



看通集團有限公司
KANTONE HOLDINGS LIMITED

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For Immediate Release

Kantone Reports Interim Profit of HK\$188 Million, Up 18.9%

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Hong Kong (26 March 2007) – Kantone Holdings Limited (Kantone) (SEHK: 1059) today announced that the unaudited Group profit attributable to shareholders for the six months ended 31 December 2006 amounted to HK\$188 million, an increase of 18.9% as compared with the previous year. EBITDA was HK\$263 million, an increase of 22.8%. Turnover increased 6.7% to HK\$702 million. Earnings per share was HK6.44 cents.

The directors have declared an interim dividend of HK1.3 cents per share (2005: HK1.1 cents). Shareholders will have the option of receiving the dividend in cash or in the form of new shares in the Company.

According to Paul Kan, Kantone's Chairman, "Our core business continued to perform well as worldwide demand for customised solutions, spurred by China's economic growth, continued. With a track record in delivering high security, high reliability and high integrity communications networks, Kantone maintained its leadership position in the niche market of narrowband wireless communications, serving a wide range of customers from hospitals to fire and emergency services."

Paul Kan added, "Profit increase was driven by a focus on higher value-added services and software development, and less reliance on general systems products where margins continue to come under pressure. This is in line with the Group's ongoing pursuit of margin improvement."

In terms of operations, China sales maintained its momentum in line with the country's economic growth. Sales from China grew 8% to HK\$439 million. In Europe, where healthcare and fire services continued to be core sectors for the Group's messaging solutions, business remained stable. European sales was HK\$196 million compared with HK\$185 million of last year.

Under e-Gaming and Online Entertainment, Kantone continued to expand its portfolio of investments in betting software solutions and various gaming and entertainment websites. Its paperless lottery project in China progressed as planned, with new regions signed up and continued enhancement of integrated gaming technology solutions.

OUTLOOK

Kantone will strive to strengthen its position in the niche markets of providing wireless integrated solutions tailored to customers' specialised requirements, as well as enhancing its value-added services to help customers achieve significant savings. In this regard, 2007 will be a year of continued investment in order to bring long-term growth to the Group.

According to Paul Kan, “While the overall investing environment remains positive, we need to take note of certain emerging macro-economic dynamics at play which are difficult to predict and are not within our control. Two major concerns are the increasing volatilities of the financial markets as a whole, and the stringent industry-wide requirements to review the value of investments brought on by the new accounting standard on impairment. The combination of these may lead to greater volatilities in earnings, as any inadequate or over impairment in one year may lead to substantial revision in the years that follow.”

Paul Kan added, “A fast-growing China continues to present enormous opportunities which we need to embrace. This requires continual and bigger investments to capture the bigger possibilities in order to expand our portfolio of compelling solutions and offerings. There is however no assurance that the full extent of the anticipated revenue enhancements and benefits of such investments will be realised within our projected timeframe, and our earnings may be affected under such scenarios.”

Against this challenging and more complex environment, the Directors will continue to exercise prudence in managing investment risks while capturing market opportunities that produce what is in the best interest for the Group and its shareholders in the long term.

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About Kantone (stock code 1059)

Kantone Holdings Limited (www.kantone.com) is a leading IT solutions provider, with expertise in high security, high reliability and high integrity communications networks established over 50 years of proven track record, resulting in trusted relationships with clients in the government and enterprise sectors. It commands a dominant position in the command and control communications solutions in the mission critical services sector, including emergency and rescue operations, and has a global presence in over 50 markets.

Kantone’s latest addition to the backbone of high security, high reliability, and high integrity IT solutions is the business of e-Gaming, e-Lottery, Leisure and Entertainment, where Kantone is a market leader in China in the provision of software and technology infrastructure for one-stop electronic betting solutions. Kantone builds on its long history of online telephone call data handling systems and call centre software applications to develop integrated platforms with secure e-commerce solutions for global gaming and entertainment activities.

Kantone is listed on The Stock Exchange of Hong Kong Limited (the “Exchange”) and is a subsidiary of Champion Technology Holdings Limited, a communications software group.

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Kantone Holdings Limited (Listed on the Exchange in January 1997)
Ten-Year Financial Summary

(in HK\$ million)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Year ended 30 June										
Turnover	1,347	1,127	1,015	815	722	700	776	694	674	617
Operating Profit (before other operating items)	390	276	204	126	67	103	135	87	86	86
Profit(Loss) for the year	332	268	155	110	(3)	96	110	59	57	86
Dividends	93	50	29	13	-	-	-	-	-	1
EBITDA	448	350	267	236	91	167	163	122	104	130

Turnover and profit attributable to equity holders for 6 months ended 31 December 2006 were HK\$702 million and HK\$188 million respectively.

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