



For Immediate Release

Champion Technology Announces Full Year Results

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Hong Kong (28 September 2016) - Champion Technology Holdings Limited (stock code: 92) announced its annual results today for the year ended 30 June 2016. The Group's financial performance is summarised below:

- Revenue was HK\$4,980 million (2015: HK\$5,610 million)
- Loss for the year was HK\$39 million (2015: profit of HK\$13 million)
- Impairment charge was HK\$1,641 million (2015: HK\$249 million)
- Adjusted EBITDA (excluding impairment) was HK\$2,911 million (2015: HK\$1,621 million)
- Loss attributable to owners of the Company was HK\$29 million (2015: profit of HK\$7.4 million)
- Loss per share was HK0.45 cents (2015: earnings per share of HK0.12 cents)
- The Group maintains a positive financial position

The global economic and political environment remained challenging, with the closing of our financial year marked by the UK's decision to leave the European Union, further adding uncertainties to the markets.

The reduced revenue was mainly attributed to the decrease in sales of cultural products to HK\$1,084 million for the year from HK\$3,041 million of last year, a significant drop of 64 percent due to limited supply of cultural products. However, this was compensated by 204 percent increase in licensing fees to HK\$2,509 million from HK\$824 million of last year, mainly attributable to a total consideration of HK\$2 billion in return for the grant of rights to market the Group's systems and networks. In line with China's national policy to support culture industry, it was our business realignment plan to scale down our investment in systems products and to deploy more resources on further investment in our culture-related business.

Final Dividend

The board of directors does not recommend the payment of any final dividend for the year ended 30 June 2016.

Operations Review

The global economic environment remained sluggish, with Mainland China recording its slowest pace of growth in a quarter of a century as it grappled with the difficult transition to consumer-led expansion. In the markets in which the Group operated, tight controls continued to be exercised in both public and private sector spending, thereby putting more pressure on the demand for the Group's products and services.

A number of the Group's investments were affected by the uncertain economic environment around the world. To address market challenges and to strengthen our foundation, the Group looked into different options of business realignment plans with the aim of improving the overall return. As part of the realignment, some investment projects were divested, while others were revamped, in order to focus on business activities with a higher long-term value. More resources were deployed on further investment in our culture-related business. In order to relieve the financial pressures arising from continuous capital expenditure on technology project developments, we have revised our mode of operation by granting rights to third parties to market our systems and networks.

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In Mainland China, we continued our marketing and sales activities for customised solutions and products, including those for the sales of cultural products. Spending cuts by our customers and weak investment sentiment resulted in lower volume of sales.

Europe saw a continuing demand for the Group's personal security and unified communications products which were capable of embracing a broad range of communications devices, and therefore were able to command higher gross profit margins. However, the weak Euro and the sharp drop in the British Pound towards the end of the financial year have put increasing pressure on our production costs as components sourced by the Group are primarily priced in US dollars. Weak economic conditions also resulted in customer contracts of reduced length as customers evaluated new technologies and were reluctant to commit.

Outlook

In light of continuing global uncertainties and the unclear prospects of China's economy, we remain cautious in our approach in the coming year. We will deploy resources to build on our competitive strengths, and continue our prudent approach in investing in complementary businesses that show good growth prospects, and pursue sectors which are supported by government policies, including healthcare, innovation and technology, cyber security, cultural and creative industries, smart living and information-based services for the community and consumers.

In particular, we have in recent years expanded our culture-related businesses, building on our long-standing experience in sponsoring and supporting various national and international cultural events in Hong Kong and overseas. Leveraging on such strong cultural business background, and in line with China's national policy to support culture industry, the Group will make further investment in our culture-related business, including but not limited to the development of an online marketplace for art collectibles and culture-related activities as well as engaging in cross border e-commerce. We aim to focus on selecting exquisite and rare artworks which have great appreciation potential. In line with that strategy, we will adjust our inventory to capture the appreciation potential. The directors believe that such expansion may take advantage of the market's growing interest in cultural products as a result of China's Belt and Road Initiative, which aims to connect Eurasian economies through infrastructure, trade, and investment.

Barring any further unforeseen material adverse external developments, the directors are cautiously optimistic about the Group's prospects in the coming year.

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About Champion Technology (stock code: 92)

Champion Technology Holdings Limited (www.championtechnology.com) is a global technology group offering innovative solutions in communications software, wireless telephony, messaging, personal security, telematics and e-commerce. The Group's solutions are dedicated to bettering and enriching the lives and lifestyles of people, promoting health consciousness, accident prevention and life safety, as well as probity and responsibility in the conduct of the online industry.

Throughout the years, the Group has focused on industries supported by government policies. In line with China's national policy to promote its culture industry, the Group has expanded activities in culture-related technologies and related services, aiming at providing customised solutions for the trading and promotion of art, antiques, cultural products and collectibles for the consumer market.

Within the Group, there are two Hong Kong listed companies, namely the Company and Kantone Holdings Limited whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group also includes a subsidiary in the UK previously listed on the London Stock Exchange.

Champion Technology Holdings Limited (Listed on the Exchange in August 1992)
Ten-Year Financial Summary

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| (in HK\$ million) | | | | | | | | | | |
| Year ended 30 June | | | | | | | | | | |
| Revenue | 4,980 | 5,610 | 6,159 | 4,453 | 3,411 | 3,125 | 3,012 | 2,923 | 3,635 | 3,164 |
| Operating Profit (before other operating items) | 1,603 | 265 | 482 | 280 | 202 | 161 | 210 | 403 | 995 | 923 |
| (Loss)/profit for the year | (39) | 13 | 5 | 95 | 98 | 95 | 124 | 103 | 255 | 823 |
| Dividends | - | - | 13 | 19 | 24 | 43 | 22 | 20 | 48 | 97 |
| EBITDA | 1,269 | 1,372 | 1,578 | 1,660 | 1,364 | 1,382 | 1,212 | 1,002 | 992 | 1,327 |

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