



看通集團有限公司
KANTONE HOLDINGS LIMITED

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For Immediate Release

Kantone Reports Final Profit of HK\$137 Million

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Business Fundamentals Remain Strong

Hong Kong (24 October 2008) – Kantone Holdings Limited (Kantone) (SEHK: 1059) announced its final results today as summarised below:

- Turnover increased by 13% to HK\$1.6 billion
- Adjusted profit before tax (before impairment and fair value change of convertible bonds) went up 1.6% to HK\$474 million
- EBITDA (excluding one-off items) rose 21% to HK\$760 million
- Profit attributable to equity holders of the Company was HK\$143 million
- Adjusted earnings per share (before impairment and fair value change of convertible bonds) was HK14.54 cents, earnings per share was HK4.35 cents

The Group maintains a positive financial position with net cash, adheres to a prudent financial management policy, and does not enter into speculative derivatives or structured product transactions.

Final Dividend

In anticipation of continuing tight liquidity and market volatilities, the Board has opted for a prudent cash management policy and recommends a final dividend of HK0.15 cent per share. Taking into account the interim dividend of HK1.35 cents per share, total dividend per share would be HK1.5 cents; and total dividend for the year would amount to HK\$51.7 million.

The Group's profit was impacted by impairment losses arising from the Group's investments, which were provided for in compliance with international accounting standards to review the carrying values of the financial assets as compared to the estimated cashflow or recoverable amounts from these assets. In anticipation of the increasing volatilities in the global markets arising from the financial turmoil, management has exercised prudence to provide for the impairment losses on those investments where the future income may be affected.

According to Paul Kan, Chairman of Kantone, "Our financial performance should be viewed against an unusual backdrop of global financial turmoil which continues to unfold. We recorded healthy growth in turnover and made progress in managing our risks and finances during a difficult environment. Our fundamentals remained strong, backed by a range of products and services that deliver value to clients worldwide." Paul Kan added, "We have always been prudent in our financial policies which impose strict guidelines on speculative transactions."

Operations Review

The Group continued to benefit from China's economic growth, where sales maintained its momentum. The scope of possibilities for IT applications has also expanded. The success of China's aerospace projects, the adoption of higher speed and more spectrum-efficient telecom technologies and standards, as well as projects in connection with Sichuan earthquake reconstruction, were drivers to the growth in investment in the telecoms and related sectors. For the Year, China sales accounted for HK\$1,023 million of the Group's turnover, up 14 percent (2007: HK\$898 million).

In Europe, the Group reported satisfactory growth in business, due to strong performance in emergency services and fire control projects, as well as the relaxation of spending constraints on National Health Services projects in the United Kingdom. The Group's new Lone Worker and Personal Security solutions reported strong growth in light of the changes in European legislations concerning corporate liability for personal injuries which raised the level of responsibility for the protection of employees in the workplace. Turnover attributable to the operations in Europe rose 10 percent to HK\$451 million (2007: HK\$408 million).

New Opportunity

Building on its expertise in integrated IT solutions and telephone data management, as well as its own integrated platforms with secure e-commerce solutions for global gaming and entertainment activities, Kantone continued to invest in betting software and CRM (customer relationship management) solutions, and to explore further opportunities. In September 2008, Kantone acquired some valuable sports media and sports technology assets in China, providing room in the development of gaming software, sports content, sports websites and sports network systems. This is expected to provide Kantone an attractive opportunity to expand its business to new horizons and capture new businesses arising from the rising popularity of sports and related activities.

Outlook

Given the uncertainty arising from the financial turmoil, the global economy is expected to cool down further in the months or even years to come. While Kantone's business fundamentals remain strong, we anticipate that continuing difficult conditions may further dampen consumer and business confidence which will affect customer purchases. Based on recent comments from economists and analysts (see appendix ***Wake-up calls on Global Financial Turmoil***), the current financial crisis is going to affect every sector and every enterprise across the board. As such, the occurrence of slowing payments and possibly investment delinquencies and project cancellations on a worldwide basis may lead to further industry consolidation, and few can expect their performance not to be affected.

Meanwhile, the Group's investments in privately held companies may be subject to impairment, especially those in the start-up or development stages. We will continue to exercise prudence in managing investment risks and take a critical review of the Group's investment portfolio, making provisions and write-downs where deemed appropriate in compliance with the requirements of the latest international accounting standards. The rapidly deteriorating operating environment and global financial markets may require management to take greater prudence with our financial accounts in the future.

With Mainland China accounting for a significant portion of our operations, we expect to benefit from China's continued economic growth. Infrastructure investment is likely to grow with projects such as Sichuan earthquake reconstruction, development of alternative energy resources, and continued investment in the telecoms and related sectors brought on by the success of the aerospace projects.

The Group's business strategy going forward will focus on high margin and high growth sectors to achieve margin improvement. Such strategy naturally entails further research and development as well as investments, especially in China which continues to present enormous opportunities, in order to expand our portfolio of compelling solutions and offerings. Kantone will also 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 consolidating its leadership position in providing mission critical communications systems and solutions, Kantone will focus on developing core platform technologies and customised personal security solutions.

Against economic and market uncertainties at multiple levels, we will strengthen efforts on cost management and efficiency improvement, and will closely monitor the operating environment. We hope that our positive financial position will enable us to cope with the current turbulent environment, and most importantly, to continue to invest in our businesses and serve our customers well.

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About Kantone (stock code 1059)

Kantone Holdings Limited (www.kantone.com) is a leading IT solutions provider with proven track record of over 50 years in high security, high reliability and high integrity communications networks and trusted relationships with clients in the government and enterprise sectors. It commands a dominant position in the provision of 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 is also 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, and is at the forefront of developing integrated platforms with secure e-commerce solutions for global gaming and entertainment activities.

Kantone is listed on The Stock Exchange of Hong Kong Limited and is a subsidiary of Champion Technology Holdings Limited, the holding company of a communications software group.

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

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|--|-------|-------|-------|-------|-------|------|------|------|------|------|
| (in HK\$ million) | | | | | | | | | | |
| Year ended 30 June | | | | | | | | | | |
| Turnover | 1,613 | 1,427 | 1,347 | 1,127 | 1,015 | 815 | 722 | 700 | 776 | 694 |
| Operating Profit (before other operating items) | 474 | 466 | 390 | 276 | 204 | 126 | 67 | 103 | 135 | 87 |
| Profit(Loss) for the year | 137 | 410 | 332 | 268 | 155 | 110 | (3) | 96 | 110 | 59 |
| Dividends | 52 | 120 | 93 | 50 | 29 | 13 | - | - | - | - |
| EBITDA | 425 | 575 | 448 | 350 | 267 | 236 | 91 | 167 | 163 | 122 |

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Wake-up calls on Global Financial Turmoil

In light of the rapidly deteriorating operating environment in September and October, we have assembled a few thought-provoking quotations from economists, analysts, bankers, corporate CEOs, entrepreneurs, and celebrities on global economy, corporate performance, and general market uncertainties.

Ben Bernanke, US Federal Reserve Chairman 16 October 2008

"By restricting flows of credit to households, businesses, state and local governments, the turmoil in financial markets and the funding pressures on financial firms pose a significant threat to economic growth."

This was despite consolidated responses by relevant authorities in US and Europe to cushion the downside risk facing the global economy.

JP Morgan Asia Pacific Equity Research 10 October 2008

"Valuations are less important than safety in a credit crunch environment. We believe companies with a net cash position, decent working capital level, free cash flow, solid fundamentals and customer base, are the ones that will survive."

Intel Corporation CEO on Third Quarter Results 14 October 2008

"Current uncertainty in global economic conditions makes it particularly difficult to predict product demand and other related matters, and makes it more likely that our actual results could differ materially from expectations."

Bank of America Chairman on Third Quarter Results 6 October 2008

"The economy has moved to a recessionary environment and the risk of a prolonged recession has increased." "We have announced two initiatives to raise capital, which are to sell stock, and to reduce dividend payment."

George Soros, Billionaire Investor October 2008

"This is the crisis of my lifetime. I haven't seen anything like it and I won't see anything like it again."

Director of a Securities Brokerage Company October 2008

"The stocks are dirt cheap. That's really a vote of no confidence."

John Tsang, Hong Kong Financial Secretary 13 October 2008

"The chance that Hong Kong's economy will fall into recession next year is getting higher and higher."

Justin Lin, World Bank Chief Economist 12 October 2008

"China may come through the global financial crisis in better shape than other countries. First, China has the world's largest foreign exchange reserve; second, the nation's capital control policy has helped set up a financial firewall against the contagion; third, China has a sound financial position, with surpluses recorded in the past four years. China can bolster the economy by boosting domestic consumption and implementing such measures as spending on education and health care."

Bill Gates, ex-Chairman of Microsoft 6 October 2008

"This is a very interesting crisis," stressing that he believed "increased innovation and investment would be the answer to the current crisis."