CHAMPION TECHNOLOGY HOLDINGS LIMITED

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

2012/2013 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover increased 31% to HK$4,453 million
- Profit for the year rose 2% to HK$100 million
- Adjusted EBITDA (excluding impairment) went up 26% to HK$1,850 million
- Profit attributable to owners of the Company was HK$63 million
- Earnings per share was HK1.02 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 2013 with comparative figures for 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

		2013	2012
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**4,452,636**	3,410,999
Direct operating expenses		**(3,904,348)**	(2,970,608)
Gross profit		**548,288**	440,391
Other income and gain		**17,593**	10,948
Distribution costs		**(36,390)**	(36,654)
General and administrative expenses		**(228,113)**	(191,972)
Impairment losses recognised for development costs for systems and networks		**(26,800)**	-
Impairment losses recognised for deposits and prepaid development costs		**(157,656)**	(104,174)
Research and development costs expensed		**(12,181)**	(17,370)
Finance costs		**(4,803)**	(3,436)
Share of loss of a jointly controlled entity		**(4)**	(21)
Profit before taxation		**99,934**	97,712
Taxation credit	*4*	**-**	167
Profit for the year		**99,934**	97,879
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**1,815**	1,150
Total comprehensive income for the year		**101,749**	99,029

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	Note	2013 HK$'000	2012 HK$'000
Profit for the year attributable to:			
Owners of the Company		**62,618**	62,478
Non-controlling interests		**37,316**	35,401
		99,934	97,879
Total comprehensive income for the year attributable to:			
Owners of the Company		**63,362**	63,125
Non-controlling interests		**38,387**	35,904
		101,749	99,029
Earnings per share	*6*		
- Basic		**HK1.02 cents**	HK1.04 cents
- Diluted		**N/A**	HK1.03 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**58,741**	62,565
Development costs for systems and networks		**4,335,747**	3,911,482
Goodwill		**36,795**	36,795
Available-for-sale investments		**628,148**	628,148
Interest in an associate		**-**	-
Interest in a jointly controlled entity		**475**	479
Deposits and prepaid development costs		**1,099,752**	2,574,430
		6,159,658	7,213,899
Current assets			
Inventories		**24,536**	20,621
Trade and other receivables	*7*	**2,894,381**	1,812,878
Taxation recoverable		**2**	10
Deposits, bank balances and cash		**330,804**	280,101
		3,249,723	2,113,610
Current liabilities			
Trade and other payables	*8*	**104,995**	94,633
Warranty provision		**1,246**	1,229
Customers' deposits		**3,483**	3,483
Bank borrowings - amount due within one year		**191,719**	215,870
Overdrafts		**39,833**	40,164
		341,276	355,379
Net current assets		**2,908,447**	1,758,231
Total assets less current liabilities		**9,068,105**	8,972,130

	2013	2012
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings - amount due after one year	**16,989**	-
Retirement benefit obligations	**46,133**	50,389
	63,122	50,389
Net assets	**9,004,983**	8,921,741
Capital and reserves		
Share capital	**624,243**	612,502
Reserves	**6,881,934**	6,838,214
Equity attributable to owners of the Company	**7,506,177**	7,450,716
Non-controlling interests	**1,498,806**	1,471,025
	9,004,983	8,921,741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Historical cost is generally based on the fair value of the consideration given in exchange for goods. 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 amendments to HKFRSs issued by the HKICPA that are mandatorily effective for accounting periods beginning on 1 July 2012. Except as described below, the adoption of the amendments to HKFRSs has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

Amendments to Hong Kong Accounting Standard ("HKAS") 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Upon application of HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The Group has not early applied those new and revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company are in process of assessing the impact of the application of these new and revised standards, amendments and interpretations on the consolidated financial statements.

2. Turnover and segment information

(a) Turnover

Turnover represents the amounts received and receivable for goods sold and services provided by the Group to external customers, licensing fees and leasing income received and receivable, and dividends received and receivable from the Group's strategic investments during the year.

The turnover of the Group comprises the following:

	2013	2012
	HK$'000	*HK$'000*
Sales of systems and products	**1,960,033**	2,027,947
Licensing fees	**1,325,136**	1,066,338
Rendering of services	**91,942**	66,881
Leasing of systems products	**24,806**	23,222
Sales of cultural products	**986,154**	162,045
Dividend income	**64,565**	64,566
	4,452,636	3,410,999

(b) Segment information

The operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to the HKFRSs, that are regularly reviewed by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance.

The Group was previously organised into three operating segments, namely "systems sales, licensing and others", "leasing of systems products" and "strategic investments". These segments were the basis on which the Group reported its segment information. During the current year, the executive directors of the Company reviewed separately the financial results of sales of cultural products which were previously reported under "systems sales, licensing and others", for resources allocation and performance assessment of the Group. Accordingly, four operating and reportable segments under HKFRS 8 Operating 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
- Sales of cultural products - includes income from trading of cultural products
- Strategic investments - includes income from investments

The segment revenue and result in respect of "systems sales, licensing and others" for the year ended 30 June 2012 have been re-presented to conform with the current year's segment reporting.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment results represent the profit (loss) before taxation earned by each segment, excluding interest income, finance costs, share of loss of a jointly controlled entity, unallocated income and expenses such as central administration costs and directors' salaries. This is the measure reported to the executive directors of the Company, the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

Information regarding the above segments is reported below:

	Systems sales and licensing	**Leasing of systems products**	**Sales of cultural products**	**Strategic investments**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
<u>Year ended 30 June 2013</u>					
TURNOVER					
External and total revenue	**3,377,111**	**24,806**	**986,154**	**64,565**	**4,452,636**
RESULTS					
Segment result	**5,946**	**1,260**	**62,438**	**46,635**	**116,279**
Interest income					**9,152**
Finance costs					**(4,803)**
Unallocated expenses, net					**(20,690)**
Share of loss of a jointly controlled entity					**(4)**
Profit before taxation					**99,934**

	Systems sales and licensing *HK$'000*	Leasing of systems products *HK$'000*	Sales of cultural products *HK$'000*	Strategic investments *HK$'000*	Consolidated *HK$'000*
Year ended 30 June 2012					
TURNOVER					
External and total revenue	3,161,166	23,222	162,045	64,566	3,410,999
RESULTS					
Segment result	79,290	1,503	(1,593)	42,030	121,230
Interest income					7,358
Finance costs					(3,436)
Unallocated expenses, net					(27,419)
Share of loss of a jointly controlled entity					(21)
Profit before taxation					97,712

	Systems sales and licensing *HK$'000*	**Leasing of systems products** *HK$'000*	**Sales of cultural products** *HK$'000*	**Strategic investments** *HK$'000*	**Consolidated** *HK$'000*
Year ended 30 June 2013					
Amounts included in the measure of segment profit or loss:					
Amortisation and depreciation	**1,557,410**	**2,940**	**-**	**-**	**1,560,350**
Impairment losses recognised for development costs for systems and networks	**26,800**	**-**	**-**	**-**	**26,800**
Impairment losses recognised for deposits and prepaid development costs	**157,656**	**-**	**-**	**-**	**157,656**
Loss on disposal of property, plant and equipment	**48**	**-**	**-**	**-**	**48**
Year ended 30 June 2012					
Amounts included in the measure of segment profit or loss:					
Amortisation and depreciation	1,261,740	1,424	-	-	1,263,164
Impairment losses recognised for deposits and prepaid development costs	104,174	-	-	-	104,174
Gain on disposal of property, plant and equipment	(8)	-	-	-	(8)

No assets and liabilities are included in segment reporting as they are not regularly reviewed by the executive directors of the Company.

(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		**Non-current assets** (Note)	
	Year ended 30 June		**As at 30 June**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
People's Republic of China (including Hong Kong and Macau)	**3,460,246**	2,701,344	**5,488,042**	6,540,181
Europe (mainly United Kingdom and Germany)	**656,714**	511,968	**41,212**	43,046
Others	**335,676**	197,687	**1,781**	2,045
	4,452,636	3,410,999	**5,531,035**	6,585,272

Note: Non-current assets exclude the Group's available-for-sale investments and interest in a jointly controlled entity.

3. Amortisation and depreciation

	2013	2012
	HK$'000	*HK$'000*
Amortisation on development costs for systems and networks, included in direct operating expense	**1,546,987**	1,250,605
Depreciation of property, plant and equipment, included in general and administrative expenses	**13,363**	12,559
Total amortisation and depreciation	**1,560,350**	1,263,164

4. Taxation credit

	2013	2012
	HK$'000	*HK$'000*
The credit comprises:		
Deferred taxation	**-**	(167)

Hong Kong Profits Tax is calculated at 16.5% (2012: 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 Macau income tax or not subject to taxation in any other jurisdictions.

5. Dividends

	2013	2012
	HK$'000	*HK$'000*
2013 final dividend proposed in scrip form equivalent to HK0.1 cents (2012: HK0.1 cent) per share, with a cash option	**6,242**	6,125
2013 interim dividend paid in scrip form equivalent to HK0.2 cents (2012: HK0.3 cents) per share, with a cash option	**12,328**	18,136
	18,570	24,261

The proposed final dividend for 2013 is calculated on the basis of 6,242,427,454 shares (2012: 6,125,016,308 shares) in issue on 30 June 2013.

6. Earnings per share

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

	2013	2012
	HK$'000	*HK$'000*
Earnings attributable to owners of the Company for the purpose of calculating basic earnings per share	**62,618**	62,478
Interest on convertible bond		140
Earnings for the purpose of calculating diluted earnings per share		62,618

	Number of shares *('000)*	
	2013	2012
Weighted average number of shares for the purpose of calculating basic earnings per share	**6,150,407**	6,036,372
Effect of dilutive potential ordinary shares:		
Convertible bond		19,388
Weighted average number of shares for the purpose of calculating diluted earnings per share		6,055,760

No dilutive earnings per share is presented for the year ended 30 June 2013 as there were no potential ordinary shares in issue during the year. The convertible bond was fully redeemed by the Company on 19 September 2011.

7. Trade and other receivables

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**1,132,865**	1,017,291
Advances to suppliers	**1,726,275**	765,084
Other receivables	**35,241**	30,503
	2,894,381	1,812,878

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 advances to suppliers and other receivables are unsecured, non-interest bearing and refundable, and 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:

	2013	**2012**
	HK$'000	*HK$'000*
0 - 60 days	**675,762**	514,204
61 - 90 days	**304,595**	331,875
91 - 180 days	**152,508**	171,195
> 180 days	**-**	17
	1,132,865	1,017,291

8. Trade and other payables

As at 30 June 2013, the balance of trade and other payables included trade payables of HK$12,192,000 (2012: HK$11,855,000). The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 - 60 days	**11,907**	9,461
61 - 90 days	**71**	90
91 - 180 days	**4**	2,182
> 180 days	**210**	122
	12,192	11,855

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

Other payables mainly represent receipts 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 on 28 November 2013, the Board has proposed a final dividend of HK0.1 cents per share for the year ended 30 June 2013 (2012: HK0.1 cents per share) to shareholders whose names appear on the register of members of the Company on 5 December 2013. Taking into account the interim dividend of HK0.2 cents (2012: HK0.3 cents) per share paid on 16 May 2013, total dividend per share for the year would be HK0.3 cents (2012: HK0.4 cents); and total dividend for the year would be HK$19 million, compared with HK$24 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 27 January 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 December 2013 to 5 December 2013, 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 3 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year under review (the "Year"), the Group's turnover increased 31 percent to HK$4,453 million from HK$3,411 million in the previous year (the "Previous Year"). Profit for the Year rose by 2 percent to HK$100 million as compared with HK$98 million for the Previous Year. Profit attributable to owners of the Company was HK$62.6 million (2012: HK$62.5 million). Earnings per share for the Year was HK1.02 cents (2012: HK1.04 cents). The Group's gross margin remained stable at 12.3 percent (2012: 12.9 percent). EBITDA increased by 22 percent to HK$1,665 million from HK$1,364 million for the Previous Year. In view of the less than optimistic outlook for the global economy, with the exception of China and a few emerging markets, the Group continued to adopt a prudent approach for its investment projects pending signs of recovery. During the Year, the Group had recognised impairment losses of HK$158 million (2012: HK$104 million) for deposits and prepaid development costs for systems and networks as well as impairment losses of HK$26.8 million (2012: nil) for development costs for systems and networks. Excluding the impairment losses, adjusted EBITDA for the Year was HK$1,850 million, compared with HK$1,468 million for the Previous Year.

The Group continued to review and exercise cost control. Distribution costs remained stable at HK$36.4 million (2012: HK$36.7 million), while general and administrative expenses increased 19 percent to HK$228 million (2012: HK$192 million) as a result of increased spending in the new operating segment of cultural products. Research and development costs expensed decreased by 30 percent to HK$12.2 million (2012: HK$17.4 million). Total staff costs included in direct operating expenses and general and administrative expenses remained stable at HK$128 million (2012: HK$126 million). Amortisation and depreciation expenses increased by 24 percent to HK$1,560 million (2012: HK$1,263 million) as a result of the continued roll-out of new projects.

Finance costs for the Year increased by 40 percent to HK$4.8 million (2012: HK$3.4 million), as a result of the rise in interest rate.

Review of Operations

During the Year, China's economy remained stable despite some sectors showing signs of slowing down. Exports were affected by the uncertain state of many western economies, while weaker than expected imports indicated a decline in consumption. Amid concerns over slowing growth, investment sentiment had turned cautious and the pace of market activities subdued. The Group continued to focus on innovative communications and security solutions and services customised to achieve high reliability and high integrity. Enhancement of product mix, introduction of new solutions and services, and revenue generated from the sale of products related to cultural business contributed to an increase in sales.

The Group's strategic investment in In-Car telematics solutions, anti-radiation products to counteract radio transmission from mobile phones, as well as smart logistic solutions, continued. Meanwhile, in an effort to boost its offerings of security solutions, the Group has been working with international partners to offer comprehensive customised solutions for integrated security systems.

For the Year, China sales increased by 28 percent to HK$3,460 million as compared with HK$2,701 million for the Previous Year.

In Europe, the unstable economic climate continued to affect the Group's trading position. The austerity measures adopted by governments across Europe slowed spending and delayed project rollout. There was little evidence of growth across the Eurozone, and in place was an increasing sense of adjustment fatigue in Europe, resulting in pressure on governments to relax their austerity programs. Against this background of an unsettled economy in Europe, the Group achieved satisfactory results for the Year, recording a turnover of HK$657 million, an increase of 28 percent as compared with HK$512 million for the Previous Year. The improvement was attributable to the Group's business in emergency services, NHS (National Health Services) projects and fire control sectors in the United Kingdom ("UK") which picked up after several quarters of slowdown due to spending cuts. Sales in Germany were flat, but there was continuing demand for the Group's products in some European markets despite the weak economic fundamentals.

Kantone Holdings Limited ("Kantone")

Kantone's turnover was HK$1,953 million and profit for the Year was HK$83 million, representing corresponding increases of 37 percent and 3 percent as compared with HK$1,429 million and HK$80 million respectively for the Previous Year. Sales in China were in line with the country's economic development where Kantone continued to focus on customised solutions and services. In Europe, fiscal tightening across the board posed great challenges to Kantone's business operation, but momentum was maintained in the UK market where Kantone's customised solutions had proved competitive and were in demand. In particular sales of the Group's patented personal security product registered double-digit growth year on year. New business has been secured in the UK healthcare sector. Elsewhere, Kantone recorded satisfactory growth from the Australasian and Middle East markets in sales of traditional systems products and personal security solutions. Significant opportunities also exist in the US for Kantone's personal security solutions, and a demonstration system was successfully installed during the financial year. In anticipation of the increased demand, Kantone's manufacturing facilities in Malaysia were revamped and a new production line was added during the Year.

For e-gaming and online entertainment, Kantone continued to provide integrated gaming technology solutions, online payment channels and sales networks, with revenue steadily increasing. In line with new legislations and provisions governing the operation of lottery on Mainland China, Kantone adjusted its business model accordingly. Investments in the e-lottery project were subject to periodic review to determine if progress was in line with original plans, and if the anticipated benefit could be achieved.

DIGITALHONGKONG.COM ("Digital HK")

Digital HK recorded a loss of HK$2,662,000 on turnover of HK$3,066,000 for the Year, compared with a loss of HK$2,752,000 on turnover of HK$3,003,000 in the Previous Year. It continues to seek investments to broaden its income streams. In particular, it leverages its expertise and e-commerce capabilities to engage in a number of sectors, including those of health and culture via the promotion and trading of products and provision of related services, which are in line with China's national policy to promote its culture and health industries.

OUTLOOK

There are signs that global market conditions will turn more stable in the coming year. However, many challenges and uncertainties remain. The anticipated unwinding of US stimulus policy, even at a more gradual pace than originally expected, and uncertainties in the Eurozone economies will continue to weigh on the pace of global recovery. The slowdown in China's economic growth also posts significant risks to the Group's business operations. At the same time, the markets for many of our products and services are characterised by rapidly changing technologies and evolving industry standards. Changes in market conditions caused by new technologies, emergence of new competitors, consolidations among our customers and competitors, as well as changes in regulatory requirements can bring volatilities to our businesses. Meeting all these challenges require consistent operational planning and shrewd execution and investment in innovative and enhanced product mix that serves the needs of our customers globally.

Going forward, the Group will continue its prudent approach in investing in complementary businesses that have good growth prospects. In particular, the Group will continue its efforts in pursuing business in the culture sector, which is in line with China's national policy to promote its culture industry alongside its rise as an economic power.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

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

As at 30 June 2013, the Group had HK$331 million (2012: HK$280 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$3,250 million (2012: HK$2,114 million) and current liabilities amounted to approximately HK$341 million (2012: HK$355 million). With net current assets of HK$2,908 million (2012: HK$1,758 million), the Group 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$249 million (2012: HK$256 million) and equity attributable to owners of the Company of HK$7,506 million (2012: HK$7,451 million), was 0.033 (2012: 0.034).

As at 30 June 2013, the Group's total borrowings mainly comprised bank loans of HK$209 million (2012: HK$216 million) and overdrafts of HK$40 million (2012: HK$40 million). The bank loans comprised an amount of HK$192 million repayable within one year, HK$4 million repayable in the second year and HK$13 million repayable in the third to fifth year, and the overdrafts were repayable on demand. As at 30 June 2012, the Group's borrowings were repayable either on demand or within one year. As at 30 June 2013, bank loans of HK$21.7 million (2012: HK$25.9 million) were secured by the Group's land and buildings with a carrying value of HK$7.9 million (2012: HK$8.1 million).

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.

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 2013, the Group's capital commitments authorised but not contracted for were approximately HK$183 million (2012: HK$191 million). These commitments were 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.

CORPORATE GOVERNANCE CODE

The Company complied with the code provisions of the Corporate Governance Code 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 financial and accounting policies 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, 27 September 2013

As at the date of this announcement, the executive directors of the Company are Prof. 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.