or loss. Therefore, the change in accounting policy has resulted in a decrease in the profit for the year of HK$6,555,000.

The effect of the changes in accounting policies described above on the basic and diluted earnings per share for the current year is as follows:

Year ended 30 June 2010

	Impact on basic earnings per share	Impact on diluted earnings per share
	HK cents	*HK cents*
Reported figures before adjustments	**2.37**	2.30
Adjustments arising from changes in accounting policies in relation to:		
- Discount on acquisition of additional interest in subsidiaries	**(0.16)**	(0.16)
Reported figures after adjustments	**2.21**	2.14

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. No comparative information for the expanded disclosures was presented in accordance with the transitional provision set out in the amendments.

2. Turnover and segment information

(a) Turnover

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.

The turnover of the Group comprises the following:

	2010	2009
	HK$'000	*HK$'000*
Sales of systems products	**1,849,527**	1,753,739
Rendering of services and software licensing	**1,049,945**	1,042,987
Leasing of systems products	**22,247**	21,193
Guaranteed distribution income	**13,628**	70,024
Dividend income	**76,421**	35,160
	3,011,768	2,923,103

(b) Segment information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 July 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), which is a group of executive directors of the Company for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments.

In prior years, primary segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions (i.e. sales of general systems products, provision of services and software licensing, leasing of systems products, investments in e-commerce projects and strategic investments). However, information reported to the CODM is analysed by systems sales and licensing, leasing of systems products, and strategic investments for the purpose of resources allocation and performance assessment. Financial information in relation to the provision of services and software licensing and investments in e-commerce projects is not separately reported but included in "systems sales and licensing" and "strategic investments" respectively under HKFRS 8 consistent with how the CODM assesses performance and allocates resources. The redesignation of the Group's reportable segment under HKFRS 8 has no material impact on the results reported in the current and prior years.

Three reportable segments are identified as follows:

- Systems sales and licensing - includes income from sales of systems products, software licensing and customisation, and provision of related services
- Leasing of systems products - includes income from leasing of systems products
- Strategic investments - includes income from investments

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the financial statements. Segment results represent the profit before taxation earned by each segment, excluding interest income, discount on acquisition of additional interest in subsidiaries (recognised in the prior year), loss on deemed disposal of a subsidiary (recognised in the prior year), finance costs, unallocated corporate income and expenses such as central administration costs and directors' salaries. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

	Systems sales and licensing *HK$'000*	**Leasing of systems products** *HK$'000*	**Strategic investments** *HK$'000*	**Consolidated** *HK$'000*
Year ended 30 June 2010				
TURNOVER				
External and total revenue	**2,899,472**	**22,247**	**90,049**	**3,011,768**
RESULTS				
Segment result	**84,154**	**864**	**66,532**	**151,550**
Interest income				**7,607**
Finance costs				**(3,902)**
Unallocated corporate expenses, net				**(31,104)**
Profit before taxation				**124,151**
Year ended 30 June 2009				
TURNOVER				
External and total revenue	2,796,726	21,193	105,184	2,923,103
RESULTS				
Segment result	126,740	2,605	(18,500)	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)
Finance costs				(8,943)
Unallocated corporate expenses, net				(13,308)
Profit before taxation				104,280

	Systems sales and licensing *HK$'000*	Leasing of systems products *HK$'000*	Strategic investments *HK$'000*	Consolidated *HK$'000*
Year ended 30 June 2010				
Amounts included in the measure of segment profit or loss:				
Depreciation and amortisation	**1,083,143**	**737**	**-**	**1,083,880**
Impairment losses recognised for deposits and prepaid development costs	**85,800**	**-**	**-**	**85,800**
Gain on disposal of property, plant and equipment	**(35)**	**-**	**-**	**(35)**
Year ended 30 June 2009				
Amounts included in the measure of segment profit or loss:				
Depreciation and amortisation	888,543	298	-	888,841
Impairment losses recognised for available-for-sale investments	-	-	104,197	104,197
Impairment losses recognised for development costs for systems and networks	164,580	-	-	164,580
Impairment losses recognised for deposits and prepaid development costs	40,560	-	-	40,560
Gain on disposal of property, plant and equipment	(32)	(2)	-	(34)

No assets and liabilities are included in the measure of segment reporting as they are not regularly reviewed by the CODM.

(c) Geographical information

The following table provides an analysis of the Group's revenue and non-current assets by location of customers and by location of assets respectively:

	Revenue Year ended 30 June		Non-current assets As at 30 June	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
People's Republic of China including Hong Kong and Macau	**2,331,832**	2,251,399	**6,909,780**	6,133,615
Europe (mainly United Kingdom and Germany)	**489,243**	474,990	**34,854**	30,173
Others	**190,693**	196,714	**2,448**	2,232
	3,011,768	2,923,103	**6,947,082**	6,166,020

Note: Non-current assets exclude the Group's available-for-sale investments.

3. Depreciation and amortisation

	2010 ***HK$'000***	2009 *HK$'000*
Amortisation on:		
Development costs for systems and networks, included in direct operating expenses	**1,071,804**	876,905
Intangible assets, included in general and administrative expenses	**2,360**	2,360
Depreciation of property, plant and equipment, included in general and administrative expenses	**9,716**	9,576
Total depreciation and amortisation	**1,083,880**	888,841

4. Taxation

	2010	2009
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**-**	-
Other jurisdictions	**-**	1,062
	-	1,062
Deferred taxation charge	**121**	-
	121	1,062

Hong Kong Profits Tax is calculated at 16.5% (2009: 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.

5. Dividends

	2010	2009
	HK$'000	*HK$'000*
Final dividend proposed in scrip form equivalent to HK0.25 cents (2009: HK0.25 cents) per share, with a cash option	**10,171**	10,014
Interim dividend paid in scrip form equivalent to HK0.30 cents (2009: HK0.50 cents) per share, with a cash option	**12,103**	9,954
	22,274	19,968

The proposed final dividend for 2010 is calculated on the basis of 4,068,421,130 shares (2009: 4,005,530,338 shares) in issue on 30 June 2010.

6. Earnings per share

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

	2010	2009
	HK$'000	*HK$'000*
Earnings attributable to owners of the Company for the purpose of calculating basic earnings per share	**88,649**	74,630
Interest on convertible bond	**1,365**	1,328
Earnings for the purpose of calculating diluted earnings per share	**90,014**	75,958

	Number of shares *('000)*	
	2010	2009
Weighted average number of shares for the purpose of calculating basic earnings per share	**4,020,029**	3,229,122
Effect of dilutive potential ordinary shares:		
Convertible bond	**177,222**	177,481
Weighted average number of shares for the purpose of calculating diluted earnings per share	**4,197,251**	3,406,603

The computation of diluted earnings per share in 2009 did not assume the exercise of warrants as the exercise price was higher than the average market prices of shares of the Company. The warrants expired in April 2009.

7. Trade and other receivables

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**834,049**	827,794
Guaranteed distribution receivables	**-**	201,524
Advance to suppliers and other receivables	**254,739**	239,566
	1,088,788	1,268,884

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 days to 180 days. The guaranteed distribution receivables, advance to suppliers and other receivables are unsecured, non-interest bearing and payable on demand, which are expected to be realised in the next twelve months from the end of the reporting period.

The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	2010	**2009**
	HK$'000	*HK$'000*
0 - 60 days	**385,660**	458,802
61 - 90 days	**272,073**	256,433
91 - 180 days	**173,994**	107,434
> 180 days	**2,322**	5,125
	834,049	827,794

8. Trade and other payables

As at 30 June 2010, the balance of trade and other payables included trade payables of HK$15,022,000 (2009: HK$13,261,000). The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 - 60 days	**11,127**	8,035
61 - 90 days	**547**	775
91 - 180 days	**3,348**	3,417
> 180 days	**-**	1,034
	15,022	13,261

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

Other payables mainly represent receipt in advance and accruals.

FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the Board have proposed a final dividend of HK0.25 cents per share for the year ended 30 June 2010 (2009: HK0.25 cents per share) to shareholders whose names appear on the register of members of the Company on 29 November 2010. Taking into account the interim dividend of HK0.30 cents (2009: HK0.50 cents) per share paid on 11 June 2010, total dividend per share would be HK0.55 cents (2009: HK0.75 cents); and total dividend for the year would be HK$22 million, compared with HK$20 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 17 January 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 November 2010 to 29 November 2010, 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 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year under review (the "Year"), the Group's turnover advanced 3 percent to HK$3,012 million, as compared with HK$2,923 million of the previous year (the "Previous Year"). Profit for the Year was HK$124 million, a rise of 20 percent, and profit attributable to owners of the Company was HK$89 million as compared with HK$75 million of Previous Year. Earnings per share for the Year was HK2.21 cents, compared with HK2.31 cents of Previous Year. Amid slow economic recovery, gross margin continued to be under pressure, declining to 14.9 percent from 21.6 percent of Previous Year. The drop was exacerbated by sluggish turnover growth on one hand and increasing amortisation on the Group's continued investment in the development of advanced technology products on the other. EBIDTA for the Year increased by 21 percent to HK$1,212 million from HK$1,002 million of Previous Year. In view of the less than optimistic outlook for the global economy, with the exception of China and a few other emerging markets, the Group continued to adopt a prudent approach for its investment projects, pending more solid signs of recovery. During the Year, the Group had recognised impairment losses of HK$85.8 million for deposits and prepaid development costs for systems and networks. Excluding the impairment losses, adjusted EBITDA for the Year was HK$1,298 million, compared with HK$1,301 million of the Previous Year.

Discipline in cost management continues to be maintained. Increases in some operating expenses were partially offset by decreases in other expense items. Distribution costs decreased by 10 percent to HK$42.7 million. General and administrative expenses went up 8 percent to HK$202 million (2009: HK$187 million), attributable to the increase in research and development expenses to HK$16.9 million (2009: HK$6.4 million) aimed at maintaining product competitiveness and market niche. Staff costs increased to HK$130 million from HK$122 million. In the light of the continued roll-out of new systems and networks as well as ongoing development work during the Year, depreciation and amortisation expenses rose 22 percent to HK$1,084 million (2009: HK$889 million).

Finance costs for the Year reduced to HK$3.9 million compared with HK$8.9 million of Previous Year as a result of the prevailing low interest rate. The Group's financial position remains positive with low gearing.

Review of Operations

During the Year, China's economy showed a positive rebound, thanks to massive government stimulative measures. However, exports remained weak due to the fragile state of many western economies, resulting in a cautious investment sentiment and contributed to a slower pace of market activities. The Group continued to focus on innovative communications and security solutions and services customised to achieve high reliability and high integrity. Its strategic investment in In-Car telematics solutions, anti-radiation products to counteract radio transmission from mobile phones, as well as smart logistics solutions, continued. These investments were subject to periodic review to determine if progress was in line with the original plan and if the anticipated benefits could be achieved. Where required, impairment provisions at an appropriate level are made.

Meanwhile, 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 April this year, the Group participated in the Asia Pacific China Police 2010, China International Exhibition on Police Equipment (第五屆中國國際警用裝備博覽會) organised by the Ministry of Public Security.

For the Year, China sales accounted for HK$2,332 million of the Group's turnover as compared with HK$2,251 million of Previous Year.

In Europe, the global economic climate continued to influence the Group's trading position. The austerity measures adopted by the governments across Europe have slowed spending and delayed project rollout. The Group was however able to register profit as a result of its product niche and long track record established over 75 years (through its European subsidiary Multitone acquired in 1993). Sales and marketing activities in emergency services, fire control projects, as well as the NHS (National Health Services) projects in the UK continued. Meanwhile, delay in a significant emergency project in England was compensated by new orders in other sectors, where the Group's range of personal security products was well-received. German market was sluggish but the Group managed to maintain turnover, reflecting the success in revamping our German team and the introduction of new products. The fundamentals of the overall economy in Europe, however, remained quite fragile.

Turnover of European operations increased marginally to HK$489 million, compared with HK$475 million of Previous Year.

Kantone Holdings Limited ("Kantone")

Kantone's turnover remained stable at HK$1,290 million, compared with HK$1,300 million of Previous Year.

Sales in China were in line with the country's economic development. With Central Government's support of the science and technology sector in general, sales and marketing activities for Kantone's customised solutions and products continued. In Europe, the main markets of UK and Germany had shown signs of stabilisation, and some of the projects have resumed roll-out after initial delays.

For e-gaming and online entertainment, Kantone continued to provide integrated gaming technology solutions, online payment channels and sales networks. As new legislation and provisions governing the operation of lottery in Mainland China come into force, Kantone has to adjust its business model accordingly. Such investments were subject to periodic review to determine if progress was in line with original plans, and if the anticipated benefits could be achieved. Where required, impairment provisions at appropriate level would be made.

DIGITALHONGKONG.COM ("Digital HK")

Digital HK recorded a loss of HK$2,478,000 on turnover of HK$3,058,000 for the Year, compared with a loss of HK$1,807,000 on turnover of HK$3,510,000 in the Previous Year. Its performance continued to be impacted by a highly competitive market and the generally cautious approach to IT spending. Digital HK is revamping its business to reach out to a more diversified customer base. At the same time, it will continue in the search for suitable investment opportunities to diversify its revenue streams for the long term.

OUTLOOK

The directors remain alert to further difficulties and challenges that may arise, despite some signs of easing of the global economic slowdown. Markets are expected to remain unsettled as fears grow over the health of the European economy, and the concerns of a double dip recession in the United States as government rescue efforts have failed to turn around the unemployment rate. Aggressive spending has further undermined the financial health of the US. Fortunately, the Group has built, and will continue to build on China's large economy which is marked by stable growth, gradual structural improvement, and basic price stability, thanks to "massive stimulus measures that have proved timely, forceful, effective and specially suited to the Mainland's realities", according to Premier Wen Jiabao who spoke at the World Economic Forum held in September. Meanwhile, in formulating the "12th Five-Year" National Plan which covers the years from 2011 to 2015, Central Government has emphasised promoting science and technology innovation. Notwithstanding some bright spots in China's economic outlook, Premier Wen issued a stark warning on the overheated property market, and the need to introduce measures to rein in inflation and maintain social stability.

The cautious attitude was reiterated at the Asia-Europe Meeting (ASEM) held in Brussels in early October, when Premier Wen warned that "currently the world economy sees slow recovery but still faces great uncertainty." Premier Wen added that "all countries should continue to prioritise consolidating the momentum of the economic recovery and maintain proper macroeconomic policies. They should take prudent and sound approach to decide when and how fast they should apply the exit policy." (6 October, Xinhua News Agency, Beijing) As such, we will continue our prudent stand on financial planning and management.

Going forward, the Group will continue to plan for the years ahead by investing in new products and solutions for both existing and new markets. As information technology is now widely adopted across industries and businesses, as well as in our daily lives, new opportunities will emerge where we will continue to leverage on our technology and business expertise, as well as our competitive strengths. In particular, building on our proven and trusted client relationship and strategic partnership established over the past decade, we have explored and invested in new areas such as green technology, transportation, logistics, energy, and information medicine where global demand continues to surge. Such investments hopefully will bear fruit and bring long-term value to the shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

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

As at 30 June 2010, the Group had HK$279 million made up of deposits, bank balances and cash. Current assets were approximately HK$1,392 million (2009: HK$1,616 million) and current liabilities amounted to approximately HK$479 million (2009: HK$481 million). With net current assets of HK$913 million (2009: HK$1,135 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$402 million (2009: HK$390 million) and equity attributable to owners of the Company of HK$7,062 million (2009: HK$6,973 million), was 0.057 (2009: 0.056).

Total borrowings mainly comprised bank loans of HK$228 million (2009: HK$215 million), bank overdrafts of HK$37 million (2009: HK$38 million) and convertible redeemable bond in the principal amount of HK$136 million (2009: HK$136 million). Finance costs for the Year amounted to HK$3.9 million (2009: HK$8.9 million).

The bank loans comprised amount of HK$199 million (2009: HK$178 million) repayable within one year, HK$4 million (2009: HK$5 million) repayable in the second year and HK$25 million (2009: HK$32 million) repayable in the third year. Bank loans of HK$33 million were secured by the Group's land and buildings with a carrying value of HK$7.9 million (2009: HK$10.3 million). The bank overdrafts were unsecured and repayable on demand.

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 2010, the Group's capital commitments authorised but not contracted for was HK$208 million (2009: HK$270 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 provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities on the Exchange 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, 19 October 2010

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.