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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 increased by approximately 6.2% or RMB3.9 million to approximately RMB67.6 million.
- Gross profit for the six months ended 30 June 2025 increased by approximately 5.5% or RMB0.5 million to approximately RMB10.3 million.
- The Group's loss attributable to owners of the Company for the six months ended 30 June 2025 was approximately RMB8.5 million.
- Losses per share of the Company for the six months ended 30 June 2025 was approximately RMB1.55 cents.
- The board of directors of the Company resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Champion Alliance International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results (the “**Interim Results**”) of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”) together with the comparative results for the six months ended 30 June 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 30 June	
		2025 <i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Unaudited)
Revenue	5	67,633	63,692
Cost of sales		(57,334)	(53,933)
Gross profit		10,299	9,759
Other income and gains	6	807	648
Selling and distribution expenses		(1,726)	(1,181)
Administrative expenses		(3,316)	(2,833)
Impairment of trade receivables, net		(3,124)	–
Impairment of other receivables, net		(10,010)	–
Finance costs		(594)	(349)
(LOSS)/PROFIT BEFORE INCOME TAX	7	(7,664)	6,044
Income tax expense	8	(2,736)	(2,605)
(LOSS)/PROFIT FOR THE PERIOD		(10,400)	3,439
OTHER COMPREHENSIVE INCOME/			
(EXPENSE)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of the Company's financial statements into its presentation currency			
		764	(1,015)
TOTAL COMPREHENSIVE (EXPENSE)/			
INCOME FOR THE PERIOD		(9,636)	2,424

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD			
ATTRIBUTABLE TO:			
Owners of the Company		(8,453)	4,964
Non-controlling interests		(1,947)	(1,525)
		<u>(10,400)</u>	<u>3,439</u>
TOTAL COMPREHENSIVE (EXPENSE)/			
INCOME ATTRIBUTABLE TO:			
Owners of the Company		(7,689)	3,949
Non-controlling interests		(1,947)	(1,525)
		<u>(9,636)</u>	<u>2,424</u>
(LOSSES)/EARNINGS PER SHARE			
– Basic and diluted (<i>RMB cents per share</i>)	9	<u>(1.55)</u>	<u>0.91</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		85,751	92,437
Investment properties		102,728	103,689
Right-of-use assets		1,334	2,223
Total non-current assets		189,813	198,349
CURRENT ASSETS			
Inventories		6,205	5,799
Trade receivables	11	30,689	31,351
Prepayments, deposits and other receivables		56,352	67,561
Cash and cash equivalents		131,832	119,214
Total current assets		225,078	223,925
CURRENT LIABILITIES			
Trade payables	12	17,880	15,662
Other payables and accruals		19,541	22,829
Income tax payable		1,186	1,121
Other borrowings		26,230	21,898
Lease liabilities		1,375	1,797
Deferred government grants		524	524
Total current liabilities		66,736	63,831
NET CURRENT ASSETS		158,342	160,094
TOTAL ASSETS LESS CURRENT LIABILITIES		348,155	358,443

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
NON-CURRENT LIABILITIES		
Other payables	2,038	1,988
Lease liabilities	–	462
Deferred government grants	21,581	21,821
	<hr/>	<hr/>
Total non-current liabilities	23,619	24,271
	<hr/>	<hr/>
NET ASSETS	324,536	334,172
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	4,838	4,838
Reserves	241,376	249,065
	<hr/>	<hr/>
Equity attributable to owners of the Company	246,214	253,903
Non-controlling interests	78,322	80,269
	<hr/>	<hr/>
TOTAL EQUITY	324,536	334,172
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

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

During the reporting period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in the following activities:

- leasing of factory, equipment and the land for the new energy business which is operated by an independent third party; and
- trading of household paper and hygiene products and manufacturing of hygiene products in Mainland China.

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**”).

The Interim Financial Information has not been audited but has been reviewed by the audit committee of the Company.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2024, except for the adoption of the following new and revised HKFRS Accounting Standards for the first time for the current period’s financial information.

Adoption of amended HKFRS Accounting Standards – effective on 1 January 2025

The HKICPA has issued the following amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21

Lack of exchangeability

The nature and impact of the amended HKFRS Accounting Standards are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3 ESTIMATES

The preparation of the Interim Financial Information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

4 OPERATING SEGMENT INFORMATION

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

- (a) the property leasing segment leases out the factory, equipment and the land for the new energy business which is operated by an independent third party; and
- (b) the household paper and hygiene products segment trades household paper and hygiene products and manufactures hygiene products in Mainland China.

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 before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that interest income, finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment revenue and results

	Six months ended 30 June					
	Property leasing		Household paper and hygiene products		Total	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (note 5)						
Revenue from external customers	6,002	7,909	61,631	55,783	67,633	63,692
Segments results	(3,924)	(2,757)	11,675	10,373	7,751	7,616
Reconciliation:						
Bank and other interest income					69	99
Corporate and other unallocated expenses					(14,890)	(1,322)
Finance costs					(594)	(349)
(Loss)/profit before income tax					(7,664)	6,044

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

	Six months ended 30 June					
	Property leasing		Household paper and hygiene products		Total	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of items of property, plant and equipment	9,143	9,227	13	1	9,156	9,228
Depreciation of investment properties	961	1,022	–	–	961	1,022
Depreciation of right-of-use assets	–	–	889	–	889	–
Amortisation of computer software	–	–	–	5	–	5
Capital expenditure*	–	101	2,470	–	2,470	101

* Capital expenditure consists of prepayment for and additions to property, plant and equipment.

Geographical information

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

Information about major customers

During the six months ended 30 June 2025, one (2024: two) external customers individually contributed 10% or more to the Group's total revenue for the period and the revenue generated from sales to each of these customers is set out below:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Property leasing		
Customer A	N/A	7,909
Household paper and hygiene products		
Customer B	N/A	6,893
Customer C	7,423	N/A
	<u>7,423</u>	<u>N/A</u>

Note: N/A represents that the revenue from the particular customer for the particular period accounted for less than 10% of the Group's revenue for the particular period.

5 REVENUE

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

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Rental income	6,002	7,909
Sale of goods	61,631	55,783
	<u>67,633</u>	<u>63,692</u>

Notes:

(a) **Disaggregated revenue information**

Six months ended 30 June 2025

	Property leasing RMB'000 (Unaudited)	Household paper and hygiene products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods			
Sale of household paper and hygiene products	–	61,631	61,631
Total revenue from contracts with customers	–	61,631	61,631
Timing of revenue recognition			
Goods transferred at point in time	–	61,631	61,631
Total revenue from contracts with customers	–	61,631	61,631
Rental income	6,002	–	6,002
Total revenue	6,002	61,631	67,633

Geographical market

All revenue from contracts with customers were generated in Mainland China.

Six months ended 30 June 2024

	Property leasing RMB'000 (Unaudited)	Household paper and hygiene products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods			
Sale of household paper and hygiene products	–	55,783	55,783
Total revenue from contracts with customers	–	55,783	55,783
Timing of revenue recognition			
Goods transferred at point in time	–	55,783	55,783
Total revenue from contracts with customers	–	55,783	55,783
Rental income	7,909	–	7,909
Total revenue	7,909	55,783	63,692

Geographical market

All revenue from contracts with customers were generated in Mainland China.

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the household paper and hygiene products and payment is generally due within 30 days from delivery. Some household paper and hygiene products sales contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

6 OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	64	99
Other interest income	5	–
Subsidy income	240	280
Other income	498	269
	<hr/>	<hr/>
	807	648
	<hr/> <hr/>	<hr/> <hr/>

7 (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	45,619	44,177
Depreciation of items of property, plant and equipment	9,156	9,228
Less: Amount included in cost of sales	(9,156)	(9,227)
	<hr/>	<hr/>
	–	1
	<hr/>	<hr/>
Depreciation of investment properties	961	1,022
Less: Amount included in cost of sales	(961)	–
	<hr/>	<hr/>
	–	1,022
	<hr/>	<hr/>
Depreciation of right-of-use assets	889	–
Less: Amount included in cost of sales	(889)	–
	<hr/>	<hr/>
	–	–
	<hr/> <hr/>	<hr/> <hr/>

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Amortisation of computer software	–	5
Lease payments not included in the measurement of lease liabilities	30	24
Employee benefit expenses (including directors' remuneration):		
Salaries, bonus and benefits in kind	2,773	1,393
Retirement contribution scheme contributions	235	188
	<u>3,008</u>	<u>1,581</u>

8 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax – Mainland China		
– Tax for the year	2,733	2,605
– Under-provision in respect of prior years	3	–
	<u>2,736</u>	<u>2,605</u>
Income tax expense	<u>2,736</u>	<u>2,605</u>

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2025 as the Group did not generate any assessable profits arising in Hong Kong during the reporting period (six months ended 30 June 2024: 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 reporting period, based on the prevailing legislation, interpretations and practices in respect thereof.

9 (LOSSES)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Losses)/earnings		
(Loss)/profit for the period attributable to owners of the Company	<u>(8,453)</u>	<u>4,964</u>

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares	546,092,537	546,092,537
(Losses)/earnings per share		
– Basic and diluted (<i>RMB cents per share</i>)	(1.55)	0.91

Diluted losses/earnings per share for both periods provided are the same as the basic losses/earnings per share as there were no potential dilutive ordinary shares outstanding for the six months periods ended 30 June 2025 and 2024.

10 DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

11 TRADE RECEIVABLES

	As at	As at
	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	43,939	41,477
Less: Impairment	(13,250)	(10,126)
Trade receivables – net	30,689	31,351

Note: 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. 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:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Within 1 month	2,897	1,817
1 to 2 months	1,252	186
2 to 3 months	1,329	178
3 to 4 months	1,133	233
Over 4 months	24,078	28,937
	<u>30,689</u>	<u>31,351</u>

12 TRADE PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables	<u>17,880</u>	<u>15,662</u>

Note:

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

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

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Within 1 month	8,133	6,162
1 to 2 months	4	61
2 to 3 months	–	13
Over 3 months	9,743	9,426
	<u>17,880</u>	<u>15,662</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Champion Alliance International Holdings Limited (the “**Company**”, together with its subsidiaries, 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 Heilongjiang, Jilin, Liaoning, Hebei, Henan, Shandong, Shaanxi, Jiangsu and Anhui Provinces, Beijing and Tianjin.

The household paper and hygiene products market in the PRC is projected to reach a market volume of approximately 29 million tons by 2035, maintaining its position as the global leader in this sector. The market is expected to achieve a compound annual growth rate (CAGR) of approximately 2.7% in volume terms from 2024 to 2035, driven by sustained consumer demand and favorable demographic trends. In value terms, the market is forecasted to grow at a CAGR of 4.5%, reaching approximately US\$74 billion by 2035. In 2025, the market volume is anticipated to grow by approximately 4.9%, reflecting continued expansion in the sector.

The growing middle class in the PRC continues to drive demand for high-quality household paper products, including toilet paper, facial tissues, paper towels, and napkins. Additionally, there is an increasing consumer preference for environmentally sustainable and eco-friendly household paper products, particularly in urban and economically developed regions of the PRC, aligning with global sustainability trends.

During the reporting period, revenue of this segment was approximately RMB61.6 million, representing an increase of approximately 10.5% as compared to the same period of 2024.

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 RMB6.0 million.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the total revenue was approximately RMB67.6 million, representing an increase of approximately RMB3.9 million over the total revenue of approximately RMB63.7 million for the corresponding period in 2024, such increase was due to the increase in the sale of household paper and hygiene products.

The following table sets forth the breakdown of the Group's revenue for the six months ended 30 June 2025 and 2024:

	Six months ended 30 June		Change %
	2025 RMB'000	2024 RMB'000	
Property leasing	6,002	7,909	(24.1)
Household paper and hygiene products	<u>61,631</u>	<u>55,783</u>	<u>10.5</u>

i. Household Paper and Hygiene Products

For the six months ended 30 June 2025, revenue of household paper and hygiene products business was approximately RMB61.6 million (six months ended 30 June 2024: RMB55.8 million), representing an increase of approximately 10.5% as compared with the corresponding period in 2024.

ii. Property Leasing

For the six months ended 30 June 2025, revenue of property leasing business was approximately RMB6.0 million.

Gross Profit and Gross Profit Margin

The Group's gross profit increased from approximately RMB9.8 million for the six months ended 30 June 2024 to approximately RMB10.3 million for the six months ended 30 June 2025. Gross profit margin was approximately 15.2% for the six months ended 30 June 2025, similar to approximately 15.3% for the six months ended 30 June 2024.

Other Income and Gains

For the six months ended 30 June 2025, the Group's other income and gains mainly consisted of bank interest income, subsidy income and other income. The other income and gains increased by 24.5% to approximately RMB0.8 million for the six months ended 30 June 2025, from approximately RMB0.6 million for the six months ended 30 June 2024. The increase was mainly due to the increase in other income for the reporting period.

Selling and Distribution Expenses

During the reporting period, selling and distribution expenses mainly consisted of (i) costs of transportation expenses, (ii) staff costs, and (iii) other expenses. The Group's selling and distribution expenses increased by approximately 46.1% from approximately RMB1.2 million for the six months ended 30 June 2024 to approximately RMB1.7 million for the six months ended 30 June 2025. The increase in selling and distribution expenses was mainly due to the increase in transportation cost.

Administrative Expenses

For the six months ended 30 June 2025, 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 RMB2.8 million for the six months ended 30 June 2024 to approximately RMB3.3 million for the six months ended 30 June 2025. The increase in administrative expenses of the Group was mainly due to the increase of staff costs for the reporting period.

Finance Costs

Finance costs consisted of interest expenses from other borrowing and imputed interest on rental deposit received. The finance costs were approximately RMB0.6 million for the reporting period (six months ended 30 June 2024: RMB0.3 million). The increase was mainly attributable to the addition of other borrowings and increase in the interest rate of other borrowings.

Income Tax Expense

The Group's income tax expense was approximately RMB2.7 million for the six months ended 30 June 2025. The Group's income tax expense was approximately RMB2.6 million in the corresponding period of 2024.

Loss/Profit Attributable to Owners of the Company

For the six months ended 30 June 2025, the Group's loss attributable to owners of the Company was approximately RMB8.5 million. Profit attributable to owners of the Company for the six months ended 30 June 2024 was approximately RMB5.0 million.

LIQUIDITY AND FINANCIAL RESOURCES

Net Current Assets

The Group recorded net current assets of approximately RMB158.3 million as at 30 June 2025, while the net current assets as at 31 December 2024 was approximately RMB160.1 million.

Borrowings and Gearing Ratio

The total borrowings of the Group as at 30 June 2025 were approximately RMB26.2 million (as at 31 December 2024: RMB21.9 million). The Group's gearing ratio increased from approximately 6.6% as at 31 December 2024 to approximately 8.1% as at 30 June 2025. The increase in the gearing ratio was primarily a result of additional loan of approximately RMB4.6 million. 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 six months ended 30 June 2025, the Group's total capital expenditure amounted to approximately RMB2.5 million, which was mainly used for prepayment for and additions to property, plant and equipment (six months ended 30 June 2024: RMB0.1 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 six months ended 30 June 2025, there had been no change in the number of issued shares in the Company.

Charge on Assets

As at 30 June 2025, the Group did not have any charge on assets (as at 31 December 2024: nil).

Contingent Liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities (as at 31 December 2024: 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 six months ended 30 June 2025 (six months ended 30 June 2024: nil).

Human Resources and Remuneration

As at 30 June 2025, the Group employed 45 employees (as at 31 December 2024: 41) with total staff costs of approximately RMB3.0 million incurred for the same period (six months ended 30 June 2024: approximately RMB1.6 million). The increase in staff costs of the Group was mainly due to the increase in number of staff and salary adjustments. The Group's remuneration packages are generally structured with reference to market terms and individual merits.

Interim Dividend

The Board proposed not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

Use of Net Proceeds from the Listing

The Company listed its shares on the Stock Exchange on 25 November 2016. Net proceeds from 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 30 June 2025, 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 30 June 2025 <i>RMB'000</i>	Balance as at 30 June 2025 <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%	8,788	14,515	14,515
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>18,766</u>	<u>18,819</u>	<u>18,819</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 30 June 2025, unutilised proceeds amounted to approximately HK\$21 million (equivalent to approximately RMB19 million), which will be invested in production plant, equipment upgrade and technical development. The unutilised portion of the net proceeds have been placed as interest bearing deposits with licensed banks as restricted cash in China. As at the date of this announcement, the Directors do not anticipate any change to the plan on the use of net proceeds.

Future Plans for Material Investments or Capital Assets

Save for the business plan disclosed in the Prospectus or in this announcement, there is no other plan for material investments or capital assets as at 30 June 2025.

Capital Commitments

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Commitments for the acquisition of:		
– Property, plant and equipment	<u>21</u>	<u>21</u>

FUTURE OUTLOOK

The Group remains cautiously optimistic about its industrial and manufacturing operations in the PRC, despite a projected economic growth rate of around 5% for 2025, as outlined by the Chinese government. The government has prioritized employment stability, targeting the creation of approximately 12 million new urban jobs and maintaining an urban surveyed unemployment rate of around 5.5% in 2025. These measures are expected to bolster job security, enhance consumer confidence, and drive private consumption, thereby supporting demand for consumer goods, including household and sanitary paper products. Additionally, proactive fiscal policies and prudent monetary measures are anticipated to stabilize the economic environment, creating favorable conditions for market growth.

To capitalize on these opportunities, the Group will continue to pursue strategic initiatives, including expanding into new markets and acquiring new clients to diversify its customer base. The Group is also committed to implementing cost-optimization measures as well as investing in new production facilities and equipment to enhance operational efficiency. By focusing on product innovation, particularly in eco-friendly and sustainable household paper products, and adapting to evolving market dynamics, the Group aims to strengthen its competitive position. The Group remains confident in the long-term growth potential of the PRC economy and its ability to achieve sustainable growth in the household and hygiene products market.

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was conditionally adopted by the written resolutions of the Company’s shareholders passed on 3 November 2016. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The principal terms of the Scheme are summarised in the section headed “D. Share Option Scheme” in Appendix V of the Prospectus. As of the date of this announcement, no option had been granted, agreed to be granted, exercised, cancelled or lapsed under the Scheme.

CORPORATE GOVERNANCE

As a publicly listed company, the Directors recognize the importance of good corporate governance standards and internal procedures so as to achieve effective accountability and enhance shareholders' value. The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the reporting period.

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 he/she has complied in full with all the required standards in the Model Code throughout the reporting period.

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 reporting period.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no important events affecting the Group after the end of financial period.

AUDIT COMMITTEE

The audit committee of the Company (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 unaudited condensed consolidated interim results (the “**Interim Results**”) have not been audited by the Company's auditor but the Audit Committee has reviewed the Interim Results and is of the view that the preparation of the Interim Results complied with applicable accounting standards and requirements and has discussed the internal control and financial reporting process with the management of the Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.championshipintl.com and the Stock Exchange's website at www.hkexnews.hk. The interim report of the Company for the six months ended 30 June 2025 is expected to be despatched to the shareholders of the Company on or before Tuesday, 30 September 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 reporting period.

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

Hong Kong, 29 August 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.