

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CHAMPION TECHNOLOGY HOLDINGS LIMITED**

**冠軍科技集團有限公司**

*(Continued in Bermuda with limited liability)*

**(Stock Code: 92)**

### **MAJOR TRANSACTION DISPOSAL OF INTEREST IN DONGGUAN PROPERTY**

#### **THE DISPOSAL**

On 2 May 2023 (after trading hours), the Company, the Purchaser and the Disposal Company entered into the Agreement, pursuant to which, the Company has conditionally agreed to sell the Sale Shares and assign the Sale Loan to the Purchaser, and the Purchaser has conditionally agreed to purchase the Sale Shares and take up the assignment of the Sale Loan at the Consideration of HK\$45.9 million. The Sale Shares represent the entire issued share capital of the Disposal Company and the Sale Loan represents the Shareholder's Loan. The major asset of the Disposal Group is the 48.45% interest in the Property.

As at the date of this announcement, the Disposal Company is a direct wholly-owned subsidiary of the Company. Upon Completion, the Company will cease to hold any interest in the Disposal Company. Accordingly, the Disposal Company will cease to be a subsidiary of the Company upon Completion and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and therefore is subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting on the relevant resolutions to approve the Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the Agreement and the Disposal; (ii) the valuation report of the Property; (iii) other information as required under the Listing Rules; and (iv) the notice of the SGM, is expected to be despatched to the Shareholders on or before 15 June 2023 as more time is required to prepare the information for inclusion in the circular.

**Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed "Conditions Precedent" in this announcement, including the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and the potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.**

## **INTRODUCTION**

On 2 May 2023 (after trading hours), the Company, the Purchaser and the Disposal Company entered into the Agreement, pursuant to which, the Company has conditionally agreed to sell the Sale Shares and assign the Sale Loan to the Purchaser, and the Purchaser has conditionally agreed to purchase the Sale Shares and take up the assignment of the Sale Loan at the Consideration of HK\$45.9 million subject to the terms and conditions of the Agreement.

## **THE AGREEMENT**

The principal terms of the Agreement are set out as follows:

### **Date**

2 May 2023 (after trading hours)

## **Parties to the Agreement**

- (i) the Company (as vendor);
- (ii) the Purchaser (as purchaser); and
- (iii) the Disposal Company, a direct wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a merchant and an Independent Third Party.

## **Assets to be disposed**

Pursuant to Agreement, the Company has conditionally agreed to sell the Sale Shares and assign the Sale Loan to the Purchaser, and the Purchaser has conditionally agreed to purchase the Sale Shares and take up the assignment of the Sale Loan. The Sale Shares represent the entire issued share capital of the Disposal Company, which are beneficially owned by the Company, and the Sale Loan represents the Shareholder's Loan. The major asset of the Disposal Group is the 48.45% interest in the Property.

## **Consideration**

The Consideration of HK\$45.9 million shall be payable by the Purchaser to the Company by cashier order drawn on licensed bank(s) in Hong Kong or solicitors' cheque(s) in HK\$ in the following manner:

- (a) a sum of HK\$4.59 million shall be paid to the Company upon signing of the Agreement;
- (b) a sum of HK\$4.59 million shall be paid to the Company within 7 days after the passing of the necessary resolutions by the Shareholders at the SGM approving the Agreement and the transactions contemplated; and
- (c) the remaining balance of the Consideration shall be paid at Completion.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to, among others, (i) the unaudited consolidated net liabilities of the Disposal Group attributable to the Company of approximately HK\$69,670,000 as at 31 December 2022; and (ii) the fair value of the Property of approximately RMB4,300,000 (equivalent to approximately HK\$4,860,000) as at 31 March 2023 as appraised by an independent qualified valuer using market approach.

## **Conditions Precedent**

Completion is conditional upon the following conditions precedent being fulfilled:

- (i) the Company having shown and proven that it has good title to the Sale Shares and the Sale Loan free from all Encumbrances to the reasonable satisfaction of the Purchaser;
- (ii) the Company having shown and proven that the HK Subsidiary is holding 95% shareholding of the PRC Subsidiary and has a good title to (a) 95% entire registered capital of the PRC Subsidiary; and (b) all amounts, including principal and interest, owing by the PRC Subsidiary to the Disposal Company, if any, free from all Encumbrances to the reasonable satisfaction of the Purchaser;
- (iii) the Company having shown and proven that the PRC Subsidiary has a good title to the Property free from Encumbrances to the reasonable satisfaction of the Purchaser;
- (iv) the passing of the necessary resolutions by the Shareholders at the SGM approving the Agreement and the transactions contemplated; and
- (v) all necessary consent of the Government Authorities and/or the Stock Exchange in respect of the Agreement and the transactions contemplated, if any, having been obtained by the relevant parties.

None of the parties to the Agreement is entitled to waive the conditions referred to in clauses (iv) and (v) above. The Purchaser may waive (in whole or in part) any of the conditions referred to in clauses (i), (ii) and (iii) above.

As at the date of this announcement, none of the above conditions has been waived or fulfilled.

## **Completion**

Upon fulfilment (or waiver where applicable) of all the conditions set out in the section headed “Conditions Precedent” above, Completion will take place at or before 5:00 pm on the Completion Date.

Upon Completion, the Company will cease to hold any interest in the Disposal Company. Accordingly, the Disposal Company will cease to be a subsidiary of the Company upon Completion and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

If the Completion does not proceed on the Completion Date because the Company has failed or is unable to discharge any of its obligations set out in the Agreement, the Purchaser may rescind the Agreement and upon which all moneys paid by the Purchaser to the Company under the Agreement shall be returned to the Purchaser forthwith who shall also be entitled to recover from the Company damages (if any) which the Purchaser may sustain by reason of such failure on the part of the Company.

If the Completion does not proceed on the Completion Date because the Purchaser has failed or is unable to discharge any of its obligations set out in the Agreement, the Company may terminate the Agreement and the Company shall be entitled to forfeit the sums paid under clauses (a) and (b) in the section headed “Consideration” in this announcement.

## **INFORMATION ABOUT THE DISPOSAL GROUP**

The Disposal Company is an investment holding company incorporated in the British Virgin Islands with limited liability, and as at the date of this announcement, a direct wholly-owned subsidiary of the Company. Upon Completion, the Company will cease to hold any interest in the Disposal Company.

The HK Subsidiary is a company incorporated in Hong Kong with limited liability and is an investment holding company. The HK Subsidiary is owned as to 51% by the Disposal Company.

The PRC Subsidiary is a company established in the PRC with limited liability which is owned as to 95% by the HK Subsidiary and 5% by an Independent Third Party. The PRC Subsidiary is principally engaged in the management of hotel and Chinese and Western restaurants. The PRC Subsidiary’s major asset is the Property which comprises a parcel of land located at 6 East Huanshi Road, Tangxia Town, Dongguan City, Guangdong Province, the PRC with a total site area of about 25,235.63 square metres and a five-star hotel erected thereon. The hotel has a total gross floor area of approximately 38,873 square metres, comprising 253 guest rooms. It is equipped with restaurants and a range of facilities including swimming pool, fitness centre, tennis court and conference rooms. Other than the Property, the PRC Subsidiary has no other business or property.

## **FINANCIAL INFORMATION OF THE DISPOSAL GROUP**

Set out below are the unaudited consolidated financial information of the Disposal Group as prepared in accordance with the Hong Kong Financial Reporting Standards for the years ended 30 June 2021 and 30 June 2022:

	<b>For the year ended 30 June 2022</b>	<b>For the year ended 30 June 2021</b>
	(unaudited)	(unaudited)
	<i>Approximate</i>	<i>Approximate</i>
	<i>HK\$’000</i>	<i>HK\$’000</i>
Profit/(loss) before taxation	(450)	2,502
Profit/(loss) after taxation	(1,295)	2,076

According to the financial information of the Disposal Group as at 30 June 2022, the unaudited consolidated net liabilities of the Disposal Group was approximately HK\$67,900,000.

## **POSSIBLE FINANCIAL EFFECTS AND USE OF PROCEEDS OF THE DISPOSAL**

For illustrative purpose, assuming the Completion has taken place on 31 December 2022, it is estimated that the Company would realise an unaudited gain on the Disposal of approximately HK\$20,000,000, being the difference between the Consideration of HK\$45,900,000 and the unaudited consolidated net liabilities of the Disposal Group attributable to the Company of approximately HK\$69,670,000 as at 31 December 2022, taking into account the assignment of the Sale Loan, after deducting the expenses attributable to the Disposal of approximately HK\$1,000,000. However, the Shareholders should note that the above estimation has not taken into account the potential tax impact upon Completion and the actual financial effect as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the auditors of the Company.

The Group intends to use the net proceeds from the Disposal of approximately HK\$44,900,000 as general working capital of the Group, and for development of the existing projects of the Group as well as potential business and investment opportunities which may arise from time to time.

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

The Group is principally engaged in the trading of gasoil and trading of cultural products, system sales including renewable energy systems and the related engineering work, data center, smart construction sites, software development, licensing and customization, system products including payment gateways and IoT and strategic investment.

The Group acquired the indirect interest of the Property in 2017. The Group had been looking for opportunities to re-develop the Property over these years and had not invested heavily to refurbish the Property. Management of the Property had been out-sourced and the Group had been receiving stable but not remarkable returns. As the real property market has been gloomy and such situation is likely to subsist in coming few years, the Board considers that the Disposal represents a good opportunity for the Group to realize its investment in the Disposal Group, and improve its liquidity and overall financial position, and reallocate its financial resources for optimizing the operational efficiency and to enhance the return to the Group.

Having considered that the Agreement was entered into on normal commercial terms and on an arm's length basis, the Directors are of the view that the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Shareholders and the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and therefore is subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting on the relevant resolutions to approve the Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the Agreement and the Disposal; (ii) the valuation report of the Property; (iii) other information as required under the Listing Rules; and (iv) the notice of the SGM, is expected to be despatched to the Shareholders on or before 15 June 2023 as more time is required to prepare the information for inclusion in the circular.

**Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed "Conditions Precedent" in this announcement, including the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the SGM. Accordingly, the Disposal may or may not proceed. Shareholders and the potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

Unless the contents otherwise require, the following expressions have the following meanings in this announcement:

“Agreement”	the conditional agreement for sale and purchase dated 2 May 2023 entered into between the Company, the Purchaser and the Disposal Company in relation to the Disposal
“Board”	the board of Directors
“Company”	Champion Technology Holdings Limited (stock code: 92), a company continued in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	any day within 6 months after the date of passing of the necessary resolutions by the Shareholders at the SGM approving the Agreement and the transactions contemplated thereunder and on a date mutually agreed upon in advance by the parties to the Agreement in writing
“Consideration”	the consideration of HK\$45.9 million for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Sale Loan pursuant to the terms and conditions of the Agreement



“Disposal Company”	Honest City Enterprises Limited (廉城企業有限公司), a company incorporated in the British Virgin Islands with limited liability and as at the date of this announcement, a direct wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company, the HK Subsidiary and the PRC Subsidiary
“Encumbrances”	any mortgage, charge, pledge, lien, rental assignment, priority or security interest, whatsoever over or in any property, assets or rights whatsoever nature and includes any agreement for any of the same held by or conferred upon any person other than the owner of the subject matter
“Government Authorities”	any national, provincial, municipal or local government, administrative or regulatory body or department, court or judicial bodies, tribunal, arbitrator or any body that exercises the function of a regulator, including but not limited to those in Hong Kong and PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Subsidiary”	Golden Field Property Limited (新金域地產有限公司), a company incorporated in Hong Kong with limited liability and a 51%-owned subsidiary of the Disposal Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding, for the purposes of the Agreement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Subsidiary”	Dongguan Golden Field Yijing Hotel Limited* (東莞新金域怡景酒店有限公司), a company established in the PRC with limited liability which is owned as to 95% by the HK Subsidiary and is the owner of the Property



“Property”	a parcel of land located at 6 East Huanshi Road, Tangxia Town, Dongguan City, Guangdong Province, the PRC (中華人民共和國廣東省東莞市塘廈鎮環市東路6號) with a total site area of about 25,235.63 square metres and a hotel erected thereon with a total gross floor area of approximately 38,873 square metres, which is owned by the PRC Subsidiary
“Purchaser”	Mr. Chu Ying Man, a merchant and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the total amount of the Shareholder’s Loan
“Sale Shares”	50,000 issued ordinary shares in the Disposal Company, representing the entire issued share capital of the Disposal Company
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Shareholder’s Loan”	all amounts, including principal and interest, owing by the Disposal Company to the Company as at Completion on the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

\* *For identification purposes only*

By order of the Board  
**CHAMPION TECHNOLOGY HOLDINGS LIMITED**  
**Wong Man Winny and Wu Yunjing**  
*Joint Chairpersons*

Hong Kong, 2 May 2023

*As at the date of this announcement, the executive Directors are Ms. Wong Man Winny (Joint Chairperson) and Mr. Wu Yunjing (Joint Chairperson); the non-executive Directors are Mr. Liu Ka Lim and Ms. To Yin Fong Cecilia; and the independent non-executive Directors are Mr. Leung Man Fai, Mr. Chan Yik Hei and Mr. Wong Yuk Man Edmand.*