

China Asia Valley Group Limited 中亞烯谷集團有限公司

(Incorporated in Bermuda with limited liability)(於百慕達註冊成立之有限公司)
(Stock Code 股份代號: 63)

OMO

商業
模式

63

中亞
烯谷

2021
Interim Report
中期報告

賦能 · 未來

THINK

壯麗中國夢 奮鬥烯谷年 中亞再出發

AHEAD



烯 谷

在烯谷，我們對新興科技充滿敬畏，
秉持公正、客觀的原則專注於科技推動美好生活的研究；
在烯谷，我們重視人才培養，不斷學習，
堅信只有更加專業的團隊才能更好的為您服務；
在烯谷，我們兼收匯聚智慧，成就價值理念為您賦能；
在烯谷，我們致敬匠心——始於堅信“工匠精神、持之以恆”，
致力於成為您專屬的商業決策智囊。

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立責於心，履責於行

中亞烯谷集團只為實現一個宏願：
以產報國、以民之益、以人為本為己任，
致力於實現讓創業開始無限可能的美好願景而不懈努力。

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Binghuang

(Chairman and Chief Executive Officer)

Ms. Xia Ping

Mr. Zhao Juqun *(Vice chairman)*

(resigned on 1 April 2021)

Non-executive Director

Ms. Wang Lijiao

Independent non-executive Directors

Mr. Lum Pak Sum *(retired on 23 June 2021)*

Mr. Duan Rihuang

Mr. Wang Rongfang

(appointed on 23 June 2021)

Mr. Tso Sze Wai *(appointed on 2 July 2021)*

COMPANY SECRETARY

Ms. Wong Hoi Yan, Audrey

(resigned on 1 July 2021)

Dr. Leung Wai Ping, Noel

(appointed on 2 July 2021)

AUDITOR

ZHONGHUI ANDA CPA Limited

COMPANY LAWYER

Jeffrey Mak Law Firm

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL OFFICE IN HONG KONG

Rooms 1237-1240, 12th Floor

Sun Hung Kai Centre

30 Harbour Road, Wanchai

Hong Kong

SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services
Limited

Shops 1712-1716, 17M Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

LISTING INFORMATION

Stock Code: 63, Hong Kong

WEBSITE

www.00063.cn

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

The board of directors (the “**Board**”) of China Asia Valley Group Limited (the “**Company**”) announces that the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the six months ended 30 June 2020, are as follows:

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	5	17,353	6,943
Cost of sales		(1,183)	(384)
Gross profit		16,170	6,559
Other income	6	184	587
Operating and administrative expenses		(13,810)	(10,769)
Profit/(loss) from operations		2,544	(3,623)
Finance costs	7	(1,740)	(2,903)
Profit/(loss) before taxation		804	(6,526)
Income tax expenses	8	(275)	–
Profit/(loss) for the period	9	529	(6,526)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		367	(5)
Other comprehensive income for the period, net of tax		367	(5)
Total comprehensive income for the period attributable to owners of the Company		896	(6,531)
Earnings/(loss) per share	10		
Basic (HK cents per share)		0.02	(0.23)
Diluted (HK cents per share)		0.02	(0.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	2,231	2,364
Right-of-use assets		1,773	2,304
Investment properties		392,000	392,000
Investment in associates	13	–	–
Pledged bank deposits		12,593	11,082
		408,597	407,750
Current assets			
Inventories	14	446	474
Trade and other receivables	15	7,456	6,622
Cash and cash equivalents		5,502	2,732
		13,404	9,828
Current liabilities			
Trade and other payables	16	85,177	81,282
Current tax liabilities		229	74
Lease liabilities		1,071	1,271
Bank borrowings	17	160,000	160,000
		246,477	242,627
Net current liabilities		(233,073)	(232,799)
Total assets less current liabilities		175,524	174,951
Non-current liabilities			
Lease liabilities		732	1,055
NET ASSETS		174,792	173,896
Capital and reserves			
Share capital	18	140,955	140,955
Reserves		33,837	32,928
		174,792	173,883
Non-controlling interests		–	13
TOTAL EQUITY		174,792	173,896

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company							Total equity <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	
At 1 January 2020 (audited)	140,955	26,770	121	(5,433)	34,429	196,842	-	196,842
Total comprehensive income for the period (unaudited)	-	-	-	(5)	(6,526)	(6,531)	-	(6,531)
At 30 June 2020(unaudited)	140,955	26,770	121	(5,438)	27,903	190,311	-	190,311
At 1 January 2021 (audited)	140,955	26,770	121	(5,431)	11,468	173,883	13	173,896
Total comprehensive income for the period (unaudited)	-	-	-	367	529	896	-	896
Reallocation of non-controlling interests (unaudited)	-	-	-	1	12	13	(13)	-
At 30 June 2021(unaudited)	140,955	26,770	121	(5,063)	12,009	174,792	-	174,792

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash generated from operating activities	1,410	631
Cash flows from investing activities		
Purchase of property, plant and equipment	(236)	(111)
Change in pledged bank deposits	(1,511)	(42)
Interest received	5	43
Net cash used in investing activities	(1,742)	(110)
Cash flows from financing activities		
Advance from ultimate holding company	5,000	40,000
Advance from immediate holding company	–	3,000
Repayment of bank borrowing	–	(40,000)
Repayment of lease liabilities	(523)	(839)
Interest paid	(1,740)	(2,867)
Net cash generated from/(used in) financing activities	2,737	(706)
Net increase/(decrease) in cash and cash equivalents	2,405	(185)
Effect of foreign exchange rate changes	365	–
Cash and cash equivalents at the beginning of period	2,732	1,710
Cash and cash equivalents at the end of period	5,502	1,525
Analysis of cash and cash equivalents		
Bank and cash balances	5,502	1,525

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. COMPANY INFORMATION

China Asia Valley Group Limited (the “**Company**”) was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business in Hong Kong is Rooms 1237-1240, 12/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of its principal subsidiaries are property investment, provision of horticultural services and sales of plants, and property management services.

As at the date of issuing these condensed consolidated financial statements, in the opinion of the directors of the Company (the “**Directors**”), China Asia Graphene Holding Group Co. Limited, a company incorporated in Hong Kong, is the immediate holding company; and Zhengbo International Corporation, a company incorporated in the British Virgin Islands, is the ultimate holding company, and controlled by Mr. Huang Binghuang (the “**Controlling Shareholder**”).

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in those annual financial statements.

Going Concern

The Group had net current liabilities of HK\$233,073,000 as at 30 June 2021. Notwithstanding this fact, the Directors consider that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligation as they fall due for at least the next twelve months based on its projected cash flow forecasts. The Directors have reviewed the condensed consolidated statement of financial position of the Group as at 30 June 2021, including its working capital and bank and cash balances, together with the projected cash flow forecasts for the next twelve months and the Directors consider that the Group is financially viable to continue as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have not been reflected in the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

In addition, the Group can also improve its financial position, immediate liquidity and cash flows, by adopting the following measures:

- (a) the Directors will take action to reduce costs; and
- (b) the Controlling Shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurement using:			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2021 (unaudited)				
Investment Properties				
– Residential units				
– Hong Kong	–	392,000	–	392,000
At 31 December 2020 (audited)				
Investment Properties				
– Residential units				
– Hong Kong	–	392,000	–	392,000

(b) Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020:

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair Value			
			As at 30 June 2021		As at 31 December 2020	
			Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)
Residential units located in Hong Kong	Direct comparison approach	Comparable sales transaction Capitalised net rental income	392,000	–	392,000	–

During the six months ended 30 June 2021, there were no changes in the valuation techniques used.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT REPORTING

The Group's operating segments are identified on the basis of internal report about the components of the Group that are regularly received by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker is the Company's Directors.

The Group has three operating segments as follows:

Property investment – engages in leasing out residential properties

Horticultural services – provides horticultural services and sales of plants

Property management services – provides building management services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated administrative expenses, share of losses of associates, unallocated other income, finance costs and income tax expense. Segment assets do not include pledged bank deposits, interests in associates and unallocated corporate assets. Segment liabilities do not include bank borrowings, unallocated corporate liabilities, current tax liabilities and deferred tax liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service and geographical location of customers is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Disaggregated by major products or services		
– Provision of property management services	10,825	–
– Provision of horticultural services and sales of plants	3,316	3,254
	14,141	3,254
Revenue from contracts with customers		
– Rental income	3,212	3,689
Total revenue	17,353	6,943
Disaggregated by geographical location of customers		
– Hong Kong	3,316	3,254
– The People's Republic of China (the "PRC") except Hong Kong	10,825	–
	14,141	3,254

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

	Timing of revenue recognition Six months ended 30 June					
	2021			2020		
	At a point in time <i>HK\$'000</i>	Over time <i>HK\$'000</i>	Total <i>HK\$'000</i>	At a point in time <i>HK\$'000</i>	Over time <i>HK\$'000</i>	Total <i>HK\$'000</i>
Provision of property management services	-	10,825	10,825	-	-	-
Provision of horticultural services and sales of plants	419	2,897	3,316	197	3,057	3,254
Total	419	13,722	14,141	197	3,057	3,254

(b) Information about operating segment profit or loss, assets and liabilities:

Information regarding the Group's reportable segments as provided to the chief operation decision maker for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 is set out below.

Certain comparative figures on segment information have been reclassified to conform to the current period's presentation. The new classification on segment information was considered to provide a more appropriate presentation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

	Property investment HK\$'000	Horticultural services HK\$'000	Property management services HK\$'000	Total HK\$'000
Six months ended 30 June 2021 (unaudited)				
Revenue from customers	3,212	3,321	10,825	17,358
Intersegment revenue	–	(5)	–	(5)
Revenue from external customers	3,212	3,316	10,825	17,353
Segment profit	1,288	1,051	3,854	6,193
Depreciation of property, plant and equipment and right-of-use assets	601	48	18	667
Additions to segment non-current assets	44	180	12	236
As at 30 June 2021 (unaudited)				
Segment assets	395,793	2,620	6,467	404,880
Segment liabilities	8,906	1,616	1,541	12,063
	Property investment HK\$'000	Horticultural services HK\$'000	Property management services HK\$'000	Total HK\$'000
Six months ended 30 June 2020 (unaudited)				
Revenue from customers	3,689	3,257	–	6,946
Intersegment revenue	–	(3)	–	(3)
Revenue from external customers	3,689	3,254	–	6,943
Segment (loss)/profit	(380)	1,320	–	940
Depreciation of property, plant and equipment and right-of-use assets	1,111	47	–	1,158
Additions to segment non-current assets	111	–	–	111
As at 31 December 2020 (audited)				
Segment assets	396,448	2,333	2,792	401,573
Segment liabilities	10,606	1,695	1,392	13,693

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

Reconciliations of segment revenue and profit or loss

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue		
Total revenue of reportable segments	17,358	6,946
Elimination of intersegment revenue	(5)	(3)
Consolidated revenue	17,353	6,943
Profit or loss		
Total profit of reportable segments	6,193	940
Unallocated amounts:		
– Depreciation of property, plant and equipment	(1)	(1)
– Finance costs	(1,740)	(2,903)
– Other income	178	355
– Unallocated corporate expenses	(4,101)	(4,917)
Consolidated profit/(loss) before tax	529	(6,526)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

Reconciliations of segment assets and liabilities

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
Assets		
Total assets of reportable segments	404,880	401,573
Unallocated:		
– Pledged bank deposits	12,593	11,082
– Cash and cash equivalents	246	402
– Other assets	4,282	4,521
Consolidated total assets	422,001	417,578
Liabilities		
Total liabilities of reportable segments	12,063	13,693
Unallocated:		
– Bank borrowings	160,000	160,000
– Other liabilities	75,146	69,989
Consolidated total liabilities	247,209	243,682

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	Six months ended 30 June		As at 30 June	As at 31 December
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (audited)
Hong Kong	6,528	6,943	394,566	394,991
Japan	–	–	1,274	1,508
The PRC except Hong Kong	10,825	–	164	169
Consolidated total	17,353	6,943	396,004	396,668

Revenue from major customers contributing 10% or more to the Group's revenue are as follows:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Provision of property management services – Customer A	4,449	–
Rental income – Customer B	1,832	2,040

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. OTHER INCOME

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest income on bank deposits	5	43
Government subsidies	–	162
Share of building management fee income	178	166
Others	1	216
	184	587

7. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on bank borrowings	1,709	2,867
Lease interest	31	36
	1,740	2,903

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax – Overseas Provision for the period	275	–

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2021 and 2020 as the Group has no assessable profits arising in Hong Kong during the periods.

Taxation for overseas subsidiaries for the six months ended 30 June 2021 was charged at the appropriate current rates of taxation ruling in the relevant countries. No provision for overseas tax has been made for the six months ended 30 June 2020 as the Group did not have any assessable profits arising outside Hong Kong during the period.

9. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Depreciation of property, plant and equipment and right-of-use assets	902	1,381
Directors' remuneration	561	822
Expenses related to short-term leases	85	85
Cost of inventories sold	1,183	384

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit/(loss):		
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share attributable to owners of the Company	529	(6,526)
Number of shares:	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	2,819,102	2,819,102

The basic and diluted earnings/(loss) per share for the six months ended 30 June 2021 and 2020 were the same as the Company had no dilutive potential ordinary shares in issue during the periods.

11. INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (the six months ended 30 June 2020: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of HK\$236,000 (the six months ended 30 June 2020: HK\$111,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13. INVESTMENT IN ASSOCIATES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Unlisted investments:		
Share of net assets	12,211	12,211
Impairment loss	(12,211)	(12,211)
Carrying amount at period end	–	–

The investment in associates represented 28% equity share of Five Color Stone Technology Corporation.

14. INVENTORIES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Horticultural plants	446	474

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
Trade receivables	3,252	2,577
Other prepayments	1,019	899
Rental and other deposits	1,285	1,864
Other tax receivables	–	463
Other receivables	1,900	819
	7,456	6,622

The credit term is generally 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
0 to 90 days	2,037	2,576
91 to 180 days	1,008	1
181 to 365 days	207	–
	3,252	2,577

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
Trade payables	552	101
Other payables and accrued charges	21,439	23,148
Amount due to the ultimate holding company	45,000	40,000
Amount due to the immediate holding company	15,000	15,000
Amount due to a shareholder	3,000	3,000
Other tax payables	174	–
Receipt in advance	12	33
	85,177	81,282

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
0 to 90 days	318	101
91 to 180 days	133	–
181 to 365 days	101	–
	552	101

The amounts due to ultimate holding company, immediate holding company and a shareholder are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. BANK BORROWINGS

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Bank loans	160,000	160,000

The bank borrowings are classified as current liabilities as they contain a repayment on demand clause. According to the repayment schedule, the bank borrowings are repayable as follow:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Within 1 year	160,000	160,000

The carrying amounts of the Group's bank borrowings are denominated in Hong Kong dollars ("HKD").

The interest rate of the Group's bank borrowings as at 30 June 2021 was 2% per annum over one-month HIBOR or 0.5% per annum below HKD prime rate, whichever is lower (31 December 2020: 2% per annum over one-month HIBOR or 0.5% per annum below HKD prime rate, whichever is lower).

The bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Bank loans of HK\$160,000,000 (31 December 2020: HK\$160,000,000) are secured by (i) the investment properties of HK\$392,000,000 (31 December 2020: HK\$392,000,000), (ii) charged deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon, (iii) bank deposits (excluding the charged portion) of not less than HK\$7,000,000, (iv) assignment of rental income from properties to a designated bank account which is charged to the bank, and (v) maintenance of an occupancy rate of 60% or above in properties of the Group (which, if fallen below 60%, shall be raised by the borrower to 60% or above within three (3) months).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18. SHARE CAPITAL

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Authorised: 20,000,000,000 ordinary shares of HK\$0.05 each	1,000,000	1,000,000
Issued and fully paid: 2,819,102,084 ordinary shares of HK\$0.05 each	140,955	140,955

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in the general information to this interim report.

19. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Property, plant and equipment	15,169	16,217

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20. LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases and were receivable as follows:

	As at 30 June 2021 <i>HK\$'000</i> (unaudited)	As at 31 December 2020 <i>HK\$'000</i> (audited)
Within one year	5,975	4,533
In the second to fifth year inclusive	6,271	7,971
	12,246	12,504

21. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Rental income from directors	–	120

22. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the six months ended in 30 June 2021 (the “**Period**”), the Group continued to engage in property investment, provision of horticultural services and sales of plants, and property management services.

Revenue of the Group for the Period increased by HK\$10,410,000 or 149.9% from HK\$6,943,000 for the six months ended 30 June 2020 to HK\$17,353,000 for the Period mainly due to an increase in revenue from the property management services segment.

Property management services

In the second half of 2020, the Group expanded its property management business in the PRC and entered into service contracts with two China properties developers (i) Shenzhen Houting Yayuan Investment Co., Ltd.* (深圳市后亭雅苑投資有限公司) with the properties managed located at Shajing East to Songsha Road South to Neway Factory West to Zhongting Road East Road, Bao'an District, Shenzhen* (深圳市寶安區沙井東至松沙路南至紐威廠西至中亭路北至中亭東路); (ii) Shenzhen Hongxing Yayuan Property Co., Ltd.* (深圳市紅星雅苑置業有限公司) with the properties manage located at Juncture of Songming Avenue and Baoan Avenue, Songgang Street, Bao'an District, Shenzhen* (深圳市寶安區松崗街道松明大道與寶安大道交匯處). During the Period, the Group recorded a revenue of HK\$10,825,000 (the six months ended 30 June 2020: nil).

Horticultural business

The Group also operates horticultural services business under the brand name of “Cheung Kee Garden”, which has over forty years of history. Revenue from provision of horticultural services and plant sales revenue during the Period slightly increased by HK\$62,000 or 1.9% from HK\$3,254,000 for the six months ended 30 June 2020 to HK\$3,316,000 for the Period.

Property investment

Rental income derived from investment properties decreased by HK\$477,000 or 12.9% from HK\$3,689,000 for the six months ended 30 June 2020 to HK\$3,212,000 for the Period, mainly due to the decrease in the average rental income per apartment unit.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating and administrative expenses

Operating and administrative expenses increased by HK\$3,041,000 or 28.2% from HK\$10,769,000 for the six months ended 30 June 2020 to HK\$13,810,000 for the Period, mainly due to the increase in staff costs incurred in the property management services segment in the PRC.

Finance costs

Finance costs represented interests on bank borrowings and lease liabilities. Finance costs decreased by HK\$1,163,000 or 40.1% from HK\$2,903,000 for the six months ended 30 June 2020 to HK\$1,740,000 for the Period, due to a decrease in the average outstanding balances of bank loans and lease liabilities for the Period.

Profit for the Period

For the six months ended 30 June 2021, the Group's profit and total comprehensive income attributable to the owners of the Company was HK\$896,000 as compared to a loss of HK\$6,531,000 for the six months ended 30 June 2020. The turning from loss to profit was primarily attributable to the profit in revenue from the property management services segment, which had been introduced by the Group since the second half of 2020, and the decrease in finance costs.

Bank Borrowings and Other Borrowings

As at 30 June 2021, there were bank loans totalling HK\$160,000,000 outstanding (31 December 2020: HK\$160,000,000), and advances from the Company's shareholder, immediate holding company and ultimate holding company totalling HK\$63,000,000 (31 December 2020: HK\$58,000,000).

Net asset value

The net asset value of the Group per share as at 30 June 2021 was HK\$0.06 (31 December 2020: HK\$0.06) based on the 2,819,102,084 (31 December 2020: 2,819,102,084) shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

Charge over the Group's assets

The Group has pledged its investment properties as collateral for bank borrowings. As at 30 June 2021, the fair value of those pledged investment properties amounted to HK\$392,000,000 (31 December 2020: HK\$392,000,000).

Bank loans of HK\$160,000,000 (31 December 2020: HK\$160,000,000) are secured by (i) the investment properties of HK\$392,000,000 (31 December 2020: HK\$392,000,000), (ii) charged deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon, (iii) bank deposits (excluding the charged portion) of not less than HK\$7,000,000, (iv) assignment of rental income from properties to a designated bank account which is charged to the bank, and (v) maintenance of an occupancy rate of 60% or above in properties of the Group (which, if fallen below 60%, shall be raised by the borrower to 60% or above within three (3) months).

During the six months ended 30 June 2021, the Group was not aware of any violation of bank covenants attached to the interest-bearing bank loan that triggers breaches of the covenants such that the lenders may demand immediate repayment.

PROSPECT

Looking ahead, the Group targets to develop the property management services segment which enhances the Group's revenue and profit in future.

The management of the Group (the "**Management**") aims to increase the number of properties under the property management services in future to expand this segment. The Group is committed to building the "Valley Property" service brand, continuously optimising and upgrading its property service system, cultivating traditional property services, and taking advantage of the "Internet+" era to build a community platform that meets customers' needs for quality living with customer value at the core. Six ecospheres, namely "Life Production Ecology, Financial Technology Ecosphere, Creative Enterprise Community Ecosphere, Cross-border Ecosphere, Exhibitions Ecosphere and Education Ecosphere", will form a close functional complementary platform for sharing and sharing to provide comprehensive, diversified and sustainable community services to customers, create a new type of ecological community and become a quality living community service provider. In addition, the Management is considering certain property development projects in Southeast Asia and strategic cooperation with Shenzhen Xinzhou City Property Management Co., Ltd.* (深圳市新洲城物業管理有限公司). If such projects materialise, the Management will inform the shareholders and potential investors of the business update on the Group's development.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. There is no significant change in respect of treasury and financing policies from the information disclosed in the Company's latest annual report. The Group's monetary assets and liabilities are denominated and the Group conducts its business transactions principally in Hong Kong dollars.

As at 30 June 2021, there were bank loans in the sum of HK\$160,000,000 outstanding (31 December 2020: HK\$160,000,000). The Group's working capital requirements are funded with bank loans, shareholder's loan and cash generated from its ordinary course of business.

The gearing ratio of the Group as at 30 June 2021 was 128% (31 December 2020: 125%). Gearing ratio was calculated based on total debts divided by total equity. The amount of total debts was calculated by aggregating the bank and other borrowings.

GENERAL INFORMATION

SIGNIFICANT INVESTMENT HELD

The Group has no significant investment held as at 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities (as at 31 December 2020: nil).

On a voluntary basis, the Company wishes to make disclosure as follows:

Dispute with JV Partner

1. On 13 January 2017, Graphene Platform Corporation (the "JV Partner"), WI Graphene Co. Ltd ("WI Graphene", the Group's Japanese subsidiary) and the Company entered into a license agreement ("License Agreement") as licensor, licensee and guarantor respectively in relation to the grant of royalty-free license of certain patents and technologies for characterizing and manufacturing graphene and related products. On the same day, the JV Partner and WI Graphene entered into a plant sale and purchase agreement ("Plant Sale and Purchase Agreement") as seller and purchaser respectively in relation to the sale and purchase of graphene production plant.
2. The total purchase price under the Plant Sale and Purchase Agreement is JPY700,000,000 payable in two installments. The JV Partner has acknowledged the receipt of the first installment in the amount of JPY500,000,000 while the payment conditions of the 2nd installment of JPY200,000,000 specified under the Plant Sale and Purchase Agreement had never been fulfilled. Both Japan subsidiaries (i.e. WI Graphene and WI Capital Co., Limited ("WI Capital")) have ceased operation in the 2nd half of the year 2018.
3. The JV Partner has been requesting the Company to pay the 2nd installment of JPY200,000,000 (together with tax and default interest) under the Plant Sale and Purchase Agreement notwithstanding that i) the Company is not even a contract party to the Plant Sale and Purchase Agreement; and ii) the payment condition has not been fulfilled. Accordingly, the Company considers that the JV Partner's claim has no substance after receiving relevant legal advice rendered by its Japanese legal adviser. The JV Partner also requested the Company to produce monthly reports on the production of graphene as required under the License Agreement which the Company considers to be an unmeritorious claim due to the fact that the plant has never commenced operation.

GENERAL INFORMATION

4. On 31 July 2020, the Company received a notice from the Japanese lawyer of the JV Partner terminating the Plant Sale and Purchase Agreement and the License Agreement.
5. While the JV Partner has informally informed the legal advisor of the Company that its estimated loss to be claimed against the Company will be more than USD10 million, no justification or breakdown of its claim has been provided to the Company. The Company has engaged Japanese lawyers to request the JV Partner to provide justification and breakdown of its claim for the Company's consideration and if appropriate making a counterclaim against the JV Partner in relation to the non-fulfillment of the payment conditions.
6. Up to the date of this interim report, the Company has not received any notice of commencement of legal proceedings initiated by the JV Partner. The Company will update its shareholders and potential investors in due course as and when appropriate.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 June 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had a total 121 employees (31 December 2020: 144).

Employees (including directors) are remunerated based on their work performance, professional experience and prevailing industry practice. The remuneration policy and package of the Group's employees are periodically reviewed by the Management. Apart from the retirement benefits, discretionary bonuses are awarded to certain employees according to assessments of their individual performance.

UPDATE ON QUALIFIED OPINION

Reference is made to the section headed "Qualified Opinion" in the annual report of the Company published on 28 April 2021 in respect of the qualified opinion expressed by the auditors of the Company.

Throughout the six months ended 30 June 2021, the Company has made its effort to resolve the qualified opinion expressed by the auditors of the Company for the financial years ended 31 December 2018, 2019 and 2020, including but not limited to the followings:

The Company has continuously investigated the cause of the relevant events surrounding the Qualified Opinion and has exhausted various means to obtain relevant information to satisfy the Auditor's information requests. The Company made specific demands to former management personnel of the Company requesting for a consultation in relation to the circumstance pertaining to the Qualified Opinion, and has instructed its legal advisers to issue formal legal requests in that regard.

In February 2020, the Company engaged a Hong Kong lawyer and in April 2020, the Company engaged a Japanese lawyer with the scope of work mainly to obtain financial and corporate documents from WI Capital, WI Graphene and Five Colour Stone to complete the audit for the year ended 2018, 2019 and 2020.

GENERAL INFORMATION

WI Capital and WI Graphene

The operations of WI Capital and WI Graphene were ceased in the year of 2018. In December 2019, two consultants of the Company made a visit to Japan to meet the former director and/or current personnel and current registered director, Mr. Masaru Futohashi ("Mr. Futohashi"), of WI Capital and WI Graphene ("Relevant Japan Personnel") to understand the Japan business; and in December 2019 the Relevant Japan Personnel visited the Shenzhen operations. During the visit in Japan, there was no site visit arranged for inspecting the prepaid machine and the office was closed due to the cessation of operations.

During the year of 2020, the Company had persistently demanded the Relevant Japan Personnel of WI Graphene and WI Capital to return the relevant corporate, financial and shareholding documents of WI Graphene and WI Capital. In February 2020, a Hong Kong lawyer was appointed to contact the Relevant Japan Personnel to obtain the required audit documents to remove the qualified opinion in 2018 and to complete the audit for the year ended 31 December 2019.

In August 2020, the Japanese lawyer was instructed to prepare legal document to effect the new appointment of a new director nominated by the Company to the board of WI Capital, however, such process was not completed without the handover of the Company seal of WI Capital from Mr. Futohashi for the completion of the registration of the change of directorship with the relevant authority in Japan.

In September 2020, the Company received notice from Japanese lawyer that Mr. Futohashi has transferred all the equity interests in WI Graphene to an unknown Japanese individual (the "Suspected Transfer"), in relation to which shareholders may refer to the announcements of the Company dated 18 September 2020 and 29 September 2020. The Company immediately reported the Suspected Transfer to both the Japan Police and Hong Kong Police ("the Police Authorities"), however, both Police Authorities required further evidence in order to proceed.

In November 2020, in the course of pursuing relevant information and documents for audit, the Company was given certain information in respect of certain alleged sums owing to the Relevant Japan Personnel, the Company accordingly requested the Relevant Japan Personnel to provide financial information so as to verify the validity, and truthfulness of such amount and whether such amount has previously been paid. However, the Relevant Japan Personnel insisted to receive payment before providing financial information to the Company for audit.

Despite the Company's persistent demands, the Relevant Japan Personnel of WI Capital and WI Graphene refused to provide the Company the management accounts from 2018 to 2020 and the relevant information and documents of WI Capital and WI Graphene. Accordingly, the Auditor was not provided with sufficient audit evidence and issued the Qualified Opinion.

GENERAL INFORMATION

In March 2021, the Company engaged a new Japan legal representative to assist the Company with the retrieval of shareholder's information and documents of WI Capital and WI Graphene to effect the completion of the change of directors and the planning and coordination of potential legal proceedings to be brought against the Relevant Japan Personnel, if appropriate.

Throughout the period to June 2021, the Company established dialogue with a view of resolving the issues between the parties, including through representatives of the Company, Hong Kong lawyers and local lawyers.

To the best endeavours of the Company, up to the printing date of this interim report, the latest actions taken by the Company, including but not limited to the verification of alleged suspected transfer of the equity interest in WI Graphene and the Company's attempt to complete the registration procedure to replace Mr. Futohashi as sole director of WI Capital. In addition, efforts were made by the Company in setting up consultations with service provider specializing in liquidation and/or administration so as to seek preliminary view on whether or by what means the entities pertaining to the Qualified Opinion may be liquidated or be disposed of. The Company has also continuously discussed with its auditors in respect of the effects of potential actions and plans to be taken out by the Company in the perspective of the final removal of the Qualified Opinion.

Five Color Stone

The Company persistently demanded Five Color Stone to provide the required information and documents for audit. A meeting between two consultants of the Company and the sole director of Five Color Stone was held in Taiwan in January 2020 with a view of resolving the issues relating to audit evidence of Five Color Stone. In February 2020, a Hong Kong lawyer was appointed to contract director of Five Color Stone. In May and June 2020, the Company's Hong Kong lawyer discussed with the director of Five Color Stone to explore the feasibility of further investment in the business, however, after careful consideration, the Company decided not to further invest in Five Color Stone.

Notwithstanding the efforts of the Company, management accounts for the year ended 2020 was not provided and no sufficient information and documents of Five Color Stone have been provided to the Company and the Auditor. Accordingly, the Auditor was not provided with sufficient audit evidence and issued the Qualified Opinion.

GENERAL INFORMATION

In respect of the Group's investment in Five Color Stone, impairment loss on investment in associates of HK\$12,211,000 was made for the year ended 31 December 2020, as the Board expected (after considering the relevant action taken by the Group during the year ended 31 December 2020 and relevant circumstance) that such investment would not be recoverable and it was prudent to make such provision.

As disclosed in the announcement of the Company dated 28 January 2021, the Company demanded the relevant officers of Five Color Stone, WI Capital and WI Graphene to provide the Company with the relevant information and documents of Five Color Stone, WI Capital and WI Graphene for audit purposes. Despite persistent demand, such attempts were in vain. Without being able to obtain the necessary additional documents for audit purpose, the Board acknowledges the insufficiency of documents for audit and therefore agreed the Audit Qualifications issued by the Auditor.

In light of the non-controlling stake that the Group held in Five Color Stone, the Company has considered a disposal of such interest indirectly through its holding entity by way of a restructuring, and has sought preliminary advice in that regard. The Company has conducted further studies on a proposal to liquidate Five Color Stone directly or indirectly through its holding entity. The Company has regularly review the position of Five Color Stone and revisit its progress thereon, and will take actions as and when appropriate with the aid of advisers and professional parties.

Impacts of qualified opinion on the financial statements of the Company

Given that the Company has written off property, plant and equipment of approximately HK\$55 million on the 2018 annual financial statements of the Group, the Suspected Transfer might not have any material effect on the financial statements on 2020. For the Group's investment in Five Color Stone, an impairment loss on investment in associates of approximately HK\$12,211,000 was made for the year ended 31 December 2020 as such amount expected not to be recoverable and would be prudent to make such provision. The Board understood that the impairment of approximately HK\$12,211,000 was provided to zero amount on the balance sheet as the accurate recoverable amount was uncertain. Despite the Group's accounting treatment on the Japan business and Taiwan investments, the Group will continue to uphold its legitimate rights and interests and take appropriate actions (including legal actions) in the circumstance.

GENERAL INFORMATION

Considering the Audit Qualifications in previous years, the Company proposes to take the following plans in order to remove the Audit Qualifications in its financial statements of the year ending 31 December 2021 or 2022:

- (a) The Company currently seeks potential buyer for the disposal of the entities subject to Qualified Opinion at a fair and reasonable consideration to be agreed on an arm's length basis. The Company will engage and consult appropriate advisers in relation to the proper procedures that the Company should follow to facilitate a compliant and complete resolution of the Qualified Opinion through a disposal exercise, which may involve an intra-group restructuring, researching into the areas, advising on the relevant procedures and implications, negotiation with relevant counterparties, valuation, preparation of relevant documentations, regulatory approvals and external and internal approvals and consents. The consummation of such disposal is subject to actual business circumstance, market conditions, the negotiations between the Company and potential buyers and the time required for the preparation of relevant documents and regulatory approvals. In the event of a successful disposal of the entities subject to Qualified Opinion within 2021, the Company expects the Audit Qualifications will be carried to the auditor's report for the financial year ending 31 December 2021, because the Company continues to hold the entities interest at some part of the year of 2021, the qualification on corresponding figures for the financial year ended 31 December 2022 remains, and the Audit Qualification will be removed in the financial year ended 31 December 2023; and
- (b) Alternatively, the Company would consider winding-up Five Color Stone, WI Capital and WI Graphene after obtaining relevant professional advice. In this case, the Company expects the Audit Qualification will remain on for the financial year ending 31 December 2021, the qualification on corresponding figures for the financial year ending 31 December 2022 remains, and the Audit Qualification will be removed in the financial year ending 31 December 2023.

The Company will keep the shareholders and investors informed and updated about the progress of addressing the Audit Qualifications as and when appropriate.

GENERAL INFORMATION

SHARE OPTION SCHEME

Purpose of the Scheme

The existing share option scheme (the "Scheme") of the Company was adopted on 25 June 2013 for the purposes of enabling the Group to provide incentives or rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of the Group and to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group.

Participants of the Scheme

The directors of the Company are authorised, at their discretion, to invite eligible participants, including the directors or any employee (whether full time or part time) of the Group or an affiliate, and any consultant, agent, or advisor of the Group or an affiliate, to take up options (the "Option(s)") to subscribe for shares of the Company under the Scheme.

Total number of shares available for issue

On the adoption date of 25 June 2013, the total number of shares of the Company (the "Shares") available for issue under the Scheme were 263,165,208, representing 10% of the issued Shares of the Company as at the date of adoption of the Scheme.

On 27 May 2016, the ordinary resolution of refreshment of the Scheme limit was approved by shareholders at the annual general meeting of the Company. As at 30 June 2019, total number of Share available for further issue under the Scheme was 281,910,208, representing 10% of the issued shares of the Company.

During the Period, no Option had been granted, exercised, lapsed, or was cancelled. under the Scheme.

Maximum entitlement of each participant

The maximum number of Shares in respect of which the Options may be granted to any one participant in any twelve- month period shall not exceed 1% of the total number of shares in issue from time to time.

GENERAL INFORMATION

Time of exercise of option

The Options may be exercised in accordance with the terms of the Scheme at any time during a period as determined by the directors of the Company and not exceeding ten years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised.

Acceptance of offer

The offer of a grant of share options may be accepted within twenty-one days from the date of offer upon an initial payment of HK\$1 for each acceptance.

Basis of determining the exercise price

The exercise price of the Options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of the grant, which must be a business day;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the grant; and
- (c) the nominal value of a Share.

Remaining life of the Scheme

The Scheme became effective on 25 June 2013 and will remain in force for a period of 10 years from that date.

EVENTS AFTER THE END OF THE PERIOD

There are no significant events occurred after the Period that may affect the Group.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (the six months ended 30 June 2020: Nil).

GENERAL INFORMATION

DISCLOSURE OF INFORMATION ON DIRECTORS

During the Reporting Period, the changes in the directorship of the Company were as follows:

1. Mr. Zhao Juqun resigned as the vice chairman of the Board and an executive Director with effect from 1 April 2021;
2. Mr. Lum Pak Sum retired as an independent non-executive Director and the chairman of the audit committee, a member of each of the nomination committee and the remuneration committee with effect from 23 June 2021;
3. Mr. Wang Rongfang was appointed as an independent non-executive Director and the chairman of the remuneration committee and a member of each of the nomination committee and the audit committee with effect from 23 June 2021;
4. Mr. Tso Sze Wai was appointed as an independent non-executive Director and the chairman of the audit committee with effect from 2 July 2021.

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the interests or short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long Positions in Shares and Underlying Shares of the Company:

Long Positions in Shares and Underlying Shares of the Company:

Name of director	Nature of interest	Number and class of shares held	Percentage
Huang Binghuang (Note (i))	Interest of controlled corporation	2,112,533,229 ordinary shares	74.94%

GENERAL INFORMATION

Note:

- (i) Mr. Huang Binghuang (“Mr. Huang”) was deemed to be interested in the 2,112,533,229 shares of the Company as (i) Mr Huang held 90% equity interest of 深圳市中亞實業發展有限公司 and 90% equity interest in Zhengbo International Corporation; (ii) 深圳市中亞實業發展有限公司 held 100% equity interest of China Asia Group (HK) Limited; and (iii) China Asia Group (HK) Limited and Zhengbo International Corporation held respectively 41% and 59% equity interest of China Asia Graphene Holding Group Co. Limited, which held 2,112,533,229 shares of the Company.

Save as disclosed above, as at 30 June 2021, none of the directors and the chief executive of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the interests or short positions of the following substantial shareholders (other than persons who were directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Long positions in shares and underlying shares of the company:

Name of shareholders	Nature of interest	Number and class of shares held	Percentage
China Asia Graphene Holding Group Co. Limited	Beneficial Owner	2,112,533,229	74.94%
China Asia Group (HK) Limited (Notes 1 and 2)	Interest of controlled corporation	2,112,533,229	74.94%
Zhengbo International Corporation (Note 3)	Interest of controlled corporation	2,112,533,229	74.94%
深圳市中亞實業發展有限公司 (Note 4)	Interest of controlled corporation	2,112,533,229	74.94%

GENERAL INFORMATION

Notes:

1. Mr. Huang Binghuang (“Mr. Huang”) was deemed to be interested in the 2,112,533,229 shares of the Company as (i) Mr Huang held 90% equity interest of 深圳市中亞實業發展有限公司 and 90% equity interest in Zhengbo International Corporation; (ii) 深圳市中亞實業發展有限公司 held 100% equity interest of China Asia Group (HK) Limited; and (iii) China Asia Group (HK) Limited and Zhengbo International Corporation held respectively 41% and 59% equity interest of China Asia Graphene Holding Group Co. Limited, which held 2,112,533,229 shares of the Company.
2. China Asia Group (HK) Limited holds 41% of the beneficial interests in China Asia Graphene Holding Group Co. Limited which in turn holds 2,112,533,229 shares of the Company. Therefore, China Asia Group (HK) Limited is deemed to be interested in the 2,112,533,229 shares of the Company held by China Asia Graphene Holding Group Co. Limited.
3. Zhengbo International Corporation holds 59% of the beneficial interests in China Asia Graphene Holding Group Co. Limited which in turn holds 2,112,533,229 shares of the Company. Therefore, Zhengbo International Corporation is deemed to be interested in the 2,112,533,229 shares of the Company held by China Asia Graphene Holding Group Co. Limited.
4. 深圳市中亞實業發展有限公司 is the sole shareholder of China Asia Group (HK) Limited. With reference to Note 3 above, 深圳市中亞實業發展有限公司 is deemed to be interested in the 2,112,533,229 shares of the Company held by China Asia Graphene Holding Group Co. Limited.

Save as disclosed above, as at 30 June 2021, the Company had not been notified of any other persons (other than persons who were directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Director’s securities transactions. Specific enquiry has been made to all the Directors, and the Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2021.

GENERAL INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's code on corporate governance practices was adopted by reference to the provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Company conducts regular reviews of its corporate governance practices to ensure compliance with the CG Code. For the six months ended 30 June 2021, the Company has complied with all the code provisions set out in the CG Code except the following:

Deviation from Code Provision A.2.1 of the CG Code

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of chief executive officer was performed by Mr. Huang Binghuang, who was also the chairman of the Company during the Period. The Board believes that vesting the roles of both chairman and chief executive officer in the same person facilitates the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance. In addition, it is considered that the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

The Board will periodically review the merits and demerits of such management structure and will adopt such appropriate measures as may be necessary in the future taking into consideration of the nature and extent of the Group's operation.

COMPLIANCE WITH THE LISTING RULES

Non-compliances with Rules 3.10, 3.21 and 3.25 of the Listing Rules

1. On 30 December 2020, Dr. Wong Yun Kuen resigned as an independent non-executive director of the Company ("**INED**") and ceased to be the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company as he would like to devote more time to his other business engagement. As a result, the Company failed to comply with (i) Rule 3.10(1) of the Listing Rules as the Company only had two INEDs, which fell below the minimum requirement of three INEDs; and (ii) Rule 3.25 of the Listing Rules as its remuneration committee of the Company was not chaired by an INED.

GENERAL INFORMATION

2. On 23 June 2021, upon the conclusion of the Company's annual general meeting, (i) the appointment of Mr. Wang Rongfang ("**Mr. Wang**") as an INED, the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company had become effective; and (ii) Mr. Lum Pak Sum retired as an INED and ceased to act as the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of the Company. Following the above, the Company re-complied with Rule 3.25 of the Listing Rules but remained unable to meet the requirements in Rule 3.10 and Rule 3.21 of the Listing Rules.
3. On 2 July 2021, Mr. Tso Sze Wai ("**Mr. Tso**") was appointed as an INED and the chairman of the audit committee of the Company. Following the appointment of Mr. Tso, the Company has had three INEDs, one of whom (i.e. Mr. Tso, who is also the chairman of the audit committee) is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The Company has therefore re-complied with Rules 3.10 and 3.21 of the Listing Rules.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company is responsible for reviewing and monitoring the financial reporting process, risk management and internal control systems of the Company.

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2021. The audit committee considered that the unaudited interim financial statements of the Group for the six months ended 30 June 2021 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

By order of the Board of
China Asia Valley Group Limited
Huang Binghuang
Chairman and Chief Executive Officer

Hong Kong, 27 August 2021

CHINA ASIA VALLEY

務實 | 開拓 | 創新 | 共贏

大 鵬 一 日 同 風 起
扶 搖 直 上 九 萬 里



▶ 扫一扫了解更多

中亞烯谷集團有限公司

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