

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

2020
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



焜 谷

在焜谷，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。

在焜谷，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；

在焜谷，我們秉承彙聚智慧，成就價值理念為您賦能；

在焜谷，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。

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



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	25
General Information	28

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Binghuang

(Chairman and Chief Executive Officer)

Mr. Zhao Juqun *(Vice chairman)*

(appointed on 12 June 2020)

Ms. Xia Ping

Mr. Zhou Chen *(retired on 12 June 2020)*

Non-executive Director

Ms. Wang Lijiao

Independent non-executive Directors

Mr. Lum Pak Sum

Mr. Duan Rihuang

(appointed on 12 June 2020)

Dr. Wong Yun Kuen

(appointed on 12 June 2020)

Mr. Gao Han *(retired on 12 June 2020)*

Mr. David Chow Chi-ping

(retired on 12 June 2020)

COMPANY SECRETARY

Ms. Wong Hoi Yan, Audrey

AUDITOR

ZHONGHUI ANDA CPA Limited

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

17M Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

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 2020

The board of directors (the “Board”) of China Asia Valley Group Limited (the “Company”) (previously known as China Graphene Group Limited) announces that the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020, together with the comparative figures for the six months ended 30 June 2019, are as follows:

		Six months ended 30 June	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	6,943	6,647
Cost of sales		(384)	(394)
Gross profit		6,559	6,253
Other income	6	587	200
Other gains and losses	7	–	9,214
Operating and administrative expenses		(10,769)	(18,549)
Loss from operations		(3,623)	(2,882)
Finance costs	8	(2,903)	(4,493)
Loss before taxation		(6,526)	(7,375)
Income tax expenses	9	–	–
Loss for the period attributable to owners of the Company	10	(6,526)	(7,375)
Other comprehensive expenses			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(5)	(17)
Other comprehensive expenses for the period, net of tax		(5)	(17)
Total comprehensive expenses for the period attributable to owners of the Company		(6,531)	(7,392)
Loss per share	11		
Basic (HK cent per share)		HK cent (0.23)	HK cent (0.26)
Diluted (HK cent per share)		HK cent (0.23)	HK cent (0.26)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	2,633	3,087
Right-of-use assets		2,836	2,733
Investment properties		390,000	390,000
Investment in associates		12,211	12,211
Pledged bank deposits		10,317	10,275
		417,997	418,306
Current assets			
Inventories	14	535	532
Trade and other receivables	15	5,337	6,602
Cash and cash equivalents		1,525	1,710
		7,397	8,844
Current liabilities			
Trade and other payables	16	72,240	27,540
Lease liabilities		2,843	2,768
Bank borrowings	17	160,000	200,000
		235,083	230,308
Net current liabilities		(227,686)	(221,464)
NET ASSETS		190,311	196,842
Capital and reserves			
Share capital	18	140,955	140,955
Reserves		49,356	55,887
TOTAL EQUITY		190,311	196,842

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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>	Total equity <i>HK\$'000</i>
At 1 January 2019 (audited)	140,955	26,770	121	(5,429)	34,439	196,856
Total comprehensive expenses for the period (unaudited)	–	–	–	(17)	(7,375)	(7,392)
At 30 June 2019 (unaudited)	140,955	26,770	121	(5,446)	27,064	189,464
At 1 January 2020 (audited)	140,955	26,770	121	(5,433)	34,429	196,842
Total comprehensive expenses for the period (unaudited)	–	–	–	(5)	(6,526)	(6,531)
At 30 June 2020 (unaudited)	140,955	26,770	121	(5,438)	27,903	190,311

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	631	(14,771)
Cash flows from investing activities		
Purchase of property, plant and equipment	(111)	(482)
Proceeds from disposals of property, plant and equipment	–	316
Net proceeds from disposal of subsidiaries	–	9,700
Change in pledged bank deposits	(42)	676
Proceeds from disposals of investments at fair value through profit or loss	–	677
Interest received	43	–
Net cash (used in)/generated from investing activities	(110)	10,887
Cash flows from financing activities		
Advance from ultimate parent	40,000	–
Other borrowings raised	–	7,622
Advance from immediate parent	3,000	–
Repayment of bank borrowing	(40,000)	–
Repayment of other borrowing	–	(1,936)
Repayment of lease liabilities	(839)	(1,346)
Interest paid	(2,867)	(3,853)
Net cash (used in)/generated from financing activities	(706)	487
Net decrease in cash and cash equivalents	(185)	(3,397)
Effect of foreign exchange rate changes	–	(17)
Cash and cash equivalents at the beginning of period	1,710	5,359
Cash and cash equivalents at the end of period	1,525	1,945
Analysis of cash and cash equivalents		
Bank and cash balances	1,525	1,945

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. COMPANY INFORMATION

China Asia Valley Group Limited (the "Company") (previously known as China Graphene Group Limited) 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 is Room 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, sale of plants and provision of horticultural services, manufacturing and selling graphene and graphene-related products, property management and money lending.

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 (previously known as Zhonghan International Holding Group Limited) (the "China Asia Graphene"), a company incorporated in Hong Kong, is the immediate parent; and Zhengbo International Corporation, a company incorporated in the British Virgin Islands, is the ultimate parent, and controlled by Mr. Huang Binghuang (the "Controlling Shareholder").

2. BASIS OF PREPARATION

Going Concern

The Group incurred a loss of approximately HK\$6,526,000 for the six months ended 30 June 2020, the Group had net current liabilities of approximately HK\$227,686,000 as at 30 June 2020. Notwithstanding this fact, the Directors consider 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 Group's Directors has reviewed the condensed consolidated statement of financial position of the Group as at 30 June 2020, 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.

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 Stock Exchange.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

These condensed consolidated financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

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 2020. 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 2020

(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 2020 (unaudited)				
Investment Properties				
– Residential units				
– Hong Kong	–	390,000	–	390,000
At 31 December 2019 (audited)				
Investment Properties				
– Residential units				
– Hong Kong	–	390,000	–	390,000

(b) Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2020 and 31 December 2019:

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair Value			
			As at 30 June 2020		As at 31 December 2019	
			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	390,000	–	390,000	–

During the six months ended 30 June 2020, there were no changes in the valuation techniques used.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 five operating segments as follows:

Property investment – engages in leasing out residential properties

Sale of plants and provision of horticultural services – sale of plants and provides horticultural services

Graphene manufacturing and sales – manufactures and sells graphene and graphene-related products

Property management and other related services – provides building management services

Money lending – provides loan financing to corporate entities and individuals

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

The accounting policies of the operating segments are the same as those described in note 2 to the condensed consolidated financial statements. Segment profits or losses do not include unallocated administrative expenses, share of losses of associates, unallocated other income, unallocated other gains and losses, 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.

(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	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Disaggregated by major products or services		
– Sale of plants and provision of horticultural services	3,254	3,468
Revenue from contracts with customers	3,254	3,468
– Rental income	3,689	3,179
Total revenue	6,943	6,647
Disaggregated by geographical location of customers		
– Hong Kong	3,254	3,468

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

	Timing of revenue recognition Six months ended 30 June					
	2020			2019		
	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>
Sale of plants and provision of horticultural services	197	3,057	3,254	228	3,240	3,468

(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 2020 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 2020

	Property investment <i>HK\$'000</i>	Sale of plants and provision of horticultural services <i>HK\$'000</i>	Graphene manufacturing and sales <i>HK\$'000</i>	Property management and other related services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	(1,129)	-	(7)	(196)
Depreciation of property, plant and equipment and right-of use assets	1,111	47	222	-	-	1,380
Additions to segment non-current assets	111	-	-	-	-	111
As at 30 June 2020 (unaudited)						
Segment assets	395,028	2,764	3,516	-	587	401,895
Segment liabilities	8,995	1,580	8,025	-	-	18,600

	Property investment <i>HK\$'000</i>	Sale of plants and provision of horticultural services <i>HK\$'000</i>	Graphene manufacturing and sales <i>HK\$'000</i>	Property management and other related services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2019 (unaudited)						
Revenue from external customers	3,179	3,468	-	-	-	6,647
Segment loss	(8,836)	(723)	(4)	(200)	-	(9,763)
Depreciation of property, plant and equipment and right-of use assets	1,703	8	-	-	-	1,711
Additions to segment non-current assets	-	474	-	-	-	474
As at 31 December 2019 (audited)						
Segment assets	396,051	2,975	3,728	-	583	403,337
Segment liabilities	8,617	1,369	7,108	-	-	17,094

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

Reconciliations of segment revenue and profit or loss

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue		
Total revenue of reportable segments	6,946	6,647
Elimination of intersegment revenue	(3)	–
Consolidated revenue	6,943	6,647
Profit or loss		
Total loss of reportable segments	(196)	(9,763)
Elimination of intersegment profits	(3)	–
Unallocated amounts:		
– Depreciation of property, plant and equipment	(1)	–
– Finance costs	(2,903)	(4,493)
– Other income	355	307
– Gain on disposal of subsidiaries	–	9,109
– Unallocated corporate expenses	(3,778)	(2,535)
Consolidated loss before tax	(6,526)	(7,375)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

Reconciliations of segment assets and liabilities

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Assets		
Total assets of reportable segments	401,895	403,337
Investment in associates	12,211	12,211
Unallocated:		
– Pledged bank deposits	10,317	10,275
– Cash and cash equivalents	284	294
– Other assets	687	1,033
Consolidated total assets	425,394	427,150

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Liabilities		
Total liabilities of reportable segments	18,600	17,094
Unallocated:		
– Bank borrowings	160,000	200,000
– Amount due to the ultimate parent	40,000	–
– Other liabilities	16,483	13,214
Consolidated total liabilities	235,083	230,308

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
Hong Kong	6,943	6,647	393,784	393,919
Japan	–	–	1,685	1,901
Consolidated total	6,943	6,647	395,469	395,820

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

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Rental income – Customer A	2,040	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

6. OTHER INCOME

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest income on bank deposits	43	–
Government subsidies	162	–
Share of building management fee income	166	107
Others	216	93
	587	200

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Fair value gain on investments at fair value through profit or loss	–	32
Gain on disposal of subsidiaries (note)	–	9,109
Net gain on disposals of property, plant and equipment	–	73
	–	9,214

note:

Pursuant to a provisional agreement for sale and purchase of the entire issued share capital of a subsidiary of the Company entered into with an independent third party, the Group disposed of 100% interests in a wholly-owned subsidiary for a total cash consideration of approximately HK\$9,500,000, resulting in a gain on disposal of a subsidiary of approximately HK\$9,093,000. Completion took place on 11 April 2019.

Pursuant to an agreement entered into with an independent third party, the Group disposed of 100% interests in a wholly-owned subsidiary for a total cash consideration of approximately HK\$200,000, resulting in a gain on disposal of a subsidiary of approximately HK\$16,000. Completion took place on 4 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

8. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on bank borrowings	2,867	3,078
Interest on other borrowing	–	1,354
Lease interests	36	61
	2,903	4,493

9. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2020 and 2019 as the Group has no assessable profits arising in Hong Kong during the periods.

No provision for overseas tax has been made for the six months ended 30 June 2020 and 2019 as the Group has no assessable profits arising outside Hong Kong during the periods.

10. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Depreciation of property, plant and equipment and right-of-use assets	1,381	1,711
Directors' remuneration	822	7,144
Expenses related to short-term leases	85	85
Cost of inventories sold	384	394

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

11. LOSS PER SHARE

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

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss:		
Loss for the purpose of calculating basic and diluted loss per share attributable to owners of the Company	(6,526)	(7,375)
Number of shares:	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	2,819,102	2,819,102

The basic and diluted loss per share for the six months ended 30 June 2020 and 2019 were the same as the Company had no dilutive potential ordinary shares in issue during the periods.

12. INTERIM DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment with a cost of approximately HK\$111,000 (six months ended 30 June 2019: approximately HK\$482,000). Certain property, plant and equipment with a net book value of HK\$Nil (six months ended 30 June 2019: approximately HK\$243,000) were disposed of by the Group during the six months ended 30 June 2020, resulting in a net gain on disposals of HK\$Nil (six months ended 30 June 2019: approximately HK\$73,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

14. INVENTORIES

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Horticultural plants	535	532

15. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Trade receivables	1,321	1,672
Other prepayments	975	1,450
Rental and other deposits	1,830	2,278
Other tax receivables	443	442
Other receivables	768	760
	5,337	6,602

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 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
0 to 90 days	1,268	1,671
91 to 180 days	53	1
	1,321	1,672

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

16. TRADE AND OTHER PAYABLES

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Trade payables	74	63
Other payables and accrued charges	16,981	14,768
Amount due to the ultimate parent	40,000	–
Amount due to the immediate parent	15,000	12,000
Amount due to directors	57	314
Other tax payables	128	128
Receipt in advance	–	267
	72,240	27,540

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

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
0 to 90 days	74	63

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

17. BANK BORROWINGS

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Bank loans	160,000	200,000

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 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Within 1 year	160,000	200,000

The carrying amounts of the Group's bank borrowings are denominated in HKD.

The interest rate of the Group's bank borrowings as at 30 June 2020 was 2% per annum over one-month HIBOR or 0.5% per annum below HKD prime rate, whichever is lower (31 December 2019: 2% per annum over one-month HIBOR or 2% 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 2019: HK\$200,000,000) are secured by (i) the investment properties of HK\$390,000,000 (31 December 2019: HK\$390,000,000), (ii) a charge over deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon, (iii) bank deposits of not less than HK\$6,000,000, (iv) assignment of rental income from properties to a designated bank account which is charged to the bank, and (v) maintain an occupancy rate of 60% or above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

18. SHARE CAPITAL

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (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. LEASE COMMITMENTS

As at 30 June 2020, the Group contracted with tenants for the following total future minimum lease receivables:

	As at 30 June 2020 <i>HK\$'000</i> (unaudited)	As at 31 December 2019 <i>HK\$'000</i> (audited)
Within one year	4,675	5,907
In the second to fifth year inclusive	12,181	14,221
	16,856	20,128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

20. CAPITAL COMMITMENTS

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

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Property, plant and equipment	15,532	15,481

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Rental income from directors	120	132

22. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board on 26 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

During the six months ended in 30 June 2020 (the “Period”), the Group continued to engage in property related business (including property investment, property management and other related services), plant sales and provision of horticultural services, money lending business and trading of graphene and graphene-related products. During the Period, the results were mainly derived from the property related business segment, plant sales and provision of horticultural services segment.

Revenue of the Group for the Period was HK\$6,943,000, an increase of approximately 4.4%, when compared to HK\$6,647,000 for the corresponding period in 2019. Net loss of the Group during the Period was HK\$6,526,000, a decrease in loss of approximately 11.5%, when compared to the net loss amounted to HK\$7,375,000 for the same period in 2019. Such improvement of performance was mainly due to the result of decrease in staff cost and finance cost

Property related business

During the Period, rental income for the Group’s property related business was HK\$ 3,689,000, year on year revenue increased by approximately 16.0%, as compared to the first half of 2019 amounted to HK\$3,179,000. Such increase was due to the increase in occupancy rate, despite the average rental income per apartment unit was lower than that in the first six months of 2019. After the year ended 30 June 2020, the Group has through its wholly owned subsidiary 中亞烯谷物業管理(深圳)有限公司 entered into a new property management contract with 深圳市後亭雅苑投資有限公司 with effect from 13 August 2020 to develop the Group’s property management services in Mainland. The Group is expecting to increase the property related business income in the future.

Horticultural business

The Group also operates horticultural services business under brand name “Cheung Kee Garden Limited”, which has over forty years of history. Plant sales and provision of horticultural services revenue during the Period was decreased to HK\$3,254,000 by approximately 6.2% from HK\$3,468,000 for the six months ended in 2019. The decrease was mainly due to the effect of COVID-19 pandemic in Hong Kong, some clients believe that the watering services may carry virus during the visit while others believe horticulture creates environmental friendly atmosphere, thus a net reduction of service income per contract volume and a slow down of new clients accounts opening. Given this business segment has a long established and diversified customer base, which the Group believes that it can contribute us a stable source of income.

MANAGEMENT DISCUSSION AND ANALYSIS

Graphene Business

The Group's graphene business ceased operation in 2018 and no revenue was recorded for both six months ended in 30 June 2020 and 2019.

Bank Borrowings and Other Borrowings

As at 30 June 2020, there was HK\$160,000,000 bank loans outstanding (31 December 2019: HK\$200,000,000), shareholder's loan of approximately HK\$55,000,000 (31 December 2019: HK\$12,000,000).

Charge over the Group's assets

The Group has pledged its investment properties as collateral for bank borrowings. As at 30 June 2020, the fair value of the investment properties amounted to approximately HK\$390,000,000 (31 December 2019: HK\$390,000,000).

Bank loans of HK\$160,000,000 (31 December 2019: HK\$200,000,000) are secured by (i) the investment properties of HK\$390,000,000 (31 December 2019: HK\$390,000,000), (ii) a charge of deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon, (iii) bank deposits of not less than HK\$6,000,000 and (iv) assignment of rental income from properties to a designated bank account which is charged to the bank.

During the six months ended 30 June 2020, the Company did not aware that have any violation of bank covenants attached to the interest-bearing bank loan that triggers breaches of the covenants would permit the bank or lender to immediately call borrowings.

The net asset value of the Group per share as at 30 June 2020 was approximately HK\$0.07 (31 December 2019: HK\$0.07) based on the 2,819,102,084 (31 December 2019: 2,819,102,084) shares in issue.

Looking ahead, the Group targets to develop the property related business income which the Group is expecting to first increase this revenue stream.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

The Group will strengthen the industrialization of property management and the platform-based consumption model, achieving a new win-win pattern in the industry chain through strategy promotion and the Internet. The Group will improve its sector with focus on the construction of a new generation of information technology and other high-tech industry management systems, make every effort to promote the development of smart community property management systems for living, working and travelling of a new generation, develop into the future to expand more property-related business income, develop first-class capabilities for corporate governance with collaborative development, actively contribute to the society and demonstrate the responsibility of enterprises with a high sense of social responsibility and seek the greatest return for shareholders by relying on the “industry + finance + platform + Internet collaboration” system.

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. In view of the business segment in Japan, the Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

As at 30 June 2020, there was bank loans in the sum of HK\$160,000,000 outstanding (31 December 2019: HK\$200,000,000). The Group’s working capital requirements are funded by bank loans, shareholder’s loan and cash generated from its ordinary course of business.

GEARING RATIO

The gearing ratio of the Group as at 30 June 2020 was 113% (31 December 2019: 108%). 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.

CAPITAL STRUCTURE

During the six-months ended 30 June 2020, there was no change in the issued share capital of the Company and the Company’s number of issued ordinary shares remained at 2,819,102,084 as at 30 June 2020.

GENERAL INFORMATION

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group has no significant investment, acquisition or disposal of subsidiaries, associates and joint ventures during the six-months ended 30 June 2020.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no material contingent liabilities (as at 31 December 2019: nil).

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

Claim of Outstanding Director's Remuneration

On 9 September 2020, the Company has received a demand letter issued by the solicitors of Mr. Zhou Chen, the former CFO, company secretary and executive director of the Company, claiming against the Company for his outstanding remuneration in the amount of HK\$2.25 million. The Company is in the progress of obtaining legal advice in relation to the alleged claim. The Company has not received any notice of commencement of legal proceedings initiated by Mr. Zhou Chen as at the date of this interim report. The Company will update the investors and public in due course as appropriate.

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 as the licensor, the licensee and the 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 as the seller and the 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 JYP500,000,000 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 have ceased operation in the 2nd half of the year of 2018.

GENERAL INFORMATION

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's Partner's claim has no substance after receiving the relevant legal advice rendered by Japanese lawyer. The JV Partner also requested the Company to produce monthly reports on the production of graphene as required under the Licensee Agreement which the Company considers to be an unmeritorious claim due to the fact that the plant has never commenced operation.
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, and the Company received Japanese lawyer advice that the claim has no substance.
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 make 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 the investors and public in due course as 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 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 23 employees (2019: 37).

Employees (including directors) are remunerated according to their duties and responsibilities, market conditions and performance of the Group. In addition to basic salaries, discretionary bonus and share options may be granted to eligible employee by reference to the individual's performance. In addition, the Company also provides social security benefits to its staff such as mandatory provident fund scheme in Hong Kong.

GENERAL INFORMATION

UPDATE ON QUALIFIED OPINION

Reference is made to the section titled “QUALIFIED OPINION” on pp.15-17 of the Annual Report 2019. The Company wishes to make update as follows:

1. In relation to the Group’s investment in Japan, with the advice from Japanese lawyers, and under the coordination of Hong Kong lawyers, the Company has commenced prescribed procedures in Japan to appoint new nominee director to the boards of WI Capital and WI Graphene to replace the existing director. WI Capital has passed shareholder’s resolution on 28 August 2020 for the change of directorship and the Company’s Japanese lawyer is proceeding with the registration procedure with the relevant authority in Japan. In the event the existing director of WI Capital refuse to handover the company seal of WI Capital which is necessary for registration purpose under the Japanese law, the Company will commence legal proceedings in Japan to force him to do so and take other legal actions as appropriate in accordance with prescribed procedure and timetable.
2. In relation to the Group’s investment in Taiwan, the Company is in the progress of engaging Cayman lawyers to advise on the possible steps (including legal actions) that the Company may take for the purpose of obtaining the required documents and resolving the Qualified Opinion in relation to Five Color Stone. Prior to resorting to legal means, the Company has used its best endeavors to obtain the required documents from Five Color Stone including but not limited to making repeated requests to the director of Five Color Stone and sending its representatives to Taiwan to conduct investigation. The Company will take legal actions as appropriate in accordance with prescribed procedure and timetable.
3. In the event the Company is unable to obtain the required documents after exhausting all available means as advised by the Japanese and Cayman lawyers, provided that it is applicable and feasible under the laws of Japan and Cayman Island, the Company will consider write-off of Five Color Stone and winding up of WI Capital and WI Graphene respectively in accordance with prescribed procedure and timetable so that the Qualified Opinion will be resolved.

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.

GENERAL INFORMATION

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.

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.

GENERAL INFORMATION

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.

EVENT SUBSEQUENT TO 30 JUNE 2020

Save and except for the following event, no major subsequent events affecting the Group have occurred since the end of the Reporting Period and up to the date of this announcement.

As announced by the Company on 14 January 2020, a winding-up petition was filed against China Asia Group (HK) Limited (中亞集團(香港)有限公司) ("CAG") in the High Court of the Hong Kong Special Administrative Region (the "High Court") on 8 January 2020 (the "Winding-up Petition"). Upon joint application of the petitioner and CAG by way of consent summons, an order was made by the High Court on 10 August 2020 that, among others, the Winding-up Petition against CAG be struck out and dismissed.

GENERAL INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020.

DISCLOSURE OF INFORMATION ON DIRECTORS

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

1. Mr. Zhao Juqun was appointed as the vice chairman of the Board and an executive Director with effect from 12 June 2020;
2. Mr. Duan Rihuang was appointed as an independent non-executive Director and a member of the Remuneration Committee, the Nomination Committee and the Audit Committee with effect from 12 June 2020;
3. Mr. Wong Yun Kuen was appointed as an independent non-executive Director and the chairman of the Remuneration Committee and a member of the Nomination committee and the Audit Committee with effect from 12 June 2020;
4. Mr. Zhou Chen retired from his position as an executive Director with effect from 12 June 2020;
5. Mr. Gao Han retired from his positions as an independent non-executive Director, and a member of the Nomination Committee and the Audit Committee with effect from 12 June 2020;
6. Mr. David Chow Chi-ping retired from his positions as an independent non-executive Director, and a member of the Remuneration Committee and the Audit Committee with effect from 12 June 2020.

GENERAL INFORMATION

DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, 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	Interest of controlled corporation	2,112,533,229 ordinary shares	74.94%

Note:

- (i) Mr. Huang Binghuang ("Mr. Huang") was deemed to have 2,112,533,229 shares held by China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited) as Mr. Huang indirectly holds 90% of the shares of China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited).

Save as disclosed above, as at 30 June 2020, 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.

GENERAL INFORMATION

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

As at 30 June 2020, 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
Huang Binghuang (Note 1)	Interest of controlled corporation	2,112,533,229	74.94%
China Asia Group (HK) Limited (Note 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%
China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited)	Beneficial Owner	2,112,533,229	74.94%

GENERAL INFORMATION

Notes:

1. Mr. Huang Binghuang ("Mr. Huang") was deemed to have 2,112,533,229 shares held by China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited) as Mr. Huang indirectly holds 90% of the shares of China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited).
2. China Asia Group (HK) Limited holds 41% of the beneficial interests in China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited) which holds 2,112,533,229 shares of the Company. Therefore, China Asia Group (HK) Limited is deemed to have 2,112,533,229 shares of the Company held by China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited).
3. Zhengbo International Corporation holds 59% of the beneficial interests in China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited) which holds 2,112,533,229 shares of the Company. Therefore, Zhengbo International Corporation is deemed to have 2,112,533,229 shares of the Company held by China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group 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 have 2,112,533,229 shares of the Company held by China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited).

Save as disclosed above, as at 30 June 2020, 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.

GENERAL INFORMATION

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 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the 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 2020.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2020, the Company had applied the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules and complied with all the applicable code provisions of the CG Code, except for the deviations as disclosed below:

- (i) The Chairman of the Board was absent from the annual general meeting of the Company due to other important engagement at the relevant time and this deviate from code provision E1.2 of the CG Code as set forth in Appendix 14 of the Listing Rules; and
- (ii) The roles of Chairman and Chief Executive Officer of the Company are served by the same individual, Mr. Huang Binghuang and have not been segregated as required under code provision A.2.1 of the CG Code. Nevertheless, the Board believes that vesting the roles of both the Chairman of the Board and the Chief Executive Officer in same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of three executive Directors, one non-executive Director and three independent non-executive Directors, the Board appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

GENERAL INFORMATION

REVIEW OF 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 with management 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 2020. They considered that the unaudited interim financial statements of the Group for the six months ended 30 June 2020 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

Hong Kong, 26 August 2020

務實 | 開拓 | 創新 | 共贏

大 鵬 一 日 同 風 起
扶 搖 直 上 九 萬 裏

CHINA ASIA VALLEY

▶ 扫一扫了解更



中亞烯谷集團有限公司

China Asia Valley Group Limited

Mob:400-888-3333 +852 3899 0396 Web:www.00063.cn

Email:zyetc@chinaasiaetc.com info@CHN-GRAPHENE.COM

Address: 深圳前海山區黃埔大道西新區路新區海明珠花園F座2201 | 香港灣仔港灣道30號新灣基中心12樓1237-1240室。