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**CHAMPION TECHNOLOGY  
HOLDINGS LIMITED**

*(Continued in Bermuda with limited liability)*

(Stock Code: 92)

("Champion")



**KANTONE HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1059)

("Kantone")

**JOINT ANNOUNCEMENT  
TERMINATION OF JOINT VENTURES  
RELATING TO E-GAMING BUSINESS  
DISCLOSEABLE AND CONNECTED TRANSACTIONS**

Shenzhen Hengyu, a subsidiary of Kantone, agreed on 20 April 2016 to sell 61.5385% equity interest in Shenzhen Helper to the SH Purchaser for a consideration of RMB9,170,000 (about HK\$11,004,000).

Bingo, a wholly owned subsidiary of Kantone, entered into two agreements on 20 April 2016 for the acquisition of 22.76% of the issued share capital of AML from the AML Vendors for an aggregate consideration of RMB5,340,000 (about HK\$6,408,000). Bingo owns the balance of 77.24% interest in AML.

The AML Vendors are substantial shareholders of AML. Mr. Wang Yu Peng is also a director of AML and a substantial shareholder of Shenzhen Helper.

Kantone is a 64.94% subsidiary of Champion.

The Agreements constitute connected transactions of Champion and Kantone under the Listing Rules not subject to the approval of their respective independent shareholders pursuant to Rules 14A.76(2)(a) and 14A.101 of the Listing Rules while the AML Agreement also constitutes a discloseable transaction of Champion and Kantone under the Listing Rules.

**THE AGREEMENTS**

The boards of directors of Champion and Kantone jointly announce that they have decided to terminate the joint ventures relating to e-gaming business in the People's Republic of China (the "PRC") carried on by subsidiaries of Kantone. In this connection, the following agreements all dated 20 April 2016 (together the "Agreements") were entered into:

- (a) two agreements between (i) the nominees of Shenzhen Hengyu Science & Technology Company Limited (恒譽科技(深圳)有限公司) (“Shenzhen Hengyu”), a subsidiary of Kantone; and (ii) Shanghai Ruicai Information Technology Co., Ltd. (上海瑞彩信息科技有限公司) (the “SH Purchaser”) whereby Shenzhen Hengyu agreed to sell 61.5385% equity interest in Shenzhen Helper Science Development Company Limited (深圳市恒朋科技開發有限公司) (“Shenzhen Helper”) to the SH Purchaser for a total consideration of RMB9,170,000 (about HK\$11,004,000) (the “SH Agreements”);
- (b) an agreement between (i) Mr. Lo Ming Chi, Charles and Mr. Wang Yu Peng (the “AML Vendors”) and (ii) Bingo Profits Limited (“Bingo”), a wholly owned subsidiary of Kantone, whereby Bingo agreed to acquire from each of the AML Vendors 11.38% (a total of 22.76%) of the issued share capital of Aspire Management Limited (“AML”) for RMB2,670,000 (about HK\$3,204,000) (a total of RMB5,340,000 (about HK\$6,408,000)), which shall be set off against the same amount out of the price payable to Shenzhen Hengyu by the SH Purchaser under the SH Agreements (the “AML Agreement”); and
- (c) an agreement between (i) the AML Vendors; (ii) Bingo; and (iii) Shenzhen Hengyu confirming the terms of the SH Agreements and the AML Agreement.

#### **Assets to be disposed of under the SH Agreements**

61.5385% equity interest in Shenzhen Helper. The balance of the equity interests in Shenzhen Helper are owned by Mr. Wang Yu Peng and Shenzhen Helper Information Technology Co., Ltd. as to 32.4615% and 6% respectively.

Shenzhen Helper is a company established in the PRC on 21 December 1992. It is principally engaged in the development and provision of lottery operating systems and other technological support to PRC governmental lottery administration authorities in respect of government-organized welfare lottery business. For the year ended 31 December 2014, its net profits before and after taxation were about RMB11,170,000 (about HK\$13,404,000) and RMB9,506,000 (about HK\$11,407,000) respectively. For the year ended 31 December 2015, its losses before and after taxation were about RMB5,049,000 (about HK\$6,059,000) and RMB5,147,000 (about HK\$6,176,000) respectively. There were no extraordinary items during these two years.

The assets to be sold had a net asset value of about HK\$27,032,000 as at 31 December 2015.

After the disposal, Champion and Kantone will cease to have any interest in Shenzhen Helper.

#### **Assets to be acquired under the AML Agreement**

600,000 shares of US\$1 each (representing a total of 22.76% of the issued share capital) of AML. The balance of the issued share capital of AML is owned by Bingo. After the acquisition, AML will become a wholly owned subsidiary of Kantone.

AML is a company incorporated in the British Virgin Islands on 10 June 2003. It is principally engaged in investment holding and owns the entire equity interest in Shenzhen Hengyu. For the year ended 30 June 2014, its net consolidated profits both before and after taxation were about HK\$3,691,000. For the year ended 30 June 2015, its net consolidated profits before and after taxation were about HK\$4,759,000 and HK\$2,554,000 respectively. For the six months ended 31 December 2015, its net consolidated loss both before and after taxation was about HK\$4,402,000. There were no extraordinary items during these periods.

The assets to be acquired had net asset value of about HK\$5,263,000 as at 31 December 2015.

The total original purchase cost of the assets to the AML Vendors was about HK\$15,432,000.

### **Consideration**

The considerations under the SH Agreements and the AML Agreement were arrived at after arm's length negotiations and with reference to the net asset values of Shenzhen Helper and AML respectively.

The respective independent non-executive directors of Champion and Kantone have confirmed that the terms of the Agreements are fair and reasonable, the transactions are on normal commercial terms and in the respective interest of Champion and Kantone and their respective shareholders as a whole.

There is a loss of about HK\$16,028,000 over book value arising on the disposal.

### **Payment terms**

The balance of the purchase price of RMB3,830,000 (about HK\$4,596,000) under the SH Agreements is due in cash on completion.

### **Use of proceeds**

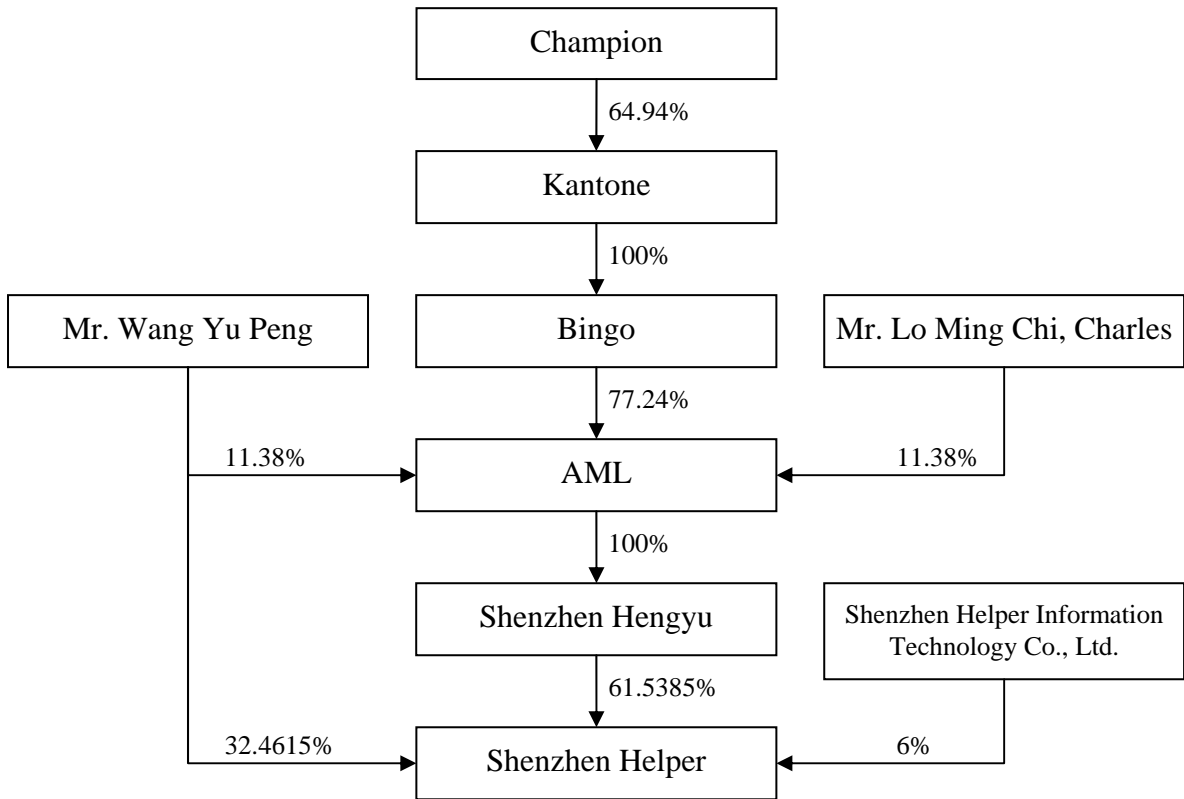
The net proceeds under the SH Agreements will be used as additional working capital.

### **Completion date**

The Agreements will be completed simultaneously and are expected to be completed on or before 4 May 2016.

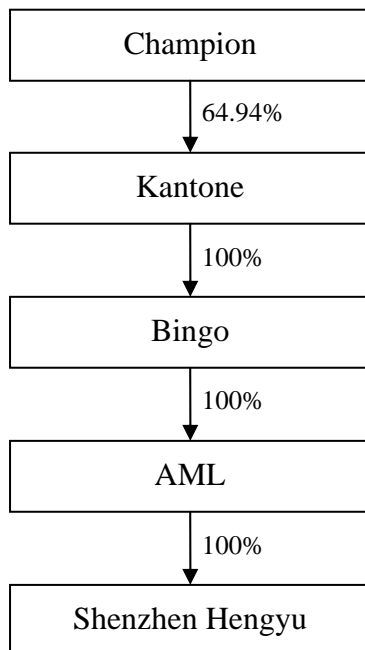
### **Effect of the transactions**

A simplified corporate structure relating to the e-gaming business in the PRC of Champion and Kantone as at the date of this announcement is shown below:



On completion of the Agreements, Kantone, through its 100% interest in AML, will own the entire equity capital of Shenzhen Hengyu, which will cease to have any interest in Shenzhen Helper.

A simplified corporate structure relating to the e-gaming business in the PRC of Champion and Kantone immediately after completion of the Agreements is shown below:



## **REASONS FOR THE TRANSACTIONS**

Kantone has suspended its e-gaming business of online sale of paperless lottery in the PRC since March 2015 pursuant to new regulatory measures. It is uncertain when Kantone's operation in lottery-related business will resume. The Agreements were entered to terminate the existing joint ventures relating to e-gaming business in the PRC with a view to streamline the operations and realign business activities to improve the overall return.

## **CONNECTION BETWEEN THE PARTIES**

The AML Vendors are substantial shareholders of AML. Mr. Wang Yu Peng is also a director of AML and a substantial shareholder of Shenzhen Helper.

The SH Purchaser is a party introduced by the AML Vendors.

## **INFORMATION FOR SHAREHOLDERS**

Champion and its subsidiaries (the "Champion Group") are principally engaged in sales of cultural products, sales of goods and licensing (including sales of systems products, software licensing and customisation, provision of services and leasing of systems products) and holding strategic investments in advanced technology product development companies and e-commerce projects.

Kantone (a 64.94% subsidiary of Champion) and its subsidiaries (the "Kantone Group") are principally engaged in sales of cultural products, sales of systems and licensing (including sales of systems products, software licensing and customisation, provision of services and leasing of systems products).

For Champion and Kantone, the Agreements constitute connected transactions under the Listing Rules not subject to the approval of their respective independent shareholders pursuant to Rules 14A.76(2)(a) and 14A.101 of the Listing Rules while the AML Agreement constitutes a discloseable transaction of Champion and Kantone under the Listing Rules. The Champion Group and the Kantone Group do not have any transaction with the AML Vendors or the SH Purchaser which is required to be aggregated with the Agreements under Rules 14.22 or 14A.81 of the Listing Rules.

By order of the Board of  
**Champion Technology Holdings Limited**  
**Paul Kan Man Lok**  
*Chairman*

By order of the Board of  
**Kantone Holdings Limited**  
**Paul Kan Man Lok**  
*Chairman*

Hong Kong, 20 April 2016

*As at the date of this joint announcement, the executive directors of Champion are Prof. Paul Kan Man Lok, Mr. Leo Kan Kin Leung and Mr. Lai Yat Kwong; the non-executive director is Ms. Shirley Ha Suk Ling; and the independent non-executive directors are Mr. Terry John Miller, Mr. Frank Bleackley and Mr. Lee Chi Wah.*

*As at the date of this joint announcement, the executive directors of Kantone are Prof. Paul Kan Man Lok, Mr. Lai Yat Kwong and Ms. Shirley Ha Suk Ling; the non-executive director is Mr. Leo Kan Kin Leung; and the independent non-executive directors are Mr. Frank Bleackley, Prof. Julia Tsuei Jo and Ms. Miranda Ho Mo Han.*