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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)

SUPPLEMENTAL ANNOUNCEMENT DECISION OF THE LISTING COMMITTEE ON THE ACQUISITION

Financial adviser to the Company



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

The Board hereby provides the Shareholders with further information on the reasons for the Listing Committee in arriving at the Listing Committee Decision. In arriving at the Listing Committee Decision, the Listing Committee applied the principle-based test and took into account the relevant factors as set out in Note 1 to Rule 14.06B. Below is a summary of the Listing Committee Decision, which does not represent the view of the Company nor the Company’s agreement to the view of the Listing Committee:

(i) Nature and scale of the Company’s business before the Acquisition:

1. The Company’s existing business scale was small, taking into account (a) the renewable energy business of the Group has had a limited operating scale since commencement; and (b) the revenue generated from smart city solution business of the Group was not significant.

2. The Company submitted that based on its revenue forecast for the year ending 30 June 2024 (“FY2024”), the scale of operations of the Group would not be minimal. However, the Listing Committee was not convinced that the scale of the Group’s business would be substantially improved having considered the number and size of contracts signed by the Company. The Listing Committee considered that Company had failed to demonstrate its ability to continue to secure new contracts to maintain its business levels at the scale submitted by the Company. While the Company expects to resume its gasoil trading business in 2024 as it anticipates that the crude oil price will be less volatile and the global demand for gasoil will increase in 2024, the Listing Committee also considered that it is uncertain whether the market conditions will improve as the Company expects. The Company also failed to provide concrete details on the business resumption plan. In addition, as the Company has a cautious trading business model for this business, the Company’s results for the two years ended 30 June 2022 and 2023 should not be considered to be impacted in an exceptional way by the weak performance of this business in those years.

(ii) Size of the Acquisition relative to the size of the Company:

1. In light of the small scale of the Company’s existing businesses, the Acquisition is significant to the Company, as shown by the revenue ratio of 244.1% based on its revenue for the year ended 30 June 2022 of HK\$61 million. The Company’s revenue for the year ended 30 June 2023 further dropped to HK\$25.3 million, rendering the size of the Acquisition even more significant to the Company.
2. Based on the reasons set out in paragraph (i)(2) above, the Company had failed to demonstrate what the size of its existing businesses would be in FY2024 and accordingly it had not demonstrated that it would be substantially larger than that of the Target Group.

(iii) Fundamental change in the Company’s principal business:

The Company submitted at the review hearing of the Listing Committee that its principal business had always been that of a technology company engaged in the delivery of solutions through tech packages that combine relevant hardware with software to customers, and that this was the way the renewable energy business and the smart city business of the Group should be viewed (the “**Tech Business Model**”). The Listing Committee however did not agree that the Company’s principal business was the Tech Business Model and noted that the Tech Business Model was not reflected in the description of the Company’s businesses in its annual reports, in its annual financial statements or on the official websites for the Company.

The Company further submitted that the Acquisition is a legitimate and logical expansion under the Tech Business Model, and could result in synergies with the existing businesses operated under that model. According to the Company’s submissions, upon the completion of the Acquisition, it would be able to apply or modify its IoT products developed in the smart city business of the Group into IoT learning products to be used and/or demonstrated in the Target Group’s courses. However, the Listing Committee was of the view that, even if the Company’s principal business

was the Tech Business model, the Target Group's business remained that of providing education and the use of technology in delivering courses or the provision of technology-related courses was only incidental to that business. Accordingly, the Target Group's business did not constitute something that could be viewed as a tech package under the Tech Business Model as described by the Company. Therefore, even if the Company's principal business was the Tech Business Model, the Company had failed to demonstrate that the Acquisition is an expansion or diversification under that model.

As a result, given the relative size of the Target Group's business to the Company's existing businesses as described in paragraph (ii) above, the Acquisition would result in a fundamental change in the Company's principal business.

(iv) Quality of the Acquisition targets

The Target Group recorded gross and net losses for the past two years ended 31 December 2021 and 2022, and a net loss for the six months ended 30 June 2023. It would not have met the new listing requirements under Rule 8.05 had it been treated as a new listing applicant. Based on the above, the Listing Committee considered that the Acquisition constitutes an attempt to achieve the listing of the Target Company and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. The Listing Committee was of the view that the Acquisition constituted a reverse takeovers under Rule 14.06B and therefore decided to uphold the Listing Division Decision.

The Company is seeking advice from its legal advisers and financial adviser in relation to the reasons stated in the Listing Committee Decision and the next step to be taken.

Further announcement(s) will be made by the Company in respect of the review as and when appropriate.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment or waiver of the conditions precedent (as the case may be). Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are therefore reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 5 December 2023

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