CHAMPION TECHNOLOGY HOLDINGS LIMITED

(Continued in Bermuda with limited liability)

Stock Code: 92

2013/2014 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Turnover was HK$6,159 million
- Profit for the year was HK$5.3 million
- Impairment charge was HK$476 million
- Adjusted EBITDA (excluding impairment) was HK$2,054 million
- Profit attributable to owners of the Company was HK$2.2 million
- Earnings per share was HK0.04 cents
- The Group maintains a healthy financial position

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 2014 with comparative figures for 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000* (Restated)
Turnover	*2*	**6,159,471**	4,452,636
Direct operating expenses		**(5,348,727)**	(3,904,348)
Gross profit		**810,744**	548,288
Other income and gain		**16,460**	17,593
Distribution costs		**(40,785)**	(36,390)
General and administrative expenses		**(288,839)**	(232,864)
Impairment losses recognised for development costs for systems and networks		**(252,100)**	(26,800)
Impairment losses recognised for deposits and prepaid development costs		**(224,370)**	(157,656)
Research and development costs expensed		**(10,854)**	(12,181)
Finance costs		**(4,953)**	(4,803)
Share of loss of a joint venture		**(3)**	(4)
Profit before taxation		**5,300**	95,183
Taxation	*4*	**-**	-
Profit for the year		**5,300**	95,183

	Note	**2014**	2013
		HK$'000	*HK$'000*
			(Restated)
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefits pension plans		**1,079**	16,413
		1,079	16,413
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(9,585)**	2,811
		(9,585)	2,811
Other comprehensive (expense) income for the year		**(8,506)**	19,224
Total comprehensive (expense) income for the year		**(3,206)**	114,407
Profit for the year attributable to:			
Owners of the Company		**2,228**	60,010
Non-controlling interests		**3,072**	35,173
		5,300	95,183
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(2,359)**	70,311
Non-controlling interests		**(847)**	44,096
		(3,206)	114,407
Earnings per share - Basic	*6*	**HK0.04 cents**	HK0.98 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Note	**30.6.2014**	30.6.2013	1.7.2012
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment		**58,599**	58,741	62,565
Development costs for systems and networks		**3,009,138**	4,335,747	3,911,482
Goodwill		**36,795**	36,795	36,795
Available-for-sale investments		**628,148**	628,148	628,148
Interest in an associate		**-**	-	-
Interest in a joint venture		**472**	475	479
Deposits and prepaid development costs		**201,462**	1,099,752	2,574,430
		3,934,614	6,159,658	7,213,899
Current assets				
Inventories		**398,796**	24,536	20,621
Trade and other receivables	*7*	**4,945,329**	2,894,381	1,812,878
Taxation recoverable		**-**	2	10
Deposits, bank balances and cash		**78,319**	330,804	280,101
		5,422,444	3,249,723	2,113,610

	Note	**30.6.2014**	30.6.2013	1.7.2012
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Current liabilities				
Trade and other payables	*8*	**127,375**	104,995	94,633
Warranty provision		**1,294**	1,246	1,229
Customers' deposits		**3,483**	3,483	3,483
Bank borrowings - amount due within one year		**170,283**	191,719	215,870
Overdrafts		**-**	39,833	40,164
		302,435	341,276	355,379
Net current assets		**5,120,009**	2,908,447	1,758,231
Total assets less current liabilities		**9,054,623**	9,068,105	8,972,130
Non-current liabilities				
Bank borrowings - amount due after one year		**14,348**	16,989	-
Retirement benefit obligations		**99,227**	93,772	110,686
		113,575	110,761	110,686
Net assets		**8,941,048**	8,957,344	8,861,444
Capital and reserves				
Share capital		**633,179**	624,243	612,502
Reserves		**6,842,930**	6,855,784	6,805,115
Equity attributable to owners of the Company		**7,476,109**	7,480,027	7,417,617
Non-controlling interests		**1,464,939**	1,477,317	1,443,827
		8,941,048	8,957,344	8,861,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

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 new and revised standards and amendments issued by the HKICPA that are mandatorily effective for accounting periods beginning on 1 July 2013. Except as described below, the adoption of the new and revised standards and amendments has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

<u>Impact of the application of HKFRS 12</u>

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

<u>HKAS 19 Employee Benefits (as revised in 2011)</u>

In the current year, the Group has applied HKAS 19 "Employee benefits" (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

Specific transitional provisions are applicable to first-time application of HKAS 19 (as revised in 2011). The application of HKAS 19 (as revised in 2011) has had an impact on the amounts recognised in profit or loss and other comprehensive income in prior year. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current year and prior year by line items are as follows:

Impact on total comprehensive income for the year of the application of HKAS 19 (as revised in 2011)

	2014	2013
	HK$'000	*HK$'000*
Impact on profit for the year		
Increase in general and administrative expense	**(3,417)**	(4,751)
Decrease in profit for the year	**(3,417)**	(4,751)
Impact on other comprehensive income for the year		
Increase in remeasurement of defined benefits pension plans	**1,079**	16,413
(Decrease) Increase in exchange difference arising on translation of foreign operation	**(133)**	996
Increase in other comprehensive income for the year	**946**	17,409
Decrease in profit for the year attributable to		
Owners of the Company	**(1,879)**	(2,608)
Non-controlling interests	**(1,538)**	(2,143)
	(3,417)	(4,751)
(Decrease) increase in total comprehensive income for the year attributable to		
Owners of the Company	**(1,369)**	6,949
Non-controlling interests	**(1,102)**	5,709
	(2,471)	12,658

Impact on assets, liabilities and equity as at 1 July 2012 of the application of the above new and revised standards

	As at 1 July 2012 as previously reported	HKAS 19 adjustments	As at 1 July 2012 as restated
	HK$'000	*HK$'000*	*HK$'000*
Retirement benefit obligations	50,389	60,297	110,686
Total effect on net assets	50,389	60,297	110,686
Non-controlling interests	1,471,025	(27,198)	1,443,827
Translation reserve	2,180	736	2,916
Retained profits	3,238,596	(33,835)	3,204,761
Total effect on equity	4,711,801	(60,297)	4,651,504

Impact on assets, liabilities and equity as at 30 June 2013 of the application of the above new and revised standards

	As at 30 June 2013 as previously reported *HK$'000*	HKAS 19 adjustments *HK$'000*	As at 30 June 2013 as restated *HK$'000*
Retirement benefit obligations	46,133	47,639	93,772
Total effect on net assets	46,133	47,639	93,772
Non-controlling interests	1,498,806	(21,489)	1,477,317
Translation reserve	2,924	1,282	4,206
Retained profits	3,280,868	(27,432)	3,253,436
Total effect on equity	4,782,598	(47,639)	4,734,959

Impact on assets, liabilities and equity as at 30 June 2014 of the application of the above new and revised standards

	As at 30 June 2014 *HK$'000*
Increase in retirement benefit obligations	50,110
Decrease in net assets	50,110
Decrease in non-controlling interests	(22,591)
Decrease in retained profits	(28,728)
Increase in translation reserve	1,209
Decrease in equity	(50,110)

Impact on basic earnings per share

	2014 ***HK cents***	2013 *HK cents*
Figures before adjustments	**0.07**	1.02
Adjustments arising from application of HKAS 19 (as revised in 2011)	**(0.03)**	(0.04)
Figures after adjustments	**0.04**	0.98

The Group has not early applied those new and revised standards, amendments and interpretation that have been issued but are not yet effective. The directors of the Company anticipate that the application of those new and revised standards, amendments and interpretation will have no material impact 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:

	2014 ***HK$'000***	2013 *HK$'000*
Sales of cultural products	**2,502,029**	986,154
Sales of systems and products	**1,988,154**	1,960,033
Licensing fees	**1,464,124**	1,325,136
Rendering of services	**146,118**	91,942
Leasing of systems products	**26,763**	24,806
Dividend income	**32,283**	64,565
	6,159,471	4,452,636

(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. Four operating and reportable segments under HKFRS 8 Operating Segments are identified as follows:

- Sales of cultural products - includes income from trading of cultural products
- 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 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 joint venture, 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*
Year ended 30 June 2014					
TURNOVER					
External and total revenue	**3,598,396**	**26,763**	**2,502,029**	**32,283**	**6,159,471**
RESULTS					
Segment result	**(109,950)**	**1,387**	**106,653**	**14,629**	**12,719**
Interest income					**9,969**
Finance costs					**(4,953)**
Unallocated expenses, net					**(12,432)**
Share of loss of a joint venture					**(3)**
Profit before taxation					**5,300**
Year ended 30 June 2013 (as restated)					
TURNOVER					
External and total revenue	3,377,111	24,806	986,154	64,565	4,452,636
RESULTS					
Segment result	1,195	1,260	62,438	46,635	111,528
Interest income					9,152
Finance costs					(4,803)
Unallocated expenses, net					(20,690)
Share of loss of a joint venture					(4)
Profit before taxation					95,183
Year ended 30 June 2014					
Amounts included in the measure of segment profit or loss:					
Amortisation and depreciation	**1,565,128**	**2,553**	**-**	**-**	**1,567,681**
Impairment losses recognised for development costs for systems and networks	**252,100**	**-**	**-**	**-**	**252,100**
Impairment losses recognised for deposits and prepaid development costs	**224,370**	**-**	**-**	**-**	**224,370**
Loss on disposal of property, plant and equipment	**771**	**-**	**-**	**-**	**771**

	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

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 Year ended 30 June		Non-current assets *(Note)* As at 30 June	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
People's Republic of China (including Hong Kong and Macau)	**4,741,230**	3,460,246	**3,261,454**	5,488,042
Europe (mainly United Kingdom and Germany)	**886,078**	656,714	**42,810**	41,212
Others	**532,163**	335,676	**1,730**	1,781
	6,159,471	4,452,636	**3,305,994**	5,531,035

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

3. Amortisation and depreciation

	2014 ***HK$'000***	2013 *HK$'000*
Amortisation on development costs for systems and networks, included in direct operating expense	**1,553,352**	1,546,987
Depreciation of property, plant and equipment, included in general and administrative expenses	**14,329**	13,363
Total amortisation and depreciation	**1,567,681**	1,560,350

4. Taxation

Hong Kong Profits Tax is calculated at 16.5% (2013: 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

	2014	2013
	HK$'000	*HK$'000*
2013 final dividend paid in scrip form equivalent to HK0.1 cents (2014: nil) per share, with a cash option	**-**	6,242
2014 interim dividend paid in scrip form equivalent to HK0.2 cents (2013: HK0.2 cents) per share, with a cash option	**12,564**	12,328
	12,564	18,570

The final dividend for 2013 was calculated on the basis of 6,242,427,454 shares in issue on 30 June 2013. The Board has resolved not to recommend final dividend for the year ended 30 June 2014.

6. Earnings per share

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$2,228,000 (2013 as restated: HK$60,010,000) and on the weighted average number of shares of 6,265,680,000 shares (2013: 6,150,407,000 shares) in issue.

No diluted earnings per share is presented for the two years ended 30 June 2014 as there were no potential ordinary shares in issue during both years.

7. Trade and other receivables

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**1,228,306**	1,132,865
Advances to suppliers	**3,648,124**	1,726,275
Other receivables	**68,899**	35,241
	4,945,329	2,894,381

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:

	2014	2013
	HK$'000	*HK$'000*
0 - 60 days	**725,783**	675,762
61 - 90 days	**273,691**	304,595
91 - 180 days	**228,832**	152,508
	1,228,306	1,132,865

8. Trade and other payables

As at 30 June 2014, the balance of trade and other payables included trade payables of HK$18,778,000 (2013: HK$12,192,000). The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 - 60 days	**18,493**	11,907
61 - 90 days	**-**	71
91 - 180 days	**-**	4
> 180 days	**285**	210
	18,778	12,192

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

As a precaution against further economic and financial turbulence, and to strengthen our liquidity position ahead of continuing market uncertainties, the Board does not recommend the payment of final dividend for the year ended 30 June 2014 (2013: HK0.1 cents per share).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year under review (the “Year”), the Group’s turnover increased to HK$6,159 million from HK$4,453 million in the previous year (the “Previous Year”). Profit for the Year was HK$5 million as compared with HK$95 million for the Previous Year. Profit attributable to owners of the Company was HK$2 million (2013: HK$60 million). Earnings per share for the Year was HK0.04 cents (2013: HK0.98 cents). The comparative figures for Previous Year had been restated to reflect the effect of the adpotion of amendments to HKAS 19 titled “Employee Benefits (as revised in 2011)”.

The increase in turnover was mainly contributed by the increase in sales of cultural products to HK$2,502 million, compared with HK$986 million of the Previous Year. Systems sales and licensing increased slightly to HK$3,598 million, compared with HK$3,377 million of the Previous Year. EBITDA was HK$1,578 million, compared with HK$1,660 million for the Previous Year.

Taking account of the latest economic indicators from various sources, the Group’s key markets are unlikely to reverse the slowing down-trend in the second half of the calendar year, and hence the demand for the Group’s products and services are expected to come under continuing pressure. After careful review of the Group’s business plans for a number of technology projects, the Board deems it appropriate to reconsider the future cashflows from such projects. In line with prudent financial management, the Group had recognised impairment losses of HK$224 million (2013: HK$158 million) for deposits and prepaid development costs for systems and networks as well as HK$252 million (2013: HK$27 million) for development costs for systems and networks. Excluding the impairment losses, adjusted EBITDA for the Year increased to HK$2,054 million, from HK$1,845 million for the Previous Year. The Group will keep the economic situation and the business of the Group under continuing review, in particular the In-Car Telematics Solution project. In view of the slowdown in business growth in general for the auto industry and a longer than expected time for market participants especially the governments of various jurisdictions to embrace such telematics, plus the fact that, the licence agreements with agents to promote such products will expire on 30 November 2014, management is continuing its effort with relevant governments for such adoption and to renew these license agreements with agents. Management is cautiously optimistic of the adoption of these telematics by relevant governments and the outcome of the renewal of license agreements. In the event that the adoption is not progressing well or that the agreements are not renewed, further impairment loss may arise.

The Group continued to exercise cost control. Distribution costs increased to HK$40.8 million (2013: HK$36.4 million) in line with the increase in turnover, while general and administrative expenses increased to HK$289 million (2013: HK$233 million) mainly due to increase in expenses for the sales of cultural products. Research and development costs expensed were HK$10.9 million (2013: HK$12.2 million). Total staff costs included in direct operating expenses and general and administrative expenses were HK$127 million (2013: HK$123 million). Amortisation and depreciation expenses remained stable at HK$1,568 million (2013: HK$1,560 million). Finance costs for the Year were HK$5.0 million (2013: HK$4.8 million).

Review of Operations

China's economy grew at a slower pace but remained largely stable. The Group continued to focus on innovative communications and security solutions and services customised to achieve high reliability and high integrity. The rise in turnover was mainly attributable to revenue increase from cultural business and general growth in sales of all other segments.

In Europe, although the economic landscape has clearly improved since the Eurozone debt crisis was at its height in 2011 and 2012, growth remained patchy and sluggish. Britain's recovery continued, although there was concern over the rising level of government debt. Germany recorded solid growth with reduced unemployment, whilst the French economy, the second largest in the Euro area, stagnated, and that of Italy, the third largest, contracted.

Performance in the UK was ahead of budget, with the public sector accounting for much of the growth. The improvement highlighted the success of the Group's new unified communications product in delivering significant savings for its institutional clients. Elsewhere, sales in Germany were stable. There was continuing demand for the Group's personal security products which are capable of embracing a broad range of communications devices and are therefore able to command higher gross margins.

Kantone Holdings Limited ("Kantone")

Turnover for Kantone increased to HK$2,720 million as compared with HK$1,953 million for the Previous Year. Profit for the Year was HK$5 million, as compared with HK$78 million for the Previous Year. The drop in profit was attributed to impairment charges of HK$142 million for development costs for systems and networks and HK$126 million for deposits and prepaid development costs. Sales in China where Kantone continued to focus on customised solutions and services were in line with the country's economic development. Growth in the sales of products related to cultural business remained on target.

In Europe, recovery of the UK market boosted Kantone's sales performance, while German sales were weaker than expected as Kantone was affected by staff shortage due to the country's high rate of employment. Kantone's customised solutions had proved competitive and in demand. In particular, the new unified communications product introduced by Kantone in recent years embraces a wide range of devices including Wi-Fi and smart phone, thereby enabling the traditional customer base to invest in controlled migration to new technologies without the need or risk to retire the well-proven critical messaging systems they have already invested in.

For e-gaming and online entertainment, Kantone continued to provide integrated gaming technology solutions, online payment channels and sales networks. 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.

Product development, primarily software, remains a focus for Kantone, and as such, investment in this area will continue.

DIGITALHONGKONG.COM ("Digital HK")

Digital HK recorded a loss of HK$2,055,000 on turnover of HK$3,792,000 for the Year, compared with a loss of HK$2,662,000 on turnover of HK$3,066,000 in the Previous Year.

Event after the reporting period

On 2 September 2014, the Company disposed of its entire 70.7% interest in Digital HK to Global Strategic (Holding) Group Limited (the "Purchaser"), an independent third party of the Group, for a cash consideration of HK$169,680,000. Please refer to the joint announcement of the Company, Digital HK and the Purchaser dated 4 September 2014 for details of the disposal.

OUTLOOK

The pace of economic recovery is still uncertain, especially with greater downward pressure on the Chinese economy, and its impact on other emerging markets and the world economy as a whole. The US is expected to enter a period of interest rate rise which will pose further uncertainties to the financial market. Meanwhile, political and social instabilities in the Middle East and Eastern Europe, plus the Ebola virus outbreak, can continue to undermine consumer confidence, leading to reduced market demand. At the same time, the markets for many of the Group's 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. As a player in the global market and industry supply chain, the Group is not likely to be spared from the economic and industry turmoil. Meeting all these challenges require consistent operational planning and shrewd execution and investment in innovative and enhanced product mix that is highly aligned with our customers' priorities.

Looking ahead, we will continue our prudent approach in investing in complementary businesses that have good growth prospects. In particular, the Group will pursue sectors which are supported by government policies, including healthcare, innovation and technology, cultural and creative industries, energy conservation and green technologies, smart living, and information-based services for the community and consumers. Together with our partners, we hope to deliver value to our customers to achieve better results.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

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

As at 30 June 2014, the Group had HK$78 million (2013: HK$331 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$5,422 million (2013: HK$3,250 million) and current liabilities amounted to approximately HK$302 million (2013: HK$341 million). With net current assets of HK$5,120 million (2013: HK$2,908 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$185 million (2013: HK$249 million) and equity attributable to owners of the Company of HK$7,476 million (2013: HK$7,480 million), was 0.025 (2013: 0.033).

As at 30 June 2014, the Group's total borrowings mainly comprised bank loans of HK$184.6 million (2013: HK$208.7 million and overdrafts of HK$39.8 million). The bank loans comprised an amount of HK$170.3 million (2013: HK$191.7 million) repayable within one year, HK$4.8 million (2013: HK$4.3 million) repayable in the second year and HK$9.5 million (2013: HK$12.7 million) repayable in the third to fifth year, and the bank drafts for the year ended 30 June 2013 were repayable on demand. As at 30 June 2014, bank loans of HK$19.1 million (2013: HK$21.7 million) were secured by the Group's land and buildings with a carrying value of HK$8.8 million (2013: HK$7.9 million). Finance costs for the Year were HK$5.0 million (2013: HK$4.8 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 2014, the Group's capital commitments authorised but not contracted for were approximately HK$49 million (2013: HK$183 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 Stock Exchange of Hong Kong Limited 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, 25 September 2014

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. Frank Bleackley and Mr. Lee Chi Wah.