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CHAMPION TECHNOLOGY HOLDINGS LIMITED

(Continued in Bermuda with limited liability)

(Stock code: 92)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF SALE SHARES INVOLVING THE ISSUE OF PROMISSORY NOTE

THE ACQUISITION

The Board is pleased to announce that on 19 July 2017 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor, the Vendor's Guarantor and the Target Company entered into the SPA, pursuant to which, the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration, which shall be satisfied by payment of HK\$30,000,000 and the issue of the Promissory Note by the Company to the Vendor. Upon Completion, the Target Group will become indirect non-wholly owned subsidiaries of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Acquisition is more than 5% but all less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 July 2017 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor, the Vendor's Guarantor and the Target Company entered into the SPA, pursuant to which, the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration, which shall be satisfied by payment of HK\$30,000,000 and the issue of the Promissory Note by the Company to the Vendor.

THE SPA

The principal terms of the SPA are set out below:

Date : 19 July 2017 (after trading hours)

Parties : (i) the Purchaser
(ii) the Vendor
(iii) the Vendor's Guarantor
(iv) the Target Company

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and the Vendor's Guarantor are Independent Third Parties.

Asset to be acquired

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares.

Consideration

Pursuant to the terms of the SPA, the Consideration shall be HK\$150,000,000. The Consideration shall be satisfied by payment of HK\$30,000,000 and the issue of the Promissory Note by the Company to the Vendor upon Completion.

The Vendor agrees that the Vendor shall at its own costs and expenses arrange for the audit of the Completion Accounts and deliver the audited Completion Accounts to the Purchaser or the Purchaser's solicitors within 4 weeks after Completion ("**Audited Completion Accounts**"). If the Consideration calculated with reference to the Audited Completion Accounts is less than the Consideration paid by the Purchaser, the Vendor shall repay to the Purchaser the excess amount within five (5) Business Days from the date of receipt of the Audited Completion Accounts by the Purchaser or the Purchaser's solicitors. If, on the other hand, the Consideration calculated with reference to the Audited Completion Accounts is more than the Consideration paid by the Purchaser, the Purchaser is not required to pay any shortfall to the Vendor.

Further details of the Promissory Note are set out in the section headed "Promissory Note".

The Consideration was arrived after arm's length negotiations between the Purchaser and the Vendor and was determined after taking into account the following factors:

- (i) the valuation of the Property prepared by an independent valuer of approximately RMB270,000,000 (equivalent to approximately HK\$311,850,000) as at 31 May 2017), by a market approach;

- (ii) the unaudited net asset value of the Target Group as at 31 May 2017; and
- (iii) the reasons and benefits of the Acquisition as stated under the section headed “REASONS FOR AND BENEFITS OF THE ACQUISITION” in this announcement.

Further details of the Property are set out in the section headed “INFORMATION ON THE TARGET GROUP AND THE VENDOR” below. The Directors consider that the terms and conditions of the SPA, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (a) the Vendor having shown and proved that it has good title to the Sale Shares free from all encumbrances to the satisfaction of the Purchaser;
- (b) the Vendor having shown and proved that the Target Company 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 Target Company, if any – free from all encumbrances to the satisfaction of the Purchaser;
- (c) the Vendor having shown and proved that the PRC Subsidiary has a good title to the Property to the satisfaction of the Purchaser;
- (d) where applicable, the Vendor having shown and proved that, save as disclosed, the Target Group have terminated all the contracts with their employees (if any) and service providers with no claim or right of action of any kind, arising in any capacity or in any jurisdiction, against the Target Group to the satisfaction of the Purchaser;
- (e) in respect of the Property or any part thereof, there having been no outstanding notices, orders, complaints or requirements issued by any government authorities or requiring compliance with any applicable laws;
- (f) the Target Company (as consolidated) having no liabilities or indebtedness (whether actual or contingent) as at Completion other than:—
 - (i) all deferred tax liabilities, if any;
 - (ii) finance lease;
 - (iii) loan from director; and

- (iv) accrued expenses and other accounts payable in the ordinary course of business of the Target Group, if any.
- (g) there having been no breach of the warranties from the date of the SPA up to and inclusive of the Completion Date;
- (h) the Purchaser's accountant having reviewed the accounts of the Target Group at the Purchaser's cost and expense, and the result of such review having been satisfactory to the Purchaser in its sole discretion;
- (i) the Purchaser's solicitors and the Purchaser's advisors having conducted and completed legal due diligence on the Target Group at the Purchaser's cost and expense, the outcome of such due diligence having been satisfactory to the Purchaser in its sole discretion;
- (j) all necessary consent of the government authorities in respect of the transaction thereby contemplated, if any, having been obtained by the relevant parties; and
- (k) if so required by the relevant provisions under the Listing Rules, the passing of the necessary resolutions by the Shareholders in general meeting approving the transactions thereby contemplated.

The Purchaser may waive (in whole or in part) any of the conditions (a) to (i) by notice in writing to the Vendor's solicitors.

Vendor's Guarantor

The Vendor's Guarantor shall guarantee to the Purchaser the due and punctual performance by the Vendor of the Vendor's obligations under the SPA provided that any claim and legal action against the Vendor's Guarantor in respect of the SPA shall be made on or before 18 June 2020, failing which, the guarantee made by the Vendor's Guarantor therein shall have no effect.

Completion

Completion shall take place on the Completion Date.

Upon Completion, the Company will take control of the Target Group which will become indirect non-wholly owned subsidiaries of the Company. Accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

Promissory Note

The Company shall issue to the Vendor the Promissory Note in the principal amount of HK\$120,000,000 on 19 July 2017 on the following principal terms:

Issuer	:	the Company
Principal amount	:	HK\$120,000,000 (the “ Principal Sum ”)
Issue date	:	19 July 2017
Interest	:	Interest shall be calculated at 1% per annum on the principal amount then outstanding on a daily basis (i.e. interest per day = 1% / 365 days x principal amount of the Promissory Note then outstanding) which shall be due and payable on the anniversary date of the date of the Promissory Note
Maturity Date	:	19 December 2019 or such other date as the Company and the holder(s) of the Promissory Note may agree in writing (the “ Maturity Date ”)
Repayment	:	due and repayable on the Maturity Date
Transferability	:	Neither the Company nor the holder(s) of the Promissory Note may assign any of its rights and obligations without the prior written consent of the other party
Early redemption	:	the Company may repay all or part of the Principal Sum together with interest accrued thereon at any time prior to the Maturity Date by giving 7 days’ prior written notice to the holder(s) of the Promissory Note

INFORMATION OF THE GROUP AND THE PURCHASER

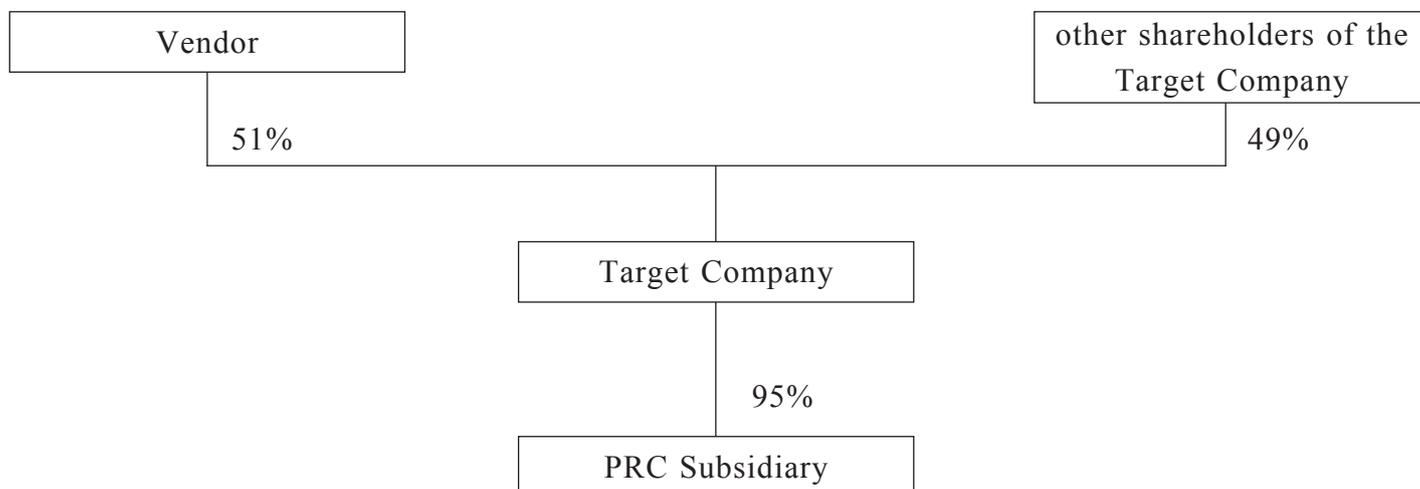
The Purchaser is a company incorporated in the BVI with limited liability and is a direct wholly-owned subsidiary of the Company. Its principal activity is investment holding.

The Company is an investment holding company. Its subsidiaries are principally engaged in sales of cultural products, sales of goods and licensing (including sales of systems products, software licensing and customisation and provision of services), leasing of systems products and holding strategic investments in advanced technology product development companies and e-commerce projects.

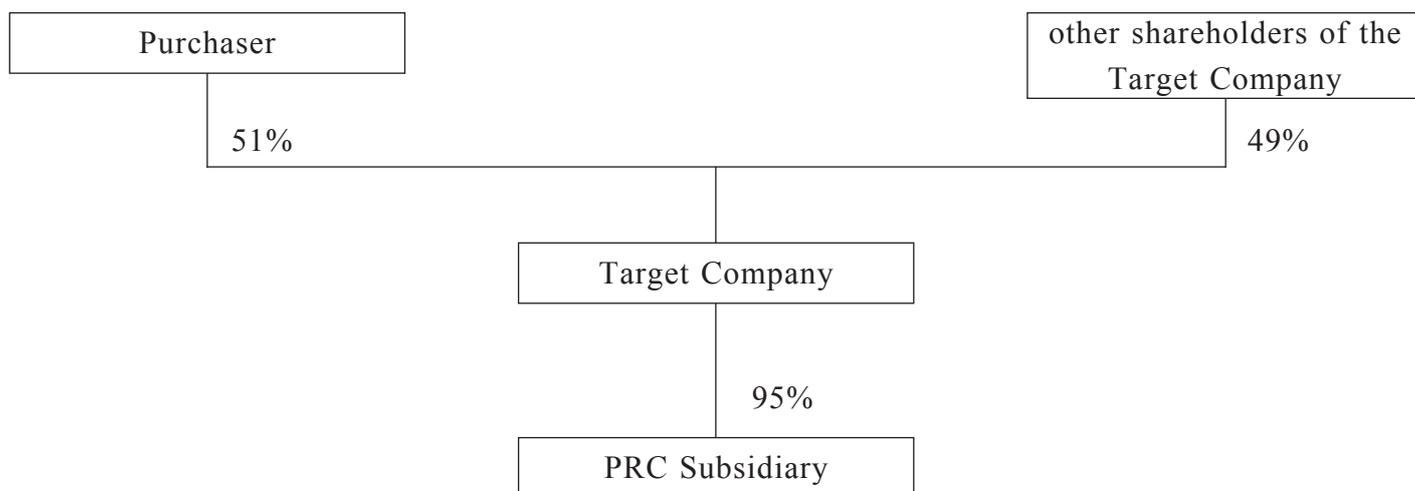
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group (i) immediately prior to Completion; and (ii) immediately after Completion:

Shareholding structure of the Target Group immediately prior to Completion



Shareholding structure of the Target Group immediately after Completion



INFORMATION ON THE TARGET GROUP AND THE VENDOR

The Target Group

The Target Company

The Target Company is an investment holding company incorporated in Hong Kong on 12 March 1992 with limited liability which was 51% owned by the Vendor immediately prior to Completion. Save for the Target Company's 95% equity interest in the PRC Subsidiary, the Target Company does not have other significant assets and liabilities and has not carried out any significant business activities since 2013.

The PRC Subsidiary

The PRC Subsidiary is a sino-foreign equity joint venture established in the PRC on 1 July 2000 and 95% of its equity interest is owned by the Target Company.

The PRC Subsidiary is engaged in the business of leasing of the Property. It is also the legal and beneficial owner of the Property.

The Property

The property comprises a parcel of land with a site area of approximately 25,235.6 sq.m and a hotel property including 5 buildings with 253 rooms and suites, known as Dongguan Metropolitan Yijing Hotel, erected thereon, completed in about 2002 and renovated in about 2016.

The Property is a 5-star hotel with a total gross floor area (“GFA”) of approximately 38,873.44 sq.m. The land use rights of the property have been granted for 2 terms and the earliest term expiring on 10 December 2032 for commercial use.

The Vendor

The Vendor held 51% shareholding in the Target Company immediately prior to Completion. The Vendor’s Guarantor is a director of the Vendor.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the financial information of the Target Group as prepared in accordance with the Hong Kong Financial Reporting Standards for the years ended 30 June 2016 and 2015 respectively:

	Year ended 2016	Year ended 2015
	(Audited)	(Audited)
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	4,349	4,554
Net profit/(loss) before taxation	33,258	(668)
Net profit/(loss) after taxation	33,258	(668)

According to the financial information of the Target Group as at 31 May 2017, the unaudited net asset value of the Target Group was approximately HK\$289,867,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In view of the challenging economic and business environment, the management of the Group continued to review its existing businesses from time to time and strived to improve the business operation and financial position of the Group. It has been the business strategy of the Group to proactively seek potential investment opportunities in order to enhance value of the Shareholders. The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio into new line of business with growth potential and to broaden its source of income.

To this end, the Directors consider the Acquisition is in line with the Group's business diversification strategy. In view of continued and stable growth of PRC and the effect of Belt and Road Initiative (the "**Initiative**"), there will be a continued development of Guangdong Provinces to facilitate the Initiative's development and expansion. The Acquisition represents an investment opportunity for the Group to diversify and further expand its business portfolio into the PRC property sector with capital appreciation potential. It is expected that the Acquisition will diversify and expand the source of income of the Group and will also generate additional and stable cashflow.

The Directors consider that the terms of the SPA (including the Consideration) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Acquisition is more than 5% but all are less than 25%, the Acquisition constitutes a disclosable transaction for the Company and is therefore subject to reporting and announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following words and expressions shall have the meanings set out below, unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Shares pursuant to the SPA
"Business Days"	means 9:00 a.m. to 5:00 p.m. on any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open for normal banking business
"BVI"	the British Virgin Islands
"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”	the completion of the Acquisition pursuant to the terms and conditions of the SPA
“Completion Accounts”	means the unaudited consolidated management accounts of the Target Company comprising the unaudited consolidated balance sheet as at 31 May 2017, and the unaudited consolidated profit and loss account, prepared in accordance with generally accepted accounting principles, standards, and practices in Hong Kong, for the period from 1 July 2016 up to 31 May 2017 certified to be true and correct by a director of the Target Company
“Completion Date”	19 July 2017
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration to be paid by the Purchaser to the Vendor for the Sale Shares pursuant to the SPA
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and/or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“PRC Subsidiary”	Dongguan Golden Field Yijing Hotel Limited* (東莞新金域怡景酒店有限公司)
“Promissory Note”	the promissory note in the total principal sum of HK\$120,000,000 issued by the Company
“Property”	the land and property located at 中華人民共和國廣東省東莞市塘廈鎮環市東路6號 6 East Huanshi Road, TangXia Town, Dongguan City, Guangdong Province, the PRC, which is owned by the PRC Subsidiary as at the date of this announcement

“Purchaser”	Honest City Enterprises Limited (廉城企業有限公司*), a company incorporated in BVI with limited liability
“Sale Shares”	5,100,000 ordinary shares in the Target Company, representing 51% of the total issued shares of the Target Company as at the date of the SPA and on Completion
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the sale and purchase agreement date 19 July 2017 entered into between the Purchaser, the Vendor, the Vendor’s Guarantor and the Target Company in relation to the Acquisition
“sq. m”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Golden Field Property Limited (新金域地產有限公司), a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company together with the PRC Subsidiary
“Vendor”	Wealth Track Asia Limited (富迪亞洲有限公司), a company incorporated in Hong Kong with limited liability
“Vendor’s Guarantor”	Mr. YEUNG CHI HANG (楊智恒)
“%”	per cent

By order of the Board
CHAMPION TECHNOLOGY HOLDINGS LIMITED
Cheng Yang
Chairman

Hong Kong, 19 July 2017

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Yang and Mr. Liu Ka Lim; the non-executive director of the Company is Ms. To Yin Fong Cecilia; and the independent non-executive directors of the Company are Mr. Zhang Jingzhi, Mr. Leung Man Fai and Mr. Chan Yik Hei.

* For identification purpose only