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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 2024

HIGHLIGHTS

- Revenue from the continuing operations for the year ended 31 December 2024 decreased by approximately 1.6% or RMB1.9 million to approximately RMB117.7 million.
- Gross profit from the continuing operations for the year ended 31 December 2024 decreased by approximately 20.3% or RMB4.6 million to approximately RMB18.1 million.
- Profit attributable to equity holders from continuing operations of the Company for the year ended 31 December 2024 was approximately RMB3.1 million as compared to the profit attributable to equity holders of the Company of approximately RMB14.6 million for the year ended 31 December 2023.
- Basic earnings per share from continuing operations of the Company for the year ended 31 December 2024 was approximately RMB0.57 cent as compared to basic earnings per share of the Company of approximately RMB2.68 cents for the year ended 31 December 2023.
- The Board proposed not to declare any final dividend for the year ended 31 December 2024.

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 2024 together with the comparative audited results for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Continuing operations			
Revenue	5	117,713	119,652
Cost of sales		(99,648)	(96,973)
Gross profit		18,065	22,679
Other income and gains	6	2,168	1,366
Selling and distribution expenses		(2,469)	(1,712)
Administrative expenses		(7,203)	(6,361)
Impairment of trade receivables, net		(8,729)	–
Finance costs	7	(772)	(663)
Profit before income tax	8	1,060	15,309
Income tax expense	9	(722)	(5,748)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		338	9,561
Discontinued operation			
Profit for the year from discontinued operation	10	–	2,623
PROFIT FOR THE YEAR		338	12,184
Other comprehensive (expense)/income: <i>Item that will not be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation from functional currency to presentation currency		(409)	181
Other comprehensive (expense)/income for the year		(409)	181
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE YEAR		(71)	12,365

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PROFIT FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations		3,094	14,610
From discontinued operation		<u>–</u>	<u>2,623</u>
		3,094	17,233
Non-controlling interests		<u>(2,756)</u>	<u>(5,049)</u>
		338	12,184
TOTAL COMPREHENSIVE (EXPENSE)/			
INCOME ATTRIBUTABLE TO:			
Owners of the Company		2,685	17,414
Non-controlling interests		<u>(2,756)</u>	<u>(5,049)</u>
		(71)	12,365
EARNINGS PER SHARE FROM			
CONTINUING AND			
DISCONTINUED OPERATIONS			
– Basic and diluted (<i>RMB cents per share</i>)	11	<u>0.57</u>	<u>3.16</u>
EARNINGS PER SHARE FROM			
CONTINUING OPERATIONS			
– Basic and diluted (<i>RMB cents per share</i>)	11	<u>0.57</u>	<u>2.68</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		92,437	110,696
Investment properties		103,689	105,322
Right-of-use assets		2,223	–
Computer software		–	5
		<hr/>	<hr/>
Total non-current assets		198,349	216,023
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		5,799	56,521
Trade receivables	13	31,351	40,234
Prepayments, deposits and other receivables		67,561	3,961
Cash and cash equivalents		119,214	111,030
		<hr/>	<hr/>
Total current assets		223,925	211,746
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	14	15,662	16,525
Other payables and accruals		22,829	17,091
Income tax payable		1,121	2,730
Other borrowings		21,898	20,583
Lease liabilities		1,797	–
Deferred government grants		524	524
		<hr/>	<hr/>
Total current liabilities		63,831	57,453
		<hr/>	<hr/>
NET CURRENT ASSETS		160,094	154,293
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		358,443	370,316
		<hr/>	<hr/>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Other payables	1,988	13,553
Lease liabilities	462	–
Deferred government grants	21,821	22,520
	<hr/>	<hr/>
Total non-current liabilities	24,271	36,073
	<hr/>	<hr/>
NET ASSETS	334,172	334,243
	<hr/>	<hr/>
EQUITY		
Share capital	4,838	4,838
Reserves	249,065	246,380
	<hr/>	<hr/>
Equity attributable to owners of the Company	253,903	251,218
Non-controlling interests	80,269	83,025
	<hr/>	<hr/>
TOTAL EQUITY	334,172	334,243
	<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 P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, 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 and hygiene products and manufactures hygiene 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.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company and the ultimate controlling party of the Company are Champion Alliance International Corporation, which is incorporated in the British Virgin Islands (the “**BVI**”) and Mr. Chen Shuming, respectively.

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 2024

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 HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except as described below, 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.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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: leasing out the factory, equipment and the land for the new energy business which is operated by an independent third party;
- (b) the household paper and hygiene products segment: trading of household paper and hygiene products and manufactures hygiene products in Mainland China; and
- (c) the new energy operation segment: engaged in the production and sale of steam for industrial use, heating and electricity 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 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 operation			
	Property leasing		Household paper and hygiene products		Total		New energy operation		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue (note 5)										
Revenue from external customers	12,865	1,947	104,848	117,705	117,713	119,652	-	126,339	117,713	245,991
Segment results	(6,974)	(1,698)	21,282	22,264	14,308	20,566	-	8,710	14,308	29,276
Bank and other interest income									222	1,133
Corporate and other unallocated expenses									(12,698)	(4,619)
Finance costs									(772)	(651)
Profit before income tax (continuing and discontinued operations)									1,060	25,139

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			
	Property leasing		Household paper and hygiene products		Total		New energy operation		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	18,332	3,227	2	–	18,334	3,227	–	15,796	18,334	19,023
Depreciation of investment properties	1,912	171	–	–	1,912	171	–	–	1,912	171
Depreciation of right-of-use assets	–	–	1,334	–	1,334	–	–	723	1,334	723
Amortisation of computer software	–	–	5	9	5	9	–	–	5	9
Capital expenditure*	297	–	3,614	–	3,911	–	–	3,146	3,911	3,146

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties 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 2024, one (2023: one) external customer 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:

	2024	2023
	RMB'000	RMB'000
Continuing operation		
Property leasing segment:		
Customer A	12,865	(Note)
Discontinued operation		
New energy operation segment:		
Customer B	–	92,536

Note: This customer did not contribute over 10% of total revenue of the Group in 2023.

5. REVENUE

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

	2024 RMB'000	2023 RMB'000
Continuing operations		
Rental income	12,865	1,947
Sale of goods	104,848	117,705
	<u>117,713</u>	<u>119,652</u>
Discontinued operation		
Sale of services and goods	–	126,339
	<u>117,713</u>	<u>245,991</u>

6. OTHER INCOME AND GAINS

	2024 RMB'000	2023 RMB'000
Continuing operations		
Bank interest income	215	320
Other interest income	7	886
Subsidy income	699	–
Government grants*	24	–
Other income	623	119
Exchange gain, net	–	41
Waiver of other payable	600	–
	<u>2,168</u>	<u>1,366</u>

* For the year ended 31 December 2024, 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

	2024 RMB'000	2023 RMB'000
Continuing operations		
Interest on other borrowings	600	651
Interest on lease liabilities	72	–
Imputed interest on rental deposit received	100	12
	<u>772</u>	<u>663</u>

8. PROFIT BEFORE INCOME TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Continuing operations		
Cost of inventories sold	78,124	93,241
Depreciation of items of property, plant and equipment	18,334	3,227
Less: Amount included in cost of inventories sold	<u>(18,334)</u>	<u>(3,227)</u>
	—	—
Depreciation of investment properties	1,912	171
Less: Amount included in cost of inventories sold	<u>(1,912)</u>	<u>(171)</u>
	—	—
Depreciation of right-of-use assets	1,334	—
Less: Amount included in cost of inventories sold	<u>(1,334)</u>	<u>—</u>
	—	—
Amortisation of computer software*	5	9
Lease payments not included in the measurement of lease liabilities*	51	40
Auditor's remuneration*		
– annual audit	1,000	1,080
– other services	<u>107</u>	<u>40</u>
	<u>1,107</u>	<u>1,120</u>
Impairment of trade receivables, net	8,729	—
Employee benefit expenses^ (including directors' remuneration):		
– Salaries, bonus and benefits in kind	4,175	2,599
– Retirement benefit scheme contributions	<u>458</u>	<u>215</u>
	<u><u>4,633</u></u>	<u><u>2,814</u></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 2024 and 2023, 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 2024 and 2023. As at 31 December 2024 and 2023, 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:

	2024 RMB'000	2023 RMB'000
Current tax – Hong Kong:		
– tax for the year	2	–
Current tax – Mainland China:		
– tax for the year	4,923	10,704
– (over)/under-provision in respect of prior years	(4,203)	2,251
Income tax expense	<u>722</u>	<u>12,955</u>
Income tax expense attributable to:		
Continuing operations	722	5,748
Discontinued operation	–	7,207
Income tax expense	<u>722</u>	<u>12,955</u>

Hong Kong Profits Tax is calculated at 16.5% on estimated assessable profit for the year ended 31 December 2024. 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 that year.

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 OPERATION

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:

	Period from 1 January 2023 to 15 November 2023 RMB'000
Revenue (<i>Note</i>)	126,339
Cost of sales	<u>(118,942)</u>
Gross profit	7,397
Other income and gains and loss	4,861
Expenses	<u>(2,428)</u>
Profit before income tax	9,830
Income tax expense	<u>(7,207)</u>
Profit for the period from discontinued operation	<u><u>2,623</u></u>
Net cashflows of a discontinued operation:	
Operating cash outflows	<u><u>(50,370)</u></u>

Note:

	Period from 1 January 2023 to 15 November 2023 RMB'000
Timing of revenue recognition	
Over time	<u><u>126,339</u></u>

Profit before taxation has been arrived after charging:

	Period from 1 January 2023 to 15 November 2023 RMB'000
Depreciation of property, plant and equipment	15,796
Depreciation of right-of-use assets	<u><u>723</u></u>

11. EARNINGS PER SHARE

Continuing and discontinued operations

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company		
From continuing operations	3,094	14,610
From discontinued operation	–	2,623
	<u>3,094</u>	<u>17,233</u>
Number of shares	2024	2023
Weighted average number of ordinary shares	<u>546,092,537</u>	<u>546,092,537</u>
	2024 <i>RMB cents</i>	2023 <i>RMB cents</i>
Earnings per share from continuing and discontinued operations		
– Basic and diluted (<i>RMB cents per share</i>)	<u>0.57</u>	<u>3.16</u>
Earnings per share from continuing operations		
– Basic and diluted (<i>RMB cents per share</i>)	<u>0.57</u>	<u>2.68</u>

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 2024 and 2023.

Discontinued operation

Basic and diluted earnings per share from the discontinued operation is RMB0.48 cent per share, based on profit for the year ended 31 December 2023 from the discontinued operation.

12. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

13. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	41,477	41,631
Less: Impairment	<u>(10,126)</u>	<u>(1,397)</u>
Trade receivables – net	<u>31,351</u>	<u>40,234</u>

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 and hygiene products and 30 to 150 days for customers of new energy operation. 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 receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	1,817	447
1 to 2 months	186	9
2 to 3 months	178	8
3 to 4 months	233	9
Over 4 months	<u>28,937</u>	<u>39,761</u>
	<u>31,351</u>	<u>40,234</u>

14. TRADE PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	<u>15,662</u>	<u>16,525</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	6,162	7,037
1 to 2 months	61	–
2 to 3 months	13	–
Over 3 months	<u>9,426</u>	<u>9,488</u>
	<u>15,662</u>	<u>16,525</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the (i) trading of household paper products and hygiene products and manufacturing of hygiene products; and (ii) property leasing.

BUSINESS REVIEW

i. Household Paper and Hygiene Products

The Group's household paper and hygiene products segment trades household paper and hygiene products and manufactures 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 Shandong, Beijing, Tianjin, Hebei, Henan, Shaanxi, Jiangsu, Anhui, Liaoning, Jilin and Heilongjiang.

The projected revenue in the household paper market in the PRC is anticipated to reach approximately US\$18 billion by 2025, the highest of any country worldwide. The household paper market is anticipated to achieve an annual growth rate of 5.25% (CAGR 2025-2029). Looking ahead, the volume in household paper market is forecasted to experience continual growth, and an anticipated growth of approximately 3.9% in 2026. As the middle class in the PRC expands, there is a heightened demand for quality domestic paper products, including facial tissues and paper towels. The demand for environmentally sustainable household paper products in certain regions of the PRC has been observed to rise.

During the reporting period, revenue of this segment was approximately RMB104.8 million, representing a decrease of approximately 10.9% as compared to the corresponding period in 2023.

ii. Property Leasing

The Group's property leasing segment leases out the factory, equipment and the land for the new energy business which is operated by an independent third party.

During the reporting period, revenue of this segment was approximately RMB12.9 million.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, total revenue of the Group was approximately RMB117.7 million, representing a decrease of approximately RMB2 million from the total revenue of approximately RMB119.7 million for the corresponding period in 2023.

The following table sets forth the breakdown of the Group's revenue for the year ended 31 December 2024 and 2023:

	For the year ended 31 December		Change %
	2024 RMB'000	2023 RMB'000	
Property leasing	12,865	1,947	560.8
Household paper and hygiene products	104,848	117,705	(10.9)
Total	<u>117,713</u>	<u>119,652</u>	<u>(1.6)</u>

Gross Profit and Gross Profit Margin

The Group's gross profit decreased from approximately RMB22.7 million for the year ended 31 December 2023 to approximately RMB18.1 million for the year ended 31 December 2024. Gross profit margin decreased from approximately 19% for the year ended 31 December 2023 to approximately 15.3% for the year ended 31 December 2024.

Other Income and Gains

For the year ended 31 December 2024, the Group's other income and gains mainly consisted of bank interest income, other interest income, subsidy income, government grants, and other income. The other income and gains increased by approximately 58.7% to approximately RMB2.2 million for the year ended 31 December 2024 from approximately RMB1.4 million for the year ended 31 December 2023. The increase was mainly due to the increase in subsidy 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, and (iii) other expenses. The Group's selling and distribution expenses increased by approximately 44.2% from approximately RMB1.7 million for the year ended 31 December 2023 to approximately RMB2.5 million for the year ended 31 December 2024. The increase in selling and distribution expenses was mainly due to the increase in transportation cost.

Administrative Expenses

For the year ended 31 December 2024, administrative expenses mainly consisted of (i) staff costs, (ii) entertainment expenses, (iii) office expenses and (iv) legal and professional fee. Administrative expenses increased from approximately RMB6.4 million for the year ended 31 December 2023 to approximately RMB7.2 million for the year ended 31 December 2024. The increase in administrative expenses of the Group was mainly due to the increase in staff cost 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 for the year ended 31 December 2024 were approximately RMB0.8 million, as compared with approximately RMB0.7 million in the corresponding period in 2023.

Income Tax Expense

The Group's income tax expense was approximately RMB0.7 million for the year ended 31 December 2024. The Group's income tax expense was approximately RMB5.7 million in the corresponding period in 2023.

Profit Attributable to Owners of the Company

For the year ended 31 December 2024, the Group's profit attributable to owners from continuing operations of the Company was approximately RMB3.1 million, as compared with profit attributable to owners of the Company of approximately RMB14.6 million for the corresponding period in 2023.

LIQUIDITY AND FINANCIAL RESOURCES

Net Current Assets

The Group recorded net current assets of approximately RMB160.1 million as at 31 December 2024, while the net current assets as at 31 December 2023 was approximately RMB154.3 million.

Borrowings and Gearing Ratio

The total debts of the Group as at 31 December 2024 were approximately RMB21.9 million (as at 31 December 2023: RMB32.2 million). The Group's gearing ratio decreased from approximately 9.6% as at 31 December 2023 to approximately 6.6% as at 31 December 2024. 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 2024, the Group's total capital expenditure amounted to approximately RMB3.9 million, which was mainly used in plant and machinery and office equipment (year ended 31 December 2023: RMB3.1 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 2024, there had been no change in the number of issued shares in the Company (the “**Shares**”).

Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities (as at 31 December 2023: 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 2024 (year ended 31 December 2023: nil).

Human Resources and Remuneration

As at 31 December 2024, the Group employed 41 employees (as at 31 December 2023: 22) with total staff costs of approximately RMB4.6 million incurred for the year (for the year ended 31 December 2023: approximately RMB2.8 million). The increase in staff costs of the Group was mainly due to the increase 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 2024 (year ended 31 December 2023: 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 2024, 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 <i>RMB'000</i>	Approximate % of total actual net proceeds	Actual amount utilised from the Listing Date up to 31 December 2024 <i>RMB'000</i>	Balance as at 31 December 2024 <i>RMB'000</i>	Expected timeline for the remaining use of net proceeds (<i>Note</i>) For the year ending 31 December 2025 <i>RMB'000</i>
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%	6,318	16,985	16,985
Expansion and upgrade of non-production facilities, including but not limited to warehouse and other supporting facilities	5,638	15%	1,334	4,304	4,304
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>16,296</u>	<u>21,289</u>	<u>21,289</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 2024, unutilised proceeds amounted to approximately HK\$23 million (equivalent to approximately RMB21 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 2024.

Capital Commitments

As at 31 December 2024, the Group had capital commitments of approximately RMB21,000 in terms of acquisition of property, plant and equipment (as at 31 December 2023: RMB61,000).

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 year ended 31 December 2024, revenue from our five largest customers amounted to approximately RMB39.2 million, which accounted for approximately 33.3% of our total revenue for the year.

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.

FUTURE OUTLOOK

Looking ahead to 2025, China's economy is expected to continue its recovery, shifting towards more sustainable and quality-driven growth. With a GDP growth target set at "around 5%" for the year, the government will focus on stabilizing the economy, fostering job creation, and maintaining price stability. As China moves forward, structural optimization will remain a key priority, particularly in sectors that impact everyday life, such as consumer goods.

For the Group, 2025 presents significant opportunities within the household paper and hygiene products sector. As urbanization continues to progress and the middle class expands, the demand for high-quality household products is expected to increase. Consumers in China are becoming more discerning, focusing not only on the price but also on the quality and sustainability of the products they use. This shift in consumer behavior creates fertile ground for the Group to enhance its offerings and grow its market presence.

The Group is well-positioned to capitalize on these emerging trends. With over 400 corporate customers across regions, the Group's extensive sales network places it in an ideal position to penetrate further into untapped areas, particularly in second and third-tier cities where demand for household products is rising steadily. The Group aims to increase its market share by offering a diverse range of household paper and hygiene products that cater to the evolving preferences of consumers, emphasizing quality, hygiene, and environmental responsibility.

The increasing focus on health and hygiene, accelerated by the ongoing impact of global health events, continues to shape the market for hygiene products. Consumers are becoming more aware of the importance of hygiene in their daily lives, leading to sustained demand for products such as tissues, paper towels, toilet paper, and other household hygiene essentials. The Group intends to strengthen its position in this expanding market by introducing innovative products and leveraging its strong distribution capabilities.

In addition to increasing product offerings, the Group will focus on enhancing regional penetration in 2025. The Group plans to expand its presence in underrepresented regions, especially in the rapidly growing urban and suburban areas of China. With a focus on establishing stronger relationships with local retailers and distributors, it aims to grow its footprint in both established and emerging markets.

In conclusion, as China's economic recovery progresses, the Group is set to capitalize on the growing demand for household paper and hygiene products. By focusing on innovation, regional expansion, and supply chain optimization, the Group is poised for continued growth and success in the years ahead.

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 2024.

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 2024.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Thursday, 26 June 2025 (the “**2025 AGM**”). Notice and circular of the 2025 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 2025 AGM, the register of members of the Company will be closed from Monday, 23 June 2025 to Thursday, 26 June 2025 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 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, 20 June 2025.

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 2024 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 2024 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 2024 is expected to be despatched to the shareholders of the Company on or before Wednesday, 30 April 2025 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 Chen
Chairman and Executive Director

Hong Kong, 28 March 2025

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