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CHAMPION TECHNOLOGY HOLDINGS LIMITED

冠軍科技集團有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 92)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2019

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Champion Technology Holdings Limited (the "**Company**", together with its subsidiaries, collectively, the "**Group**") announces the consolidated results of the Group for the year ended 30 June 2019 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	3(a)	**385,664**	142,754
Cost of sales		**(299,350)**	(67,011)
Gross profit		**86,314**	75,743
Other income, gains and losses		**5,263**	12,321
Gain on disposal of subsidiaries		**3**	1,465
Distribution costs		**(29,229)**	(27,692)
General and administrative expenses		**(92,340)**	(117,395)
Impairment losses recognised for inventories		**–**	(4,222,621)
Impairment losses recognised for trade receivables		**–**	(411)
Impairment losses recognised for other receivables	10	**–**	(8,751)
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(33,409)**	15,077
Fair value gain on investment properties acquired in prior year		**35,355**	27,366
Fair value loss on investment properties acquired in current year		**–**	(178,259)
Research and development costs expensed		**(2,619)**	(2,712)
Finance costs		**(40,458)**	(50,634)
Share of result of a joint venture		**(3)**	(7)

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Loss before taxation		**(71,123)**	(4,476,510)
Income tax credit	5	**348**	790
Loss for the year		**(70,775)**	(4,475,720)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefits pension plans		**(882)**	36,450
Surplus arising from transfer of property, plant and equipment to investment properties		**13,431**	73,221
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(7,804)**	8,155
Other comprehensive income for the year		**4,745**	117,826
Total comprehensive expense for the year		**(66,030)**	(4,357,894)
Loss for the year attributable to:			
Owners of the Company		**(72,177)**	(3,811,905)
Non-controlling interests		**1,402**	(663,815)
		(70,775)	(4,475,720)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(64,303)**	(3,711,175)
Non-controlling interests		**(1,727)**	(646,719)
		(66,030)	(4,357,894)
Loss per share – Basic and diluted	7	**HK$(0.11)**	HK$(9.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Notes	At 30 June 2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	8	**64,018**	34,087
Investment properties		**64,018**	167,834
Development costs for systems and networks		**–**	–
Interest in an associate		**2**	–
Interest in a joint venture		**449**	452
Prepayment for property, plant and equipment		**120**	–
Finance lease receivable		**41,742**	46,117
		170,349	248,490
Current assets			
Inventories	9	**57,847**	32,949
Finance lease receivable		**4,309**	4,488
Trade and other receivables	10	**81,844**	43,523
Financial assets at fair value through profit or loss	11	**51,611**	110,786
Cash and cash equivalents		**123,632**	112,534
		319,243	304,280
Assets classified as held for sale	12	**154,478**	–
		473,721	304,280
Current liabilities			
Trade and other payables	13	**125,558**	44,654
Contract liabilities		**21,587**	21,034
Warranty provision		**1,347**	1,236
Customers' deposits		**3,483**	3,483
Amount due to a director		**4,180**	4,180
Finance lease payable		**168**	–
Interest bearing other borrowings – amount due within one year		**–**	52,728
Promissory note payables	14	**98,762**	1,279
		255,085	128,594
Liabilities associated with assets classified as held for sale	12	**232**	–
		255,317	128,594

		At 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Net current assets		**218,404**	175,686
Total assets less current liabilities		**388,753**	424,176
Non-current liabilities			
Finance lease payable		**463**	–
Interest bearing other borrowings			
– amount due after one year		**230,000**	230,000
Promissory note payables	14	**–**	55,714
Retirement benefit obligations		**25,301**	27,774
Deferred tax liabilities		**9,545**	9,496
		265,309	322,984
Net assets		**123,444**	101,192
Capital and reserves			
Share capital		**68,383**	45,589
Reserves		**3,825**	2,645
Equity attributable to owners of the Company		**72,208**	48,234
Non-controlling interests		**51,236**	52,958
Total equity		**123,444**	101,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss that are measured at fair value and in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all the HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. 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.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Champion Technology Holdings Limited and its subsidiaries (collectively referred to as the "**Group**") has applied, for the first time in the current year, the following new and revised HKFRSs issued by HKICPA:

HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle

These new standards and interpretations do not have significant impact to the Group.

The Group has not early applied the following new and revised standards, amendments and interpretation that have been issued but are not yet effective.

		Effective for annual reporting periods beginning on or after
HKAS 28 and HKFRS 10 amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
HKFRS 16	Leases	1 January 2019
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of Material	1 January 2020
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019

* The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2018. The effective date has now been deferred. Early application of the amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, the directors of the Company (the "**Directors**") have preliminarily concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

HKFRS 16 "Leases"

For lessees, HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a lease term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. For lessors, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently. The standard is mandatorily effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply HKFRS 15 at or before the date of initial application of HKFRS 16.

The standard will affect primarily the accounting for the Group's operating leases (as lessees). As at the reporting date, the Group has non-cancellable operating lease commitments of HK$9,149,000. The Group estimates that none of these relate to payments for short-term and low value leases which will continue to be accounted for based on the current accounting model. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short term leases. Detailed impact will be disclosed after a detailed analysis is performed.

The Directors do not anticipate that the application of the other new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue represents the amounts received and receivable for goods sold and services provided by the Group to external customers.

The revenue of the Group comprises the following:

	2019 HK$'000	2018 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of cultural products	**116**	–
Technology – Sales of systems including software licensing	**92,961**	86,547
Technology – Rendering of installation and maintenance services	**29,373**	27,892
Technology – Sales of renewable energy products	**245**	–
Trading for gasoil and leather	**241,330**	5,890
	364,025	120,329
Technology – Leasing of system products	**21,639**	22,425
	385,664	142,754

(b) Segment information

The operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs, which are regularly reviewed by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance. Six (2018: five) operating and reportable segments under HKFRS 8 "Operating Segments" are identified as follows:

- Sales of cultural products – includes income from trading of cultural products
- System sales including software licensing and services – includes income from sales of systems including software licensing and provision of installation and maintenance services
- Leasing of system products – includes income from leasing of system products
- Renewable energy – includes income from sales of renewable energy products
- Trading for gasoil and leather – includes income from sales of gasoil and leather
- Strategic investments – includes income from financial assets at fair value through profit or loss

Segment results represent the profit or loss before taxation recognised by each reportable segment, excluding interest income, finance costs, share of result of a joint venture, unallocated income and expenses such as central administration costs and directors' salaries, etc. This is the measure reported to the executive directors of the Company, the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance.

Information regarding the above segments is reported below:

		Technology					
	Sales of cultural products	System sales including software licensing and services	Leasing of system products	Renewable energy	Strategic investments	Trading of gasoil and leather	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2019							
REVENUE							
External and total revenue							
Recognised at a point in time	**116**	**92,961**	**–**	**245**	**–**	**241,330**	**334,652**
Recognised over time	**–**	**29,373**	**21,639**	**–**	**–**	**–**	**51,012**
	116	**122,334**	**21,639**	**245**	**–**	**241,330**	**385,664**
RESULTS							
Segment result	**(2,844)**	**8,658**	**2,915**	**(714)**	**(46,660)**	**991**	**(37,654)**
Interest income							**3,173**
Gain on disposal of a subsidiary							**3**
Fair value gain on investment properties acquired in prior year							**35,355**
Finance costs							**(40,458)**
Unallocated expenses, net							**(31,539)**
Share of result of a joint venture							**(3)**
Loss before taxation							**(71,123)**

	Sales of cultural products	Technology: System sales including software licensing and services	Technology: Leasing of system products	Strategic investments	Trading of leather	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2018						
REVENUE						
External and total revenue						
Recognised at a point in time	–	86,547	–	–	5,890	92,437
Recognised over time	–	27,892	22,425	–	–	50,317
	–	114,439	22,425	–	5,890	142,754
RESULTS						
Segment result	(4,228,726)	1,483	1,567	(1,817)	158	(4,227,335)
Gain on early redemption of promissory note payables						3,444
Interest income						2,176
Gain on disposal of subsidiaries						1,465
Fair value gain on investment properties acquired in prior year						27,366
Fair value loss on investment property acquired in current year						(178,259)
Finance costs						(50,634)
Unallocated expenses, net						(54,726)
Share of result of a joint venture						(7)
Loss before taxation						(4,476,510)

	Sales of cultural products	Technology: System sales including software licensing and services	Technology: Leasing of system products	Renewable energy	Strategic investments	Trading of gasoil and leather	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2019							
Amounts included in the measure of segment profit or loss:							
Depreciation	**135**	**6,062**	**509**	**6**	**719**	**–**	**7,431**
Fair value loss on financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**	**33,409**	**–**	**33,409**

	Sales of cultural products	Technology: System sales including software licensing and services	Technology: Leasing of system products	Strategic investments	Trading of leather	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2018						
Amounts included in the measure of segment profit or loss:						
Depreciation	65	7,159	1,390	6	–	8,620
Fair value gain on financial assets at fair value through profit or loss	–	–	–	15,077	–	15,077
Impairment losses recognised for inventories	4,222,621	–	–	–	–	4,222,621
Impairment losses recognised for trade receivables	–	411	–	–	–	411
Impairment losses recognised for other receivables	–	5,835	–	–	–	5,835

No information about segment assets and liabilities is presented as such information is not regularly provided to the chief operating decision maker for resource allocation and performance assessment purposes.

(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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "**PRC**"), including Hong Kong and Macau	**241,698**	6,011	**141,258**	218,200
Europe (mainly United Kingdom and Germany)	**143,966**	136,743	**28,640**	29,838
	385,664	142,754	**169,898**	248,038

Note: Non-current assets exclude the Group's interest in a joint venture and interest in an associate.

(d) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**121,632**	–
Customer B	**89,506**	–

Customer A and B contributed revenue from sales of gasoil during the year ended 30 June 2019.

No single customer contributed 10% or more to the Group's revenue for the year ended 30 June 2018.

4. DEPRECIATION

	2019	2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment, included in general and administrative expenses	**7,844**	9,411

5. INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
– United Kingdom ("**UK**") corporate income tax credit	**(1,059)**	(1,120)
– Germany corporate income tax	**405**	407
– Malaysia corporate income tax	**10**	–
– Hong Kong corporate income tax	**247**	–
	(397)	(713)
Deferred tax:		
– Charged/(credited) for the year	**49**	(77)
Income tax credit	**(348)**	(790)

UK corporate income tax is calculated at 19% (2018: 19%) on the estimated assessable profit derived from UK.

Pursuant to the rules and regulations of Germany, the Group is subjected to corporate income tax at 15% (2018: 15%) on the estimated assessable profit of the subsidiary which carried on business in Germany.

Pursuant to the rules and regulations of Malaysia, the Group is subjected to corporate income tax at 24% (2018: 24%) on the estimated assessable profit of the subsidiary which carried on business in Malaysia.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. For income generated in PRC earned by subsidiaries incorporated outside PRC is subjected to withholding tax at 10% (2018: 10%). There is no estimated assessable profit for PRC Enterprise Income Tax for both years.

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits derived from Hong Kong.

6. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2019 nor has any dividend been proposed since the end of reporting period (2018: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(72,177)**	(3,811,905)
Number of ordinary shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**673,214**	410,230

The weighted average number of shares for the purpose of basic loss per share for the year ended 30 June 2019 has been adjusted after taking into account of the rights issue which was completed on 18 July 2018.

The weighted average number of ordinary shares for the purposes of calculating basic loss per share for the year ended 30 June 2018 has been adjusted after taking into account the share consolidation occurred during the year ended 30 June 2018 and the bonus element of the rights issue which was completed on 18 July 2018.

Diluted loss per share for the year ended 30 June 2019 and 2018 were the same as the basic loss per share as there were no potential ordinary shares outstanding during both years.

8. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2019, the Group had additions to property, plant and equipment of HK$41,473,000 (2018: HK$9,115,000). The additions mainly represent the acquisition of vessel amounting to HK$33,309,000 with details set out in note 14.

9. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Raw materials	**7,352**	7,185
Work in progress	**6,352**	5,170
Finished goods *(notes)*	**44,143**	20,594
	57,847	32,949

Notes:

(i) Included in finished goods are gasoil and cultural products (including precious stones and antiques) of HK$25,275,000 and HK$12,428,000 (2018: Nil and HK$12,763,000) respectively, which are held for trading and resale in the ordinary course of business.

(ii) As at 30 June 2019 and 2018, all the cultural products of the Group were stored in a warehouse run by a world-renowned security solution company, which is an independent third party to the Group.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(note)*	**71,360**	30,575
Other receivables	**19,208**	21,699
Less: provision for impairment losses	**(8,724)**	(8,751)
	10,484	12,948
	81,844	43,523

Note:

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 Group's credit policy for sales of cultural products is cash on delivery.

The ageing analysis of trade receivables (after impairment allowance) presented based on the invoice date at the end of the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
0–60 days	**66,281**	28,622
61–90 days	**3,453**	1,896
91–180 days	**625**	57
Over 180 days	**1,001**	–
	71,360	30,575

Before accepting any new customer, the Group's finance and sales management team would assess the potential customer's credit worthiness and define the credit limit accordingly for the customers. Credit limits attributable to customers are reviewed regularly with reference to past settlement history and where appropriate, information about their current reputation. The Group's finance and sales management team considers trade receivables that are neither past due nor impaired to be of good credit quality as continuous repayments have been received.

The ageing analysis of trade receivable (after impairment allowance) that are neither individually nor collectively considered to be impaired are as follows:

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**69,226**	28,622
Less than 1 month past due	**853**	1,896
1 to 3 months past due	**280**	57
Past due over 3 months	**1,001**	–
	2,134	1,953
	71,360	30,575

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Unlisted equity investments		
– Companies A, B, C and D	**–**	–
– Company E *(note (i))*	**1,965**	–
Listed equity investments in Hong Kong *(note (ii))*	**49,646**	110,786
	51,611	110,786

Notes:

(i) On 29 March 2019, Allied Joy (Hong Kong) Limited ("**Allied Joy**"), a wholly-owned subsidiary of the Company and two other independent third parties entered into an agreement for the establishment of Company E, which was incorporated in British Virgin Islands ("**BVI**") with limited liability. Allied Joy subscribed for 25 ordinary shares of total US$250,000 (equivalent to approximately HK$1,965,000) of Company E. Pursuant to the Memorandum and Articles of Association of Company E, it required more than 50% of the voting rights of shareholders to pass all the resolution (including appointment and removal of directors of Company E). The other two shareholders together hold 75% of the equity interests of Company E, have joint control over Company E and appointed all directors in Company E. Upon the completion of the capital contribution, the Group holds 25% of equity interest in Company E. The Group has not appointed any director in the board of directors of Company E which is responsible for making decisions of the relevant activities of Company E. In this regard, the Directors conclude that the Group does not have significant influence over Company E and hence conclude that the investment in Company E is accounted for as a financial asset at fair value through profit or loss of the Group.

(ii) The fair values of the listed shares in Hong Kong are determined based on the quoted market closing prices available on the Stock Exchange.

As at 30 June 2018, the Group's listed financial assets at fair value through profit or loss with carrying amount of HK$81,638,000 were pledged to secure margin facilities granted by licensed securities companies in Hong Kong to the Group. The margin loan was fully settled during the year ended 30 June 2019.

12. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) Disposal of (1) Very Happy International Limited; (2) Happy Union Development Limited; (3) Lucky Success Development Limited; (4) Lucky Tone Investments Limited and (5) Chief Champion Limited (the "**Disposal Group A**")

On 22 March 2019, Champion (Cook Islands) Limited and KTT (Cook Islands) Limited (collectively, the "**Vendors A**"), direct wholly-owned subsidiaries of the Company, Gold Trinity International Limited (the "**Purchaser A**"), an independent third party and the Company (the "**Vendors' Guarantor**"), entered into a provisional sale and purchase agreement (the "**Provisional S&P Agreement A**"), in which the Purchaser A would acquire the entire issued share capital of and all debt owing by the Disposal Group A to each of the Vendors A as at completion at a cash consideration of HK$125,000,000. The assets and liabilities of the Disposal Group A have been classified as a disposal group held for sale.

The major classes of assets and liabilities comprising the Disposal Group A classified as held for sale are as follows:

	2019
	HK$'000
Assets	
Investment properties measured at fair value	**120,800**
Other receivables	**15**
Assets classified as held for sale	**120,815**
Liabilities	
Other payables	**221**
Liabilities associated with assets classified as held for sale	**221**

As the consideration was expected to exceed the net carrying amounts of the relevant assets and liabilities attributable to the Disposal Group A, no impairment loss has been recognised.

(b) Disposal of (1) Crown Zone Development Limited; (2) Ever Vast Development Limited; and (3) Wise Great Development Limited (the "**Disposal Group B**")

During the current year, the Group located buyer for the sale of the Disposal Group B and the Directors are confident that the sale of the Disposal Group B are highly probable. On 8 August 2019, Vast Acute Holdings Limited, Hero King Holdings Limited and Lucky Edge Holdings Limited (collectively, the "**Vendors B**"), wholly-owned subsidiaries of the Company, Sonic Jet Limited (the "**Purchaser B**"), an independent third party and the Company, (the "**Vendors' Guarantor**"), entered into a sale and purchase agreement (the "**S&P Agreement B**"), in which the Vendors B agreed to sell and the Purchaser B agreed to purchase the entire issued share capital of the Disposal Group B and all debt owing by the Disposal Group B to each of the Vendors B as at completion at a cash consideration of HK$36,600,000. The assets and liabilities of the Disposal Group B have been classified as a disposal group held for sale.

The major classes of assets and liabilities comprising the Disposal Group B classified as held for sale are as follows:

	2019
	HK$'000
Assets	
Investment properties measured at fair value	**33,600**
Other receivables	**63**
Assets classified as held for sale	**33,663**
Liabilities	
Other payables	**11**
Liabilities associated with assets classified as held for sale	**11**

As the consideration was expected to exceed the net carrying amounts of the relevant assets and liabilities attributable to Disposal Group B, no impairment loss has been recognised.

13. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**83,295**	7,751
Other payables	**42,263**	36,903
	125,558	44,654

The aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
0–60 days	**82,503**	7,751
Over 60 days	**792**	–
	83,295	7,751

The credit period for purchases of goods ranged from 30 days to 60 days.

14. PROMISSORY NOTE PAYABLES

The movements on the promissory note payables are as follows:

	2019	2018
	HK$'000	*HK$'000*
Promissory note payables		
– issued on 19 July 2017, unsecured *(note (i) and (ii))*	**65,786**	56,993
– issued on 21 June 2019, unsecured *(note (iii))*	**32,976**	–
	98,762	56,993

Notes:

(i) On 19 July 2017, the Company issued promissory note with principal amount of HK$120,000,000 in connection with the acquisition of assets and liabilities through the acquisition of subsidiaries. The promissory note carries interest at 1% per annum based on the principal amount then outstanding on a daily basis which shall be due and payable on the anniversary date of the issue date of the promissory note. The maturity date of the promissory note is 19 December 2019 or such other date as the Company and the holder(s) of the promissory note may agree in writing. Neither the Company nor the holder(s) of the promissory note may assign any of its rights and obligations without the prior written consent of the other party. The Company may repay all or part of the principal together with interest accrued thereon at any time prior to the maturity date by giving 7 days' prior written notice to the holder(s) of the promissory note.

(ii) On 12 December 2017, the Company early settled part of the promissory note with the principal amount of HK$50,000,000 by cash of HK$35,950,000 after further negotiations between the Company and the vendor after the acquisition. The amortised cost of the said promissory note was approximately HK$39,394,000 at the date of settlement. As such, gain on early redemption of promissory notes of approximately HK$3,444,000 was recognised during the year ended 30 June 2018.

(iii) On 21 June 2019, the Company issued promissory note with principal amount of US$4,200,000 (equivalent to HK$32,760,000) in connection with the acquisition of vessel. The promissory note carries interest at 0.5% per month on the principal amount with maturity date on 21 July 2019. The principal together with interest payable were fully settled by cash on 19 July 2019.

15. EVENTS AFTER THE REPORTING PERIOD

Disposal of Disposal Group A

On 22 March 2019, the Vendors A, both direct wholly-owned subsidiaries of the Company, the Purchaser A, an independent third party and the Vendors' Guarantor, entered into a Provisional S&P Agreement A, in which the Purchaser A would acquire the entire share capital of and all debt owing by the Disposal Group A to each of the Vendors A as at completion at a cash consideration of HK$125,000,000 (subject to adjustments under certain conditions).

For details, please refer to the Company's announcement dated 22 March 2019 and circular dated 24 April 2019. The transaction was completed on 8 July 2019.

Disposal of Disposal Group B

On 8 August 2019, the Vendors B, wholly-owned subsidiaries of the Company, Purchaser B, an independent third party and the Vendors' Guarantor, entered into a S&P Agreement B, in which the Vendors B agreed to sell and the Purchaser B agreed to purchase the entire issued share capital of the Disposal Group B and all debt owing by the Disposal Group B to each of the Vendors B as at completion at a consideration of HK$36,600,000.

For details, please refer to the Company's announcements dated 8 August 2019 and 23 August 2019 and circular dated 25 September 2019. The transaction is expected to be completed on or before 29 November 2019.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

As a result of the scope limitation on audit of available-for-sales investments and inventories as at 30 June 2017 which is more fully explained under the "Basis of Qualified Opinion on the Consolidated Financial Statements" below, the independent auditor of the Company will issue a qualified opinion on the consolidated financial statements of the Group. The following section sets out an extract of independent auditor's report regarding the consolidated financial statements of the Group for the year ended 30 June 2019:

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion on the Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended 30 June 2018, which form the basis for the comparative figures presented in the current year's consolidated financial statements, included a disclaimer of opinion in respect of the possible effects arising from the scope limitations on audit of available-for-sale investments and inventories on the Group's loss, changes in equity and cash flows for the year ended 30 June 2018. As the closing balances of the cultural products and the available-for-sale investments as at 30 June 2017 have been carried forward as the opening balances for the year ended 30 June 2018, any adjustments found to be necessary to the closing balances as 30 June 2017 may have a significant effect on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2018. Details of the disclaimer opinion were set out in the independent auditor's report in respect of the years ended 30 June 2018 and 30 June 2017 dated 27 September 2018 and 29 September 2017 respectively which were included in the Company's annual report for the year ended 30 June 2018 and 30 June 2017 respectively.

The matters of the above mentioned scope limitations no longer have any effect on the current figures in the consolidated financial statements for the year ended 30 June 2019.

However, the comparative figures presented in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows may contain material misstatements and hence may not be comparable with the figures for the current year.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Revenue

Champion Technology Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") reported a total revenue for the year under review of approximately HK$386 million compared with approximately HK$143 million in 2018, representing an increase of approximately 169 percent. This was mainly due to revenue generated in the trading activities, in particular, in gasoil during the year.

Loss attributable to Owners of the Company

The loss for the year under review is approximately HK$71 million (2018: approximately HK$4,476 million). Loss for the year attributable to owners of the Company is approximately HK$72 million (2018: approximately HK$3,812 million). The significant reduction of the loss for the year was mainly due to the absence of the impairment losses recognised in the inventory of cultural products and the fair values loss recognised on the investment properties acquired in last year. Loss per share for the year under review is HK$0.11 (2018: HK$9.29).

Distribution Costs

The Group's distribution costs for the year were mainly attributed to our principal subsidiary in United Kingdom – Multitone Electronics PLC ("**Multitone**") which recorded distribution costs for the year under review of approximately HK$29 million is compared with approximately HK$28 million in 2018.

General and Administrative Expenses

General and administrative expenses for the year under review decreased by approximately 22 percent to approximately HK$92 million (2018: approximately HK$118 million). The decrease was mainly attributable to the decrease in legal and professional fees and staff costs. In previous year, we incurred (i) approximately HK$94 million staff costs (for the year under review, staff costs reduced to approximately HK$89 million); (ii) HK$5 million fees for arranging the loan of HK$305 million; (iii) about HK$1.6 million in conducting some legal due diligence work on certain potential projects; and (iv) about HK$1 million legal cost related to the professional advice on matter related to the cultural products and available for sale investments. This was because the management of the Company has kept streamlining our workforce and our strategy of pursuing a more effective overhead structure.

Fair Value Gain/(Loss)

During the year under review, the Group recognised fair value gain on the investment properties of approximately HK$35 million, (2018: net fair value loss of approximately HK$151 million). The fair value gain mainly comes from increase in the fair value of the investment properties in Kantone Centre. As for the fair value loss of financial assets at fair value through profit or loss in current year, the detailed information is set out in the "Review of Operations" section below.

Finance Costs

Finance costs for the year decreased to approximately HK$40 million from approximately HK$51 million as compared with the fiscal year 2018, which was due to the reduction of borrowings during the year.

REVIEW OF OPERATIONS

System Products

During the year under review, our system products sector in the UK has remained one of the major sources of income of our Group. After the in-depth business study and introduction of the products of Multitone to mainland China and Hong Kong, we started to develop a new system solution product for our target customers, such as IoT service etc. More details of that development are provided in the "Outlook" section. So far, during the year under review, business and contribution from system products have remained steady and stable. The revenue for this sector was approximately HK$144 million (2018: approximately HK$137 million).

Cultural Products

Cultural products, including precious stones and artifacts, valued at HK$12,428,000 as at 30 June 2019 (as at 30 June 2018: HK$12,763,000) which have been held for trading and resale in the ordinary course of business are included in the inventories of the Group as at 30 June 2019.

Since November 2017, all such cultural products, totalling 368 pieces, have been kept in a secured warehouse run by a world-renowned security solution company, which is an independent third party to the Group.

Trading Business

As stated in the annual report 2018, the Company mentioned that gasoil trading was embarked, and, for this year, we are pleased to announce that our total revenue for trading of gasoil reached approximately HK$240 million. In addition, on 21 June 2019, the Company, through its indirect wholly-owned subsidiary of the Company, entered into the memorandum of agreement ("**MOA**") to purchase an oil tanker at the consideration of US$4,200,000 (equivalent to approximately HK$32,760,000). The oil tanker was a Panamanian flag Oil Tanker named "Distinction 01" (IMO Number: 9040455) which was built and first delivered in November 1992 with the length of 173.5 metres, breadth of 30 metres and moulded depth amidships to upper deck of 18.4 metres. The gross tonnage of the oil tanker is 25,800 metric tons and the carriage capacity of approximately 40,000 metric tons. After the acquisition of this oil tanker, the Company would be able to increase our revenue and earnings since the oil tanker will enable the Company to have its own vessel for transportation and storage of gasoil and will therefore enhance the Company's capability in seizing those opportunities of taking up lower than market price gasoil offered by those traders who may at times be under the stress of slow-moving inventory or financial pressure. In addition, it may be chartered out during those times when the oil tanker is not in used by the Group, which is expected to bring in operating income to the Group as an additional revenue source.

The profit margin is thin as compared with other types of trading but it is within the market norm. It is proved from the scale of the trading revenue of gasoil that the demand for gasoil is huge, and the source of customers should not be a problem though competition in this market is rather keen. This phenomenon explains why the profit margin is relatively thin. To tackle this situation, management has been actively networking with those buyers who demand higher quality gasoil and paving way for new source of low cost fundings.

Renewable Energy

During the year, we recorded a revenue about HK$245,000 from this sector, of which approximately HK$12,000 was attributed to the business model of sharing of revenue with customers on income generated under the Feed-in Tariff ("**FiT**") Scheme introduced by CLP Power Hong Kong Limited ("**CLP**"); approximately HK$200,000 was attributed to the design and construction fees on solar energy system and approximately HK$33,000 was attributed to the provision of system equipment in compliance with the FiT Scheme of CLP. For more details of the business models under this sector that is currently available to customers, please refer to the Outlook section below. Since the scope of services the Company provides is embracive and scalable, we are able to satisfy most of the needs of the market.

Securities Investments

The Group has invested in some Hong Kong listed securities, the details of which are given below:

The Group conducted certain short-term securities trading through the Company and its wholly-owned subsidiary, Champnet Limited.

During the year ended 30 June 2019, the Group recorded fair value loss on financial assets at fair value through profit or loss ("**Financial Assets at FVTPL**") of approximately HK$33 million (2018: fair value gain of approximately HK$15 million) which was attributable to unrealised loss of approximately HK$18 million and realised loss of approximately HK$15 million.

As at 30 June 2019, the fair value of the investments classified as "Financial Assets at FVTPL" amounted to approximately HK$52 million (2018: approximately HK$111 million). These investment portfolios comprised 11 (2018: 12) equity securities listed in The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") of which 6 (2018: 4) equity securities are listed on the Main Board of the Stock Exchange and the remaining 5 (2018: 8) equity securities are listed on the GEM of the Stock Exchange.

Details of these investments will be shown under section "Review of Operations" of the annual report for the year ended 30 June 2019.

Kantone Holdings Limited ("Kantone")

Revenue generated by Kantone and its subsidiaries (collectively, the "**Kantone Group**") was approximately HK$144 million, as compared with approximately HK$137 million of the previous year. Profit for the year was approximately HK$2.4 million, as compared with the loss for the previous fiscal year of approximately HK$1,644 million.

The Kantone Group recorded a slight increase in revenue of HK$7 million. During the year under review, the Kantone Group's momentum in the European market within the healthcare and emergency services sectors remained steady.

For maintaining the products' competitiveness, the Kantone Group has continued to focus on optimizing its development resources to provide customers with critical messaging solutions in the niche markets.

In addition, the Group's management has been working with the technical team in UK to develop a new business model for our potential customers in mainland China and Hong Kong market by providing them with tailor-made solutions. For details, please refer to the "OUTLOOK" section.

OUTLOOK

As stated in the interim report 2018, the future plans of the Group were to develop and achieve sustainable growth of its core businesses – trading of gasoil and cultural products, expansion of the markets and customer base for our UK subsidiary Multitone into mainland China and Hong Kong and expansion in the technology sector into the renewable energy field in Hong Kong. With the achievements made during the year under review, the management considered that the strategies adopted have been fruitful in achieving this aim.

Renewable Energy

We have demonstrated a high degree of flexibility in our modes of operation. Projects can be funded by users themselves and delivered by us. They can also adopt a three-way cooperation whereby the project is funded by a third party, while employing the user's rooftop, and delivered by us. Another alternative could be funded by us, employing the user's rooftop and, following the start of operation in the power generation unit, the two parties share the revenue from the FiT scheme in pre-agreed proportion.

Oil Trading

The Group managed to acquire an oil tanker at an opportune time as its hull had been refurbished in early 2019. During the negotiation period, oil prices fell which prompted the seller to settle for a lower price than first commanded. The tanker is currently functioning well and has generated profits to the company. Although current international trade disputes have not been resolved and the global economy is still on a downward trajectory, from a long-term perspective the economy will get back on the right track after the dust settles. Looking to the future, oil prices are expected to eventually bottom out. If the global economy recovers and the demand for crude oil increases, the refined oil price is expected to gradually increase. The past year's economic downturn has provided a buyer's market, and we have leveraged our bargaining power to make a timely purchase for the tanker.

System Products

As stated in the interim report 2018, the Group will continue exploring opportunities for the systems sales, lease and licensing segment and to broaden the geographic base of customers, especially to mainland China and Hong Kong market. During the year under review, through our business networks, some customers approached us seeking for a total solution for their business, such as IoT service and smart property management. Our technical team formed by Multitone and Multitone (Asia) Smart Communication Technology Company Limited are now working with the world's largest supplier of facial recognition products to enhance our existing system products by adding functions such as facial recognition, voice analytics and IoT integration. With such detecting functions, our system products will be able to get the alert signal directly from the sensors and cameras, and then automatically despatch instruction signals to the appropriate persons or units to enable them to deliver efficient, timely actions at low cost. We provide tailor-made total solutions to our customers, and it will be our focal point for our system products' development in the foreseeable future.

Property Sector

Following the completion of the acquisition of 51% equity interests of Golden Field Property Limited ("**Golden Field**") on 19 July 2017, the Group still considered that the diversification of its business portfolio into the PRC property sector should be profitable and would generate considerable return to the Shareholders. Therefore, the management of Golden Field has started negotiating with local government bodies for ways to have the site redeveloped into a commercial and residential complex in line with the latest progress of the Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area promoted by China. However, the management does not preclude the possibility of selling the project if the price is right.

ISSUE OF PROMISSORY NOTE

On 21 June 2019, the Company issued promissory note with principal amount of approximately HK$33 million and payable in full on 19 July 2019. For details, please refer to the announcement of the Company dated 23 June 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

The Group's financial position remained positive.

As at 30 June 2019, the Group had approximately HK$124 million (2018: approximately HK$113 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$474 million (2018: approximately HK$304 million) and current liabilities amounted to approximately HK$255 million (2018: approximately HK$129 million). With net current assets of approximately HK$218 million (2018: approximately HK$176 million), the Group maintained a healthy level of financial liquidity. The gearing ratio of the Group, which calculation was based on the Group's total borrowings of approximately HK$329 million (2018: approximately HK$340 million) and equity attributable to owners of the Company of approximately HK$72 million (2018: approximately HK$48 million), was 4.6 (2018: 7.1).

As at 30 June 2019, the Group's total borrowings comprised other borrowing of approximately HK$230 million (2018: approximately HK$280 million), margin loans of zero (2018: approximately HK$2.7 million) and promissory note payable of approximately HK$99 million (2018: approximately HK$57 million), approximately HK$99 million would be repayable within one year and approximately HK$230 million would be repayable in the second year (2018: approximately HK$54 million was repayable within one year and approximately HK$286 million was repayable in the following year). Finance costs for the year were approximately HK$40 million (2018: approximately HK$51 million).

Fund Raising Activities

During the year ended 30 June 2019, the Group completed a fund raising exercise to strengthen its financial position and raised total gross proceeds of approximately HK$86.7 million, with the net proceeds therefrom having been applied as follows:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of Proceeds	Actual use of proceeds
30 May 2018 *(Note)*	Rights issue on the basis of one rights share for every two existing shares held on the record date at HK$0.40 per rights share	Approximately HK$86.7million	For repayment of loan due to Guangdong Finance Limited under a facility agreement entered into between the Company and Guangdong Finance Limited and for investment in internet communication projects of the Group and for administrative expenses and operation expenses	HK$50.0 million was utilized for partial repayment of the loan owing to Guangdong Finance Limited and approximately HK$20.0 million was utilized for administrative expenses and operation expenses and payment of interest on borrowings and approximately HK$1.7 million was utilized for trading business; and the remaining amount of approximately HK$15.0 million will be utilized for investment on internet communication projects of the Group. Set out below is a further breakdown of the use of approximately HK$20.0 million as administrative expenses and operation expenses and payment of interest on borrowings:

Use of proceeds	Amount *(HK$'000)*
Loan interest	7,400
Cash flow for the trading business	8,300
General operating expenses	300
Legal and professional fee	400
Rent, management fee & government rates	1,000
Staff salary	2,600
Total:	20,000

Note: On 10 July 2018, 54 valid acceptances in respect of a total of 133,666,176 rights shares provisionally allotted and 60 valid applications for a total of 18,140,286 excess rights shares under the rights issue were received. In aggregate, acceptance of and applications for a total of 151,806,462 rights shares were received. Based on the acceptance and application results, the rights issue was undersubscribed. Pursuant to the terms of the underwriting agreement, the underwriters (Get Nice Securities Limited and Head & Shoulders Securities Limited) eventually took up the 76,137,154 undersubscribed shares.

Treasury Policy

The Group is committed to manage its financial resources prudently and to maintain a positive liquid financial position with reasonable gearing. The Group finances its operation and business development by a combination of internally generated resources, capital market instruments and banking facilities.

All the borrowings were used by subsidiaries of the Company in the form of fixed loans, margin loans and promissory notes. 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 significant exposure to foreign exchange is anticipated, appropriate hedging instruments will be used.

Capital Commitments

As at 30 June 2019, the Group's capital commitments which were authorised but not contracted for amounted to approximately HK$1.03 million (2018: Nil). These commitments were related to the renovation of premises in Hong Kong.

Charges

As at 30 June 2019, the other interest bearing borrowing of the Group of HK$230 million was secured by personal guarantee provided by Ms. Wong Man Winny (an executive Director and chairperson of the Board) and the 128,137,958 shares of Kantone owned by the Company which represents 64.94% of the issued share capital of Kantone. Mr. Cheng Yang (a previous Director who resigned on 15 August 2017 and had been a guarantor of this borrowing in previous years) ceased to be the guarantor with effect from 5 July 2018. Besides, certain property, plant and equipment of the Group with the aggregate carrying amounts of approximately HK$11 million have been pledged as collaterals for the defined benefit retirement scheme of certain subsidiaries operated in UK.

Contingent liabilities

As at 30 June 2019, the Group had no material contingent liabilities (2018: Nil).

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

a. On 21 June 2019, Champion Energy Logistics Co Ltd (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company and Prospera Angel International Company Limited (the "**Vendor**") entered into the MOA pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Oil Tanker named "Distinction 01" at the Consideration of US$4,200,000 (equivalent to approximately HK$32,760,000), which would be settled by way of a promissory note to be issued by the Purchaser to the Vendor. Further details of are set out in the announcement of the Company dated 23 June 2019. Delivery of the oil tanker took place during office hours of Panama on 21 June 2019.

b. On 22 March 2019, Champion (Cook Islands) Limited and KTT (Cook Islands) Limited (the "**Vendors A**"), both direct wholly-owned subsidiaries of the Company, Gold Trinity International Limited (the "**Purchaser A**") and the Company entered into the Provisional S&P Agreement A, pursuant to which the Vendors A conditionally agreed to sell the sale shares and the Purchaser A conditionally agreed to sell the sale shares in the Target Companies A, at the total consideration of HK$125,000,000, which would be settled by way of cash by the Purchaser. Chief Champion Limited, Happy Union Development Limited, Lucky Success Development Limited, Lucky Tone Investments Limited and Very Happy International Limited (the "**Target Companies A**") are principally engaged in property holdings in Hong Kong. Upon Completion A, the Target Companies A would cease to be subsidiaries of the Company. Formal agreement was signed on 5 July 2019 and completion of the transaction took place on 8 July 2019. Further details of this transaction are set out in the announcement and circular of the Company dated 22 March 2019 and 24 April 2019, respectively.

Save as disclosed in this announcement, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 30 June 2019.

REMUNERATION POLICY

As at 30 June 2019, the Group employed about 219 staff around the globe. Staff costs for the year ended 30 June 2019 were approximately HK$89 million (2018: approximately HK$94 million).

The remuneration of the employees of the Group is determined with reference to market terms and the performance, qualifications and experience of the individual employee.

Emoluments of the Directors are recommended by the Human Resources and Remuneration Committee of the Company after considering factors such as the Company's operating results, individual performance, salaries paid by comparable companies, and time commitment and responsibilities of the position.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

FINAL DIVIDEND

The Directors do not recommend any payment of final dividend for the year ended 30 June 2019 (2018: Nil).

EVENTS AFTER REPORTING PERIOD

a. On 5 July 2019, formal agreement was entered into in relation to the disposal of Kantone Center (i.e. as referred to the Disposal Group A of note 15) and the disposal was completed on 8 July 2019.

b. On 8 August 2019, Vast Acute Holdings Limited, Hero King Holdings Limited and Lucky Edge Holdings Limited (the "**Vendors B**") , all indirect wholly-owned subsidiaries of the Company, Sonic Jet Limited (the "**Purchaser B**") and the Company entered into a S&P Agreement B, pursuant to which the Vendors B conditionally agreed to sell and the Purchaser B conditionally agreed to purchase the sale shares and the shareholders' loans in Target Companies B, at the total consideration of HK$36,600,000. Crown Zone Development Limited, Ever Vast Development Limited, and Wise Great Development Limited (the "**Target Companies B**") are principally engaged in property holdings in Hong Kong, Upon Completion, the Target Companies B will cease to be subsidiaries of the Company. Further details are set out in the Company's announcements dated 8 August 2019, 23 August 2019 and circular dated 25 September 2019.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed the Company's listed securities during the year ended 30 June 2019.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2019 have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this preliminary announcement.

CODE OF CORPORATE GOVERNANCE

Throughout the year ended 30 June 2019, the Company complied with the code provisions in the code provisions of the Corporate Governance Code (the "**CG Code**"), contained in Appendix 14 to the Listing Rules, save for the deviation of code provision A.4.1 of the CG Code below:

Under the code provision A.4.1 of the CG Code, all non-executive Directors should be appointed for a specific term, subject to re-election. Whilst the non-executive Directors are not appointed for a specific term, the term of office for non-executive Directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Bye-laws. At each annual general meeting of the Company, one-third of the

Directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation so that each Director shall be subject to retirement at least once every three years. As such, the Company considers that such provision is sufficient to meet the underlying objectives of CG Code.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the year ended 30 June 2019, each of them has complied with the required standards as set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed with the management of the Group on the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters.

The annual results of the Company for the year ended 30 June 2019 have been reviewed by the Audit Committee.

By order of the Board
CHAMPION TECHNOLOGY HOLDINGS LIMITED
WONG MAN WINNY
Chairperson

Hong Kong, 27 September 2019

As at the date of this announcement, the executive directors of the Company are Ms. Wong Man Winny, Mr. Liu Ka Lim and Mr. Gao Hong; the non-executive directors of the Company are Ms. To Yin Fong Cecilica and Mr. Chan Sung Wai; and the independent non-executive directors of the Company are Mr. Leung Man Fai, Mr. Chan Yik Hei and Mr. Wong Yuk Man Edmand.