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 2022

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 2022 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 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000* (Restated)
Revenue	*3*	**60,969**	98,404
Cost of sales		**(57,734)**	(91,676)
Gross profit		**3,235**	6,728
Other income, gains and losses		**2,253**	12,179
Loss on disposal of subsidiaries	*4*	**—**	(726)
General and administrative expenses		**(26,767)**	(30,507)
Reversal of impairment losses recognised for inventories		**—**	42
Impairment losses on finance lease receivable		**(838)**	—
Impairment losses on property, plant and equipment		**(2,052)**	(7,382)
Impairment losses on right-of-use assets		**(1,703)**	—
Reversal of impairment losses/(impairment losses) recognised for trade and other receivables		**842**	(1,122)
Inventories written off		**(204)**	—

	Notes	**2022**	2021
		HK$'000	*HK$'000*
			(Restated)
Fair value loss on financial assets at fair value through profit or loss		**(13,863)**	(14,576)
Fair value (loss)/gain on investment properties		**(1,566)**	2,270
Finance costs		**(11,947)**	(32,354)
Loss before taxation		**(52,610)**	(65,448)
Income tax expense	*6*	**(428)**	(2,524)
Loss for the year from continuing operations		**(53,038)**	(67,972)
Discontinued operations			
Profit for the year from discontinued operations	*5*	**2,878**	11,030
Loss for the year		**(50,160)**	(56,942)
Other comprehensive (expense)/income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefits pension plans		**—**	37,012
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(1,662)**	21,293
Reclassification adjustment on translation reserve released on disposals of subsidiaries		**(8,090)**	—
Other comprehensive (expense)/income for the year		**(9,752)**	58,305
Total comprehensive (expense)/income for the year		**(59,912)**	1,363

	Notes	**2022**	2021
		HK$'000	*HK$'000*
			(Restated)
(Loss)/profit for the year attributable to the owners of the Company:			
— from continuing operations		**(52,410)**	(68,522)
— from discontinued operations		**1,541**	8,700
		(50,869)	(59,822)
(Loss)/profit for the year attributable to non-controlling interests:			
— from continuing operations		**(628)**	550
— from discontinued operations		**1,337**	2,330
		709	2,880
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(60,075)**	(24,272)
Non-controlling interests		**163**	25,635
		(59,912)	1,363
Total comprehensive (expense)/income for the year attributable to owners of the Company:			
— from continuing operations		**(53,835)**	(61,992)
— from discontinued operations		**(6,240)**	37,720
		(60,075)	(24,272)
(Loss)/earnings per share	*8*		
Basic and diluted — from continuing and discontinued operations		**HK(2.75) cents**	HK(7.56) cents
Basic and diluted — from continuing operations		**HK(2.83) cents**	HK(8.66) cents
Basic and diluted — from discontinued operations		**HK0.08 cents**	HK1.10 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		**203**	36,577
Right-of-use assets		**168**	5,825
Investment properties		**47,275**	50,022
Interest in an associate		**2**	2
Financial assets at fair value through profit or loss		**—**	—
Finance lease receivable		**33,897**	38,422
		81,545	130,848
Current assets			
Inventories	*9*	**12,882**	38,564
Finance lease receivable		**4,171**	4,553
Trade and other receivables	*10*	**33,969**	54,164
Loan receivables	*11*	**—**	9,018
Financial assets at fair value through profit or loss		**21,985**	41,893
Tax recoverable		**—**	285
Cash and cash equivalents		**24,493**	135,567
		97,500	284,044
Current liabilities			
Trade and other payables	*12*	**9,779**	61,819
Contract liabilities		**2,430**	25,172
Lease liabilities		**960**	4,093
Warranty provision		**—**	1,062
Customers deposits		**3,483**	3,483
Amount due to a director		**150**	2,180
Tax payables		**2,759**	2,095
		19,561	99,904

	2022	2021
	HK$'000	*HK$'000*
Net current assets	**77,939**	184,140
Total assets less current liabilities	**159,484**	314,988
Non-current liabilities		
Lease liabilities	**840**	1,953
Interest bearing other borrowing	**—**	185,000
Promissory note payable	**—**	38,306
Retirement benefit obligations	**—**	16,018
Deferred tax liabilities	**9,025**	9,616
	9,865	250,893
Net assets	**149,619**	64,095
Capital and reserves		
Share capital	**27,353**	68,383
Reserves	**103,502**	(75,350)
Equity/(deficit) attributable to owners of the Company	**130,855**	(6,967)
Non-controlling interests	**18,764**	71,062
Total equity	**149,619**	64,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, financial assets at fair value through profit or loss and plan assets of defined benefit plan 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. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company and its subsidiaries (collectively, the "**Group**") has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

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.

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 and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[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 HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the amounts reported and disclosures made in the Group's consolidated financial statements in the foreseeable future.

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:

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Revenue from contracts with customers within the scope of HKFRS 15 *Revenue from Contracts with Customers*		
Sales of cultural products	**3,238**	—
Technology — Sales of surveillance equipment	**44**	571
Technology — Design and sales of renewable energy products and solutions	**6,914**	7,230
Trading of gasoil and related business	**50,773**	87,403
	60,969	95,204
Income from vessel charter	**—**	3,200
	60,969	98,404

(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 directors of the Company, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance. During the year ended 30 June 2022, the Group ceased its existing system sales and licensing and leasing of system products operations ("**Those Businesses**") upon the disposal of the shareholding in Kantone Holdings Limited ("**Kantone**"). Those Businesses include "Technology — System sales including software licensing and services" and "Technology — Leasing of systems products" which were classified as discontinued operations. Comparative figures have been restated to reflect the cessation of Those Businesses as discontinued operations, and segment information in this note includes only continuing operations. In a manner consistent with the way in which information is reported internally to the chief operating decision maker, the Group has presented the following five (2021: six) operating and reportable segments under HKFRS 8 Operating Segments.

- Sales of cultural products — includes income from trading of cultural products
- Technology: Sales of surveillance equipment — includes income from sale of surveillance equipment
- Technology: Renewable energy — includes income from design and sales of renewable energy products and solutions
- Trading of gasoil and related business — includes income from sales of gasoil and income from vessel charter (shipping business)
- Strategic investments — includes income from financial assets at fair value through profit or loss

Segment results represent the profit or loss before taxation recognised by each reportable segment, excluding gain or loss on extension and early redemption of promissory note payable, interest income, gain or loss on disposal of subsidiaries, fair value gain or loss on investment properties, finance costs, unallocated income and expenses such as certain administration costs etc. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Information regarding the above segments is reported below:

	Technology				Trading of gasoil and related business		
	Sales of cultural products	**Sales of surveillance equipment**	**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*
Year ended 30 June 2022							
REVENUE							
External and total revenue							
Recognised at a point in time	**3,238**	**44**	**6,289**	**—**	**50,773**	**—**	**60,344**
Recognised over time	**—**	**—**	**625**	**—**	**—**	**—**	**625**
	3,238	**44**	**6,914**	**—**	**50,773**	**—**	**60,969**
RESULTS							
Segment result	**(581)**	**(302)**	**(3,444)**	**(33,391)**	**2,225**	**—**	**(35,493)**
Loss on early redemption of promissory note payable							**(1,384)**
Interest income							**2,251**
Fair value loss on investment properties							**(1,566)**
Finance costs							**(11,947)**
Unallocated expenses, net							**(4,471)**
Loss before taxation from continuing operations							**(52,610)**

	Sales of cultural products HK$'000	Technology: Sales of surveillance equipment HK$'000	Technology: Renewable energy HK$'000	Strategic investments HK$'000	Trading of gasoil and related business: Trading of gasoil and others HK$'000	Trading of gasoil and related business: Shipping business HK$'000	Consolidated HK$'000 (Restated)
Year ended 30 June 2021							
REVENUE							
External and total revenue							
Recognised at a point in time	—	571	7,230	—	87,403	—	95,204
Recognised over time	—	—	—	—	—	3,200	3,200
	—	571	7,230	—	87,403	3,200	98,404
RESULTS							
Segment result	593	210	987	(30,493)	179	(7,016)	(35,540)
Gain on extension of promissory note payable							8,191
Interest income							1,928
Loss on disposal of subsidiaries							(726)
Fair value gain on investment properties							2,270
Finance costs							(32,354)
Unallocated expenses, net							(9,217)
Loss before taxation from continuing operations							(65,448)

Information regarding the above segments is reported below:

	Sales of cultural products *HK$'000*	Technology: Sales of surveillance equipment *HK$'000*	Technology: Renewable energy *HK$'000*	Strategic investments *HK$'000*	Trading of gasoil and related business: Trading of gasoil and others *HK$'000*	Trading of gasoil and related business: Shipping business *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Year ended 30 June 2022								
Amounts included in the measure of segment profit or loss:								
Depreciation of property, plant and equipment	**14**	**9**	**165**	**269**	**—**	**—**	**17**	**474**
Depreciation of right-of-use assets	**—**	**—**	**—**	**1,394**	**—**	**—**	**—**	**1,394**
Fair value loss on financial assets at fair value through profit or loss	**—**	**—**	**—**	**13,863**	**—**	**—**	**—**	**13,863**
Impairment losses on property, plant and equipment	**—**	**192**	**1,768**	**92**	**—**	**—**	**—**	**2,052**
Impairment losses on right-of-use assets	**—**	**—**	**—**	**1,703**	**—**	**—**	**—**	**1,703**
Impairment losses on finance lease receivable	**—**	**—**	**—**	**—**	**—**	**—**	**838**	**838**
Reversal of impairment losses/ (impairment losses) recognised for trade and other receivables	**(2)**	**(1)**	**(49)**	**—**	**919**	**—**	**(25)**	**842**

	Technology				Trading of gasoil and related business		
	Sales of cultural products *HK$'000*	Sales of surveillance equipment *HK$'000*	Renewable energy *HK$'000*	Strategic investments *HK$'000*	Trading of gasoil and others *HK$'000*	Shipping business *HK$'000*	Consolidated *HK$'000* (Restated)
Year ended 30 June 2021							
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	9	10	92	305	—	1,302	1,718
Depreciation of right-of-use assets	—	—	—	1,460	—	—	1,460
Fair value loss on financial assets at fair value through profit or loss	—	—	—	14,576	—	—	14,576
Impairment losses of property, plant and equipment	—	—	—	—	—	7,382	7,382
Impairment losses of trade and other receivables	—	—	—	—	1,122	—	1,122
Reversal of impairment losses recognised for inventories	42	—	—	—	—	—	42

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

(c) Geographical information

The following table provides an analysis of the Group's revenue and non-current assets by location of customers and by location of assets respectively:

	Revenue Year ended 30 June		Non-current assets *(Note)* As at 30 June	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
The People's Republic of China (the "**PRC**") including Hong Kong and Macau	**60,969**	98,404	**81,543**	91,961
Europe (mainly United Kingdom ("**UK**") and Germany)	**—**	—	**—**	38,885
	60,969	98,404	**81,543**	130,846

Note: Non-current assets exclude the Group's 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:

	2022	2021
	HK$'000	*HK$'000*
Customer A	**27,823**	87,403
Customer B	**22,949**	—

Customer A and B contributed revenue from sales of gasoil during the years ended 30 June 2022 and 2021.

4. LOSS ON DISPOSAL OF SUBSIDIARIES

Year ended 30 June 2021

Disposal of Champion Energy Logistics Co Ltd (the "Disposed Subsidiary")

On 9 February 2021, Lucky Global Group Limited (the "**Vendor C**"), a direct wholly-owned subsidiary of the Company and Grandway International Marine Limited (the "**Purchaser C**"), an independent third party, entered into a sale and purchase agreement, in which the Purchaser C would acquire the entire issued share capital of the Disposed Subsidiary as at completion date at a cash consideration of HK$20,180,000. The consideration was fully settled on 2 March 2021.

The transaction was completed on 26 February 2021, the collective carrying amount of net assets disposed of amounting to HK$20,456,000, mainly representing the vessel included in property, plant and equipment of HK$20,601,000 and other receivables of HK$204,000 and other payables of HK$349,000. The net loss on disposal of a subsidiary after deducting the direct cost amounted to HK$726,000. The net cash inflow arising from disposal of the Disposed Subsidiary was HK$19,730,000.

Year ended 30 June 2022

On 31 May 2021, Innovative City Investments Limited (the "**Purchaser**"), an independent third party and the Company entered into a sale and purchase agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Company conditionally agreed to sell the 128,137,958 Kantone's ordinary shares of HK$0.1 each in the issued share capital of Kantone ("**Kantone Shares**"), representing approximately 59.04% of the entire issued share capital of Kantone, the Company's direct non-wholly owned subsidiary. The disposal ("**Disposal**") was completed on 9 November 2021.

	Note	*HK$'000*
Property, plant and equipment		41,707
Right-of-use assets		3,471
Inventories		21,466
Trade and other receivables		27,868
Tax recoverable		308
Cash and cash equivalents		114,292
Trade and other payables		(60,435)
Contract liabilities		(17,167)
Lease liabilities		(3,546)
Warranty provision		(1,166)
Amount due to a director		(2,180)
Tax payables		(27)
Retirement benefit obligations		(13,142)
Net assets disposed of		111,449
Consideration received		59,072
Add: reclassification of the cumulative amount of the translation reserve related to Kantone Group		8,090
Less: net assets disposed of		(111,449)
Add: non-controlling interest derecognised		45,650
Less: cost associated with the disposal		(1,748)
Loss on disposal of subsidiaries	*5*	(385)
Net cash outflows arising on disposals of subsidiaries		(56,968)

5. DISCONTINUED OPERATIONS

As disclosed in note 4, the Group completed the disposal of 59.04% equity interest of Kantone on 9 November 2021, Kantone ceased to be a subsidiary of the Company upon the completion of the Disposal.

The principal business and activities of Kantone and its subsidiaries (together "**Kantone Group**") are sales of systems products, software licensing and customisation, leasing of systems products and trading of cultural products. Upon completion of the disposal of shareholding in Kantone Group, the Group ceased to sell to Europe those system products, software licensing and customisation leasing of system products businesses that are used to be sold by the Kantone Group. Accordingly, the activities related to Those Businesses were classified as discontinued operations.

The profit for the period/year from the discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the result of sales of systems products, software licensing and customisation, leasing of systems products business as discontinued operations.

The profit for the period/year from discontinued operations:

	Note	**2022**	2021
		HK$'000	*HK$'000*
Revenue		**41,302**	139,069
Cost of sales		**(17,233)**	(55,793)
Gross profit		**24,069**	83,276
Other income, gains and losses		**900**	2,685
Distribution costs		**(8,881)**	(25,685)
General and administrative expenses		**(12,603)**	(47,333)
Finance costs		**(30)**	(248)
Profit before taxation		**3,455**	12,695
Income tax expenses		**(192)**	(1,665)
Profit for the period/year from discontinued operations		**3,263**	11,030
Loss on disposal of discontinued operations, net of tax	4	**(385)**	—
Profit for the period/year from discontinued operations		**2,878**	11,030
Cash flow from discontinued operations			
Net cash generated from operating activities		**5,743**	18,145
Net cash generated from/(used in) investment activities		**1,894**	(3,302)
Net cash used in finance activities		**(881)**	(1,675)
Net cash increase in cash and cash equivalents		**6,756**	13,168
Depreciation of property, plant and equipment		**2,893**	7,243
Depreciation of right-of-use assets		**1,112**	2,906
Cost of inventories recognised as expenses		**6,199**	22,455

6. INCOME TAX

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
— PRC enterprise income tax	**845**	1,373
— Hong Kong profits tax	**184**	179
	1,029	1,552
Over provision in prior years:		
— Hong Kong profits tax	**(10)**	—
Deferred tax:		
— (Credited)/charged for the year	**(591)**	972
Income tax expense	**428**	2,524

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 the PRC earned by subsidiaries incorporated outside the PRC is subjected to withholding tax at 10% (2021: 10%).

Hong Kong Profits Tax is calculated at 16.5% (2021: 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 2022 nor has any dividend been proposed since the end of reporting period (2021: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
		(Restated)
For continuing operations:		
Loss for the year attributable to owners of the Company	**(52,410)**	(68,522)
For discontinued operations:		
Profit for the year attributable to owners of the Company	**1,541**	8,700
Number of ordinary shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,850,956**	790,781

Diluted (loss)/earnings per share for the years ended 30 June 2022 and 2021 were the same as the basic (loss)/earnings per share as there were no potential ordinary shares outstanding during both years.

9. INVENTORIES

	2022	2021
	HK$'000	*HK$'000*
Raw materials	**2,595**	7,797
Work in progress	**2,169**	6,581
Finished goods	**8,118**	24,186
	12,882	38,564

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables *(note 1)*	**10,271**	41,531
Less: provision for impairment losses	**(255)**	(1,122)
	10,016	40,409
Other receivables	**26,895**	19,438
Less: provision for impairment losses	**(2,942)**	(5,683)
	23,953	13,755
	33,969	54,164

Notes:

(1) 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 Groups credit policy for sales of cultural products is cash on delivery.

The ageing analysis of trade receivables (net of expected credit losses) presented based on the invoice date at the end of the reporting period is as follows:

	2022	2021
	HK$'000	*HK$'000*
0–60 days	**733**	14,919
61–90 days	**2**	12,231
91–180 days	**9,061**	9,071
181–365 days	**171**	4,137
Over 365 days	**49**	51
	10,016	40,409

Before accepting any new customer, the Group's finance and sales management team would assess the potential customers 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.

11. LOAN RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Loan receivables	**—**	15,631
Less: provision for impairment losses	**—**	(6,613)
	—	9,018

12. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**995**	20,471
Other payables	**8,784**	41,348
	9,779	61,819

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

	2022	2021
	HK$'000	*HK$'000*
0–60 days	**203**	10,042
61–90 days	**—**	9,637
91–365 days	**—**	—
Over 1 year	**792**	792
	995	20,471

The credit period for purchases of goods ranged from 30 days to 120 days.

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$61 million as compared with approximately HK$98 million, representing a decrease of approximately 37.8 percent. This was mainly due to the reduction in revenue generated from trading in gasoil during the year.

Loss Attributable to Owners of the Company

Loss for the year under review was approximately HK$50 million (2021: approximately HK$57 million). Loss for the year attributable to owners of the Company is approximately HK$51 million (2021: approximately HK$60 million).The loss for the year were mainly due to (i) the reduction in contribution from the gasoil trading business, and (ii) the recognition of fair value loss of financial assets at fair value through profit or loss of approximately HK$13.9 million (2021: loss of approximately HK$15 million); (iii) decrease in other income to HK$2.3 million (2021: HK$12.2 million). The Group was still able to keep its gross profit ratio steady at 5.3% (2021: 6.8%). Loss per share for the year under review is HK2.75 cents (2021: HK7.56 cents).

Other Income, Gains and Losses

During the year under review, the Group recognized other income of approximately HK$2.3 million (2021: approximately HK$12.2 million). The decrease in other income were mainly due to the gain on extension of promissory note payable of HK$8.2 million recognised last year.

General and Administrative Expenses

General and administrative expenses for the year under review decreased by approximately 12.9% percent to approximately HK$27 million (2021: approximately HK$31 million). The management of the Company has continued to streamline our workforce to cope our new development and our strategy of pursuing a more cost-efficient management of overheads. The decrease was mainly attributable to the decrease in and staff costs. It is the current management's strategy to adopt a stringent and cost-effective overhead structure so as to enhance the return on investments.

Fair Value Loss of Financial Assets at Fair Value through Profit or Loss

During the year under review, the Group recognised fair value loss on financial assets at fair value through profit or loss of approximately HK$13.9 million as compared with the fair value loss of approximately HK$14.6 million in the last 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$12.0 million from approximately HK$32 million as compared with the fiscal year 2021, this was due to all interest bearing borrowing and promissory note having been repaid in December 2021.

REVIEW OF OPERATIONS

In the circular dated 20 October 2021, we included a profit forecast ("**Profit Forecast**") for the Group excluding its subsidiary Kantone ("**Remaining Group**"). The Profit Forecast was a forecast of profit of the Remaining Group for the period from 1 July 2021 to 30 June 2022, and its purpose was to make an estimate of the likely financial situation of the Remaining Group for that period based on the information then available. The actual financial result might differ from the forecast due to unforeseen circumstances. The following is a table summarizing the Remaining Group's latest accomplishment with regard to the Profit Forecast.

	The interim result for the period ended 31 December 2021	**Percentage of Accomplishment for the first six months**	**The annual result for the year ended 30 June 2022**	**The Profit Forecast for the period from 1 July 2021 to 30 June 2022**	**Percentage of Accomplishment for the year under review**
	HK$'000		*HK$'000*	*HK$'000*	
Revenue from operations					
— Sales of cultural products	—	—	3,238	—	N/A
— Sales of surveillance equipment	43	54%	44	128	34%
— Sales of Gasoil	33,634	55%	50,773	159,686	32%
— Sale of Renewable Energy	3,864	24%	6,914	79,924	9%
Cost of revenue from operations	(34,932)	48%	(57,734)	(212,772)	27%
Gross Profit	2,609	50%	3,235	26,966	12%
Other income	3,359	401%	3,637	1,673	217%
General and administrative expenses	(15,788)	N/A	(26,767)	(20,994)	127%
Reversal of impairment (losses) recognised for trade & other receivables	(231)	N/A	842	—	N/A
Fair value loss on financial asset at fair value though P&L	(13,549)	N/A	(13,863)	—	N/A
Impairment losses on finance lease receivables	—	—	(838)	—	N/A
Impairment losses on property, plant and equipment	—	—	(2,052)	—	N/A
Impairment losses on right-of-use assets	—	—	(1,703)	—	N/A
Inventories written off	—	—	(204)	—	N/A
Fair value (loss)/gain on investment properties	—	—	(1,566)	—	N/A
Operating profit/(loss) for the year (before interest)	(23,601)	N/A	(39,279)	7,645	N/A
Interest Expenses	(11,923)	81%	(11,947)	(14,706)	81%

	The interim result for the period ended 31 December 2021 *HK$'000*	Percentage of Accomplishment for the first six months	The annual result for the year ended 30 June 2022 *HK$'000*	The Profit Forecast for the period from 1 July 2021 to 30 June 2022 *HK$'000*	Percentage of Accomplishment for the year under review
Net (loss) for the year (before exceptional items)	(35,524)	N/A	(51,226)	(7,061)	N/A
Exceptional items:					
Gain/(Loss) on disposal of Kantone	(204)	N/A	—	286	N/A
Gain/(Loss) on early redemption of Promissory Note	(1,384)	N/A	(1,384)	(1,501)	N/A
Net (loss) for the year (after exceptional items)	(37,112)	N/A	(52,610)	(8,276)	N/A

The performance in trading business and renewable energy business is discussed below under the heading of Trading Business and Technology — Renewable Energy.

Trading Business

With the disruptive impact caused by the Russia-Ukraine conflict and the consequent steep increase in gasoline prices and further disruption in global supply chains, households in general are facing a rise in inflation. This follows directly on the heels of COVID-linked inflation, which has already reached a seasonally adjusted 7.09%.

War-related inflation happens because demand grows, yet supplies are decimated. Soldiers are engaged in fighting and cannot work in farms and factories. Farms become battlefields without crops, factories are repurposed or destroyed, and prices skyrocket. Call it "supply-depletion" inflation. This kind of inflation has always ended abruptly as war spending abates, soldiers return to work, battlefields revert to farms, and factories are rebuilt.

The current bout of inflation has come from three factors: war, oil-supply disruption, and a pandemic. It started when COVID depleted the global workforce, decimated supplies, and impaired supply chains. It has now been exacerbated since warring Russia and Ukraine supply 26% of the world's wheat, and there are boycotts on the estimated five million barrels a day of Russian oil exports.

With COVID, before the Russia-Ukraine war, inflation would normally last at least a year or two, maybe more-and could reach high single-digit or low double-digit levels before returning to moderate or low pre-pandemic levels.

Supply chains always take longer to recover than predicted. With the addition of this war, recovery, initially from COVID disruptions, could yet be longer. History has shown that the world would eventually adjust even if this becomes a protracted war or quagmire, along the lines of Bosnia, Kosovo, Afghanistan, or Iraq.

The key is that inflation has always ended quickly once its root cause is resolved. A war ends, factories and workers return, and inflation ends. A pandemic ends, and inflation ends. Oil prices drop from nearly $40 a barrel to $11 a barrel in the 1980s, and inflation ended.

The West are increasing their financial support for Ukraine and are imposing vigorous economic sanctions upon Russia and its related parties that promise to put upward pressure on oil, gas, and other commodities.

As stated in our interim report 2022:

"Global petroleum production increased at a slower pace than its demand, thus driving prices higher. The slower increase in production was mostly attributable to the Organization of the Petroleum Exporting Countries (OPEC) and other countries, such as Russia, that coordinate production with OPEC (referred to collectively as OPEC+) crude oil production cuts that started in late 2020. OPEC+ announced in December 2020 that they would continue to limit production increases throughout 2021 to support higher crude oil prices.."

After the Russia-Ukraine war began in late February 2022, the threat of the sanctions on Russian hydrocarbon exports and uncertainty surrounding supplies will exacerbate existing market tightness. We can expect that oil prices may fluctuate between US$80 and US$140 per barrel for as long as the conflict rages on. European gas prices will rise by 65 per cent this year, after a fivefold rise last year. Europe has limited gas stockpiles, aggravated by concerns about gas supplies for the 2022/23 northern hemisphere winter season. Europe is reducing its demand for Russian gas, which will lower Russian output and put further pressure on supplies.

There will however be no overnight replacement for Russian oil and gas. If we assume that Europe closed their eyes and just went on with curtailing Russian gas supply despite all these challenges, then there will be reliance on Africa, Middle East, and USA to replace the Russian oil. That will surely lead to huge increase in oil prices.

Research scholars at the Center on Global Energy Policy of Columbia University in New York City have stressed that oil prices are trending upward in the short-term but for the last few months have traded — with high volatility — at a range of around $80-$110.

The current situation is characterized by fears of a slowdown in global economic activity, including in China, and widening of oil sanctions against Russia adding that the former drags prices down and the latter drives them up, explaining the current fluctuation.

Russia's invasion of Ukraine has reconfigured the global oil market, with African suppliers stepping in to meet European demand and Moscow, stung by Western sanctions, increasingly tapping risky ship-to-ship transfers to get its crude to Asia. The reroutings mark the biggest supply-side shakeup of the global oil trade since the U.S. shale revolution altered the shape of the market around a decade ago and suggest that Russia will be able to navigate a European Union (EU) oil ban, provided that Asia and China continue to buy its crude.

Faced with the nature of higher volatilities of crude oil, the Group takes two approaches in tackling the fluid nature of demand and price of the crude oil. Firstly, the Group continued to use a cautious trading business model for its gasoil business, and limited the scale of the business since oil trading is cash dependent; secondly, we now conduct ship-to-ship transfers trading in Hong Kong water and tend to stay away from international waters so as to avoid the trap and risk of sanction and price fluctuation which in turn has reduced the scale of trading when compared with that in last year.

Technology — Renewable Energy Business

The Group has been actively supporting the worldwide call for the adoption of use of clean and renewable energy to combat climate change. Since 2018, the Group has been investing substantial resources in the research and development of our Solar Photovoltaic ("**SPV**") technology products.

During the year under review, the Group accomplished 32% of the yearly forecast of the renewable energy business. After the fifth COVID-19 wave in Q1 2022, the normal processing time for most activities in Hong Kong continued to be adversely prolonged. Nonetheless, with the Group's persistent effort, one of the three major projects that were put on hold as discussed in our Interim Report, the project at a large outdoor barbecue restaurant with contract value of approximately HK$700,000 and revised down by CLP, will be reactivated and expected to be completed in the first half of 2023. As the impact of COVID continues, the other two major projects of contract value totalling approximately HK$7.2 million had continued to be put on hold, including (i) a project of contract value of approximately HK$2.75 million was held up due to continuous delay in site inspection scheduled by Building Department caused by the remote working arrangement in the Government. The Occupation Permit of the site has yet to be released due to the delayed site inspection; and (ii) a project of approximately HK$4.4 million was delayed since CLP made a new condition for the installation of an additional transformer to proceed with the project and is now awaiting approval by CLP. In some other cases, projects were postponed since the licence of safety officers at some of our SPV construction sites had expired but there was an extended delay for renewing them at government departments due to the impact of COVID-19. There was also a significantly longer processing time at the Transport Department for the application of restricted zones vehicle permits. This has prohibited the progress of our projects on Lantau Island. COVID-19, especially the Omicron variants, has kept delaying the normal approval processing time, and the ever-escalating restrictive measures have also affect the supplies and prices of the solar power equipment for installation. More importantly, the Government announced that, effective on 27 April 2022, the FiT Rates that SPV system owners would earn have been significantly reduced by 16.7-25%. At the same time, the cost of SPV system equipment has increased due to the global shortage of silicon. The costs of some crucial elements of SPV systems, including inverters and power cables, have increased by 20-50%. These adverse factors have detrimental effects on the profit margin of the solar power projects.

Despite the challenges imposed by COVID-19, the Group has continued to proceed diligently in supporting the global action to combat climate change by increasing the adoption of Renewable Energy to replace fossil fuel. The Group has relentlessly enhanced its competitiveness by the research and development of our SPV technology products, be it the techniques in the design and installation of the SPV systems to improve their efficiency, durability and profitability, or the technology in designing different special solar panels in catering to our customers' diverse requirements. The Group has also invested significantly in the research and development of special techniques in installing SPV equipment on warehouse rooftops which are usually fragile and susceptible to water seepage. With the development of such special techniques, the Group has won positive reputation amongst warehouse owners for building a safe and cost-effective SPV system on warehouse rooftop. Unfortunately, one subcontractor did not follow our instructions and caused water seepage and leakage in the roof of one of the warehouse during the reporting period. Legal action is being taken with the intent to recover part of our cost and to restore our reputation.

The Group has spared no efforts in participating in various open tendering activities for SPV system construction as well. The Group has completed several SPV Feed-in Tariff ("**FiT**") design and construction projects during the year under review, one of which is a substantial SPV site of a power generation capacity of around 90 kW on the rooftop of an industrial building in Kowloon Bay. With the Group's positive reputation in designing and building cost-effective and high efficiency large scale SPV projects, the Group has won a project with contract sum of HK$4.7 million from one of Hong Kong's top national inspection and testing agencies for designing and constructing a SPV system at their facilities in the New Territories. The SPV system would cover over 5,400 sq. meters and create a generation capacity of clean energy of more than 600kW. The project has commenced and is expected to be complete by 2022 Q4.

As a result of the Group's endeavour to diversify the SPV line of business into a wider variety of sectors, including industrial buildings, commercial buildings, residential buildings, logistic warehouses, village houses, agricultural lands, and vacant lands, the Group has liaised with different property owners and managers and strive to conclude formal agreements for the SPV systems construction. The Group has also been in the process of working with several public and private housing complexes for SPV system installation on their estate buildings. In the year under review, the Group has completed 2 villa SPV projects with contract sum of around HK$200,000 per project. Coupled with the Group's cost-saving techniques and expertise in designing SPV systems, as well as our knowledge and experience in applying for the FiT scheme, the Group expects to generate reasonable profits from these projects from the shares of FiT income generated, revenue from project design, as well as installation fees.

Technology — System Products

With the current pandemic situation in Hong Kong being unpredictable and fast-changing, the city is in urgent demand for improved connectivity amongst its people, devices, and data. The Group's 30 plus years of experience in the technology and communication sector has enabled it to quickly respond to the needs of its customers and develop solutions to help protect the health of our citizens, as well as achieving a more automated and contactless service to our SPV system customers for system check-up and maintenance.

Real-time Indoor Positioning System

The Group has been conducting extensive research on technologies which can be used for accurate real time indoor positioning and the Group has been developing a positioning system using the Ultra-Wide Band ("**UWB**") technology, which can enable a high accuracy of position while maintaining a high power efficiency. The system will be useful in various scenario, for example asset tracking, indoor wayfinding, as well as tracking of personnel in settings like hospitals and offices. The Group has completed the proof-of-concept ("**PoC**") stage of the system and is currently working with a manufacturer to finalize on the hardware design of the system, including the wireless anchors and positioning tags.

Smart Body Temperature Detection System

The Smart Body Temperature Detection System developed by the Group has been proven to be valuable to our customers' day-to-day operation. The System was created in response to our customers' request for an effective solution to check the body temperature of a large group of visitors at the same time without forming a traffic bottleneck at the entrance. The System is deployed at Hong Kong's largest cruise terminal and has received positive feedback for greatly improving the workflow of temperature screening at the terminal. In the year under review, the system has also been purchased by a property management company to secure the public health at their commercial buildings.

With the Smart Body Temperature Detection System, our customers from various public sectors including schools, hotels and commercial buildings were able to monitor the body temperature of their visitors and have the built-in Artificial Intelligence (A.I.) visual analytics to remind visitors to put on their facial masks. This helped our customers to stay compliant with local regulations and safeguard public health.

Cultural Products

As in previous years, the Company continues to adopt a cautious approach in handling the cultural products. We have been kept up to date with the market conditions so we may capture the right moment for realizing some of the Group's inventories of cultural products at the right price. In addition, we have displayed our cultural products which are also work of art in our Company's website to enhance public awareness of our cultural products. These approaches consistent with those in previous years.

Since our cultural products are works of art that have enhanced in value because of their considerable age, they are not ordinary commodities and thus should not be perceived as having impairment issue even after being kept in inventories for extended periods of time.

Cultural products, including precious stones and artifacts, with book value of approximately HK$8,118,000 (as at 30 June 2021: approximately HK$12,758,000, including those belonged to Kantone) have been held for trading and resale in the normal course of business. They were included in the inventories of the Group as at 30 June 2022.

All such cultural products, totalling 225 pieces (as at 30 June 2021: 368 pieces, including the 143 pieces owned by Kantone), 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 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, continuing to be depressed. 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 it appropriate to enable the Company to redevelop or to sell the property.

Disposal of Kantone Holdings Limited ("Kantone")

On 31 May 2021, the Company as seller and Innovative City Investments Limited ("**Innovative City**") as purchaser entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which Innovative City had conditionally agreed to acquire and the Company had conditionally agreed to sell 128,137,958 shares of Kantone ("**Sale Shares**"), representing approximately 59.04% of the entire issued share capital of Kantone ("**Disposal**"). The consideration for the Sale Shares was HK$59,071,598.64, equivalent to HK$0.461 per Sale Share, which was determined following arm's length negotiations between Innovative City and the Company. Completion of the Sale and Purchase Agreement took place on 9 November 2021 ("**Completion**"). The net cash proceeds, after deducting the estimated expenses, amounted to approximately HK$56 million, was used for the part prepayment of the GFL Loan.

Upon Completion, members of the Kantone Group ceased to be subsidiaries of the Company. There were amounts due from the Kantone Group to the Group which were inherited prior to Completion, including shareholders' loan for general working capital purposes of the Kantone Group and sharing of certain administrative expenses, which have been accrued before the Kantone Group ceased to be members of the Group and which were regarded as intra-group transactions and have been recorded in the form of current accounts between the two groups. Shareholder's loan in the principal amount of approximately HK$5.7 million borne an interest of 13% per annum, being the Group's cost of funds before completion of the Rights Issue (which has been revised to 5% per annum since 15 December 2021 with reference to the Hong Kong dollar best lending rate quoted by HSBC since the Group has become debt free after the repayment of GFL Loan) while the sharing of administrative expenses is made on a cost basis. Given that repayment of the amount due from the Kantone Group to the Group may constitute special deal under Rule 25 of the Takeovers Code, such amount could only be repaid six months after the close of the mandatory unconditional general offer of Kantone, i.e. after 28 June 2022.

As at 31 December 2021, the total amount due from Kantone Group to the Group amounted to approximately HK$26.5 million. Given that the Kantone Group is no longer a subsidiary of the Group, the provision of credit over such outstanding amount constitutes financial assistance by the Group to the Kantone Group. Since some applicable percentage ratios of such financial assistance exceeds 5% but below 25%, such financial assistance constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules and an advance to entity under Rule 13.13 of the Listing Rules. The Directors consider that since the shareholder's loan in the principal amount of approximately HK$5.7 million is interest-bearing and the sharing of administrative expenses is made on a cost basis, the financial assistance is fair and reasonable and in the interest of the Company and its shareholders as a whole.

The whole process of the Disposal took more than five months from the signing of the Sale and Purchase Agreement until Completion, which was much longer than the management had expected. This was because extra time was required for addressing certain regulatory issues. As a result of the delay of Completion, unbudgeted interest had incurred due to the delay in repayment of the GFL loan.

Fund Raising Activity — Rights Issue

On 18 May 2021, the Board announced that the Company proposed to raise fund by way of rights issue (the "**Rights Issue**") on the basis of three (3) rights shares (the "**Rights Share**") for every (1) existing Share at the subscription price of HK$0.1 per Rights Share. At the special general meeting held on 8 November 2021, the relevant resolutions for approving, among other things, the Rights Issue were duly passed by the independent shareholders by way of poll.

On 6 December 2021, being the latest time for payment for and acceptance of the Rights Shares and application for excess Rights Shares: (a) 31 valid acceptances in respect of a total of 543,873,330 Rights Shares provisionally allotted under the Rights Issue were received, representing approximately 26.51% of the total number of 2,051,492,544 Rights Shares available for subscription under the Rights Issue; and (b) 26 valid applications for a total of 114,287,801 excess Rights Shares were received, representing approximately 5.57% of the total number of the Rights Shares available for subscription under the Rights Issue. In aggregate, acceptance of and applications for a total of 658,161,131 Rights Shares, representing only 32.08% of the total number of the Rights Shares available for subscription under the Rights Issue, were received. Based on this acceptance and application results, the Rights Issue was under-subscribed by 1,393,331,413 Rights Shares ("**Underwritten Shares**"), representing approximately 67.92% of the total number of 2,051,492,544 Rights Shares available for subscription under the Rights Issue. Pursuant to the terms of the underwriting agreement, the underwriters had procured subscribers to take up all the Underwritten Shares.

Since our core businesses, such as trading of gasoil and renewable energy, are high capital and finance dependent businesses, the Company considers that, in order to further explore business opportunities for the shareholders, the current level of financial resources have to be enhanced to generate higher returns in these core businesses in the future. Therefore, the Company is now considering various kinds of financial means to raise capitals which include but are not limited to rights issue.

Money Lending Transactions

Money lending services were only provided incidentally by the PRC subsidiary of the Company. Such PRC subsidiary has never held itself out to the public as money lenders and has never canvassed any borrower to borrow money from it. Therefore, the Directors do not consider or regard that money lending is part of the Company's principal or core business during this Period.

The money lendings were confined to term loan financing with fixed interest rates. All proposed lendings were considered case by case and no particular industry was specified for this purpose. However, the Company does have its own money lending checklist which the Directors would have to observe should the occasion arise.

Any loan will only be made with our idle funds, and it should only be granted to those who approach the directors of the subsidiary by their acquaintances. They would then carry out the credit assessment process and if the results were to their satisfaction, they would submit the requests to the Directors in Hong Kong for further assessment and approval.

Such assessment and know your client ("**KYC**") processes follow the procedures below:

1. Verify the identity of the directors of the borrowers and guarantors;

2. Verify the address proof of the borrowers and guarantors;

3. Obtain a copy of the business registration certificate and company number if applicable;

4. Check the memorandum & articles of association of the borrower and the guarantor if applicable;

5. Identify the tax position of the borrower by checking the tax clearance certificate from the PRC competent authority;

6. Obtain the due diligence report from TianYanCha (天眼查), and if necessary, seek advice from external legal advisers; and

7. Obtain and study the financial statements, preferably audited financial statements if the potential borrower is an entity.

After the collection and verification of above background information of the intending borrowers, our PRC director and the company secretary department of the Group would conduct a loan assessment process through:

1. Obtaining the corporate bank account information;

2. Assessing the creditability and financial position of the borrowers by checking the latest audit report and management accounts and personal financial background of the guarantor, where appropriate; and

3. Obtaining board minutes of the borrowers for approving the lending.

After having due regard to the borrower's financial situation, the extent and quality of collaterals/ guarantee and the loan tenure, the director of the PRC subsidiary would offer an interest rate which would tend to maximize profit and yet would comply with the PRC's rule in determining the maximum interest rates of the loans to ensure that we would not impose interest rates higher than the statutory ceiling. Normally, the PRC subsidiary would charge not less than double of the China Loan Prime Rate ("**CLPR**").

As of now, the maximum interest rate should not exceed 14.6% p.a., i.e. 4 times of the CLPR which is around 3.65% p.a.

The above due diligence report, KYC and credit assessment documents together with the amount, terms and repayment method of the loans would be submitted to the board of directors of the Group for approval. After approval has been granted, the final loan agreement would be signed by our PRC director of the subsidiary with the borrower and the guarantor.

The PRC directors of the subsidiary would maintain personal contact with the borrowers from time to time during the tenure of the loan and would start reminding them for repayment about one month before the respective due dates.

The following are our standard procedures for any delinquent loans:

1. Demand letter will be sent to the borrower for immediate repayment;

2. Instruct our PRC lawyer to issue demand letter to the borrower and guarantor to demand immediate repayment; and

3. Formal legal action will be taken if:

    a. The borrower refuses to repay; or

    b. If no settlement arrangement could be reached after 14 working days from the date of our legal demand letter.

Ever since the current management permitted the granting of such term loans, there has been no signs that Loans would become delinquent.

During the Year, the Group did not carry out any money lending activity.

Securities Investments

As part of the Group's short term investment activities, the Group has invested in some Hong Kong listed securities, the details and information of which are as follows:

During the Year, the Group recorded an overall fair value loss on financial assets at fair value through profit or loss of approximately HK$13.9 million which was attributable to pessimistic market sentiment on most of the stocks. Concerns about a deepening global recession and tensions between the United States and China negatively impacted the global markets. The worsening development of the epidemic also posted another significant negative impact to the investment market as a whole (2021: fair value loss of approximately HK$14.6 million).

As at 30 June 2022, the fair value of the investments classified as "Financial Assets at FVTPL" amounted to approximately HK$22 million (2021: approximately HK$42 million). Such investment portfolio comprised 7 (2021: 6) equity securities listed in The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and one unlisted security. The portfolio of listed securities was composed of 5 (2021: 3) equity securities which are listed on the Main Board of the Stock Exchange with the remaining 2 (2021: 3) equity securities which are listed on the GEM of the Stock Exchange.

OUTLOOK

Trading Business

The Company has gained experience of sufficient length and there is a need to build a good reputation to gain more access to major oil suppliers. The Group's management has been meeting major oil suppliers from time to time to foster closer relationship with them with the aim of enlarging the Group's oil procurement capability. As such, the management maintains the view that the gasoil market would pick up again when the negative impact of five waves of COVID-19 subsides or materially alleviates.

The Group should therefore gather sufficient working capital to catch such a wave since the trading business would be profitable if turnover is high enough. The good thing about oil trading is that if more cash is ready, more profits are available. Therefore, the Group's management is mindful of restructuring its financial position to capitalize on any fund-raising opportunities to enhance its working capital strength. On this basis, we consider that the oil trading business is a business which has substance, is viable and sustainable.

Our current rights issue ("**Rights Issue**") exercise would enable the Company to raise about HK$205 million. Please refer to our announcement dated 18 May 2021 for more details. As for the disposal of our 59.04% stake in Kantone Holdings Limited, it would generate HK$57 million net for the Company. These two corporate actions were then approved by shareholders in our special general meeting. Both of these corporate actions materialized and the funds were then utilized to fully repay the loan of HK$185 million owing to Guangdong Finance Limited and the promissory note with principal sum of HK$44 million, the Company is debt free now and the remaining funds will be used as working capital to strengthen the businesses of gasoil trading, the renewable energy and the IoT system sales.

Technology Business — Renewable Energy

With the forward vision of the management team years ago, the Group has been able to grasp the best timing and opportunity to start developing its proprietary techniques and equipment in designing an economic yet high-performing Solar Photovoltaic System.

The Group has gained an outstanding reputation in the industry, especially amongst warehouse, village house and villa owners as evidenced by the many chains of successful referrals from our existing customers. With the successful referral from our current customers, the Group has 3 villa projects in the pipeline and would generate around HK$200,000 per site. As discussed in the Review Section of this announcement, the Group found that there are various undesirable external impacts on the SPV line business, including the decreasing of FiT Rates by the government and the overwhelming raise of costs in SPV equipment and labour. It would be more challenging for the Group in this line of business approaching 2033.

Technology Business — System Products

The Group has been developing more pre-built modules that can enhance the construction efficiency of SPV sites. With the pre-built modules, technicians can install and assemble the SPV systems with higher accuracy and ease, which means a shorter construction time and lower manpower cost is required. The Group would continue to develop specialized techniques in the design and construction of SPV sites to stay ahead of the vigorous competition in the industry. The Group has also successfully liaised with new large and medium size subcontractors, which are very experienced in large SPV projects. Aided with these new subcontractors, the Group is able to conduct larger projects with higher cost-efficiency.

TOF People Counting System

The Group has successfully developed a People Counting System with Time of Flight (TOF) technology. The TOF technology enhanced the accuracy of the system and paint a better picture for our customers about the traffic of their premises. The Group has been actively participating in open tenders from different public entities for such systems. The People Counting System can be especially useful in today's pandemic situation, where monitoring and controlling of the density of people plays a key role in the prevention and control of the pandemic. The data obtained from the system can help our customers to make more informed and financially favourable decisions.

Energy Management System

The Group has completed the prototype of the Intelligent Energy Management System ("**Energy Management System**") with enhanced connectivity to cope with the growing network of SPV systems across Hong Kong. The System would help the Group and our customers to monitor the operation of solar panels and the production of energy, as well as to detect abnormalities that may hinder the production of solar power. The Group has been working on increasing the compatibility of the System, enabling it to connect and interact with a wider range of devices common in our SPV systems. The System has been successfully integrated with the Smart Remote Circuit Breaker Control so that its status can be monitored live on the system.

Solar Rechargeable Device

The Group has continued our research and development on the technology for making a safe and efficient solar rechargeable device. The device will benefit the Group and our customers by enabling the off-the-grid storage of solar power generated. The Group has been proceeding with caution on this project to ensure the highest product safety and performance standard since best practices are still being formulated in the industry around the world. The Group has been working closely with a first-class property developer in Hong Kong to bring the project to fruition, as the client will benefit from the Solar Rechargeable Device as backup power for their designated premises.

Machine Learning System Environment

The Group has been focusing our development on the technology stacks that are in the highest demand in the Small and Medium Enterprises ("**SME**") market for ready-to-use A.I. solutions. SMEs generally agree the view that the faster and more accurate forecasting that can be brought about by machine learning and A.I. are critical to their future business growth and the technology is a worthwhile investment, especially in today's fast-changing environment. The Group's elite IT expert team will continue the extension of this new line of business to generate revenue for the Group from the design of the hardware stack, distribution of the software licenses and professional consultation for design and on-going support and maintenance of the machine learning system stack. The Group is also working closely with experts of Cloud technology to ensure flexibility in the product to accommodate different requirements from our clients, be it an on-premises solution, cloud solution or a hybrid solution.

Cultural Industry

The business strategies for the cultural industry are still being refined. As the trading of cultural products used to be part of the business of the Group, our business strategy has remained cautious. We are displaying our cultural products in our Company's website to enhance public awareness of our cultural products. We have been acquiring new cultural products or antiques for resale, such as the 3 pure gold ornaments in 2021 and other pure gold products during the year, both of which had already been sold under consignment arrangement, this kept us up to date with the market conditions enabling us to capture the right moment for realizing some of the Group's inventories of cultural products at the right price.

Property Sector

As disclosed in the announcement of the Company dated 19 July 2017, regarding the disclosable transaction in relation to the acquisition of 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 our interim report 2021, we noted that the market conditions in Dongguan had changed. As expected, demand for hotel rooms in those areas continues to be depressed, and this factor was considered when this project was reviewed. By virtue of the subcontracting 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 when we consider it 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 a brand new residential commercial complex project, whereby unlocking the true and inherent value of the land. We believe that the Company would be able to realize such hidden potential in this project in the foreseeable future.

While working on the redevelopment plan, the Company would actively negotiate with property developers who are looking for residential-sites in the Greater Bay Area to provide the Company with a wider choice of selling this project.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

The Group's financial position remained positive.

As at 30 June 2022, the Group had approximately HK$24 million (2021: approximately HK$136 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$98 million (2021: approximately HK$284 million) and current liabilities amounted to approximately HK$20 million (2021: approximately HK$100 million). With net current assets of approximately HK$78 million (2021: approximately HK$184 million), the Group maintained a healthy level of financial liquidity. Gearing ratio at 30 June 2022 is zero as the Group had no borrowings as at 30 June 2022 (2021: N/A).

As at 30 June 2022, the Group has no borrowings (2021: HK$223 million) and there was no borrowing which required to be repaid within one year (2021: approximately HK$ Nil) and in the following year (2021: HK$223 million). Finance costs for the year were approximately HK$12 million (2021: approximately HK$32 million).

Fund Raising Activities

A. 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	Fund raising activity	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; and approximately HK$14.44 million respectively was utilized and the remaining amount of approximately HK$560,000 million were still kept for our working capital on internet communication projects of the Group. The board of directors expected that the remaining balance of approximately HK$560,000 million will be fully utilised during the fiscal year of 2022. 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 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. During the year ended 30 June 2022, the Group completed a fund raising exercise to strengthen its financial position and raised total gross proceeds of approximately HK$205 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
18 May 2021 *(Note 1)*	Rights issue on the basis of three rights shares for every one existing share held on the record date at HK$0.10 per rights share	Approximately HK$198 million	For repayment of loan due to Guangdong Finance Limited under a facility agreement entered into between the Company and Guangdong Finance Limited and promissory note payables and; for facilitating the business of oil trading, renewable energy and IT projects of the Group	HK$126 million was utilized for repayment of the loan owing to Guangdong Finance Limited and HK$41 million was utilized for repayment of promissory note payables; and approximately HK$22.8 million was utilized for trading business; and approximately HK$3.6 million was utilized for the renewable energy projects; and the remaining amount of approximately HK$4.6 million was kept for facilitating the business of oil trading, renewable energy and IT projects of the Group. The board of directors expected that the remaining balance of approximately HK$4.6 million would be fully utilised during the finance year 2023.

Note 1: On 6 December 2021, 31 valid acceptances in respect of a total of 543,873,330 rights shares allotted and 26 valid applications for a total of 114,287,801 excess rights shares under the rights issue were received. In aggregate, acceptance of and applications for a total of 658,161,131 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 Kingston Securities Limited) eventually took up the 1,393,331,413 undersubscribed shares.

Treasury Policy

The Group is committed to manage its financial resources prudently and to maintain a positive liquid financial position. 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 2022, the Group's did not have any material capital commitments (2021: Nil).

Charges

After the Interest-bearing loan of HK$185 million was fully repaid in December 2021, those charges of the Company were relieved.

As at 30 June 2021, the other interest bearing borrowing of the Group of HK$185 million was secured by personal guarantee provided by Ms. Wong Man Winny (an executive Director and chairperson of the Board) ("**Existing Guarantor**") and the 128,137,958 shares of Kantone owned by the Company which represents 59.04% of the issued share capital of Kantone. As disclosed in announcement dated 4 November 2020, in view of the fact that the lender's security interest in the shares of Kantone has been diluted as a result of the placing of shares of Kantone (as announced by the Company on 6 May 2020 and 18 May 2020) and that the lender agreed to extend the repayment date to 7 October 2021, the lender requested the Company to provide additional collaterals to the lender.

Accordingly, on 4 November 2020, the Company, the Existing Guarantor and the lender entered into a second supplemental deed (the "**Second Supplemental Deed**") pursuant to which the Company shall provide additional collaterals to the lender, including the following share charges (collectively, the "**Share Charges**") in respect of the shares of certain subsidiaries of the Group which were executed on the same day by the Group in favour of the lender:

(1) the share charge in respect of all issued shares in Champion Luck International Limited, which is the sole legal and beneficial owner of the property situated at Room 703, 1188 Shangchuan Road, Shanghai, PRC valued at approximately HK$3.9 million as at 30 June 2020;

(2) the share charge in respect of all issued shares in Champion Million Industries Limited, which is the sole legal and beneficial owner of the property situated at Room 702, 1188 Shangchuan Road, Shanghai, PRC valued at approximately HK$3.8 million as at 30 June 2020; and

(3) the share charge in respect of all issued shares in Champion Pacific Investment Limited, which is the sole legal and beneficial owner of the property situated at Room 8A, Tianji Building F4.8, Tianan Chegongmiao Industrial Zone, Futian District, Shenzhen, PRC valued at approximately HK$33 million as at 30 June 2020.

Contingent liabilities

As at 30 June 2022, the Group had no material contingent liabilities (2021: Nil).

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

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 2022.

REMUNERATION POLICY

As at 30 June 2022, the Group employed about 28 full-time and part-time staff around the globe. Staff costs for the year ended 30 June 2022 were approximately HK$16 million (2021: approximately HK$92 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 2022 (2021: Nil).

EVENT AFTER REPORTING PERIOD

Save as disclosed, no significant event affecting the Group occurred subsequent to 30 June 2022.

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 2022.

SCOPE OF WORK OF CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, CHENG & CHENG LIMITED, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CHENG & CHENG LIMITED in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CHENG & CHENG LIMITED on the preliminary announcement.

CODE OF CORPORATE GOVERNANCE

Throughout the year ended 30 June 2022, 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 (there is no such requirement from 1 January 2022) of the CG Code, all non-executive Directors should be appointed for a specific term, subject to re-election. Whilst one of the non-executive Director, Ms. To Yin Fong Cecilica is not appointed for a specific term, however, 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 2022, 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 2022 have been reviewed by the Audit Committee.

By order of the Board
CHAMPION TECHNOLOGY HOLDINGS LIMITED
WONG MAN WINNY & WU YUNJING
Joint Chairperson

Hong Kong, 29 September 2022

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