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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE SUBSCRIPTION

THE MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that after the Stock Exchange trading hours on 14 June 2019, the Company and the Issuer entered into the Memorandum in relation to the possible subscription of 4% equity interest (approximately 3.85% as enlarged after the Subscription) in the Issuer.

Subject to the terms and conditions of the Formal Agreement, the consideration is expected to be approximately HK\$100,000,000, among which HK\$30,000,000 is expected to be satisfied by the Company by cash and the remaining balance to be satisfied by the Company by way of allotment and issue of new Shares to the Issuer at the price of no less than HK\$0.52 per Share assuming no new issue of the Shares between the period from the date of the Memorandum until the date of the Formal Agreement.

As at the date of this announcement, the Issuer is wholly and beneficially owned by Mr. Gao, an executive Director through Delta Investment. As such, the Issuer is a connected person of the Company under Chapter 14A of the Listing Rules. The Subscription, if materialises, may constitute a major and connected transaction for the Company under the Listing Rules.

The Subscription may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. Should the Company enter into the Formal Agreement or there be any material development on the Subscription, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

THE MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that after the Stock Exchange trading hours on 14 June 2019, the Company and the Issuer entered into the Memorandum in relation to the Subscription. Details of the Memorandum are set out below.

Date

14 June 2019

Parties

- (i) the Company; and
- (ii) the Issuer.

As at the date of this announcement, the Issuer is wholly and beneficially owned by Mr. Gao through Delta Investment. As such, the Issuer is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Subscription, if materialises, may constitute a major and connected transaction for the Company under the Listing Rules.

Subscription

Subject to the parties entering into the Formal Agreement, the Issuer shall allot and issue and the Company or its wholly-owned subsidiary shall subscribe 4% of the equity interest in the Issuer (approximately 3.85% as enlarged after the Subscription).

Consideration

The consideration for the Subscription will be subject to further negotiation between the parties to the Memorandum and is expected to be approximately HK\$100,000,000, among which HK\$30,000,000 is expected to be satisfied by the Company by cash and the remaining balance to be satisfied by the Company by way of allotment and issue of new Shares to the Issuer at the price of no less than HK\$0.52 per Share assuming no new issue of the Shares between the period from the date of the Memorandum until the date of the Formal Agreement.

Due diligence

Upon the signing of the Memorandum, the Company shall be entitled to conduct due diligence review as it may consider appropriate on the assets, liabilities, operations, legal compliance and affairs of the Issuer Group for a period of three (3) months from the date of the Memorandum (or such longer period as the parties to the Memorandum may agree). The Issuer shall provide and procure the Issuer Group and its agent(s) to provide such assistance to the Company, its adviser(s) and/or agent(s) in connection with the due diligence review on the Issuer Group.

Formal subscription agreement

The parties to the Memorandum shall negotiate in good faith towards one another in enabling the Formal Agreement be entered into before the date falling three (3) months from the date of the Memorandum, or such later date as the parties to the Memorandum may agree.

Conditions precedent

It is expected that Completion is conditional upon, among other things,

- (i) if necessary, the passing by the independent Shareholders at a special general meeting of the Company to be convened and held of ordinary resolution(s) to approve the Formal Agreement and the transactions contemplated thereunder, including but not limited to, the allotment and issue of new Shares pursuant to the Formal Agreement;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in, the new Shares to be issued pursuant to the Formal Agreement;
- (iii) the Company having completed the due diligence review on the Issuer Group, the results of which being satisfactory to the Company;
- (iv) the WFOE and the PRC Company having executed the relevant control agreement(s) pursuant to which the WFOE shall have effective control over, and shall be entitled to the economic interest and assets of, the PRC Company;
- (v) a legal opinion having been issued by the PRC legal adviser appointed by the Company in the form and substance to the satisfaction of the Company, on the matters relating to the WFOE and the PRC Company;
- (vi) the obtaining of a valuation report (in form and substance satisfactory to the Company) issued by an independent professional valuer approved by the Company, and the pre-money Valuation of which to be not less than HK\$2,500,000,000;

- (vii) all necessary approvals, consents, authorisation, registration and filings in connection with the transactions contemplated under the Formal Agreement having been obtained by the Issuer and each member of the Issuer Group from the PRC government and regulator(s);
- (viii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained;
- (ix) all necessary consents and approvals required to be obtained on the part of the Issuer, the WFOE and/or the PRC Company in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained;
- (x) the warranties to be given by the Issuer under the Formal Agreement remaining true, accurate and not misleading in all material respects; and
- (xi) any other conditions agreed by the parties to be included in the Formal Agreement.

Legal effect

The Memorandum is non-legally binding.

INFORMATION ON THE ISSUER GROUP

The Issuer is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Issuer is beneficially owned as to 100% by Delta Investment, which in turn is wholly-owned by Mr. Gao.

The PRC Company is a company established in the PRC with limited liability and is principally engaged in instant messaging platform, paid application store and cloud application platform in the PRC. As at the date of this announcement, the PRC Company has obtained a telecommunications and information services business operating license. As at the date of this announcement, the PRC Company is wholly-owned by the spouse of Mr. Gao.

The WFOE is a wholly foreign-owned enterprise established in the PRC with limited liability. As at the date of this announcement, the WFOE is wholly and beneficially owned by the Issuer. Prior to Completion, the WFOE shall enter into various control agreement(s) with the PRC Company and its shareholder(s), pursuant to which the WFOE shall have effective control over, and shall be entitled to the economic interest and assets of, the PRC Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company and the Group is principally engaged in the system sales including software licensing and customisation and provision of services, leasing of system products (including smart communication solutions), strategic investments and trading of gasoil and cultural products.

The Board believes that the Subscription would allow the Group to further develop the existing software business by using the PRC Company's platforms, technology and users. Through the big data generated, we could explore and facilitate business opportunities from difference kinds of e-commerce. Our telecommunication business can also integrate with the PRC Company's technology so as to enhance its instant communication channels through the Internet. The Group would make use of this investment opportunity to improve data accessibility, information sharing and the enhancement of the existing communication technologies. In addition, the new consumers network currently owned by the PRC Company is expected to facilitate the Company's current expansion into the critical messaging and telecommunication market in the PRC. Hence the Board is of the view that the entering into of the Memorandum is in the interest of the Group and the Shareholders as a whole.

The Subscription may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Subscription, if materialises, may constitute a major and connected transaction for the Company under the Listing Rules. Should the Company enter into the Formal Agreement or there be any material development on the Subscription, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the Listing Rules as and when appropriate.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Champion Technology Holdings Limited (Stock code: 92), a company continued in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Formal Agreement
“connected person”	has the meanings as ascribed under the Listing Rules

“Delta Investment”	DELTA INVESTMENT HOLDING GROUP LTD, a company incorporated in the British Virgin Islands with limited liability, the equity interest of which is wholly and beneficially owned by Mr. Gao
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal subscription agreement which may or may not be entered into in relation to the Subscription
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Issuer”	VEIVO WEB TECHNOLOGY LIMITED, a company incorporated in Hong Kong with limited liability, the entire equity interest of which is beneficially owned by Delta Investment
“Issuer Group”	the Issuer, the WFOE and the PRC Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning as ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of understanding dated 14 June 2019 entered into between the Company and the Issuer setting out preliminary understanding in relation to the Subscription
“Mr. Gao”	Mr. Gao Hong (高宏), an executive Director
“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 Company”	北京瑞華帷幄網絡科技有限公司 (Beijing Ruihua Weiwo Network Technology Co., Ltd.*), a company established in the PRC with limited liability, the entire equity interest of which is beneficially owned by the spouse of Mr. Gao
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the possible subscription by the Company or its wholly-owned subsidiary of 4% equity interest in the Issuer
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Valuation”	the value of 100% equity interest in the Issuer as appraised in the valuation report to be issued by an independent professional valuer, such valuation shall be prepared on such bases and assumptions as may be agreed by the Company
“WFOE”	趣玩兒科技(深圳)有限公司 (Qu Waner Technology (Shenzhen) Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC, the equity interest of which is wholly and beneficially owned by the Issuer
“%”	per cent.

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

Hong Kong, 14 June 2019

* *For identification purposes only*

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