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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)

NOTIFIABLE TRANSACTIONS IN RELATION TO THE SUBSCRIPTIONS AND REDEMPTIONS OF THE FINANCIAL PRODUCT

SUBSCRIPTIONS AND REDEMPTIONS OF THE FINANCIAL PRODUCT

The Board announces that on 5 January 2023, the Company, through its four subsidiaries, entered into the agreements with the Issuer, a state-owned asset management company in the PRC, to subscribe for the Financial Product for a maximum aggregate subscription amount of RMB242.2 million during the period from 5 January 2023 to 15 April 2023 (the “**Contract Period**”). Between 14 January 2023 and 28 March 2023, the Company, through its four subsidiaries, subscribed for and redeemed the Financial Product from time to time for an aggregate principal amount of approximately RMB199.0 million.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio for the Subscriptions exceeds 100%, the subscriptions of the Financial Product in aggregate constituted a very substantial acquisition of the Company. As the highest applicable percentage ratio for the Redemptions exceeds 75%, the redemptions of the Financial Product in aggregate constituted a very substantial disposal of the Company. The Company should have complied with the relevant reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of both the Subscriptions and the Redemptions (collectively, the “**Transactions**”) and when such obligations arose. Given the fixed rate, principal and return guaranteed nature, and the discretion to subscribe and redeem at any time during the Contract Period of the Financial Product, the Company was of the mistaken belief that the Financial Product was similar in nature to demand deposit which do not constitute transaction(s) as defined under Chapter 14 of the Listing Rules, and the Company failed to comply with these Listing Rules requirements due to its unintentional and inadvertent oversight.

As soon as this breach has been discovered during the preparation of the Company's annual report for the year ended 31 December 2022, the Company has proceeded to redeem all the Financial Product at the earliest opportunity. Considering that all outstanding amount of the Financial Product has been redeemed on or before 28 March 2023 and the Company has received all the principal and interests derived from the Financial Product, although the Transactions in nature technically constituted a very substantial acquisition and a very substantial disposal and should have been subject to the Shareholders' approval requirement as set out above, the Company considers that it might not be meaningful and therefore does not intend to despatch any circular or convene any general meeting of the Company for the purpose of approving or ratifying the Transactions.

SUBSCRIPTIONS AND REDEMPTIONS OF THE FINANCIAL PRODUCT

The Board announces that on 5 January 2023, the Company, through its four subsidiaries, entered into the agreements with the Issuer, a state-owned asset management company in the PRC, to subscribe for the Financial Product for a maximum aggregate subscription amount of RMB242.2 million during the Contract Period. Between 14 January 2023 and 28 March 2023, the Company, through its four subsidiaries, subscribed for the Financial Product for an aggregate principal amount of approximately RMB199.0 million. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Issuer and its beneficial owner are Independent Third Parties. The key terms of the Subscriptions by the four subsidiaries are set out in the table below.

Subscribers	First Subscription Date	Aggregate Subscription Amount (RMB)	Final Redemption Date	Type of Return	Annualised Return Rate
Guanjun (Jinan) Daily Necessities Co., Ltd.* (冠均(濟南)日用品有限公司)	21 February 2023	95,700,000.00	28 March 2023	Principal and interest guaranteed	2.90%
Guanjun (Shandong) Trading Co., Ltd.* (冠均(山東)貿易有限公司)	14 January 2023	50,245.24	14 February 2023	Principal and interest guaranteed	2.90%
Guanjun Huaying (Shandong) New Energy Co., Ltd.* (冠均華盈(山東)新能源有限公司)	14 January 2023	102,090,851.30	27 March 2023	Principal and interest guaranteed	2.90%
China Coal Dongneng (Shandong) Clean Energy Co., Ltd.* (中煤東能(山東)清潔能源有限公司)	14 January 2023	1,140,038.80	27 March 2023	Principal and interest guaranteed	2.90%

The Financial Product is fixed rate, principal and return guaranteed with the discretion to subscribe and redeem at any time depending on the subsidiaries' operation conditions throughout the Contract Period.

On or before 28 March 2023, the Company has redeemed all outstanding amount of the Financial Product and received all the principal and interest derived from the Financial Product. The Group received a total interest income of approximately RMB0.56 million. The proceeds from the Redemptions have been used as general working capital of the Group.

CONSIDERATION

The Directors confirmed that the considerations of the Subscriptions were determined between the Company and the Issuer on the basis of commercial terms negotiated at arm's length after taking into account the surplus cash available of the Group for the purpose of treasury management.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

The Financial Product is characterised by its nature of convenient subscription and redemption during the Contract Period, and the Subscriptions were used by the Company for treasury management purpose in order to maximise its return on the surplus cash received from its business operations.

Having considered that (i) the Issuer is a state-owned asset management company with sound credibility; (ii) the Subscriptions generate a better yield than other demand deposits generally offered by commercial banks in the PRC; (iii) the Financial Product has flexible subscription and redemption nature; and (iv) the Subscriptions were funded by surplus cash reserves which would not affect the sufficiency of working capital of the Group nor hinder the operation of the Group's businesses, the Directors consider that the terms of the Financial Product are fair and reasonable and are on normal commercial terms, and the Transactions are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND THE ISSUER

Information on the Company

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.

Information on the Issuer

The Issuer is a state-owned asset management company incorporated in Shandong Province, the PRC with registered capital of RMB300 million and principally engaged in assets management, fund projects management, industrial investment and management, public welfare investment and management, and investment solicitation. The identity of the Issuer will be disclosed by the Company as and when appropriate upon obtaining the relevant consent from the Issuer.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Subscriptions exceeds 100%, the Subscriptions in aggregate constituted a very substantial acquisition of the Company. As the highest applicable percentage ratio for the Redemptions exceeds 75%, the redemptions of the Financial Product in aggregate constituted a very substantial disposal of the Company. The Company should have complied with the relevant reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of the Transactions and when such obligations arose. Given the fixed rate, principal and return guaranteed nature, and the discretion to subscribe and redeem at any time during the Contract Period of the Financial Product, the Company was of the mistaken belief that the Financial Product was similar in nature to demand deposit which do not constitute transaction(s) as defined under Chapter 14 of the Listing Rules, and the Company failed to comply with these Listing Rules requirements due to its unintentional and inadvertent oversight.

As soon as this breach has been discovered during the preparation of the Company's annual report for the year ended 31 December 2022, the Company has proceeded to redeem all outstanding amount of the Financial Product at the earliest opportunity. Considering that all outstanding amount of the Financial Product has been redeemed on or before 28 March 2023 and the Company has received all the principal and interests derived from the Financial Product, although the Transactions in nature technically constituted a very substantial acquisition and a very substantial disposal and should have been subject to the Shareholders' approval requirement as set out above, the Company considers that it might not be meaningful and therefore does not intend to despatch any circular or convene any general meeting of the Company for the purpose of approving or ratifying the Transactions.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the delay in compliance with the Listing Rules was inadvertent and unintentional. To prevent the recurrence of similar incidents in the future, the Company has implemented the following remedial actions with immediate effect:

- (i) the Company has been improving its reporting system which require the finance department of the Group to report to the Group's management in advance about any proposed subscription of financial products no matter the financial products in question is "principal-guaranteed" or not, and shall only subscribe for these products after the finance department has evaluated the implications of the Listing Rules and the Company has complied with the applicable requirements under the Listing Rules;
- (ii) the Company has been improving the communication, coordination and reporting arrangements for notifiable transactions among the relevant departments of the Group, including among its finance team, legal team, and the office of board secretary team;

- (iii) the Company has circulated a detailed guideline relating to notifiable transactions under the Listing Rules and will arrange regular training annually on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and responsible staff to strengthen and reinforce their existing knowledge relating to the requirements of the Listing Rules on notifiable transactions, as well as their ability to identify potential issues at early stage;
- (iv) the Company shall, as and when appropriate and necessary, consult financial advisers, legal advisers and/or other professional advisers before entering into possible notifiable transaction or when notifiable transactions are being contemplated, including any future subscription or disposal of financial products; and
- (v) the Company will discuss and review its internal control and compliance system annually to identify any weakness and consider further remedial actions to address them.

Going forward, the Company will continue to comply with the management procedures of its subscription for any financial products and make appropriate disclosure in a timely manner to ensure compliance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires others:

“Board”	the board of Directors
“Company”	Champion Alliance International Holdings Limited (Stock Code: 1629), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Financial Product”	the financial product issued by the Issuer and subscribed by the subsidiaries of the Company as set out in the table of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules)

“Issuer”	a state-owned asset management company in Shandong Province, the PRC, and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan
“Redemptions”	the redemptions of the Financial Product by the subsidiaries of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription(s)”	the subscriptions of the Financial Product by the subsidiaries of the Company
“%”	per cent.

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

Hong Kong, 30 June 2023

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

* *The English translation of Chinese names or words in this announcement, where indicated by “*”, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*