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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 2023**

#### **HIGHLIGHTS**

- Revenue from the continuing operations for the year ended 31 December 2023 increased by approximately 83.5% or RMB54.5 million to approximately RMB119.7 million.
- Gross profit from the continuing operations for the year ended 31 December 2023 increased by approximately 24.3% or RMB4.4 million to approximately RMB22.7 million.
- Profit attributable to equity holders of the Company for the year ended 31 December 2023 was approximately RMB17.2 million as compared to the loss attributable to equity holders of the Company of approximately RMB9.2 million for the year ended 31 December 2022.
- Basic earnings per share from continuing and discontinued operations of the Company for the year ended 31 December 2023 was approximately RMB3.16 cents as compared to basic loss per share of the Company of approximately RMB1.68 cents for the year ended 31 December 2022.
- Basic earnings per share from continuing operations of the Company for the year ended 31 December 2023 was approximately RMB2.68 cents as compared to basic earnings per share of the Company of approximately RMB0.001 cent for the year ended 31 December 2022.
- The Board proposed not to declare any final dividend for the year ended 31 December 2023.

## 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 2023 together with the comparative audited results for the year ended 31 December 2022 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>RMB’000</i>	2022 <i>RMB’000</i> (Re-presented)
<b>Continuing operations</b>			
Revenue	5	<b>119,652</b>	65,188
Cost of sales		<b>(96,973)</b>	(46,939)
Gross profit		<b>22,679</b>	18,249
Other income and gains and loss	6	<b>1,366</b>	703
Selling and distribution expenses		<b>(1,712)</b>	(3,321)
Administrative expenses		<b>(6,361)</b>	(8,728)
Impairment of trade receivables, net		<b>–</b>	(920)
Finance costs	7	<b>(663)</b>	(2,061)
Profit before income tax	8	<b>15,309</b>	3,922
Income tax expense	9	<b>(5,748)</b>	(3,915)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>9,561</b>	7
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	10	<b>2,623</b>	(13,240)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>12,184</b>	(13,233)
Other comprehensive income/(expense):			
<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		<b>181</b>	(5,406)
<i>Item reclassified to profit or loss:</i>			
– Reclassification of exchange differences upon disposal of subsidiaries		<b>–</b>	396
Other comprehensive income/(expense) for the year		<b>181</b>	(5,010)
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR</b>		<b>12,365</b>	(18,243)

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (Re-presented)
<b>PROFIT/(LOSS) FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company			
From continuing operations		<b>14,610</b>	7
From discontinued operations		<b>2,623</b>	(9,203)
		<u><b>17,233</b></u>	<u>(9,196)</u>
Non-controlling interests		<u><b>(5,049)</b></u>	<u>(4,037)</u>
		<u><b>12,184</b></u>	<u>(13,233)</u>
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSE) ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>17,414</b>	(14,206)
Non-controlling interests		<b>(5,049)</b>	(4,037)
		<u><b>12,365</b></u>	<u>(18,243)</u>
<b>EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS</b>			
– Basic and diluted ( <i>RMB cents per share</i> )	11	<u><b>3.16</b></u>	<u>(1.68)</u>
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>			
– Basic and diluted ( <i>RMB cents per share</i> )	11	<u><b>2.68</b></u>	<u>0.00</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>110,696</b>	193,801
Investment properties		<b>105,322</b>	–
Right-of-use assets		–	38,988
Computer software		<b>5</b>	14
Prepayments for property, plant and equipment		–	3,303
		<hr/>	<hr/>
Total non-current assets		<b>216,023</b>	236,106
<b>CURRENT ASSETS</b>			
Inventories		<b>56,521</b>	47,643
Trade and bills receivables	13	<b>40,234</b>	1,617
Prepayments, deposits and other receivables		<b>23,080</b>	4,052
Cash and cash equivalents		<b>111,030</b>	160,885
		<hr/>	<hr/>
Total current assets		<b>230,865</b>	214,197
<b>CURRENT LIABILITIES</b>			
Trade payables	14	<b>16,525</b>	16,513
Other payables and accruals		<b>37,043</b>	41,270
Income tax payable		<b>2,730</b>	5,110
Other borrowings		<b>19,750</b>	–
Deferred government grants		<b>524</b>	524
		<hr/>	<hr/>
Total current liabilities		<b>76,572</b>	63,417
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>154,293</b>	150,780
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>370,316</b>	386,886
		<hr/>	<hr/>

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	<b>13,553</b>	27,205
Other borrowings	–	14,759
Deferred government grants	<b>22,520</b>	23,044
	<hr/>	<hr/>
Total non-current liabilities	<b>36,073</b>	65,008
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>334,243</b>	321,878
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Share capital	<b>4,838</b>	4,838
Reserves	<b>246,380</b>	228,966
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>251,218</b>	233,804
Non-controlling interests	<b>83,025</b>	88,074
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>334,243</b>	321,878
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## 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:

- leasing of properties which are located 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 ended 31 December 2023, the Group discontinued its business of the production and sale of steam for industrial use, heating and electricity in Mainland China of the PRC. Further details of this discontinued operation are set out in note 10.

During the year ended 31 December 2022, 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 amended HKFRSs – effective on 1 January 2023

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:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, 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.

#### *Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

**(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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related Amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

**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 property leasing segment to lease out the land and buildings which are located in Mainland China;
- (b) the household paper products segment trades household paper products;
- (c) the new energy operation segment engages in the production and sale of steam for industrial use, heating and electricity in Mainland China (discontinued operation); and
- (d) 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 income tax. The adjusted profit/(loss) before income tax is measured consistently with the Group's profit/(loss) before income tax except that certain bank and other 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 operations							
	Property leasing		Household paper products		Total		New energy operations		Cigarette packaging products		Total		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b> <i>(note 5)</i>														
Revenue from external customers	1,947	-	117,705	65,188	119,652	65,188	126,339	185,469	-	83,351	126,339	268,820	245,991	334,008
<b>Segment results</b>	(1,698)	-	22,264	12,877	20,566	12,877	8,710	47,219	-	(48,251)	8,710	(1,032)	29,276	11,845
Bank and other interest income													1,133	1,117
Corporate and other unallocated expenses													(4,619)	(7,753)
Finance costs													(651)	(2,445)
Profit before income tax (continuing and discontinued operations)													25,139	2,764

## 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 operations							
	Property leasing		Household paper products		Total		New energy operations		Cigarette packaging products		Total		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	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	3,227	-	-	-	3,227	-	15,796	18,483	-	1,706	15,796	20,189	19,023	20,189
– Amount unallocated													-	18
													<u>19,023</u>	<u>20,207</u>
Depreciation of investment properties	171	-	-	-	171	-	-	-	-	207	-	207	171	207
Depreciation of right-of-use assets														
– Operating segments	-	-	-	-	-	-	723	868	-	280	723	1,148	723	1,148
– Amount unallocated													-	513
													<u>723</u>	<u>1,661</u>
Amortisation of computer software	-	-	9	-	9	-	-	31	-	1	-	32	9	32
Impairment of trade receivables, net	-	-	-	920	-	920	-	477	-	-	-	477	-	1,397
Capital expenditure*	-	-	-	-	-	-	3,146	4,074	-	261	3,146	4,335	3,146	4,335

\* 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 of the Group's non-current assets were located in Mainland China for both years.

### Information about major customers

During the year ended 31 December 2023, one (2022: 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Re-presented)
<b>Discontinued operations</b>		
New energy operations segment:		
Customer A	92,536	152,674
Cigarette packaging products segment:		
Customer B	–	49,379
	<u>–</u>	<u>49,379</u>

## 5. REVENUE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Re-presented)
<b>Continuing operations</b>		
Rental income	1,947	–
Sale of goods	<u>117,705</u>	<u>65,188</u>
	<u>119,652</u>	<u>65,188</u>
<b>Discontinued operations</b>		
Sale of services and goods	<u>126,339</u>	<u>268,820</u>
	<u>245,991</u>	<u>334,008</u>

## 6. OTHER INCOME AND GAINS AND LOSS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Re-presented)
<b>Continuing operations</b>		
Bank interest income	320	697
Other interest income	886	–
Government grants*	–	60
Other income	119	55
Exchange gain, net	41	–
Write off of property, plant and equipment	–	(109)
	<u>1,366</u>	<u>703</u>

\* For the year ended 31 December 2022, 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 the year.

## 7. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Re-presented)
<b>Continuing operations</b>		
Interest on bank and other borrowings	651	2,057
Interest on lease liabilities	–	4
Imputed interest on rental deposit received	12	–
	<u>663</u>	<u>2,061</u>

## 8. PROFIT BEFORE INCOME TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Re-presented)
<b>Continuing operations</b>		
Cost of inventories sold	93,241	46,931
Depreciation of items of property, plant and equipment	3,227	18
Less: Amount included in cost of inventories sold	<u>(3,227)</u>	<u>–</u>
	<u>–</u>	<u>18</u>
Depreciation of investment properties	171	–
Amortisation of computer software*	9	–
Lease payments not included in the measurement of lease liabilities*	40	70
Auditor's remuneration*		
– annual audit	1,080	1,250
– other services	<u>40</u>	<u>94</u>
	<u>1,120</u>	<u>1,344</u>
Impairment of trade receivables, net	–	920
Employee benefit expenses^ (excluding directors' remuneration):		
– Salaries, bonus and benefits in kind	2,599	8,114
– Retirement benefit scheme contributions	<u>215</u>	<u>930</u>
	<u>2,814</u>	<u>9,044</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 2023 and 2022, 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 at 31 December 2023 and 2022. As at 31 December 2023 and 2022, 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 expense is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Re-presented)
Current tax – Mainland China:		
– tax for the year	10,704	15,920
– under-provision in respect of prior years	<u>2,251</u>	<u>77</u>
Income tax expense	<u><b>12,955</b></u>	<u><b>15,997</b></u>
Income tax expense attributable to:		
Continuing operations	5,748	3,915
Discontinued operations	<u>7,207</u>	<u>12,082</u>
Income tax expense	<u><b>12,955</b></u>	<u><b>15,997</b></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 2023 as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

Taxes on profits assessable in Mainland China have been calculated at the applicable tax rate of 25% on the estimated assessable profits for the year, based on the prevailing legislation, interpretations and practices in respect thereof.

## 10. DISCONTINUED OPERATIONS

- (a) On 6 November 2023, one of the Company's subsidiaries entered into a lease agreement with an independent third party to lease the plant and buildings, machinery and leasehold land which associated with the new energy business (the "**Lease Agreement**"). The handover of the plant and buildings, machinery and leasehold land was completed on 15 November 2023. Since the Group does not have any significant continuing involvement in the new energy business, and the new energy business represented a separate major business line of the Group's operations. The directors of the Company are in view of that the new energy business has been abandoned and discontinued as of the commencement date of the Lease Agreement.

The result of the discontinued operation for the relevant periods are presented below:

	<b>Period from 1 January 2023 to 15 November 2023 RMB'000</b>	Year ended 31 December 2022 RMB'000
Revenue ( <i>Note</i> )	126,339	185,469
Cost of sales	<u>(118,942)</u>	<u>(134,767)</u>
Gross profit	7,397	50,702
Other income and gains and loss	4,861	778
Expenses	<u>(2,428)</u>	<u>(4,261)</u>
Profit before income tax	9,830	47,219
Income tax expense	<u>(7,207)</u>	<u>(12,039)</u>
Profit for the period/year from discontinued operation	<u><b>2,623</b></u>	<u><b>35,180</b></u>
Net cashflows of a discontinued operation:		
Operating cash (outflows)/inflows	(50,370)	8,804
Investing cash outflows	–	(2,356)
Financing cash outflows	<u>–</u>	<u>(475)</u>
	<u><b>(50,370)</b></u>	<u><b>5,973</b></u>

Profit before taxation has been arrived after charging:

	<b>Period from 1 January 2023 to 15 November 2023 RMB'000</b>	Year ended 31 December 2022 RMB'000
Depreciation of property, plant and equipment	15,796	18,483
Depreciation of right-of-use assets	<u>723</u>	<u>868</u>

*Note:*

	<b>Period from 1 January 2023 to 15 November 2023 RMB'000</b>	Year ended 31 December 2022 RMB'000
Timing of revenue recognition		
Over time	<u><b>126,339</b></u>	<u><b>185,469</b></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.

- (b) During the year 31 December 2022, 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
Revenue	83,351
Cost of sales	<u>(78,988)</u>
Gross profit	4,363
Other income and gains	2,931
Expenses*	(52,787)
Finance costs	<u>(384)</u>
Loss before income tax	(45,877)
Income tax expense	<u>(43)</u>
	(45,920)
Loss on disposal of subsidiaries	<u>(2,500)</u>
Loss for the year from discontinued operation	<u><u>(48,420)</u></u>
Net cashflows of a discontinued operation:	
Operating cash outflows	(12,883)
Investing cash outflows	(263)
Financing cash inflows	<u>10,124</u>
	<u><u>(3,022)</u></u>

- \* 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 <i>RMB'000</i>
Depreciation of property, plant and equipment	1,706
Depreciation of an investment property	207
Depreciation of right-of-use assets	280
Interest on lease liabilities	1
	<u><u>1</u></u>

*Note:*

	Period from 1 January 2022 to 14 October 2022 <i>RMB'000</i>
Timing of revenue recognition At a point in time	<u><u>83,351</u></u>

## 11. EARNINGS/(LOSS) PER SHARE

### Continuing and discontinued operations

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Re-presented)
<b>Earnings/(loss)</b>		
Profit/(loss) for the year attributable to owners of the Company		
From continuing operations	14,610	7
From discontinued operations	2,623	(9,203)
	<u><u>17,233</u></u>	<u><u>(9,196)</u></u>
<b>Number of shares</b>	2023	2022
Weighted average number of ordinary shares	<u><u>546,092,537</u></u>	<u><u>546,092,537</u></u>
	2023 <i>RMB cents</i>	2022 <i>RMB cents</i>
Earnings/(loss) per share from continuing and discontinued operations		
– Basic and diluted ( <i>RMB cents per share</i> )	<u><u>3.16</u></u>	<u><u>(1.68)</u></u>
Earnings per share from continuing operations		
– Basic and diluted ( <i>RMB cents per share</i> )	<u><u>2.68</u></u>	<u><u>0.00</u></u>

## Discontinued operations

Basic and diluted earnings per share from the discontinued operations is RMB0.48 cents per share (2022: basic and diluted loss per share RMB1.69 cents per share), based on profit for the year ended 31 December 2023 from the discontinued operations.

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 2023 and 2022.

## 12. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

## 13. TRADE AND BILLS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	41,631	2,521
Less: Impairment	<u>(1,397)</u>	<u>(1,397)</u>
Trade receivables – net	40,234	1,124
Bills receivables	<u>–</u>	<u>493</u>
	<u><b>40,234</b></u>	<u><b>1,617</b></u>

### Notes:

The Group's trading terms with its customers for the sale of goods and provision of processing services are mainly on credit. For new customers, payment in advance is normally required. The credit period is generally 30 days for customers of household paper products and 30 to 150 days for customers of new energy operations. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	447	1,043
1 to 2 months	9	554
2 to 3 months	8	3
3 to 4 months	9	3
Over 4 months	<u>39,761</u>	<u>14</u>
	<u><b>40,234</b></u>	<u><b>1,617</b></u>

#### 14. TRADE PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables ( <i>Note</i> )	<u>16,525</u>	<u>16,513</u>

*Note:*

The trade payables are non-interest bearing and are normally settled on 30-day terms.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	7,037	4,892
1 to 2 months	–	1,502
2 to 3 months	–	14
Over 3 months	<u>9,488</u>	<u>10,105</u>
	<u>16,525</u>	<u>16,513</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; and (ii) sale of household paper products and hygiene products.

### MARKET REVIEW

In 2023, the People's Republic of China (“**PRC**” or “**China**”) has slowly recovered from the large-scale outbreaks of the pandemic of the novel coronavirus (“**COVID-19**”), the growth in Gross Domestic Products (“**GDP**”) of the country has risen up to 5.2% year on year, showing a steady pickup of post-pandemic bounce although there are signs of property market concerns and deflationary risks.

### BUSINESS REVIEW

#### i. New Energy Operations

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 2023, the recovery in industrial and manufacturing activities in the PRC had not yet been brought back to pre-pandemic level as China's Purchasing Manager Index showed slowing signs that saw the index stood below 50 for seven months in 2023. The clean energy sector on other hand saw a stunning growth of 40% year-on-year as the clean energy investment in China rose to RMB6.3 trillion and accounted for 40% of China's GDP growth in 2023.

On 6 November 2023, the Group made a lease agreement with a state-owned enterprise, of which the Group has leased the factory, the equipment and the land to the state-owned enterprise until 31 December 2026. The details of the transaction are set out in the “Disclosable Transaction” section below.

During the reporting period, revenue of this segment was approximately RMB126.3 million, representing an decrease of approximately 31.9% as compared to 2022.

## ii. Household Paper and Hygiene Products

The Group's household paper and hygiene products segment trades household paper and hygiene products in the PRC. The Group's household paper and hygiene products business currently has over 400 corporate customers, with sales network spanning across Heilongjiang, Jilin, Liaoning, Hebei, Henan, Shandong, Shaanxi, Jiangsu and Anhui Provinces, Beijing and Tianjin.

Due to the change of consumption behavior in the post-pandemic time, there has been a shift in consumer focus towards online shopping and home-related shopping. This has led to an increase in the demand for household paper products in general.

During the reporting period, revenue of this segment was approximately RMB117.7 million, representing an increase of approximately 80.6% as compared to 2022.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2023, total revenue of the Group from the continuing operations was approximately RMB119.7 million, representing an increase of approximately RMB54.5 million over the total revenue of approximately RMB65.2 million for the corresponding period in 2022.

The following table sets forth the breakdown of the Group's revenue for the year ended 31 December 2023 and 2022:

	For the year ended		Change
	31 December		
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	%
		(Re-presented)	
Property leasing	<b>1,947</b>	–	N/A
Household paper products	<b>117,705</b>	65,188	80.6
Total continuing operations	<b>119,652</b>	65,188	83.5
New energy generations	<b>126,339</b>	185,469	(31.9)
Cigarette packaging products	–	83,351	(100)
Total discontinued operations	<b>126,339</b>	268,820	(53)
Total	<b>245,991</b>	334,008	(26.4)

## **Gross Profit and Gross Profit Margin**

The Group's gross profit from the continuing operations increased from approximately RMB18.2 million for the year ended 31 December 2022 to approximately RMB22.7 million for the year ended 31 December 2023. The increase was mainly due to the increase in total revenue. Gross profit margin decreased from approximately 28% for the year ended 31 December 2022 to approximately 19% for the year ended 31 December 2023.

## **Other Income and Gains and Loss**

For the year ended 31 December 2023, the Group's other income and gains and loss mainly consisted of bank interest income, other interest income, government grants, and other income. The other income and gains and loss increased by approximately 94.3% to approximately RMB1.4 million for the year ended 31 December 2023 from approximately RMB0.7 million for the year ended 31 December 2022. The increase was mainly due to the increase in other income and the Group received large sum of other interest income during 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 48.4% from approximately RMB3.3 million for the year ended 31 December 2022 to approximately RMB1.7 million for the year ended 31 December 2023. The decrease in selling and distribution expenses was mainly due to the Group's cost saving measures.

## **Administrative Expenses**

For the year ended 31 December 2023, 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 RMB8.7 million for the year ended 31 December 2022 to approximately RMB6.4 million for the year ended 31 December 2023. The decrease in administrative expenses of the Group was mainly due to the decrease of staff costs for the reporting period.

## **Finance Costs**

Finance costs mainly consisted of interest expenses from bank and other borrowings, imputed interest on rental deposit received and interest on lease liabilities. Finance costs decreased from approximately RMB2.1 million for the year ended 31 December 2022 to approximately RMB0.6 million. The decrease was mainly attributable to the decrease in interest expenses from bank and other borrowings.

## **Income Tax Expense**

The Group's income tax expense was approximately RMB5.7 million for the year ended 31 December 2023. The Group's income tax expense was approximately RMB3.9 million in the same period of 2022.

## **Profit/(Loss) Attributable to Owners of the Company**

For the year ended 31 December 2023, the Group's profit attributable to owners of the Company was approximately RMB17.2 million. Loss attributable to owners of the Company for the year ended 31 December 2022 was approximately RMB9.2 million. The turnaround was primarily due to (i) the substantial increase in revenue for the household paper products segment of the Group during the Relevant Year; and (ii) the net loss attributable to owners of the Company in the amount of approximately RMB18.2 million for the year ended 31 December 2022 was mainly due to the loss making position of the cigarette packaging products business of the Group in the amount of approximately RMB48.4 million and such business was ceased and disposed of by the Group in October 2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Net Current Assets**

The Group recorded net current assets of approximately RMB154.3 million as at 31 December 2023, while the net current assets as at 31 December 2022 was approximately RMB150.8 million.

### **Borrowings and Gearing Ratio**

The total debt of the Group as at 31 December 2023 were approximately RMB31.4 million (as at 31 December 2022: RMB38.1 million). The Group's gearing ratio decreased from approximately 11.8% as at 31 December 2022 to approximately 9.4% as at 31 December 2023. The decrease in the gearing ratio was primarily a result of the decrease in total debt. Gearing ratio was calculated by dividing total debt (which mainly consisted of other borrowings and amount due to a former shareholder of a subsidiary) by total equity as at the dates indicated and multiplied by 100%.

### **Capital Expenditure**

During the year ended 31 December 2023, the Group's total capital expenditure amounted to approximately RMB3.1 million, which was mainly used in plant and machinery and office equipment (year ended 31 December 2022: RMB4.3 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 2023, there had been no change in the number of issued shares in the Company (the “**Shares**”).

## **DISCLOSABLE TRANSACTION**

On 6 November 2023, 中煤東能(山東)清潔能源有限公司 (for transliteration purpose only, China Coal Dongneng (Shandong) New Energy Company Limited), a company established in the PRC with limited liability and a 51% indirectly owned subsidiary of the Company (the “**Lessor**”) entered into a Lease Agreement with 山東東原新能源技術有限公司 (for transliteration purpose only, Shandong Dongyuan New Energy Technology Company Limited), a state-owned enterprise established in the PRC with limited liability (the “**Lessee**”), pursuant to which the Lessor agreed to lease the Factory, Equipment and the Land to the Lessee for a period from the 15 November 2023 to 31 December 2026.

Under the Lease Agreement, the Lessee shall pay a monthly rent (i) in the amount of RMB1.1 million for the period from the Handover Date up to 31 December 2024; (ii) in the amount of RMB1.133 million for the period from the 1 January 2025 up to 31 December 2025; and (iii) in the amount of RMB1.167 million for the period from the 1 January 2026 up to 31 December 2026.

The Lessor was engaging in new energy operations which include the production and sale of steam for industrial use, urban heating and electricity supply. The handover of the Factory, Equipment and the Land was completed by 15 November 2023, in which the new energy segment is then regarded as a discontinued operation.

## **Contingent Liabilities**

As at 31 December 2023, the Group did not have any significant contingent liabilities (as at 31 December 2022: 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 2023 (year ended 31 December 2022: nil).

## **Human Resources and Remuneration**

As at 31 December 2023, the Group employed 22 employees (as at 31 December 2022: 146) with total staff costs of approximately RMB4.3 million incurred for the same period (for the year ended 31 December 2022: approximately RMB11.3 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 2023 (year ended 31 December 2022: 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 2023, 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 2023 RMB'000	Balance as at 31 December 2023 RMB'000	Expected timeline for the remaining use of net proceeds (Note)	
					For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000
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 2023, unutilised proceeds amounted to approximately HK\$26 million (equivalent to approximately RMB24 million), which will be invested in production plant, equipment upgrade and technical development. The unutilised portion of the net proceeds has 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.

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 2023.

## **Capital Commitments**

As at 31 December 2023, the Group had capital commitments of approximately RMB0.1 million in terms of acquisition of property, plant and equipment (as at 31 December 2022: RMB1 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:

### **Reliance on Major Customers**

For the years ended 31 December 2023, revenue from our five largest customers amounted to approximately RMB134 million, which accounted for approximately 54.4% 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 as well as new products range for easing the risk of concentration on income sources.

### **Policy Changes and Increasing Competition amidst Continuous Industry Development**

As the PRC government continues 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 2023, The National Energy Administration (the “NEA”) issued the “2023 Energy Work Guidance Opinions”, which proposed to deepen the green and low-carbon transformation of energy. Further, on 8 November 2023, China’s National Development and Reform Commission (NDRC) and the NEA issued a policy on a coal power capacity pricing mechanism that aims to drive renewable expansion and expedite the shift toward low-carbon energy and new energy sector.

Furthermore, if the growth in industry players outweighs the growth in demand, such market saturation and competition could force lower prices and decreasing profit margins on all market players, which ultimately lowers market efficiency and profitability.

During the period, the Company has leased the new energy operations to a state-owned enterprise until 31 December 2026. The details of it are set out in the “Disclosable Transaction” section.

## **FUTURE OUTLOOK**

In 2023, China's economy has seen a bottoms-out in the post-pandemic time, mainly attributed by supports from consumption boost driven by service sector recovery, industrial production hike due to state policy highlights high-end and green manufacturing transformation, government infrastructure investment funded by the RMB1 trillion bonds, as well as exports resilience after the easing pandemic controls of the borders. China's GDP reached 5.2% for 2023 and the target for 2024 has been set at "around 5%". The government is focusing on helping employment and controlling risks, it has targeted to achieve more than 12 million new urban jobs created, urban unemployment rate around 5.5% and a 3% goal for consumer price index in 2024.

In the Government Work Report 2024 announced during the two sessions, Industrial System Modernization and Domestic Demand Expansion are the two main policy priorities. It is expected that the government will roll out a series of stimulus measures to achieve its objectives and goals, the domestic consumption market will provide room for growth market players in the sector, particularly consumer staples market and the household paper product segment. The Group aims to increase penetration in regions where it has existing sales network via vertical integration by considering opportunities where the company could develop up the production stream, and also via horizontal integration by enhancing its product portfolio mix by adding wide range of products that are either complements or substitutes to the household paper products.

As China is committed to the energy transition to achieve its "dual-carbon" goals, pro-energy transition policies would be expected to drive up investments in the new energy sector. Although the Group has leased its new energy operation to the Lessee, the Group will continue to search for investment opportunities in the new energy market in other regions other than Shandong Province in order to capture the policy dividends of the aforementioned beneficial policies.

The Group expects the steady growth of China economy will provide the best environment for the Group to continue to strive on its existing businesses and produce fruitful results and returns for the Group's stakeholders. The Group also will consider opportunities to develop and explore other businesses that could provide adequate synergy to the Group as a whole.

## **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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the year ended 31 December 2023.

## **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 C3 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, each of them confirmed that they have complied in full with the Model Code for the year ended 31 December 2023.

## **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 2023.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting of the Company is scheduled to be held on Thursday, 27 June 2024 (the “**2024 AGM**”). Notice and circular of the 2024 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 2024 AGM, the register of members of the Company will be closed from Monday, 24 June 2024 to Thursday, 27 June 2024 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 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 Friday, 21 June 2024.

## **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 2023 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 2023 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](http://www.championshipintl.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report of the Group for the year ended 31 December 2023 is expected to be despatched to the shareholders of the Company on or before Monday, 29 April 2024 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, 28 March 2024

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