

TARGET

Intelligence Report

VOLUME XXV No. 189

THURSDAY

August 31, 2023

CHAMPION TECHNOLOGY HOLDINGS LTD: GOING FROM BAD, TO BADDER, TO BADDEST !

It is very apparent that Management of Champion Technology Holdings Ltd (冠軍科技集團有限公司) (Code: 92, Main Board, The Stock Exchange of Hongkong Ltd) was forced by that which must have been rather grave financial considerations, culminating in the sale of its entire equity interest in Kantone Holdings Ltd (看通集團有限公司) (Code:1059, Main Board, The Stock Exchange of Hongkong Ltd).

On Tuesday, November 9, 2021, in a Joint Announcement, Champion Technology Holdings Ltd, Kantone Holdings Ltd and Innovative City Investment Ltd (城創投資有限公司) published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) the following announcement, headlined:

***‘(1) COMPLETION OF THE VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE DISPOSAL OF 59.04% EQUITY INTERESTS IN
KANTONE HOLDINGS LIMITED;
(2) MANDATORY UNCONDITIONAL CASH OFFER BY
Kingston Securities Ltd (金利豐證券有限公司)
FOR AND ON BEHALF OF INNOVATIVE CITY INVESTMENTS LIMITED*
TO ACQUIRE ALL THE ISSUED SHARES OF
KANTONE HOLDINGS LTD
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY INNOVATIVE CITY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT) ...’.***

* The Sole Director and the Sole Shareholder of Innovative City Investments Ltd was said to have been Mr Chan Koon Wa (陳冠華).

At Page Two of the above announcement, under the heading: ***‘COMPLETION OF THE VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 59.04% EQUITY INTERESTS IN KANTONE HOLDINGS LIMITED’***, one was informed of the following:

‘... Since the resolution proposed for the Champion Shareholders to approve, among other things, the Sale and Purchase Agreement and the

transactions thereunder at the SGM (Special General Meeting) had been duly passed and all the Conditions Precedent had been fulfilled, the Offeror, Champion and Kantone are pleased to announce that the Completion took place on 9 November 2021. Immediately upon Completion, the Offeror and parties acting in concert with it became interested in a total of 128,137,958 Kantone Shares, representing approximately 59.04% of the entire issued share capital of Kantone as at the date of this joint announcement. Upon Completion, the members of the Kantone Group ceased to be subsidiaries of Champion and their financial results are no longer consolidated into the consolidated financial statements of the Champion Group.'

At Page 161 of the 2022 Annual Report of Champion Technology Holdings Ltd, the business of the Kantone Group of Companies was given as follows:

*'The principal business and activities of Kantone and its subsidiaries (together "**Kantone Group**") are sales of systems products, software licensing and customisation, leasing of systems products and trading of cultural products. Upon completion of the disposal of shareholding in Kantone Group, the Group ceased to sell to Europe those system products, software licensing and customisation leasing of system products businesses that are used to be sold by the Kantone Group. Accordingly, the activities related to Those Businesses were classified as discontinued operations...'*

At Pages 187 and 188 of the 2022 Annual Report of Champion Technology Holdings Ltd, it was shown that, as at June 30, 2022, the Company had no material borrowings, but in the 2021 Financial Year, interest-bearing borrowings were at the level of \$HK185,000,000.00.

At a 'Note' at the bottom of Page 187, one learns:

'As at 1 July 2020, for the other borrowing of HK\$210,000,000 with interests accrued at the rate of 13% per annum, and guaranteed by Ms. Wong Man Winny (黃敏), a director and substantial shareholder of the Company, HK\$10,000,000 was due on 30 June 2021 while remaining HK\$200,000,000 was repayable on 7 October 2021. On 2 September 2020, the Group made partial repayment of HK\$10,000,000.'

At the following Page 188 of the 2022 Annual Report of Champion Technology Holdings Ltd, the above-mentioned 'Note' continued, with the addition of the following intelligence:

*'On 4 November 2020, the Group entered into a supplemental deed with Guangdong Finance Limited (廣東信貸有限公司) ("**the Lender**"), pursuant to which the Group provided additional collaterals to the Lender, including the share charge in respect of all issued shares in Disposed Subsidiary, a wholly owned subsidiary of the Group which is the sole legal and beneficial owner of the vessel included in the property, plant and equipment, all issued shares in Champion Luck International Limited, a wholly owned subsidiary of the Group which is the sole legal and beneficial owner of a property included in investment properties, all*

issued shares in Champion Million Industries Limited (祥萬實業有限公司), a wholly owned subsidiary of the Group which is the sole legal and beneficial owner of a property included in investment properties, and all issued shares in Champion Pacific Investment Limited (駿沛投資有限公司), a wholly owned subsidiary of the Group which is the sole legal and beneficial owner of a property included in investment properties.

‘On 9 February 2021, the Group has entered into a sale and purchase agreement to dispose the Disposed Subsidiary The Group has repaid HK\$15,000,000 to the Lender to release the share charge on the Disposed Subsidiary. The principal sum of outstanding indebtedness was reduced to HK\$185,000,000.

‘During the year ended 30 June 2021, for the other borrowing of HK\$185,000,000 with interests accrued at the rate of 13% per annum, the Company obtained approval from the Lender for the extension of repayment date from 7 October 2021 to 7 April 2022, and further extended to 7 October 2022.

‘On 9 November 2021, the Group made a partial repayment of HK\$59,000,000. On 15 December 2021, the Group made a final repayment of HK\$126,000,000 to the Lender.’

At ... [CLICK TO ORDER FULL ARTICLE](#)

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