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 2020

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 2020 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 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*3*	**410,668**	385,664
Cost of sales		**(318,054)**	(299,350)
Gross profit		**92,614**	86,314
Other income, gains and losses		**16,998**	5,263
Gain on disposal of subsidiaries	*4*	**5,342**	3
Distribution costs		**(27,172)**	(29,229)
General and administrative expenses		**(96,996)**	(92,340)
Impairment losses recognised for inventories		**(230)**	–
Impairment losses recognised for other receivable		**(2,767)**	–
Fair value gain/(loss) on financial assets at fair value through profit or loss		**17,396**	(33,409)
Fair value (loss)/gain on investment properties		**(8,322)**	35,355
Research and development costs expensed		**(1,624)**	(2,619)
Finance costs		**(36,291)**	(40,458)
Share of result of a joint venture		**–**	(3)

	Notes	2020 HK$'000	2019 HK$'000
Loss before taxation		**(41,052)**	(71,123)
Income tax credit	*6*	**3,328**	348
Loss for the year		**(37,724)**	(70,775)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefits pension plans		**(20,922)**	(882)
Surplus arising from transfer of property, plant and equipment to investment properties		**–**	13,431
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(4,461)**	(7,804)
Other comprehensive (expense)/income for the year		**(25,383)**	4,745
Total comprehensive expense for the year		**(63,107)**	(66,030)
Loss for the year attributable to:			
Owners of the Company		**(39,521)**	(72,177)
Non-controlling interests		**1,797**	1,402
		(37,724)	(70,775)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(55,372)**	(64,303)
Non-controlling interests		**(7,735)**	(1,727)
		(63,107)	(66,030)
Loss per share – Basic and diluted	*8*	**HK$(0.06)**	HK$(0.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2020

		At 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**58,560**	64,018
Right-of-use assets		**6,872**	–
Investment properties		**44,210**	64,018
Development costs for systems and networks		**–**	–
Interest in an associate		**2**	2
Interest in a joint venture		**–**	449
Financial assets at fair value through profit or loss		**975**	–
Prepayment for property, plant and equipment		**–**	120
Finance lease receivable		**37,699**	41,742
		148,318	170,349
Current assets			
Inventories	*9*	**30,336**	57,847
Finance lease receivable		**3,944**	4,309
Trade and other receivables	*10*	**70,873**	80,821
Loan receivables	*11*	**17,771**	–
Financial assets at fair value through profit or loss		**67,686**	51,611
Tax recoverable		**2,437**	1,023
Cash and cash equivalents		**107,051**	123,632
		300,098	319,243
Assets classified as held for sale		**10,350**	154,478
		310,448	473,721
Current liabilities			
Trade and other payables	*12*	**47,751**	125,399
Contract liabilities		**23,654**	21,587
Lease liabilities		**3,701**	–
Warranty provision		**1,230**	1,347
Customers' deposits		**3,483**	3,483
Amount due to a director		**2,180**	4,180
Finance lease payable		**–**	168
Tax payables		**590**	159
Interest bearing other borrowing — amount due within one year		**10,000**	–
Promissory note payables		**40,557**	98,762
		133,146	255,085
Liabilities associated with assets classified as held for sale		**–**	232
		133,146	255,317

	At 30 June	
	2020	2019
	HK$'000	*HK$'000*
Net current assets	**177,302**	218,404
Total assets less current liabilities	**325,620**	388,753
Non-current liabilities		
Lease liabilities	**3,512**	–
Finance lease payable	**–**	463
Interest bearing other borrowing — amount due after one year	**200,000**	230,000
Retirement benefit obligations	**50,740**	25,301
Deferred tax liabilities	**8,644**	9,545
	262,896	265,309
Net assets	**62,724**	123,444
Capital and reserves		
Share capital	**68,383**	68,383
Reserves	**(51,078)**	3,825
Equity attributable to owners of the Company	**17,305**	72,208
Non-controlling interests	**45,419**	51,236
Total equity	**62,724**	123,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

The Group has applied, for the first time in the current year, the following new and revised HKFRSs issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"):

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRSs	Annual Improvements 2015–2017 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 Leases ("**HKFRS 16**") for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets. The lease liabilities were measured at their present value discounted using the incremental borrowing rates of the relevant group entities at the date of initial application. And the right-of-use assets were measured, by applying HKFRS 16.C8(b)(i) transition, at their carrying amounts as if the standard applied since the commencement date but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. applied a single discount rate to a portfolio of lease with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate of around 3.3% has been applied.

		At 1 July 2019
		HK$'000
Operating lease commitments disclosed as at 30 June 2019		12,570
Lease liabilities discounted at relevant incremental borrowing rates		11,019
Less: Recognition exemption — short term leases		(7,301)
Add: Finance lease payable recognised at 30 June 2019	*(note)*	631
Lease liabilities as at 1 July 2019		4,349
Analysed as:		
Current		1,570
Non-current		2,779
		4,349

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

		Right-of-use assets
		HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		3,509
Amounts included in property, plant and equipment under HKAS 17 — Assets previously under finance leases	*(note)*	688
		4,197
By class:		
Buildings		1,886
Motor vehicles		2,311
		4,197

Note: In relation to assets previously under finance leases, the Group had applied the practical expedient in HKFRS 16 and recategorised the carrying amounts of the relevant assets which were still under lease as at 1 July 2019 amounting to HK$688,000 as right-of-use assets. In addition, the Group reclassified the finance lease payables of HK$168,000 and HK$463,000 to lease liabilities as current and non-current liabilities respectively at 1 July 2019.

As a lessor

Lessor accounting under HKFRS 16 is substantially, unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 does not have any impact for leases where the Group is the lessor.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 June 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 July 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current Assets			
Property, plant and equipment	64,018	(688)	63,330
Right-of-use assets	–	4,197	4,197
Current Liabilities			
Finance lease payable	168	(168)	–
Lease liabilities	–	1,570	1,570
Non-current Liabilities			
Finance lease payable	463	(463)	–
Lease liabilities	–	2,779	2,779
Capital and Reserves			
Accumulated losses	(4,530,548)	(209)	(4,530,757)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[5]
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of Material[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods on or after 1 January 2021

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 June 2020

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact of the amounts reported and disclosures made in 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:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of cultural products	**190**	116
Technology — Sales of systems including software licensing	**91,542**	92,961
Technology — Rendering of installation and maintenance services	**36,108**	29,373
Technology — Design and sales of renewable energy products and solutions	**3,448**	245
Trading for gasoil and others	**253,954**	241,330
	385,242	364,025
Technology — Leasing of system products	**21,426**	21,639
Income from vessel charter	**4,000**	–
	410,668	385,664

(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. Seven (2019: six) operating and reportable segments under HKFRS 8 "Operating Segments" are identified as follows:

- Sales of cultural products – includes income from trading of cultural products
- Technology: System sales including software licensing and services – includes income from sales of systems including software licensing and provision of installation and maintenance services and sale of surveillance equipment
- Technology: Leasing of system products – includes income from leasing of system products
- Technology: Renewable energy – includes income from design and sales of renewable energy products and solutions
- Trading for gasoil and others – includes income from sales of gasoil, leather and face mask
- Strategic investments – includes income from financial assets at fair value through profit or loss
- Shipping business – includes income from vessel charter

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 others**	**Shipping business**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2020								
REVENUE								
External and total revenue								
Recognised at a point in time	**190**	**91,542**	**–**	**3,448**	**–**	**253,954**	**–**	**349,134**
Recognised over time	**–**	**36,108**	**21,426**	**–**	**–**	**–**	**4,000**	**61,534**
	190	**127,650**	**21,426**	**3,448**	**–**	**253,954**	**4,000**	**410,668**
RESULTS								
Segment result	**(2,052)**	**20,069**	**3,623**	**239**	**(2,652)**	**2,207**	**(3,355)**	**18,079**
Gain on extension of promissory note payable								**8,008**
Interest income								**4,895**
Gain on disposal of subsidiaries								**5,342**
Fair value loss on investment properties								**(8,322)**
Finance costs								**(36,291)**
Unallocated expenses, net								**(32,760)**
Loss on deregistration of a joint venture								**(3)**
Loss before taxation								**(41,052)**

	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 others	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	Renewable energy	Strategic investments	Trading of gasoil and others	Shipping business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2020								
Amounts included in the measure of segment profit or loss:								
Depreciation of property, plant and equipment	**21**	**6,774**	**610**	**47**	**598**	**30**	**4,214**	**12,294**
Depreciation of right-of-use assets	**–**	**1,570**	**275**	**–**	**494**	**–**	**–**	**2,339**
Fair value gain on financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**	**17,396**	**–**	**–**	**17,396**
Loss on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**86**	**–**	**–**	**86**
Impairment losses recognised for inventories	**230**	**–**	**–**	**–**	**–**	**–**	**–**	**230**

	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 others	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

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		Non-current assets *(Note)*	
	Year ended 30 June		As at 30 June	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "**PRC**"), including Hong Kong and Macau	**263,724**	241,698	**116,507**	141,258
Europe (mainly UK and Germany)	**146,944**	143,966	**31,809**	28,640
	410,668	385,664	**148,316**	169,898

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:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**–**	121,632
Customer B	**–**	89,506
Customer C	**166,489**	–
Customer D	**84,786**	–

Customer A, B, C and D contributed revenue from sales of gasoil during the years ended 30 June 2020 and 2019.

4. GAIN ON DISPOSAL OF SUBSIDIARIES

Year ended 30 June 2019

On 22 May 2019, the Group agreed to dispose of its entire interest in Champion Renewable Energy Technology Company Limited ("**CRET**") to an independent third party for a cash consideration of HK$10,000.

As at the disposal date 22 May 2019, the collective carrying amount of net assets disposed of amounted to HK$17,000, mainly representing other receivables of HK$12,000 and bank balances of HK$5,000. The derecognition of non-controlling interest amounted to HK$10,000. The net gain on disposal of the subsidiary amounted to HK$3,000.

Year ended 30 June 2020

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 debts owing by the Disposal Group A to each of the Vendors A as at completion date at a cash consideration of HK$124,872,000. The consideration was fully settled on 8 July 2019.

The transaction was completed on 8 July 2019, the collective carrying amount of net assets disposed of amounting to HK$120,594,000, mainly representing investment properties of HK$120,800,000, other receivables of HK$15,000 and other payables of HK$221,000. The net gain on disposal of subsidiaries after deducting the direct cost amounted to HK$2,921,000. The net inflow arising on disposal of the Disposal Group A was HK$123,515,000.

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

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 debts owing by the Disposal Group B to each of the Vendors B as at completion date at a cash consideration of HK$37,030,000. The consideration was fully settled on 8 November 2019.

The transaction was completed on 8 November 2019, the collective carrying amount of net assets disposed of amounting to HK$34,130,000, mainly representing investment properties of HK$33,600,000, other receivables of HK$533,000 and other payables of HK$3,000. The net gain on disposal of subsidiaries after deducting the direct cost amounted to HK$2,421,000. The net inflow arising on disposal of the Disposal Group B was HK$36,551,000.

5. DEPRECIATION

	2020	2019
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment, included in general and administrative expenses	**12,309**	7,844
Depreciation of right-of-use assets	**2,339**	–

6. TAXATION

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
— Germany corporate income tax	**329**	405
— Malaysia corporate income tax	**150**	10
— Hong Kong profits tax	**338**	247
	817	662
Over-provision in prior years:		
— United Kingdom ("**UK**") corporate income tax credit	**(3,244)**	(1,059)
Deferred tax:		
— (Credited)/charged for the year	**(901)**	49
Income tax credit	**(3,328)**	(348)

UK corporate income tax is calculated at 19% (2019: 19%) on the estimated assessable profit derived from UK.

Pursuant to the rules and regulations of Germany, the Group is subject to corporate income tax at 15% (2019: 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 subject to corporate income tax at 24% (2019: 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% (2019: 10%). There is no estimated assessable profit for PRC Enterprise Income Tax for both years.

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits derived from Hong Kong.

7. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2020 nor has any dividend been proposed since the end of reporting period (2019: Nil).

8. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(39,521)**	(72,177)
Number of ordinary shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**683,831**	673,214

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.

Diluted loss per share for the years ended 30 June 2020 and 2019 were the same as the basic loss per share as there were no potential ordinary shares outstanding during both years.

9. INVENTORIES

	2020	2019
	HK$'000	*HK$'000*
Raw materials	**9,582**	7,352
Work in progress	**2,984**	6,352
Finished goods *(notes)*	**17,770**	44,143
	30,336	57,847

Notes:

(i) Included in finished goods are gasoil of nil (2019: HK$25,275,000) and cultural products (including precious stones and antiques) of HK$11,583,000 (2019: HK$12,428,000), which are held for trading and resale in the ordinary course of business.

(ii) As at 30 June 2020 and 2019, all the cultural products of the Group were stored in a warehouse run by a world-renowned security company, which is an independent third party to the Group.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables *(note)*	**59,992**	71,360
Other receivables	**16,564**	12,377
Less: provision for impairment losses	**(5,683)**	(2,916)
	10,881	9,461
	70,873	80,821

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:

	2020	2019
	HK$'000	*HK$'000*
0–60 days	**39,091**	66,281
61–90 days	**3,438**	3,453
91–180 days	**17,412**	625
181–365 days	**–**	1,001
Over 365 days	**51**	–
	59,992	71,360

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:

	2020	2019
	HK$'000	*HK$'000*
Neither past due nor impaired	**40,925**	69,226
Less than 1 month past due	**1,970**	853
1 to 3 months past due	**17,046**	280
Past due over 3 months	**–**	1,001
Past due over 1 year	**51**	–
	19,067	2,134
	59,992	71,360

11. LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loan receivables	**23,256**	5,808
Less: provision for impairment losses	**(5,485)**	(5,808)
	17,771	–

As at 30 June 2020, loan receivables (net of ECL) of HK$17,771,000 (2019: Nil) were due from six borrowers (2019: a borrower), unsecured and with personal guarantee. All the loan receivables are denominated in RMB. The loan receivables carry fixed interest rates ranging from 10% to 16% (2019: 10%) per annum with maturity date within 12 months from the loan draw down date. Up to the date of this announcement, HK$17,771,000 was received by the Group.

12. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**9,541**	83,295
Other payables	**38,210**	42,104
	47,751	125,399

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

	2020	2019
	HK$'000	*HK$'000*
0–60 days	**8,749**	82,503
Over 60 days	**–**	792
91–365 days	**–**	–
Over 1 year	**792**	–
	9,541	83,295

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

13. EVENTS AFTER THE REPORTING PERIOD

(a) Disposal of property

On 23 June 2020, Eternal Huge Development Limited (the "**Vendor C**"), an indirect wholly-owned subsidiary of the Company, Bhavana Kowloon Limited (the "**Purchaser C**") and Win Talent Property Agency Limited entered into Provisional Sale and Purchase Agreement, pursuant to which the Vendor C conditionally agreed to sell and the Purchaser C conditionally agreed to purchase Factory B on 24/F and Balcony thereof and Store Room thereof, Kingsford Industrial Building, Phase I, Nos. 26–32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong for a consideration of HK$10,350,000. Formal agreement was signed on 8 July 2020 and completion of the transaction took place on 27 August 2020. Further details of are set out in the announcements of the Company dated 23 June 2020, 26 June 2020 and 27 August 2020.

(b) Possible Litigation

The Company's board of directors has received several letters since 13 July 2020 from the solicitors of two shareholders (the "**Confronting Shareholders**") claiming to hold 2.55% of the Company's issued shares. The latest one was dated 25 September 2020. Through their solicitors, the Confronting Shareholders are threatening to make separate applications under sections 732 and 740 of the Companies Ordinance (Cap 622 of the Laws of Hong Kong) to (a) bring a derivative action on behalf of the Company in respect of misconduct by former directors; and (b) request for inspection and copies of documents and/or further information.

The Board is taking legal advice on the matter and in correspondence with the Confronting Shareholders' solicitors. If legal proceedings are brought against the Company, the Company may incur legal expenses and, additionally or alternatively, become subject to costs orders against it. It is not possible to accurately estimate the amount of such expenses or costs at this stage, or predict whether they may or may not be sufficiently compensated by recoveries that may be made by the Company. For further details, please refer to the announcement of the Group dated 29 September 2020.

Subject to applicable laws and regulations, including those relating to preservation of confidentiality, further announcements will be made in accordance with the Listing Rules.

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$411 million compared with approximately HK$386 million in 2019, representing an increase of approximately 6.5 percent. This was mainly generated from renewable energy projects, trading business in gasoil and charter income from oil tanker during the year.

Loss attributable to Owners of the Company

The loss for the year under review is approximately HK$38 million (2019: approximately HK$71 million). Loss for the year attributable to owners of the Company is approximately HK$40 million (2019: approximately HK$72 million). The significant reduction of the loss for the year was mainly due to the recognition of (i) the other income of approximately HK$17 million, (ii) gain on disposal of subsidiaries of approximately HK$5 million and (iii) the fair value gain from our securities investment of approximately HK$17 million. Loss per share for the year under review is HK$0.06 (2019: HK$0.11).

Other Income, Gains and Losses

During the Year, the Group recognized other income of approximately HK$17 million (2019: approximately HK$5.3 million) which is mainly attributed to the gain from extension of promissory note payable of approximately HK$8 million and interest income of approximately HK$5 million.

Distribution Costs

The Group's distribution costs for the year were mainly attributed to our principal subsidiary in United Kingdom — Multitone Electronics PLC ("**Multitone UK**") which recorded distribution costs for the year under review of approximately HK$27 million as compared with approximately HK$29 million in 2019.

General and Administrative Expenses

General and administrative expenses for the year under review increased by approximately 5.43 percent to approximately HK$97 million (2019: approximately HK$92 million). The management of the Company has still kept streamlining our workforce and our strategy of pursuing a more effective management overhead structure such as reduction of rental expenses. The overall increase was mainly due to depreciation charges of (i) oil tanker of approximately HK$4.2 million, and (ii) retirement benefit in our UK subsidiary of approximately HK$9.3 million recognized during the year (2019: approximately HK$1 million).

Fair Value Gain/(Loss) of Financial Assets at Fair Value through Profit or Loss

During the year under review, the Group recognised fair value gain on the financial assets of approximately HK$17 million (2019: fair value loss of approximately HK$33 million). As for the fair value gain 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$36 million from approximately HK$40 million as compared with the fiscal year 2019, which was due to the decrease in interest paid on the other interest bearing borrowing after early partial repayment of other interest bearing borrowing during the year.

REVIEW OF OPERATIONS

2020 has been a most volatile year. The outbreak of COVID-19 has swept the world by storm. Tourism and flight transportation industry were suddenly brought to a standstill. The dining and retail industries have slowed to a trickle. The stock market of the financial and traditional sectors plunged and the surrender of deposits by buyers of newly developed properties resurfaced. Business environment in Hong Kong was gravely challenging.

COVID-19 has forced people to keep social distance. Traditional business sectors were suffering from the impact of the pandemic, although the degree of impact varied across different sectors. However, the development of information technology industry seems to have been scarcely affected. The pandemic has provoked people to rethink deeper contemplation, and it also compels management of enterprises and social organizations to transform and look for smart intelligent products, and the awareness for social distancing. The business of the Group has always targeted for high-tech and smart products. It is time for the Group to serve the society with its profession and tailor-made IoT smart products. There are ample business opportunities ahead of the Group.

Trading Business

The leasing of oil tanker and gas oil trading are also a key transportation business of the Group. The oil tanker is operating well with 100% occupancy rate. Apart from facilitating our oil trading transactions, it also generated positive cashflow to the Group. In spite of fluctuation in oil trading cycle, the revenue remained stable and the return was reasonable. The rental revenue and gas oil annualized profit ratio is at 13%. While we experience global recession and businesses were withering, our revenue from the leasing of oil tanker of HK$4 million and gas oil trading of approximately HK$251 million are encouraging.

Technology Business — Renewable Energy

2020 has been a difficult year globally. As a result of the continuing outbreak of COVID-19, some of our solar energy power-generating projects have fallen behind the original schedules due to social distancing and delay in the production of certain cluster units. Despite all the challenges we face, the Group has been able to maintain its delivery of high-quality consultation and installation services for the solar energy power-generating projects so as to ensure that all our customers' needs are met.

Over the past year, we have strengthened the promotion of our solar energy projects, including the posting of banners in different locations in Hong Kong, and distributing advertising brochures in many districts. The Group is currently working on more than a hundred solar energy projects, whose business scope is wide and includes roof-tops of village houses and warehouses in the New Territories, roof-tops of residential buildings and commercial buildings in urban areas and some qualified idle land in the New Territories as well. Those projects were carried out by a dedicated and professional team of the Group.

Our solar energy professional team has been dedicated to the continual upgrading of solar energy systems tailor-made by the Group. Taking advantage of our past experiences, we have successfully optimised the production procedures and have improved the quality of final products, be it system integration or software, after the team's repeated virtual simulations and practical experiments. As stated in our Annual Report 2019, the adoption of multiple professional simulation softwares such as the wind tunnel simulation software and the 3D structural design, coupled with pertinent project design tools have enabled us to arrive at quick estimation of production and efficiency simulation specific to each case. This has led to the construction of three-dimensional models which strengthened the accuracy of our critical path analysis, enabling smoother project progression and higher efficacy, escalating the return on investment for both our Company and our customers.

In addition, the Group is pleased to have started working in collaboration with one of the leading solar energy developer in the industry, the founder member of Widex Technology Development Limited ("**Widex**"), and has established a new joint venture company named Champion Widex Solar Energy International Limited. Our partner, Widex, has over ten years of experience in solar power generation projects. Their customers include government departments, power grid companies, and educational institutes. The footprints of their solar power plant projects can be seen worldwide. Local projects include the Electrical and Mechanical Services Department headquarters, Environmental Protection Department, Civil Engineering and Development Department, Siu Ho Wan Sewage Treatment Works, Hong Kong Polytechnic University, City University of Hong Kong, Breakthrough Youth Village, Li Po Chun United World College of Hong Kong, etc. Showcase projects can be found in Germany, Gunma Prefecture in Japan and Taiwan. The joint venture company will be focusing on large-scale solar energy projects, including sizeable housing estates, shopping malls, industrial and commercial blocks and school buildings.

Solar power is usable energy generated from the sun. It is a clean, inexpensive, and renewable power source harnessable almost anywhere in the world. The use of solar energy puts Hong Kong in the global advanced society, as it is very much an important part of the Group's business. Our team in solar energy business worked hard and performed well. They have completed a lot of solar energy projects over the year, and some of the projects have been approved by CLP Power Hong Kong Limited or HK Electric Investments Limited and accessed to the power grid, which has generated revenue and won the praises of the masses.

The incorporation of Champion Widex is a fusion of strong partners. Champion Widex will continue to develop its significant projects and effectively utilize its resources to ensure that benefits are accrued to the Group. The establishment of Champion Widex is indeed a step towards a grand vision on the macro development of the Group, ensuring that from our base in Hong Kong, we will adopt a global vision and endeavor to achieve in the face of adversity, overcoming all challenges with determination.

Kantone Holdings Limited ("Kantone")

Revenue generated by Kantone and its subsidiaries (collectively, the "**Kantone Group**") was approximately HK$147 million, as compared with approximately HK$144 million of the previous year. Profit for the year was approximately HK$3.9 million, as compared with the profit for the previous fiscal year of approximately HK$2.4 million.

The Kantone Group recorded an increase in revenue of approximately HK$3 million. During the year under review, the Kantone Group's growth in the European market within the healthcare, emergency services and smart city communication sectors remained steady.

In order to maintain the competitiveness of our products and solutions, the Kantone Group has continued to focus on optimizing its research and development resources to provide customers with specific critical messaging and smart city solutions.

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 the Mainland China and Hong Kong markets by providing them with tailor-made solutions. For details, please refer to the "OUTLOOK" section.

System Products

As stated in our annual report 2019, the Group is determined to focus on the development and promotion of smart cities in the System Products sector during this year.

Champion Technology Holdings Limited is a technology-based concern. In the midst of COVID-19, the Group rolled out an anti-pandemic product "Smart Body Temperature Detecting System". Since the promulgation by the Hong Kong government on the prohibition of group gathering, people have to undergo body temperature check when they enter restaurants and shopping malls. In most occasions, their body temperatures were measured by staff individually with hand-held thermometer. Such body temperature measuring method was bothersome and time consuming. However, the "Smart Body Temperature Detecting System" of the Group can detect temperatures of dozens of people at the same time with instant alert function, and can even follow up by emails. This product will make the society better off and answer the needs of today's society. Because of its robust function and easy operation, the product received positive response on the market. The product can be conveniently installed in schools, commercial buildings and malls to protect citizens, helping to contain an outbreak with technology. The Group is committed to combating the COVID-19 actively and doing its part in contributing to the fight against the pandemic. Multitone UK and Multitone (Asia) Smart Communication Technology Company Ltd ("**Collectively, Multitone**") have become an important part of the Group's business. With its long experience in the area of critical message, remote monitoring and control as we head into the era of 5G applications in our community, it will offer solutions that will, in addition to its originating base — UK, enable the continual advance of Hong Kong small and medium enterprises and allow them to keep pace with the times.

COVID-19 has disrupted human communications and traditional supply chains, which in turn has evolved into an economic crisis. However, the presence of Internet of Things (IoT), through smart machines and remote control, has helped operators reduce or eliminate the need for direct contact with customers while continuing with social and economic activities. We are confident that the Group will efficiently harness technology to overcome all challenges! Multitone is committed to the promotion of IoT, which is the best anti-pandemic means for corporates to revolutionize their business with smart elements, in order to get out of the shadow of COVID-19 and to lead the field as it revives.

As a modern city, Hong Kong has had a headstart over other Asian regions, leading the region in the last century. With the rise of China's economy and the opening up of other Asian economies, Hong Kong can no longer rest on its past laurels and must innovate to keep its competitive edge. The development of smart city and IoT is truly the preferred option for Hong Kong's development.

Smart office, smart community, smart home management and automated driving are some of the fundamental elements of a smart city. Rather than accomplishing these overnight, they must be carefully realized step-by-step by professional technicians. The many aging commercial and office buildings in Hong Kong are falling behind in terms of energy efficiency and automation. With the help of the various smart equipments and the "IoT Facility Management System" developed by of the teams at Multitone, many of these buildings can be updated and completely transformed. The IoT Facility Management System can support multiple industrial communication protocols and connect with various IoT systems, turning old equipment into something that can be remotely operated and, together through the cloud platform, be ready for united operation and monitoring.

IoT Facility Management System is a key product of Multitone. One of its functions is the setting up of remote operations. The system is applicable to solar energy system, home management system, plant electricity control and office electricity control. By connecting the remote control system with the IoT Facility Management System, the status of each on-line equipment can be monitored, controlled and operated remotely.

The Mesh Network System is another key product of Multitone and is very suitable for use in updating the management systems of old buildings. Many of the buildings in housing estates in Hong Kong have been erected since the last century, whose video monitors, fire alarms, sprinklers and walkie-talkie systems are rather outdated. Upgrading these systems may require a huge amount of work in resurfacing pipelines. As such, the owners of buildings are reluctant to upgrade the buildings. However, if they engage us to upgrade their buildings, we may apply the Mesh Network System to upgrade the respective terminal monitor or probe, and connect them to the roof top and the mesh Wi-Fi network, so that the respective buildings can be connected and the signals can be transmitted to a central control desk. In this vein, it saved a lot of construction works, time and money. Mesh Network System is an efficient way to upgrade these to a smart monitoring system while reducing the need for manpower.

IoT is an important foundation for the realization of a smart city. Sensing equipment is installed on various devices and connected to the Internet through the local area network and a wide area network for inter-connection, so that different devices can coordinate with each other to collect data and track usage conditions, to monitor, to control remotely, and to facilitate automated systems and processes. Combined with big data analysis, machine learning and artificial intelligence, IoT realizes intelligent management and improves management efficiency to a higher level. These indispensable solutions to modern management form a significant part of the Group's business. We believe that our continued commitment and hard work to the business will deliver fruitful results eventually!

During the year under review, the technical team of Multitone developed the "IoT Facility Management System" based on the Group's solar energy business's electrical industry foundation and years of accumulated experience in system and network integration. This system supports multiple industrial communication protocols, can be connected to various IoT devices, and is compatible with various traditional devices by deploying IoT edge modules in order to make the old equipment into one that can be remotely controllable and testable, and through the cloud platform for united monitoring and operation. After using the "IoT Facility Management System" as a software stack and combining with Multitone's inherent smart communication products, complete functional solutions were integrated into the products with functions of "detection, monitoring, alarm, support, and communication" have been introduced. That also applied to building management, security monitoring, elderly care, solar power plant management, etc., and open up a new field for the Group's technology business.

Cultural Products

Cultural products, including precious stones and artifacts, valued at HK$11,583,000 (as at 30 June 2019: HK$12,428,000) which have been held for trading and resale in the ordinary course of business included in the inventories of the Group as at 30 June 2020.

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.

Dongguan Hotel Project

As disclosed in the announcement of the Company dated 19 July 2017, regarding the disclosable transaction in relation to the acquisition of the 51% equity interest of a Hong Kong company that indirectly owns a hotel in Dongguan through a PRC subsidiary (the "**Acquisition**"), the Directors considered the Acquisition was in line with the Group's business diversification strategy. In addition, as disclosed in the Audited Condensed Consolidated Statement of Assets and Liabilities which was announced on 30 April 2018, we noted that the market condition in Dongguan had changed, with the demand for hotel rooms in those areas, as expected, continued to remain gloomy, and this aspect was considered when this project was scrutinised. However, by virtue of the sub-contracting agreements, the Company can on one hand benefit from the steady, guaranteed income, while it may, on the other hand, take the initiative to terminate the agreements with the hotel operator as and when we consider appropriate.

If the sub-contracting agreements are terminated, we may redevelop the subject properties (together with the vacant and unused portions of land adjacent thereto) afresh into, proposedly, a brand new residential commercial complex project, whereby unlocking the true and inherent value of the land.

Hence there is hidden potential in this project which we consider the Company would be able to realize in the foreseeable future.

The hotel industry has suffered heavily from the outbreak of COVID-19. In consideration of the plight of our hotel operator in China, the Group agreed to grant a one-off rental relief for a period of six months. By the end of the relief period, the rental shall revert to its original level.

Securities Investments

The Group has invested in some Hong Kong listed securities, and the Group conducted this short-term securities trading were through the Company and its wholly-owned subsidiary, Champnet Limited.

During the year ended 30 June 2020, the Group recorded fair value gain on financial assets at fair value through profit or loss ("**Financial Assets at FVTPL**") of approximately HK$17 million (2019: fair value loss of approximately HK$33 million which was attributable to the negative impact of global economic turmoil and the US-China trade war) which was attributable to a balanced portfolio.

As at 30 June 2020, the fair value of the investments classified as "Financial Assets at FVTPL" amounted to approximately HK$68 million (2019: approximately HK$52 million), of which investment portfolios comprised 10 (2019: 11) equity securities listed in The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and one unlisted security, the investment of listed securities of which 7 (2019: 6) equity securities are listed on the Main Board of the Stock Exchange and the remaining 3 (2019: 5) equity securities are listed on the GEM of the Stock Exchange.

OUTLOOK

No one could have gazed into a crystal ball and forecasted the pandemic and recession this year. In spite of this, the management of the Group remains prudent in financial management and will keep monitoring the external economic environment. The Group will dispose of immovable properties whenever appropriate to reduce the debt ratio. Although the business environment is unprecedently challenging, the Group will persevere with its operation amidst adversity.

Champion Technology Holdings Limited is technology based and has played an active part in the fight against pandemic.

Champion Technology Holdings Limited relies on the strength of technology to forge Hong Kong into a smart city, joining hands with industry leaders.

We anticipate that astute entrepreneurs in Hong Kong, awakened by the pandemic, will recognize the strength of technology and work on building a smart business environment. They will be able to help their staff to combat the pandemic and to improve their enterprises' competitiveness. With the help of science and technology, Hong Kong will become a smart city, and the crisis will turn into an opportunity for business to thrive and enable Hong Kong to rise from the crisis!

Although the Covid-19 pandemic has not subsided, the Group is confident that it would accomplish the delayed projects in an orderly manner. On the premise that safety is of paramount importance, we will strive to complete the projects while minimising the negative impact brought about by the pandemic.

In order to enhance the efficiency of our solar power generation systems, our solar energy professional team is working to integrate our existing IoT intelligent monitoring system with the solar power generation technology, and monitoring the Group's solar power generation stations remotely with the cloud online platform. The team has taken advantage of the cutting edge inverter technology to stabilise the efficiency of the overall power generation, thus substantially decreasing the time required to restart the system and, contributing significant return on investment for our customers and the Group.

Our joint venture partner has been an established company for years and is well known in the industry both domestically and abroad. They not only offer services to local customers such as government departments, commercial organisations, educational institutes, private enterprises and residential users, but have also handled solar power plant projects overseas, including Taiwan, Japan and Germany. The establishment of the new joint venture company, Champion Widex Solar Energy International Limited, would enable the Group to expand our market into those large-scale solar projects. We will seize the opportunity to build new iconic and representative solar power generation projects together with our partner, and will strive to gain a larger market share in the solar power generation industry.

With worsening global warming nowadays, the issue at stake is how to protect the environment. Globally, renewable energy has been widely adopted to replace fossil fuels. The HKSAR government seems to have the desire to follow such global trend. As a result, in order to encourage local use of solar and wind power generation, the Feed-in Tariff (FiT) Scheme was introduced three years ago. The CLP Power Hong Kong Limited and HK Electric Investments Limited then started to process FiT applications since May 2018 and January 2019 respectively. The Group believes that as the public becomes more familiar with solar power generation, coupled with the continuously improving technology of the Group and a growing variety of solar panel designs and the drop in installation costs and the enhancement of power generation efficacy, the rapid development of solar power generation in Hong Kong is inexorable. The Group is committed to protecting the environment, while doing our best to maximise earnings for our shareholders.

Trading Business

This is our third year in the gasoil trading business since 2018. The gasoil trading business is now one of our core businesses and provides the Group with a stable and substantial source of revenue. The drop in price of crude oil in April 2020 revealed that transportation and storage capability/capacity could be crucial factors that substantially affect the price. Our acquisition of an oil tanker in 2019 has not only provided us with a stable chartered income, but also guaranteed a short-time storage facility to our customers so as to alleviate their pressure on storage rental cost. In view of the continued downward trend of commodities, we are contemplating on the possibility of identifying the opportunity to seek a better replacement vessel with larger storage capacity in the near future. The replacement, if materialized, should further strengthen our income stability and bargaining power with a view to attaining better purchase source of gasoil.

There is clearly a long way to go before we can put the COVID-19 crisis behind us. However, we are encouraged by the solidarity shown by policy makers across producer and consumer countries, who work closely together to meet this historic challenge and restore stability to the oil market. As the inelastic demands in gasoil remains, we are cautiously optimistic in the gasoil trading business.

Technology Business — Renewable Energy

As stated in the interim report 2019, we have entered into a mature stage in terms of our sophistication in solar energy technology. Expansion of the business is however somewhat delayed by the pandemic as social distancing becomes the new normal. In view of that, we have been active to explore more opportunities and to secure more projects from the government and large organizations in order to increase our market shares in terms of electric generated scale. As stated in our Review of Operations section, we expect to attain that by partnering with Widex — a leading solar energy system developer in Hong Kong who has provided some large scale solar power plant projects over the world, such as Mainland China, Japan and Taiwan. In Hong Kong, their clients include government departments, power grid companies, educational institutes, commercial corporations and residential houses etc. With our own market share in some idle land in the New Territories, this will ensure the further diversification of our solar energy projects and increase the types of our customers and the scale of their projects.

Technology Business — System Products

Expansion of the markets and customer base for our Multitone UK into Mainland China was temporarily delayed somewhat by the pandemic. Due to this reason, we decided to partner with the founder of OT Systems Limited ("**OT systems**") by setting up a subsidiary company to attain synergy effect and to take the first step in providing service in Hong Kong before fully exploring Mainland China market. OT Systems has extensive business network and possesses advanced and excellent technology in the field of networking products, a number of mobile surveillance, thermal detection, smart environment and hygiene solutions and construction safety solutions, etc. Their customers include Hong Kong International Airport and Food and Environmental Hygiene Department, Environmental Protection Department, Water Supplies Department, CLP Power Hong Kong Limited and China

Overseas Construction, etc. In addition, their Artificial Intelligence Video Analytics for traffic control helps us improve and promote our Mall Call Smart Alert System in UK and also in Hong Kong. A smart city is one which applies different innovation and technology in the systems and services of urban management to enhance resource efficiency, urban management and services and the betterment of citizen's quality of life. The furtherance of smart city has always been a top priority in the government's agenda. The business in smart city application are a relatively stable and safe source of revenue.

As the IoT smart application solutions become more mature, we have contacted and negotiated with many well-known local telecommunications companies, technology companies and property management companies earlier, we have actively promoted the development of various cooperation plans. The Group expected to strive for greater market shares in the coming year.

During the epidemic, greater importance is attached to various wireless and remote-control technologies. The Group's technical team will strengthen the development of related technologies and try to add more new elements to the existing systems to create more advanced and complete smart application solutions, hoping to assist the companies in responding to various threats and emergencies in the future.

The Covid-19 has not yet been under control. The Group will continue to use stable, long-lasting, and far-reaching smart communication technology to assist customers and the public to overcome the difficulty.

The Group hopes that the world's epidemic will be eased as soon as possible, so that it can launched a number of domestic and overseas cooperation projects and allow our smart communication business to achieve another success. We also hope that the new landmark projects can be established in the local market, Mainland China and Southeast Asian region in the near future, and the brand of Multitone will lay a more solid foundation.

Transformation in the midst of stability is the doctrine of the Group. Our advanced IoT technology, professional and diligent team and responsiveness in decision making are the best assets of the Group. To accommodate the Group and its customers with enhanced returns in the long run, the Group will continue to commit to innovation in order to cater for the social needs. At the same time, it will keep creating a variety of business opportunities and promoting technology development to contribute to the prosperity of the industry.

Cultural Industry

The trading of cultural products is another business of the Group. In August this year, the Group purchased 3 pure gold ornaments at the price of approximately HK$3,130,000. Given the recent fluctuation and downward trend in US dollars, foreign experts believe that China and Russia may reduce its US dollars reserve and increase its gold reserve. At the date of purchase, the price of gold has reached over US$2,000 per ounce and it is a signal that the price of gold is getting bullish despite the latest technical downward adjustment. At present, the holding of gold ornaments provides a good hedge in value when gold demand are on the upward trend. Art lovers of pure gold ornaments are target customers of the Group. The three gold ornaments purchased by the group are aesthetically beautiful, and the purchases are at the right prices with good appreciation potential.

Property Sector

The core management approach of the Group to robust operation hinged on broadening its income and streamlining its expenditures. Since 2018, the Group has been gradually disposing of its industrial buildings and car parks. As the real estate market of Hong Kong was blooming, the properties were sold at reasonable prices. In last three financial years, the Group has cashed in approximately HK$160,000,000 and significantly improved its financial position.

In the first half of 2020, the Group has relocated its headquarters from China Merchants Tower, Sheung Wan to the current location. As a result, monthly rental charges fell from approximately HK$500,000 to HK$100,000 and operation costs have been reduced significantly.

ISSUE OF PROMISSORY NOTE

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

On 9 December 2019, a deed of variation was signed in which the Company and the holder(s) agreed to early settle HK$20,000,000 of the nominal value of promissory note and the maturity date of the remaining principal amount of HK$50,000,000 has been extended to 19 January 2021. On 15 January 2020, the Company early settle part of the promissory note with the principal amount of HK$6,000,000 by cash of approximately HK$5,053,000 after further negotiations between the Company and the holders.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

The Group's financial position remained positive.

As at 30 June 2020, the Group had approximately HK$107 million (2019: approximately HK$124 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$310 million (2019: approximately HK$474 million) and current liabilities amounted to approximately HK$133 million (2019: approximately HK$255 million). With net current assets of approximately HK$177 million (2019: approximately HK$218 million), the Group maintained a healthy level of financial liquidity. The gearing ratio of the Group, was 14.8 (2019: 4.6) the calculation of which was based on the Group's total borrowings of approximately HK$251 million (2019: approximately HK$329 million) and equity attributable to owners of the Company of approximately HK$17 million (2019: approximately HK$72 million).

As at 30 June 2020, the Group's total borrowings comprised other borrowing of HK$210 million (2019: HK$230 million) and promissory note payable of approximately HK$41 million (2019: approximately HK$99 million), approximately HK$51 million would be repayable within one year (2019: approximately HK$99 million) and HK$200 million would be repayable in the following year (2019: HK$230 million). Finance costs for the year were approximately HK$36 million (2019: approximately HK$40 million).

A. 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$86.7 million	For partial 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; approximately HK$7 million and the remaining amount of approximately HK$8 million respectively was utilized and will be utilized as working capital 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 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 salaries	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.

B. Fund Raising Activities of a subsidiary — Kantone

During the year ended 30 June 2020, Kantone completed a fund-raising exercise to strengthen its financial position and raised total gross proceeds of approximately HK$6.3 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
6 May 2020	Placing of new Ordinary shares under general mandate	Approximately HK$5.9 million	General working capital purpose	HK$2.0 million was utilized for repayment of a loan owing to Director and approximately HK$300,000 was utilized for administrative expenses and operation expenses; and the remaining amount of approximately HK$3.6 million will be utilized for general working capital purpose. Set out below is a further breakdown of the use of approximately HK$300,000 as administrative expenses and operation expenses:

Use of proceeds	Amount *(HK$'000)*
Directors' remuneration	140
Legal and professional fees	139
General expenses	21
Total:	300

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 expenses and, where significant exposure to foreign exchange is anticipated, appropriate hedging instruments may be used.

Capital Commitments

As at 30 June 2020, the Group's did not have any material capital commitments (2019: approximately HK$1.03 million).

Charges

As at 30 June 2020, the other interest bearing borrowing of the Group of HK$210 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 59.04% of the issued share capital of Kantone. Besides, certain property, plant and equipment of the Group with the aggregate carrying amounts of approximately HK$9.8 million have been pledged as collaterals for the defined benefit retirement scheme of certain subsidiaries operated in UK.

Contingent liabilities

As at 30 June 2020, the Group had no material contingent liabilities (2019: 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 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 A. 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, 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 announcements of the Company dated 22 March 2019, 17 May 2019 and 8 July 2019 and circular of the Company dated 24 April 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 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 the 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**") which are principally engaged in property holdings in Hong Kong, Upon Completion, the Target Companies B would cease to be subsidiaries the Company and completion of the transaction took place on 8 November 2019. Further details of are set out in the announcements of the Company dated 8 August 2019, 23 August 2019, 21 October 2019 and 8 November 2019 and circular of the Company dated 25 September 2019.

c. On 6 May 2020, Kantone entered into the Placing Agreement, pursuant to which, the Placing Agent, head &shoulder securities agreed to place, on a best effort basis, to not less than six independent placees of up to 19,731,000 new Kantone shares at a price of HK$0.32 per placing share. Upon the completion of placing of 19,731,000 new Kantone placing shares by Kantone to independent placees on 18 May 2020, the Group's interests in Kantone was diluted from 64.94% to 59.04%. As such, the placing was treated as deemed disposal of the interests in Kantone by the Group. Further details of are set out in the announcements of the Company dated 6 May 2020 and 18 May 2020.

d. On 23 June 2020, Vendor C, an indirect wholly-owned subsidiary of the Company, Purchaser C and Win Talent Property Agency Limited entered into Provisional Sale and Purchase Agreement C, pursuant to which the Vendor C conditionally agreed to sell and the Purchaser C conditionally agreed to purchase Factory B on 24/F and Balcony thereof and Store Room thereof, Kingsford Industrial Building, Phase I, Nos. 26–32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong for a consideration of HK$10,350,000. Formal agreement was signed on 8 July 2020 and completion of the transaction took place on 27 August 2020. Further details of are set out in the announcements of the Company dated 23 June 2020, 26 June 2020 and 27 August 2020.

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 2020.

REMUNERATION POLICY

As at 30 June 2020, the Group employed about 201 full-time and part-time staff around the globe. Staff costs for the year ended 30 June 2020 were approximately HK$94 million (2019: approximately HK$89 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 capabilities, performance, salaries paid by comparable companies, and time commitment and responsibilities of the position.

The Company has adopted a share option scheme that may serve as an incentive to Directors, eligible employees and consultants where appropriate.

FINAL DIVIDEND

The Directors do not recommend any payment of final dividend for the year ended 30 June 2020 (2019: Nil).

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 2020.

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 2020 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.

ACTIONS TAKEN IN RESPONSE TO THE REGULATORY ANNOUNCEMENT PUBLISHED BY THE STOCK EXCHANGE OF HONG KONG ON 27 APRIL 2020

With reference to the allegations made by, regulatory concerns and findings of, and disciplinary actions taken by the Listing Committee of the Hong Kong Stock Exchange as announced on 27 April 2020 (available on hkexnews website of the Exchange) (the "**Censure Announcement**"), the Company has obtained experienced counsel's advice on the matters set out in that Censure Announcement and has been liaising with law enforcement and investigation bodies.

The Board of Directors have been making its own investigations and working closely with the Stock Exchange on the matters set out in the Censure Announcement since 2017. Such investigations have so far led to actions on the Company's cultural products and available-for-sale investments as disclosed in the Company's annual reports of 2017, 2018 and 2019 as well as announcements made on 5, 14 and 26 February 2018. The Company's investigations remain ongoing, as a result of which legal proceedings may be issued and the Company and/or one or more of its subsidiaries may be party(ies) as plaintiff(s) or defendant(s), or in favour of or against which court orders may be issued.

To the extent required, and not prohibited or restricted by law and regulations, further announcement(s) will be made if the Company becomes aware of any important milestone or any inside information (as defined in Part XIVA of the Securities and Futures Ordinance).

CODE OF CORPORATE GOVERNANCE

Throughout the year ended 30 June 2020, 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 2020, 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 2020 have been reviewed by the Audit Committee.

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

Hong Kong, 29 September 2020

As at the date of this announcement, the executive directors of the Company are Ms. Wong Man Winny and Mr. Liu Ka Lim; 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.