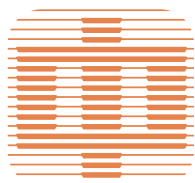


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# CHAMPION TECHNOLOGY HOLDINGS LIMITED

## 冠軍科技集團有限公司

*(Continued in Bermuda with limited liability)*

**(Stock Code: 92)**

### DECISION OF THE LISTING REVIEW COMMITTEE ON THE ACQUISITION

Reference is made to the announcement (the “**Announcements**”) of Champion Technology Company Limited (the “**Company**”) dated 6 October 2023, 4, 5 and 8 December 2023, in relation to, among others, the Acquisition, the decision (“**LD Decision**”) of the Listing Division on the Acquisition that the Acquisition constitutes a reverse takeover under Rule 14.06B of the Listing Rules, the request of the Company to review the LD Decision by the Listing Committee of the Stock Exchange, the decision (“**LC Decision**”) of the Listing Committee to uphold the LD Decision and the request of the Company to review the LC Decision by the Listing Review Committee of the Stock Exchange. Terms defined in the Announcements shall, unless the context otherwise requires, have the same meaning when used herein.

On 8 March 2024, the Listing Review Committee of the Stock Exchange considered the application of the Company for the review of the LC Decision. On 28 March 2024, the Company received the decision (the “**LRC Decision**”) from the Listing Review Committee of the Stock Exchange which upheld the LC Decision that the Acquisition constituted a reverse takeover under Rule 14.06B.

Below is a summary of the LRC Decision, which does not represent the view of the Company nor the Company’s agreement to the view of the Listing Review Committee:

#### **(i) Scale of business**

1. The Listing Review Committee concluded based on the Note 1 of Rule 14.06B and in accordance with submissions by the Listing Division that revenue generated after the Acquisition could not be taken into account for the assessment of the Company’s scale of business vis-a-vis the Target Group.
2. The Listing Review Committee concluded that the scale of both of the Company’s businesses was marginal based on the revenue figures for the year ended 30 June 2023 (“**FY22/23**”) which was not a temporary downturn as the renewable energy business (“**Renewable Energy Business**”) of the Group had recorded even lower revenue in the three years before and the smart city solution business (“**Smart City Business**”) of the Group had only started to record revenue since December 2022. The Listing Review Committee noted that the gasoil business of the Group generated the bulk of the Company’s revenue in prior years but had been suspended in FY22/23.

3. The Listing Review Committee noted that the increased revenue as per the Company's unaudited interim results for the six months ended 31 December 2023 (“**FY23/24 Interim Results**”) had only been generated after the Acquisition had been entered into. The Listing Review Committee therefore concluded that this increase in revenue did not affect the assessment of the Company's scale before the Acquisition. The Listing Review Committee noted for completeness that even with the increased revenue, the Company remained loss making if a one-off gain on disposal was excluded.
4. The Listing Review Committee did not consider that the Company had demonstrated that the businesses it operated had a sufficient track record which would support a finding that the recent revenue increase was sustainable. The Listing Review Committee noted that the Company had relied on its prior years of planning to argue that the Smart City Business had an established track record. The Listing Review Committee took the view that such planning in the absence of executed customer contracts, actual business operation and revenue generation could not establish a reliable and sufficient track record noting that it was not disputed that the Smart City Business had only started to generate revenue from December 2022 onwards. The Listing Review Committee noted that for the Renewable Energy Business, the track record only showed marginal revenue being generated up to FY22/23 and such revenue remained small in the FY23/24 Interim Results.
5. Insofar as the Company relied on forecasts to establish that it could further increase its revenue and may therefore achieve a different outcome in the assessment of its business scale (and the relevant size tests) if such assessment was conducted at a future point in time, the Listing Review Committee noted that revenue generated after the Acquisition could not form part of the assessment of the Company's scale in particular as part of such revenue remained prospective and uncertain at the time of the Listing Review Committee hearing. While there was therefore in any event no basis for such forward looking analysis, the Listing Review Committee also did not consider that the Company had demonstrated with sufficient certainty that the relevant forecasts could be achieved.

**(ii) Relevant Size of the Acquisition**

1. The Listing Review Committee noted that the relevant point in time for the size test ratio assessment was the date of the Acquisition which was June 2023. The Listing Review Committee considered that if for a revenue test the closest available financial results were considered, i.e. for the year ended 30 June 2022 (HK\$61 million) or FY22/23 (HK\$25.3 million) for the Company and for the year ended 31 December 2022 (HK\$147 million) for the Target Group, the revenue ratio would either be 244.1% or 580%, i.e. in either case the Acquisition would be very significant.
2. The Listing Review Committee noted that even on a hypothetical basis if the relevant date for Acquisition had been moved to the end of 2023 so that the (unaudited) FY23/24 Interim Results that the Company had intended to rely upon could be taken into account, the result of a revenue test would still be that the Acquisition was very significant: for the 12 months

ended 31 December 2023, the Company recorded revenue of around HK\$110 million and the Target Group recorded revenue of HK\$180 million (according to the Company) which would result in a revenue ratio of 163%.

3. The Listing Review Committee noted the Listing Division's submissions that for profit ratio tests, the Acquisition also appeared to be significant as the Company had incurred losses (which would render the profit ratio inapplicable in any event) based on the FY23/24 Interim Results while the Target Group turned in a profit, and if gross profits were to be compared, there would be a significant difference as well.
4. The Listing Review Committee concluded that it could not calculate the size test ratio on the basis of forecasts, i.e. on the basis of revenue that (at least partly) had not yet been generated and for which it remained uncertain whether it could be achieved.

### **(iii) Fundamental Change in the Principal Businesses**

1. The Listing Review Committee considered that the Acquisition was significant for the Company based on the Company's nature and scale of business, and the relevant size test ratio at the time of the Acquisition. Given the nature of the Target Group's business the Listing Review Committee concluded that the Acquisition would therefore result in a significant change of the Company's principal businesses.
2. The Target Group operated the Education Business which the Listing Review Committee considered to be fundamentally different from the Company's existing businesses, even if the Company's case that it operated as a technology company was correct. The Listing Review Committee noted that the Target Group's business was extracurricular education, provided to a very large number of students, through various different locations and education centers in the PRC, with revenue generated mainly from tuition fees. The Company's two businesses were focused on a few large contracts or projects in Hong Kong, the PRC and overseas with large corporate or state-owned counterparties and revenue derived from large contract sums with very different risk profiles when compared to the Education Business of the Target Group.
3. The Listing Review Committee did not consider that purely because the Smart City Business may collaborate with the Target Group on potential courses to be offered by the Target Group on IoT or smart city content the Target Group and the Company were operating the same business. Similarly, the Listing Review Committee considered that possible business development flagged by the Company such as provision of smart city or renewable energy installations for malls where the Target Group's education centers were located did not mean that the Company and the Target Group operated the same business, but, as submitted by the Listing Division, may create an additional revenue stream for the existing businesses of the Company. Such plans, however, were in any event preliminary.

#### **(iv) Quality of the Target**

1. The Listing Review Committee noted that it was not disputed by the review parties that the Target Group could not meet the eligibility and suitability criteria for new listing and could therefore not otherwise obtain a new listing. The Listing Review Committee also noted concerns from the Listing Division that the Target Group had incurred sustained losses for the period prior to the Acquisition.
2. The Listing Review Committee noted that there appeared to be no issue as to a change of Control of the Company but noted that this would not necessarily mean the RTO Rules would not apply.
3. In summary, the Listing Review Committee concluded that the scale and nature of the Company's business as well as the relevant size tests had to be assessed at the time the Acquisition had been entered into, i.e. June 2023. It was clear that at this point in time the Acquisition was very significant to the Company. If allowed to proceed, this would result in the Company effectively carrying on the Target Group's business as its principal business, which was fundamentally different to the existing businesses of the Company and would therefore result in a fundamental change of the Company's business. This would result in a circumvention of the new listing requirements as the Target Group was not suitable for listing. The Acquisition therefore constituted an RTO pursuant to Rule 14.06B.
4. The Listing Review Committee considered that even if the relevant assessment was conducted on the basis of the FY23/24 Interim Results which showed improved revenue for the Company, the outcome would remain the same. The Listing Review Committee did not find it could conduct an assessment on the basis of forecast revenue for which there was no guarantee it could in fact be achieved and which would have no correlation to the date the Acquisition was entered into.

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

Hong Kong, 28 March 2024

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