

 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

2022

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

www.00063.cn

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，我們秉承匯聚智慧，成就價值理念為您賦能；
在烯谷，我們致敬匠心——始終堅信“工匠精神、持之以恆”，
致力於成為您專屬的商業決策智囊。

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。

CONTENTS

Corporate Information	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	28
General Information	34

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Binghuang

(Chairman and Chief Executive Officer)

Ms. Xia Ping

Non-executive Director

Ms. Wang Lijiao

Independent non-executive Directors

Mr. Duan Rihuang

Mr. Wang Rongfang

Mr. Tso Sze Wai

COMPANY SECRETARY

Dr. Leung Wai Ping, Noel

AUTHORISED REPRESENTATIVES

Ms. Wang Lijiao

Dr. Leung Wai Ping, Noel

AUDIT COMMITTEE

Mr. Tso Sze Wai *(Chairman)*

Ms. Wang Lijiao

Mr. Duan Rihuang

Mr. Wang Rongfang

REMUNERATION COMMITTEE

Mr. Wang Rongfang *(Chairman)*

Ms. Xia Ping

Mr. Duan Rihuang

NOMINATION COMMITTEE

Mr. Huang Binghuang *(Chairman)*

Mr. Duan Rihuang

Mr. Wang Rongfang

AUDITORS

ZHONGHUI ANDA CPA Limited

(resigned on 11 July 2022)

Fan, Chan & Co. Limited

(appointed on 11 July 2022)

LEGAL ADVISERS

Jeffrey Mak Law Firm (as to Hong Kong laws)

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

4th Floor North

Cedar House

41 Cedar Avenue

Pembroke HM12

Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services
Limited

Shops 1712–1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

LISTING INFORMATION

Stock Code: 63, Hong Kong

WEBSITE

www.00063.cn

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 2022 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2021, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	20,800	17,353
Other income	6	569	184
Staff costs		(8,446)	(7,527)
Depreciation and amortisation expenses		(736)	(902)
Property related expenses		(3,369)	(2,687)
Other operating and administrative expenses		(3,026)	(3,877)
Profit from operations		5,792	2,544
Finance costs	7	(1,769)	(1,740)
Profit before taxation		4,023	804
Income tax expenses	8	(1,893)	(275)
Profit for the period	9	2,130	529
Other comprehensive (expenses)/income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(184)	367
Other comprehensive (expenses)/income for the period, net of tax		(184)	367
Total comprehensive income for the period attributable to owners of the Company		1,946	896
Earnings per share			
Basic (HK cents per share)	10	0.08	0.02
Diluted (HK cents per share)		0.08	0.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	1,028	1,192
Right-of-use assets		961	1,240
Investment properties		392,000	392,000
Investment in associates	13	–	–
		393,989	394,432
Current assets			
Inventories	14	663	603
Trade and other receivables	15	8,327	9,359
Pledged bank deposits		11,351	13,248
Cash and cash equivalents		10,807	5,991
		31,148	29,201
Current liabilities			
Trade and other payables	16	81,532	82,854
Current tax liabilities		1,495	280
Lease liabilities		867	1,087
Bank borrowings	17	160,000	160,000
		243,894	244,221
Net current liabilities		(212,746)	(215,020)
Total assets less current liabilities		181,243	179,412
Non-current liabilities			
Lease liabilities		69	184
NET ASSETS		181,174	179,228
Capital and reserves			
Share capital	18	140,955	140,955
Reserves		40,219	38,273
TOTAL EQUITY		181,174	179,228

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2022 (audited)	140,955	26,770	121	232	11,150	179,228	-	179,228
Total comprehensive income for the period (unaudited)	-	-	-	(184)	2,130	1,946	-	1,946
At 30 June 2022 (unaudited)	140,955	26,770	121	48	13,280	181,174	-	181,174
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
Acquisition of non-controlling interests without a change in control (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 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash generated from operating activities	9,309	1,410
Cash flows from investing activities		
Purchase of property, plant and equipment	(26)	(236)
Change in pledged bank deposits	1,897	(1,511)
Interest received	41	5
Net cash from/(used) in investing activities	1,912	(1,742)
Cash flows from financing activities		
Advance from ultimate holding company	2,500	5,000
Repayment of advance from immediate holding company	(6,075)	–
Repayment of lease liabilities	(609)	(523)
Interest paid	(1,769)	(1,740)
Net cash generated (used in)/from financing activities	(5,953)	2,737
Net increase in cash and cash equivalents	5,268	2,405
Effect of foreign exchange rate changes	(452)	365
Cash and cash equivalents at the beginning of period	5,991	2,732
Cash and cash equivalents at the end of period	10,807	5,502
Analysis of cash and cash equivalents		
Bank and cash balances	10,807	5,502

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 and other related 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 unaudited condensed consolidated financial statements for the Reporting Period (the “**Interim 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**”).

The Interim Financial Statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, the Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in those annual financial statements for the year ended 31 December 2021, except for the application of new and revised Hong Kong Financial Reporting Standards.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

Change of presentation of analysis of expenses

In the preparation of the Interim Financial Statements for the Reporting Period, the Directors have reviewed the presentation of analysis of the Group's expenses in the profit or loss section of the consolidated statement of profit or loss and other comprehensive income in view of the continuing execution of the Group's goal of becoming a comprehensive properties, internet and finance service provider. The execution of this strategic goal has led to revenue from investment properties and provision of property management and other related services becoming the dominant proportion of the Group's total revenue since the year ended 31 December 2021. As a result, the Directors consider that the presentation of analysis of expenses recognised in profit or loss using a classification based on the function of the expenses within the Group adopted by the Group in its previously issued consolidated statements of profit or loss and other comprehensive income should be changed as the analysis of the Group's expenses using a classification based on the nature of the expenses would provide information that is reliable and more relevant to users of the Interim Financial Statements of the Group given the significant change in the nature of the Group's operations described herein.

Accordingly, the Group has determined to change the presentation of the analysis of its expenses in its consolidated statement of profit or loss and other comprehensive income with effect from the current financial year. The comparative amounts in the condensed consolidated statement of profit or loss and other comprehensive income have been reclassified to conform with the current period's presentation.

Going concern basis

The Group had net current liabilities of HK\$212,746,000 as at 30 June 2022. Notwithstanding this fact, the Directors consider that it is appropriate to prepare the Interim 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 2022, 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 Interim Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

Amendments to HKFRSs that are initially applied in the current year

In the Reporting Period, the Group has applied the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKFRS 16, <i>COVID-19 Related Rent Concession beyond 30 June 2021</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to HKFRSs, <i>Annual Improvements to HKFRSs 2018–2020</i>	1 January 2022

The initial application of the amendments to HKFRSs in the Reporting Period has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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.

(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 2022 (unaudited)				
Investment Properties				
– Residential units				
– Hong Kong	–	392,000	–	392,000
At 31 December 2021 (audited)				
Investment Properties				
– Residential units				
– Hong Kong	–	392,000	–	392,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

(b) **Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2022 and 31 December 2021:**

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair Value			
			As at 30 June 2022		As at 31 December 2021	
			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 Reporting Period, there were no changes in the valuation techniques used.

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 and other related services – provides building management and other related 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, unallocated depreciation charges, unallocated other income, finance costs and income tax expense. Segment assets do not include pledged bank deposits, unallocated property, plant and equipment, right-of-use assets and unallocated corporate assets. Segment liabilities do not include bank borrowings, unallocated corporate liabilities, current tax liabilities and unallocated lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

(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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Disaggregated by major products or services		
– Provision of property management and other related services	14,825	10,825
– Provision of horticultural services and sales of plants	3,107	3,316
	17,932	14,141
Revenue from contracts with customers		
– Rental income from investment properties located in Hong Kong	2,868	3,212
Total revenue	20,800	17,353
Disaggregated by geographical location of customers		
– Hong Kong	3,107	3,316
– The People's Republic of China (the "PRC") except Hong Kong	14,825	10,825
	17,932	14,141

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

Timing of revenue recognition	Six months ended 30 June					
	2022			2021		
	At a point in time HK\$'000	Over time HK\$'000	Total HK\$'000	At a point in time HK\$'000	Over time HK\$'000	Total HK\$'000
Provision of property management and other related services	-	14,825	14,825	-	10,825	10,825
Provision of horticultural services and sales of plants	320	2,787	3,107	419	2,897	3,316
Total	320	17,612	17,932	419	13,722	14,141

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

Information regarding the Group's reportable segments as provided to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the Reporting Period is set out below.

	Property investment <i>HK\$'000</i>	Horticultural services <i>HK\$'000</i>	Property management and other related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2022 (unaudited)				
Revenue from customers	2,868	3,113	14,825	20,806
Intersegment revenue	–	(6)	–	(6)
Revenue from external customers	2,868	3,107	14,825	20,800
Segment profit	1,015	823	7,366	9,204
Depreciation of property, plant and equipment and right-of-use assets	–	88	20	108
Additions to segment non-current assets	–	8	9	17
As at 30 June 2022 (unaudited)				
Segment assets	393,694	2,127	16,228	412,049
Segment liabilities	6,680	1,617	5,940	14,237

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

	Property investment <i>HK\$'000</i>	Horticultural services <i>HK\$'000</i>	Property management and other related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 31 December 2021 (audited)				
Segment assets	394,855	2,247	12,645	409,747
Segment liabilities	7,778	1,457	2,619	11,854

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

Reconciliations of segment revenue and profit or loss

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue		
Total revenue of reportable segments	20,806	17,358
Elimination of intersegment revenue	(6)	(5)
Consolidated revenue	20,800	17,353
Profit or loss		
Total profit of reportable segments	9,204	6,193
Unallocated amounts:		
– Depreciation of property, plant and equipment and right-of-use assets	(628)	(235)
– Finance costs	(1,769)	(1,740)
– Other income	453	178
– Unallocated corporate expenses	(3,237)	(3,592)
Consolidated profit before tax	4,023	804

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

Reconciliations of segment assets and liabilities

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Assets		
Total assets of reportable segments	412,049	409,747
Unallocated:		
– Pledged bank deposits	11,351	13,248
– Property, plant and equipment	565	–
– Right-of-use assets	709	–
– Cash and cash equivalents	142	113
– Other assets	321	525
Consolidated total assets	425,137	423,633
Liabilities		
Total liabilities of reportable segments	14,237	11,854
Unallocated:		
– Bank borrowings	160,000	160,000
– Other liabilities	67,499	72,271
– Current tax liabilities	1,495	280
– Lease liabilities	732	–
Consolidated total liabilities	243,963	244,405

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (audited)
Hong Kong	5,975	6,528	393,859	394,285
The PRC except Hong Kong	14,825	10,825	130	147
Consolidated total	20,800	17,353	393,989	394,432

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Provision of property management services		
– Customer A	–	4,449
– Customer B	2,410	–
Rental income		
– Customer C	–	1,832

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. OTHER INCOME

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest income on bank deposits	41	5
Government subsidies	104	–
Gain on disposal of interests in a subsidiary	10*	–
Others	414	179
	569	184

* Gain on disposal of interests in a subsidiary is arisen from the disposal of the Group's entire interests in Sky Heritage Holdings Limited, an indirect wholly-owned subsidiary of the Company at a consideration of HK\$10,000 to an independent third party.

7. FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on bank borrowings	1,753	1,709
Lease interest	16	31
	1,769	1,740

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current income tax – PRC Corporate Income Tax Provision for the period	1,893	275

No provision for Hong Kong Profits Tax has been made for the Reporting Period and six months ended 30 June 2021 as the Group has no assessable profits arising in Hong Kong for the periods. PRC Corporate Income Tax has been provided at a rate of 25% on the estimated assessable profits for the Reporting Period and six months ended 30 June 2021.

9. PROFIT FOR THE PERIOD

The Group's profit for the Reporting Period is stated after charging the following:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Depreciation of property, plant and equipment and right-of-use assets	736	902
Directors' remuneration	1,088	561
Greening costs	441	790
Property management services fees	1,508	798
Building management, cleaning and utilities expenses	476	592
Maintenance costs	944	507
Professional service fees	1,240	1,538
Expenses related to short-term leases	127	85
Cost of inventories sold	357	393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit for the purpose of calculating basic and diluted earnings per share		
Profit attributable to owners of the Company	2,130	529
Number of shares:	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	2,819,102	2,819,102

The basic and diluted earnings per share for the Reporting Period and six months ended 30 June 2021 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 Reporting Period (the six months ended 30 June 2021: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired items of property, plant and equipment at a cost of HK\$26,000 (the six months ended 30 June 2021: HK\$236,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. INVESTMENT IN ASSOCIATES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Unlisted investments:		
Share of net assets	–	12,211
Impairment loss	–	(12,211)
Carrying amount at period end	–	–

The investment in associates represented 28% of the issued shares of Five Color Stone Technology Corporation held by Sky Heritage Holdings Limited, an indirect wholly owned subsidiary of the Company. On 12 January 2022, the Group entered into a sale and purchase agreement with a purchaser to dispose of the entire issued shares of Sky Heritage Holdings Limited at a consideration of HK\$10,000. After the completion of the disposal, the Group ceased to have the above investment in associates as at 30 June 2022.

14. INVENTORIES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Horticultural plants and accessories	663	603

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Trade receivables	4,790	7,966
Allowance for doubtful debts	(182)	(182)
	4,608	7,784
Other prepayments	2,047	415
Rental and other deposits	597	594
Other receivables	1,075	566
	8,327	9,359

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 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
0 to 90 days	3,132	5,726
91 to 180 days	893	1,743
181 to 365 days	536	291
Over 365 days	47	24
	4,608	7,784

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
Trade payables	1,117	1,226
Other payables and accrued charges	11,439	11,192
Amount due to directors	2,247	1,727
Amount due to the immediate holding company	8,925	15,000
Amount due to the ultimate holding company	52,500	50,000
Amount due to a shareholder of immediate holding company	3,000	3,000
Other tax payables	387	205
Contract liabilities	1,917	504
	81,532	82,854

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

	As at 30 June 2022 <i>HK\$'000</i> (unaudited)	As at 31 December 2021 <i>HK\$'000</i> (audited)
0 to 90 days	424	501
91 to 180 days	–	725
181 to 365 days	693	–
	1,117	1,226

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

17. BANK BORROWINGS

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 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 follows:

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Within 1 year	160,000	160,000

The carrying amounts of the Group's bank borrowings are denominated in HK\$.

The interest rate of the Group's bank borrowings as at 30 June 2022 and 31 December 2021 was 2% per annum over one-month HIBOR or 0.5% per annum below HK\$ prime rate, whichever is lower.

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

As at 30 June 2022, bank loans of HK\$160,000,000 (31 December 2021: HK\$160,000,000) are secured by (i) the investment properties of HK\$392,000,000 (31 December 2021: HK\$392,000,000), (ii) a charge over deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon (31 December 2021: HK\$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK\$7,000,000 (31 December 2021: HK\$7,000,000), and (iv) assignment of rental income from investment properties to a designated bank account which is charged to the bank, with an undertaking to maintain occupancy rate of 60% or above in investment properties (which, if fallen below 60%, shall be raised by the borrower to 60% or above within three months (31 December 2021: 60%)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. SHARE CAPITAL

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 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

As at 30 June 2022, the Group did not have any material capital commitments (31 December 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Within one year	3,336	3,532
In the second to fifth year inclusive	1,785	2,020
	5,121	5,552

21. EVENTS AFTER THE REPORTING PERIOD

In July 2022, the Company entered into the sale and purchase agreement with a purchaser (an independent third party) to dispose of the entire issued shares of WI Capital Co. Limited at a consideration of HK\$10,000.

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the Reporting 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 Reporting Period increased by HK\$3,447,000 or 19.9% from HK\$17,353,000 for the six months ended 30 June 2021 to HK\$20,800,000 for the Reporting Period mainly due to an increase in revenue from the property management services segment.

Property management services

The Group provides its property management services 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 under management 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); and (ii) Shenzhen Hongxing Yayuan Property Co., Ltd.* (深圳市紅星雅苑置業有限公司) with the properties under management 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). Revenue from property management services increased by HK\$4,000,000 or 37.0% from HK\$10,825,000 for the six months ended 30 June 2021 to HK\$14,825,000 for the Reporting Period, mainly due to the increase in the areas under management.

Horticultural business

The Group also operates horticultural 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 slightly decreased by HK\$209,000 or 6.3% from HK\$3,316,000 for the six months ended 30 June 2021 to HK\$3,107,000 for the Reporting Period.

Property investment

Rental income derived from investment properties decreased by HK\$344,000 or 10.7% from HK\$3,212,000 for the six months ended 30 June 2021 to HK\$2,868,000 for the Reporting Period, mainly due to the decrease in the average rental income per apartment unit.

* for identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

Staff costs

Staff costs increased by HK\$919,000 or 12.2% from HK\$7,527,000 for the six months ended 30 June 2021 to HK\$8,446,000 for the Reporting Period, mainly due to salary increment with effect from January 2022.

Property related expenses

Property related expenses increased by HK\$682,000 or 25.4% from HK\$2,687,000 for the six months ended 30 June 2021 to HK\$3,369,000 for the Reporting Period, mainly due to an increase in the management fee charged by the service provider and maintenance costs.

Other operating and administrative expenses

Other operating and administrative expenses decreased by HK\$851,000 or 21.9% from HK\$3,877,000 for the six months ended 30 June 2021 to HK\$3,026,000 for the Reporting Period, mainly due to a decrease in the professional service fees and other expenses.

Finance costs

Finance costs represented interests on bank borrowings and lease liabilities. Finance costs slightly increased by HK\$29,000 or 1.7% from HK\$1,740,000 for the six months ended 30 June 2021 to HK\$1,769,000 for the Reporting Period.

Profit for the period

The Group's profit for the period increased by HK\$1,601,000 or 302.6% from HK\$529,000 for the six months ended 30 June 2021 to HK\$2,130,000 for the Reporting Period, mainly due to an increase in profit from property management services segment.

Bank and other borrowings

As at 30 June 2022, there were outstanding bank loans totalling HK\$160,000,000 (31 December 2021: HK\$160,000,000), and advances from a shareholder of the immediate holding company, the immediate holding company and the ultimate holding company of the Company totalling HK\$64,425,000 (31 December 2021: HK\$68,000,000).

Net asset value

The net asset value of the Group per share as at 30 June 2022 was HK\$0.06 (31 December 2021: HK\$0.06) based on the 2,819,102,084 (31 December 2021: 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 2022, the fair value of those pledged investment properties amounted to HK\$392,000,000 (31 December 2021: HK\$392,000,000).

As at 30 June 2022, bank loans of HK\$160,000,000 (31 December 2021: HK\$160,000,000) are secured by (i) the investment properties of HK\$392,000,000 (31 December 2021: HK\$392,000,000), (ii) a charge over deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon (31 December 2021: HK\$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK\$7,000,000 (31 December 2021: HK\$7,000,000), and (iv) assignment of rental income from investment properties to a designated bank account which is charged to the bank, with an undertaking to maintain occupancy rate of 60% or above in investment properties (which, if fallen below 60%, shall be raised by the borrower to 60% or above within three months (31 December 2021: 60%)).

During the Reporting Period, the Group was not aware of any violation of bank covenants attached to the interest-bearing bank loans that would trigger breaches of the covenants such that the lenders may demand immediate repayment.

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 2022, there were outstanding bank loans in the sum of HK\$160,000,000 (31 December 2021: 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 2022 was 124% (31 December 2021: 127%). 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.

Several portions of the Group's assets, liabilities and operations are denominated in non-HK\$ which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Group will closely monitor its foreign exchange exposure and will consider hedging of significant currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

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

SIGNIFICANT INVESTMENT HELD

The Group has no significant investment held as at 30 June 2022.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

Reference is made to the Company's announcement released on 12 January 2022. On 12 January 2022, the Group entered into a sale and purchase agreement with a purchaser, pursuant to which the Group sold the entire issued shares of Sky Heritage Holdings Limited ("**Disposal Company**"), an indirect wholly-owned subsidiary of the Company, at a consideration of HK\$10,000 to an independent third party. As shown in the 2017 annual report of the Company, the Disposal Company held 28% of the issued shares in the Five Color Stone Technology Corporation, an investment holding company, which in turn held the entire equity interest in the Taiwan Xigu Applied Materials Limited* (台灣烯谷應材股份有限公司), an investment holding company, and 80% equity interest in Taiwan Mutron Applied Materials Limited (台灣美創應材股份有限公司), a company which was principally engaged in manufacturing and sale of graphene and graphene-related products, respectively. Completion took place immediately following the execution of the sale and purchase agreement.

Except for the above, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

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 2022.

* for identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had a total 121 employees (31 December 2021: 117).

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.

PROSPECT

Looking ahead, the Group continues to develop and enhance the property management services and other related segment which contributes the Group's revenue and profit in future.

Since 2020, the Group has expanded its property management and other related business in Mainland China, and the revenue of this business segment increased from HK\$10.8 million for the six months ended 30 June 2021 to HK\$14.8 million in the Reporting Period. The Management aims to explore the expansion of this segment by increasing the number of properties under the property management services and geographic expansion in future. In the digital era, the Management also seeks to develop 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.

The Management further advises that on 18 November 2021, the Group and Shenzhen Tanggang China Asia Electronic City Group Co., Ltd.* (深圳市坻崗中亞電子城集團有限責任公司) ("STCAEC") entered into a memorandum of understanding (the "MOU"). Pursuant to the MOU, there will be potential leasing cooperation (the "**Potential Cooperation**") among the parties with respect to the sustainable development of a property held by STCAEC and located in Bao'an District, Shenzhen, Mainland China. The Management believes that this strategic cooperation will not only expand the Group's business and enhance its returns, but also improve its market competitiveness. The Management also believes that strategic cooperation can actively expand business layout, improve business operation capacity, and allow the Group to quickly tap into the market opportunities in Shenzhen and the broader Mainland China. The Management further believes that the Potential Cooperation is in line with the Group's strategy of business consolidation, and is fair and reasonable and in the interest of the Company and its shareholders as a whole.

* for identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

Further, the Management has addressed the qualified audit opinion concerning the investment in Japan and Taiwan. The Group disposed of its Taiwan and Japan investments in January 2022 and July 2022, respectively. If the audit issues of these two investments can be resolved, the Management will focus the Group's resources to develop the business of the Group for the benefit of the Company and the stakeholders as a whole. Nevertheless, the Management and the Board strive to enhance the shareholder value of the Company in the foreseeable future.

EVENTS AFTER THE END OF THE REPORTING PERIOD

References are made to the Company's announcements dated 6 July 2022 and 29 July 2022. In July 2022, the Company entered into a sale and purchase agreement with a purchaser (an independent third party) to dispose of the entire issued shares of WI Capital Co. Limited ("**WI Capital**") at a consideration of HK\$10,000. Completion took place on 29 July 2022 and the Company ceased to hold any shares of the WI Capital. The Directors consider that there will be no material adverse impact to the financial position and business operations of the Company as a whole as the results of this disposal.

Except for the above, there are no significant events occurred after the Reporting Period that may affect the Group.

GENERAL INFORMATION

UPDATE ON QUALIFIED OPINION

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by ZHONGHUI ANDA CPA Limited (the “**Auditor**”). The Auditor expressed qualified opinion on the Group’s consolidated financial statements for the year ended 31 December 2021 (the “**Qualified Opinion**”), the “except for” opinion on the availability of sufficient audit evidence from overseas associates and subsidiaries for the years ended 31 December 2020, 31 December 2019 and 31 December 2018.

Five Color Stone Technology Corporation (“Five Color Stone”) (Qualification 1)

Reference is made to the Company’s announcement released on 12 January 2022. On 12 January 2022, the Group entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Share, representing the entire issued shares of the Disposal Company, at a consideration of HK\$10,000. As shown in the 2017 annual report of the Company, the Disposal Company held 28% of the issued shares in the Five Color Stone, an investment holding company, which in turn held the entire equity interest in the Taiwan Xigu, an investment holding company, and 80% equity interest in Taiwan Mutron, a company principally engaged in manufacturing and sale of graphene and graphene-related products, respectively. Completion took place immediately following the execution of the Sale and Purchase Agreement.

WI Capital Co. Limited and WI Graphene Co. Limited (Qualification 2)

References are made to the Company’s announcements dated 6 July 2022 and 29 July 2022. In July 2022, the Company entered into the sale and purchase agreement with the purchaser to dispose of the entire issued shares of WI Capital at a consideration of HK\$10,000. As shown in the 2017 Annual Report of the Company, WI Capital held the 80% equity interest in the WI Graphene Co. Limited, a company which is principally engaged in manufacturing and sale of graphene and graphene-related products, respectively. Completion took place on 29 July 2022.

As disclosed in the Director’s Report of the Company for the year ended 31 December 2021, the Management had consulted the Auditors and was given to understand that if the disposal of Five Color Stone and WI Capital had completed on or before 31 December 2022 as expected, Qualification 1 and 2 would be on the comparative figures in 2021 in the consolidated financial statements for the year ended 31 December 2022 and the profit or loss figures for the year ended 31 December 2022 and would not have any impact on the consolidated statement of financial position as at 31 December 2022.

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 2022, 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 Reporting Period, no Option had been granted, exercised, lapsed, or was cancelled. under the Scheme.

GENERAL INFORMATION

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.

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.

DISCLOSURE OF INFORMATION ON DIRECTORS

During the Reporting Period, there was no change in information of the Directors required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

GENERAL INFORMATION

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 Reporting Period.

DIRECTORS’ INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, 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 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	2,112,395,735 ordinary shares	74.93%

Note:

- (i) Mr. Huang Binghuang (“**Mr. Huang**”) was deemed to be interested in the 2,112,395,735 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 2,112,395,735 shares of the Company.

Save as disclosed above, as at 30 June 2022, none of the Directors and the chief executives 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.

GENERAL INFORMATION

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

As at 30 June 2022, the interests or short positions of the following substantial shareholders (other than persons who were Directors and chief executives 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	2,112,395,735	74.93%
China Asia Group (HK) Limited (Note (2))	Interest of controlled corporation	2,112,395,735	74.93%
Zhengbo International Corporation (Note (3))	Interest of controlled corporation	2,112,395,735	74.93%
深圳市中亞實業發展有限公司 (Note (4))	Interest of controlled corporation	2,112,395,735	74.93%

Notes:

- (1) Mr. Huang Binghuang (“**Mr. Huang**”) was deemed to be interested in the 2,112,395,735 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 2,112,395,735 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 2,112,395,735 shares of the Company. Therefore, China Asia Group (HK) Limited is deemed to be interested in the 2,112,395,735 shares of the Company held by China Asia Graphene Holding Group Co. Limited.

GENERAL INFORMATION

- (3) Zhengbo International Corporation holds 59% of the beneficial interests in China Asia Graphene Holding Group Co. Limited which in turn holds 2,112,395,735 shares of the Company. Therefore, Zhengbo International Corporation is deemed to be interested in the 2,112,395,735 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 Notes (1) and (2) above, 深圳市中亞實業發展有限公司 is deemed to be interested in the 2,112,395,735 shares of the Company held by China Asia Graphene Holding Group Co. Limited.

Save as disclosed above, as at 30 June 2022, the Company had not been notified of any other persons (other than persons who were Directors and chief executives 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 Reporting Period.

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 Reporting Period, the Company has complied with all the code provisions set out in the CG Code except the following:

Deviation from Code Provision C.2.1 of the CG Code

Code provision C.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 Reporting 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 C.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.

GENERAL INFORMATION

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises Mr. Tso Sze Wai (the Chairman), Ms. Wang Lijiao, Mr. Wang Rongfang and Mr. Duan Rihuang, and is responsible for reviewing and monitoring the financial reporting process, risk management and internal control systems of the Group.

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 Reporting Period. The Audit Committee considered that the unaudited interim financial statements of the Group for the Reporting Period are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

PUBLICATION OF INTERIM REPORT

The interim report of the Company was published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.00063.cn). The interim report of the Company for the Reporting Period, containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

APPRECIATIONS

On behalf of the Board, I would like to extend our sincere thanks to the shareholders, business partners, and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the Reporting Period.

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

Hong Kong, 29 August 2022

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

China Asia Valley Group Limited

Mob: 400-888-3333 +852 3899 0300 Web: www.00063.cn

Email: info@chn-graphene.com

Add: 深圳市南山區南油大道西桃園路南西海明珠花園F座2201室

香港灣仔港灣道30號新鴻基中心12樓1237-1240室