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

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

**(Stock Code: 1629)**

**MAJOR TRANSACTION**

**Financial adviser to the Company**



**THE AGREEMENT**

The Board is pleased to announce that on 8 July 2021 (after the trading hours), the Purchaser, an indirect 97% owned subsidiary of the Company, entered into the Agreement with the Vendors and the Target Company, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Capital for a total consideration of RMB102,940,000 (equivalent to HK\$123,528,000). The consideration will be payable by the Purchaser procuring the Company to allot and issue to the Vendors the Consideration Shares, being in aggregate 46,092,537 new Shares at the Issue Price of HK\$2.68 per Share. The Consideration Shares represent (i) approximately 9.22% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.44% of the share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company from the date of this announcement and up to Completion and issue of the Consideration Shares). The Consideration Shares will be allotted and issued pursuant to the General Mandate.

## LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction on the part of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. The Company has received a written approval of the Acquisition by Champion Alliance, which holds 350,000,000 Shares, representing 70% of the total issued Shares as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

A circular containing, among other things, further information on the Agreement and the transactions contemplated thereunder is expected to be despatched by the Company to the Shareholders on or before 30 July 2021 for their information only as additional time is required to prepare the information to be contained in the circular.

**Completion of the Acquisition is conditional upon fulfilment or waiver of the conditions precedent under the Agreement. There is no assurance that Completion will take place or as to when it may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

On 8 July 2021 (after the trading hours), the Purchaser entered into the Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Capital for a total consideration of RMB102,940,000 (equivalent to HK\$123,528,000).

## THE AGREEMENT

The principal terms of the Agreement are as follows:

Date: 8 July 2021 (after the trading hours)

Parties: (1) The Purchaser (as the purchaser);  
(2) Shandong Ruiaote (as the first vendor);  
(3) Qingdao Fenbaoli (as the second vendor); and  
(4) the Target Company.

The Purchaser is an indirect 97% owned subsidiary of the Company and is principally engaged in production and sale of steam for industrial use, heating and electricity in the PRC.

The Target Company is a company established in the PRC and is registered to principally engage in the production and supply of electricity, construction, management and operation of steam and other power stations and generation equipment in the PRC based on its business licence. As at the date of this announcement, the Target Company is owned as to 70% by Shandong Ruiate and 30% by Qingdao Fenbaoli respectively. For further details, please refer to the section headed “Information of the Target Company” in this announcement.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, (i) Shandong Ruiate is wholly-owned by Mr. Su Shubao and is principally engaged in the provision of financing guarantee and other financial services; (ii) Qingdao Fenbaoli is wholly-owned by Mr. Zhang Canzhi and is principally engaged in the trading of pulp, paper and paper products; and (iii) each of Shandong Ruiate, Qingdao Fenbaoli, the Target Company and their ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Capital (as to 21% equity interest in the Target Company by Shandong Ruiate and 30% equity interest in the Target Company by Qingdao Fenbaoli respectively), representing in aggregate 51% equity interest in the Target Company.

### **Consideration**

The total consideration for the Acquisition shall be RMB102,940,000 (equivalent to HK\$123,528,000).

The consideration will be payable by the Purchaser procuring the Company to allot and issue to the Vendors the Consideration Shares (as to 18,979,280 Consideration Shares to Shandong Ruiate and 27,113,257 Consideration Shares to Qingdao Fenbaoli respectively), being in aggregate 46,092,537 new Shares at the Issue Price of HK\$2.68 per Share after Completion and on or before 31 October 2021 (or such later date as agreed between the Purchaser and the Vendors).

The consideration for the Acquisition was determined after arm’s length negotiations between the Purchaser and the Vendors having taking into consideration (i) the unaudited net asset value of the Target Company in the amount of approximately RMB170.2 million as at 30 April 2021; (ii) the aggregate fair value of the right-of-use assets, machinery and equipment, and construction-in-progress of the Target Company of approximately RMB262.0 million as at 30 April 2021 as assessed by an independent valuer, representing an unaudited fair value gain of approximately RMB22.1 million as compared to the book value as at 30 April 2021; and (iii) the benefits of the Acquisition to the development of the Group’s new energy business as detailed in the section headed “Reasons for and benefits of the Acquisition” in this announcement.

## **Consideration Shares**

The Consideration Shares represent (i) approximately 9.22% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.44% of the share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company from the date of this announcement and up to Completion and issue of the Consideration Shares). The Consideration Shares will be allotted and issued pursuant to the General Mandate.

The maximum number of Shares that can be issued under the General Mandate is 100,000,000 Shares. As at the date of this announcement, the General Mandate has not been utilised. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and is not subject to the Shareholders' approval.

The Issue Price of HK\$2.68 per Share represents:

- (a) a discount of approximately 0.74% to the closing price of HK\$2.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 19.76% to the average closing price of HK\$3.34 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day; and
- (c) a discount of approximately 10.37% to the average closing price of approximately HK\$2.99 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days immediately prior to the Last Trading Day.

The Issue Price was determined after arm's length negotiations between the Purchaser and the Vendors with reference to the recent market prices of the Share. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and on normal commercial terms.

## **Conditions precedent**

The Completion is conditional upon and subject to the satisfaction (or waiver, as the case may be) of the following conditions:

- (1) the Shareholders having approved the Agreement and the transactions contemplated thereunder in accordance with the requirements under the Listing Rules;
- (2) all necessary governmental, regulatory and other third parties' consents and approvals required to be obtained on the part of the Vendors and the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (3) all necessary governmental, regulatory and other third parties' consents and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;

- (4) the Company having obtained the approval from the Stock Exchange for the listing of and permission to deal in the Consideration Shares and such approval not having been revoked or withdrawn before the Completion Date;
- (5) the Purchaser being satisfied with the results of the due diligence review to be conducted in relation to the Target Company;
- (6) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser designated by the Purchaser in relation to the Agreement and the transactions contemplated thereunder;
- (7) from the date of the Agreement and up to the Completion Date, no events having occurred which may result in any material adverse effect on the Target Company; and
- (8) from the date of the Agreement and up to the Completion Date, the Warranties remaining true and accurate and not misleading.

The Purchaser may at its absolute discretion at any time waive in writing any of the above conditions (5), (7) and (8) and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser. Other than conditions (5), (7) and (8), all other conditions set out above are not waivable. If the conditions set out in the Agreement have not been satisfied (or as the case may be, waived) on or before 5:00 p.m. on 30 September 2021 (or such later time and/or date as may be agreed between the Vendors and the Purchaser in writing), the Agreement shall cease and determine, and thereafter none of the parties to the Agreement shall have any obligations and liabilities towards the other save for any antecedent breaches of the terms of the Agreement, and none of the parties to the Agreement shall claim or enforce any other damages or claims against the other.

### **Completion**

Completion shall take place within 3 Business Days (or such later date as agreed between the Purchaser and the Vendors) after fulfilment (or waiver, as the case may be) of all the conditions precedent under the Agreement, upon which the Vendors will procure the Target Company to complete the industrial and commercial registration for the transfer of 51% equity interest in the Target Company from the Vendors to the Purchaser.

After Completion, (i) the Target Company shall be owned as to 51% by the Purchaser and 49% by Shandong Ruiaote respectively; (ii) the Target Company will be a non-wholly owned subsidiary of the Company; and (iii) the financial results of the Target Company will be consolidated into the financial statements of the Company.

### **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established in the PRC and is registered to principally engage in the production and supply of electricity, construction, management and operation of steam and other power stations and generation equipment in the PRC based on its business licence.

The Target Company has ceased operation since 2019. On 31 December 2018, the Target Company entered into a rental agreement with the Purchaser pursuant to which the Target Company agreed to lease to the Purchaser the plant and equipment owned by the Target Company with a monthly rental fee in the amount of RMB1.0 million for the term which commenced from 1 January 2019 and ended on 31 December 2019. The rental agreement has since then been renewed annually, and under the current rental agreement for the term commencing from 1 January 2021 and ending on 31 December 2021, the monthly rental fee is RMB1.1 million. The Purchaser has been using the plant and equipment of the Target Company for the production and sale of steam for industrial use, heating and electricity.

As at the date of this announcement, (i) the Target Company is owned as to 70% by Shandong Ruiaote and 30% by Qingdao Fenbaoli respectively; and (ii) the Target Company has a registered and paid up capital of RMB200 million and RMB110 million respectively. The parties to the Agreement agree that, upon Completion, the remaining unpaid registered capital of the Target Company in the amount of RMB90 million shall be paid up by the Purchaser and Shangdong Ruiaote as to RMB60 million and RMB30 million, respectively, by the deadline as stipulated in the articles of association of the Target Company, being 31 December 2050.

The unaudited financial information of the Target Company for the two financial years ended 31 December 2019 and 31 December 2020 and the four months ended 30 April 2021 are set out below:

	<b>For the year ended 31 December 2019 (unaudited) (RMB'000)</b>	<b>For the year ended 31 December 2020 (unaudited) (RMB'000)</b>	<b>For the four months ended 30 April 2021 (unaudited) (RMB'000)</b>
Revenue	11,067	11,015	4,037
Net profit/(loss) before taxation	3,005	(144)	(29)
Net profit/(loss) after taxation	3,005	(144)	(29)
Net assets	170,329	170,185	170,156

*Note:* The above financial figures of the Target Company have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the (i) production and sale of metallised packaging paper and provision of related processing services for cigarette package manufacturers, (ii) production and sale of steam for industrial use, heating and electricity, and (iii) trading of household paper products in the PRC.

The Group has been leasing the plant and equipment from the Target Company as its only production facilities for its new energy operation. The Acquisition would allow the Group to gain control of the production facilities in order to secure the stable operation of its new energy operation, which in the long run will be beneficial to the business development of the Group. The Board considers that the Acquisition is in line with the overall business direction of the Group and will provide a good investment opportunity for the Company to expand, consolidate and strengthen its new energy operation.

Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

## APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with the existing Shares in issue.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 500,000,000 Shares in issue. Set out below is the shareholding interests of the Company (i) as at the date of this announcement; and (ii) immediately after Completion and issue of the Consideration Shares, assuming there is no change in the issued share capital of the Company from the date of this announcement and up to Completion and issue of the Consideration Shares:

	As at the date of this announcement		Immediately after Completion and issue of the Consideration Shares, assuming there is no change in the issued share capital of the Company from the date of this announcement and up to Completion and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Major Shareholder</b>				
Champion Alliance ( <i>Note 1</i> )	350,000,000	70.0	350,000,000	64.09
<b>Public Shareholders</b>				
Shandong Ruidate ( <i>Note 2</i> )	–	–	18,979,280	3.48
Qingdao Fenbaoli ( <i>Note 2</i> )	–	–	27,113,257	4.96
Other public Shareholders	150,000,000	30.0	150,000,000	27.47
<b>Total</b>	<b>500,000,000</b>	<b>100.0</b>	<b>546,092,537</b>	<b>100.0</b>

*Notes:*

1. Mr. Chen Shuming, the chairman of the Board and an executive Director, beneficially owns 100% of the issued share capital of Champion Alliance, a company incorporated in the British Virgin Islands with limited liability. Therefore, Mr. Chen Shuming is deemed, or taken to be, interested in the same number of the Shares held by Champion Alliance for the purpose of the SFO.
2. Upon Completion and issue of the Consideration Shares, Shandong Ruiate and Qingdao Fenbaoli will own 18,979,280 and 27,113,257 Shares, representing approximately 3.48% and 4.96% of the issued share capital of the Company respectively and hence they will be public Shareholders.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction on the part of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. The Company has received a written approval of the Acquisition by Champion Alliance, which holds 350,000,000 Shares, representing 70% of the total issued Shares as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) further information on the Agreement and the transactions contemplated thereunder; (ii) financial information of the Target Company; (iii) financial information of the Group; and (iv) other information required under the Listing Rules shall be despatched within 15 business days after publication of this announcement. As more time is required to prepared the financial information to be included in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules from the Stock Exchange so that the despatch date of the circular can be postponed to a date more than 15 business days after the publication of this announcement, which is expected to be on or before 30 July 2021 for Shareholders' information only.

**Completion of the Acquisition is conditional upon fulfilment or waiver of the conditions precedent under the Agreement. There is no assurance that Completion will take place or as to when it may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Capital by the Purchaser from the Vendors
“Agreement”	the agreement dated 8 July 2021 entered into between the Vendors, the Target Company and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong
“Champion Alliance”	Champion Alliance International Corporation, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder (as defined under the Listing Rules) of the Company holding 350,000,000 Shares, representing 70% of the issued share capital of the Company as at the date of this announcement
“Company”	Champion Alliance International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms of the Agreement
“Completion Date”	the date falling within the 3 Business Days (or such later date as agreed between the Purchaser and the Vendors) after the fulfilment (or waiver, as the case may be) of all conditions precedent under the Agreement
“Consideration Shares”	a total of 46,092,537 new Shares to be allotted and issued to the Vendors at the Issue Price of HK\$2.68 per Share for full settlement of the consideration for the Acquisition
“Directors”	directors of the Company

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 1 June 2021, among other things, to allot, issue and deal with up to 100,000,000 Shares, being 20% of the then issued share capital of the Company as at 1 June 2021
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	HK\$2.68, being the issue price per Consideration Share
“Last Trading Day”	8 July 2021, being the last trading day of the Shares on the Stock Exchange immediately before the entering into of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	冠均華盈(山東)新能源有限公司 (for transliteration purpose only, Champion Alliance (Shandong) New Energy Limited Company), a company established in the PRC with limited liability and an indirect 97% owned subsidiary of the Company
“Qingdao Fenbaoli”	青島芬寶利國際貿易有限公司 (for transliteration purpose only, Qingdao Fenbaoli International Trade Company Limited), a company established in the PRC with limited liability and one of the Vendors under the Agreement
“Sale Capital”	51% equity interest in the Target Company held by the Vendors in aggregate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong RUIAOTE”	山東瑞奧特投資有限公司 (for transliteration purpose only, Shandong RUIAOTE Investment Company Limited), a company established in the PRC with limited liability and one of the Vendors under the Agreement

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	中煤東能(山東)清潔能源有限公司 (for transliteration purpose only, China Coal Dongneng (Shandong) Clean Energy Company Limited), a company established in the PRC with limited liability
“Vendors”	collectively, Shandong Ruiate and Qingdao Fenbaoli
“Warranties”	the warranties and representations given by the Vendors in the Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.20. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.*

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

Hong Kong, 8 July 2021

*As at the date of this announcement, the Board comprises Mr. Chen Shuming, Mr. Chen Xiaolong, Mr. Hu Enfeng, Ms. Wu Cheuk Yan, Mr. Zhang Shihua and Ms. Chen Xiaoyan as executive Directors and Mr. Chen Hua, Mr. Zhao Zhendong and Mr. Chin Chi Ho Stanley as independent non-executive Directors.*