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23 October 2001

Securities & Exchange Commission, USA  
Office of International Corporate Finance  
Mail Stop 3-2  
450 Fifth Street, N.W.  
Washington, D.C. 20549  
U.S.A.  
(Fax: 1-202-9429624)

By fax & by mail

SUPPL

**Re: Champion's File#82-3442**

Kantone Holdings Limited is a subsidiary of Champion Technology Holdings Limited, whose shares are traded over-the-counter by means of American Depositary Receipts.

The enclosed announcements of Champion Technology Holdings Limited and Kantone Holdings Limited are for your information.

Regards,

Shirley Ha

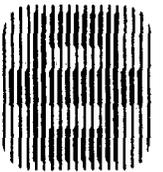
c.c. Karin Young, Rhonda Lee, Citibank, N.A. (By e-mail only)

Encl.

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FEB 14 2002  
THOMSON  
FINANCIAL

**CHAMPION TECHNOLOGY HOLDINGS LIMITED**  
冠軍科技集團有限公司

[www.championtechnology.com](http://www.championtechnology.com)



# CHAMPION TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

## 2000/2001 FINAL RESULTS ANNOUNCEMENT

### SUMMARY OF GROUP RESULTS

The directors of Champion Technology Holdings Limited (the "Company") are pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2001 together with the comparative figures for the previous year as follows:-

	Year ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
Turnover	1,510,779	1,457,181
Direct operating expenses	(713,488)	(665,099)
Gross profit	797,291	792,082
Other revenue	42,794	86,128
Distribution costs	(47,974)	(61,572)
General and administrative expenses	(139,869)	(121,979)
Depreciation and amortisation	(301,482)	(203,686)
Research and development	(13,676)	(15,008)
Other operating expenses	-	(83,307)
Profit from operations	337,084	392,658
Finance costs	(40,812)	(39,930)
Profit before taxation	296,272	352,728
Taxation	(584)	(3,013)
Profit before minority interests	295,688	349,715
Minority interests	(43,109)	(45,860)
Net profit for the year	252,579	303,855
Dividends	16,286	25,389
Earnings per share		
- Basic	4.28 cents	5.60 cents
- Diluted	4.26 cents	5.44 cents

Notes:

1. Turnover and profit from operations

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 received and receivable from the Group's investments in telecommunications and e-commerce projects during the year.

The Group's turnover and profit from operations analysed by principal activities and geographical locations were as follows:

	Turnover		Profit (loss)	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activities:				

Weighted average number of shares for the purpose of calculating basic earnings per share

5,895,377,000

5,428,705,000

Potential dilutive shares issuable under the Company's share option scheme and warrants

10,213,000

136,823,000

Weighted average number of shares for the purpose of calculating diluted earnings per share

5,905,590,000

5,565,528,000

Diluted earnings per share

4.26 cents

5.44 cents

### FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

The directors have recommended a final dividend of 0.15 cent per share, subject to the approval of shareholders at the forthcoming Annual General Meeting. This, together with the interim dividend of 0.125 cent paid on 17 April 2001, gives a total dividend of 0.275 cent per share for the year.

Shareholders will have the option of receiving the dividend in cash or in the form of new shares in the Company. The scrip dividend scheme will be subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting a listing of and permission to deal in the shares to be issued pursuant thereto.

It is expected that certificates for the shares to be issued under the scrip dividend scheme and dividend warrants will be despatched to those entitled on or before 28 January 2002.

### REVIEW OF OPERATIONS

The global economic climate was very tough during the year under review. Across the board, customers budgets for new purchases have been affected. The Group has the comfort of a relatively stable operation. In China, the Group benefits from the country's robust economic growth, and in Europe, the Group's customers are primarily government bodies which have not drastically reduced their IT spending.

The Group recorded an audited consolidated turnover for the year ended 30 June 2001 of HK\$1,511 million, a 4 per cent growth compared with HK\$1,457 million for the previous year. The relatively small turnover growth was attributed to the lower turnover from subsidiary Kantone Holdings, which continued its re-alignment of product and service mix targeted at high margin value-added business. This was compensated by satisfactory growth in the Group's software and systems integration business. Meanwhile, the Group's e-commerce and Internet-related business, which has been slow to gather momentum as a result of global economic downturn, started to contribute to the turnover.

Earnings before Interest, Taxation, Depreciation and Amortisation (EDITDA) was HK\$639 million, an improvement of 7 per cent over HK\$596 million of last year. Net profit for the year ended 30 June 2001 was HK\$253 million, compared to HK\$304 million of last year, and earnings per share was HK4.28 cents. The Group's profitability was affected by the commencement of amortisation in line with current accounting policy on new e-commerce investments which was not matched by corresponding revenue growth, as is common in the initial start-up phase of new business development. The quality of the Group's e-commerce assets remains high, and some of these are quick to evolve into revenue-generating clicks-and-mortar businesses that

Dividends

	16,286	27,389
Earnings per share		
- Basic	4.28 cents	5.60 cents
- Diluted	4.26 cents	5.44 cents

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	Turnover		Profit (loss)	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>By principal activities:</b>				
Sales of telecommunications equipment	946,053	949,361	171,875	218,207
Provision of telecommunications and internet related services, software and licensing	424,656	392,551	193,946	169,284
Distributions from the Group's investments in telecommunications projects	121,470	115,269	59,667	5,167
Distributions from the Group's investments in e-commerce projects	18,600	-	(87,504)	-
	<u>1,510,779</u>	<u>1,457,181</u>	<u>337,084</u>	<u>392,658</u>
<b>By geographical locations:</b>				
People's Republic of China, including Hong Kong and Macau	1,177,408	998,227	291,790	289,580
Europe	239,221	283,432	17,739	25,020
Others	94,150	175,522	27,555	78,058
	<u>1,510,779</u>	<u>1,457,181</u>	<u>337,084</u>	<u>392,658</u>

2. Taxation

	2001	2000
	HK\$'000	HK\$'000
The (charge) credit comprises:		
Hong Kong Profits Tax	(827)	(3,006)
- current year	940	-
- overprovision in prior years	(701)	(410)
Taxation in other jurisdictions	(588)	(3,416)
	4	403
Deferred taxation	(584)	(3,013)

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits 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 is not subject to taxation in any other jurisdictions.

3. Earnings per share

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

the global economic climate was very weak during the year. The Group has the board customers' budgets for new purchases have been affected. The Group has the comfort of a relatively stable operation. In China, the Group benefits from the country's robust economic growth, and in Europe, the Group's customers are primarily government bodies which have not drastically reduced their IT spending.

The Group recorded an audited consolidated turnover for the year ended 30 June 2001 of HK\$1,511 million, a 4 per cent growth compared with HK\$1,457 million for the previous year. The relatively small turnover growth was attributed to the lower turnover from subsidiary Kantone Holdings, which continued its re-alignment of product and service mix targeted at high margin value-added business. This was compensated by satisfactory growth in the Group's software and systems integration business. Meanwhile, the Group's e-commerce and Internet-related business, which has been slow to gather momentum as a result of global economic downturn, started to contribute to the turnover.

Earnings before Interest, Taxation, Depreciation and Amortisation (EDBITDA) was HK\$639 million, an improvement of 7 per cent over HK\$596 million of last year. Net profit for the year ended 30 June 2001 was HK\$253 million, compared to HK\$304 million of last year, and earnings per share was HK\$4.28 cents. The Group's profitability was affected by the commencement of amortisation in line with current accounting policy on new e-commerce investments which was not matched by corresponding revenue growth, as is common in the initial start-up phase of new business development. The quality of the Group's e-commerce assets remains high, and some of these are quick to evolve into revenue-generating clicks-and-mortar businesses that integrate smoothly in synchronization with its core telecoms activities.

Detailed description of the Group's operations will be available in the annual report to be issued.

PROSPECTS

With global economic slowdown exacerbated by the recent events in the U.S., it's difficult to predict performance in the coming years. Nevertheless, the Group is well positioned to weather the storms.

- The Group will focus on proven technologies in four main areas:
- high performance integrated wireless networking, particularly on public-safety related systems
  - information security and secure communications
  - value-added systems through mobile data and GIS technology
  - Government IT outsourcing services, taking the lead role where appropriate

Geographically, China is, and will remain, the Group's primary focus. China's imminent accession to WTO and Beijing's successful bid to host the 2008 Olympics will usher in huge opportunities, especially in telecommunications. The Group has a first mover advantage in China, and is already playing a leading role in matching the IT needs of China with available technologies and products from the region, including Taiwan. The Group also will actively promote its communications products to the law enforcement agencies in Hong Kong, China and other markets in the Asia Pacific.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 November 2001 to 30 November 2001, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final dividend and the scrip dividend scheme, all transfers of shares accompanied by the relevant share certificates and, in the case of warrant holders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription moneys, must be lodged with the Company's Branch Share Registrars in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong by no later than 4:00 p.m. on 23 November 2001.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 June 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

2. Taxation

The (change) credit comprises:  
Hong Kong Profits Tax  
- current year  
- overprovision in prior years  
Taxation in other jurisdictions

2001	2000
HK\$'000	HK\$'000
(827)	(3,006)
940	(1)
(701)	(410)
(589)	(3,416)
4	403
(584)	(3,013)

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits 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 is not subject to taxation in any other jurisdictions.

3. Earnings per share

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

2001	2000
HK\$'000	HK\$'000
232,579	303,855
(949)	(1,266)
231,630	302,589

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the "Company") will be held at Room 1702, One Exchange Square, 8 Connaught Place, Hong Kong on 30 November 2001 at 10:30 a.m. for the following purposes:

- To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 June 2001.
- To declare a final dividend of 0.15 cent per share for the year ended 30 June 2001.
- To elect directors and to authorise the board of directors to fix their remuneration.
- To appoint auditors and to authorise the board of directors to fix their remuneration.

By Order of the Board  
Cheung Mei Ha, Jennifer  
Company Secretary

Hong Kong, 22 October 2001

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During the year ended 30 June 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

#### PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

All information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be published on the Stock Exchange's website in due course.

By Order of the Board  
Paul KAN Man Lok  
Chairman

Hong Kong, 22 October 2001

#### Principal Office:

The Penthouse  
Kantone Centre  
1 Ning Foo Street  
Chaiwan  
Hong Kong

#### Notes:

- A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- The register of members of the Company will be closed from 26 November 2001 to 30 November 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the annual general meeting, all transfers of shares accompanied by the relevant share certificates and, in the case of warrant holders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription moneys, must be lodged with the Company's Branch Share Registrars in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 23 November 2001.

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### SUMMARY OF GROUP RESULTS

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	Notes	Year ended 30 June	
		2001 HK\$'000	2000 HK\$'000
Turnover	1	1,510,779	1,457,181
Direct operating expenses		(713,488)	(665,099)
Gross profit		797,291	792,082
Other revenue		42,794	86,128
Distribution costs		(47,974)	(61,572)
General and administrative expenses		(139,869)	(121,979)
Depreciation and amortisation		(301,482)	(203,686)
Research and development		(13,676)	(15,008)
Other operating expenses		-	(83,307)
Profit from operations	1	337,084	392,658
Finance costs		(40,812)	(39,930)
Profit before taxation		296,272	352,728
Taxation	2	(584)	(3,013)
Profit before minority interests		295,688	349,715
Minority interests		(43,109)	(45,860)
Net profit for the year		252,579	303,855
Dividends		16,286	25,389
Earnings per share	3		
- Basic		4.28 cents	5.60 cents
- Diluted		4.26 cents	5.44 cents

#### Notes:

#### 1. Turnover and profit from operations

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 received and receivable from the Group's investments in telecommunications and e-commerce projects during the year.

The Group's turnover and profit from operations analysed by principal activities and geographical locations were as follows:

	Turnover		Profit (loss) from operations	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activities:				
Sales of telecommunications equipment	946,053	949,361	171,875	218,207
Provision of telecommunications and internet related services, software and licensing	424,656	392,551	193,046	169,284
Distributions from the Group's investments in telecommunications projects	121,470	115,269	59,667	5,167
Distributions from the Group's investments in e-commerce projects	18,600	-	(87,504)	-

Number of shares  
2001 2000

Weighted average number of shares for the purpose of calculating basic earnings per share	5,895,377,000	5,428,705,000
Potential dilutive shares issuable under the Company's share option scheme and warrants	10,213,000	136,823,000
Weighted average number of shares for the purpose of calculating diluted earnings per share	5,905,590,000	5,565,528,000
Diluted earnings per share	4.26 cents	5.44 cents

### FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

The directors have recommended a final dividend of 0.15 cent per share, subject to the approval of shareholders at the forthcoming Annual General Meeting. This, together with the interim dividend of 0.125 cent paid on 17 April 2001, gives a total dividend of 0.275 cent per share for the year.

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It is expected that certificates for the shares to be issued under the scrip dividend scheme and dividend warrants will be despatched to those entitled on or before 28 January 2002.

### REVIEW OF OPERATIONS

The global economic climate was very tough during the year under review. Across the board, customers' budgets for new purchases have been affected. The Group has the comfort of a relatively stable operation. In China, the Group benefits from the country's robust economic growth, and in Europe, the Group's customers are primarily government bodies which have not drastically reduced their IT spending.

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Detailed description of the Group's operations will be available in the annual report to be issued.

### PROSPECTS

With global economic slowdown exacerbated by the recent events in the U.S., it's difficult to predict performance in the coming years. Nevertheless, the Group is well positioned to weather the storms.

investments in telecommunications projects	121,470	115,269	59,667	5,167
Distributions from the Group's investments in e-commerce projects	18,600	-	(87,504)	-
	<u>1,510,779</u>	<u>1,457,181</u>	<u>337,084</u>	<u>392,658</u>
<b>By geographical locations:</b>				
People's Republic of China, including Hong Kong and Macau	1,177,408	998,227	291,790	289,580
Europe	239,221	283,432	17,739	25,020
Others	94,150	175,522	27,555	78,058
	<u>1,510,779</u>	<u>1,457,181</u>	<u>337,084</u>	<u>392,658</u>

## 2. Taxation

	2001 HK\$'000	2000 HK\$'000
The (charge) credit comprises:		
Hong Kong Profits Tax		
- current year	(827)	(3,006)
- overprovision in prior years	940	-
Taxation in other jurisdictions	(701)	(410)
	<u>(588)</u>	<u>(3,416)</u>
Deferred taxation	4	403
	<u>(584)</u>	<u>(3,013)</u>

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## 3. Earnings per share

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

	2001 HK\$'000	2000 HK\$'000
Earnings for the purpose of calculating basic earnings per share	252,579	303,855
Adjustment to the share of result of a subsidiary based on dilution of its earnings per share	(949)	(1,266)
	<u>251,630</u>	<u>302,589</u>
Earnings for the purpose of calculating diluted earnings per share		
	<u>251,630</u>	<u>302,589</u>

## PROSPECTS

With global economic slowdown exacerbated by the recent events in the U.S., it's difficult to predict performance in the coming years. Nevertheless, the Group is well positioned to weather the storms.

The Group will focus on proven technologies in four main areas:

- high performance integrated wireless networking, particularly on public-safety related systems
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By Order of the Board  
Paul KAN Man Lok  
Chairman

Hong Kong, 22 October 2001

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1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 June 2001.
2. To declare a final dividend of 0.15 cent per share for the year ended 30 June 2001.
3. To elect directors and to authorise the board of directors to fix their remuneration.
4. To appoint auditors and to authorise the board of directors to fix their remuneration.

By Order of the Board  
Cheung Mei Ha, Jennifer  
Company Secretary

Hong Kong, 22 October 2001

Principal Office:  
The Penthouse  
Kantone Centre  
1 Ning Foo Street  
Chaiwan  
Hong Kong

### Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) The register of members of the Company will be closed from 26 November 2001 to 30 November 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the annual general meeting, all transfers of shares accompanied by the relevant share certificates and, in the case of warrant holders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription moneys, must be lodged with the Company's Branch Share Registrars in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 23 November 2001.

Hong Kong iMail  
23rd October 2001



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(Incorporated in the Cayman Islands with limited liability)

## 2000/2001 FINAL RESULTS ANNOUNCEMENT

### SUMMARY OF GROUP RESULTS

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	Year ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
Turnover	699,790	776,432
Cost of sales	(430,760)	(475,835)
Gross profit	269,030	300,597
Other revenue	16,042	10,099
Distribution costs	(42,591)	(50,794)
General and administrative expenses	(61,492)	(64,408)
Depreciation and amortisation	(53,350)	(35,307)
Research and development	(8,742)	(8,092)
Other operating expenses	-	(24,440)
Profit from operations	118,897	127,655
Finance costs	(16,229)	(17,037)
Profit before taxation	102,668	110,618
Taxation	(784)	(553)
Profit before minority interests	101,884	110,065
Minority interests	(52)	123
Net profit for the year	101,832	110,188
Earnings per share		
- Basic	3	9.92 cents
- Diluted		9.02 cents

#### Notes:

#### 1. Turnover and profit from operations

Turnover represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers and distributions received and receivable from the Group's investments in e-commerce projects during the year.

The Group's turnover and profit from operations analysed by principal activities and geographical locations were as follows:

	Turnover		Profit (loss)	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activities:				
Sales of telecommunications equipment	609,240	720,057	129,066	124,090
Services rendered	88,225	56,375	7,691	3,565

The weighted average number of ordinary shares for the purposes of earnings per share has been adjusted for the bonus issue on 23 April 2001.

### BONUS ISSUE OF SHARES

The directors of the Company propose a bonus issue of shares of the Company to the shareholders of the Company on the register of members on 30 November 2001 on the basis of one share of HK\$0.10 of the Company ("Share") for every one Share held by such shareholders on such date (the "Bonus Issue").

The Bonus Issue is conditional upon the approval of shareholders at an extraordinary general meeting of the Company and the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the Shares to be issued pursuant to the Bonus Issue.

A circular setting out the details of the Bonus Issue and incorporating a notice of an extraordinary general meeting of the Company to approve the Bonus Issue will be sent to the shareholders of the Company as soon as practicable.

### FINAL DIVIDEND

In order to conserve cash for the Group's product development, the directors do not recommend the payment of final dividend for the year ended 30 June 2001 to the shareholders (2000: nil).

### REVIEW OF OPERATIONS

The year under review was marked by a significant contraction in consumer and enterprise spending; yet the Group's business has been protected by a well-established customer base and by the recurrent nature of revenue from network maintenance and upgrade services.

The Group recorded audited consolidated turnover for the year ended 30 June 2001 of HK\$700 million, compared with HK\$776 million for the previous year. Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) was HK\$172 million, an improvement of 6 per cent over HK\$163 million of last year. Net profit for the year was HK\$102 million, compared to HK\$110 million of last year. Earnings per share was HK\$9.17 cents.

The Group's turnover was a result of the continued realignment of its product and service mix targeted at achieving enhanced return, in particular, discontinuing lower margin hardware manufacturing activities, while focusing on high-margin communications software customization business. Such efforts are being rewarded in higher profit margin in the Group's core telecoms business, despite a lower turnover figure. On the other hand, the Group's results were affected by the amortisation of its new e-commerce investments, whose turnover was not matched by corresponding revenue growth, as is common in the initial start-up phase of new business development. The quality of these Internet assets remains smooth with the Group's

1. Turnover from operations  
 Finance costs

2. Profit before taxation  
 Taxation

3. Profit before minority interests  
 Minority interests

Net profit for the year

Earnings per share  
 - Basic

- Diluted

Notes:

1. Turnover and profit from operations

Turnover represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers and distributions received and receivable from the Group's investments in e-commerce projects during the year.

The Group's turnover and profit from operations analysed by principal activities and geographical locations were as follows:

	Turnover		Profit (loss)	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activities:				
Sales of telecommunications equipment	609,240	720,057	129,066	124,090
Services rendered	88,225	56,375	7,691	3,565
Distributions from the Group's investments in e-commerce projects	2,325	-	(17,860)	-
	<u>699,790</u>	<u>776,432</u>	<u>118,897</u>	<u>127,655</u>

By geographical locations:  
 People's Republic of China, including Hong Kong and Macau  
 Europe  
 Others

	441,516	462,211	100,031	114,017
	224,449	263,129	16,510	12,474
	33,825	51,092	2,356	1,164
	<u>699,790</u>	<u>776,432</u>	<u>118,897</u>	<u>127,655</u>

2. Taxation

The (charge) credit comprises:  
 Hong Kong Profits Tax  
 Taxation in other jurisdictions

	2001	2000
	HK\$'000	HK\$'000
Deferred taxation	(788)	(557)
	4	4
	<u>(784)</u>	<u>(553)</u>

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits 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

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Detailed description of the Group's operations will be available in the annual report to be issued.

**PROSPECTS**

The economic outlook is clouded by lingering uncertainty in the wake of the attacks in the U.S. However, there has been a surge in demand for tightened security and defense quality radio systems and secure communications by law enforcement agencies as well as the private sector.

The Group is making plans to expand its services and communications capabilities to China, where demand for secure communications in the run-up to the 2008 Olympic Games is expected to be strong. China's communications market is further helped by its imminent accession to the WTO.

**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 30 June 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

**CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 20

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taxation	2001	2000
	HK\$'000	HK\$'000
The (charge) credit comprises:		
Hong Kong Profits Tax	(87)	(147)
Taxation in other jurisdictions	(701)	(410)
Deferred taxation	(788)	(557)
	4	4
	(784)	(553)

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits 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 is not subject to taxation in any other jurisdictions.

3. Earnings Per Share

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

Earnings for the purpose of calculating basic and diluted earnings per share	2001	2000
	HK\$'000	HK\$'000
	101,832	110,188
Weighted average number of shares for the purpose of calculating basic earnings per share	2001	2000
	1,110,480,876	1,110,480,876
Potential dilutive shares issuable under the Company's share option scheme	18,249,990	23,240,409
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,128,730,866	1,133,721,285

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the "Company") will be held at Room 1702, One Exchange Square, 8 Connaught Place, Hong Kong on 30 November 2001 at 10:10 a.m. for the following purposes:

- To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 June 2001.
- To elect directors and to authorise the board of directors to fix their remuneration.
- To appoint auditors and to authorise the board of directors to fix their remuneration.

By Order of the Board  
Lai Yat Kwong  
Company Secretary

Hong Kong, 22 October 2001

The Group is making plans to expand its services and communications capabilities to China, where demand for secure communications in the run-up to the 2008 Olympic Games is expected to be strong. China's communications market is further helped by its imminent accession to WTO.

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**CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 26 November 2001 to 30 November 2001, both days inclusive, during which period no transfer of Shares will be effected.

All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrars, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 23 November 2001 in order to qualify for the Bonus Issue.

**PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

All information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the Stock Exchange's website in due course.

By Order of the Board  
Paul KAN Man Lok  
Chairman  
Hong Kong, 22 October 2001

*Principal Office:*

5th Floor  
Kantone Centre  
1 Ning Foo Street  
Chatwan  
Hong Kong

*Note:* A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

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# KANTONE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

## 2000/2001 FINAL RESULTS ANNOUNCEMENT

### SUMMARY OF GROUP RESULTS

The directors of Kantone Holdings Limited (the "Company") are pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2001 together with the comparative figures for the previous year as follows:-

	Notes	Year ended 30 June	
		2001 HK\$'000	2000 HK\$'000
Turnover	1	699,790	776,432
Cost of sales		(430,760)	(475,835)
Gross profit		269,030	300,597
Other revenue		16,042	10,099
Distribution costs		(42,591)	(50,794)
General and administrative expenses		(61,492)	(64,408)
Depreciation and amortisation		(53,350)	(35,307)
Research and development		(8,742)	(8,092)
Other operating expenses		-	(24,440)
Profit from operations	1	118,897	127,655
Finance costs		(16,229)	(17,037)
Profit before taxation		102,668	110,618
Taxation	2	(784)	(553)
Profit before minority interests		101,884	110,065
Minority interests		(52)	123
Net profit for the year		101,832	110,188
Earnings per share	3		
- Basic		9.17 cents	9.92 cents
- Diluted		9.02 cents	9.72 cents

#### Notes:

#### 1. Turnover and profit from operations

Turnover represents the net amounts received and receivable for goods sold and services provided by the Group to outside customers and distributions received and receivable from the Group's investments in e-commerce projects during the year.

The Group's turnover and profit from operations analysed by principal activities and geographical locations were as follows:

	Turnover		Profit (loss) from operations	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
<b>By principal activities:</b>				
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Distributions from the Group's investments in e-commerce projects	2,325	-	(17,860)	-
	699,790	776,432	118,897	127,655
<b>By geographical locations:</b>				
People's Republic of China, including Hong Kong and Macau	441,516	462,211	100,031	114,017
Europe	224,449	263,129	16,510	12,474
Others	33,825	51,092	2,356	1,164
	699,790	776,432	118,897	127,655

#### 2. Taxation

	2001 HK\$'000	2000 HK\$'000
The (charge) credit comprises:		
Hong Kong Profits Tax	(87)	(1-7)
Taxation in other jurisdictions	(701)	(410)

The weighted average number of ordinary shares for the purposes of earnings per share has been adjusted for the bonus issue on 23 April 2001.

### BONUS ISSUE OF SHARES

The directors of the Company propose a bonus issue of shares of the Company to the shareholders of the Company on the register of members on 30 November 2001 on the basis of one share of HK\$0.10 of the Company ("Share") for every one Share held by such shareholders on such date (the "Bonus Issue").

The Bonus Issue is conditional upon the approval of shareholders at an extraordinary general meeting of the Company and the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the Shares to be issued pursuant to the Bonus Issue.

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The year under review was marked by a significant contraction in consumer and enterprise spending; yet the Group's business has been protected by a well-established customer base and by the recurrent nature of revenue from network maintenance and upgrade services.

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### PROSPECTS

The economic outlook is clouded by lingering uncertainty in the wake of the attacks in the U.S. However, there has been a surge in demand for tightened security and defense quality radio systems and secure communications by law enforcement agencies as well as the private sector.

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 including Hong Kong and  
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Hong Kong Profits Tax	(57)	(17)
Taxation in other jurisdictions	<u>(701)</u>	<u>(410)</u>
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Deferred taxation	<u>4</u>	<u>4</u>
	<u>(784)</u>	<u>(553)</u>

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Earnings for the purpose of calculating basic and diluted earnings per share	<u>101,832</u>	<u>110,188</u>
	Number of shares	
	2001	2000
Weighted average number of shares for the purpose of calculating basic earnings per share	1,110,480,876	1,110,480,876
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By Order of the Board  
 Paul KAN Man Lok  
 Chairman

Hong Kong, 22 October 2001

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the "Company") will be held at Room 1702, One Exchange Square, 8 Connaught Place, Hong Kong on 30 November 2001 at 10:10 a.m. for the following purposes:

- To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 June 2001.
- To elect directors and to authorise the board of directors to fix their remuneration.
- To appoint auditors and to authorise the board of directors to fix their remuneration.

By Order of the Board  
 Lal Yat Kwong  
 Company Secretary

Hong Kong, 22 October 2001

Principal Office:  
 5th Floor  
 Kantone Centre  
 1 Ning Foo Street  
 Chaiwan  
 Hong Kong

Note: A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any under which it is signed or a notarially certified copy of the power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

Hong Kong iMail  
 23rd October 2001