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 2023

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 2023 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 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*	**25,292**	60,969
Cost of sales		**(21,242)**	(57,734)
Gross profit		**4,050**	3,235
Other income, gains and losses		**3,176**	2,253
General and administrative expenses		**(19,418)**	(26,767)
Impairment losses recognised for inventories		**(6,488)**	—
Impairment losses on finance lease receivable		**(234)**	(838)
Impairment losses on property, plant and equipment		**—**	(2,052)
Impairment losses on right-of-use assets		**—**	(1,703)
Reversal of impairment losses/(impairment losses) recognised for trade and other receivables		**(684)**	842
Impairment losses on loan receivables		**(121)**	—
Inventories written off		**—**	(204)

	Notes	2023 HK$'000	2022 HK$'000
Fair value gain/(loss) on financial assets at fair value through profit or loss		**10,738**	(13,863)
Loss on disposal of financial assets at fair value through profit or loss		**(1,386)**	—
Fair value loss on investment properties		**(1,136)**	(1,566)
Finance costs		**(172)**	(11,947)
Loss before taxation		**(11,675)**	(52,610)
Income tax expense	*6*	**(597)**	(428)
Loss for the year from continuing operations		**(12,272)**	(53,038)
Discontinued operations			
Profit for the year from discontinued operations		**548**	2,878
Loss for the year		**(11,724)**	(50,160)
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(9,344)**	(1,662)
Reclassification adjustment on translation reserve released on disposal of subsidiaries		**(69)**	(8,090)
Other comprehensive expense for the year		**(9,413)**	(9,752)
Total comprehensive expense for the year		**(21,137)**	(59,912)

	Notes	**2023** *HK$'000*	2022 *HK$'000*
(Loss)/profit for the year attributable to the owners of the Company:			
— from continuing operations		**(12,745)**	(52,410)
— from discontinued operations		**562**	1,541
		(12,183)	(50,869)
(Loss)/profit for the year attributable to non-controlling interests:			
— from continuing operations		**473**	(628)
— from discontinued operations		**(14)**	1,337
		459	709
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(19,603)**	(60,075)
Non-controlling interests		**(1,534)**	163
		(21,137)	(59,912)
Total comprehensive (expense)/income for the year attributable to owners of the Company:			
— from continuing operations		**(20,165)**	(53,835)
— from discontinued operations		**562**	(6,240)
		(19,603)	(60,075)
(Loss)/earnings per share			
Basic and diluted — from continuing and discontinued operations	*8*	**HK(0.45) cents**	HK(2.75) cents
Basic and diluted — from continuing operations		**HK(0.47) cents**	HK(2.83) cents
Basic and diluted — from discontinued operations		**HK0.02 cents**	HK0.08 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**4,515**	203
Right-of-use assets		**—**	168
Investment properties		**37,959**	47,275
Interest in an associate		**2**	2
Finance lease receivable		**—**	33,897
		42,476	81,545
Current assets			
Inventories	*9*	**7,335**	12,882
Finance lease receivable		**—**	4,171
Trade and other receivables	*10*	**40,765**	33,969
Loan receivables	*11*	**2,474**	—
Financial assets at fair value through profit or loss		**34,223**	21,985
Tax recoverable		**—**	—
Cash and cash equivalents		**9,147**	24,493
		93,944	97,500
Assets classified as held for sale		**37,610**	—
		131,554	97,500
Current liabilities			
Trade and other payables	*12*	**23,875**	9,779
Contract liabilities		**717**	2,430
Lease liabilities		**840**	960
Customers deposits		**3,895**	3,483
Amount due to a director		**2,000**	150
Tax payables		**1,257**	2,759
		32,584	19,561
Liabilities directly associated with assets classified as held for sale		**4,899**	—
		37,483	19,561

	Notes	2023 HK$'000	2022 HK$'000
Net current assets		**94,071**	77,939
Total assets less current liabilities		**136,547**	159,484
Non-current liabilities			
Lease liabilities		**—**	840
Deferred tax liabilities		**8,049**	9,025
		8,049	9,865
Net assets		**128,498**	149,619
Capital and reserves			
Share capital		**27,353**	27,353
Reserves		**83,899**	103,502
Equity attributable to owners of the Company		**111,252**	130,855
Non-controlling interests		**17,246**	18,764
Total equity		**128,498**	149,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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 ("HKFRSs")

In the current year, the Company and its subsidiaries (collectively, the "**Group**") has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[3]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

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:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15 *Revenue from Contracts with Customers*		
Sales of cultural products	**—**	3,238
Technology — Smart City Solution	**12,181**	44
Technology — Design and sales of renewable energy products and solutions	**13,111**	6,914
Trading of gasoil and related business	**—**	50,773
	25,292	60,969

(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. For the year ended 30 June 2023, the Group ceased its sales and leasing of charging business products operations ("**Charging Businesses**") upon the disposal of the shareholding in Beijing Mingxin Zhilian Technology Co., Ltd.* (北京明信智聯技術有限公司) ("**Beijing Mingxin**"). The Charging Businesses does not include in any segments of the Group since Beijing Mingxin became the subsidiary of the Company in January 2023, and therefore, comparative figures do not need to be restated to reflect the cessation of the Charging Businesses as discontinued operations. For the year ended 30 June 2022, the Group ceased its then 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 (2022: five) operating and reportable segments under HKFRS 8 Operating Segments.

- Sales of cultural products — includes income from trading of cultural products
- Technology: Smart City Solution Business — includes income from sale of business solution including software and hardware for construction site and related businesses
- 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 loss on 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 *HK$'000*	**Smart City Solution** *HK$'000*	**Renewable energy** *HK$'000*	**Strategic investments** *HK$'000*	**Trading of gasoil and others** *HK$'000*	**Shipping business** *HK$'000*	**Consolidated** *HK$'000*
Year ended 30 June 2023							
REVENUE							
External and total revenue							
Recognised at a point in time	**—**	**12,181**	**12,308**	**—**	**—**	**—**	**24,489**
Recognised over time	**—**	**—**	**803**	**—**	**—**	**—**	**803**
	—	**12,181**	**13,111**	**—**	**—**	**—**	**25,292**
RESULTS							
Segment result	**(6,838)**	**1,759**	**905**	**(4,291)**	**(10)**	**(7)**	**(8,482)**
Interest income							**2,699**
Fair value loss on investment properties							**(1,136)**
Finance costs							**(172)**
Unallocated expenses, net							**(4,584)**
Loss before taxation from continuing operations							**(11,675)**

	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
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)

Information regarding the above segments is reported below:

	Technology				Trading of gasoil and related business			
	Sales of cultural products *HK$'000*	**Smart City Solution** *HK$'000*	**Renewable energy** *HK$'000*	**Strategic investments** *HK$'000*	**Trading of gasoil and others** *HK$'000*	**Shipping business** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Year ended 30 June 2023								
Amounts included in the measure of segment profit or loss:								
Depreciation of property, plant and equipment	**7**	**4**	**39**	**—**	**—**	**—**	**20**	**70**
Depreciation of right-of-use assets	**—**	**—**	**—**	**168**	**—**	**—**	**—**	**168**
Fair value gain on financial assets at fair value through profit or loss	**—**	**—**	**—**	**(10,738)**	**—**	**—**	**—**	**(10,738)**
Loss on disposal of financial assets	**—**	**—**	**—**	**1,386**	**—**	**—**	**—**	**1,386**
Impairment losses on finance lease receivable	**—**	**—**	**—**	**—**	**—**	**—**	**234**	**234**
Impairment losses recognised for trade and other receivables	**—**	**606**	**—**	**—**	**70**	**—**	**8**	**684**
Impairment losses on loan receivables	**—**	**121**	**—**	**—**	**—**	**—**	**—**	**121**
Impairment loss on inventories	**6,488**	**—**	**—**	**—**	**—**	**—**	**—**	**6,488**

	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*	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

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.

4. (LOSS)/GAIN ON DISPOSAL OF SUBSIDIARIES

Year ended 30 June 2023

On 30 June 2023, the Group entered into a sales and purchase agreement with an independent third party, Beijing Yiguo Hongtu Technology Co., Ltd., to dispose of its entire 100% equity interests in Beijing Mingxin, which is incorporated in PRC, for a cash consideration of RMB7,500,000 (equivalent to HK$8,095,000) in order to streamline the Group's resources. The transaction was completed on 30 June 2023.

Consideration received/receivable:

	HK$'000
Cash consideration received/receivable	8,095

Analysis of assets and liabilities over which control was lost upon disposal of business:

	HK$'000
Goodwill	7,078
Plant and equipment	1,715
Intangible assets	1,170
Inventories	801
Trade receivables	2,251
Other receivables	6,706
Cash and cash equivalents	870
Trade payables	(2,589)
Other payables	(8,174)
Borrowings	(4,217)
Net assets disposed of	5,611

Gain on disposal of a subsidiary:

	HK$'000
Consideration received and receivables	8,095
Net assets of a subsidiary	(5,611)
Cumulative exchange differences in respect of the net assets of the subsidiaries released on loss of control	69
Net assets attributable to non-controlling interest of the subsidiary	95
Gain on disposal of a subsidiary	2,648

Net cash inflow arising on disposal:

	HK$'000
Consideration received in cash and cash equivalents	2,159
Less: Cash and cash equivalents disposed of	(870)
Net cash inflows arising on disposal of a subsidiary	1,289

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.

	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 interests derecognised	45,650
Less: cost associated with the disposal	(1,748)
Loss on disposal of subsidiaries	(385)
Net cash outflows arising on disposal of subsidiaries	(56,968)

5. DISCONTINUED OPERATIONS

As disclosed in note 4, the Group completed the disposal of two different investments in the fiscal year of 2023 and 2022, respectively, and they are as followings:

(i) The Group completed the disposal of entire equity interest of Beijing Mingxin Zhilian Technology Co., Ltd.* (北京明信智聯技術有限公司) ("**Beijing Mingxin**"), on 30 June 2023 at a consideration of RMB7.5 million ("**Disposal**"), Beijing Mingxin ceased to be a subsidiary of the Company upon the completion of the Disposal.

The principal business and activities of Beijing Mingxin was to provide smart and safe charging solutions for electric bicycles, as well as smart city safe power management and smart fire protection. The Group ceased to sell those charging solution products that are used to be sold by the Beijing Mingxin. Accordingly, the activities related to Beijing Mingxin were classified as discontinued operations.

The profit for the period from the discontinued operations of Beijing Mingxin is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income do not need to be restated since Beijing Mingxin became our subsidiary in January 2023, that is during the current reporting period.

The profit for the period/year from discontinued operations:

	Beijing Mingxin 2023 *HK$'000*
Revenue	**3,515**
Cost of sales	**(1,379)**
Gross profit	**2,136**
Other income, gains and losses	**36**
Distribution costs	**(1,758)**
General and administrative expenses	**(2,368)**
Finance costs	**(70)**
Loss before taxation	**(2,024)**
Income tax expenses	**(76)**
Loss for the period/year from discontinued operations	**(2,100)**
Gain on disposal of discontinued operations, net of tax	**2,648**
Profit for the period/year from discontinued operations	**548**
Cash flows from discontinued operations	
Net cash generated from operating activities	**(616)**
Net cash generated from/(used in) investing activities	**(999)**
Net cash used in financing activities	**1,959**
Net cash increase in cash and cash equivalents	**344**
Depreciation of property, plant and equipment	**238**
Depreciation of right-of-use assets	**—**
Amortization of intangible assets	**79**
Cost of inventories recognised as an expense	**247**

(ii) 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 year ended 30 June 2022 from the discontinued operations of Kantone Group 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.

	Kantone Holdings Limited 2022 *HK$'000*
Revenue	41,302
Cost of sales	(17,233)
Gross profit	24,069
Other income, gains and losses	900
Distribution costs	(8,881)
General and administrative expenses	(12,603)
Finance costs	(30)
Profit before taxation	3,455
Income tax expenses	(192)
Profit for the period/year from discontinued operations	3,263
Loss on disposal of discontinued operations, net of tax	(385)
Profit for the period/year from discontinued operations	2,878
Cash flows from discontinued operations	
Net cash generated from operating activities	5,743
Net cash generated from/(used in) investing activities	1,894
Net cash used in financing activities	(881)
Net cash increase in cash and cash equivalents	6,756
Depreciation of property, plant and equipment	2,893
Depreciation of right-of-use assets	1,112
Cost of inventories recognised as an expense	6,199

6. INCOME TAX

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
— PRC enterprise income tax	**940**	845
— Hong Kong profits tax	**—**	184
	940	1,029
Under/(over) provision in prior years:		
— Hong Kong profits tax	**13**	(10)
Deferred tax:		
— (Credited)/charged for the year	**(356)**	(591)
Income tax (credit)/expense	**597**	428

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 subject to withholding tax at 10% (2022: 10%).

Hong Kong Profits Tax is calculated at 16.5% (2022: 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 2023 nor has any dividend been proposed since the end of reporting period (2022: 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:

	2023	2022
	HK$'000	*HK$'000*
For continuing operations:		
Loss for the year attributable to owners of the Company	**(12,745)**	(52,410)
For discontinued operations:		
Profit for the year attributable to owners of the Company	**562**	1,541
Number of ordinary shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**2,735,323**	1,850,956

Diluted (loss)/earnings per share for the years ended 30 June 2023 and 2022 were the same as the basic (loss)/earnings per share as there were no potential ordinary shares outstanding during both years.

9. INVENTORIES

	2023	2022
	HK$'000	*HK$'000*
Raw materials	**3,671**	2,595
Work in progress	**223**	2,169
Finished goods	**3,441**	8,118
	7,335	12,882

10. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables *(note)*	**8,369**	10,271
Less: provision for impairment losses	**(346)**	(255)
	8,023	10,016
Other receivables	**36,219**	26,895
Less: provision for impairment losses	**(3,477)**	(2,942)
	32,742	23,953
	40,765	33,969

Note:

The Group maintains a well-defined credit policy regarding its trade customers depending on their credit worthiness, nature of services and products, industry practice and condition of the market with credit period ranging from 30 days to 180 days. The 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:

	2023	2022
	HK$'000	*HK$'000*
0–60 days	**6,405**	733
61–90 days	**1,306**	2
91–180 days	**—**	9,061
181–365 days	**—**	171
Over 365 days	**312**	49
	8,023	10,016

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. Details of the credit policy impairment assessment of trade receivable for the year ended 30 June 2023 and 2022 are set in note 5.

11. LOAN RECEIVABLE

	2023	2022
	HK$'000	*HK$'000*
Loan receivable	**2,590**	—
Less: provision for impairment losses	**(116)**	—
	2,474	—

12. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**4,560**	995
Other payables	**19,315**	8,784
	23,875	9,779

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

	2023	2022
	HK$'000	*HK$'000*
0–60 days	**3,581**	203
61–90 days	**—**	—
91–365 days	**—**	—
Over 1 year	**979**	792
	4,560	995

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$25 million as compared with approximately HK$61 million, representing a decrease of approximately 59 percent. This was mainly due to the reduction in revenue generated from trading in gasoil and sale of renewable energy business during the year.

Loss Attributable to Owners of the Company

Loss for the year under review was approximately HK$12 million (2022: approximately HK$50 million). Loss for the year attributable to owners of the Company is approximately HK$12 million (2022: approximately HK$51 million). The loss for the year and its decrease was mainly due to (i) the reduction in contribution from the gasoil trading and sale of renewable energy business, (ii) the recognition of fair value gain of financial assets at fair value through profit or loss of approximately HK$11 million (2022: loss of approximately HK$13.9 million); and (iii) impairment losses recognised for inventories of HK$6.5 million (2022: Nil). The Group was still able to keep its gross profit ratio at 16% (2022: 5.3%). Loss per share for the year under review is HK0.45 cents (2022: HK2.75 cents).

Other Income, Gains and Losses

During the year under review, the Group recognized other income of approximately HK$3.2 million (2022: approximately HK$2.3 million). The increase in other income were mainly due to the increased in interest income during the year.

General and Administrative Expenses

General and administrative expenses for the year under review decreased by approximately 27% percent to approximately HK$19 million (2022: approximately HK$27 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 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 Gain/(Loss) on Financial Assets at Fair Value through Profit or Loss

During the year under review, the Group recognised fair value gain on financial assets at fair value through profit or loss of approximately HK$11 million as compared with the fair value loss of approximately HK$13.9 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$172,000 from approximately HK$12 million as compared with the fiscal year 2022, this was due to all interest bearing borrowing and promissory note having been repaid in December 2021.

REVIEW OF OPERATIONS

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

Trading of Oil

As stated in our interim report 2022/2023:

"Fears of a global economic slowdown caused by oil sanctions against Russia and the unresolved Ukraine crisis have resulted in the increased use of risky ship-to-ship transfers to get its crude to Asia. With all these uncertainties, the Group has continued to stick to its cautious trading business model for its gasoil business, and limited the scale of the business since oil trading is cash dependent and will only conduct ship-to-ship transfers trading in Hong Kong waters. The Group tends 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. Vigorous attempts have been made and the Group has kept a close eye on the opportunities of dealing in international waters on account of its scale and more attractive profit margin."

Following this strategy, during the year under review, the Group did not conduct any trading business of gasoil.

We share the same view of report from International Energy Agency ("**IEA**") on the oil market of 2023 that the oil market is struggling for direction. Bearish macroeconomic indicators and concerns over demand growth are clashing with resurgent oil use in key consuming countries. Oil prices appear to be taking their cue from the former, with benchmark North Sea Dated trading at the price of nearly half the high of 2022 — despite a looming supply deficit.

Global oil demand continues to defy the challenging macroeconomic climate and is set to rise by 2.4 mb/d in 2023, outpacing last year's increase as well as earlier expectations. China accounts for 60% of the gains. Indian demand is equally robust with the latest readings for May showing both gasoline and diesel breaking records. Oil demand is expected to continue to rise, both seasonally and structurally over the remainder of the year, while only a marginal increase in supply is foreseen. Deeper cuts from some OPEC+ producers kicked in while output from Iraq's northern Kurdish region and some Canadian oil sands remained shut in. Saudi Arabia, with its voluntary cut of 500 kb/d agreed in April, led the monthly drop in world supply, but the overall decline stemmed from a seasonal 330 kb/d rise in biofuels along with higher flows from Nigeria and elsewhere. The Kingdom has promised to slash output by a further 1 mb/d in July to a two-year low of 9 mb/d. Riyadh made the pledge at the 4 June OPEC+ meeting that rolled over the bloc's existing curbs through 2024 and readjusted some targets to better reflect actual supply.

Under the current market situation, the management considered that the Group's temporary suspension in this sector as a risk avoidance measure for the year under review was correct and an accountable management approach in operating the Group.

Technology — Renewable Energy Business

As stated in our interim report 2023, we have been actively supporting the worldwide call for the adoption and 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.

(i) ***Sales of SPV Business***

Other than the information provided in the note below, the table below summaries the revenue generated from each category of projects of the renewable energy segment for the year under review.

Project name	**Contract Sum**
	HK$'000
Village House	1,199
Warehouses project	4,675
A movie studio in Tseung Kwan O	3,633
FiT Income	803
Total	10,310

Note:

During the year under review, the revenue generated from sale of Solar Photovoltaic ("**SPV**") Systems remained stable and had not increased much. This was attributable to those prospective customers did not purchase as many SPV systems from the Group as expected due to the fact that (i) the Hong Kong government had suddenly reduced FiT Rates by 16.7% to 25% from 27 April 2022 which discouraged some customers to proceed with their orders; and (ii) the cost of SPV system equipment incurred by the customers has been increasing due to the global shortage of silicon and the increasing demand for SPV systems in other parts of the world such as Europe where energy prices are soaring.

(ii) ***Inverter-related Business***

In February 2023, the Company received the first purchase order of inverters from a European customer, and the Group should provide inverters to the European customer in an aggregate amount of approximately EUR326,000 (equivalent to approximately HK$2.8 million). The shipments of the inverters to the European Customer were completed in June 2023 and the corresponding revenue of approximately HK$2.8 million from inverter-related business was then recognized for the year of 2023.

Technology — System Products

Smart City Solution Business

The business model of the Company in relation to its Renewable Energy Business has been to generate revenue through the use of new technology on third party platforms, and in a scalable manner. There, the Company makes use of solar energy, on third party land and buildings, to generate revenue. The Renewable Energy Business also entails the supply of hardware and some are embedded with software. The Company's Smart City Solution Business follows the exact business model as adopted for the Renewable Energy Business.

Under the Smart City Solution Business, the Group is leveraging its experts to design, develop, customize and install hardware stack and software to its customers based on customers' different requirement. The Group also provides the on-going support and maintenance of the hardware and software. Revenue would be generated from such design and installation of hardware and software and the relevant technical support.

- *Relationship among Internet of Things ("**IoT**"), Artificial Intelligence ("**AI**"), Big Data and Data Center*

  IoT architecture consists of the devices, network structure, and cloud technology that allows IoT devices to communicate with each other. A basic IoT architecture consists of four layers: Perception (the sensors, gadgets, and other devices), Network (the connectivity between devices) and Application (the smart devices which apply IoT technology) and Data Processing.

  The data produced by IoT devices are valuable data, as far as Big Data is concerned. This is because it is attached to a physical device, which means businesses can access more detailed information about their devices and how they are used. The accuracy and functionality of IoT devices are enhanced by AI after Big Data are fed to Machine Learning software.

  Cloud application development is also fueled by Big Data. Without Big Data, there would be far fewer cloud-based applications, since there would not be any real need for them. Big Data is often collected by cloud-based applications which are operated from Data Centers.

  As such, IoT, AI, Big Data and Data Center are interrelated to one another.

The table below sets out further information of revenue generated from each of the projects regarding our Smart City Solution Business and IoT business for the year under review:

Projects		**Revenue**
		HK$'000
Project A	*note*	6,633
Project B	*note*	5,463
Smart City — other		85
Total		12,181

Note:

As stated in our interim report 2023, the Group entered into two service agreements with two customers who are engaged in property development and located in Guangdong and Guangxi Provinces, the PRC, pursuant to which the Group will (i) establish an intelligent management system for the construction site to monitor the construction works within the predefined parameters and safety measures ; and (ii) provide aftersale service for the smart construction site system.

Internet Data Center Business ("IDC")

The US-China Strategic Rivalry initiated by USA since 2017 has inevitably alerted China to speed up the creation of more data centers of its own to lessen the reliance of computing service provided by the US. Recently, the US administration was planning to restrict Chinese companies' access of US' cloud computing service in a bid to curb China's AI development. The Company has since 2019 been paving its way to participate in Data Center business.

We are thrilled to announce that, in March 2023, the Group entered into a service contract with a customer in Gansu ("**Gansu IDC**"), pursuant to which the Group will establish an intelligent computing platform for the end customer. The Group has completed the installation work of hardware in May 2023. The installation of software was expected to be completed in July 2023 and thereafter testing and trial run were expected to be conducted for a few months. The platform is expected to generate revenue for the Group from February 2024 once the platform is put into use. These would provide the Group with constant and stable cash inflow in the coming three years.

This achievement has opened up incredible possibilities for us to further explore business opportunities in this dynamic market. China, as one of the world's largest and fastest-growing economies, holds immense potential for our company's growth and expansion. With the establishment of our data centre in Gansu, we have not only positioned ourselves strategically within the country but have also gained a solid foothold to tap into the thriving digital landscape. This milestone not only strengthens our presence in China but also enables us to leverage the vast market demand for advanced technological solutions and services. We are excited to embark on this new chapter and look forward to forging valuable partnerships, driving innovation, and delivering exceptional value to our Chinese clientele.

Depending on the size and the competitors' aggressiveness, the expected profit margin of Smart City Solution Business ranges from 15% to 25%, whereas for those data centre related projects, the profit margin would be around 4% to 6% since the major trunk of costs is incorporated in hardware which is quite transparent.

Battery Management and Charging Business

On 30 December 2022, the Group had purchased the entire interest of Beijing Mingxin Zhilian Technology Co., Ltd.* (北京明信智聯技術有限公司) ("**Beijing Mingxin**"), and the battery management and charging business of the Group was mainly conducted through it, which utilizes IoT and big data platforms to provide the smart and safe charging solutions for electric bicycles, as well as smart city safe power management and smart fire protection. Its products under the "5U" brand series cover smart and safe charging products such as smart charging cabinets, battery replacement cabinets, charging piles, smart power management platforms, fire-fighting IoT cloud platforms and other intelligent cloud platforms.

However, after several months of collaboration with the marketing team and the operations team of Beijing Mingxin, the Group decided to dispose of the entire equity interest of Beijing Mingxin on 30 June 2023 at a consideration of RMB7.5 million ("**Disposal**") because Beijing Mingxin would potentially put a serious strain on the Company's resources to cater for the lengthy time and substantial investment required to build up a *sizeable and sustainable* business network for the smart charging cabinets, battery replacement cabinets, charging piles, smart power management platforms, fire-fighting IoT cloud platforms and other intelligent cloud platforms. The management of the Company considered it more beneficial if the Company was to devote the resources required for this segment to other business segments. As such, subsequent to the Disposal, the Group ceased the battery management and charging business and no revenue was generated from such business and no income will be recognised in our financial statement after the completion of the Disposal on 30 June 2023. For details, please referred to our announcement dated 30 December 2022 and 30 June 2023.

Dongguan Hotel Project

On 2 May 2023, the Company entered into an agreement with a purchaser to dispose of the Group's entire interest ("**Sale Shares**") in Honest City Enterprises Limited (廉城企業有限公司) ("**the Disposal Company**") and to assign those loans owing by the Disposal Company to the Company as at Completion on the Completion Date ("**Sale Loan**") to the purchaser, and the purchaser conditionally agreed to purchase the Sale Shares and take up the assignment of the Sale Loan at the consideration of HK$45.9 million ("**Consideration**") ("**Disposal**"). The major asset of the Disposal Company is the 48.45% interest in 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 Company's indirect PRC Subsidiary ("**Property**"). 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.

On 18 July 2023, as more than 50% of the votes were cast in favor of the resolution for the Disposal (the "**Resolution**"), the Resolution was duly passed by the shareholders of the Company by way of poll at the special general meeting of the Company held on 18 July 2023. The Completion of the Disposal will be any day within 6 months after the 18 July 2023 or on a date mutually agreed upon in advance by the parties in writing.

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 maintained minimal investment in refurbishing the Property. Management of the Property had been out-sourced and the Group had been receiving stable but not remarkable returns. As the real estate market in the PRC has been depressed and such situation is likely to persist in the 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. For details, please referred to our announcements dated 2 May 2023 and 18 July 2023, and the circular dated 27 June 2023.

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 are consistent with those in previous years.

Cultural products, including precious stones and artifacts, with book value of approximately HK$1,260,000 (as at 30 June 2022: approximately HK$8,118,000) 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 2023. Unfortunately, due to the COVID-19 pandemic which led to the significant deterioration of economy had caused very substantial downturn in both prices and turnover of cultural products in China.

All such cultural products, totalling 225 pieces (as at 30 June 2022: 225 pieces), have been kept in a secured warehouse run by a world- renowned security solution company, which is an independent third party to the Group.

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, 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**").

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 Loan would become delinquent.

During the year under review, the Company's PRC subsidiary entered into one lending contract ("**Loan**") with a PRC company, which is independent third party. The amount of loan is RMB2.4 million. The loan's terms was for a period of twelve months started from the drawdown date and interest rate is 6% per annum. The loan which was due for repayment on 26 September 2023 was settled on time. The Loan were properly backed by a guarantor whose financial strength was considered strong enough to act as guarantor for Loan concerned (30 June 2022: Nil).

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 gain on financial assets at fair value through profit or loss of approximately HK$11 million which was attributable to the effort of the management in making the appropriate investment decision (2022: fair value loss of approximately HK$13.9 million).

As at 30 June 2023, the fair value of the investments classified as "Financial Assets at FVTPL" amounted to approximately HK$34 million (2022: approximately HK$22 million). Such investment portfolio comprised 8 (2022: 7) 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 (2022: 5) equity securities which are listed on the Main Board of the Stock Exchange with the remaining 3 (2022: 2) equity securities which are listed on the GEM of the Stock Exchange.

OUTLOOK

Technology — Renewable Energy Business

(i) ***Sales of SPV Business***

For the coming financial year, the revenue generated from the Sales of SPV Business will include the projects with contract signed during the year under review. Those projects include SPV systems on village houses and a Studio at Tseung Kwan O. The Company has pro-actively approached new village house owners so as to enlarge our customer base. Recently, we have been negotiating with the management of another substantial media company, a PRC state-owned company and a large educational institution for the installation of the SPV systems in their properties. This was attributed to (i) our high conversion efficiency's SPV system;(ii) good reputation of our SPV system to the satisfaction of the customers; and (iii) the extensive and proven experience in installation of a cost-effective and excellent SPV system.

While the details and terms of other contracts are still under negotiation, a contract in the amount of approximately HK$50 million was entered into between the Group and a contractor in September 2023, pursuant to which the Group will design, supply and install the SPV system for a leading university in Hong Kong.

(ii) ***Inverter-related Business***

As stated in our interim report 2023, Europe has witnessed a remarkable surge in the adoption of solar power energy, fueled by its commitment to sustainable and renewable energy sources. As the demand for solar energy systems continues to rise, so does the requirement for reliable and efficient inverters. Europe seeks inverters that can seamlessly convert the direct current generated by solar panels into alternating current suitable for grid integration. The needs from Europe emphasize features such as high conversion efficiency, robustness, and compatibility with various grid standards prevalent across the continent. Furthermore, with an emphasis on reducing carbon footprint, European countries are seeking inverters that offer smart grid functionalities, enabling effective power management, grid stability, and participation in demand-response programs. As the European solar market expands, the demand for advanced inverters that meet these specific requirements remains at the forefront of the region's sustainable energy agenda. We have been approached by potential customers in Europe who have strong intention to engage the Group to procure suitable inverters and pertinent SPV accessories for import into Europe and at the same time to provide them with relevant technical advice and support in the application of inverters. The Group had begun its first transaction in March 2023. On top of the expected repeat orders from the same customer, the Group has been negotiating with other new customers in Europe with confidence.

Technology — System Products

Smart City Solution Business

In order to leverage the land resources in western China, the government of the PRC has been making use of data centers in western China to support the computing need of eastern China. As data center is the backbone of smart city solution, we have been actively exploring new customers in western China to develop the Smart City Solution Business of the Group.

The following are the summaries of those signed contracts which was entered into on or after June 2023:

1. In June 2023, the Group entered into two service contracts with a company in Guangzhou and Guangdong respectively, pursuant to which, the Group would (a) design and implement hardware and software of the smart system which would be used to monitor the on-site construction progress of buildings; and (b) provide after-sale services for the smart building system for each project. The contract sum of the project in Guangzhou amounts to approximately RMB4.8 million (excluding VAT). On-site work for the project in Guangzhou already commenced in August 2023 and the project is expected to be completed in November 2023. The contract sum of the project in Guangdong amounts to approximately RMB6.5 million (excluding VAT). On-site work for the project in Guangdong already commenced in August 2023 and the project is expected to be completed in November 2023.

2. In July 2023, we were able to secure two more new projects in Lanzhou with two state-owned enterprises (the "**Lanzhou Projects**") that follow the exact same pattern as the Company's Renewable Energy Business and Smart City Solution Business. Back in 2019, two potential customers in Lanzhou ("**the Lanzhou Projects**") were introduced to the management of the Company. These two projects were steered by a major state-owned company in response to the policy of "Comprehensive Poverty Reduction"* ("全面改薄"項目), which has been implemented by the government of the PRC since 2014 aiming to improve the conditions and quality of education provided by schools located in the impoverished areas. Our representatives in China

went to Lanzhou to negotiate with the management of the state-owned enterprises concerned in an attempt to secure the Lanzhou Projects. With the outbreak of COVID-19 pandemic, compulsory quarantine requirement for inbound persons from overseas places and local social distancing measures imposed by the government of the PRC, we had seen most of the commercial activities in the doldrums during this period. These two projects in Lanzhou were forced to put on hold. No progress could be made until all the COVID-19 related restrictions were lifted. The following are the details of these two projects.

a. *In July 2023, the Group had entered into a service contract with a state-owned enterprise in Lanzhou. Pursuant to which, the Group would install a training computing platform with the application of AI model, an education cloud platform and the related infrastructure including the hardware and facilities for education purpose for the customer. The contract sum of this project amounts to approximately RMB100 million (excluding VAT). On-site work is expected to commence in August 2023 and the project is expected to be completed in December 2023; and*

b. *In July 2023, the Group had entered into a contract with another state-owned enterprise in China. Pursuant to the service contract, the Group would install a training computing platform with the application of AI model, an education cloud platform and the related infrastructure including the hardware and facilities for education purpose for the customer. The contract sum of this project amounts to approximately RMB39 million (excluding VAT). On-site work is expected to commence in August 2023 and the project is expected to be completed in December 2023.*

We have a team of ten experts in Shenzhen, who have the expertise in (i) IoT technology,(ii) the development of IoT products,(iii) experiences in the design of hardware stack and software; and (iv) provision of technical support and maintenance for machine learning system stack. We therefore are able to explore more new business opportunities for our Smart City Solution Business. In the light of the existing signed contracts, the viability and sustainability of Smart City Solution Business are expected to continue to expand in the foreseeable future.

The value-added services provided to the customers by the Group include the design, development and installation of the training computing platform, the education cloud platform and the related infrastructure for the Lanzhou Projects that would satisfy not only the technical aspects of different educational institutions in Lanzhou, but the course contents of education initiative. Revenue would be generated from the provision of the abovementioned computing platform, education cloud platform and related infrastructure by the Group. We cater for the needs of the educational institutions in Lanzhou, and are leveraging our expertise and computing technology and IoT technology to customize (i) the computing platform, which can provide sufficient computing power and resources, such as servers, storage, and applications over the internet, to support the operation of the smart classroom system, AI learning platform, education cloud platform and the relevant software installed thereon; and (ii) the education cloud platform, which can serve as a comprehensive learning platform and achieve multiple functions including but not limited to the incorporation of an e-library, management of the courses and the sharing of educational resources between teachers and students. After the installation of the computing platform, education cloud platform and the related infrastructure, we will continue to innovate more software and hardware applications by providing incremental improvement to the existing products in order to enhance their performance and functionality from time to time.

As such, the Group would provide comprehensive value-added services regarding the hardware and software provided to the owners of the Lanzhou Project and new customers.

Trading of Oil

Despite the fact that the Company has recorded decreasing revenue over the past three financial years and did not generate revenue for the year under review, which was mainly due to the high volatilities of crude oil prices as a result of COVID-19 pandemic and the Russia-Ukraine war, the Company expects to resume its gasoil trading business from 2024 as the Company anticipates that (i) crude oil price will be less volatile in 2024 without the impact of the COVID-19 pandemic;(ii) the global demand for gasoil is expected to increase in 2024 due to the continued rebound in economic activities in China; and (iii) the impact of the Russia-Ukraine war may diminish. As such, the decrease in revenue generated from Gasoil Trading Business in the past 12 months was just a temporary risk avoidance measure adopted by the Company to safeguard its resources.

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, 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.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Position and Gearing

The Group's financial position remained positive with reasonable gearing.

As at 30 June 2023, the Group had approximately HK$9.1 million (2022: approximately HK$24 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$131 million (2022: approximately HK$98 million) and current liabilities amounted to approximately HK$37 million (2022: approximately HK$20 million). With net current assets of approximately HK$94 million (2022: approximately HK$78 million), the Group maintained a healthy level of financial liquidity. Gearing ratio at 30 June 2023 is zero as the Group had no borrowings as at 30 June 2023 (2022: N/A).

As at 30 June 2023, the Group had no short term or long term borrowings (2022: HK$ Nil). Finance costs for the year were approximately HK$172,000 (2022: approximately HK$12 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 amount of approximately HK$560,000 million were used for our working capital on internet related projects of the Group. Set out below is a further breakdown of the use of approximately HK$20.0 million as administrative and operation expenses and payment of interest on borrowings:

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

Note: On 10 July 2018, 54 valid acceptances in respect of a total of 133,666,176 rights shares 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**	**Fund raising activity**	**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 balance of approximately HK$4.6 million was fully utilised during the finance year 2023 in funding its renewable energy business.

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 2023, the Group's did not have any material capital commitments (2022: Nil).

Charges

The Group did not have any charges on assets as at 30 June 2023.

Contingent liabilities

As at 30 June 2023, the Group had on record a contingent liability of HK$1 million (HK$1,000,000) for which provision is not made since, after due consultation with lawyers, the directors are of the view that a provision is unnecessary as the chance of winning the case is high. The Group's subsidiary is the plaintiff in this High Court case claiming a subcontractor for costs incurred and wasted in performing a main installation contract amounted to at least HK$0.5 million (HK$500,000) plus and the loss of profits in the main and other contracts totalled HK$5.3 million (HK$5,300,000) as a result of the defective and substandard work of the subcontractor. Our claim is supported by a lot of evidence including but not limited to a Defects Report prepared by qualified independent professional engineers. Save as disclosed, the Group had no other material contingent liabilities as at 30 June 2023 (30 June 2022: 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, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 30 June 2023.

REMUNERATION POLICY

As at 30 June 2023, the Group employed about 34 full-time and part-time staff around the globe. Staff costs for the year ended 30 June 2023 were approximately HK$11.2 million (2022: approximately HK$14.2 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 2023 (2022: Nil).

EVENT AFTER REPORTING PERIOD

Save as disclosed, no significant event affecting the Group occurred subsequent to 30 June 2023.

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 2023.

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 2023 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 2023, 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.

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 2023, 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 2023 have been reviewed by the Audit Committee.

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

Hong Kong, 27 September 2023

As at the date of this announcement, the executive directors of the Company is Ms. Wong Man Winny; 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.