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2024
Interim
Report



Champion Alliance International Holdings Limited
冠均國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1629

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CORPORATE INFORMATION

Name of directors

Mr. Chen Chen (*Chairman and Executive Director*)
Mr. Chen Shuming (*Chairman and Executive Director, resigned on 10 May 2024*)
Mr. Chen Xiaolong (*Executive Director*)
Mr. Hu Enfeng (*Executive Director*)
Mr. Li Aiguo (*Executive Director*)
Ms. Luo Yanhong (*Executive Director, appointed on 10 May 2024*)
Mr. Chen Hua (*Independent non-executive Director*)
Mr. Zhao Zhendong (*Independent non-executive Director*)
Mr. Chin Chi Ho Stanley
(*Independent non-executive Director*)

Stock code

1629

Registered office

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

Headquarters in the PRC

Dongping Economic Development Zone
Shandong Province
PRC

Principal place of business in Hong Kong

Unit E, 22/F, Tower A
Billion Centre
1 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Company's website

www.championshipintl.com

(Note: the information contained in this website does not form part of this report)

Company secretary

Ms. Leung Mei King

Authorised representatives

Mr. Chen Chen
Ms. Leung Mei King

Audit committee

Mr. Chin Chi Ho Stanley (*Chairman*)
Mr. Chen Hua
Mr. Zhao Zhendong

Remuneration committee

Mr. Chen Hua (*Chairman*)
Mr. Chen Chen
Mr. Zhao Zhendong

Nomination committee

Mr. Chen Chen (*Chairman*)
Mr. Zhao Zhendong
Mr. Chin Chi Ho Stanley

Principal share registrar

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

Hong Kong branch share registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal bankers

China Merchants Bank
Bank of China Limited

Legal adviser as to Hong Kong laws

Michael Li & Co.
19th Floor, Prosperity Tower
39 Queen's Road East
Central, Hong Kong

Auditor

CCTH CPA Limited
Unit 1510–1517, 15/F., Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

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 is operated by an independent third party.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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	55,783	58,098	(4.0)

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 borrowing 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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 (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").

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000	Approximate % of total actual net proceeds	Actual amount utilised from the Listing Date up to 30 June 2024 RMB'000	Balance as at 30 June 2024 RMB'000	Expected timeline for the remaining use of net proceeds (Note)	
					For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000
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	–	–	–
	37,585	100%	13,546	24,039	2,195	21,844

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 report, 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 report, there is no other plan for material investments or capital assets as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Commitments

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

As a publicly listed company, the Directors recognise 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 (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the 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 Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests in Associated Corporations of the Company

As at 30 June 2024, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2024, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity	Total number of Shares held (long position)	Approximate percentage of interests
Mr. Chen Shuming	Beneficial owner	350,000,000	64.09%
Champion Alliance International Corporation	Beneficial owner (Note 1)	350,000,000	64.09%
Ms. Chen Xiuchun	Interest of spouse (Note 2)	350,000,000	64.09%
CM Asset Management (Hong Kong) Company Limited	Investment manager	45,704,000	8.37%
Shareholder Value Fund	Beneficial owner	45,704,000	8.37%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. These Shares were beneficially owned by Champion Alliance International Corporation, which is wholly-owned by Mr. Chen Shuming.
2. Ms. Chen Xiuchun is the spouse of Mr. Chen Shuming, who in turn beneficially owns the entire issued share capital of Champion Alliance International Corporation, and is deemed to be interested in all the Shares in which Mr. Chen Shuming is interested pursuant to the SFO.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person who had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

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 interim report, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the period under review, none of the Directors or any of their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

Save as disclosed above or in this interim report, no Director had any material interests in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

CHANGE IN INFORMATION OF THE DIRECTORS

Changes in the information of directors required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of annual report 2023 of the Company are set out as follows:

- (i) Mr. Chen Shuming has resigned as the executive Director of the Company, the chairman of the Board, the chairman of nomination committee, the member of the remuneration committee, and an authorised representative of the Company with effect from 10 May 2024.
- (ii) Ms. Luo Yanhong was appointed as the executive Director with effect from 10 May 2024.
- (iii) Mr. Chen Chen was appointed as the chairman of the Board, the authorised representative of the Company, the chairman of nomination Committee and a member of the remuneration committee with effect from 10 May 2024.

Details of the changes of information of the directors are set out in the Company's announcement dated 10 May 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established the audit committee of the Board (the "Audit Committee") in November 2016 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and provision D3.3 of the CG Code set out in Appendix C1 to the Listing Rules. 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 composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee, among other things, are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee the independence and qualifications of the external auditors and objectivity and the effectiveness of the audit process in accordance with applicable standards. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 together with the notes attached thereto have been reviewed by the Audit Committee but have not been audited by the Company's auditor.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 the Model Code throughout the Period.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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

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

Hong Kong, 30 August 2024

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

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
Continuing operations			
Revenue	5	63,692	58,098
Cost of sales		(53,933)	(45,416)
Gross profit		9,759	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)
PROFIT BEFORE INCOME TAX	7	6,044	9,955
Income tax expense	8	(2,605)	(3,012)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		3,439	6,943
Discontinued operation			
Profit for the period from discontinued operation	9	–	7,637
PROFIT FOR THE PERIOD		3,439	14,580
OTHER COMPREHENSIVE EXPENSE			
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)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,424	13,937
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations		4,964	6,943
From discontinued operation		–	9,774
		4,964	16,717
Non-controlling interests		(1,525)	(2,137)
		3,439	14,580

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

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations		3,949	6,300
From discontinued operation		–	9,774
<hr/>			
		3,949	16,074
Non-controlling interests		(1,525)	(2,137)
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		2,424	13,937
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EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
– Basic and diluted (<i>RMB cents per share</i>)	10	0.91	3.06
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EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
– Basic and diluted (<i>RMB cents per share</i>)	10	0.91	1.27
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	101,569	110,696
Investment properties	12	104,300	105,322
Computer software		–	5
Total non-current assets		205,869	216,023
CURRENT ASSETS			
Inventories		60,970	56,521
Trade receivables	13	42,472	40,234
Prepayments, deposits and other receivables		5,018	23,080
Cash and cash equivalents	14	112,230	111,030
Total current assets		220,690	230,865
CURRENT LIABILITIES			
Trade payables	15	18,550	16,525
Other payables and accruals		12,003	37,043
Income tax payable		2,737	2,730
Other borrowings		20,235	19,750
Deferred government grants		524	524
Total current liabilities		54,049	76,572
NET CURRENT ASSETS		166,641	154,293
TOTAL ASSETS LESS CURRENT LIABILITIES		372,510	370,316

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024	As at 31 December 2023
	<i>Note</i>	RMB'000 (Unaudited)	<i>RMB'000 (Audited)</i>
NON-CURRENT LIABILITIES			
Other payables		13,603	13,553
Deferred government grants		22,240	22,520
Total non-current liabilities		35,843	36,073
NET ASSETS		336,667	334,243
EQUITY			
Share capital	16	4,838	4,838
Reserves		250,329	246,380
Equity attributable to owners of the Company		255,167	251,218
Non-controlling interests		81,500	83,025
TOTAL EQUITY		336,667	334,243

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium account	Merger reserve	Exchange fluctuation reserve	PRC statutory reserve	Retained profits	Total		
	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)
At 1 January 2024	4,838	160,113	56,341	(708)	8,309	22,325	251,218	83,025	334,243
Profit/(loss) for the period	-	-	-	-	-	4,964	4,964	(1,525)	3,439
Other comprehensive expense for the period:									
- Exchange differences on translation of the Company's financial statements into its presentation currency	-	-	-	(1,015)	-	-	(1,015)	-	(1,015)
Total comprehensive (expense)/income for the period	-	-	-	(1,015)	-	4,964	3,949	(1,525)	2,424
At 30 June 2024	4,838	160,113	56,341	(1,723)	8,309	27,289	255,167	81,500	336,667
At 1 January 2023	4,838	160,113	56,341	(889)	5,427	7,974	233,804	88,074	321,878
Profit/(loss) for the period	-	-	-	-	-	16,717	16,717	(2,137)	14,580
Other comprehensive expense for the period:									
- Exchange differences on translation of the Company's financial statements into its presentation currency	-	-	-	(643)	-	-	(643)	-	(643)
Total comprehensive (expense)/income for the period	-	-	-	(643)	-	16,717	16,074	(2,137)	13,937
At 30 June 2023	4,838	160,113	56,341	(1,532)	5,427	24,691	249,878	85,937	335,815

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
Cash flows from operating activities			
Profit before income tax from continuing operations		6,044	9,955
Profit before income tax from discontinued operation		–	17,094
		6,044	27,049
Adjustments for:			
Bank interest income	6	(99)	(1,013)
Subsidy income		(280)	–
Finance costs		349	223
Depreciation of property, plant and equipment		9,228	9,125
Depreciation of investment properties		1,022	–
Depreciation of right-of-use assets		–	639
Amortisation of computer software		5	5
		16,269	36,028
Cash flows before working capital changes		16,269	36,028
Increase in inventories		(4,549)	(15,790)
Increase in trade receivables		(2,288)	(58,693)
Decrease/(increase) in prepayments, deposits and other receivables		18,466	(7,287)
Increase in trade payables		2,070	5,003
Decrease in other payables and accruals		(19,898)	(23,994)
Exchange alignments		260	(74)
		10,330	(64,807)
Cash generated from/(used in) operations		10,330	(64,807)
Income tax paid		(2,598)	(14,516)
		7,732	(79,323)
Net cash generated from/(used in) operating activities		7,732	(79,323)
Cash flows from investing activities			
Purchases of property, plant and equipment		(101)	(834)
Interest received		99	1,013
		(2)	179
Net cash (used in)/generated from investing activities		(2)	179

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Re-presented)
Cash flow from a financing activity		
Decrease in amount due to a former shareholder of a subsidiary	(6,000)	–
Net cash used in a financing activity	(6,000)	–
Net increase/(decrease) in cash and cash equivalents	1,730	(79,144)
Cash and cash equivalents at beginning of period	111,030	160,885
Effect of exchange rate changes on cash and cash equivalents	(530)	112
Cash and cash equivalents at end of period	112,230	81,853
Analysis of cash and cash equivalents		
Cash and bank balances	112,230	81,853

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 is operated 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 is operated 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)	
Segment revenue (note 5)										
Revenue from external customers	7,909	-	55,783	58,098	63,692	58,098	-	117,163	63,692	175,261
Segments results	(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 OPERATING SEGMENT INFORMATION *(Continued)*

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	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations		
Property leasing		
Customer A	7,909	N/A
Household paper and hygiene products		
Customer B	6,893	N/A
Discontinued operation		
New energy operations		
Customer C	N/A	93,337

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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)
Continuing operations		
Rental income	7,909	–
Sale of goods	55,783	58,098
	63,692	58,098
Discontinued operation		
Sale of goods	–	117,163
	63,692	175,261

Notes:

(a) **Disaggregated revenue information**

Six months ended 30 June 2024

Segments	Continuing operations		Total RMB'000 (Unaudited)
	Property leasing RMB'000 (Unaudited)	Household paper and hygiene products RMB'000 (Unaudited)	
Type of goods			
Sale of household paper and hygiene products	–	55,783	55,783
Total revenue from contracts with customers	–	55,783	55,783
Timing of revenue recognition			
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	7,909	55,783	63,692

Geographical market

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE (Continued)

Notes: (Continued)

(a) Disaggregated revenue information (Continued)

Six months ended 30 June 2023

Segments	Continuing operations		Discontinued operation	
	Household paper and hygiene products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	New energy operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or services				
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	58,098	58,098	117,163	175,261
Timing of revenue recognition				
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	58,098	58,098	117,163	175,261

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 OTHER INCOME AND GAINS

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

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

7 PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Re-presented)
Continuing operations		
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)	–
	1	–
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
	1,581	1,379

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(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	2,605	12,469
Income tax expense attributable to:		
Continuing operations	2,605	3,012
Discontinued operation	–	9,457
	2,605	12,469

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 DISCONTINUED OPERATION *(Continued)*

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

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

Profit before income tax has been arrived after charging:

	Six months ended 30 June 2023 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	9,125
Depreciation of right-of-use assets	639
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six month ended 30 June 2024, the Group incurred approximately RMB101,000 for acquisition of plant and machinery in the Mainland China.

In the opinion of the directors of the Company, the respective carrying amounts of the Group's owned properties at the end of reporting period that are carried at revalued amounts do not differ significantly from their respective estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the reporting period.

13 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	(1,397)	(1,397)
	42,472	40,234
Trade receivables – net	42,472	40,234

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	37,756	39,761
	42,472	40,234

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 CASH AND CASH EQUIVALENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash and bank balances	112,230	111,030

Notes:

- (a) At 30 June 2024, the cash and bank balances of the Group denominated in RMB amounted to RMB107,755,000 (31 December 2023: RMB105,256,000). The RMB is not freely convertible into other currencies, however, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.
- (b) Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

15 TRADE PAYABLES

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

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:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 SHARE CAPITAL

	As at 30 June 2024		As at 31 December 2023	
	HK\$'000 (Unaudited)	RMB'000 equivalent (Unaudited)	HK\$'000 (Audited)	RMB'000 equivalent (Audited)
Authorised:				
1,000,000,000 ordinary shares of HK\$0.01 each	10,000	–	10,000	–
Issued and fully paid:				
546,092,537 ordinary shares of HK\$0.01 each	5,461	4,838	5,461	4,838

17 RELATED PARTY TRANSACTIONS

(a) Key management compensations

Key management compensations for the period are as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, bonus and benefits in kind	509	800
Retirement benefit scheme contributions	9	8
	518	808

(b) Balance with a related party

	Note	As at	As at
		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amount due to a former shareholder of a subsidiary	(i)	5,665	11,665

Note:

- (i) The amount due to a former shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.

19 CAPITAL COMMITMENTS

The Group had the following capital commitments at end of the Period:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Commitments for the acquisition of:		
– Property, plant and equipment	61	61

20 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

21 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at 30 June 2024 and 31 December 2023 are classified as financial assets and liabilities at amortised cost, respectively.

22 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 August 2024.