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)

UNAUDITED RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- Revenue for the year ended 31 December 2019 increased by approximately 143.9% or RMB313.0 million to approximately RMB530.5 million.

- Gross profit for the year ended 31 December 2019 increased by approximately 126.4% or RMB41.6 million to approximately RMB74.6 million.

- Profit attributable to equity holders of the Company for the year ended 31 December 2019 was approximately RMB9.1 million as compared to the loss attributable to equity holders of the Company of approximately RMB4.6 million for the year ended 31 December 2018.

- Basic earnings per share of the Company for the year ended 31 December 2019 was approximately RMB1.82 cents as compared to basic loss per share of the Company of approximately RMB0.92 cents for the year ended 31 December 2018.

- The Board proposed not to declare any final dividend for the year ended 31 December 2019.

UNAUDITED ANNUAL RESULTS

For the reasons explained under "Review of Unaudited Annual Results" below, the auditing process for the annual results of Champion Alliance International Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") has not been completed as at the date of this announcement. In the meantime, the board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 together with the comparative audited results for the year ended 31 December 2018 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	**2019** *RMB'000* **(Unaudited)**	2018 *RMB'000* (Audited)
REVENUE	*4*	**530,492**	217,491
Cost of sales		**(455,904)**	(184,542)
Gross profit		**74,588**	32,949
Other income and gains, net	*5*	**1,191**	1,646
Selling and distribution expenses		**(23,593)**	(14,244)
Administrative expenses		**(29,854)**	(24,105)
Other expenses, net		**(3,232)**	(1,187)
Finance costs	*6*	**(603)**	(975)
PROFIT/(LOSS) BEFORE TAX	*7*	**18,497**	(5,916)
Income tax credit/(expense)	*8*	**(9,410)**	1,292
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**9,087**	(4,624)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company's financial statements into its presentation currency		**522**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**522**	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**9,609**	(4,624)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted *(RMB cents per share)*	*9*	**1.82**	(0.92)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**30,873**	33,921
Right-of-use assets		**22,213**	–
Prepaid land lease payments		**–**	11,767
Computer software		**93**	63
Deferred tax assets		**–**	1,703
Total non-current assets		**53,179**	47,454
CURRENT ASSETS			
Inventories		**108,339**	73,892
Trade and bills receivables	*11*	**141,650**	124,851
Prepayments, deposits and other receivables		**19,445**	2,960
Income tax recoverable		**415**	–
Restricted cash		**17,475**	38,120
Cash and cash equivalents		**35,694**	5,912
Total current assets		**323,018**	245,735
CURRENT LIABILITIES			
Trade and bills payables	*12*	**143,720**	151,472
Other payables and accruals		**47,523**	13,077
Income tax payable		**319**	–
Bank and other borrowings		**35,748**	15,000
Lease liabilities		**10,784**	–
Total current liabilities		**238,094**	179,549
NET CURRENT ASSETS		**84,924**	66,186
TOTAL ASSETS LESS CURRENT LIABILITIES		**138,103**	113,640
NON-CURRENT LIABILITIES			
Bank and other borrowings		**15,000**	–
Deferred government grants		**944**	1,090
Total non-current liabilities		**15,944**	1,090
Net assets		**122,159**	112,550
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Issued capital		**4,459**	4,459
Reserves		**117,700**	108,091
Total equity		**122,159**	112,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL 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 Stock Exchange of Hong Kong Limited. The registered office of the Company is located at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands and the Company's principal place of business in Hong Kong is located at Room A, 17th Floor, Capitol Centre Tower II, 28 Jardine's Crescent, Causeway Bay, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally involved in the following activities:

- manufacturing and sale of cigarette packaging materials and provision of related processing services in the mainland China ("**Mainland China**") of the People's Republic of China (the "**PRC**");
- provision of steam for industrial use and heating and electricity in Mainland China; and
- trading of household paper products in Mainland China.

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**").

2.1 BASIS OF PREPARATION

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC) — Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to *HKFRSs 2015–2017 Cycle*	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, HKAS 28 and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC) — Int 4 *Determining whether an arrangement contains a Lease*, HK(SIC) — Int 15 *Operating Leases — Incentives* and HK(SIC) — Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption, if any, recognised as an adjustment to the opening balance of retained profits as at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) — Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessor

HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease arrangements as a lessee for various items of land, office premises and plant and equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on the straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities as at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019 and were separately presented on the face of the consolidated statement of financial position. This includes the upfront payments for land leases of RMB11,767,000 that were reclassified from prepaid land lease payments.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately on the face of the consolidated statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 as at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Using a single discount rate to a portfolio of leases with reasonably similar characteristics, when measuring the lease liabilities as at 1 January 2019

Financial impact as at 1 January 2019

The impact arising from the adoption of HKFRS 16 on 1 January 2019 was as follows:

	RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	12,024
Decrease in prepaid land lease payments	(11,767)
Increase in total assets	257
Liabilities	
Increase in lease liabilities and total liabilities	257

A reconciliation of the operating lease commitments as at 31 December 2018 to the lease liabilities as at 1 January 2019 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	**269**
Weighted average incremental borrowing rate as at 1 January 2019	4.4%
Lease liabilities as at 1 January 2019	**257**

(b) HK(IFRIC) — Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3 OPERATING SEGMENT INFORMATION

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

(a) the cigarette packaging products segment manufactures and sells cigarette packaging products and provides related processing service in Mainland China;

(b) the new energy operation segment engages in the provision of steam for industrial use, heating and electricity in Mainland China; and

(c) the household paper products segment trades household paper products.

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

Segment revenue and results

	Cigarette packaging products *RMB'000* (Unaudited)	New energy operation *RMB'000* (Unaudited)	Household paper products *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Year ended 31 December 2019				
Segment revenue				
Revenue from external customers	**251,626**	**101,125**	**177,741**	**530,492**
Segment results	**(1,827)**	**18,642**	**11,645**	**28,460**
Reconciliation:				
Bank interest income				**447**
Corporate and other unallocated expenses				**(9,807)**
Finance costs				**(603)**
Profit before tax				**18,497**
Other segment information:				
Depreciation of items of property, plant and equipment				
— Operating segments	**3,453**	**–**	**–**	**3,453**
— Amount unallocated				**12**
				3,465
Depreciation of right-of-use assets				
— Operating segments	**337**	**–**	**–**	**337**
— Amount unallocated				**229**
				566
Impairment of trade receivables, net	**1,554**	**–**	**–**	**1,554**
Capital expenditure*	**417**	**10,754**	**45**	**11,216**

	Cigarette packaging products *RMB'000* (Audited)	New energy operation *RMB'000* (Audited)	Household paper products *RMB'000* (Audited)	Total *RMB'000* (Audited)
Year ended 31 December 2018				
Segment revenue				
Revenue from external customers	217,491	–	–	217,491
Segment results	(1,934)	–	–	(1,934)
Reconciliation:				
Bank interest income				396
Corporate and other unallocated expenses				(3,403)
Finance costs				(975)
Loss before tax				(5,916)
Other segment information:				
Depreciation of items of property, plant and equipment				
— Operating segments	3,630	–	–	3,630
— Amount unallocated				14
				3,644
Amortisation of prepaid land lease payments	337	–	–	337
Impairment of trade receivables, net	744	–	–	744
Capital expenditure*	352	–	–	352

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and computer software.

Segment assets and liabilities

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

Geographical information

No geographical information is presented as 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 year, two (2018: four) external customers individually contributed 10% or more of the Group's total revenue for the year and the revenue generated from sales to each of these customers is set out below:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cigarette packaging products segment:		
Customer A	**63,373**	49,852
Customer B	**N/A***	44,272
Customer C	**N/A***	29,451
Customer D	**N/A***	26,730
New energy operation segment:		
Customer E	**59,889**	–

* The revenue of the particular customer for the particular year is less than 10% of the Group's revenue for the particular year.

4 REVENUE

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers:		
Sales of goods	**522,677**	216,757
Processing service income	**7,815**	734
	530,492	217,491

5. OTHER INCOME AND GAINS, NET

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income		
Bank interest income	**447**	396
Rental income	**568**	934
Subsidy income*	**146**	146
Others	**30**	–
	1,191	1,476
Gains, net		
Gain on sale of raw materials and waste materials, net	**–**	83
Foreign exchange differences, net	**–**	87
	–	170
	1,191	1,646

* Subsidies are received by a subsidiary from various government authorities in Mainland China for the development of its business. There are no unfulfilled conditions or contingencies relating to these grants.

6 FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest on bank borrowings	**592**	650
Interest on lease liabilities	**11**	–
Discount charges on bank acceptance notes	**–**	325
Total finance costs	**603**	975

7 PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of inventories sold	**453,895**	182,455
Depreciation of items of property, plant and equipment	**3,465**	3,644
Less: Amount included in cost of inventories sold	**(1,891)**	(1,969)
	1,574	1,675
Depreciation of right-of-use assets	**566**	–
Less: Amount included in cost of inventories sold	**(118)**	–
	448	–
Amortisation of prepaid land lease payments	**–**	337
Less: Amount included in cost of inventories sold	**–**	(118)
	–	219
Lease payments not included in the measurement of lease liabilities	**10,984**	–
Minimum lease payments under operating leases	**–**	269
Impairment of trade receivables, net	**1,554**	744
Loss on disposal of items of property, plant and equipment, net	**–**	77

8 INCOME TAX

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current — Mainland China	**7,570**	(74)
Deferred	**1,840**	(1,218)
Total income tax expense/(credit)	**9,410**	(1,292)

No provision for Hong Kong profit tax has been made for the year ended 31 December 2019 as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil).

Taxes on profit assessable in Mainland China have been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the prevailing legislation, interpretations and practices in respect thereof.

9 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings (2018: loss) per share amount is based on the unaudited profit for the year attributable to shareholders of the Company of RMB9,087,000 (2018: loss of RMB4,624,000), and the weighted average number of ordinary shares of 500,000,000 (2018: 500,000,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for each of the years ended 31 December 2019 and 2018 for a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

10 DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

11 TRADE AND BILLS RECEIVABLES

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Trade receivables	**141,495**	121,641
Less: provision for impairment of trade receivables	**(3,344)**	(1,790)
Trade receivables — net	**138,151**	119,851
Bills receivables	**3,499**	5,000
	141,650	124,851

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

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Within 1 month	**93,241**	65,055
1 to 2 months	**18,135**	22,809
2 to 3 months	**11,359**	13,036
3 to 4 months	**12,278**	14,999
Over 4 months	**6,637**	8,952
	141,650	124,851

12 TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**108,769**	91,872
Bills payables	**34,951**	59,600
	143,720	151,472

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**79,723**	68,216
1 to 2 months	**29,745**	45,953
2 to 3 months	**11,840**	–
Over 3 months	**22,412**	37,303
	143,720	151,472

13 EVENT AFTER THE REPORTING PERIOD

The outbreak of the novel coronavirus (COVID-19) (the "**COVID-19 Outbreak**") has affected the operating performance and financial position of the Group, mainly due to suspension of the Group's operation in Hubei province of China, travel restrictions and other precaution measures imposed by relevant local authorities that resulted in delays in delivery of products to customers. Meanwhile, due to the inherent nature and unpredictability of future development of the virus and market sentiment, the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic. Accordingly, the financial impact of the COVID-19 Outbreak to the Group cannot be reasonable estimated at this stage. The Directors will keep continuous attention to the situation of the COVID-19 Outbreak and react actively to minimise its impact on the financial position and operating performance of the Group.

14 COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation and disclosures.

As further explained in note 2.2 above, the Group adopted HKFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, HKAS 17, and related interpretations.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the production and sale of metallised packaging paper for cigarette package manufacturers. The Company has an operating history of more than 10 years, with two main lines of products, being transfer metallised paper and laminated metallised paper. In 2019, the Group diversified its business with household paper products and new energy operation (steam for industrial use, household heating, and electricity supply). The Group will hence continue to stride with its three core businesses.

MARKET REVIEW

In 2019, the PRC government extended its effort in the structural reform of tobacco market. In July 2019, the State Council issued the Opinions on Implementing Healthy China Action (《關於實施健康中國行動的意見》) which suggested special actions including cigarette control, promotion of mental health and cancer prevention. Relevant tariffs, price adjustments and other integrated measures will also be studied to improve the effectiveness of smoking control. Therefore, the cigarette packaging business is expected to face greater challenge as the market anticipates tightened control over the tobacco industry.

Despite a slowdown in economic growth, China continued to witness growths in per capita GDP and income. According to National Bureau of Statistics of China, the country's household product and service consumption per capita in 2019 increased 4.8% year-on-year, while the added value of the industrial enterprises above designated size grew 5.7% year-on-year. In particular, China continued to be one of the largest household paper markets and the largest consumer of energy in the world. Therefore, we saw an enormous development potential for our new operations.

BUSINESS REVIEW

Sales and Marketing

In 2019, despite a decrease in cigarette demand caused by the overall tightened government control policy over the tobacco industry, the Group's sales revenue increased by approximately 143.9%, thanks to the earnest endeavours to maximise revenue made by our management and sales staff.

During the year, the Group continued to expand its cigarette packaging business into new markets such as Anhui Province and engage new customers in China. At the end of 2019, there were 6 projects in tender and negotiation stages.

Among all the projects that were under negotiation at the end of 2018, 3 of them were concluded in 2019, while another 2 projects were under implementation stage. Our new accounts are mainly scattered over Anhui and Jiangsu areas.

During the year, the Group hired a total of 12 sales representatives to formulate marketing strategies, devise marketing plans, manage sales business, organise cargo transportation and develop customer service models, in order to boost our sales.

Production Capacity of Cigarette Packaging Business

The Group operates and owns one production facility located in Yichang, Hubei Province in China with an aggregate gross floor area of approximately 10,800 sq.m.

The below table sets forth the production capacity, actual production volume and utilisation rates of the production base in Yichang, Hubei Province for the year ended 31 December 2019 and their comparison with the corresponding period in 2018.

	Year ended 31 December	
	2019	2018
Production capacity *(thousand metres)*	**222,264**	222,264
Actual production volume *(thousand metres)*	**102,892**	106,808
Utilisation rate	**46.3%**	48.1%

The Group has employed part of the net proceeds raised from the listing (the "**Listing**") of the shares of the Company (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 November 2016 (the "**Listing Date**") to upgrade the production facilities and expand production capacity. Details on the use of net proceeds from the Listing will be laid out below in the section headed "Use of Net Proceeds from the Listing" in this announcement.

Quality Control

For the year ended 31 December 2019, the Group obtained the certification and passed the third-party audit of environmental and occupational health safety management system in accordance with ISO14001:2015 and GB/T28001-2011.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the total revenue was approximately RMB530.5 million, an increase of RMB313.0 million over the total revenue of approximately RMB217.5 million for the corresponding period in 2018. Such increase was mainly attributable to the income contribution from the new energy supply and household paper product segments, which were launched since early 2019.

The following table sets forth the breakdown of the Group's revenue for the years ended 31 December 2019 and 2018:

	For the year ended 31 December		
	2019	2018	**Change**
	RMB'000	*RMB'000*	%
	(Unaudited)	(Audited)	
Cigarette packaging products			
— transfer metallised paper	**213,770**	190,080	12.5%
— laminated metallised paper	**30,041**	26,677	12.6%
Processing service income	**7,815**	734	964.7%
New energy operation	**101,125**	–	N/A
Household paper products	**177,741**	–	N/A

Cigarette Packaging Business

For the year ended 31 December 2019, revenue of the cigarette packaging business was approximately RMB251.6 million (year ended 31 December 2018: RMB217.5 million), representing an increase of approximately 15.7% as compared with 2018. The increase in revenue was due to the Group's continued business development of new markets and new customers, as well as the increased procurement from existing customers.

Other Businesses

To enhance and reinforce its business, the Group launched other businesses in early 2019. Other businesses mainly include sale of household paper products, as well as sale of new energy (steam for industrial use, household heating, and electricity supply). Other businesses contributed revenue of approximately RMB278.9 million during the Year (year ended 31 December 2018: nil).

Gross Profit and Gross Profit Margin

The Group's gross profit increased from approximately RMB32.9 million for the year ended 31 December 2018 to approximately RMB74.6 million for the year ended 31 December 2019. The increase was mainly due to the increase in revenue. Gross profit margin decreased from approximately 15.1% for the year ended 31 December 2018 to approximately 14.1% for the year ended 31 December 2019. The decrease in gross profit margin was the result of (i) investment in new operations; and (ii) change of product mix.

Other Income and Gains, Net

For the year ended 31 December 2019, the Group's other income and gains, net mainly consisted of rental income, bank interest income and subsidy income. The net other income and gains were approximately RMB1.6 million for the year ended 31 December 2018 as compared to approximately RMB1.2 million for the year ended 31 December 2019. The decrease was mainly due to the decrease in rental income for the year.

Selling and Distribution Expenses

During the period under review, selling and distribution expenses mainly consisted of (i) costs of transportation expenses, (ii) staff costs, (iii) entertainment expenses, (iv) travelling expenses and (v) other expenses. The Group's selling and distribution expenses increased by approximately 65.6% from approximately RMB14.2 million for the year ended 31 December 2018 to approximately RMB23.6 million for the year ended 31 December 2019. The increase in selling and distribution expenses was mainly due to the increased sales of core operation and the investment in trading of household paper products business.

Administrative Expenses

For the year ended 31 December 2019, administrative expenses mainly consisted of (i) staff costs, (ii) research and development expenses, (iii) depreciation and amortisation, (iv) entertainment expenses and (v) other expenses. Administrative expenses increased from approximately RMB24.1 million for the year ended 31 December 2018 to approximately RMB29.9 million for the year ended 31 December 2019. The increase in administrative expenses of the Group was mainly due to additional expenses for new businesses.

Other Expenses, Net

For the year ended 31 December 2019, the Group's other expenses consisted of exchange differences, loss of raw and waste materials sold and impairment of Group's assets. The net other expenses were approximately RMB3.2 million for the year ended 31 December 2019 as compared to approximately RMB1.2 million for the year ended 31 December 2018. The increase was mainly due to the impairment provision on trade receivables for the year.

Finance Costs

Finance costs consisted of interest expenses from bank and other borrowings and interest on lease liabilities. The finance costs were approximately RMB603,000 (for the year ended 31 December 2018: RMB975,000). The decrease was mainly attributable to the decrease in discount charges on bank acceptance notes.

Income Tax (Expense)/Credit

The Group's income tax expense was approximately RMB9.4 million for the year ended 31 December 2019. The Group's income tax credit was approximately RMB1.3 million in 2018.

Profit/(Loss) Attributable to Shareholders of the Company

For the year ended 31 December 2019, the Group's profit attributable to shareholders of the Company was approximately RMB9.1 million. Loss attributable to shareholders of the Company for the year ended 31 December 2018 was approximately RMB4.6 million. The profit turnaround was mainly attributable to profit contributed by new businesses which the Group launched during the year.

LIQUIDITY AND FINANCIAL RESOURCES

Net Current Assets

The Group recorded net current assets of approximately RMB84.9 million as at 31 December 2019, while the net current assets as at 31 December 2018 was approximately RMB66.2 million.

Borrowings and Gearing Ratio

The total borrowings of the Group as at 31 December 2019 were approximately RMB61.5 million (as at 31 December 2018: RMB15.0 million). The Group's gearing ratio increased from approximately 18.1% as at 31 December 2018 to approximately 50.4% as at 31 December 2019. The increase in the gearing ratio was primarily a result of the the increase in total borrowings. Gearing ratio was calculated by dividing total debt (which consisted of bank and other borrowings and lease liabilities) by total equity as at the dates indicated and multiplied by 100%.

Capital Expenditure

During the year ended 31 December 2019, the Group's total capital expenditure amounted to approximately RMB11.2 million, which was mainly used in assets under construction (year ended 31 December 2018: RMB352,000).

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 year ended 31 December 2019, there had been no change in the number of issued share in the Company.

Charge on Assets

The Group's borrowings and notes payables were secured by its property, plant and equipment, right-of-use assets, restricted cash and trade receivables. The following table sets forth the carrying amounts of assets pledged to secure the bank borrowing and notes payables:

	As at 31 December 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Property, plant and equipment	**19,243**	25,367
Right-of-use assets	**11,430**	–
Prepaid land lease payments	**–**	11,767
Trade receivables	**–**	24,940
Restricted cash	**17,475**	38,120
Total	**48,148**	100,194

In addition to the above, at 31 December 2019, the Group has pledged the equity interest in a wholly-owned subsidiary to secured the other borrowing of the Group.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this announcement, there were no significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group for the year ended 31 December 2019 (year ended 31 December 2018: nil).

Contingent Liabilities

As at 31 December 2019, the Group did not have any significant contingent liabilities (as at 31 December 2018: nil).

Foreign Exchange Risk

The Group's transactions were mainly conducted in RMB, the functional currency 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 year ended 31 December 2019 (year ended 31 December 2018: nil).

Human Resources and Remuneration

As at 31 December 2019, the Group employed 250 employees (as at 31 December 2018: 152) with total staff costs of approximately RMB23.0 million incurred for the same year (for the year ended 31 December 2018: approximately RMB16.6 million). The increase of staff costs of the Group was mainly due to the increase in number of employees and directors' emoluments. The Group's remuneration packages are generally structured with reference to market terms and individual merits.

Final Dividend

The Board proposed not to declare any final dividend for the year ended 31 December 2019 (year ended 31 December 2018: 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.

As at 31 December 2019, 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 *RMB'000*	Approximate % of total actual net proceeds	Actual amount utilised from the Listing Date up to 31 December 2019 *RMB'000*	Balance as at 31 December 2019 *RMB'000*	Expected timeline for the remaining use of net proceeds *(Note)* For the year ending 31 December 2020 *RMB'000*	For the year ending 31 December 2021 *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	17,766	1,969
Expansion and upgrade of non-production facilities, including but not limited to warehouse and other supporting facilities	5,638	15%	1,334	4,304	4,078	226
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	21,844	2,195

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 31 December 2019, unutilised proceeds amounted to approximately HK$27.0 million (equivalent to approximately RMB24.0 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 the PRC. As at the date of this announcement, the Directors do not anticipate any change to the plan as to 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 31 December 2019.

Capital Commitments

As at 31 December 2019, the Group did not have any capital commitments in terms of acquisition of property, plant and equipment (as at 31 December 2018: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The following are some principal risks and uncertainties facing the Group, which may pose material and adverse effects on its business, financial condition or results of operations:

Increasing regulated industry

The PRC tobacco industry is becoming increasingly regulated and our business is subject to various industry requirements. In 2014, the State Tobacco Monopoly Administration (中國國家煙草專賣局) published the Requirements for Design of Cigarette Package (《卷煙包裝設計要求》), which limit the cost of cigarette packaging by setting a maximum ratio on the packaging cost to the cigarette selling price to avoid excessive packaging. Under these requirements, the ratio for tier 1 to tier 3 cigarettes must be no more than 8% to 11% and the ratio for tier 4 to tier 5 cigarettes must be no more than 12%. Our products are primarily used for mid to high — end cigarette brands in tier 1 to tier 3. The PRC cigarette packaging industry could be negatively affected by these requirements or any future regulatory control, industry policies or applicable guidelines or requirements, as they may reduce cigarette manufacturers' spending on the PRC cigarette packaging or otherwise place negative pricing pressure on cigarette package manufacturers. This may cause cigarette package manufacturers to reduce their demand for our products or result in increased competition among cigarette packaging paper manufacturers which drives down the selling prices of our products.

PRC legislative control and awareness of health concerns

In recent years, the PRC government has promulgated a series of legislative and regulatory control on the cigarette industry including the proposed Regulations on Smoking Control in Public Areas (《公共場所控制吸煙條例》), which aims to tighten control of the Chinese cigarette industry and to curb the demand for cigarette consumption due to concern for public health. Such tightened legislative and regulatory control includes regulations limiting smoking in public areas, prohibition on certain types of tobacco advertising, as well as labelling requirements for cigarette packages. In additions, the PRC government promulgated the Opinions on Implementing Healthy China Action (《關於實施健康中國行動的意見》), pursuant to which a number of actions such as smoking control, promotion of mental health and cancer prevention will be introduced. Integrated measures including tariff and price adjustment will be studied to improve the effectiveness of smoking control.

The global trend of increasing awareness of health and the health hazards associated with cigarette smoking may negatively influence the sales of cigarette, which in turn would affect the demand for cigarette packaging in China and our sales of cigarette packaging paper.

Dependence on cigarettes prices and economic conditions in China

The slowdown in China's economic growth in recent years has influenced the purchasing power of cigarette consumers, which in turn affected their willingness to spend on cigarettes and therefore, the amount of cigarettes consumption. According to the market research report prepared by Ipsos Limited in November 2016 (the "**Ipsos Report**"), it is forecasted that the increasing trend in sales volume of cigarettes in China from 2017 to 2020 would slow down, mainly due to the sluggish economic growth in China and an increase in specific tax.

Intense competition

Due to industry restructuring and consolidation, the number of cigarette manufacturers in China has decreased over the years. In 2015, 29 key cigarette brands contributed approximately 93.9% of total cigarette sales revenue in China and, according to the Ipsos Report, further consolidation is expected in the future. This creates greater competition between the cigarette brands remaining in the market and increases the competition among cigarette manufacturers. In the event that further restructuring or consolidation takes place among cigarette manufacturers in China, the number of cigarette manufacturers and cigarette brands will further reduce, resulting in a more competitive market for cigarette package manufacturers and ultimately affecting the cigarette packaging paper market.

Reliance on major customers

For the years ended 31 December 2018 and 2019, revenue from our five largest customers amounted to approximately RMB166.0 million and approximately RMB221.9 million, respectively, which accounted for approximately 76.3% and approximately 41.8% of our total revenue for the respective periods.

In order to reduce such reliance and widen our customer base, the Group plans to proactively expand into new markets such as Sichuan Province, Yunnan Province, Zhejiang Province and Hunan Province of China for easing the risk of concentration on income sources.

For more details of the above principal risks and uncertainties and other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

KEY PERFORMANCE INDICATORS ("KPI") WITH THE STRATEGY OF THE GROUP

The Group sets a number of KPIs to support the delivery of its strategies with its performance as below:

Strategy	**KPIs**	**Performance**
Maximise value for the Shareholders	Gross profit margin = 14.1% (2018: 15.1%)	The Group managed to maintain stable operational performance during the year with effective cost control measures and continued to expand into new markets.
Improve the Group's liquidity	Cash and cash equivalents = RMB35.7 million (2018: RMB5.9 million) Current ratio = 1.4 (2018: 1.4) Gearing ratio = 50.4% (2018: 18.1%)	The Group adopts a policy to regularly monitor the liquidity requirements of the Group so as to ensure that it maintains sufficient reserves of cash and adequate committed credit facilities from major financial institutions to meet the liquidity requirements of the Group in the short and long term.
Strive for the "zero harm" safety goal	Accident rate = 0% (2018: 0%)	During the year, the Group has put adequate resources and efforts to uphold and improve its safety management system to reduce its risks related to safety issues. The Company successfully obtained the certification in OHSAS18000 Occupational Health and Safety Assurance System.

FUTURE OUTLOOK

Hampered by the outbreak of the novel coronavirus (COVID-19) (the "**COVID-19 Outbreak**"), the operations of Hubei Mengke Paper Co., Ltd (湖北盟科紙業有限公司) ("**Hubei Mengke**") which is a subsidiary of the Company located in Yichang of Hubei Province, and engages in the production and processing of cigarette packaging products, has been suspended after the statutory holidays for Chinese New Year as part of the Chinese government's countermeasures in containing the outbreak. Solely based on the Company's current assessment, Hubei Mengke will gradually resume its operation starting from the end of March or beginning of April 2020 onwards.

To proactively fight the disease, the Group has made the employees' health as first priority and has taken a number of preventive measures. We follow the government's measures and suggestions (including staying at home and social distancing) to reassign working hours of our staff. The Group will strive to maintain a close communication with existing suppliers, customers and government authorities to gain a better understanding of the impact on them, as well as to communicate with them about the resumption of Hubei Mengke's operation. We will consider different solutions such as changing suppliers, re-adjusting orders, production and delivery when necessary, so as to prevent our supply chain from any severe impact exerted by the disease. Currently, the actual impact created by the COVID-19 Outbreak on the Group and the industry is difficult to estimate. Nevertheless, the Group will continue to monitor the development and respond quickly. Fortunately, the Group has not encountered any capital or financial pressure due to the disease. The Company's business in Shandong Province, which the Company operates through its subsidiaries Champion Huaying Shandong New Energy Co., Ltd (冠均華盈山東新能源有限公司) ("**Shandong Huaying**") and Champion (Shandong) Trading Co., Ltd (冠均(山東)貿易有限公司) ("**Shandong Trading**"), has not been significantly affected by the COVID-19 Outbreak. The Directors believe that the COVID-19 Outbreak will not have significant adverse effect on its operations in Shandong Province going forward.

Looking forward, the tobacco market anticipates government control policy over the industry in the coming years. Despite such policy direction is set to lower the demand for tobacco related products, the Group will continue to consolidate its market position through technique innovation and greater marketing and promotion efforts. The Group will focus on the market development in Jiangsu Province, Anhui Province and other markets in China. The Group is still optimistic about the outlook of the cigarette packaging industry.

While solidifying our cigarette packaging business, the Group will continue to explore its household paper product and new energy operations, adopt diversification and tap the enormous room for development brought by the growth in demand for domestic consumption and the rise of living standard. Through our professional management team of the new energy business including supply of steam for industrial use, household heating and electricity supply, we aim to create huge growth potential. The Group will continue to strive for better results and thus to maximise returns to shareholders and society through its peerless dedication to optimise our businesses.

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 Directors were of the view that the Company has complied with all applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") for the year ended 31 December 2019.

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 10 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 has complied in full with the Model Code for the year ended 31 December 2019.

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 year ended 31 December 2019.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

The COVID-19 Outbreak has affected the operating performance and financial position of the Group, mainly due to suspension of the Group's operation in Hubei province of China, travel restrictions and other precaution measures imposed by relevant local authorities that resulted in delays in delivery of products to customers. Meanwhile, due to the inherent nature and unpredictability of future development of the virus and market sentiment, the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic. Accordingly, the financial impact of the COVID-19 Outbreak to the Group cannot be reasonable estimated at this stage. The Directors will keep continuous attention to the situation of the COVID-19 Outbreak and react actively to minimise its impact on the financial position and operating performance of the Group.

Save as disclosed, there was no material subsequent event after 31 December 2019 up to the date of this announcement which requires disclosure.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Chan Yee Ping Michael (as chairman). Mr. Chen Hua and Mr. Zhao Zhendong.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the COVID-19 outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditor as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited due to the delay in auditor's field work and hence audit procedures. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The Audit Committee has reviewed the Company's unaudited consolidated financial statements for the year ended 31 December 2019 and is of the view that the preparation of such unaudited consolidated financial statements complied with applicable accounting standards and requirements and has discussed the internal control and financial reporting process with the management of the Group and external auditor.

FURTHER ANNOUNCEMENT(S)

This announcement of the unaudited results of the Company for the year ended 31 December 2019 is published on the Company's website at www.championshipintl.com and the Stock Exchange's website at www.hkexnews.hk.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed final dividend for the year ended 31 December 2019 (if any), (iii) the payment date of such proposed final dividend (if any), (iv) the proposed date on which the forthcoming annual general meeting will be held, (v) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting, and (vi) the period during which the registers of members holding ordinary shares of the Company respectively will be closed in order to determine entitlement to receive the proposed final dividend (if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

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 year.

The financial information contained herein in respect of the annual results of the Group has not been audited and have not been agreed with the Company's auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Champion Alliance International Holdings Limited
Chen Shuming
Chairman and executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises Mr. Chen Shuming, Mr. He Guangrui, Mr. Chen Xiaolong, Mr. Hu Enfeng, Mr. Zhang Shihua and Ms. Chen Xiaoyan as executive Directors and Mr. Chen Hua, Mr. Zhao Zhendong and Mr. Chan Yee Ping Michael as independent non-executive Directors.