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*This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Champion Technology Holdings Limited or Kantone Holdings Limited.*

**INNOVATIVE CITY  
INVESTMENTS LIMITED**  
城創投資有限公司

*(incorporated in the British Virgin Islands with limited liability)*



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

*(Continued in Bermuda with limited liability)*

**(Stock Code: 92)**



**KANTONE HOLDINGS LIMITED**  
看通集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1059)**

**JOINT ANNOUNCEMENT**

- (1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO  
THE DISPOSAL OF 59.04% EQUITY INTERESTS IN  
KANTONE HOLDINGS LIMITED;**
- (2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY  
KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF INNOVATIVE CITY INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
KANTONE HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY INNOVATIVE CITY INVESTMENTS LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT);**
- (3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND**
- (4) RESUMPTION OF TRADING**

Financial adviser to the Offeror



Independent Financial Adviser to the Kantone Independent Board Committee



**Donvex Capital Limited**

## **THE SALE AND PURCHASE AGREEMENT**

The Offeror, Champion and Kantone jointly announce that on 31 May 2021 (after trading hours of the Stock Exchange), Champion as seller and the Offeror as purchaser entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to acquire and Champion has conditionally agreed to sell the Sale Shares, being 128,137,958 Kantone Shares, representing approximately 59.04% of the entire issued share capital of Kantone as at the date of this joint announcement. The consideration for the Sale Shares is approximately HK\$59,071,598.64, equivalent to HK\$0.461 per Sale Share.

Completion shall take place on the fifth Business Day after all conditions precedent are being fulfilled or waived (as the case may be) or any date as agreed by the parties in writing. Upon Completion, the Kantone Group will cease to be subsidiaries of Champion.

## **POSSIBLE MANDATORY UNCONDITIONAL GENERAL OFFER**

As at the date of this joint announcement and prior to the Completion, the Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Kantone. Upon Completion, the Offeror and parties acting in concert with it will become interested in a total of 128,137,958 Kantone Shares, representing approximately 59.04% of the entire issued share capital of Kantone. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror and the parties acting in concert with it will be required to make a mandatory unconditional general offer in cash for all the issued Kantone Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Subject to and upon Completion, Kingston Securities will make the Offer, which will be unconditional in all respects pursuant to Note 1 to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror on the terms to be set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For every Offer Share . . . . . HK\$0.461 in cash

The Offer Price is the same as the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

As at the date of this joint announcement, there are 217,038,506 Kantone Shares in issue, of which 128,137,958 Kantone Shares (representing approximately 59.04% of the issued share capital of Kantone) will be held by the Offeror and parties acting in concert with it upon Completion. There are no outstanding warrants, options, derivatives or other securities convertible into Kantone Shares and Kantone has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Kantone Shares as at the date of this joint announcement.

On the basis of the Offer Price of HK\$0.461 per Offer Share and 217,038,506 Kantone Shares in issue as at the date of this joint announcement, the entire issued share capital of Kantone would be valued at approximately HK\$100.1 million. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 88,900,548 Offer Shares, the value of the Offer is approximately HK\$41.0 million.

The consideration payable under the Offer shall be payable in cash. The Offeror intends to finance the consideration payable under the Offer by the loan facility granted to it by Kingston Securities.

Kingston Corporate Finance has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer.

#### **VERY SUBSTANTIAL DISPOSAL AND LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is above 75%, the Disposal constitutes a very substantial disposal for Champion and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A SGM will be convened and held by Champion for the Champion Shareholders to consider and, if thought fit, to approve, among other things, the Disposal.

To the best of the knowledge, information and belief of the Champion Directors having made all reasonable enquiries, no Champion Shareholder has a material interest in the Disposal and therefore no Champion Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve, among other things, the Disposal.

A circular containing, among other things, further information on the Sale and Purchase Agreement and the Disposal, other information as required under the Listing Rules and a notice of the SGM will be despatched to the Champion Shareholders on or before 15 September 2021.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The Kantone Independent Board Committee has been formed to advise the Kantone Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Donvex Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, was appointed as the Independent Financial Adviser to the Kantone Independent Board Committee to advise the Kantone Independent Board Committee and the Kantone Independent Shareholders in respect of the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Kantone Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

The letter of advice from the Independent Financial Adviser in respect of the Offer and the recommendation to the Kantone Independent Board Committee and the Kantone Independent Shareholders will be included in the Composite Document in relation to the Offer to be despatched to the Kantone Independent Shareholders.

### **COMPOSITE DOCUMENT**

Given that the conditions precedent to Completion cannot be fulfilled or waived (where applicable) within 21 days of the date of this joint announcement, the Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code for an extension of the despatch of the Composite Document to a date falling on or before the seventh day after the Completion Date.

It is the intention of the Offeror and Kantone to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document (accompanied by the form of acceptance) in connection with the Offer setting out, *inter alia*, details of the Offer (including the expected timetable) and information of the Kantone Group and incorporating the letter from Kingston Securities in respect of the Offer, the letter from the Kantone Independent Board Committee to the Kantone Independent Shareholders containing its recommendation and advice to the Kantone Independent Shareholders on the Offer and the letter from the Independent Financial Adviser containing its recommendation and advice to the Kantone Independent Board Committee on the Offer, will be issued and despatched jointly by the Offeror and Kantone to all the Kantone Independent Shareholders.

The Kantone Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Kantone Independent Board Committee and the recommendation from the Kantone Independent Board Committee to the Kantone Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Kantone Independent Shareholders are concerned and its acceptance, before deciding whether or not to accept the Offer.

**WARNING: Shareholders and/or potential investors of Champion and Kantone should be aware and take note that the sale and purchase of the Sale Shares is conditional upon satisfaction of the conditions precedent in the Sale and Purchase Agreement and therefore may or may not proceed. The Offer is a possible mandatory unconditional general cash offer and will only be made if Completion takes place. Accordingly, the Offer may or may not proceed. Shareholders, and/or potential investors of Champion and Kantone should therefore exercise caution when dealing in the securities of Champion and Kantone. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

#### **RESUMPTION OF TRADING**

At the request of Champion and Kantone, trading in the Champion Shares and Kantone Shares on the Stock Exchange were halted with effect from 9:00 a.m. on 1 June 2021 pending the publication of this joint announcement. An application has been made by Champion and Kantone to the Stock Exchange for the resumption of trading in the Champion Shares and Kantone Shares with effect from 9:00 a.m. on Thursday, 26 August 2021.

## **THE SALE AND PURCHASE AGREEMENT**

The Offeror, Champion and Kantone jointly announce that on 31 May 2021 (after trading hours of the Stock Exchange), Champion as seller and the Offeror as purchaser entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to acquire and Champion has conditionally agreed to sell the Sale Shares, being 128,137,958 Kantone Shares, representing approximately 59.04% of the entire issued share capital of Kantone as at the date of this joint announcement.

Details of the Sale and Purchase Agreement are set out below:

**Date:** 31 May 2021

**Parties:** (i) the Offeror, as the purchaser; and  
(ii) Champion, as the vendor.

The Offeror and Mr. Chan, the ultimate beneficial owner of the Offeror, are third parties independent of and not connected with Champion, Kantone and their respective connected persons.

### **Sale Shares**

The Sale Shares comprise 128,137,958 Kantone Shares, representing approximately 59.04% of the entire issued share capital of Kantone as at the date of this joint announcement. Pursuant to the terms of the Sale and Purchase Agreement, the Sale Shares acquired by the Offeror will be free from all encumbrances and together with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date of the Sale and Purchase Agreement. As at the date of this joint announcement, there is no declared but unpaid dividend for any Kantone Shares.

### **Consideration for the Sale Shares**

The consideration for the Sale Shares is HK\$59,071,598.64, equivalent to HK\$0.461 per Sale Share, which was determined following arm's length negotiations between the Offeror and Champion after taking into account, among other things, (i) the unaudited consolidated net asset value of the Kantone Group as at 31 December 2020; and (ii) the prevailing market price of the Kantone Shares. The consideration shall be payable in cash by the Offeror on Completion by way of instructing its designated securities broker to make the payment to Champion through the Central Clearing and Settlement System, or in other manner as agreed by the Offeror and Champion in writing from time to time.

## Conditions precedent

Completion is conditional upon the following conditions precedent being fulfilled or waived (as the case may be):

- (i) Champion Shareholders' approval for entering into the Sale and Purchase Agreement and the transactions thereunder having been obtained in accordance with Listing Rules;
- (ii) GFL undertaking to Champion to release the Share Charge on the Sale Shares upon receipt of HK\$59,000,000 from Champion, and to transfer all the Sale Shares to the securities account of the Offeror with Kingston Securities;
- (iii) the warranties given by Champion under the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects from the date of the Sale and Purchase Agreement to the Completion Date and Champion having abided by and fulfilled all obligations and undertakings provided under the Sale and Purchase Agreement and not having breached any terms thereunder;
- (iv) the Kantone Shares remaining listed and traded on the Stock Exchange (save for the temporary trading halt pending the announcement of the transactions contemplated under the Sale and Purchase Agreement) and neither the Stock Exchange nor the SFC having indicated that the trading of the Kantone Shares on the Stock Exchange will possibly be withdrawn on or before Completion Date or that it will object to the continued listing of the Kantone Shares on the Stock Exchange and there having no incidents that may adversely affect the listing status of Kantone on the Stock Exchange; and
- (v) all permits, approvals and consents, including but not limited to all necessary permits, approvals and consents (if applicable) from the board of the Offeror, the Champion Board, the SFC or the Stock Exchange, having been obtained for the Sale and Purchase Agreement and transactions thereunder and remaining in full force and unrevoked.

All the conditions are incapable of being waived (except conditions (iii) and (iv) above which can be waived by the Offeror). Save for condition (v) above, none of the conditions precedent under the Sale and Purchase Agreement has been fulfilled as of the date of this joint announcement.

For condition (ii) above, the prepayment of HK\$59,000,000 of the GFL Loan will be funded by both sale proceeds from the Disposal and internal resources of the Champion Group.

For condition (v) above, other than the board approval of the Offeror and the Champion Board, which have already been obtained, the Offeror and Champion are not aware of any other specific permits, approvals or consents that are required to be obtained from the SFC or the Stock Exchange for the Sale and Purchase Agreement and the transactions thereunder.

If any of the conditions set out above cannot be satisfied or waived (as the case may be) by the Long Stop Date, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Sale and Purchase Agreement.

### **Completion**

Completion shall take place on the fifth Business Day after all conditions precedent are being fulfilled or waived (as the case may be) or any other date as agreed by the parties in writing. Further announcement(s) will be made as soon as practicable in relation to Completion. Upon Completion, the Kantone Group will cease to be subsidiaries of Champion.

Based on (i) the unaudited consolidated net asset value of the Kantone Group attributable to Champion as at 31 December 2020; and (ii) the consideration for the Sale Shares, it is estimated that Champion will record a net gain of approximately HK\$17 million as a result of the Disposal. Such net gain has also taken into account the estimated expenses (including stamp duty and professional fees) in relation to the Disposal and the realisation of exchange reserve. However, the actual gain of the Disposal to be recorded by Champion will be subject to the then financial position of the Kantone Group upon Completion.

The net cash proceeds from the Disposal, after deducting the estimated expenses in relation to the Disposal, will amount to approximately HK\$56 million. Champion intends to apply the proceeds from the Disposal for the purposes of part prepayment of the GFL Loan.

### **POSSIBLE MANDATORY UNCONDITIONAL GENERAL OFFER**

As at the date of this joint announcement and prior to the Completion, the Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Kantone. Upon Completion, the Offeror and parties acting in concert with it will become interested in a total of 128,137,958 Kantone Shares, representing approximately 59.04% of the entire issued share capital of Kantone. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror and the parties acting in



concert with it will be required to make a mandatory unconditional general offer in cash for all the issued Kantone Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

**Principal terms of the Offer**

Subject to and upon Completion, Kingston Securities will make the Offer, which will be unconditional in all respects pursuant to Note 1 to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror on the terms to be set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For every Offer Share . . . . . HK\$0.461 in cash

The Offer Price is the same as the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. There is no outstanding dividends or distribution declared by Kantone as at the date of this joint announcement and there is no intention of the Kantone Board to declare any dividend/distribution during the Offer period.

**The Offer Price**

The Offer Price of HK\$0.461 per Offer Share represents:

- (i) a premium of approximately 12.44% over the closing price of HK\$0.410 per Kantone Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 21.96% over the average of the closing prices of the Kantone Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK\$0.378 per Kantone Share;
- (iii) a premium of approximately 30.97% over the average of the closing prices of the Kantone Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK\$0.352 per Kantone Share;

- (iv) a premium of approximately 18.21% over the average of the closing prices of the Kantone Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK\$0.390 per Kantone Share;
- (v) a premium of approximately 89.71% over the audited consolidated net asset value attributable to shareholders per Kantone Share as at 30 June 2020 of approximately HK\$0.243 per Kantone Share based on 217,038,506 Kantone Shares in issue as at the date of this joint announcement; and
- (vi) a premium of approximately 51.64% over the unaudited consolidated net asset value attributable to shareholders per Kantone Share as at 31 December 2020 of approximately HK\$0.304 per Kantone Share based on 217,038,506 Kantone Shares in issue as at the date of this joint announcement.

### **Highest and lowest Kantone Share prices**

During the six-month period immediately prior to the date of this joint announcement, being the commencement date of the offer period, the highest closing price per Kantone Share as quoted on the Stock Exchange was HK\$0.440 on 20 April 2021, 23 April 2021 and 28 April 2021 and the lowest closing price per Kantone Share as quoted on the Stock Exchange was HK\$0.285 on 15 March 2021.

### **Value of the Offer**

As at the date of this joint announcement, there are 217,038,506 Kantone Shares in issue, of which 128,137,958 Kantone Shares (representing approximately 59.04% of the issued share capital of Kantone) will be held by the Offeror and parties acting in concert with it upon Completion. There are no outstanding warrants, options, derivatives or other securities convertible into Kantone Shares and Kantone has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Kantone Shares as at the date of this joint announcement.

On the basis of the Offer Price of HK\$0.461 per Offer Share and 217,038,506 Kantone Shares in issue as at the date of this joint announcement, the entire issued share capital of Kantone would be valued at approximately HK\$100.1 million. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 88,900,548 Offer Shares, the value of the Offer is approximately HK\$41.0 million.

### **Confirmation of financial resources available for the Offer**

The consideration payable under the Offer shall be payable in cash. The Offeror intends to finance the consideration payable under the Offer by the loan facility granted to it by Kingston Securities.

Kingston Corporate Finance has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer.

**WARNING: The Offer is a possible mandatory unconditional general cash offer and will only be made if Completion takes place, and Completion is conditional upon the fulfillment or waiver (as the case may be) of certain conditions under the Sale and Purchase Agreement. Accordingly, the sale and purchase of the Sale Shares may or may not be completed and the Offer may or may not proceed. Shareholders and/or potential investors of Champion and Kantone should therefore exercise caution when dealing in the securities of Champion and Kantone. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

### **Effects of accepting the Offer**

The Offer, subject to Completion taking place, will be unconditional in all respects.

Acceptance of the Offer by any Kantone Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, subject to the provisions of the Takeovers Code.

### **Hong Kong stamp duty**

Seller's ad valorem stamp duty at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Kantone Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Kantone Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

## **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror (or its agent) to render each such acceptance complete and valid.

## **Taxation advice**

Kantone Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, Kantone, Champion, Kingston Securities, Kingston Corporate Finance, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## **Overseas Kantone Independent Shareholders**

The Offeror intends to make the Offer available to all Kantone Independent Shareholders, including those who are not residents in Hong Kong. The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Kantone Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Kantone Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Kantone Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

In the event that the receipt of the Composite Document by Overseas Kantone Independent Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, may not be despatched to such Overseas Kantone Independent Shareholders.

Any arrangements for Overseas Kantone Independent Shareholders to collect the Composite Document will be set out in a further announcement.

**Any acceptance by any Kantone Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Kantone Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Kantone Independent Shareholders should consult their professional advisers if in doubt.**

### **Other information**

The Offeror confirms that, as at the date of this joint announcement:

- (i) save for the Sale Shares to be acquired by the Offeror under the Sale and Purchase Agreement, none of the Offeror, Mr. Chan or parties acting in concert with them has dealt in any Kantone Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Kantone during the six-month period prior to the date of this joint announcement, being the commencement date of the offer period;
- (ii) save for the Sale Shares to be held by the Offeror upon Completion, none of the Offeror, Mr. Chan or parties acting in concert with them owns or has control or direction over any voting rights or rights over the Kantone Shares, options, derivatives, warrants or other securities convertible into Kantone Shares;
- (iii) none of the Offeror, Mr. Chan or parties acting in concert with them has received any irrevocable commitment to accept the Offer;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Kantone Shares and which might be material to the Offer;
- (v) there is no agreement or arrangement to which the Offeror or Mr. Chan is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of the Offeror, Mr. Chan or parties acting in concert with them has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in Kantone;
- (vii) none of the Offeror, Mr. Chan or parties acting in concert with them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Kantone;

- (viii) save for the consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to Champion or any parties acting in concert with it in connection with the Sale and Purchase Agreement;
- (ix) other than the transactions contemplated under the Sale and Purchase Agreement, there is no understanding, arrangement or agreement or special deal under Rule 25 of the Takeovers Code between the Offeror or any parties acting in concert with it on the one hand, and Champion or any parties acting in concert with it on the other hand; and
- (x) Save for Kingston Securities being one of the two underwriters to the Champion Rights Issue, there is no understanding, arrangement, agreement or special deal between any Kantone Shareholders and the Offeror or any parties acting in concert with it.

Kantone confirms that, as at the date of this joint announcement, there is no understanding, arrangement, agreement or special deal between any Kantone Shareholders and Kantone, its subsidiaries or associated companies.

## SHAREHOLDING STRUCTURE OF KANTONE

Set out below is the shareholding structure of Kantone (i) as at the date of this joint announcement; and (ii) immediately after Completion and before the Offer (assuming there will be no other changes to the shareholding structure of Kantone from the date of this joint announcement to the Completion Date and before the Offer):

	As at the date of this joint announcement		Immediately after Completion and before the Offer	
	<i>Number of Kantone Shares</i>	<i>Approximate %</i>	<i>Number of Kantone Shares</i>	<i>Approximate %</i>
Champion	128,137,958	59.04	—	—
The Offeror and parties acting in concert with it	—	—	128,137,958	59.04
Public Kantone Shareholders	<u>88,900,548</u>	<u>40.96</u>	<u>88,900,548</u>	<u>40.96</u>
Total	<u>217,038,506</u>	<u>100.00</u>	<u>217,038,506</u>	<u>100.00</u>

## INFORMATION ON KANTONE

Kantone is an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1059). Kantone is a direct non wholly-owned subsidiary of and owned as to approximately 59.04 % by Champion as at the date of this joint announcement.

Kantone is an investment holding company. The Kantone Group is principally engaged in sale of systems products, software licensing and customisation, leasing of systems products and trading of cultural products.

The following table sets out a summary of certain financial information of the Kantone Group for the two financial years ended 30 June 2019 and 2020 and for the six months ended 31 December 2020:

	<b>Year ended</b> <b>30 June</b> <b>2019</b> <i>HK\$'000</i> (audited)	<b>Year ended</b> <b>30 June</b> <b>2020</b> <i>HK\$'000</i> (audited)	<b>Six months</b> <b>ended</b> <b>31 December</b> <b>2020</b> <i>HK\$'000</i> (unaudited)
Revenue	143,966	146,944	66,993
Profit for the year/period	2,437	3,875	6,884
	<b>As at</b> <b>30 June</b> <b>2019</b> <i>HK\$'000</i> (audited)	<b>As at</b> <b>30 June</b> <b>2020</b> <i>HK\$'000</i> (audited)	<b>As at</b> <b>31 December</b> <b>2020</b> <i>HK\$'000</i> (unaudited)
Net assets	67,458	52,821	66,073

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Champion is a company continued in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 92). Champion is an investment holding company. The Champion Group is principally engaged in the trading and transportation of gasoil and trading of cultural products, system sales including renewable energy systems and the related engineering work, software development and licensing and customisation, leasing of system products and strategic investment.

The Champion Directors consider that as Champion would receive the cash proceeds of HK\$59,071,598.64, the Disposal will improve the financial and cash flow position of the Champion Group. Due to the better liquidity that the Champion Group could achieve as a result of the Disposal, the Champion Group's resources may be efficiently utilised to develop the renewable energy business as well as the technology and oil trading business of the Champion Group.

Having taken into account the above factors, the Champion Directors (including the independent non-executive Champion Directors) are of the view that the terms of the Disposal are fair and reasonable and on normal commercial terms and the Disposal is in the interests of Champion and the Champion Shareholders as a whole.

## **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the BVI with limited liability on 17 May 2021 which was incorporated solely for the purpose of holding the Sale Shares to be acquired by the Offeror.

As of the date of this joint announcement, the Offeror is wholly owned by Mr. Chan. Mr. Chan, aged 59, has over 30 years of experience in the trading and distribution business. In 1990, he started his own business in the automotive industry. From 2008 to 2010, he held around 90% equity interest in Richard Mille Macau Limited, which was the sole agent for Richard Mille in Macau. From 2011 to 2014, he held 55% equity interest in Symphony Lotus Limited, which was an automotive wholesaler and distributor for sports cars and the sole agent for Lotus Cars in the PRC.

Apart from actively participating in the trading and distribution industry, Mr. Chan also ventured into the hotel and property development industry. He is currently the director of Golden Bauhinia International Hotel, a 4-star hotel located in Nanning City of Guangxi Province in the PRC. His first venture into property development in Malaysia Kuala Lumpur is a residential development project known as Pavilion Ceylon Hill in which he owns 49% equity stake. The development is currently under construction with completion targeted by the end of 2021. He is also a director of and owns 20% equity interest in Sering Manis Sdn Bhd, which owns 280 acres of freehold land at Pahang, Malaysia, which is about 11 kilometres away from the peak of Genting Highlands. The project is currently in its planning stage. He is also a director of Buddhist Li Chong Yuet Ming Nursing Home for the Elderly, a nursing home in Hong Kong.

## **INTENTION OF THE OFFEROR IN RELATION TO THE KANTONE GROUP**

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Kantone Group. The Kantone Group is principally engaged in sale of systems products, software licensing and customisation, leasing of systems products and trading of cultural products.

The Offeror will conduct a review of the existing principal businesses and the financial position of the Kantone Group for the purpose of formulating business plans and strategies for the future business development of the Kantone Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation,



business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Kantone Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Save for the Offeror's intention regarding the Kantone Group as set out above, as at the date of this joint announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Kantone Group, and the Offeror has no intention to discontinue the employment of any employees of the Kantone Group or to redeploy the fixed assets of the Kantone Group other than those in its ordinary and usual course of business.

The Offeror intends to nominate directors to the Kantone Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. As at the date of this joint announcement, the Offeror has not decided on the future composition of the Kantone Board. Any changes to the Kantone Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by Kantone as and when appropriate.

#### **MAINTAINING THE LISTING STATUS OF KANTONE**

The Offeror intends to maintain the listing of the Kantone Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the issued share capital of Kantone will be held by the public at all times following closing of the Offer.

Pursuant to the Listing Rules, if, at the closing of the Offer, less than the minimum prescribed percentage applicable to Kantone, being 25% of the issued Kantone Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Kantone Shares; or
- (ii) there are insufficient Kantone Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealing in the Kantone Shares.

#### **VERY SUBSTANTIAL DISPOSAL AND LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is above 75%, the Disposal constitutes a very substantial disposal for Champion and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A SGM will be convened and held by Champion for the Champion Shareholders to consider and, if thought fit, to approve, among other things, the Disposal.

To the best of the knowledge, information and belief of the Champion Directors having made all reasonable enquiries, no Champion Shareholder has a material interest in the Disposal and therefore no Champion Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve, among other things, the Disposal.

A circular containing, among other things, further information on the Sale and Purchase Agreement and the Disposal, other information as required under the Listing Rules and a notice of the SGM will be despatched to the Champion Shareholders on or before 15 September 2021.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The Kantone Independent Board Committee comprising Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip, all being independent non-executive directors of Kantone has been formed to advise the Kantone Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. As Mr. Liu Ka Lim and Ms. To Yin Fong Cecilica are also non-executive directors of Champion, they are not members of the Kantone Independent Board Committee.

Donvex Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, was appointed as the Independent Financial Adviser to the Kantone Independent Board Committee to advise the Kantone Independent Board Committee and the Kantone Independent Shareholders in respect of the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Kantone Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

The letter of advice from the Independent Financial Adviser in respect of the Offer and the recommendation to the Kantone Independent Board Committee and the Kantone Independent Shareholders will be included in the Composite Document in relation to the Offer to be despatched to the Kantone Independent Shareholders.

## COMPOSITE DOCUMENT

Given that the conditions precedent to Completion cannot be fulfilled or waived (where applicable) within 21 days of the date of this joint announcement, the Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code for an extension of the despatch of the Composite Document to a date falling on or before the seventh day after the Completion Date.

It is the intention of the Offeror and Kantone to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document (accompanied by the form of acceptance) in connection with the Offer setting out, *inter alia*, details of the Offer (including the expected timetable) and information of the Kantone Group and incorporating the letter from Kingston Securities in respect of the Offer, the letter from the Kantone Independent Board Committee to the Kantone Independent Shareholders containing its recommendation and advice to the Kantone Independent Shareholders on the Offer and the letter from the Independent Financial Adviser containing its recommendation and advice to the Kantone Independent Board Committee on the Offer, will be issued and despatched jointly by the Offeror and Kantone to all the Kantone Independent Shareholders.

The Kantone Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Kantone Independent Board Committee and the recommendation from the Kantone Independent Board Committee to the Kantone Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Kantone Independent Shareholders are concerned and its acceptance, before deciding whether or not to accept the Offer.

## GENERAL

### **Disclosure of dealings in the Kantone Shares**

In accordance with Rule 3.8 of the Takeovers Code, the associates (including any person holding 5% or more of a class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code)) of Kantone and the Offeror are hereby reminded to disclose their dealings in the securities of Kantone pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

#### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company*

*and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**WARNING: Shareholders and/or potential investors of Champion and Kantone should be aware and take note that the sale and purchase of the Sale Shares is conditional upon satisfaction of the conditions precedent in the Sale and Purchase Agreement and therefore may or may not proceed. The Offer is a possible mandatory unconditional general cash offer and will only be made if Completion takes place. Accordingly, the Offer may or may not proceed. Shareholders, and/or potential investors of Champion and Kantone should therefore exercise caution when dealing in the securities of Champion and Kantone. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

## **RESUMPTION OF TRADING**

At the request of Champion and Kantone, trading in the Champion Shares and Kantone Shares on the Stock Exchange were halted with effect from 9:00 a.m. on 1 June 2021 pending the publication of this joint announcement. An application has been made by Champion and Kantone to the Stock Exchange for the resumption of trading in the Champion Shares and Kantone Shares with effect from 9:00 a.m. on Thursday, 26 August 2021.

## **DEFINITIONS**

In this joint announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“acting in concert”                      has the meaning ascribed thereto in the Takeovers Code

“associate(s)”	has the meaning ascribed thereto in the Listing Rules or the Takeovers Code (as the case may be)
“Business Day(s)”	a day (excluding Saturday, Sunday, public holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“BVI”	the British Virgin Islands
“Champion”	Champion Technology Holdings Limited, a company continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 92)
“Champion Board”	the board of the Champion Directors
“Champion Director(s)”	the director(s) of Champion
“Champion Group”	Champion and its subsidiaries but excluding the Kantone Group
“Champion Rights Issue”	proposed rights issue on the basis of three rights shares for every one Champion Share, details of which are set out in Champion’s announcement dated 18 May 2021
“Champion Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of Champion
“Champion Shareholder(s)”	holder(s) of the Champion Shares
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement, which shall take place on the fifth Business Day after all conditions precedent are being fulfilled or waived (as the case may be) or any other date as agreed by the parties in writing
“Completion Date”	the fifth Business Day after all conditions precedent are being fulfilled or waived (as the case may be) or any other date as agreed by the parties in writing

“Composite Document”	the composite document to be issued jointly by the Offeror and Kantone in relation to the Offer in accordance with the Takeovers Code containing, amongst other things, further details of the Offer
“Disposal”	the disposal of the Sale Shares under the Sale and Purchase Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“GFL”	Guangdong Finance Limited, a licensed money lender which granted the GFL Loan to Champion which was secured by, among others, the Share Charge
“GFL Loan”	a term loan facility of up to HK\$305,000,000 under a facility agreement (as amended or supplemented from time to time) entered into by, among others, Champion and GFL on 12 June 2017
“Group”	collectively, the Champion Group and the Kantone Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Kantone Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code for the purpose of advising the Kantone Independent Board Committee and the Kantone Independent Shareholders in respect of the terms of the Offer and as to their acceptance
“Kantone”	Kantone Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1059), of which 128,137,958 Kantone Shares are beneficially owned by Champion (representing approximately 59.04% of the entire issued share capital of Kantone)

“Kantone Board”	the board of the Kantone Directors
“Kantone Director(s)”	the director(s) of Kantone
“Kantone Group”	Kantone and its subsidiaries
“Kantone Independent Board Committee”	the independent board committee of Kantone comprising Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip, being all independent non-executive Kantone Directors for the purpose of making a recommendation to the Kantone Independent Shareholders regarding the terms of the Offer
“Kantone Independent Shareholder(s)”	Kantone Shareholder(s), other than the Offeror and parties acting in concert with it
“Kantone Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of Kantone
“Kantone Shareholder(s)”	holder(s) of the Kantone Shares
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror
“Kingston Securities”	Kingston Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror
“Last Trading Day”	31 May 2021, being the last trading day on which the Kantone Shares were traded on the Stock Exchange on the date of issue and publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 October 2021 or such later date as shall be agreed between Champion and the Offeror in writing
“Mr. Chan”	Mr. Chan Koon Wa, who owns 100% shareholding of the Offeror

“Offer”	the mandatory unconditional general cash offer to be made by Kingston Securities for and on behalf of the Offeror to acquire all of the Offer Shares pursuant to Rule 26.1 of the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$0.461 per Offer Share
“Offer Share(s)”	any and all of the issued Kantone Share(s) not already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Innovative City Investments Limited, a company incorporated in the BVI with limited liability
“Overseas Kantone Independent Shareholder(s)”	Kantone Independent Shareholder(s) whose address(es), as shown on the register of members of the Kantone, is/are outside Hong Kong
“PRC”	the People’s Republic of China, which, for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 May 2021 entered into between the Offeror and Champion for the acquisition of the Sale Shares by the Offeror (as amended and supplemented by the Supplemental Agreement)
“Sale Shares”	128,137,958 Kantone Shares beneficially owned by Champion and to be sold to the Offeror pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of Champion to be convened to consider and, if thought fit, to approve, among other things, the Disposal



“Share Charge”	the share charge executed by Champion on 5 July 2017 over 128,137,958 Kantone Shares in favour of GFL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 16 August 2021 entered into between the Offeror and Champion in relation to the extension of Long Stop Date
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the board of  
**INNOVATIVE CITY  
INVESTMENTS  
LIMITED**  
**Chan Koon Wa**  
*Director*

By order of the board of  
**CHAMPION  
TECHNOLOGY  
HOLDINGS LIMITED**  
**Wong Man Winny**  
*Chairperson*

By order of the board of  
**KANTONE HOLDINGS  
LIMITED**  
**Wong Man Winny**  
*Chairperson*

Hong Kong, 25 August 2021

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Chan Koon Wa.*

*The sole director of the Offeror jointly and severally accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Champion Group, the Kantone Group, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Champion Group, the Kantone Group or their respective director(s)) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.*

*As at the date of this joint announcement, Ms. Wong Man Winny is the executive director of Champion, Mr. Liu Ka Lim and Ms. To Yin Fong Cecilica are the non-executive directors of Champion, and Mr. Leung Man Fai, Mr. Chan Yik Hei and Mr. Wong Yuk Man Edmand are the independent non-executive directors of Champion.*

*All directors of Champion jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, its associates and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror or its sole director) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, Ms. Wong Man Winny and Mr. Wu Yunjing are the executive directors of Kantone, Mr. Liu Ka Lim and Ms. To Yin Fong Cecilica are the non-executive directors of Kantone, and Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip are the independent non-executive directors of Kantone.*

*All directors of Kantone jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Champion Group, the Offeror, their respective associates and parties acting in concert with them (save for Kantone Group)), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Champion Group, the Offeror or their respective director(s) in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*