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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF ENTIRE EQUITY INTEREST IN TARGET COMPANY

THE ACQUISITION

On 30 December 2022 (after trading hours), the Purchaser and the Vendors, entered into the Equity Transfer Agreement, pursuant to which, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a consideration of RMB7 million.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment and/or, where applicable, waiver of Conditions Precedent under the Equity Transfer Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board hereby announces that on 30 December 2022 (after trading hours), the Purchaser and the Vendors, entered into the Equity Transfer Agreement, pursuant to which, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a consideration of RMB7 million.

EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are set out as below:

Date : 30 December 2022 (after trading hours)

Parties : (a) the Vendors
(b) the Purchaser

Subject Matter

The Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company.

Consideration and Payment Terms

The consideration for the transfer of the entire equity interest in the Target Company is RMB7 million, among which RMB5.25 million is payable to Vendor A and RMB1.75 million is payable to Vendor B. The consideration shall be paid by the Purchaser to the Vendors in cash on the date of the Completion and shall be satisfied with internal resources of the Group.

Basis of the Consideration

The consideration was determined after arm's length negotiations between the Vendors and the Purchaser, after considering various factors, including the unaudited net asset value of the Target Company as at 30 September 2022. Based on the above, the Directors are of the view that the consideration and the terms of the Equity Transfer Agreement for the Acquisition are fair and reasonable.

Conditions Precedent

The Completion is conditional on, among other things:

- (1) the Purchaser and the Target Company having obtained all necessary consents, approvals and approvals from the Vendors, the directors of the Target Company and the relevant governmental authority(ies) (including but not limited to the approval of the relevant authority(ies) in relation to the Acquisition, the change of directors of the Target Company and the relevant approval certificate(s), and the updated business licence of the Target Company), and there being no conditions or restrictions that the Purchaser is unwilling to accept;

- (2) the Purchaser having obtained a legal opinion issued by a PRC legal adviser (the content and format of which shall be satisfactory to the Purchaser), and the legal opinion should cover the following matters:
 - (i) the legality and effectiveness of the Equity Transfer Agreement and the revised constitutional document of the Target Company executed by the relevant parties;
 - (ii) the legitimacy of the establishment and existence of the Target Group;
 - (iii) the legality of the business operated by the Target Group;
 - (iv) the Target Group's legal ownership of its properties; and
 - (v) other matters reasonably requested by the Purchaser;
- (3) all representations, warranties or undertakings given by the Vendors under the Equity Transfer Agreement remaining true and accurate in all material respects; and
- (4) the Purchaser being satisfied with the results of financial, business and legal due diligence on the Target Group, and the results do not show that the Vendors' representations, warranties or commitments in the Equity Transfer Agreement have been breached or are in any material respect inaccurate and/or misleading.

The Purchaser may at its absolute discretion with or without any condition waive any of the above Conditions Precedent. In the event that any of the Conditions Precedent is not fulfilled or waived on or before the Long Stop Date, the Equity Transfer Agreement shall terminate and all obligations of the Vendors and the Purchaser under the Equity Transfer Agreement shall cease and determine and neither the Vendors nor the Purchaser shall have any claim against the other in respect of any matter arising out of or in connection with the Equity Transfer Agreement except for any antecedent breach of any obligation and any liabilities under the Equity Transfer Agreement.

Completion

Completion shall take place on the fifth Business Day after the fulfillment or, if applicable, waiver of all Conditions Precedent or on such other date the parties otherwise agree in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been expanding its development and investment in renewable energy systems and system products including the products involving Internet of Things (“IoT”) and big data. As one of the core development strategies, the Group has been identifying suitable investment opportunities in technology companies with good prospects, stable returns and potential synergy with the Group’s own development in technology.

The Target Company is a company established in 2018 which utilises 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 Board is of the view that the Acquisition will 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.

The Directors (including the independent non-executive Directors) consider that the Acquisition was negotiated on normal commercial terms and the terms of the Equity Transfer Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is a company continued in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. 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, software development, licensing and customization, of system products including payment gateways and IoT and strategic investment.

The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in procurement of technology related products, research and development of security equipment and computer software development.

Vendor A is the holder of 75% of the equity interest in the Target Company and Vendor B is the holder of 25% of the equity interest in the Target Company, respectively, both of which are limited partnerships established in the PRC and are Independent Third Parties. The Vendors are principally engaged in the development of technology and computer software and providing technical services. As at the date of this announcement, Vendor A has seven partners, namely Sun Zuomin, Zhang Tingwu, Zhao Ning, Liu Benshao, Yang Wenlei, Wu Yao and Meng Xianfeng who hold 34.74%, 26.05%, 14.04%, 7.68%, 7.49%, 5% and 5% of the equity interest, respectively, among whom Sun Zuomin is the general partner. As at the date of this announcement, Vendor B has two partners, namely Feng Wenxuan and Xu Jiachang who hold 78% and 22% of the equity interest, respectively, among whom Feng Wenxuan is the general partner.

The Target Company is a company established in the PRC with limited liability directly owned by the Vendors. The Target Company is principally engaged in development of artificial intelligence software and computer system and providing technical services. The Target Company has a wholly-owned subsidiary 億物聯盟(北京)科技發展有限公司 (Yiwu Alliance (Beijing) Technology Development Co., Ltd.*) which is a company established in the PRC with limited liability, principally engaged in the safety enhancement of electric bicycles, tricycles, mopeds and other electric vehicles utilising IoT.

Set out below is the key unaudited financial information for the financial years ended 31 December 2020 and 2021 of the Target Company, both prepared according to the PRC accounting standards. The value of the entire equity interest in the Target Company as at 31 December 2021 was approximately RMB3.8 million.

	For the year ended	
	31 December	
	2021	2020
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Profits before tax	815,520	1,954,427
Profits after tax	813,870	1,941,500

As at 31 December 2020 and 2021, the total assets of the Target Company amounted to approximately RMB4.2 million and RMB9.3 million, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are Independent Third Parties.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment and/or, where applicable, waiver of Conditions Precedent under the Equity Transfer Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire equity interest in the Target Company by the Purchaser
“Board”	the board of Directors of the Company
“Business Day(s)”	a day on which banks are open for general business in Hong Kong (excluding Saturday, Sunday, public holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted or “extreme conditions” are announced in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“Company”	Champion Technology Holdings Limited, a company continued in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 92)
“Completion”	completion of the Acquisition
“Conditions Precedent”	the conditions precedent to the completion of the sale and purchase of the entire equity interest in the Target Company set out in the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 30 December 2022 entered into between the Vendors and the Purchaser for the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) which is a third party independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	90 days after the date of the Equity Transfer Agreement or such other date as the Vendors and the Purchaser may agree in writing

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	駿沛通訊器材(深圳)有限公司 (Jun Pei Communication Equipment (Shenzhen) Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京明信智聯技術有限公司 (Beijing Mingxin Zhilian Technology Co., Ltd.*), a company established in the PRC with limited liability and directly held by the Vendors
“Target Group”	collectively, the Target Company and 億物聯盟(北京)科技發展有限公司 (Yiwu Alliance (Beijing) Technology Development Co., Ltd.*)
“Vendor A”	北京明信智創科技中心(有限合夥) (Beijing Mingxin Zhichuang Technology Center (Limited Partnership))* , a limited partnership established in the PRC and an Independent Third Party, which holds 75% of the equity interest in the Target Company
“Vendor B”	北京明信智研科技中心(有限合夥) (Beijing Mingxin Zhiyan Technology Center (Limited Partnership))* , a limited partnership established in the PRC and an Independent Third Party, which holds 25% of the equity interest in the Target Company
“Vendors”	Vendor A and Vendor B
“%”	per cent

By order of the Board
Champion Technology Holdings Limited
Wong Man Winny & Wu Yunjing
Joint Chairperson

Hong Kong, 30 December 2022

As at the date of this announcement, the executive directors of the Company are Ms. Wong Man Winny and Mr. Wu Yunjing; the non-executive directors of the Company are Mr. Liu Ka Lim and Ms. To Yin Fong Cecilica; and the independent non-executive directors of the Company are Mr. Leung Man Fai, Mr. Chan Yik Hei and Mr. Wong Yuk Man Edmand.

** For identification purposes only*