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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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

- Revenue for the year ended 31 December 2022 decreased by approximately 32.2% or RMB158.4 million to approximately RMB334 million.
- Gross profit for the year ended 31 December 2022 decreased by approximately 28.7% or RMB29.5 million to approximately RMB73.3 million.
- Loss attributable to equity holders of the Company for the year ended 31 December 2022 was approximately RMB9.2 million as compared to the profit attributable to equity holders of the Company of approximately RMB24.4 million for the year ended 31 December 2021.
- Basic loss per share from continuing and discontinued operations of the Company for the year ended 31 December 2022 was approximately RMB0.02 as compared to basic earnings per share of the Company of approximately RMB0.05 for the year ended 31 December 2021.
- Basic earnings per share from continuing operations of the Company for the year ended 31 December 2022 was approximately RMB0.07 as compared to basic earnings per share of the Company of approximately RMB0.08 for the year ended 31 December 2021.
- The Board proposed not to declare any final dividend for the year ended 31 December 2022.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Champion Alliance International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 together with the comparative audited results for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000 (Re-presented)
Continuing operations			
Revenue	5	250,657	327,268
Cost of sales		(181,706)	(243,829)
Gross profit		68,951	83,439
Other income and gains and losses	6	1,480	4,914
Selling and distribution expenses		(3,321)	(14,603)
Administrative expenses		(12,511)	(13,090)
(Impairment)/reversal of impairment of trade receivables, net		(1,397)	1,283
Other expenses		–	(629)
Finance costs	7	(2,061)	(3,274)
Profit before income tax	8	51,141	58,040
Income tax expense	9	(15,954)	(17,760)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		35,187	40,280
Discontinued operation			
Loss for the year from a discontinued operation	10	(48,420)	(16,009)
(LOSS)/PROFIT FOR THE YEAR		(13,233)	24,271
Other comprehensive income:			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of the Company’s financial statements into its presentation currency		(5,406)	2,107
<i>Item reclassified to profit or loss:</i>			
– Reclassification of exchange differences upon disposal of subsidiaries		396	–
Other comprehensive income for the year		(5,010)	2,107
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(18,243)	26,378

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i> (Re-presented)
(LOSS)/PROFIT FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations		39,224	40,370
From a discontinued operation		(48,420)	(16,009)
		<u>(9,196)</u>	<u>24,361</u>
Non-controlling interests		<u>(4,037)</u>	<u>(90)</u>
		<u>(13,233)</u>	<u>24,271</u>
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Owners of the Company		(14,206)	26,468
Non-controlling interests		(4,037)	(90)
		<u>(18,243)</u>	<u>26,378</u>
(LOSS)/EARNINGS PER SHARE FROM			
CONTINUING AND DISCONTINUED			
OPERATIONS			
– Basic and diluted (<i>RMB per share</i>)	11	<u>(0.02)</u>	<u>0.05</u>
EARNINGS PER SHARE FROM			
CONTINUING OPERATIONS			
– Basic and diluted (<i>RMB per share</i>)	11	<u>0.07</u>	<u>0.08</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		193,801	230,317
Investment property		–	4,086
Right-of-use assets		38,988	50,758
Computer software		14	47
Prepayments for property, plant and equipment		3,303	4,932
		<hr/>	<hr/>
Total non-current assets		236,106	290,140
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		47,643	64,051
Trade and bills receivables	13	1,617	93,379
Prepayments, deposits and other receivables		4,052	44,562
Income tax recoverable		–	280
Restricted cash		–	26,641
Cash and cash equivalents		160,885	149,796
		<hr/>	<hr/>
Total current assets		214,197	378,709
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	14	16,513	125,891
Other payables and accruals		41,270	125,386
Income tax payable		5,110	8,783
Bank and other borrowings		–	41,136
Lease liabilities		–	449
Deferred government grants		524	524
		<hr/>	<hr/>
Total current liabilities		63,417	302,169
		<hr/>	<hr/>
NET CURRENT ASSETS		150,780	76,540
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		386,886	366,680
		<hr/>	<hr/>

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Other payables	27,205	2,340
Other borrowings	14,759	–
Deferred government grants	23,044	24,219
	<hr/>	<hr/>
Total non-current liabilities	65,008	26,559
	<hr/>	<hr/>
NET ASSETS	321,878	340,121
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	4,838	4,838
Reserves	228,966	240,858
	<hr/>	<hr/>
Equity attributable to owners of the Company	233,804	245,696
Non-controlling interests	88,074	94,425
	<hr/>	<hr/>
TOTAL EQUITY	321,878	340,121
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Champion Alliance International Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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, 22nd Floor, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company. The Group, comprising the Company and its subsidiaries, is principally involved in the following activities:

- production and sale of steam for industrial use, heating and electricity in the mainland (“**Mainland China**”) of the People’s Republic of China (the “**PRC**” or “**China**”); and
- trading of household paper products in Mainland China.

During the year, the Group discontinued its business of the manufacture and sale of cigarette packaging materials and provision of related processing services in Mainland China. Further details of this discontinued operation are set out in note 10.

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. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The functional currency of the Company is Hong Kong dollars, while these consolidated financial statements are presented in Renminbi (“**RMB**”). As the management ordinarily uses RMB for management reporting purposes, the directors of the Company consider that it will be more appropriate to adopt RMB as the Group’s and the Company’s presentation currency. All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new or revised HKFRSs – effective on 1 January 2022

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 HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41

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.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) ^{2,3}
Amendments to HKAS 1	Non-Current Liabilities with Covenants (the “2022 Amendments”) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

4. OPERATING SEGMENT INFORMATION

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

- (a) the new energy operation segment engages in the production and sale of steam for industrial use, heating and electricity in Mainland China;
- (b) the household paper products segment trades household paper products; and
- (c) the cigarette packaging products segment manufactures and sells cigarette packaging products and provides related processing service in Mainland 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/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before 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

	Continuing operations						Discontinued operation			
	New energy operation		Household paper products		Total		Cigarette packaging products		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue										
Revenue from external customers	<u>185,469</u>	<u>156,605</u>	<u>65,188</u>	<u>170,663</u>	<u>250,657</u>	<u>327,268</u>	<u>83,351</u>	<u>165,146</u>	<u>334,008</u>	<u>492,414</u>
Segment results	<u>46,666</u>	<u>55,704</u>	<u>12,877</u>	<u>16,712</u>	<u>59,543</u>	<u>72,416</u>	<u>(48,251)</u>	<u>(15,203)</u>	<u>11,292</u>	<u>57,213</u>
Bank interest income									1,117	830
Corporate and other unallocated expenses									(7,200)	(12,363)
Finance costs									<u>(2,445)</u>	<u>(3,649)</u>
Profit before income tax (continuing and discontinued operations)									<u>2,764</u>	<u>42,031</u>

Segment assets and liabilities

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

Other segment information

	Continuing operations						Discontinued operation			
	New energy operation		Household paper products		Total		Cigarette packaging products		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of items of property, plant and equipment										
– Operating segments	18,483	3,003	–	–	18,483	3,003	1,706	2,569	20,189	5,572
– Amount unallocated									18	40
									<u>20,207</u>	<u>5,612</u>
Depreciation of investment property	–	–	–	–	–	–	207	264	207	264
Depreciation of right-of-use assets										
– Operating segments	868	10,003	–	–	868	10,003	280	326	1,148	10,329
– Amount unallocated									513	1,016
									<u>1,661</u>	<u>11,345</u>
Amortisation of computer software	31	–	–	–	31	–	1	19	32	19
Impairment/(reversal of impairment) of trade receivables, net	477	(1,283)	920	–	1,397	(1,283)	–	10,374	1,397	9,091
Capital expenditure*										
– Operating segments	4,074	256,621	–	–	4,074	256,621	261	95	4,335	256,716
– Amount unallocated									–	5
									<u>4,335</u>	<u>256,721</u>

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

Geographical information

No geographical information is presented as the Group's revenue is solely derived from Mainland China and all (2021: more than 90%) of the Group's non-current assets were located in Mainland China.

Information about major customers

During the year ended 31 December 2022, two (2021: two) external customers individually contributed 10% or more to the Group's total revenue for the year and the revenue generated from sales to each of these customers is set out below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
New energy operation segment:		
Customer A	152,674	71,025
Discontinued operation		
Cigarette packaging products segment:		
Customer B	<u>49,379</u>	<u>63,349</u>

5. REVENUE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Sales of goods	<u>250,657</u>	<u>327,268</u>
Discontinued operation		
Sales of goods	83,351	164,155
Processing service income	–	991
	<u>83,351</u>	<u>165,146</u>
	<u><u>334,008</u></u>	<u><u>492,414</u></u>

6. OTHER INCOME AND GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Re-presented)
Continuing operations		
Bank interest income	859	395
Subsidy income	524	87
Government grants*	135	3,934
Other income	71	462
Gain on lease modification	–	36
Write off of property, plant and equipment	(109)	–
	<u>1,480</u>	<u>4,914</u>

* For the years ended 31 December 2022 and 2021, the Group obtained government grants from the PRC government supporting the Group's vocational skills training. There were no conditions to be fulfilled or contingencies related to those grants for both years.

7. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Re-presented)
Continuing operations		
Interest on bank and other borrowings	2,058	2,983
Interest on lease liabilities	3	291
	<u>2,061</u>	<u>3,274</u>

8. PROFIT BEFORE INCOME TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Re-presented)
Continuing operations		
Cost of inventories sold	156,675	224,539
Depreciation of items of property, plant and equipment	18,501	3,043
Less: Amount included in cost of inventories sold	(18,483)	(3,003)
	<u>18</u>	<u>40</u>
Depreciation of right-of-use assets	1,381	11,019
Less: Amount included in cost of inventories sold	(868)	(10,003)
	<u>513</u>	<u>1,016</u>
Amortisation of computer software*	31	–
Lease payments not included in the measurement of lease liabilities*	70	61
Auditor's remuneration*		
– annual audit	1,250	1,433
– other services	94	372
	<u>1,344</u>	<u>1,805</u>
Impairment/(reversal of impairment) of trade receivables, net	1,397	(1,283)
Employee benefit expenses^ (excluding directors' remuneration):		
– Salaries, bonus and benefits in kind	8,958	9,723
– Retirement benefit scheme contributions	1,062	1,154
	<u>10,020</u>	<u>10,877</u>
Less: Amount included in cost of inventories sold	(5,680)	(6,284)
	<u>4,340</u>	<u>4,593</u>

* This item is included in “Administrative expenses” on the face of the consolidated statement of profit or loss and other comprehensive income.

^ During the years ended 31 December 2022 and 2021, no contribution was forfeited (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) under the retirement benefit schemes which may be used by the Group to reduce the contribution payable in the future years. Accordingly, no forfeited contribution was utilised during the years ended 31 December 2022 and 2021. As at 31 December 2022 and 2021, there was no forfeited contribution available to reduce the Group's future level of contribution to the retirement benefit schemes.

9. INCOME TAX EXPENSE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax – Mainland China:		
– tax for the year	15,920	18,110
– under-provision/(over-provision) in respect of prior years	<u>77</u>	<u>(350)</u>
Income tax expense	<u><u>15,997</u></u>	<u><u>17,760</u></u>
Income tax expense attributable to:		
From continuing operations	15,954	17,760
From a discontinued operation	<u>43</u>	<u>–</u>
Income tax expense	<u><u>15,997</u></u>	<u><u>17,760</u></u>

No tax impact arising from the loss on disposal of subsidiaries related to the discontinued operation during the year ended 31 December 2022.

No provision for Hong Kong profits tax has been made for the year ended 31 December 2022 as the Group did not generate any assessable profits arising in Hong Kong during the year (2021: Nil).

Taxes on profits 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.

10. DISCONTINUED OPERATION

During the year, the Group disposed of its 100% equity interest in Lucky Glorious Limited and its subsidiaries (collectively the “Disposal Group”). The Disposal Group engages in the production and sale of metallised packaging paper and provision of related processing services for cigarette package manufacturers. The Group decided to cease its cigarette packaging business in view of the structural reform of the tobacco market in China that may continue weakening the performance of the Group's cigarette packaging business. The disposal was completed on 14 October 2022 and consequently, this operation has been discontinued.

The results of Disposal Group for the relevant periods are presented below:

		Period from 1 January 2022 to 14 October 2022 RMB'000	Year ended 31 December 2021 RMB'000
	<i>Note</i>		
Revenue	<i>Note (a)</i>	83,351	165,146
Cost of sales		(78,988)	(145,727)
Gross profit		4,363	19,419
Other income and gains		2,931	4,400
Expenses*		(52,787)	(39,453)
Finance costs		(384)	(375)
Loss before income tax		(45,877)	(16,009)
Income tax expense		(43)	–
Loss on disposal of subsidiaries		(45,920)	(16,009)
		(2,500)	–
Loss for the year from discontinued operation		(48,420)	(16,009)
Net cashflows of a discontinued operation:			
Operating cash (outflows)/inflows		(12,883)	173
Investing cash outflows		(263)	–
Financing cash inflows		10,124	6,500
		(3,022)	6,673

* Included in the expenses for the period from 1 January 2022 to 14 October 2022 was write-off of inventories of approximately RMB31,200,000. Such write-off arose from damage of inventories caused by flooding at the warehouse prior to the disposal of the Disposal Group.

Loss before taxation has been arrived after charging:

	Period from 1 January 2022 to 14 October 2022 RMB'000	Year ended 31 December 2021 RMB'000
Depreciation of property, plant and equipment	1,706	2,569
Depreciation of investment property	207	264
Depreciation of right-of-use assets	280	326
Interest on lease liabilities	1	4

Note (a):

	Period from 1 January 2022 to 14 October 2022 RMB'000	Year ended 31 December 2021 RMB'000
Timing of revenue recognition		
At a point in time	<u>83,351</u>	<u>165,146</u>

For the purpose of presenting the discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

11. EARNINGS PER SHARE

Continuing and discontinued operations

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

	2022 RMB'000	2021 RMB'000 (Re-presented)
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company		
From continuing operations	39,224	40,370
From a discontinued operation	<u>(48,420)</u>	<u>(16,009)</u>
	<u>(9,196)</u>	<u>24,361</u>
Number of shares	2022	2021
Weighted average number of ordinary shares	<u>546,092,537</u>	<u>508,081,979</u>
	2022 RMB	2021 RMB
(Loss)/earnings per share from continuing and discontinued operations		
– Basic and diluted (<i>RMB per share</i>)	<u>(0.02)</u>	<u>0.05</u>
Earnings per share from continuing operations		
– Basic and diluted (<i>RMB per share</i>)	<u>0.07</u>	<u>0.08</u>

Discontinued operation

Basic and diluted losses per share from the discontinued operation is RMB0.09 per share (2021: RMB0.03 per share), based on loss for the year ended 31 December 2022 from the discontinued operation.

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 years ended 31 December 2022 and 2021.

12. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 December 2022 (2021: Nil).

13. TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	2,521	106,496
Less: Impairment	<u>(1,397)</u>	<u>(14,267)</u>
Trade receivables – net	1,124	92,229
Bills receivables	<u>493</u>	<u>1,150</u>
	<u>1,617</u>	<u>93,379</u>

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 impairment, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	1,043	54,404
1 to 2 months	554	19,594
2 to 3 months	3	6,394
3 to 4 months	3	5,740
Over 4 months	<u>14</u>	<u>7,247</u>
	<u>1,617</u>	<u>93,379</u>

14. TRADE AND BILLS PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	16,513	73,747
Bills payables	<u>–</u>	<u>52,144</u>
	<u>16,513</u>	<u>125,891</u>

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	4,892	82,577
1 to 2 months	1,502	14,078
2 to 3 months	14	5,628
Over 3 months	<u>10,105</u>	<u>23,608</u>
	<u>16,513</u>	<u>125,891</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the (i) new energy operations which includes the production and sale of steam for industrial use, household heating and electricity production; (ii) sale of household paper products; and (iii) cigarette packaging products.

MARKET REVIEW

In 2022, various regions in People's Republic of China (“**PRC**” or “**China**”) witnessed large-scale outbreaks of the pandemic of the novel coronavirus (“**COVID-19**”), subsequently hindering industrial activities and domestic consumption. As a result, the growth in gross domestic products (“**GDP**”) of the country contracted to 3% only, marking the second slowest pace since 1976.

BUSINESS REVIEW

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

The new energy operation segment of the Group engages in the production and sale of steam for industrial use, household heating and electricity in the PRC. The Group provides integrated services solutions for high-efficiency clean coal technology, clean production, energy saving, and environmental protection. Through these solutions, the Group has helped the PRC's clean energy industry to transform, upgrade and tackle the long-existing heating supply problem in urban areas and industrial parks.

In 2022, industrial and manufacturing activities in the PRC slowly recovered to pre-pandemic level as the country's value-added industrial output grew by 3.6% year-on-year. On the other hand, the government continued to push for development of and investment in clean energy industry in order to achieve its “dual carbon” goals. These factors supported the increased application of combined heat and power (“**CHP**” or “**co-generation**”) in the PRC during the year.

During the reporting period, revenue of this segment was approximately RMB185.5 million, representing an increase of approximately 18.4% as compared to 2021.

ii. Household Paper Products

The Group's household paper products segment trades household paper products in the PRC. The Group's household paper 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.

Due to an economic slowdown characterised by depressed consumer and investment sentiment, and with the pandemic largely contained in the PRC, the Group witnessed a slowdown in demand for high-quality household paper products during the year.

During the reporting period, revenue of this segment was approximately RMB65.2 million, representing a decrease of approximately 61.8% as compared to 2021.

iii. Cigarette Packaging Products

In 2022, the government of the PRC continued to step up effort in cigarette control, promotion of mental and physical health, and cancer prevention. Therefore, the Group resolved to dispose of the operation during the year to focus resources on the new energy and household paper products operations. The details of the transaction are set out in the “Major Transaction” section below.

During the reporting period, revenue of this segment was approximately RMB83.4 million, representing a decrease of approximately 49.5% as compared to 2021.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, total revenue of the Group was approximately RMB334 million, representing a decrease of approximately RMB158.4 million over the total revenue of approximately RMB492.4 million for the corresponding period in 2021. Such decrease was because of the disposal of cigarette packaging products operation and the decrease in the sale of household paper products.

The following table sets forth the breakdown of the Group’s revenue for the year ended 31 December 2022 and 2021:

	For the year ended		Change
	31 December		
	2022	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Steam for industrial use, household heating and electricity supply	185,469	156,605	18.4
Household paper products	65,188	170,663	(61.8)
Cigarette packaging products	83,351	165,146	(49.5)

Gross Profit and Gross Profit Margin

The Group's gross profit decreased from approximately RMB102.9 million for the year ended 31 December 2021 to approximately RMB73.3 million for the year ended 31 December 2022. The decrease was mainly due to the decrease in total revenue. Gross profit margin increased from approximately 20.9% for the year ended 31 December 2021 to approximately 21.9% for the year ended 31 December 2022.

Other Income and Gains, Net

For the year ended 31 December 2022, the Group's net other income and gains mainly consisted of rental income, bank interest income, subsidy income, government grants and other income. The other income and gains decreased by approximately 69.9% to approximately RMB1.5 million for the year ended 31 December 2022 from approximately RMB4.9 million for the year ended 31 December 2021. The decrease was mainly due to the decrease in the governmental grants received 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, (iii) entertainment expenses, (iv) travelling expenses and (v) other expenses. The Group's selling and distribution expenses decreased by approximately 38.3% from approximately RMB26.7 million for the year ended 31 December 2021 to approximately RMB16.5 million for the year ended 31 December 2022. The decrease in selling and distribution expenses was mainly due to the decrease in revenue.

Administrative Expenses

For the year ended 31 December 2022, administrative expenses mainly consisted of (i) staff costs, (ii) depreciation and amortisation, (iii) entertainment expenses, (iv) office expenses and (v) legal and professional fee. Administrative expenses decreased from approximately RMB22.3 million for the year ended 31 December 2021 to approximately RMB18.8 million for the year ended 31 December 2022. The decrease in administrative expenses of the Group was mainly due to the decrease of staff costs and repair and maintenance expenses for the reporting period.

Other Expenses

For the year ended 31 December 2022, the Group's other expenses consisted of research and development expenses and depreciation. The net other expenses were approximately RMB2.2 million for the year ended 31 December 2022 as compared to approximately RMB8.4 million for the year ended 31 December 2021.

Finance Costs

Finance costs consisted of interest expenses from bank and other borrowings and interest on lease liabilities. The finance expenses were approximately RMB2.4 million for the reporting period (for the year ended 31 December 2021: RMB3.6 million). The decrease was mainly attributable to the decrease in interest expenses from a loan from an independent third party.

Income Tax Expense

The Group's income tax expense was approximately RMB16 million for the year ended 31 December 2022. The Group's income tax expense was approximately RMB17.8 million in the same period of 2021.

(Loss)/Profit Attributable to Owners of the Company

For the year ended 31 December 2022, the Group's loss attributable to owners of the Company was approximately RMB9.2 million. Profit attributable to owners of the Company for the year ended 31 December 2021 was approximately RMB24.4 million. The loss was mainly attributable to an impairment of inventory in the cigarette packaging products segment with net amount of approximately RMB31.2 million.

LIQUIDITY AND FINANCIAL RESOURCES

Net Current Assets

The Group recorded net current assets of approximately RMB150.8 million as at 31 December 2022, while the net current assets as at 31 December 2021 was approximately RMB76.5 million.

Borrowings and Gearing Ratio

The total borrowings of the Group as at 31 December 2022 were approximately RMB14.8 million (as at 31 December 2021: RMB41.1 million). The Group's gearing ratio decreased from approximately 27.9% as at 31 December 2021 to approximately 11.8% as at 31 December 2022. The decrease in the gearing ratio was primarily a result of the decrease in bank and other borrowings, and amount due to a former shareholder of a subsidiary. Gearing ratio was calculated by dividing total debt (which mainly consisted of bank and other borrowings, amount due to the ultimate holding company, amount due to a company controlled by a former director of a subsidiary, amount due to a director of the former subsidiary, amount due to a former shareholder of a subsidiary and lease liabilities) by total equity as at the dates indicated and multiplied by 100%.

Capital Expenditure

During the year ended 31 December 2022, the Group's total capital expenditure amounted to approximately RMB4.3 million, which was mainly used in plant and machinery and office equipment (year ended 31 December 2021: RMB256.7 million).

Treasury Policies

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

Capital Structure

The capital structure of the Group consists of equity attributable to owners of the Company, which comprises issued share capital and reserves. During the year ended 31 December 2022, there had been no change in the number of issued shares in the Company (the "Shares").

Charge on Assets

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

	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
Property, plant and equipment	–	12,809
Investment property	–	4,086
Right-of-use assets	–	10,388
Restricted cash	–	26,641
	<hr/>	<hr/>
Total	–	53,924
	<hr/> <hr/>	<hr/> <hr/>

MAJOR TRANSACTION

On 5 August 2022, the Company and Sage Height Limited (the "Purchaser") entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of Lucky Glorious Limited (the "Target Company") at a consideration of HK\$49,000,000. The Target Company holds the entire issued share capital of Hubei Mengke Paper Co., Ltd (湖北盟科紙

業有限公司) (“**Hubei Mengke**”), the subsidiary engaging in the production and processing of cigarette packaging products in Hubei Province. The disposal was completed on 14 October 2022, therefore the cigarette packaging product segment is regarded as a discontinued operation.

Contingent Liabilities

As at 31 December 2022, the Group did not have any significant contingent liabilities (as at 31 December 2021: 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 year ended 31 December 2022 (year ended 31 December 2021: nil).

Human Resources and Remuneration

As at 31 December 2022, the Group employed 146 employees (as at 31 December 2021: 280) with total staff costs of approximately RMB12.3 million incurred for the same period (for the year ended 31 December 2021: approximately RMB24.9 million). The decrease of staff costs of the Group was mainly due to the decrease in employees. 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 2022 (year ended 31 December 2021: nil).

Use of Net Proceeds from the Listing

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

As at 31 December 2022, the net proceeds from the Listing has been utilised as follows:

	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 31 December 2022 RMB'000	Balance as at 31 December 2022 RMB'000	Expected timeline for the remaining use of net proceeds (Note)	
					For the year ending 31 December 2023 RMB'000	For the year ending 31 December 2024 RMB'000
Use of net proceeds from the Listing						
Purchase and upgrade of production equipment, as well as expansion and maintenance of the production facilities	23,303	62%	3,568	19,735	1,969	17,766
Expansion and upgrade of non-production facilities, including but not limited to warehouse and other supporting facilities	5,638	15%	1,334	4,304	226	4,078
Business development expenditures, including expanding the geographical coverage of sales network and research and development expenditures relating to the purchase of research and development equipment and to future research and development projects	4,886	13%	4,886	-	-	-
Working capital and general corporate purposes	3,758	10%	3,758	-	-	-
	<u>37,585</u>	<u>100%</u>	<u>13,546</u>	<u>24,039</u>	<u>2,195</u>	<u>21,844</u>

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

As at 31 December 2022, unutilised proceeds amounted to approximately HK\$27 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 the PRC. As at the date of this announcement, the Directors do not anticipate any change to the plan on the use of net proceeds.

Future Plans for Material Investments or Capital Assets

Save for the business plan disclosed in the Prospectus or in this announcement, there is no other plan for material investments or capital assets as at 31 December 2022.

Capital Commitments

As at 31 December 2022, the Group had capital commitments of approximately RMB1 million in terms of acquisition of property, plant and equipment (as at 31 December 2021: RMB5.2 million).

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:

Increasingly 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 limits 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.

In 2021, the Chinese government continued to step up its regulatory efforts in the tobacco and cigarette industry. During the reporting period, the State Tobacco Monopoly Administration issued the "Action Plan for Protecting Minors from Harm of Cigarette" (《保護未成年人免受煙侵害「守護成長」專項行動方案》), which specified plans for promoting education, protection and regulations on the subject matter. The control has extended to e-cigarette sector. In May 2022, the "E-cigarette Control Measures" (《電子煙管理辦法》) became effective, whereby e-cigarette market regulation is reinforced and tightened in terms of production and quality control, sales requirements and behaviours. Furthermore, effective from 1 October 2022, entities engaged in the production and sale of e-cigarette are required to obtain a license to operate, while all e-cigarette products that contain fruit flavour were no longer allowed to be sold. The cigarette market will become more difficult amidst the increasing cigarette control effort, which may result in a decrease in demand for cigarette packaging 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 concerns for public health. Such tightened legislative and regulatory control include regulations limiting smoking in public areas, prohibition on certain types of tobacco advertising, as well as labelling requirements for cigarette packages. In addition, 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.

In May 2021, the National Health Commission of the PRC published the “2020 Report on Health Hazards of Smoking in China” (《中國吸煙危害健康報告2020》). The Report showed that the Chinese smoking population had reached 300 million and the condition of the country’s smoking control still fell far behind the target specified in the Outline for Healthy China 2030 Initiatives (《健康中國2030規劃綱要》), which aimed to lower the smoking population to 20% of the total population of the country. Therefore, the government is anticipated to continue to promulgate new policies on cigarette and smoking control in the future.

Various cities and regions in the PRC, including Shanghai, Chongqing, Beijing, Shenzhen, have promulgated new rules to ban smoking in public areas. 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 Cigarette Price 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. In fact, according to the National Bureau of Statistics, total cigarette production volume was approximately 2,418.2 billion in 2021, representing a year-on-year growth of 1.3% only. Research from AskCI Consulting indicates that total income of tobacco enterprises above designated size is estimated to reach RMB977.4 billion and RMB995.4 billion in 2020 and 2021, respectively, representing a compound annual growth rate of 1.05% only between 2015 and 2021.

Intense Competition

Despite a large number of cigarette brands in China, “Dual 15 cigarette brands” (the top 15 brands with the highest sales from tier one and 2 cigarettes) contributed nearly 70% of total cigarette sales revenue in China in the first 10 months of 2020. With the country experiencing a slowdown in economy, and the continued regulatory tightening in terms of cigarette controls, further industry 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. On the other hand, the cigarette packaging paper manufacturing sector remains fragmented over the years. The low entry barrier has also attracted businesses from the upstream, such as raw materials suppliers and cigarette manufacturers to enter the market. According to industry report, there were over 200 industry players in the market, the top five manufacturers accounted for a total market share of approximately 12.6% in 2020 in terms of sales value. 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. In addition, if the number of cigarette packaging paper manufacturers continues to rise, these factors will ultimately intensify the competition of the cigarette packaging paper market.

Reliance on Major Customers

For the years ended 31 December 2021 and 2022, revenue from our five largest customers amounted to approximately RMB184 million and approximately RMB247 million, respectively, which accounted for approximately 37.4% and approximately 73.9% 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.

Policy Changes and Increasing Competition amidst Continuous Industry Development

As the PRC government continue to promote its goals to achieve carbon peaking and carbon neutrality by 2030 and 2060, respectively, we are seeing the possibilities of continuous changes in existing policies or implementation of new policies to ensure a healthy, sustainable development of the clean energy sector. In 2022, the National Development and Reform Commission (“NDRC”) and the National Energy Administration (“NEA”) issued the Guiding Opinions on Enhancing Green, Low-Carbon Transition Mechanism and Policy Measures for the Energy Sector (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》). One of the recommendations made in the Guiding Opinions is to support the development of co-generation sector. While this would drive the growth in this area given the government’s resolve to transform and upgrade coal-fired generation units and eliminate low-efficiency units, the brighter business prospect is also likely to attract more new industry players, thus intensifying the competition of the co-generation market.

Furthermore, if the growth in increasing number of industry players outweigh the growth in demand, such flooded market can force lower prices for market players to stay competitive, decreasing profit margins, which ultimately decreases market efficiency. In this case, the government will be forced to make critical changes in relevant policy to reinforce sustainable industry development, including industry consolidation where only the largest industry players would survive.

Weakening Growth in Demand for Household Paper Products

The COVID-19 pandemic has created an unprecedentedly huge impact to people’s lives across the world, including heightened awareness of personal health and hygiene. Such change brought about a robust growth in demand for higher quality personal hygiene products, including household paper products.

With the pandemic largely contained in the PRC, there are possibilities the rapid increase in demand for high-quality household paper products may not sustain in a post-pandemic world. The industry may witness a subdued growth in the short term.

Details of the above principal risks and uncertainties and other risks and uncertainties facing the Group are set out in 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 = 21.9% (2021: 20.9%)	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 = RMB160.9 million (2021: RMB149.8 million) Current ratio = 3.4 (2021: 1.3) Gearing ratio = 11.8% (2021: 27.9%)	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.

Strategy	KPIs	Performance
Strive for the “zero harm” safety goal	Accident rate = 0% (2021: 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 OHSAS 18000 Occupational Health and Safety Assurance System.

FUTURE OUTLOOK

After a prolonged period of enforcing “zero-COVID” policies, the Chinese government has removed most of the anti-pandemic measures since late 2022. The policy change caused short-term disruptions as various cities in the country witnessed outbreaks of new wave of infections. Notwithstanding, with China relaunching itself on the international stage and reconnecting with the rest of the world, the domestic economy is anticipated to pick up markedly, led by pent-up consumer demand and stronger investment flow. The Chinese government has now set a “around 5%” target for its full-year GDP growth as well as a 3% goal for the consumption price index in 2023. This reflects the government’s determination to ensure an accelerated economic recovery.

It is expected that the government will roll out a series of stimulus measures to achieve its objective to spur domestic demand and create around 12 million new urban jobs. Given the consumers’ pursuit of better-quality products, a strengthened domestic consumption market will provide opportunities for growth in the consumer staples market, and will be favourable to the development of our household paper product segment. The Group aims to increase penetration in regions where it has existing sales network, enhance product portfolio and expand sales channel to commercial and medical use.

Meanwhile, China is committed to speeding up its energy transition in order to achieve its “dual-carbon” goals. With the industrial and manufacturing activities slowly returning to pre-pandemic level and favourable government policies to drive investment in clean energy, Clean energy sector, including CHP, is likely to see continuous growth in the future. The Group’s new energy business is currently focused in Shandong Province. In order to capture the aforesaid growth of clean energy demand, the Group contemplates to expand to Northeast and Northern China regions.

We expect the long-term, stable economic development will continue to offer ample room for our business growth in the future as the Group continues to nurture its household paper product and new energy operations. The Group will continue to strive for better results and thus to maximise returns to shareholders and society through its dedication to optimise its businesses.

CORPORATE GOVERNANCE

As directors of 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 Directors are 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 2022.

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 2022.

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 2022.

EVENT AFTER THE REPORTING PERIOD

The Group has recently been informed by its four subsidiaries (the "**Subsidiaries**") in regard to their purchase of certain financial products from a state-owned asset management company in the PRC.

On the premise of ensuring the funds required for normal operations, the Subsidiaries entered into contracts for the purchase of these financial products with an annualized rate of return of 2.9% in order to make good use of temporarily idle working capital, as well as to earn capital income. The financial products can be purchased and redeemed at any time, subject to the terms of the contract. The contract period is from 5 January 2023 to 15 April 2023 (the "**Contract Period**"). On or before the end of the Contract Period, all principal amounts can be redeemed and transferred to the Subsidiaries' bank accounts at the Subsidiaries' discretion. All the interest earned will then be credited into the Subsidiaries' bank account after the end of the Contract Period.

The Subsidiaries have purchased financial products with a total worth of RMB198.98 million since 5 January 2023, which consist of 冠均(濟南)日用品有限公司 (RMB95.7 million), 冠均(山東)貿易有限公司 (RMB50,000), 冠均華盈(山東)新能源有限公司 (RMB102.09 million), and 中煤東能(山東)清潔能源有限公司 (RMB1.14 million). The purchase of these financial products did not affect the normal operation of the Group. As of today, all the principal amounts of these financial products have been redeemed and transferred back to the Subsidiaries' bank accounts.

The Group will make further announcements with respect to the above purchase of financial products and to re-comply with the requirements of the Listing Rules.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Wednesday, 28 June 2023 (the “**2023 AGM**”). Notice and circular of the 2023 AGM will be delivered to shareholders in accordance with the Listing Rules and the articles of association of the Company in due course.

For the purpose of determining shareholders who are entitled to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 21 June 2023.

AUDIT COMMITTEE

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 Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2022 and is of the view that the preparation of such 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.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income as set out in the audited annual results for the year ended 31 December 2022 have been agreed by the Company's auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual consolidated results announcement is published on the Company's website at www.championshipintl.com and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Group for the year ended 31 December 2022 is expected to be despatched to the shareholders of the Company on or before Friday, 28 April 2023 and will be available on the above websites.

APPRECIATION

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

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

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises Mr. Chen Shuming, 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. Chin Chi Ho Stanley as independent non-executive Directors.