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## **Champion Alliance International Holdings Limited**

**冠均國際控股有限公司**

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

**(Stock Code: 1629)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

#### **HIGHLIGHTS**

- Revenue for the six months ended 30 June 2024 increased by approximately 9.6% or RMB5.6 million to approximately RMB63.7 million.
- Gross profit for the six months ended 30 June 2024 decreased by approximately 23% or RMB2.9 million to approximately RMB9.8 million.
- The Group's profit attributable to owners of the Company for the six months ended 30 June 2024 was approximately RMB5.0 million.
- Earnings per share of the Company for the six months ended 30 June 2024 was approximately RMB0.91 cent.
- The board of directors of the Company resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Champion Alliance International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results (the “**Interim Results**”) of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with the comparative results for the six months ended 30 June 2023 as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Re-presented)
<b>Continuing operations</b>			
Revenue	5	63,692	58,098
Cost of sales		(53,933)	(45,416)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>9,759</b>	12,682
Other income and gains	6	648	491
Selling and distribution expenses		(1,181)	(884)
Administrative expenses		(2,833)	(2,111)
Finance costs		(349)	(223)
		<hr/>	<hr/>
<b>PROFIT BEFORE INCOME TAX</b>	7	<b>6,044</b>	9,955
Income tax expense	8	(2,605)	(3,012)
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>3,439</b>	6,943
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	9	–	7,637
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>		<b>3,439</b>	14,580
		<hr/>	<hr/>
<b>OTHER COMPREHENSIVE EXPENSE</b>			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of the Company's financial statements into its presentation currency		(1,015)	(643)
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,424</b>	13,937
		<hr/> <hr/>	<hr/> <hr/>

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
<i>Notes</i>		<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Unaudited)</b> <b>(Re-presented)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company			
	From continuing operations	<b>4,964</b>	6,943
	From discontinued operation	–	9,774
		<u>4,964</u>	<u>16,717</u>
	Non-controlling interests	<b>(1,525)</b>	(2,137)
		<u>3,439</u>	<u>14,580</u>
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSE) ATTRIBUTABLE TO:</b>			
Owners of the Company			
	From continuing operations	<b>3,949</b>	6,300
	From discontinued operation	–	9,774
		<u>3,949</u>	<u>16,074</u>
	Non-controlling interests	<b>(1,525)</b>	(2,137)
		<u>2,424</u>	<u>13,937</u>
<b>EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS</b>			
	– Basic and diluted ( <i>RMB cents per share</i> )	<b>0.91</b>	3.06
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>			
	– Basic and diluted ( <i>RMB cents per share</i> )	<b>0.91</b>	1.27

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>30 June 2024</b>	As at 31 December 2023
	<i>Note</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>101,569</b>	110,696
Investment properties		<b>104,300</b>	105,322
Computer software		–	5
		<hr/>	<hr/>
Total non-current assets		<b>205,869</b>	216,023
<b>CURRENT ASSETS</b>			
Inventories		<b>60,970</b>	56,521
Trade receivables	12	<b>42,472</b>	40,234
Prepayments, deposits and other receivables		<b>5,018</b>	23,080
Cash and cash equivalents		<b>112,230</b>	111,030
		<hr/>	<hr/>
Total current assets		<b>220,690</b>	230,865
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>18,550</b>	16,525
Other payables and accruals		<b>12,003</b>	37,043
Income tax payable		<b>2,737</b>	2,730
Other borrowings		<b>20,235</b>	19,750
Deferred government grants		<b>524</b>	524
		<hr/>	<hr/>
Total current liabilities		<b>54,049</b>	76,572
<b>NET CURRENT ASSETS</b>		<hr/> <b>166,641</b>	<hr/> 154,293
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>372,510</b>	<hr/> 370,316

	<b>As at 30 June 2024</b>	As at 31 December 2023
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	<b>13,603</b>	13,553
Deferred government grants	<b>22,240</b>	22,520
	<hr/>	<hr/>
Total non-current liabilities	<b>35,843</b>	36,073
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>336,667</b>	334,243
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Share capital	<b>4,838</b>	4,838
Reserves	<b>250,329</b>	246,380
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>255,167</b>	251,218
Non-controlling interests	<b>81,500</b>	83,025
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>336,667</b>	334,243
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 CORPORATE AND GROUP INFORMATION

Champion Alliance International Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The registered office address of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and the Company’s principal place of business in Hong Kong is located at Unit E, 22/F, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

During the reporting period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in the following activities:

- leasing of factory, equipment and the land for the new energy business which operating by an independent third party; and
- trading of household paper and hygiene products and manufacturing of hygiene products in Mainland China.

During the last year, the Group discontinued its business of the production and sale of steam for industrial use, heating and electricity in Mainland China of the People’s Republic of China (“**PRC**”). Further details of this discontinued operation are set out in note 9.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Champion Alliance International Corporation, which is incorporated in the British Virgin Islands (the “**BVI**”).

The Interim Financial Information has not been audited but has been reviewed by the audit committee of the Company.

The Group discontinued its operation of new energy business on 15 November 2023, and the profit of this business operation for the period from 1 January 2023 to 15 November 2023 was recognised in profit for the year in the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023. Accordingly, the comparative figures in respect of this business operation of new energy for the six months ended 30 June 2023 were represented and included in the discontinued operation to conform with the current period’s presentation. The represented of the results of this business operation had no impact on the net profit of the Group for the current period and its assets and liabilities as at 30 June 2024.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

### Adoption of amended HKFRSs – effective on 1 January 2024

The Hong Kong Institute of Certified Public Accountants has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-Current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of these amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

## 3 ESTIMATES

The preparation of the Interim Financial Information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

## 4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has following reportable operating segments:

- (a) the property leasing segment leases out the factory, equipment and the land for the new energy business which operating by an independent third party;
- (b) the household paper and hygiene products segment trades household paper and hygiene products and manufactures hygiene products in Mainland China; and
- (c) the new energy operation segment engages in the production and sale of steam for industrial use, household heating and electricity supply in China (discontinued operation).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that interest income, finance costs as well as head office and corporate income and expenses are excluded from such measurement.

## Segment revenue and results

	Six months ended 30 June									
	Continuing operations						Discontinued operation			
	Property leasing		Household paper and hygiene products		Total		New energy operations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<b>Segment revenue (note 5)</b>										
Revenue from external customers	7,909	-	55,783	58,098	63,692	58,098	-	117,163	63,692	175,261
<b>Segments results</b>	(2,757)	-	10,373	11,568	7,616	11,568	-	16,515	7,616	28,083
Reconciliation:										
Bank interest income									99	1,013
Corporate and other unallocated expenses									(1,322)	(1,824)
Finance costs									(349)	(223)
Profit before income tax (continuing and discontinued operations)									6,044	27,049

## Segment assets and liabilities

Segment assets and liabilities information is not disclosed as they are not regularly reviewed by the chief operating decision maker.

## Other segment information

	Six months ended 30 June									
	Continuing operations						Discontinued operation			
	Property leasing		Household paper and hygiene products		Total		New energy operations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Depreciation of items of property, plant and equipment	9,227	-	1	-	9,228	-	-	9,125	9,228	9,125
Depreciation of investment properties	1,022	-	-	-	1,022	-	-	-	1,022	-
Depreciation of right-of-use assets	-	-	-	-	-	-	-	639	-	639
Amortisation of computer software	-	-	5	5	5	5	-	-	5	5
Capital expenditure*	101	-	-	-	101	-	-	834	101	834

\* Capital expenditure consists of prepayment for and additions to property, plant and equipment.



## Geographical information

No geographical information is presented as the Group's revenue is solely derived from Mainland China and more than 90% of the Group's non-current assets were located in Mainland China.

## Information about major customers

During the six months ended 30 June 2024, two (2023: one) external customers individually contributed 10% or more to the Group's total revenue for the Period and the revenue generated from sales to each of these customers is set out below:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
Property leasing		
Customer A	7,909	N/A
Household paper and hygiene products		
Customer B	<u>6,893</u>	<u>N/A</u>
<b>Discontinued operation</b>		
New energy operations		
Customer C	<u>N/A</u>	<u>93,337</u>

*Note:* N/A represents that the revenue from the particular customer for the particular period accounted for less than 10% of the Group's revenue for the particular period.

## 5 REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
Rental income	7,909	–
Sale of goods	<u>55,783</u>	<u>58,098</u>
	<u>63,692</u>	<u>58,098</u>
<b>Discontinued operation</b>		
Sale of goods	<u>–</u>	<u>117,163</u>
	<u>63,692</u>	<u>175,261</u>

Notes:

(a) Disaggregated revenue information

Six months ended 30 June 2024

Segments	Continuing operations		
	Property leasing <i>RMB'000</i> (Unaudited)	Household paper and hygiene products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Type of goods</b>			
Sale of household paper and hygiene products	–	55,783	55,783
Total revenue from contracts with customers	–	55,783	55,783
<b>Timing of revenue recognition</b>			
Goods transferred at point in time	–	55,783	55,783
Total revenue from contracts with customers	–	55,783	55,783
Rental income	7,909	–	7,909
Total revenue	<u>7,909</u>	<u>55,783</u>	<u>63,692</u>

**Geographical market**

All revenue from contracts with customers were generated in Mainland China.

Six months ended 30 June 2023

Segments	Continuing operations		Discontinued operation	
	Household paper and hygiene products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)	New energy operations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Type of goods or services</b>				
Sale of steam for industrial use, household heating and electricity supply	–	–	117,163	117,163
Sale of household paper and hygiene products	58,098	58,098	–	58,098
Total revenue from contracts with customers	<u>58,098</u>	<u>58,098</u>	<u>117,163</u>	<u>175,261</u>
<b>Timing of revenue recognition</b>				
Goods transferred at point in time	58,098	58,098	–	58,098
Goods and services transferred over time	–	–	117,163	117,163
Total revenue from contracts with customers	<u>58,098</u>	<u>58,098</u>	<u>117,163</u>	<u>175,261</u>

***Geographical market***

All revenue from contracts with customers were generated in Mainland China.

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

***Sale of goods***

The performance obligation is satisfied upon delivery of the household paper and hygiene products and payment is generally due within 30 days from delivery. Some household paper and hygiene products sales contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

***Sales of goods and services***

The performance obligation is satisfied over time when the heating steam and electricity are supplied and consumed by customers. The payment is generally due within 30 to 150 days based on invoice date.

## 6 OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
Bank interest income	99	153
Other interest income	–	281
Other income	549	57
	<u>648</u>	<u>491</u>

## 7 PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
<b>Continuing operations</b>		
Cost of inventories sold	44,177	45,416
Depreciation of items of property, plant and equipment	9,228	–
Less: Amount included in cost of sales	(9,227)	–
	<u>1</u>	<u>–</u>
Depreciation of investment properties	1,022	–
Amortisation of computer software	5	5
Lease payments not included in the measurement of lease liabilities	24	18
Employee benefit expenses (including directors' remuneration):		
Salaries, bonus and benefits in kind	1,393	1,271
Retirement contribution scheme contributions	188	108
	<u>1,581</u>	<u>1,379</u>

## 8 INCOME TAX EXPENSE

An analysis of the Group's income tax expense is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
Current tax – Mainland China		
– Tax for the year	2,605	10,219
– Under-provision in respect of prior years	–	2,250
Income tax expense	<u>2,605</u>	<u>12,469</u>
Income tax expense attributable to :		
Continuing operations	2,605	3,012
Discontinued operation	–	9,457
	<u>2,605</u>	<u>12,469</u>

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2024 as the Group did not generate any assessable profits arising in Hong Kong during the reporting period (Six months ended 30 June 2023: Nil).

Taxes on profits assessable in Mainland China have been calculated at the applicable tax rate of 25% on the estimated assessable profits for the reporting period, based on the prevailing legislation, interpretations and practices in respect thereof.

## 9 DISCONTINUED OPERATION

On 6 November 2023, one of the Company's subsidiaries entered into a lease agreement with an independent third party to lease the plant and buildings, machinery and leasehold land which associated with the new energy business (the "**Lease Agreement**"). The handover of the plant and buildings, machinery and leasehold land was completed on 15 November 2023. Since the Group does not have any significant continuing involvement in the new energy business, and the new energy business represented a separate major business line of the Group's operations. The directors of the Company are in view of that the new energy business has been abandoned and discontinued as of the commencement date of the Lease Agreement.

The results of discontinued operation for the relevant period is presented below:

	Six months ended 30 June 2023 <i>RMB'000</i> (Unaudited)
Revenue	117,163
Cost of sales	<u>(98,138)</u>
Gross profit	19,025
Other income and gains and loss	614
Expenses	<u>(2,545)</u>
Profit before income tax	17,094
Income tax expense	<u>(9,457)</u>
Profit for the period from discontinued operation	<u><u>7,637</u></u>

Profit before income tax has been arrived after charging:

	Six months ended 30 June 2023 <i>RMB'000</i> (Unaudited)
Depreciation of property, plant and equipment	9,125
Depreciation of right-of-use assets	<u><u>639</u></u>

## 10 EARNINGS PER SHARE

### Continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on:

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited) (Re-presented)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company		
From continuing operations	4,964	6,943
From discontinued operation	–	9,774
	<u>4,964</u>	<u>16,717</u>
	2024 (Unaudited)	2023 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u>546,092,537</u>	<u>546,092,537</u>
	2024 (Unaudited)	2023 (Unaudited)
Earnings per share from continuing and discontinued operations		
– Basic and diluted ( <i>RMB cents per share</i> )	<u>0.91</u>	<u>3.06</u>
Earnings per share from continuing operations		
– Basic and diluted ( <i>RMB cents per share</i> )	<u>0.91</u>	<u>1.27</u>

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the periods ended 30 June 2024 and 2023.

## 11 DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 12 TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	43,869	41,631
Less: Impairment	<u>(1,397)</u>	<u>(1,397)</u>
Trade receivables – net	<u><u>42,472</u></u>	<u><u>40,234</u></u>

*Note:* The Group's trading terms with its customers for the sale of goods and provision of processing services are mainly on credit. For new customers, payment in advance is normally required. The credit period is generally 30 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 month	4,716	447
1 to 2 months	–	9
2 to 3 months	–	8
3 to 4 months	–	9
Over 4 months	<u>37,756</u>	<u>39,761</u>
	<u><u>42,472</u></u>	<u><u>40,234</u></u>

## 13 TRADE PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	<u><u>18,550</u></u>	<u><u>16,525</u></u>



*Note:*

- (a) The trade payables are non-interest bearing and are normally settled on 30-day terms.

An ageing analysis of the trade payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Within 1 month	<b>8,973</b>	7,037
1 to 2 months	–	–
2 to 3 months	<b>3</b>	–
Over 3 months	<b>9,574</b>	9,488
	<hr/> <b>18,550</b> <hr/>	<hr/> 16,525 <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

Champion Alliance International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is principally engaged in the (i) trading of household paper products and hygiene products and manufacturing of hygiene products, and (ii) property leasing.

### BUSINESS REVIEW

#### **i. Steam for Industrial Use, Household Heating and Electricity Supply**

On 6 November 2023, the Group made a lease agreement with a state-owned enterprise, of which the Group has leased the factory, the equipment and the land to the state-owned enterprise until 31 December 2026.

During the reporting period, this segment has been recognised as discontinued operation.

#### **ii. Household Paper and Hygiene Products**

The Group’s household paper and hygiene products segment trades household paper and hygiene products and manufactures hygiene products in the PRC. The Group’s household paper and hygiene products business currently has over 400 corporate customers, with sales network spanning across Heilongjiang, Jilin, Liaoning, Hebei, Henan, Shandong, Shaanxi, Jiangsu and Anhui Provinces, Beijing and Tianjin.

Following the epidemic of COVID-19, the market for household paper in the PRC is witnessing a sluggish growth rate, while there is a reported slight increase in demand for biodegradable and eco-friendly household paper goods in specific regions of the PRC. The consumption behaviour has also started to gradually revert to offline distribution channels.

During the reporting period, revenue of this segment was approximately RMB55.8 million, representing a decrease of approximately 4% as compared to the same period of 2023.

#### **iii. Property Leasing**

The Group’s property leasing segment leases out the factory, equipment and the land for the new energy business which operating by an independent third party.

During the reporting period, revenue of this segment was approximately RMB7.9 million.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2024, the total revenue was approximately RMB63.7 million, representing an increase of approximately RMB5.6 million over the total revenue of approximately RMB58.1 million for the corresponding period in 2023, such increase was due to the Group's new business segment in property leasing.

The following table sets forth the breakdown of the Group's revenue for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June		Change %
	2024 RMB'000	2023 RMB'000	
Property leasing	7,909	–	N/A
Household paper and hygiene products	<u>55,783</u>	<u>58,098</u>	<u>(4.0)</u>

#### *i. Household Paper and Hygiene Products*

For the six months ended 30 June 2024, revenue of household paper and hygiene products business was approximately RMB55.8 million (six months ended 30 June 2023: RMB58.1 million), representing a decrease of approximately 4% as compared with the corresponding period in 2023.

#### *ii. Property Leasing*

For the six months ended 30 June 2024, revenue of property leasing business was approximately RMB7.9 million.

### Gross Profit and Gross Profit Margin

The Group's gross profit decreased from approximately RMB12.7 million for the six months ended 30 June 2023 to approximately RMB9.8 million for the six months ended 30 June 2024. Gross profit margin decreased from approximately 21.8% for the six months ended 30 June 2023 to approximately 15.3% for the six months ended 30 June 2024.

## **Other Income and Gains**

For the six months ended 30 June 2024, the Group's other income and gains mainly consisted of bank interest income and other income. The other income and gains increased by 32% to approximately RMB0.6 million for the six months ended 30 June 2024, from approximately RMB0.5 million for the six months ended 30 June 2023. The increase was mainly due to the increase in other income for the reporting period.

## **Selling and Distribution Expenses**

During the reporting period, selling and distribution expenses mainly consisted of (i) costs of transportation expenses, (ii) staff costs, and (iii) other expenses. The Group's selling and distribution expenses increased by approximately 33.6% from approximately RMB0.9 million for the six months ended 30 June 2023 to approximately RMB1.2 million for the six months ended 30 June 2024. The increase in selling and distribution expenses was mainly due to the increase in transportation cost.

## **Administrative Expenses**

For the six months ended 30 June 2024, administrative expenses mainly consisted of (i) staff costs, (ii) entertainment expenses, (iii) office expenses and (iv) legal and professional fee. Administrative expenses increased from approximately RMB2.1 million for the six months ended 30 June 2023 to approximately RMB2.8 million for the six months ended 30 June 2024. The increase in administrative expenses of the Group was mainly due to the increase of staff costs for the reporting period.

## **Finance Costs**

Finance costs consisted of interest expenses from other borrowings and imputed interest on rental deposit received. The finance costs were approximately RMB0.3 million for the reporting period (Six months ended 30 June 2023: RMB0.2 million). The increase was mainly attributable to the imputed interest on rental deposit received.

## **Income Tax Expense**

The Group's income tax expense was approximately RMB2.6 million for the six months ended 30 June 2024. The Group's income tax expense was approximately RMB3.0 million in the corresponding period of 2023.

## **Profit Attributable to Owners of the Company**

For the six months ended 30 June 2024, the Group's profit attributable to owners of the Company was approximately RMB5.0 million. Profit attributable to owners of the Company for the six months ended 30 June 2023 was approximately RMB16.7 million.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Net Current Assets**

The Group recorded net current assets of approximately RMB166.6 million as at 30 June 2024, while the net current assets as at 31 December 2023 was approximately RMB154.3 million.

### **Borrowings and Gearing Ratio**

The total borrowings of the Group as at 30 June 2024 were approximately RMB20.2 million (as at 31 December 2023: RMB19.8 million). The Group's gearing ratio decreased from approximately 9.4% as at 31 December 2023 to approximately 7.7% as at 30 June 2024. The decrease in the gearing ratio was primarily a result of the increase in net assets. Gearing ratio was calculated by dividing total debt (which mainly consisted of other borrowings and amount due to a former shareholder of a subsidiary) by total equity as at the dates indicated and multiplied by 100%.

### **Capital Expenditure**

During the six months ended 30 June 2024, the Group's total capital expenditure amounted to approximately RMB0.1 million, which was mainly used in plant and machinery and motor vehicles (six months ended 30 June 2023: RMB0.8 million).

### **Treasury Policies**

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

### **Capital Structure**

The capital structure of the Group consists of equity attributable to owners of the Company, which comprises issued share capital and reserves. During the six months ended 30 June 2024, there had been no change in the number of issued shares in the Company.

### **Charge on Assets**

As at 30 June 2024, the Group did not have any charge on assets (as at 31 December 2023: nil).

### **Contingent Liabilities**

As at 30 June 2024, the Group did not have any significant contingent liabilities (as at 31 December 2023: nil).

## **Foreign Exchange Risk**

The Group's transactions were mainly conducted in RMB. The functional currency of certain subsidiaries of the Group, and the major receivables and payables were denominated in RMB. The Group's exposure to foreign currency risk related primarily to certain bank balances and cash and other payables maintained in Hong Kong dollars ("HK\$"). The Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## **Human Resources and Remuneration**

As at 30 June 2024, the Group employed 42 employees (as at 31 December 2023: 22) with total staff costs of approximately RMB1.6 million incurred for the same period (for the six months ended 30 June 2023: approximately RMB1.4 million). The increase in staff costs of the Group was mainly due to the increase in number of staff and salary adjustments. The Group's remuneration packages are generally structured with reference to market terms and individual merits.

## **Interim Dividend**

The Board proposed not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## **Use of Net Proceeds from the Listing**

The Company listed its shares on the Stock Exchange on 25 November 2016. Net proceeds from the Listing (after deduction of the underwriting commission and relevant expenses) were approximately HK\$42.2 million (equivalent to approximately RMB37.6 million), which has been applied in the manner as disclosed in the prospectus of the Company dated 15 November 2016 (the "**Prospectus**").

As at 30 June 2024, the net proceeds from the Listing has been utilised as follows:

Use of net proceeds from the Listing	Adjusted use of net proceeds in the manner and proportion as stated in the Prospectus <i>RMB'000</i>	Approximate % of total actual net proceeds	Actual amount utilised from the Listing Date up to 30 June 2024 <i>RMB'000</i>	Balance as at 30 June 2024 <i>RMB'000</i>	Expected timeline for the remaining use of net proceeds ( <i>Note</i> )	
					For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>
Purchase and upgrade of production equipment, as well as expansion and maintenance of the production facilities	23,303	62%	3,568	19,735	1,969	17,766
Expansion and upgrade of non-production facilities, including but not limited to warehouse and other supporting facilities	5,638	15%	1,334	4,304	226	4,078
Business development expenditures, including expanding the geographical coverage of sales network and research and development expenditures relating to the purchase of research and development equipment and to future research and development projects	4,886	13%	4,886	–	–	–
Working capital and general corporate purposes	3,758	10%	3,758	–	–	–
	<u>37,585</u>	<u>100%</u>	<u>13,546</u>	<u>24,039</u>	<u>2,195</u>	<u>21,844</u>

*Note:* The expected timeline for utilising the remaining net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

As at 30 June 2024, unutilised proceeds amounted to approximately HK\$26 million (equivalent to approximately RMB24 million), which will be invested in production plant, equipment upgrade and technical development. The unutilised portion of the net proceeds have been placed as interest bearing deposits with licensed banks as restricted cash in China. As at the date of this announcement, the Directors do not anticipate any change to the plan on the use of net proceeds.

### **Future Plans for Material Investments or Capital Assets**

Save for the business plan disclosed in the Prospectus or in this announcement, there is no other plan for material investments or capital assets as at 30 June 2024.

## Capital Commitments

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Commitments for the acquisition of:		
– Property, plant and equipment	<b>61</b>	61

## FUTURE OUTLOOK

The industrial and manufacturing operations in China are continuing to see a sluggish recovery in 2024. In the current market conditions, the Group's main strategies for success are to proactively seek out new markets and clients, while also implementing internal cost-saving initiatives. The Group will continuously adapt its business strategy and proactively address the dynamic environment.

Looking ahead, the Group remains confident in the long-term development of China's economy and our operations in a post-pandemic time. The Chinese government has set the GDP growth target at "around 5%" for 2024, and specifically focuses on helping employment and puts targets on the new urban jobs created and urban unemployment rate for 2024 at 12 million and 5.5% respectively. With the possible favoring policy in job market that would provide job security to the working class, private consumption is expected to see a rebound and in turn potentially boosts the demand for consumer goods including household paper products and hygiene products.

On behalf of the Board, I would like to express my gratitude to the continuous trust and support of all shareholders, investors, business partners and customers. The management team and all staff members of the Group will continue to strive for better results for the Group together and bringing higher returns to the shareholders.

## SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the Company's shareholders passed on 3 November 2016. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The principal terms of the Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix V of the Prospectus. As of the date of this announcement, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.



## **CORPORATE GOVERNANCE**

As a publicly listed company, the Directors recognize the importance of good corporate governance standards and internal procedures so as to achieve effective accountability and enhance shareholders' value. The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the reporting period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) on terms no less exacting than those set out in Appendix C3 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, each of them confirmed that he/she has complied in full with all the required standards in the Model Code throughout the reporting period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company throughout the reporting period.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there were no important events affecting the Group after the end of financial period.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Chin Chi Ho Stanley (as chairman), Mr. Chen Hua and Mr. Zhao Zhendong. The unaudited condensed consolidated interim results (the “**Interim Results**”) have not been audited by the Company's auditor but the Audit Committee has reviewed the Interim Results and is of the view that the preparation of the Interim Results complied with applicable accounting standards and requirements and has discussed the internal control and financial reporting process with the management of the Group.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the Company's website at [www.championshipintl.com](http://www.championshipintl.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2024 is expected to be despatched to the shareholders of the Company on or before Saturday, 30 September 2024 and will be available on the above websites.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as the shareholders of the Company, business associates and other professional parties for their continuous support to the Group throughout the reporting period.

By Order of the Board  
**Champion Alliance International Holdings Limited**  
**Chen Chen**  
*Executive Director*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises Mr. Chen Chen, Mr. Chen Xiaolong, Mr. Hu Enfeng, Mr. Li Aiguo and Ms. Luo Yanhong as executive Directors and Mr. Chen Hua, Mr. Zhao Zhendong and Mr. Chin Chi Ho Stanley as independent non-executive Directors.*