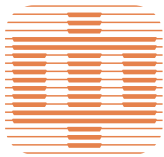

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Champion Technology Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at Room 3601, Level 36, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong at 4:30 p.m. on Tuesday, 18 July 2023 is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the SGM (i.e. at or before 4:30 p.m. on Sunday, 16 July 2023 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

27 June 2023

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DEFINITIONS

In this circular, unless the contents otherwise require, the following expressions have the following meanings:

“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
“associate(s)”	have the meaning as ascribed to it under the Listing Rules
“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
“connected persons”	has the meaning as ascribed under the Listing Rules
“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 Latest Practicable Date, 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

DEFINITIONS

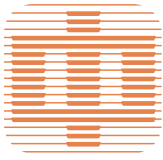
“Government Authorities”	any national, provincial, municipal or local government, administrative or regulatory body or department, court or judicial bodies, tribunal, arbitrator or any body that exercises the function of a regulator, including but not limited to those in Hong Kong and PRC
“Group”	the 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
“Hotel”	a hotel known as Metropolitan Yijing Hotel — Dongguan (東莞新都會怡景酒店) situated 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 gross floor area of approximately 38,873 square metres
“Independent Third Party(ies)”	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected persons
“Latest Practicable Date”	21 June 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“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

DEFINITIONS

“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 the Hotel erected thereon, which is owned by the PRC Subsidiary
“Purchaser”	Mr. Chu Ying Man
“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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at Room 3601, Level 36, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Tuesday, 18 July 2023 at 4:30 p.m. or any adjournment thereof, the notice of which is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, approving, among others, the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“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

LETTER FROM THE BOARD



CHAMPION TECHNOLOGY HOLDINGS LIMITED

冠軍科技集團有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 92)

Executive Director:

Ms. WONG Man Winny (*Chairperson*)

Non-executive Directors:

Mr. LIU Ka Lim

Ms. TO Yin Fong Cecilica

Independent non-executive Directors:

Mr. LEUNG Man Fai

Mr. CHAN Yik Hei

Mr. WONG Yuk Man Edmand

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business in

Hong Kong:

Units 4214–15, 42nd Floor

Hong Kong Plaza

188 Connaught Road West

Hong Kong

27 June 2023

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

As announced by the Company on 2 May 2023, the Company, the Purchaser and the Disposal Company entered into the Agreement on 2 May 2023 (after trading hours). The Agreement and the transactions contemplated thereunder constitute a major transaction of the Company.

The purpose of this circular is to provide you with, 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.

LETTER FROM THE BOARD

2. THE AGREEMENT

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.

Set out below are the principal terms of the Agreement.

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 an experienced merchant who was previously principally engaged in the trading of tobaccos and is currently looking for investment opportunities. The Purchaser is an Independent Third Party and is introduced to the Company by Mr. Liu Ka Lim, a non-executive Director who has known the Purchaser for more than 30 years.

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;

LETTER FROM THE BOARD

- (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 market value of the Property of approximately RMB35,000,000 (equivalent to approximately HK\$39,910,000) as at 31 March 2023 as appraised by an independent qualified valuer, namely Stirling Appraisals Limited, using investment approach.

According to the valuation report of the Property as set out in Appendix I to this circular, prepared by Mr. Man C.M. Lam of Stirling Appraisals Limited who has over 15 years' experience in valuations of properties in the PRC, the market value of the Property as at 31 March 2023 was approximately RMB35,000,000 (equivalent to approximately HK\$39,910,000). The market value was determined on the basis of the investment approach, whereby the rentals receivable during the term of the tenancy are capitalised at appropriate yield with due allowance for the reversionary value upon expiry of tenancy. According to the research data of Stirling Appraisals Limited, the capitalization rate for first-tier cities in the PRC is around 5%. Taking into account the difference in maturity level of city development, an upward adjustment of 0.5% has been made and capitalization rate at 5.5% was adopted in the valuation.

The valuation was prepared in accordance with the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors, the International Valuation Standards (IVS) published by The International Valuation Standards Council, and the requirements set out in Chapter 5 of the Listing Rules.

Having reviewed and taken into account that (i) Stirling Appraisals Limited has sufficient experience and qualification to conduct the valuation; (ii) among various valuation approaches, the investment approach is an appropriate and common approach to determine the market value of rental income generating properties in the PRC; (iii) the investigation and due diligence measures taken by Stirling Appraisals Limited for conducting the valuation are to the satisfaction of the Company; and (iv) the assumptions and considerations made by Stirling Appraisals Limited for the valuation are in line with industry practices, the Board is of the opinion that the valuation of the Property together with its basis, methodology and assumptions adopted by Stirling Appraisals Limited are fair and reasonable.

LETTER FROM THE BOARD

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 Latest Practicable Date, conditions (i), (ii), (iii) and (v) have been 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.

LETTER FROM THE BOARD

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 “Letter from the Board — Consideration” in this circular.

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 Latest Practicable Date, 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, 34% by Well Harvest Enterprises Limited, 7.5% by Mr. Chan Siu Hung and 7.5% by Mr. Law Shing Hung. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Well Harvest Enterprises Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Ma Shuk Kam, who is the mother of Mr. Yeung Chi Hang, a director of the HK Subsidiary. Mr. Chan Siu Hung and Mr. Law Shing Hung are directors of the PRC Subsidiary.

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 the 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 the Hotel known as Metropolitan Yijing Hotel — Dongguan (東莞新都會怡景酒店) 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.

LETTER FROM THE BOARD

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:

	For the year ended 30 June 2022 (unaudited) <i>Approximate HK\$'000</i>	For the year ended 30 June 2021 (unaudited) <i>Approximate 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\$67.9 million. The loss making position of the Disposal Group for the year ended 30 June 2022 was attributable to (i) the recognized income from the finance lease receivable of approximately HK\$1.65 million, and (ii) the total expenses of approximately HK\$2.2 million which mainly comprised the impairment loss on the finance lease receivable of approximately HK\$840,000 and additional provision of taxation of approximately HK\$1.22 million.

The loss after taxation of the Disposal Group for the six months ended 31 December 2022 was approximately HK\$393,000. The unaudited consolidated net liabilities of the Disposal Group as at 31 December 2022 was approximately HK\$69.7 million.

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 million, being the difference between the Consideration of HK\$45.9 million and the unaudited consolidated net liabilities of the Disposal Group attributable to the Company of approximately HK\$69.7 million 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 million. 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 amount of the Sale Loan as at the Latest Practicable Date was approximately HK\$105 million, and the amount upon Completion is expected to be more or less the same.

LETTER FROM THE BOARD

The table below sets out the reconciliation of the unaudited gain on the Disposal of approximately HK\$20 million from the above figures (before deducting the expenses attributable to the Disposal of approximately HK\$1 million):

	<i>HK\$'000</i>
Sale proceeds	<u>45,900</u>
Costs of the Disposal Group:	
Sale Loan	105,305
Less: Net liabilities of the Disposal Group	(69,669)
Less: Non-controlling interest	<u>(17,922)</u>
Total costs of the Disposal Group	<u>(17,714)</u>
Gain before reclassification of exchange	28,186
Less: Exchange reserves	<u>(7,899)</u>
Net gain on the Disposal	<u>20,287</u>

It is estimated that upon Completion, based on the unaudited financial results of the Group as at 31 December 2022, the Disposal will cause the Group's assets to increase by approximately HK\$4.5 million, the liabilities to decrease by approximately HK\$5.4 million, and the non-controlling interests to decrease by approximately HK\$17.9 million as follows:

	Financial results of the Group as at 31 December 2022 before taking into account of the Disposal (unaudited) <i>HK\$'000</i>	Financial results of the Group as at 31 December 2022 after taking into account of the Disposal (unaudited) <i>HK\$'000</i>	Changes Increase/ (Decrease) (unaudited) <i>HK\$'000</i>
Total assets	173,331	177,852	4,521
Total liabilities	29,132	23,775	(5,357)
Non-controlling interests	17,911	—	(17,911)

LETTER FROM THE BOARD

The table below sets out the breakdown of the increase in the Group's assets of approximately HK\$4.5 million:

	<i>HK\$' million</i>
Total assets of the Disposal Group	53.40
Less: Amount due to the Disposal Company from fellow subsidiaries	<u>(12.00)</u>
Total assets of the Disposal Group after deducting the amount due to the Disposal Company	41.40
Less: Cash Consideration to be received	<u>(45.90)</u>
Increase in total assets of the Group	<u><u>4.50</u></u>

The table below sets out the breakdown of the decrease in the Group's liabilities of approximately HK\$5.4 million. The liabilities of Disposal Group comprise three items, namely, trade and other payable, tax payable and the amount due to the Company (i.e. the Sale Loan):

	<i>HK\$' million</i>
Trade and other payable	2.93
Tax payable	2.42
Amount due to the Company	105.31
Less: Sale Loan to be assigned	<u>(105.31)</u>
Decrease in total liabilities of the Group	<u><u>5.35</u></u>

As at the Latest Practicable Date, the Disposal Company, a direct wholly-owned subsidiary of the Company, holds 51% interest in the HK Subsidiary, and the HK Subsidiary holds 95% interest in the PRC Subsidiary. Therefore, there is a non-controlling interest to be recognized at the level of the HK Subsidiary of 49% and at the level of the PRC Subsidiary of 5% which have to be accounted for in the Group's consolidated financial position in relation to the Disposal Group.

The Group intends to use the net proceeds from the Disposal of approximately HK\$44.9 million as to (i) approximately HK\$7 million for development of the existing projects of the Group; (ii) approximately HK\$25 million for potential business and investment opportunities which may arise from time to time; and (iii) the remainder for general working capital of the Group.

LETTER FROM THE BOARD

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, where 51% of the total issued shares of the HK Subsidiary was acquired by the Disposal Company in 2017 at a consideration of HK\$150 million. The consideration was satisfied by the amount of shareholder's loan provided by the Company to the Disposal Company, in the form of payment of HK\$30 million and the issue of the promissory note of HK\$120 million by the Company to the vendor. Since its acquisition, no other shareholder's loan or other form of financial assistance was provided to the Disposal Group.

The amount due to the Company from the Disposal Company upon the acquisition of the Disposal Company in 2017 was HK\$150 million. However, taking into account the changes as set out in the below table since its acquisition, the amount of the Sale Loan (i.e. the balance of the Shareholder's Loan owed by the Disposal Company to the Company) was approximately HK\$105 million as at the Latest Practicable Date:

	<i>HK' million</i>
Initial amount due to the Company from the Disposal Company in 2017	150
Less: Reduction in settlement amount due to revaluation upon early repayment of a portion of the promissory note	(18)
Less: Partial repayment to the Company	(15)
Less: Amount due to the Disposal Company from fellow subsidiaries	<u>(12)</u>
Balance of the Shareholder's Loan (i.e. Sale Loan)	<u><u>105</u></u>

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. The Hotel had been leased to a tenant as the operator of the Hotel, an Independent Third Party, under a subcontracting agreement for a period from 11 March 2003 to 10 March 2033. The tenant could use the name of the PRC Subsidiary as trade name for their business operation. Under the contractual arrangement, the PRC Subsidiary was entitled to receive a fixed amount of RMB3.9 million per year from the tenant. The total income received by the Group in the form of subcontracting fees of the Property was approximately RMB20.7 million (equivalent to approximately HK\$23.9 million) from October 2017 to March 2023.

LETTER FROM THE BOARD

The Hotel is erected on leasehold land in the PRC of which the two land use rights will legally expire in 2032 and 2043 respectively. As the lease period with the tenant under the subcontracting agreement is almost equal to the contractual life of one of the above land use rights and the Hotel is erected on the two leasehold lands, the key assets acquired then represented, in terms of classification in the Company's consolidated profit and loss account, (i) a finance lease receivable arising from the contractual subcontracting arrangements with the tenant and representing the right to receive rental from the tenant till the end of lease term (i.e. 2033); and (ii) an investment property representing interest in a leasehold land with the remaining lease term from the end of the lease term with the operator of the Hotel (i.e. 2033 to 2043). The income received by the Group in the form of subcontracting fees of the Property was booked as settlement of finance lease receivable, and the unearned interest calculated against the outstanding amount of finance lease receivable as at the reporting date was classified as other income in the Company's consolidated profit and loss account.

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, improve its liquidity and overall financial position, and reallocate its financial resources to other business development for optimizing the operational efficiency and enhancing return to the Group.

Having considered (i) the challenging business environment and the unfavourable prospects of the real property market, and (ii) 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.

3. SGM

The Company will convene and hold the SGM at 4:30 p.m. on Tuesday, 18 July 2023 for the Shareholders to consider and, if thought fit, approve, the Agreement and the transactions contemplated thereunder. A notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, 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. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions to be proposed at the SGM will be taken by poll, the results of which will be announced after the SGM.

A form of proxy for use at the SGM is also enclosed. If you are unable to attend the SGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for the SGM (i.e. at or before 4:30 p.m. on Sunday, 16 July 2023 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

4. RECOMMENDATION

The Directors consider that the transactions contemplated under the Agreement are fair and reasonable and in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution in the terms as set out in the notice of the SGM.

5. ADDITIONAL INFORMATION

Your attention is also drawn to the information contained in the appendices to this circular.

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

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Stirling Appraisals Limited, an independent valuer, in connection with its valuation as at 31 March 2023 of the Property.



Stirling Appraisals Limited,
10 Floor, Pilkem Commercial Centre,
8 Pilkem Street, Jordan, Kowloon,
Hong Kong SAR

27 June 2023

The Board of Directors

Champion Technology Holdings Limited (the “Company”)

Units 4214–15, 42/F,
Hong Kong Plaza,
No.188 Connaught Road West,
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Champion Technology Holdings Limited (the “**Company**”) for us to value the property held by the Company and/or its subsidiaries (together referred to as the “**Group**”) located in the People’s Republic of China (the “**PRC**”). We confirm that we have conducted an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 March 2023 (the “**valuation date**”).

BASIS OF VALUATION

The valuation is our opinion of Market Value which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

In valuing the property, we have adopted the investment method whereby the rentals receivable during the term of the tenancy are capitalised at appropriate yield with due allowance for the reversionary value upon expiry of tenancy.

TITLE INVESTIGATION

We have been provided with copies of title & legal documents and have been advised by the Company that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copy handed to us. In the course of our valuation, we have relied upon the advice and information given by the Company's PRC legal adviser — Grandall Law Firm (Shenzhen) (國浩律師(深圳)事務所) regarding the title of the property located in the PRC. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property is sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the property. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale of the property and no forced sale situation in any manner is assumed in our valuation.

In valuing the property, we have assumed that the property owner has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted rights to use the same, for the whole of the unexpired term granted subject to the payment of annual Government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

The inspection of the property has been conducted on 27 May 2023 by Mr. Anson Ma (Master Degree in Commerce). We have gained access to the property and have inspected the three buildings of the property which are being maintained in average physical condition (including walls or ceilings condition). We were advised that the property is connected with all usual main services including water, electricity and telecommunication. We have accordingly assumed that the property is connected with all usual main services including water, electricity and telecommunication. We would comment generally that the overall property appears to be in average condition commensurate with their respective use and age. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are not able to report as to whether the property is free from rot, infestation or any other structural defect. No test has been carried out to any of the services. We have assumed in our valuation that the property is in good structural condition at the valuation date.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identifications of the property and all other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the property but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your advice that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuation has been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowance has been made for any exchange transfers.

The summary of value and the valuation certificate are attached herewith.

Yours faithfully,
For and on behalf of
Stirling Appraisals Limited

Man C.M. Lam
MHKIS, RPS (G.P.)
Associate Director

Note:

Mr. Man C.M. Lam is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 15 years' experience in valuations of properties in the People's Republic of China.

SUMMARY OF VALUE

Property held for investment by the Group in the PRC

	Market Value in existing state as at 31 March 2023 RMB
Property	
Metropolitan Yijing Hotel — Dongguan (東莞新都會怡景酒店), No. 6 Huanshi East Road, Lianhu District, Tangxia Town, Dongguan City, Guangdong Province, The PRC	<u>35,000,000</u>
Total:	<u><u>35,000,000</u></u>

VALUATION CERTIFICATE

Property held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2023 RMB
Metropolitan Yijing Hotel — Dongguan (東莞新都會怡景酒店), No. 6 Huanshi East Road, Lianhu District, Tangxia Town, Dongguan City, Guangdong Province, The PRC	<p>The property comprises 2 land parcels with a total site area of approximately 25,235.6 sq.m. together with a hotel development (253 guest rooms and suites) completed in about 2000s erected thereon.</p> <p>The hotel development also includes various function rooms, business conference room, karaoke room, table-tennis room, fitness centre etc. It can be used for various social and business events, and able to accommodate over 200 guests</p> <p>The total gross floor area (“GFA”) of the property is approximately 38,873.44 sq.m.</p> <p>The land use rights of the property were held for terms with the latest expiry date on 24 September 2043 for commercial use.</p>	As advised, the property was occupied for hotel purposes as at the valuation date.	35,000,000

Notes:

- The property is located in Dongguan City of Guangdong Province, which is about 50 minutes’ driving distance to Shenzhen Baoan International Airport. The immediate locality is a composite residential/commercial area.
- Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Dong Fu Guo Yong (1992) Di Te No. 100 (東府國用(1992)第特100號), issued by Dongguan City State-owned Land Resource Bureau (東莞市國土資源局) dated 15 December 2003, the land use rights of a land parcel of the property with a site area of approximately 13,095.3 sq.m. (the “Land Parcel A”) have been granted to Dongguan Golden Field Yijing Hotel Limited (東莞新金域怡景酒店有限公司) (“Golden Field Yijing”) for a terms expiring on 10 December 2032 for commercial use.
- Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Dong Fu Guo Yong (2003) Di Te No. 684 (東府國用(2003)第特684號), issued by Dongguan City State-owned Land Resource Bureau (東莞市國土資源局) dated 10 December 2003, the land use rights of the remaining land parcel of the property with a site area of approximately 12,140.30 sq.m. have been granted to Golden Field Yijing for a terms expiring on 24 September 2043 for commercial use.
- Pursuant to 3 Real Estate Title Certificates, Yue Fang Chan Zheng Zi Di Nos. C4285740, C4285741 and C4285742 (粵房產証字第C4285740, C4285741 及C4285742号), the building ownership rights of the buildings of the property with a total GFA of approximately 38,873.44 sq.m., erected on the Land Parcel A, were held by Golden Field Yijing.

5. Pursuant to an operating contract dated 15 April 2002 and its supplement agreement, the property was leased to Excellent Base Dynast Company Limited (展基皇朝有限公司) for a term expiring on 10 March 2033 at an annual rent of RMB3,900,000.

6. Our valuation has been made on the following basis and analysis:

Capitalization rate*	5.5%
Present Value of the term	Approximately RMB30,700,000
Present Value of the reversion	Approximately RMB4,300,000

* *Capitalization rate has referenced recent trades in the property market. Capitalization rate of 5.5% was adopted for the reversion period until 24 September 2043 and such capitalization rate was calculated based on professional judgment and internal market research data. According to our research data, the capitalization rate for first-tier cities in the PRC is around 5%. Taking into account the difference in maturity level of city development, an upward adjustment of 0.5% has been made and the capitalization rate of 5.5% was adopted in our valuation. Since the property is subject to stable rental income for a term, we are of the view that the investment method is an appropriate valuation method for the property.*

7. The opinion of the PRC legal adviser to the Group contains, *inter alia*, the following:

- (a) Golden Field Yijing is the legal owner of the property;
- (b) Golden Field Yijing has the rights to use, lease, mortgage, transfer or otherwise dispose of the property in the market;
- (c) The property is not subject to mortgage or any other material encumbrances;
- (d) All land premium and other relevant fees have been settled in full; and
- (e) Golden Field Yijing has obtained the title certificates stated in Notes 2 to 4.

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had indebtedness totalling approximately HK\$22,832,000 comprising the following:

	<i>Approximate HK\$'000</i>
Bank and other interest-bearing borrowing, secured and guaranteed	4,429
Amount due to a director, unsecured	2,000
Other payables, unsecured	15,416
Lease liabilities, unsecured	<u>987</u>
	<u><u>22,832</u></u>

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 30 April 2023, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, term loans, debt securities, other similar indebtedness, hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

2. WORKING CAPITAL SUFFICIENCY STATEMENT

The Directors are of the opinion that, after taking into account the internal resources, the present and expected available banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular. The Company has obtained the working capital sufficiency confirmation letter from its financial adviser as required under Rule 14.66(12) of the Listing Rules.

3. FINANCIAL AND TRADING PROSPECTS

The business objectives of the Group are to develop its business so as to achieve sustainable growth. The Group aims to achieve such objectives by pursuing the following growth-oriented strategies:

Trading Business

Oil prices were trending upward in the short-term but with high volatility. Fears of a slowdown in global economic, oil sanctions against Russia and the unresolved Ukraine crisis were still increasingly tapping 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 though 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.

Mainland China and Hong Kong announced the most sweeping changes to its tough zero-COVID policy, and as we stated in our annual report for the year ended 30 June 2022, the Group's management already met some major oil suppliers during the six months ended 31 December 2022, securing the Group's oil procurement capability. In mid-January 2023, WTI oil held steady at \$76 per barrel, after the U.S. Energy Information Administration ("EIA") recorded an inventory build of 19 million barrels for the first week of the new year. At 439.6 million barrels, inventories of crude have turned about 1 percent above the average for this time of the year. The American Petroleum Institute estimated that crude oil inventories in the U.S. had added an impressive 14.87 million barrels in the first week of 2023. According to the EIA, gasoline stocks added 4.1 million barrels in the first week of 2023, with production averaging 8.5 million bpd. This shows that the demand at these price levels was huge. However, prices remained in the realm of uncertainty and heightened volatility because of the factor of China's post-lockdown recovery and the effectiveness of Westerns sanctions on Russian oil. We now await the right moment to resume our trading of oil when the gasoil market could rebound and the market volatility becomes less of a factor since we still consider that the oil trading business is a business which has substance, is viable and sustainable.

Technology Business — Sales of SPV Business

The Group has 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. The Group's renewable energy business consists of (i) the sales of SPV system (the "**Sales of SPV Business**"); (ii) the sales of the inverter and energy storage systems and the provision of technical services and support (the "**Inverter-related Business**"); and (iii) feed-in tariff rates business. The Sales of SPV Business and the Inverter-related Business are the core business under the renewable energy business.

Business model

The revenue from the Sales of SPV Business has been generated through the following methods:

- (i) in the event that a customer wishes to fully own a SPV system and earn revenue by selling the electricity, which is calculated based on the feed-in tariff ("**FiT**") rates and the unit of electricity generated, the customer would purchase the SPV system from the Group and request the Group to install the SPV system. The revenue of the Group would be generated from the sales of the SPV systems and the provision of design and installation service of the same; or

- (ii) the Group itself would lease the land from the customers and install the SPV system on the land to earn revenue by selling the electricity to the electricity companies. The Group can also dispose of such SPV system to other parties at a profit, the consideration of which is calculated with reference to the cost incurred for the design and the installation of the SPV system and the future FiT income; or
- (iii) the Group share with the customer the capital costs of the SPV system and the revenue generated from the sales of the electricity. The Group's interest may also be disposed of in a manner similar to (ii) above.

In general, the pricing of the Sales of SPV Business is determined on a cost-plus basis. Depending on the complications of each site and the specific system requirements, the average gross profit margin ranges from 12% to 30%. The customers of the Group mainly consist of the owners of the village house, villa, vacant land, commercial and industrial buildings, covering both urban and rural areas in Hong Kong.

Business development

As at the Latest Practicable Date, the Group has entered into a formal contract with one customer, who is a world renowned leading movie and TV program production enterprise, in relation to the installation of SPV system on its movie studio, which will contribute, revenue of approximately HK\$12 million with a gross profit margin of about 10%. Full scale installation work has commenced since May 2023, and it is expected that the project will be completed on schedule in 2023.

Negotiations for other projects with potential customers are still undergoing. We are optimistic that we should be able to get those projects but it would somehow depend on the consistency of the FiT scheme which would be affected by the internal policies of the electric companies and the Hong Kong government.

As stated in our annual report for the year ended 30 June 2022, we will specialize our techniques in the design and construction of SPV sites to stay ahead of the vigorous competition in the industry and will work together with new large and medium size engineering subcontractors for large SPV projects, the renowned movie studio project is a successful example of our efforts. The developed pre-built modules construction method for SPV sites will be best suited for a shorter construction time and lower manpower cost construction site, such as village houses and villas. More resources will be put on the large SPV projects, which will be our strategy in the renewable energy sector for the coming year. The Company has continued to tender for SPV projects of different scales selectively in response to ongoing invitations from various enterprises and contacts.

Technology Business — Smart City Solution Business

The Group has been focusing its development on the technology stacks that are in the highest demand in the small and medium enterprises market for ready-to-use A.I. solutions. Through the engagement of specialist firms in Mainland China to assist our technical team, we have extended this line of business into China to generate revenue for the Group from the design of the hardware stack, software development and licensing and sales, and professional consultation for design and on-going support and maintenance of the machine learning system stack. The Group is also working closely with experts of cloud technology to ensure flexibility in the product to accommodate different requirements from its clients, be it an on-premises solution, cloud solution or a hybrid solution.

During the six months ended 31 December 2022, the Group entered into two service agreements with two customers which are engaged in property development and located in Guangdong and Guangxi Provinces, the PRC, pursuant to which the Group will (i) design the smart building system for the customer which will be applied towards the monitoring of daily activities in the residential or commercial buildings; (ii) establish an intelligent management system for the construction site to monitor the construction works within the predefined parameters and safety measures ; and (iii) provide aftersale service for the smart building system.

We expect that these two projects would generate a total revenue of approximately HK\$11.3 million for the financial year of 2023. There are several contracts in the pipeline under negotiation with some major property developers in Guangdong which would likely be concluded in the foreseeable future.

We have already rolled out this category of business solutions to the users in Mainland China market, especially for property developers. The Group's management would continue to optimize the products for this new line of business from the design of the hardware stack, software development and licensing and sales, and professional consultation for design and on-going support and maintenance of the smart city systems. The Group is also working closely with experts of Cloud technology to maintain the versatility of our products in order to accommodate the different requirements from our clients, be it an on premises solution, cloud solution or a hybrid solution.

Technology Business — Inverter-related Business*Business model*

The revenue of the Inverter-related Business will be generated from both (i) the sales of the inverter; and (ii) the provision of technical advice and support on the inverter, including the pre-installation testing and commissioning and after-sale maintenance. In general, the pricing of the Inverter-related Business is determined on a cost-plus basis. With the first order made by a customer in February 2023, the Group called for a profit margin of about 15%.

Product features

The inverter can convert the direct electric current generated from the SPV System into alternative electric current for further transmission to the electricity networks for both residential and commercial sectors. As compared to the SPV system, such new model Inverter is able to store electricity, which allows the users of the inverter to store excessive electricity and retain it for later use.

Competitive strength

Inverters are indispensable in converting the direct electric current generated from the solar photovoltaic system (“**SPV Systems**”) into alternative electric current for further transmission to the electricity networks for both residential and commercial sectors. As compared to the other SPV system, such new model Inverter is able to store electricity with high capacity with minimal energy loss, which allows the users of the inverter to store excessive electricity and retain it for later use.

The Group has received a number of requests in the past two years in designing SPV Systems which are capable of storing electricity and has thus done a lot of research in this area leading to the building up of connections and knowledge in this kind of system which is very useful to people who intend to generate electricity in an environmentally way for their own use rather than selling electricity to electric companies. Such scenario is gaining much popularity, especially in Europe, as a result of the energy crisis prompted by the conflicts in Ukraine which is settling into a war of attrition.

The Group has extensive experience in renewable energy industry and has built up its own reputation in recent years. The energy crisis in Europe resulted by the hostility between Russia and Europe following the outbreak of Russian-Ukraine War has driven the call for more SPV Systems throughout homes and remote offices in Europe. In this regard, a customer from Europe (the “**European Customer**”), who is mainly engaged in renewable energy business, approached the Group through certain common contacts and requested the group to procure, with our professional perception, and supply Inverters to them since early October 2022 together with the provision of relevant technical advice and support.

Inverter with electricity storage function is the advanced version of SPV Systems. With both the sales of SPV system and Inverter, the Company could satisfy different requirements from customers who crave for either electricity storage or just merely cleaner and cheaper energy.

Business development

After finalizing the first contract with the European Customer and the Group's local supplier, the Group expects that the Inverter-related Business would generate a revenue of approximately HK\$2.8 million in first quarter of 2023. Since this purchase order is an initial order, the European Customer wishes to start on a smaller scale to allow both parties to have a trial run of all the logistics. Based upon our latest negotiation with them, they would increase the size of purchase gradually after smoothing out all the logistics.

The first purchase order from the European Customer was obtained in February 2023, the contract sum was approximately €320,000. This is the first trial order and the Company has managed to ship all products to the European customer after resolving numerous logistic problems.

The European Customer visited the Company in Hong Kong in early June 2023, and consulted the Company for the applications of the latest models of inverters as well as other SPV related products such as solar energy related batteries. The European Customer has started formulating its order plan for the second half of 2023. The management believes that this is a good start.

The shortage in natural gas supply as a result of the Ukraine war has rendered people in Europe to rely more on solar energy and a partial substitution of clean energy. On account of the Group's experience and expertise in the design and installation of SPV systems, we have been approached by some 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. Management expects that purchase orders from these potential customers would materialize in the year of 2023 and that ongoing repeated order would be secured after the initial warm up stage.

Technology Business — Internet Data Center

Since the widespread implementation of 5G networks, the demand for internet data centers has surged. In response to this, the management has been making efforts to make use of their network and resources to seek business opportunities in China. As of early March 2023, the Group has worked in collaboration with a domestic computing platform service provider to actively promote internet data center businesses in China.

In late March 2023, the Group successfully entered into certain agreements, whereby the Group would provide data center resources, including the racks, power supply, IP addresses, and network bandwidth, while our PRC partners would provide computing and storage services to the end users and pay rent to the Group. When their revenue exceeds a certain level, they would have to pay extra amount of rent to the Group.

Technology Business — Rechargeable Batteries and Smart Charging Solution

On 30 December 2022, the Group entered into an agreement to acquire the entire equity interest in 北京明信智聯技術有限公司 (Beijing Mingxin Zhilian Technology Co., Ltd.*) (“**Beijing Mingxin Zhilian**”). The transaction was completed on 13 January 2023. For details, please refer to the announcements dated 30 December 2022 and 13 January 2023.

Beijing Mingxin Zhilian is a PRC company established in 2018 which utilizes IoT and big data platforms in the provision of 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.

The Group acquired Beijing Mingxin Zhilian with the expectation that the acquisition would be complementary to the Group’s existing portfolio of products and enables the Group to further expand its scale of business to enhance return to the Shareholders.

After having actively participated in the management of the business of Beijing Mingxin Zhilian since mid-January 2023, the Company has noted that it might heavily strain 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. Therefore, the Company has been negotiating with potential buyers to dispose of the entire equity interest in Beijing Mingxin Zhilian to realize such investment and enhance the Group’s liquidity position. The proposed disposal may or may not materialise. Further announcement will be made by the Company as and when appropriate.

4. RECONCILIATION OF PROPERTY INTERESTS

The table below sets out (i) the reconciliation of property interests (including the amount of finance lease receivable that incurred as a result of subcontracting agreement entered into with the operator of the Hotel) of the Group from its audited consolidated financial statements as of 30 June 2022 to the unaudited net book value of the Group's property interests as of 31 March 2023; and (ii) the reconciliation of the unaudited net book value of the Group's property interests and the valuation of such property interests as of 31 March 2023:

	<i>HK\$'000</i>
Net book value of property interests of the Group as at 30 June 2022	
— The Property	5,151
— Finance lease receivable	<u>38,068</u>
	43,219
Less: Payment of the finance lease receivable	<u>(2,655)</u>
Net book value of property interests of the Group as at 31 March 2023	40,564
Less: Fair value change	<u>(654)</u>
Valuation of property interests of the Group as at 31 March 2023*	<u><u>39,910</u></u>

* Exchange rate at 31 March 2023: RMB to HKD is 1.14028

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital*
Ms. Wong Man Winny	Interest of a controlled corporation	442,359,000 (L) (Note 2)	16.17%
Mr. Liu Ka Lim	Beneficial owner	1,992,000 (L)	0.07%

Notes:

- The letter "L" denotes the Director's long position in the Shares.
 - These Shares have been held by Worldwide Peace Limited, which is wholly owned by Ms. Wong Man Winny, the current chairperson and executive Director. Ms. Wong Man Winny is deemed to be interested in the Shares held by Worldwide Peace Limited. Ms. Wong Man Winny is the director of Worldwide Peace Limited.
- * The percentage represents the number of Shares involved divided by the number of the Company's issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of

the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

None of the Directors had any interest, direct or indirect, in any assets which have been since 30 June 2022, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date.

None of the Directors was materially interested in any contract or arrangement subsisting as at the date thereof and which was significant in relation to the business of the Group as at the Latest Practicable Date.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company or the relevant member of the Group within one year without payment of compensation other than statutory compensation.

4. LITIGATION

There was no litigation or claims of material importance pending or threatened against the Group as at the Latest Practicable Date.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective close associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest within the Group.

6. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the experts who have given opinion or, advice contained in this circular:

Name	Qualification
Stirling Appraisals Limited	Property valuer
Grandall Law Firm (Shenzhen)	Legal adviser as to PRC laws

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, each of the experts named above does not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

Each of the experts named above does not have any interest, direct or indirect, in any assets which since 30 June 2022, being the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the date of this circular, and are or may be material:

- (a) the underwriting agreement dated 18 May 2021 (as amended and supplemented by a supplemental agreement dated 15 October 2021) entered into between the Company, Get Nice Securities Limited and Kingston Securities Limited in relation to the underwriting arrangement in respect of the rights issue on the basis of three (3) rights shares for every one (1) existing Shares at the subscription price of HK\$0.1 per rights share. The underwriting commission paid to Get Nice Securities Limited and Kingston Securities Limited under the underwriting agreement were HK\$2,549,308.24 and HK\$1,750,000, respectively;
- (b) the sale and purchase agreement dated 31 May 2021 entered into between Innovative City Investments Limited and the Company for the disposal of 128,137,958 ordinary shares in the issued share capital of Kantone Holdings Limited by the Company to

Innovative City Investments Limited (as amended and supplemented by the supplemental agreements dated 16 August 2021 and 15 September 2021), at the cash consideration of HK\$59,071,598.64;

- (c) the equity transfer agreement dated 30 December 2022 entered into between 北京明信智創科技中心(有限合夥) (Beijing Mingxin Zhichuang Technology Center (Limited Partnership)*) and 北京明信智研科技中心(有限合夥) (Beijing Mingxin Zhiyan Technology Center (Limited Partnership)*) as vendors and 駿沛通訊器材(深圳)有限公司 (Jun Pei Communication Equipment (Shenzhen) Co., Ltd.*) (“**Jun Pei**”), an indirect wholly-owned subsidiary of the Company, as purchaser, for the acquisition of the entire equity interest in Beijing Mingxin Zhilian by Jun Pei at the total consideration of RMB7 million;
- (d) the Agreement; and
- (e) the sale and purchase agreement dated 8 June 2023 entered into between Ms. Wong Man Winny, Mr. Gan Shanghua, Mr. Yeung Chi Hang and Elite Plan Investments Limited as vendors and Power Favour Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser, for the acquisition of 51.15% of the issued shares of Wise Win Holdings Limited by Power Favour Holdings Limited at the aggregate consideration of HK\$33,676,616.9.

8. DOCUMENTS ON DISPLAY

The following documents will be available for display on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.champion.hk>) during the period of 14 days from the date of this circular:

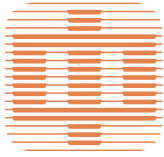
- (a) the Agreement;
- (b) the valuation report on the Property issued by Stirling Appraisals Limited, the text of which is set out in Appendix I to this circular; and
- (c) the written consents referred to in paragraph 6 of this appendix.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at Units 4214–15, 42nd Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (d) The company secretary is Mr. Chan Wai. He is a member of the Hong Kong Institute of Certified Public Accountants, an associate of the Association of Chartered Certified Accountants and Institute of Chartered Accountants in England and Wales.
- (e) The English text of this circular shall prevail over its Chinese text.

NOTICE OF SGM



CHAMPION TECHNOLOGY HOLDINGS LIMITED

冠軍科技集團有限公司

(Continued in Bermuda with limited liability)

(Stock Code: 92)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting of Champion Technology Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) will be held at Room 3601, Level 36, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong at 4:30 p.m. on Tuesday, 18 July 2023 to consider, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the conditional agreement for sale and purchase dated 2 May 2023 entered into between the Company, Mr. Chu Ying Man and Honest City Enterprises Limited in relation to the sale and purchase of the entire issued share capital of Honest City Enterprises Limited (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) and to amend and supplement all such documents as they consider necessary, desirable or expedient in connection therewith or the transactions contemplated thereby.”

By order of the Board

CHAMPION TECHNOLOGY HOLDINGS LIMITED

Wong Man Winny

Chairperson

Hong Kong, 27 June 2023

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place

of business in Hong Kong:

Units 4214–15, 42nd Floor

Hong Kong Plaza

188 Connaught Road West

Hong Kong

NOTICE OF SGM

Notes:

- (i) The register of members of the Company will be closed from Thursday, 13 July 2023 to Tuesday, 18 July 2023 (both days inclusive) for the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the SGM. During the closure of the register of members of the Company, no transfer of Shares will be effected. In order to be eligible to attend and vote at the SGM (or at any adjournment thereof), all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 July 2023.
- (ii) A member entitled to attend and vote at the SGM is entitled to appoint one proxy or, if he/she/it is a holder of two or more Shares may appoint more than one proxy to attend and vote instead of him/her/it. A proxy needs not be a member of the Company.
- (iii) Where there are joint holders of any Share, any one of such joint holder may vote at the SGM, either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, that the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (iv) To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not less than 48 hours before the time appointed for holding the SGM (i.e. at or before 4:30 p.m. on Sunday, 16 July 2023 (Hong Kong time)) or any adjournment thereof (as the case may be).
- (v) Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if he/she/it so desires. If a member of the Company attends the SGM after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.

As at the date of this notice, 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.